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# 1. POLICY STATEMENT AND PURPOSE

## PURPOSE

The purpose of this Policy is to specify the procedures put in place by BrightPool Ltd (hereafter the **"Company"** or **"BPL"**), for identifying and responsibly managing and controlling and, where necessary, disclosing the conflicts of interests arising in relation to its business and to reduce the risk of client disadvantage and reduce the risk of legal liability, regulatory censure or damage to Company's commercial interests and reputation and to ensure that it complies with legislative requirements and the departmental and general procedures which are set by its Internal Operations Manual.

## LEGAL FRAMEWORK

Following the implementation of the Markets in Financial Instruments Directive 2014/65/EU (MiFID II) as well as the Investment Services and Activities and Regulated Markets Law of 2017 (Law 87(I)/2017), the Company has established a Conflicts of Interest Policy (the **"Policy"**) in an attempt to take all reasonable steps to identify conflicts of interest between itself, including its managers, employees and tied agents, or any person directly or indirectly linked to the Company by control and its clients or between one client and another that arise in the course of providing any investment and non-core services, or combinations thereof.

The Company maintains and operates effective organisational and administrative arrangements with a view of taking all reasonable steps designed to prevent and manage conflicts of interest, that may arise during the provision of any investment or ancillary services, from adversely affecting the interests of its clients.

In case where, the organisational and administrative arrangements established by the Company to prevent or manage a conflict are not sufficient to ensure, with reasonable confidence, that the risks of damage to the interests of the clients will be prevented, the Company shall clearly proceed with the disclosure of such conflict. The said disclosure shall be done in a durable medium indicating the general nature and source of conflicts of interest, the risks to the Client with sufficient details so as to allow the Client to take an informed decision with the regards to its investment as well as the steps taken to mitigate such risks.

# 2. SCOPE

Conflicts of interest policy is set out in writing and appropriate to the size and organization of the BPL and the nature, scale and complexity of its business.

All employees of the Company must on commencement of their employment read and fully understand the Policy. All employees of the Company are obliged to register their acceptance of having read and understood the Policy in a register, which is to be filed and managed by the Head of Risk and Compliance. Any employee that suspects any conflict of interest must immediately inform the Head of Risk and Compliance and/or Chief Executive Officer, who will determine if any conflict does exist or has the potential to arise and will state the reasoning for their findings in a file kept in storage for referral to the Commission should such need arise.

# 3. DEFINITIONS

**"BPL"** and **"We"** both refer to BrightPool Limited;

**"Employees"** includes all salaried employees, as well as contractors and any person who supplies Brightpool with work or services in any capacity.

# 4. PRINCIPLES AND REQUIREMENTS

## IDENTIFICATION OF POTENTIAL CONFLICTS OF INTEREST

The Company defines a conflict of interest as any situation where either the Company or an individual is in a position to exploit a professional or official capacity in some way for either corporate or personal benefit. Situations where conflicts of interest can occur include the following:

- (a) The Company or a relevant person, or a person directly or indirectly linked by control to the Company, is likely to make a financial gain or avoid a financial loss, at the expense of the client.
- (b) The Company or a relevant person, or a person directly or indirectly linked by control to the Company, has an interest in the outcome of a service provided to the client, or of the transaction carried out on behalf of the client, which is distinct from the client's interest in that outcome.
- (c) The Company or a relevant person, or a person directly or indirectly linked by control to the Company, has a financial or other incentive to favour the interest of another client or group of clients over the interests of the client.
- (d) The Company or a relevant person, or a person directly or indirectly linked by control to the Company, carries on the same business as the client.
- (e) The Company or a relevant person, or a person directly or indirectly linked by control to the Company, 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 money, goods or services, other than the standard commission or fee for that service.
- (f) The persons producing marketing communication/ investment research and other relevant persons, whose responsibilities to business interest may conflict with the interests of the persons to whom the marketing communication / investment research is disseminated.

