

# NinjaTrader

by Payward Europe Digital Solutions (CY) Limited

## Conflicts of Interest Policy

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## 1. Purpose

The purpose of this Conflicts of Interest Policy (the “Policy”) is to specify the procedures put in place by Payward Europe Digital Solutions (CY) Limited (“PEDSL”), the “Company”, offering services under the brand name “NinjaTrader”, a Cyprus Investment Firm licensed and regulated by the Cyprus Securities and Exchange Commission (“CySEC”) under license number 342/17, for identifying and managing conflicts of interest which may arise during the course of its normal business activities. As a regulated firm, the Company is obligated to identify and responsibly manage and control and, where necessary, disclose the conflicts of interests arising in relation to its business, to reduce the risk of client disadvantage and of legal liability, regulatory censure or damage to the 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.

## 2. Legal Framework

This Policy is issued pursuant to, and in compliance with the requirements of:

- Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments, as amended, replaced or repealed from time to time (“MiFID II”);
- Law 87(I)/2017 regarding the provision of investment services, the exercise of investment activities and the operation of regulated markets and other related matters, as amended, replaced or repealed from time to time (the “Law”); and
- The Commission Delegated Regulation (EU) 2017/565, supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive (“Commission Delegated Regulation (EU) 2017/565”);

In accordance with the Commission Delegated Regulation (EU) 2017/565, Cypriot Investment Firms (“CIFs”) are required to establish, implement and maintain an effective conflict of interest policy set out in writing and appropriate to the size and organisation of the CIF and the nature, scale and complexity of its business.

In addition, according to the Law, CIFs must take all appropriate steps to identify and to prevent or manage conflicts of interest between itself, including its managers and employees, tied agents or any person directly or indirectly linked to them by control, and their clients or between one client and another, that arise in the course of providing any investment and ancillary services, or combinations thereof, including those caused by the receipt of inducements from third parties or by the the Company’s own remuneration and other incentive structures.

In this respect, CIFs must establish adequate policies and procedures sufficient to ensure compliance, including its managers, employees, tied agents and other relevant persons, 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.

## 3. Policy

All employees of the Company must on commencement of their employment read and fully understand this Policy. All employees of the Company are obliged to register their acceptance of having read and understood this Policy in a register, which is to be filed and managed by the Chief Compliance Officer of the Company. Any employee that suspects a conflict of interest must immediately inform its direct superior and the Compliance 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 CySEC should such need arise. All staff must take responsibility to not knowingly create a conflict of interest without reference to this policy. Failure

to do so may result in disciplinary action being taken.

In particular, 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. For the purposes of identifying the types of conflict of interest that arise in the course of providing investment and ancillary services (or a combination thereof) and whose existence may damage the interests of a client, the Company shall take into account, as a minimum, whether the Company or a Relevant Person (as defined below), or a person directly or indirectly linked by control to the Company, is in any of the following situations, whether as a result of providing investment or ancillary services or investment activities or otherwise:

1. is likely to make a financial gain or avoid a financial loss, at the expense of the client;
2. 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;
3. has a financial or other incentive to favour the interest of another client or group of clients over the interests of the client;
4. carries on the same business as the client;
5. 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 monetary or non-monetary benefits or services

"*Relevant Person*" means any of the following persons:

- A. a member of the board of directors, partner or equivalent, manager or tied agent (if any) of the Company;
- B. a director, partner or equivalent, or manager of any tied agent (if any) of the Company;
- C. an employee of the Company or of a tied agent (if any) 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 (if any) 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 (if any) 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 clients of the Company.
- c. Between the Company and its employees.
- d. Between a client of the Company and an employee/manager of the Company.
- e. Between the Company's departments.
- f. Between the Company and its affiliate, related parties and third party vendors.

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

1. the Company or a Relevant Person is likely to sustain an overall financial loss or avoid a financial loss, by executing a client's specific order.
2. the Company or a Relevant Person is likely to sustain an overall financial gain by not executing a client's specific order.
3. The market moves to a direction of a point/timing when by executing the client's order will result in a financial loss for the Company.
4. the Company's employees put their own interests above the interests of the Company's clients

- (commissions, inducements, etc.)
5. the Company has an interest in the outcome of a service provided for their clients or a transaction conducted on behalf of the client, which is different from the client's interest in this result.
  6. the Company or a Relevant Person has a financial or other incentive to favour the interests of one client above the interests of another client when performing the same investment service in circumstances which are otherwise identical.

