



# **CONFLICTS OF INTERESTS POLICY**

**FOR**

**PELICAN EXCHANGE EUROPE (CY) LTD**

## **Revision History**

<b>Policy Name</b>	<b>Conflict of Interest Policy</b>
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<b>Policy Owner</b>	<b>Pelican Exchange Europe (CY) Ltd</b>
<b>Policy Approver</b>	<b>Pelican Board of Directors</b>

## A. CONFLICTS OF INTEREST POLICY

### Purpose

The purpose of this Policy is to specify the procedures put in place by Pelican Exchange Europe (CY) Ltd (hereafter the “Company”, “Pelican”, “we”, “us”, “our”), 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 Procedures Manual.

This document sets out the Company’s Conflicts of Interest Policy in a format suitable for distribution to Clients and created in order to be appropriate and in relation to the size and organizational structure of the Company as well as the nature, scale and type of business it undertakes and provides.

The process entails the following factors:

- a) Identification of conflicts of interest situations
- b) Management of conflicts of interest situations
- c) Disclosure of conflict of interest in cases where such situations identified cannot be mitigated/resolved
- d) Retain updated records of identified conflict of interest situations

### Legal Framework

The Company is an Investment Firm incorporated in the Republic of Cyprus through the Department of Registrar of Cyprus and Official Receiver with incorporation number HE 426432 regulated by the Cyprus Securities and Exchange Commission (hereinafter referred to as the “CySEC”) with license number 441/24. Following the implementation of the Markets in Financial Instruments Directive (MiFID II) in the European Union and in accordance with the Provision of Investment Services law, the Exercise of Investment Activities law, the Operation of Regulated Markets and Other Related Matters Law of 2017, Law 87(I)/2017 in Cyprus (hereinafter referred to as the “Law”), as in force and/or as this may be amended from time to time, PELICAN EXCHANGE EUROPE (CY) LTD is required to provide

its clients and potential clients with its Conflicts of Interest Policy (hereinafter referred to as the “**Policy**”).

‘Article 34’ of MiFID II states Article 34 of the MiFID II Delegated Regulation says that firms must ensure that disclosure to clients of conflicts is a measure of last resort that can be used only where the organizational and administrative arrangements established by the firm to prevent or manage its conflicts of interest are not sufficient to ensure, with reasonable confidence, that the risks of damage to the interests of the client will be prevented.

In this respect, CIFs must establish adequate policies and procedures sufficient to ensure compliance, including its managers, employees, tied agents and other relevant person(s), with its obligations pursuant to the Law and the directives issued pursuant to this Law, as well as appropriate rules governing personal transactions by such persons.

The Company has developed and implemented policies and procedures throughout its business to prevent or manage potential conflicts of interests. Its employees receive guidance and training in these policies and procedures, and they are subject to monitoring and review processes.

## **Policy**

In particular, the Company defines a conflict of interest as any situation where either the Company or an Employee, or other associate of the Company, and/or companies of (including, where applicable, the Group’s managers, Employees, or any person directly or indirectly linked to them by control) and their Clients, or between one Client and another that has competing professional or personal interest, which may prevent services being provided to Clients in an independent or impartial manner.

The Policy applies to all its directors, Employees, any persons directly or indirectly linked to the Company (hereinafter referred to as the “**Relevant Persons**”) and refers to all interactions with all clients. The Policy is addressed to all Company’s Clients irrespective of Client Classification/Categorisation. This Policy is not intended to, and does not, create third party rights or duties that would not already exist if the Policy had not been made available, however it does forms part of the contractual obligations between the Company and the Client based on the establishment of the business relationship between them.

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 Chief Executive Officer of the Company. Any employee that suspects any conflict of interest must immediately inform the 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.

Company's employees are also subject to rules designed to avoid conflicts of interest with activities they undertake outside the Company.

**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 where applicable, appointed representative) of the Company;
- b)** an employee of the Company (or where applicable, appointed representative 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;
- c)** any other natural person whose services are placed at the disposal and under the control of the Company (or where applicable, appointed representative) and who is involved in the provision by the Company of regulated activities;
- d)** a natural person who is directly involved in the provision of services to the Company (or where applicable, appointed representative) under an outsourcing arrangement for the purpose of 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 its clients. More specifically, a conflict of interest may arise, between the following parties:

- a.** Between the client and the Company.
- b.** Between two or more clients of the Company.
- c.** Between the Company and its Employees/Manager(s).