## IDENTIFICATION OF POTENTIAL CONFLICTS OF INTEREST (CONTINUED)

Relevant person in relation to the Company means any of the following persons:

- (a) a member of the board of directors, partner or equivalent, manager or tied agent of the Company;
- (b) a member of the board of directors, partner or equivalent, or manager of any tied agent of the Company;
- (c) an employee of the Company or of a tied agent of the Company, as well as any other natural person whose services are placed at the disposal and under the control of the Company or a tied agent of the Company who is involved in the provision by the Company of investment services or/and the performance of investment activities;
- (d) a natural person who is directly involved in the provision of services to the Company or to its tied agent under an outsourcing arrangement for the provision by the Company of investment services or/and the performance of investment activities.

The affected parties if conflict of interest arises can be the Company, its employees or execution venue. More specifically, a conflict of interest may arise, between the following parties:

- (a) between the execution venue and the Company;
- (b) between two execution venues of the Company;
- (c) between the Company and its employees;
- (d) between the execution venue of the Company and an employee/manager of the Company;
- (e) between Company's Departments;

Conflicts of interest can occur in a number of situations, for example:

- the Company is likely to sustain an overall financial loss or avoid a financial loss, by market making a turbo warrant;
- the Company is likely to sustain an overall financial gain by not Market Making;
- the market moves to a direction of a point/timing when market making a turbo warrant will result in a financial loss for the Company.

## REPORTING OF CONFLICTS OF INTEREST

In the case of identification of a possible conflict of interest, a staff member must refer it initially to his immediate supervisor to assist in the assessment of a material risk of damage and send a completed Conflict of Interest Notification Form together with full details to allow regulatory scrutiny, of:

- corrective and preventive actions;
- how these actions were considered appropriate;
- any conditions imposed; and
- whether there are still ongoing conflicts, how these are being managed and advised to the client; to the Head of Compliance for inclusion within the reports reviewed by the Board of Directors.

## MANAGEMENT OF CONFLICTS OF INTEREST

### A. INDEPENDENCE

The following measures have been adopted by the Company for ensuring the requisite degree of independence:

- Measures to prevent or control the exchange of information between relevant persons engaged in activities involving a risk of a conflict of interest (i.e. by establishing a Chinese wall).
- 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 Company. The Company's department whose interests may conflict with clients are:

#### Dealing Room

Removal of any direct link between the remuneration of relevant persons principally engaged with one activity and the remuneration of, or revenues generated by, different relevant persons principally engaged in another activity, where a conflict of interest may arise in relation to those activities:

Dealing room employees do not relate their remuneration with clients' performance.

- Measures to prevent or limit any person from exercising inappropriate influence over the way in which a relevant person carries out investment or ancillary services or activities. Additionally, the person who decides or influences an individual's bonus may exert undue influence over that individual's integrity of judgment.
- Measures to prevent or control the simultaneous or sequential involvement of a relevant person in separate investment or ancillary services or activities such as reception and transmission of clients' orders and tasks such as portfolio decision making and calculating performance.
- Due to the concern that a potential conflict of interest may arise, the Company is taking all appropriate measures to mitigate this concern, including, but not limited to a strict remuneration policy that applies on all of the client facing personnel, intended to ensure they will act for the benefit of the client and in full compliance with the Law, and various supervisory and monitoring measures.

**Chinese Walls**

Chinese walls are essentially information barriers which are used to prevent inside, or highly confidential information possessed by one part of the business from being inappropriately passed to, or obtained by, another part of the business.

When a Chinese wall is used as a way of managing conflicts of interests, individuals on the other side of the wall will not be regarded as being in possession of knowledge denied to them as a result of the Chinese wall. For example, where arrangements have been put in place to ensure that entities belonging to the same group operate independently of each other with effective Chinese walls, the entities shall not be deemed to have knowledge of each other for conflicts of interest purposes.

**B. DISCLOSURE OF CONFLICT OF INTEREST**

When the measures taken by the Company to manage conflicts of interest are not enough to ensure, with reasonable confidence that risks of damage to clients' interest will be prevented, the Company proceeds with the disclosure of conflicts of interest to the client. Prior to carry out a transaction or provide an investment or an ancillary service to a client, the Company must disclose any actual or potential conflict of interest to the client. The disclosure will be made in sufficient time and in a durable mean and shall include sufficient detail, taking into account the nature of the client, to enable him to take an informed decision with respect to the investment or ancillary service in the context of which the conflict of interest arises.

