



CONFLICTS OF INTERESTS POLICY

SSC SMART FX LTD

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CONFLICTS OF INTEREST POLICY

1. Purpose & Scope

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1.1. The purpose of this policy is to establish a robust framework for identifying, preventing, managing, mitigating, monitoring, and, where necessary, disclosing conflicts of interest, in accordance with MiFID II Directive 2014/65/EU and applicable CySEC requirements.

1.2. The Company provides services exclusively to Professional Clients. While this allows for a proportionate application of certain requirements, the Company ensures that conflicts of interest are managed with a high standard of integrity and in a manner that does not adversely affect client interests.

1.3. This policy applies to all Relevant Persons and all services, including investment and ancillary services. It also extends to conflicts arising from group entities, affiliates, and outsourced providers.

2. Legal & Regulatory Framework

Legal Framework

- The Company is regulated under the Cyprus Investment Firms Law, implementing MiFID II (Directive 2014/65/EU) and related delegated regulations (e.g. Delegated Regulation 2017/565).
- Article 34 requires firms to maintain an effective written conflicts policy proportionate to business complexity
- Disclosure is a **measure of last resort**.
- Remuneration structures must not create conflicts, in line with CySEC CIRCULARS

3. Definition of Conflict of Interest

Definition of Conflict of Interest

A conflict of interest is any situation where the Company, a relevant person, or a person linked by control:

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- a) is likely to make a financial gain or avoid a loss at the expense of a client;
- b) has an interest in the outcome of a service or transaction for the client, distinct from the client's interest;
- c) has a financial or other incentive to favor another client or group of clients over the client;
- d) carries on the same business as a client;
- e) receives from a third party (other than the client) an inducement (monetary or nonmonetary), other than standard commission or fees, in relation to services to the client;
- f) any other situation that impairs, or might reasonably be seen to impair, the objectivity of a person in carrying out the firm's activities. Conflicts may arise inter alia: • between the Company and a client; • between two or more clients; • between a relevant person and a client; • between different parts ("departments") of the Company; • within group/affiliate structures.

Conflicts are assessed taking into account the fact that the Company services **Professional Clients**, who are deemed capable of understanding risks; however, this does not reduce the Company's obligation to act fairly and professionally.

4. Identification & Risk Assessment

4.1. The Company maintains a **Conflicts of Interest Register ("Conflicts Register")**, which records all identified conflicts.

4.2. Each conflict is assessed based on:

- likelihood of occurrence
- potential impact on clients
- number/type of clients affected
- ability of mitigation measures
- residual risk

4.3. The Conflicts Register includes:

- description of the conflict
- business area / service
- affected parties
- risk rating
- mitigation measures applied
- decision (mitigate / accept / avoid)

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- responsible person
- review date

4.4. The Company identifies conflicts across all business activities, including (keep your list + add):

- **execution venue selection / best execution conflicts**
- **product governance and distribution arrangements**
- **intra-group transactions and shared services**

4.5. The Conflicts Register is reviewed **at least annually** and upon material business changes.

5. Management & Mitigation Measures

5.1. Organizational & Structural Measures

- Segregation of duties (no person should perform conflicting roles).
- “Four-eyes” principle (sign-off or oversight by a second person).
- Rotation of staff in sensitive positions where appropriate.
- Separate supervision of units whose interests may diverge (e.g. trading desk vs client advisory).
- Independent Compliance and Risk functions, with authority to intervene.
- Information barriers / “Chinese Walls” (physical, electronic, procedural) to restrict flow of sensitive / inside information.
- Access controls to systems and data (role-based permissions).
- Prohibition on persons influencing others to act in conflict.

- Monitoring of effectiveness of information barriers

- Independent escalation to Compliance without managerial interference

5.2. Remuneration Controls

- Variable compensation must be risk-adjusted and tied to both quantitative and qualitative criteria (such as compliance, client outcomes, adherence to policies).
- Remove any direct link between the revenue generated by one business line and the bonus of another line where conflicts may arise.
- The Compliance / Risk function must review remuneration proposals and bonuses for conflict risk.
- Incentive structures should not encourage excessive risk-taking at client expense.

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- Remuneration must not create incentives to favour one professional client over another.
- Control functions (Compliance/Risk) must be independent from revenue generation.

5.3. Inducements & Benefits

- The Company accepts inducements only where they:
 - enhance the quality of the relevant service to the client;
 - do not impair the duty to act honestly, fairly and professionally.
- A quality enhancement test shall be performed and documented.
- In portfolio management and independent services (if applicable), inducements are prohibited, except minor non-monetary benefits.
- All inducements must be recorded in an Inducements Register and disclosed where required.