- d. Between one or more Client(s) of the Company and an Employee/Manager of the Company.
- e. Between Company's Departments.

## Identification of 'Conflicts of Interest'

While it is not feasible to define precisely or create an exhaustive list of all relevant conflicts of interest situations 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 applicable.

When the Company offers Investment Services to 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 circumstances which may give rise to a conflict of interest and potentially but not necessarily be detrimental to the interests of one or more of its Clients. Such a conflict of interest may arise if the Company, or any person directly or indirectly controlled by the Company or a Client, is likely to make a financial gain, or avoid a financial loss, at the expense of a Client or may have an interest, relationship or arrangement that is material in relation to the transaction concerned or that conflicts with the Client's interest. In general, the Company adheres to a policy that the creation of conflicts of interest must, insofar as is possible, be prevented. This is applied through a combination of control measures that play a role in various aspects of our business operations, such as:

- The 'four eyes' principle check: (at least) 2 people are involved in all major decisions;
- Separation of duties: tasks that, when combined, could result in a conflict of interest for an Employee are divided up and allocated to different Employees;
- Clear written instructions to our staff, through which conflicts of interest are, insofar as is possible, prevented. These instructions range from a code of conduct, which prescribes the general rules of conduct, through to operational procedures in the various processes where conflicts of interest could arise (underwriting, claims management, accounting);
- Education and training: our Compliance department regularly provides internal training courses to our staff involving the proper application of the rules of conduct;
- Compliance: our Compliance Department (a department within the Company who independently checks whether we are complying with the law) is involved in the introduction of new rules of conduct

that will, insofar as is possible, prevent conflicts of interest from arising, among other things.

For the purposes of identifying the types of conflict of interest that arise in the course of providing investment and ancillary services and/or a combination thereof and whose existence may damage the interests of a client, the Company takes into account, whether the Company or a Relevant Person, is in any of the following situations, where as a result of providing investment or ancillary services or investment activities or otherwise:

1. The Company or a Relevant Person or a person directly or indirectly linked by control to the Company, is likely to sustain an overall financial gain, or avoid a financial loss, at the expense of the Client;
2. 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 a transaction carried out on behalf of the Client, which is distinct from the Client's interest in that outcome;
3. 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;
4. 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;
5. 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 monies, goods or services, other than the standard commission or fee for that service.

It should be noted that the above circumstances which constitute or may give rise to a conflict of interest, are not conclusive. To be conclusive, the Company explicitly examines and investigates further each of the above circumstances on a case-by-case basis and undertakes additional due diligence measures in order to have solid evidence that the case in question constitutes indeed a conflict of interest.

### **Potential Sources of 'Conflicts of Interest':**

Based on our business model, experience and day-today services provided to our Clients, the Company has identified the following circumstances (not exhaustive) potential Conflict of Interest circumstances may include, but are not limited to:

- a. the Company may be providing other services to associates or other Clients of the Company who may

have interests in Financial Instruments or investments or Underlying Assets, which are in conflict or in competition with the Client's interests;

Reception and transmission of orders;

- a. Execution of orders;
- b. A transaction is affected in financial instruments in respect of which the Company may benefit from a commission, fee, mark-up or mark-down payable otherwise than by a client, and/or Company may also be remunerated by the counterparty to any such transaction; A director or employee of the Company is a director of a fund and/or any company being a Client of the Company;
- c. A transaction is affected in financial instruments issued by an affiliated company or the client or customer of an affiliated company;
- d. White Label Partners may have other interests than the Company and/or their clients;
- e. Representatives of the Company may be aware of large client orders to acquire or dispose of a large quantity of a particular financial instrument and either the Company or its representatives/Introducing agents purchase (or sell) the financial instrument beforehand.

