

XTB MENA Limited
Conflict of Interest Policy

1. Introduction

This Conflicts of Interest Policy sets out XTB MENA Limited (referred to as "XTB MENA", "we", "us" and "our" or the "Company") approach and procedures regarding, where applicable, the identification, management, mitigation, and prevention of any possible conflicts of interest which may arise during the course of its business activities. This summarized Conflicts of Interest Policy (hereinafter, the "Policy") is provided to you (referred to as the "Client" or "prospective Client"). The Company is required to take all appropriate steps to detect and avoid conflicts of interest.

The Firm is committed to acting honestly, fairly, and professionally and in the best interests of its Clients as well as to abiding by the principles set out in the applicable legislation when providing investment services to its Clients.

2. Scope

The purpose of this document is to set out the Company's approach in identifying and managing conflicts of interest which may arise during the course of its normal business activities and the provision of Services to its Clients. In addition, this document identifies circumstances which may give rise to a situation of conflict of interest.

Under the applicable legislation, the Company is required to take reasonable steps to ensure that conflicts and potential conflicts of interest between us and our Clients, between its Employees and Clients and between one Client and another are identified and then prevented or managed in such a way that the interests of a Client are not adversely affected and to ensure that all its Clients are fairly treated and not prejudiced by any such conflicts of interest.

The Policy applies to all its directors, employees, any persons directly or indirectly linked to the Company (hereinafter called "Related Persons") and refers to all interactions with all Clients.

Accordingly, this Policy sets out the necessary procedures, controls, and practices in place to ensure that any conflicts of interest are identified and prevented or appropriately managed.

3. General Identification of Conflicts of Interest

3.1. General Principals

When the Company deals/transacts with or on behalf of the Client, the Company (or an associate or some other person connected with the Company) may have an interest, relationship, or arrangement in relation to the Transaction concerned or that it conflicts with the Client's interest. The Company hereby identifies and discloses a range of situations and circumstances which may give rise to a conflict of interest and potentially, but not necessarily, be detrimental to the interests of one or more Clients.

The Company shall take all appropriate steps to identify conflicts of interest situations between the Company and its Related Persons, the Company, and its Clients or between its Clients during the course of the provision of investment services. The Company's Policy, in general:

- a) Identifies with reference to the investment services carried out by the Company, the circumstances which constitute or may give rise to a conflict of interest entailing a material risk of damage to the interests of one or more Clients; and
- b) Specifies procedures to be followed and measures to be adopted in order to manage such conflicts.

It must be noted, that the above is not a feasible definition, precise examples, or an exhaustive list of all relevant conflicts of interest that may arise. It is advised, you also refer to 'Annex I', for further details.

3.2. Criteria and Circumstances

When the Company deals with or on behalf of the Client, the Company, an associate, or some other person connected with the Company, may have an interest, relationship or arrangement that is material in relation to the transaction concerned or that conflicts with the Client's interest. The Company hereby identifies and discloses a range of situations and circumstances which may give rise to a conflict of interest and potentially but not necessarily be detrimental to the interests of one or more Clients.

To identify different types of conflicts that might arise in the course of providing its Services, and whose existence may harm or otherwise damage one or more Clients' interests, takes into account, by way of minimum criteria, the question of whether the Company itself or a Related Person or a person directly or indirectly linked by control to the Company, is in any of the following situations, as a result of providing investment services or otherwise:

- a) The Company or a Related Person is likely to make a financial gain or avoid a financial loss at the expense of a Client.
- b) The Company or a Related Person receives or will receive from a person other than the Client an inducement in relation to a service provided to the Client, in the form of monies, goods or services, other than the standard commission or fee for that service.
- c) The Company or a Related Person has an interest in the outcome of a service provided to the Client or of a transaction carried out for the Client, which is distinct from the Client's interest in that outcome.
- d) The Company or a Related Person has a financial or other incentive to favor the interest of another Client or group of Clients over the interests of the Client.
- e) The Company or a Related Person carries on the same business as the Client.
- f) The Firm and/or a Relevant Person receives or will receive from a person other than the Client an inducement in relation to a service provided to the Client, in the form of monies, goods or services, other than the standard commission or fee for that service.