## 3.1. Control and Prevention of Conflicts of Interest

Where conflicts, or potential conflicts, are identified, the Company is committed to ensuring that they are effectively and fairly managed so as to prevent these conflicts from constituting or giving rise to a material risk of damage to the interests of the Company's clients. The Company applies at least one of the following measures to every conflict or potential conflict:

- Staff training;
- Segregation of duties (see below);
- Chinese walls (see below);
- Record keeping;
- Regular independent monitoring or review Implementation of specific policies or procedures with regard to among others execution of orders, personal transactions, remunerations and inducements (see below);
- Disclosure to clients (see below).

## 3.2. Personal Transactions of Employees

To mitigate conflicts of interest, the Company has established a Personal Account Dealing Policy that imposes restrictions on personal transactions by the Company's staff as well as 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. All employees of the Company must comply with the restricted list and the obligation to report personal transactions to the compliance officer before any order can be executed. The said policy also incorporates other requirements from the Market Abuse Regulation. Each year a confirmation is signed by all employees that they have read and understood the policy.

## 3.3. Orders

As per the Company's Best Execution Policy, the best possible result must always be achieved for clients. This also includes the stipulation that whenever the orders of different clients are merged, the Company ensures fair and equitable trade allocation among client accounts. Furthermore, client orders must always be executed if possible given the market circumstances. There can be no mutual conflict of interest between clients' orders.

Furthermore, the Company shall ensure that the products it designs do not adversely affect clients or lead to problems with marketing integrity by enabling the firm to mitigate and/or dispose of its own risks or exposure to the underlying assets of the product, where the investment firm already holds the underlying assets on own account.

## 3.4. Inducements

As a CIF, the Company is dedicated to providing honest, fair and professional investment services and ancillary services to clients. For this reason, the Company operates on the basic premise that no inducements (monetary and non-monetary benefits) are received in relation to the investment and/or

ancillary services provided, unless these qualify as a minor non-monetary benefit.

Minor non-monetary benefits shall be of such a scale that they are unlikely to influence the Company's employees behaviour in any way that is detrimental to the interests of the Company's clients and shall be described to clients in a generic way. Courses and workshops could also qualify as minor non-monetary benefits. In the unlikely event that the Company will receive an inducement, the Company will return this to the client.

The Company will not provide any inducements (monetary and non-monetary) in relation to an investment and/or ancillary services to any third party, unless the provision of commissions enhances the quality of the service to the client and it does not impair compliance with the duty to act in the best interests of the clients. Evidence of this will be documented and disclosures of such inducements shall be made to clients.

A fee, commission or non-monetary benefit shall be considered to be designated to enhance the quality of the relevant service to the client if all of the conditions are met:

- it is justified by the provision of an additional or higher level service to the relevant client, proportional to the level of inducements received;
- it does not directly benefit the recipient firm, its shareholder or employees without a tangible benefit to the relevant client; and
- it is justified by the provision of an on-going benefit to the relevant client in relation to an on-going inducement.

A fee, commission, or non-monetary benefit are not considered acceptable if the provision of relevant services to the client is biased or distorted as a result of the fee, commission or non-monetary benefit.

In addition to the above, the Company holds evidence that any fees, commissions or non-monetary benefits paid or received by the Company are designed to enhance the quality of the relevant service to the client:

- By keeping an internal list of all fees, commissions and non-monetary benefits received from a third party in relation to the provision of investment or ancillary services; and
- By recording how the fees, commissions and non-monetary benefits paid or received by the Company, or that it intends to use, enhance the quality of the services provided to the relevant clients and the steps taken in order not to impair the Company's duty to act honestly, fairly and professionally in accordance with the best interests of its clients.

The Company will disclose to clients, in relation to any payment or benefit received from or paid to third parties, the following information:

- Prior to the provision of the relevant investment or ancillary service, the Company will disclose to clients information on the payment or benefit concerned in accordance with section 25(9)(b) of the Law. Minor non-monetary benefits may be described in a generic way. Other non-monetary benefits received or paid by the Company in connection with the investment service provided to a client is priced and disclosed separately;
- Where the Company is unable to ascertain on an ex-ante basis the amount of and payment or benefit to be received or paid, and instead disclosed to the client the method of calculating the amount, the Company also provides its clients with information of the exact amount of the payment or benefit received or paid on an ex-post basis; and
- At least once a year, as long as (on-going) inducements are received by the Company in relation to the investment services provided to the relevant clients, the Company informs its clients on an individual basis about the actual amount of payments or benefits received or paid. Minor non-monetary benefits may be described in a generic way.

## 3.5. Remunerations

To mitigate conflicts of interest, the Company has established a Remuneration Policy that ensures that the remuneration of all the Company's employees is based on qualitative and quantitative indicators, but more attention is given to qualitative criteria such as compliance with regulations, the fair treatment of clients and the quality of services provided to clients etc.