The Company should analyse potential conflicts of interests each time a financial instrument is manufactured. In particular, the Company shall assess whether the financial instrument creates a situation where end clients may be adversely affected if they take:

- a) an exposure opposite to the one previously held by the Company itself; or
- b) An exposure opposite to the one that the Company wants to hold after the sale of the product. The Company may use technology or software, such as bridges and plugins that process Client orders using pre-defined and/or configurable rules and settings that allow the Company to define under which conditions a client order can be confirmed and even what will be the Company's possible profit from it.

The Company shall monitor asymmetric slippage. The Company in relation to its execution arrangements should include a record of all time stamps, from order reception, intra-trade benchmark shifts, hedging of the trade and client execution.

### **Potential 'Conflicts of Interest' that may arise in providing Reception & Transmission (RTO) and Execution of Client's Orders**

The Brokerage Department is responsible for the RTO and Executions of Client's Orders. Possible conflicts of interest situations may include:

- Influence of issue conditions for brokerage/selling commission purposes

- Unjustified use or dissemination of confidential information
- Preferential transmission of particular orders
- Possible incentive for preferential allocation to clients who are frequent traders to generate commission income
- Use of information derived from brokerage in relation to client orders for the benefit of other clients
- Use of knowledge of client orders for personal account trading
- Exertion of influence by management on order execution
- Preferential execution of particular orders

Sufficient Procedures are adopted and implemented by the Company for the reception and transmission, as well as execution, of client orders in relation to one or more financial instruments, on a daily basis, as follows:

- a. Straight-Through Processing (STP) of client's orders
- b. Information barriers / strict confidentiality / GDPR / segregation of functions
- c. Review of payments and/or mispricing
- d. Market-based monitoring of prices
- e. Disclosure of any conflict of interest that could bear a material influence best execution of the client's order
- f. Internal Audit mandate includes the comparison of commissions/fees charged to clients and report on identified variances
- g. Departmental segregation/Chinese Walls
- h. Transparent allocation principles and verification of compliance with the allocation principles
- i. Separation/segregations of reporting lines
- j. Personal Transactions are prohibited = traders/employees have to place orders with another Broker and disclose relevant information to Compliance Department and Senior Management on their Personal Transactions Declaration upon employment for monitoring and restriction of employee transactions
- k. Compliance with statutory obligation of market manipulation and insider trading legislation.

However, it should be noted that the Company will not execute Client orders. Clients will be able to connect their execution account via their Broker to the Pelican Application and once their order is executed via their trading account held with their Broker, a deal confirmation of the executed order will appear electronically on the client's e-trading platform/software.



## Potential 'Conflicts of Interest' that may arise in providing portfolio management

Where the Company is providing the service of discretionary, individual management of investment portfolios, Clients delegate asset management to one of the Company's portfolio managers and with it the decision to buy or sell individual financial instruments. The Company, through its portfolio managers, decides whether to buy or sell assets on the basis of investment guidelines agreed with the Client, but it does not obtain Client approval each time.

In these cases, 'Conflicts of Interest' could arise in the following instances:

- In the event of the purchase or sale of financial instruments on behalf of Clients in illiquid or non-transparent markets; in some instances, this could result in a large profit for the Company or for another Client.
- The fee received by the Company's employees providing portfolio or asset management services may be based on the performance of the Client's portfolio they are managing; in this instance, there may be an implicit incentive related to the increase in performance, which could lead to situations where managers, at the time of providing the service, do not take into account the risks inherent in their investment decisions, leading to action that is contrary to the interests of a Client or group of Clients;
- The Company is the discretionary portfolio manager for more than one Client – in particular in respect of issues related to allocation.

As such arrangements may exacerbate existing 'Conflicts of Interest', the Company, in order to counter the associated risks, has introduced appropriate procedures as in particular by an investment selection process based on each individual Client profile.

Performance-related pay is another area where there is a potential 'Conflict of Interest' where the Company is providing the service of discretionary, individual management of investment portfolios. Here, it is impossible to exclude the possibility that a portfolio manager may take disproportionate risks in order to maximize his/her performance-related pay.

Measures to reduce this risk include the internal monitoring of investment decisions by staff and combining performance-related pay and fixed remuneration, as set forth in the Company's 'Remuneration Policy'

## Personal Transactions of Employees

All employees of the Company that are involved in activities that the Company is authorized to provide must be aware of the restrictions on personal transactions detailed below. This section also includes personal transactions which may be performed by persons who are employed by companies which perform an outsourced activity to the Company, if any. If any prohibited personal transactions are entered into, the Company must be notified promptly.