3.3. Non-Exhausting list of Circumstances of Conflicts of Interest:

While it is not feasible to define precisely or create an exhaustive list of all relevant conflicts of interest that may arise, as per the current nature, scale and complexity of the Company's business, the following list includes circumstances which constitute or may give rise to a conflict of interest entailing a material risk of damage to the interests of one or more Clients, as a result of providing investment services:

- a) The possible use of confidential information derived from the different departments of the Company.

- b) The remuneration of Providers by the Clients through the Brokers where the interest of the Client conflicts with the interest of the Provider.
- c) The Company may have an interest in maximizing trading volumes in order to increase its commission revenue, which is inconsistent with the Client's personal objective of minimizing transaction costs.
- d) The Company may be providing other services to associates or other Clients of the Company who may have interests in Financial Instruments or Underlying Assets, which are in conflict or in competition with the Client's interests.
- e) The Company is likely to make a financial gain, or avoid a financial loss, at the expense of the Client.
- f) The Company may receive or pay inducements to or from third parties due to the referral of new Clients or Clients' trading.
- g) Any market information, training and discussions as regards possible market trends should not be construed as trading/investment advice. It is the client responsibility to perform its own market research before entering into any position.
- h) The Company is the counterparty to its Clients positions (i.e., act as Principal on a Match Principal Basis) and therefore stands to profit if the Client loses.

The Client consents to and authorizes the Company to deal with or for the Client in any manner which the Company considers appropriate, notwithstanding any conflict of interest or the existence of any material interest in a transaction, without prior reference to the Client. Company employees are required to comply with a policy of independence and to disregard any such material interest or conflict of interest while offering services to the Client.

4. Information Regarding General Principles of Preventing and Managing the Conflict of Interests

In general, the procedures and controls that the Company follows to manage the identified conflicts of interest include the following measures (list is not exhaustive):

- a) In order to prevent the conflict of interests, the Company has separated the Dealing on Own Account and Brokerage Departments. In addition, the Company separated the aforementioned departments from departments directly cooperating with clients, i.e., Sales Department and Client Service Department (which are outsourced to other entities within a XTB Group) by means of so-called "Chinese walls", so that the departments have full autonomy when offering investment services to Clients and when assessing the suitability of given products for particular clients. The purpose of the division described above is to make sure that the selection of the financial instrument offered to a given client is not related to the current open position whatsoever. The Dealing on Own Account and Brokerage Departments do not have a direct contact with clients.
- b) The incentive scheme for the employees of the Sales Department and Client Service Department have been designed in a way which prevents its relation to the performance of portfolio of the Company's financial instruments created when executing transactions with Clients.
- c) The Company's organisational structure does not allow any competence relations between the departments having direct contact with the Client and the departments remaining in the area of conflict of interests between the Company and Clients.

- d) The separate supervision of relevant persons whose principal functions involve carrying out activities on behalf of, or providing services to, Clients whose interests may conflict, or who otherwise represent different interests that may conflict, including those of the Firm.
- e) The Company undertakes ongoing monitoring of business activities to ensure that internal controls are appropriate.
- f) The Company undertakes effective procedures to prevent or control the exchange of information between Related Persons engaged in activities involving a risk of a conflict of interest where the exchange of that information may harm the interests of one or more Clients.
- g) Measures to prevent or limit any person from exercising inappropriate influence over the way in which the Related Person carries out investment services.
- h) Effective procedures to prevent or control the exchange of information between relevant persons engaged in activities involving a risk of a conflict of interest where the exchange of that information may harm the interests of one or more Clients.
- i) A policy designed to limit the conflict of interest arising from the giving and receiving of inducements.
- j) Establishment of in-house Compliance Department to monitor and report on the above to the Company's Board of Directors.
- k) A "need to know" policy governing the dissemination of confidential or inside information within the Company.
- l) Appointment of Internal Auditor to ensure that appropriate systems and controls are maintained and report to the Company's Board of Directors.
- m) Establishment of the "four-eyes" principle in supervising the Company's activities.
- n) A policy designed to ensure that clients' orders are executed in terms favourable to them.
- o) Periodic review (at least on an annual basis) of the Company's execution arrangements.
- p) Making the appropriate disclosures to the Clients in a clear, fair, and not misleading manner in order to enable the Client to make an informed decision.
- q) Measures to prevent or control the simultaneous or sequential involvement of a relevant person in separate investment or ancillary services or activities where such involvement may impair the proper management of conflicts of interest. Such measures include, but are not limited to, the following:
 - A 'need to know' policy governing the dissemination of confidential or inside information.
 - Chinese walls restricting the flow of confidential and inside information within the Firm, and physical separation of departments.
 - Procedures governing access to electronic data.
 - Segregation of duties that may give rise to conflicts of interest if carried on by the same individual.