The remuneration policy has also ensured that where relevant persons are engaged in different activities where a conflict of interest may arise in relation to those activities, there is no direct link to their remuneration.

## 3.6. 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 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 Chief Compliance Officer for inclusion within the reports reviewed by the board of directors.

## 3.7 Management of Conflicts of Interest

### A. Independence and Segregation of Duties

The following functions and departments are segregated as measures to prevent or manage conflicts of interest:

1. Dealing Desk;
2. Customer Support & Back Office;
3. Trading Desk;
4. Finance Department;

Furthermore, 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 where the exchange of that information may harm the interests of one or more clients. (i.e. by establishing a Chinese wall – see section B below)
- Direct 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 Desk
  - Customer Support & Back Office
- 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 Desk and Customer Support & Back Office employees do not relate their remuneration with clients' performance.

- The same applies to the employees under the Marketing Department.
- Measures to prevent or limit any person from exercising inappropriate influence over the way in which a relevant person carries out and/or promotes 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 judgement.
- 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, where such involvement may impair the proper management of conflicts of interest

## B. 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. Access to server and clients' data is restricted per department in line with the Company's Server Security Policy.

In order to restrict the flow of confidential and inside information within the Company, the Company maintains Chinese walls and physical separation of the following departments:

- Compliance & AML Department
- Customer Support & Back Office Department
- Finance Department
- Dealing Desk
- Marketing Department

## C. Disclosure of Conflict of Interest

When the measures taken by the Company to prevent 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 carrying out a transaction or providing an investment or an ancillary service to a client, the Company must disclose to the client the general nature and/or sources of conflicts of interest and steps taken to mitigate those risks. The disclosure will be made in sufficient time, in a durable medium and shall include sufficient detail, taking into account the nature of the client, to enable that client 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 whether or not to continue their relationship with us with no unreasonable obstacles.

The Company shall ensure that disclosure to clients pursuant to this section is a measure of last resort that shall be used only where the effective arrangements established by the Company to prevent or manage its conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of the client will be prevented.

The disclosure shall:

- i. Clearly state that the organisational and administrative arrangements established by the Company

- to prevent or manage that conflict are not sufficient to ensure, with reasonable confidence, that the risks of damage to the interests of the client will be prevented;
- ii. Include specific description of the conflicts of interest that arise in the provision of investment and/or ancillary services, taking into account the nature of the client to whom the disclosure is being made. The description shall explain in sufficient detail to enable that client to take an informed decision with respect to the investment or ancillary service in the context of which the conflicts arise:
- a. The general nature and sources of conflicts of interest;
  - b. The risks to the client that arise as a result of the conflicts of interest; and
  - c. The steps undertaken to mitigate risks.

## D. 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 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 thereof;
- 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.

The senior management of the Company shall receive on a frequent basis, and at least annually, written reports on situations referred to in this section.

## 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 Compliance 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;
- utilise 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 Chief Compliance Officer who is responsible for the day to day management of the implementation of this policy. In particular, they, or their delegate, are responsible for:

- establishing this 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.

## F. 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.

## 3.8. Review of this Policy

This Policy shall be reviewed periodically and at least on an annual basis by the Company's compliance officer and shall be approved from the Company's board of directors. The Company shall take all appropriate measures to address any deficiencies identified during review.

Over-reliance on disclosure of conflicts of interest is considered a deficiency in the Company's conflicts of interest policy.

## 3.9. Implementation and enforcement of this policy

Senior management is responsible for establishing procedures for the identification, prevention and control of conflicts of interest. Checks and monitoring are carried out by the Compliance Officer in order to determine whether potential conflicts of interest are controlled. In the event of noncompliance with this Policy, a report is made to the responsible management and a decision on how to resolve the situation is made in consultation with the management. In the event that a conflict of interest is identified and it is not possible for the Company to prevent or control a conflict of interest, the Company will notify the client accordingly, as discussed above.

The Compliance Officer is responsible for maintaining a register of conflicts of interest and corresponding controls. Conflicts of interest is an item on the agenda for discussion at all board of directors and committee meetings of the Company. Any new potential conflict of interest, or changes to an existing conflict, should be communicated to the Compliance Officers as soon as the conflict, or potential conflict, has been identified so that the register can be updated accordingly. In addition, the register is submitted periodically to all board of directors meetings and risk committee meetings for review. All staff must take responsibility to not knowingly create a conflict of interest. Failure to do so may result in disciplinary action being taken.