For the purpose of this Conflict of Interest Policy, “Personal Transaction” means a trade in financial instrument effected by or on behalf of a relevant person, where at least one of the following criteria are met:

- a)** The relevant person is acting outside the scope of the activities he carries out in that capacity,
- b)** The trade is carried out for the account of any of the following persons:
  - i. the relevant person,
  - ii. any person with whom he has a family relationship, or with whom he has close links,
  - iii. a person whose relationship with the relevant person is such that the relevant person has a direct or indirect material interest in the outcome of the trade, other than a fee or commission for the execution of the trade.

To prevent conflicts arising from the use of information obtained from clients, and market abuse in general, all employees are subject to personal account dealing rules. Employees are prohibited to keep investor accounts in other Investing Firms without Company’s prior authorization and are obliged to bring this to Company’s attention. They are also obliged to authorize the Company to request transaction reports from other Investment Firms.

To prevent conflicts arising from the use of information obtained from clients, and market abuse in general, all employees are subject to personal account dealing rules. Employees are prohibited to keep investor accounts in other Investing Firms without Company’s prior authorization and are obliged to bring this to Company’s attention. They are also obliged to authorize the Company to request transaction reports from other Investment Firms.

Furthermore, the Company requires all employees to have Personal Account trades approved before dealing to ensure that dealing does not occur in securities in circumstances where such dealings should be restricted. Relevant persons are informed on the restrictions on personal transactions and the measures established by the Company in connection with personal transactions and Notification

procedures. In addition, the Company has established, implemented and maintains adequate arrangements aimed at preventing the following activities in the case of any relevant person who is involved in activities that may give rise to a conflict of interest, or who has access to inside information within the meaning of section 5 of the Market Manipulation (Market Abuse) Law or to other confidential information relating to clients or transactions with or for clients by virtue of an activity carried out by him on behalf of the Company:

Employees of the Company that are involved in the provision of investment services or other activities must not

- a)** enter into a personal transaction which meets at least one of the following criteria:
  - a transaction which is prohibited under the Insider Dealing and Market Manipulation (Market Abuse) Law,
  - misuse or cause improper disclosure of confidential information,
  - enter into a transaction that is likely to conflict with any obligations of the Company, or the employee, that are stated under the law.
  
- b)** Advising or procuring, other than in the proper course of his employment or contract for services, any other person to enter into a transaction in financial instruments which, if a personal transaction of the relevant person, would be covered by point (a) above or investment research reports or the misuse of information relating to pending client orders.
  
- c)** Disclosing, other than in the normal course of business or contract for services, any information or opinion to any other person if the relevant person knows or ought to know, that as result of that disclosure, the person who is given the opinion is likely to:
  - enter into a transaction which, if a personal transaction of the relevant person, would be covered by point (a) above or investment research reports or the misuse of information relating to pending client orders;
  - advise another party or procure another person to enter into such a transaction. The above arrangements have been designed to ensure that:

**a.** Each relevant person is aware of the restrictions on personal transactions, and of the measures established by the Company in connection with personal transactions and disclosure.

**b.** The Company is informed promptly of any personal transaction entered into by a relevant person,

either by notification of that transaction or by other internal procedures enabling the Company to identify such transactions. In the case of outsourcing arrangements, the Company always ensures that the firm to which the activity is outsourced maintains a record of personal transactions entered into by any relevant person and provides that information to the Company promptly on request.

- c. A record is kept of the personal transaction notified to the Company or identified by it, including any authorisation or prohibition in connection with such a transaction.

Where the employee has come into contact with information which is not publicly available to clients or cannot readily be inferred from information that is so available, the employees must not act or undertake personal transactions or trade in the execution of an unsolicited client order, on behalf of any other person, including the Company.

Any client's orders that have been relayed to any employees of the Company must not be disclosed to another party. An employee of the Company who has knowledge of a potential client's order must not carry out a personal transaction that is the same as the client order, if this will cause a conflict of interest.