- Personal account dealing requirements applicable to relevant persons in relation to their own investments.
 - A gifts and inducements log registering the solicitation, offer or receipt of certain benefits.
 - The prohibition of external business interests conflicting with the Firm's interests as far as the Firm's officers and employees are concerned unless prior approval by the Board of Directors is obtained.
 - A remuneration structure that ensures that remuneration methodologies do not compromise the Firm's duty to act in the Clients' best interest and the control mechanisms' independence and objectivity.
 - Organisational and administrative arrangements to limit the conflict of interest arising from the giving and receiving of inducements.
 - Engagement of Internal Auditor that assesses the adequacy of the internal control mechanisms and procedures.
- r) The Firm also undertakes on-going monitoring of business activities to ensure that internal controls to prevent or manage conflicts of interest are appropriate.
- s) The Compliance Officer of the Firm shall be responsible for identifying and managing potential conflicts of interests and reporting directly to the Board of Directors and Senior Management in relation to the latter.
- t) The Firm reserves the right to assess and periodically review, at least annually, and, if necessary, amend this Policy and arrangements, at its sole discretion, whenever it deems fit or appropriate, in order to address any deficiencies.

5. Specific Identification of Conflict of Interest and Measures for Their Management

The Company is constantly conducting an in-depth analysis of its business and organisational arrangements including best execution arrangements, inducement practices, remuneration practices and investment research/marketing communication procedures, to ensure that all likely conflict of interest situations are identified regardless of materiality.

The Company is legally obligated to ensure it has established, implemented, and maintain an effective conflict of interest policy and where such conflicts arise; the Company has taken the appropriate steps to manage such a conflict promptly and fairly. Thus, we have implemented the appropriate policies and controls to ensure we are able to identify and manage any conflicts which may arise.

The Company maintains and operates an effective organisational and administrative procedures to manage the identified any conflicts. We also conduct ongoing monitoring of business activities to ensure that internal controls are appropriate. In the event we become aware of a conflict or potential conflict, we will prevent or manage that conflict of by using appropriate measures.

6. Inducements Received

The sole Execution Venue currently used by the Company for the execution of the client's orders, is XTB S.A., the latter being a member of the same Group of companies as the Company.

The Company receives fees/commissions by XTB S.A., on the basis of the Cost Plus method, resulting from the conclusion of an Agreement between the Company and XTB S.A. Additionally, within the framework of the abovementioned Intermediary Agreement, the Company receives non-monetary benefits by XTB S.A., such as specific dealing solutions and functionalities, while at the same time XTB S.A., establishes, operates, hosts, maintains and supports mechanisms and processes, required by the Company for the provision of services to its Clients.

The receipt by the Company of such payments and/or non-monetary benefits, as mentioned above, is justified by the enhancement of the quality of the services provided to the Clients and the Company when receiving such payments and/or non-monetary benefits, does that, acting in the best interests of its Clients.

Specifically, the provisions of the abovementioned non-monetary benefits by XTB S.A. to the Company, which are essential for the provision of services to the Clients by the Company, allows to the Company to provide a tangible and on-going benefit to its Clients, by providing access to financial instruments at a competitive price, by not adding a mark-up on the spread of the underlying CFD as received from its execution venue, prior to offer it to its Clients.

Fees/commissions received by the Company from XTB S.A. as mentioned above, are independent to the Clients trading activity, but are received by the Company as a result of the performance of XTB S.A.'s contractual obligations, deriving from the abovementioned Agreement.

7. Disclosure of Information

The Company must adequately consider how to manage all conflicts of interest before resorting to disclosure. This will be a last resort after all appropriate steps have been taken.