5.4 Product Governance Conflicts

- Conflicts are assessed during:
 - product design
 - target market definition
 - distribution strategy
- The Company ensures products are distributed only to the defined target market and not influenced by revenue considerations.

5.5 Personal Account Dealing / Market Abuse

- Monitoring of employee trading against client activity
- Automated or periodic surveillance where possible

5.6 Group & Affiliate Conflicts

- Conflicts arising from group structures include:
 - shared directors or management
 - intra-group transactions
 - shared systems or infrastructure
 - revenue-sharing arrangements
- Such conflicts are subject to enhanced scrutiny and documented controls.
- The Company will **decline to act** where conflicts cannot be effectively managed.

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5.7 Refusal / Exit

Refusal / Exit

- Where a conflict cannot be mitigated to a satisfactory level, the Company may refuse to carry out the transaction or terminate the client relationship.
- Before providing a service, if disclosure is required (i.e. after assessing mitigation), the client must be notified in a durable medium with enough detail to make an informed decision. The disclosure must explain that measures are not sufficient to remove the conflict.
- The Company will decline to act where conflicts cannot be effectively managed.

6. Disclosure to Clients

6.1. The Company shall ensure that disclosure of conflicts of interest is used only as a measure of last resort, where the organisational and administrative arrangements established to prevent or manage conflicts are not sufficient to ensure, with reasonable confidence, that risks of damage to client interests will be prevented, in accordance with MiFID II Directive 2014/65/EU.

6.2. Disclosure shall not be relied upon as a substitute for effective internal controls and mitigation measures. The Company shall always prioritise preventing or properly managing conflicts before resorting to disclosure.

6.3. Any disclosure to clients shall:

- be provided in a durable medium (including email or other recordable electronic communication);
- be made prior to the provision of the relevant service or transaction;
- be specific, clear, and tailored to the particular conflict, avoiding generic or boilerplate language;
- identify the nature and source of the conflict;
- explain the risks posed to the client;
- describe the measures taken to mitigate the conflict;
- clearly state why those measures are not sufficient to fully eliminate the risk.

6.4. Where applicable, the disclosure shall relate to the specific service, transaction, or client relationship, enabling the client to make a fully informed decision.

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6.5. Clients shall be given a reasonable opportunity to decide whether to proceed, and may decline the service without undue pressure or disadvantage.

6.6. Given that the Company provides services exclusively to Professional Clients, disclosures may be proportionate in format and level of detail; however, they must always be sufficient to enable an informed investment decision.

7. Reporting & Governance

7.1. Relevant Persons must report conflicts to Compliance directly or via management.

7.2. The Company provides the ability to escalate conflicts independently and confidentially.

7.3. Compliance maintains:

- Conflicts Register
- Inducements Register

7.4. Annual reporting to Senior Management includes:

- conflict trends
- effectiveness of controls
- remediation actions

8. Training

- All Relevant Persons must complete mandatory annual training on conflicts of interest.
- Training is also required upon onboarding.
- Records must be maintained.

9. Record Keeping & Retention

- All documents, logs, conflict maps, notification forms, training records, decisions, disclosures, and review reports must be maintained for at least **5 years** (or longer if required by local law).
- Electronic logs, system access logs, trade pre-notification and approvals must also be archived.
- Version history of this policy and all amendments must be kept.
- Conflicts Register and Inducements Register must be retained and available to CySEC upon request.

10. Roles & Responsibilities

10.1. Board / Senior Management

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- Approve and oversee this policy.
- Ensure allocation of resources, oversight, and culture of integrity.
- Receive periodic reporting on conflicts and remediation.

10.2. Chief Executive / Business Heads

- Implement the policy in their departments.
- Foster awareness, enforce compliance, monitor operational conflict risks.

10.3. Conflicts / Compliance Officer

- Day-to-day oversight of conflicts matters.
- Review and assess conflict notifications.
- Maintain logs, map, provide training, escalate unresolved conflicts.
- Review remuneration proposals for conflict risk.

10.4. Internal Audit / Independent Review

- Validate that the policy is being followed and is effective.
- Report weaknesses and recommend enhancements.

10.5. All Relevant Persons

- Be familiar with this policy.
- Promptly notify actual or possible conflicts.
- Comply with personal dealing rules, blackouts, disclosure, etc.

11. Interaction with Other Policies

This policy must be read in conjunction with:

- Best Execution Policy
- Inducements Policy
- Remuneration Policy
- Personal Account Dealing Policy
- Market Abuse Policy
- Product Governance Policy

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12. Review & Amendment

- This policy shall be reviewed at least annually and upon any material change in operations, services, regulation, or business structure.
- Any amendment must be approved by Senior Management / Board.
- The current version shall be published internally (and to clients if necessary) with version dates.

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