### **Reporting 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.

### **Identifying and Managing Conflicts of Interest**

The Company maintains and operates effective organizational and administrative procedures to identify and manage conflicts of interest. Should a Conflict of Interest arise, it is managed promptly and fairly.

The Company has in place arrangements to ensure that:

- There is a clear distinction between the different departments' operations;
- No single person will gather conflicting information, thus counterfeiting or hiding information from investors is minimized;
- The Company's employees are prohibited from investing in securities for which they have access to non-public or confidential information;
- 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 is prevented or controlled;
- There is 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;
- There is no 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;
- The security features of the Company's software prevent unauthorized access to sensitive information in order to benefit the Company over its clients or one client over another;
- Relevant persons are prohibited to purchase or sell a security or cause the purchase or sale of a security for any account while in possession of inside information relating to that security;
- Relevant persons are prohibited to recommend or solicit the purchase or sale of any security while in possession of inside information relating to that security;
- Relevant persons are prohibited to purchase or sell or cause the purchase or sale of a security for an employee or employee- related account or a proprietary account of the Company or an account over which an employee exercises investment discretion, while in possession of proprietary information concerning a contemplated block transaction in the security or for a customer account when such customer has been provided such information by any relevant person;
- Transactions by the Company's employees are neither performed nor executed by themselves, but by another member of staff of the Company;
- Employees sign a confidentiality agreement. No associated person may disclose inside information to others, except disclosures made in accordance with the Company's policies and procedures, to other Company personnel or persons outside the Company who have a valid business reason for receiving such information;
- There are effective procedures in place to prevent or control the exchange of information (flow 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;

- Establishment of in-house Compliance function to monitor and report sources that may entail conflict of interest to the Board of Directors of the Company;
- Appointment of Internal Auditor to ensure that appropriate systems and controls are maintained and report to the Company's Board of Directors;
- Establishment of the four-eyes principle in supervising the Company's activities;
- Any person will be prevented from exercising inappropriate influence over the way in which a relevant person carries out investment or ancillary services or activities;
- Relevant information is recorded promptly in a secure environment to enable identification and management of Conflicts of Interests;
- Adequate records are maintained of the services and activities of the Company where a Conflict of Interest has been identified;
- Where necessary, Relevant Persons are subject to personal account transaction rules;
- In certain jurisdictions appropriate disclosure may be made to the Client in a clear, fair and not misleading manner to enable the Client to make an informed decision;
- There is a periodic review of the adequacy of the Company's systems and controls.

## **Procedures and Controls to Managing 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 Chinese walls)
- 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.
- 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:
- 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.

- a.** A 'need to know' policy governing the dissemination of confidential or inside information within the Company.
- b.** Chinese walls restricting the flow of confidential and inside information within the Company, and physical separation of departments. Communication of information and data between the various business units of the Company, whether the Company's officers and/or Employees have access to data in the possession of business units to which such access is not permitted so that to prevent the flow of confidential information in a way that which adversely affect the interest of the Clients. The Company's Compliance Department is responsible for maintaining such Chinese Walls, by means of regular checks and monitoring.
- c.** Procedures governing access to electronic data.
- d.** Segregation of duties that may give rise to conflicts of interest if carried on by the same individual.
- e.** Establishment of Personal Transaction Policy covering the disclosure and requirements applicable to Relevant Persons in relation to their own investments.
- f.** A gifts and inducements log registering the solicitation, offer or receipt of certain benefits.
- g.** The prohibition of external business interests conflicting with the Company's interests as far as the Company officers and Employees are concerned, unless the written Board of Directors approval is provided.
- h.** A policy designed to limit the conflict of interest arising from the giving and receiving of inducements.
- i.** Establishment of an in-house Compliance Department to monitor and report on the above to Pelican Exchange Europe (CY) Board of Directors. The Department will also update the relevant internal procedures and ensure compliance with such procedures.
- j.** Appointment of an Internal Auditor to ensure that appropriate systems and controls are in place and maintained which in turn shall evaluate and report to the Company's Board of Directors.
- k.** Establishment of the four-eyes principle in supervising the Company's activities.