If during the course of a business relationship with a Client or group of Clients, the organizational or administrative arrangements/measures in place are not sufficient to avoid or manage a conflict of interest relating to that Client or group of Clients, the Company will disclose the conflict of interest before undertaking further business with the Client or group of Clients. The disclosure will:

- a) Be in a durable medium.
- b) Clearly state that the organisational and administrative arrangements established by the Company to prevent or manage the conflicts are not sufficient to ensure, with reasonable confidence, that the risks of damage to the interests of the Client will be prevented.
- c) Include a specific description of the conflicts of interest that arise in the provision of investment services and ancillary services.
- d) Explain the risks to the Client that arise as a result of the conflicts of interest and the steps undertaken to mitigate these risks.
- e) Include sufficient detail, taking into account the nature of the client, to enable the Client to make an informed decision with respect to the services in the context of which the conflict of interest arises.
- f) If a Client decides not to go ahead with the service due to the conflict disclosed, the Company will have no choice but to decline the provision of services if the conflict cannot be effectively managed.

8. Amendment of the Policy and Additional Information

If the client wishes to obtain detailed information on the principles of the Company's procedure in the case of conflict of interests, the Company will make such information available via a webpage or durable data medium, at the client's request.

The Company reserves the right to review and update its Policy and arrangement whenever it deems this appropriate.

9. Client's Consent

By entering into an agreement with the Company for the provision of Investment Services, the Client is consenting to an application of this Policy on him. Further, the Client consents to and authorizes the Company to deal with the Client in any manner which the Company considers appropriate, notwithstanding any conflict of interest or the existence of any interest in a Transaction, without prior reference to the Client.

In the event that the Company is unable to deal with a conflict-of-interest situation it shall revert to the Client.

10. Reporting

The Board and Senior Management of the Firm shall receive on a frequent basis, and at least annually, written reports on the situations referred to in clause 7 above.

11. Questions on This Policy

Further information about this summary document is available upon request by contacting us at office@xtb.ae

ANNEX I

Non-exhaustive circumstances of potential conflicts of interest as at the date of this Policy, may include, where applicable:

| Area of potential conflict of interest | Measures to manage conflict |
|--|--|
| Investment Research | <p>The Firm does not procure or produce its own research. All communication on the Firm's website is regarded as non-independent research and as marketing communication. In addition, all marketing communications are reviewed and approved by the Firm's Compliance Officer and a prominent disclaimer is added to all such communications.</p> <p>The Firm does not provide investment advice to its clients and as such, any information provided should not be considered as containing investment advice or solicitation to enter into any transaction.</p> |
| Inducements | <p>The Firm's personnel may not solicit or accept any inducement which may influence their independence or business judgement, or which could create a conflict with any duty owed to us and/or our clients.</p> <p>The restriction does not include the remuneration which is provided to the Firm's personnel in accordance with its Remuneration Policy nor corporate "gifts" and hospitality which are considered to be incidental</p> |

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| | and relevant to the Firm's ordinary business. Any such corporate "gifts" and hospitality are recorded and kept accordingly. |
| Execution | <p>XTB MENA executes trades on a 'matched – principal basis', which means that we match all Client trades with our counterparty, which is XTB S.A. As a result, XTB S.A. may profit from Clients' losses and is the sole execution venue.</p> <p>XTB S.A. operating model is a 'Non-Dealing Desk Intervention', which uses a hybrid model with an agency method of execution. This allows XTB S.A. to internally match majority of the trading flow it receives. It should be noted, not all Clients' positions are hedged, and this results in some residual risk exposure remains. Any additional exposure, which is outside the market risk limits would be hedged externally.</p> |
| Introducer | <p>The Company accepts clients who have been referred via an introducer. The referral agreement in most instances outlines the introducer would be compensated for the clients they refer, usually in the form of rebates. Although, other remuneration arrangements may exist between the Firm and the introducer. However, irrespective of the amount of remuneration, the Firm ensures the quality of the execution of the client's trades is not affected.</p> <p>The remuneration that is paid to any introducer is not deducted from client funds but paid directly by the Company. Lastly, no Introducer of the Company any will provide regulated activities.</p> |