Clients will be given the opportunity to decide on whether to continue their relationship with us with no unreasonable obstacles.

**C. RECORD KEEPING**

The Company keeps and regularly updates a record of the kinds of investment and ancillary service or investment activity carried out by or on behalf of the Company in which a conflict of interest entailing a material risk of damage to the interests of one or more clients has arisen or, in the case of an ongoing service or activity, may arise. The following documentation shall be maintained for a minimum period of five years:

- this policy, any functional variations if applicable;
- the Conflicts Log and the Conflicts Identification and Management Map;
- rules, procedures and processes;
- training material and training records;
- Conflicts of Interest Notification Forms;
- details of any review work carried out (including any decisions made on conflicts management); and
- any other documentation used to demonstrate the management of conflicts of interest.

**D. RESPONSIBILITIES**

The Company's Chief Executive Officer is responsible for clearly allocating responsibility and delegating authority to accountable individuals to ensure that those involved are aware of their involvement and that the Conflict Officer has a sufficient level of authority and independence in order to carry out their responsibilities effectively.

The Company's Senior Management is required to:

- fully engage in the implementation of policies, procedures and arrangements for the identification, management and ongoing monitoring of conflicts of interest;

Adopt a holistic view to ensure the identification of potential and emerging conflicts within and across business lines and to ensure that informed judgments are made with respect to materiality;

- raise awareness and ensure compliance of relevant individuals by ensuring: regular training (including to contractors and third-party service providers' staff) both at induction and in the form of refresher training; the clear communication of policies, procedures and expectations; that awareness of conflicts procedures forms part of the performance review/appraisal process, and that the best practice is shared throughout the Company;
- sponsor robust systems and controls and effective regular reviews to ensure that strategies and controls used to manage and mitigate risks remain appropriate and effective and that appropriate warnings and disclosures are issued to clients where necessary;
- utilize management information to remain sufficiently up-to-date and informed; and
- support an independent review of the processes and procedures in place;
- removal of any direct link between the remuneration of relevant persons, principally engaged in one activity and the remuneration of, or revenues generated by, different relevant persons, principally engaged in another activity, where a conflict of interest may arise in relation to those activities.

Individuals are required to identify new conflicts of interest arising out of the activities/services that they perform and engage in the process to notify line management upon identifying any potential conflict.

## MANAGEMENT OF CONFLICTS OF INTEREST (CONTINUED)

The Company's Conflicts Officer is the Head of Compliance who is responsible for the day to day management of the implementation of this policy. In particular, he/she, or his/her delegate, is responsible for:

- establishing the policy in relation to conflicts of interest;
- providing training oversight and aid;
- monitoring compliance with arrangements;
- the oversight of conflicts management;
- maintaining records in relation to conflicts of interest;
- reviewing and challenging the Conflicts Identification and Management Map; and
- providing appropriate internal reporting to the Board of Directors.

## CONFLICTS DEADLOCK

Where line management cannot resolve a conflict to the satisfaction of all parties, the Compliance Head will, as the Approved Person with responsibility for Compliance and Risk, have the final say.

## 5. LINK TO PRINCIPAL RISKS

This policy helps to address the following key risks:

NUMBER	DESCRIPTION
1.1	Regulatory Change
4.3.1	Reporting & Governance Failures
4.2.4	Internal fraud
4.3.3	Policies & Procedures
4.3.5	Compliance with Regulations
4.3.6	Records management
5	Conduct Risk

## 6. FREQUENCY OF REVIEW AND UPDATE

This document is owned by the Compliance department at Brightpool Limited, who retain the right to review and change this policy on a regular basis, at least annually or whenever there is significant change to compliance management best practice, business practices or applicable regulatory changes.

If you have any comments, questions or amendments to this policy please contact the Compliance team department at [compliance@brightpool-markets.com](mailto:compliance@brightpool-markets.com)