1. The Company also undertakes ongoing monitoring of business activities to ensure that internal controls are appropriate;
2. Relevant persons are required to immediately notify the Company in case they perceive that a conflict of interest may be created due to the undertaking of a specific task/work;
3. All Clients are to be treated fairly;
4. All the Company's representatives hold an authorisation/license or are in the process of obtaining an

authorisation/license, if required, for performing and/or offering the services and/or business activities as applicable;

5. In circumstances not covered by the points mentioned above and given the nature of a conflict of interest situation, the Compliance Department and/or the Senior Management shall decide whether to proceed with the relevant circumstance and notify the Client accordingly.
6. The employees of the Company ensure that documents containing confidential information will not be accessible by unauthorized persons.
7. All employees are bound by professional secrecy and confidential information is only being shared if this is deemed necessary for performing a job function.
8. All employees are at all times bound to act loyally to the Company and be in full compliance with its procedures.
9. All employees receive instructions and guidance regarding managing of conflicts of interest.
10. Whenever the Company implements a bonus scheme, this is compounded of several elements and each trade related element does not alone affect the bonus significantly.
11. The persons providing investment services possess all the necessary certificates of professional competence required for providing the relevant services or have been granted with relevant exception from CySEC.
12. The Company takes all necessary steps to employ persons with the highest educational, ethical and professional courtesy standards, in line also with CySEC's Guidelines GD-IF-01 (Circular C025).

*b. Disclosure of conflict of interest*

When the measures taken by the Company to manage conflicts of interest are not sufficient 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 medium and shall include sufficient detail, taking into account the nature and profile 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 or not to continue their relationship with us with no unreasonable obstacles.

The Compliance Department shall have the responsibility to oversee such communication. Following



such communication, the consent of the Client shall be obtained and recorded before proceeding with the provision of services.

Additional information and/or clarifications in relation to this policy and/or this document is available upon explicit written request. Should a Client and/or prospective client has further questions in relation to conflicts of interest he/she may direct his/her questions to the Company's Compliance Department via e-mail at [complianceeu@pelicantrading.io](mailto:complianceeu@pelicantrading.io).

*c. Declining to Act*

If the Company does not believe that disclosure is appropriate to manage the conflict, it may choose not to proceed with the transaction or matter giving rise to conflict. Further, the Company may decline to act for a Client in cases where it believes that the conflict of interest cannot be managed in any other way.

*d. Assessment & Record keeping*

The Compliance Department is responsible for assessing, managing and mitigating all conflicts of interest situations, including but not limited to, assessing the following:

1. Whether the situation represents an actual or potential conflict of interest for either the Client or the Company
2. Whether the situation identified is a perceived conflict for either the Client or the Company and the risk that it may become an actual conflict
3. How the conflict of interest can be appropriately managed and/or mitigated and the degree of materiality of the conflict of interest
4. Whether the conflict of interest identified requires immediate notification to Senior Management for further assessment, giving information on the seriousness of the risk and direction on the level of reporting/action required.

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. The minimum period of five years starts counting after the conclusion of the business relationship with the Client in regard to any documents concerning the Client:

- this policy, any functional variations if applicable
- a Conflicts of Interest Register of all circumstances in which a conflict of interest has been

identified and/or arisen, containing the measures taken to mitigate or manage the conflict of interest identified and/or arisen, a description of the circumstances which constituted or may have constituted a conflict of interest, names of the persons involved, the name of the person responsible for the mitigation of the conflict, a description of the steps taken in order to mitigate the conflict - including client disclosures and subsequent resolutions.

- rules, procedures and processes;
- training material and training records;
- Conflicts of Interest Notification Forms;

*e. 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.

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.

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:

- Establish effective procedures to prevent or control the exchange of information between relevant persons engaged in activities
- 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 Head of Compliance will, as the Approved Person with responsibility for Compliance and Risk, have the final say.

### **Compliance with and supervision of the Conflicts of Interest Policies**

The Compliance Officer will ensure by means of regular checks and inspections that the above-mentioned procedures and controls are being followed. Furthermore, the Internal Auditor is responsible for monitoring and supervising all the procedures and controls regarding the Company's conflict of interest policy, at least once a year.

- All employees are made aware of this Policy to highlight and emphasize the importance of identifying and managing conflicts of interest. Further, all employees are required to adhere to the Company's Conflict of Interest Policy which requires employees to notify Compliance of all situations whereby an employee becomes aware of conflicting and/or inside dealing information. Employees are also required to notify Compliance of any situation where information received might constitute conflicting and/or inside information. The Compliance Department will record the circumstances of the situation and take such action as is necessary and appropriate informing also Senior Management of the Company.
- Employees must never permit their personal interest to conflict with, or to appear to conflict with, the interests of the Company. When faced with a situation involving a potential conflict of interest, ask yourself whether public disclosure of the matter could embarrass the Company or you, or would lead an outside observer to believe a conflict of interest, including those in which you may have been placed

inadvertently due to either business or personal relationship with customers, suppliers, business associates, or competitors of the Company, or with other Company employees.

- Company's employees are also subject to rules designed to avoid conflicts of interest with activities they undertake outside the Company.
- The Senior Management, is further responsible for ensuring that the system and controls put in place meet the requirements imposed by the applicable regulations.
- The Compliance Officer will periodically review the contents of this policy and whether it fulfils the regulatory requirements as well as the effectiveness of the steps taken within the framework of managing the conflicts of interest identified.
- The Compliance Officer shall ensure that the Executive Directors or other hierarchical officers do not exercise inappropriate influence over the way in which a relevant person carries out the provision of investment and ancillary services. This shall be verified by frequent personal interviews with all Heads of the Departments as applicable.
- Maintenance and regular update of a record of the kinds of investment or ancillary service or investment activity carried out by or on behalf of the CIF 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.

### **Express Client's Consent**

By entering into a Client Agreement with the Company for the provision of investment services, the Client is consenting and accepting the application of this Policy as this may be amended and/or updated from time to time. 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 and/or the existence of any material interest in the investment services and/or activities provided, 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.

## Prohibited Transaction Practices

In order to prevent potential conflicts of interest between the Company and the Clients, the following transaction practices are prohibited:

- a. The Company will not execute a Client order for a purchase of financial instruments without the necessary funds available in the Client account, unless the Client was granted credits for conducting these transactions, as applicable.
- b. The Company will not enter into arrangements for securities financing transactions in respect of financial instruments held by it on behalf of a Client or otherwise use such financial instruments for its own account or the account of another Client of the firm, unless:
  - i. the Client has given express prior consent to the use of the financial instruments on specified terms; and
  - ii. the use of that Client's financial instruments is restricted to the specified terms to which the Client consents.
- c. The Company will not enter into arrangements for securities financing transactions in respect of financial instruments held by it on behalf of a Client in an omnibus account held by a third party, or otherwise use financial instruments held in such an account for its own account or for the account of another Client unless, in addition to the conditions set out in (b) of this section:
  - iii. each Client whose financial instruments are held together in an omnibus account has given express prior consent in accordance with (b)(i); or
  - iv. the firm has in place systems and controls which ensure that only financial instruments belonging to Clients who have given express prior consent in accordance with the requirements of (b)(i) are used.

## Information barriers

The Company respects the confidentiality of information it receives about its Clients and operates a "Need to Know" approach and complies with all applicable laws in respect of the handling of that information. Access to confidential information is restricted to those who have a proper requirement for the information consistent with the legitimate interest of a Client of the Company. The Company has established and operates internal organisational arrangements to avoid conflicts of interest by controlling, managing or restricting as deemed appropriate the flow of confidential information between different areas of business or within a specific division or department. In particular, Chinese Walls are a key tool for conflict of interest prevention avoiding insider dealing and market manipulation risks. Chinese Walls can involve separation of premises, personnel, reporting lines, files and IT-systems and controlled procedures for the movement of personnel and information between the Company and any other part of the Company Group. The Company maintains permanent information barriers between different departments.

## Remuneration Policy

The Company has established, implemented and maintains remuneration policies and practices that comply on the one hand with the requirements of section 24 of the Law in relation to conflicts of interests and on the other hand, with the conduct of business rules set out in section 25 of the Law.

Moreover, the remuneration policies and practices of the Company is consistent with:

- a. Sections 10(1)(c)(iii), 24(1) and 25(10) of the Law
- b. Articles 2(5) and 27 of the Commission Delegated Regulation (EU) 2017/565 as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of MiFID II (hereinafter, the “Delegated Regulation”)
- c. Articles 51-54 of the Law 97(I)/2021, as amended from time to time, on the Capital Adequacy of Investment Firms (hereinafter, the “Capital Adequacy Law”)
- d. The Directive (EU) 2019/2034 on the Prudential Supervision of Investment Firms
- e. Circular C031 of CySEC concerning the guidelines on remuneration policies and practices
- f. C138 of CySEC on remuneration policies and practices
- g. C145 of CySEC concerning clarifications for Circular C138 - Remuneration policies and practices
- h. C240 of CySEC concerning the guidelines on sound remuneration policies issued by the European Bank Authority
- i. C507 concerning the EBA Guidelines on sound remuneration policies under Directive (EU) 2019/2034 (EBA/GL/2021/13)
- j. The questions and answers of 31 March 2017, ESMA35-36-794, ‘Questions and Answers - Relating to the provision of CFDs and other speculative products to retail investors under MiFID’ of March 2017.

The Company when designing or reviewing its remuneration policies and practices it considers the conduct of business and conflicts of interest risks that may arise and takes reasonable measures to avoid or manage them appropriately and efficiently. The Company’s remuneration policies and practices, inter alia, have been designed in such a way so as not to create incentives that may lead persons to favour their own interests, or the Company’s interests, to the potential detriment of Clients. Furthermore, the Company has established, implemented and maintains adequate control mechanisms for compliance with remuneration policies and practices being implemented and maintained by the Company. The same remuneration policies and practices adopted by the Company are applied apart from the staff and to the service providers, Introducing Brokers and to third parties which perform outsourced critical operational functions, when they are acting on behalf of the Company.

### **Separate supervision/functions**

There is a clear distinction between the different departments’ operations. Two departments or

businesses will be managed by different senior staff members, if running them under supervision of one person, may create conflicts of interest. In this way it is secured that no single person will gather conflicting information, thus counterfeiting or hiding information from investors is minimized. Furthermore, the four-eyes principle in supervising the Company's activities is established.

### **Pay**

Pay and bonuses are linked to the profits of the Company or the business or department where an employee works. Pay and bonuses linked to the performance of another department, with possible conflicting interests, is avoided at all times.

### **Inducements**

The Company does not offer, solicit or accept any inducements, other than the following:

- a.** A fee, commission or non-monetary benefit provided to or by a Client or a person on behalf of a Client;
- b.** A fee, commission or non-monetary benefit provided to or by a third party or a person acting on behalf of a third party, under the following conditions:
  - i.** the fee, commission or benefit is disclosed to a Client, prior to the provision of the relevant service; and
  - ii.** it is designed to enhance the quality of the relevant service to a Client and in line with Company's duty to act in the best interests of a Client;
- c.** Proper fees for the provision of investment services, such as custody costs, settlement and exchange fees, regulatory levies or legal fees, and which cannot give rise to conflicts with Company's duties to act honestly, fairly and professionally in accordance with the best interests of its Clients.

### **Gifts**

Company's employees will not accept any gifts other than those considered normal in their line of business. Excessive gifts from Clients may result in a conflict of interest, something the Company is committed to avoiding.

### **Review and Amendment**

**The Company reserves the right to amend its policies at any time by making them public on its official website. The Client consents and agrees that the latest version of any of the Documentation and/or Policies published on the Company's official website at [www.pelican.eu.com](http://www.pelican.eu.com) shall prevail.**

Policies shall be reviewed/amended annually and/or as and when it is deemed necessary by Regulatory Authorities and the Compliance Officer and further approved by the Board of Directors. The Company

through its constant reviews of its Conflicts of Interest Policy its suitability and its efficiency regarding the protection of the Company's and Client's interests. All practices, part of this policy, contribute to the required integrity, equality and transparency standards of the Company. If the adoption or the practice of one or more of those measures and procedures does not ensure the requisite degree of independence, alternative or additional measures and procedures as are necessary and appropriate for this purpose are adopted.

Additional information and/or clarifications in relation to this policy and/or this document is available upon explicit written request. Questions may be directed to our Compliance Department via e-mail at [complianceeu@pelicantrading.io](mailto:complianceeu@pelicantrading.io).

