



# POLICY FOR THE MANAGEMENT OF CONFLICTS OF INTEREST

This Document on Conflicts of Interest Policy is effective from February 2023 and shall remain effective until a more recent version is released. Finalto Financial Services Limited reserves the right to amend or supplement this Document at any time. This Document does not replace our Client Agreement (Terms and Conditions of Trading) which we ask that you read carefully before you enter into any trading. The prevailing version of this Document is always available on our website [www.markets.com/uk/](https://www.markets.com/uk/)

Financial products traded on margin carry high degree of risk to your capital. Spread bets, CFDs and Forex are complex high-risk instruments and therefore are not suited to all investors. **Spread bets and CFDs are complex instruments and come with a high risk of losing money rapidly due to leverage. 65.3% of retail investor accounts lose money when trading spread bets and CFDs with this provider. You should consider whether you understand how spread bets and CFDs work, and whether you can afford to take the high risk of losing your money.** FX, Spread Bets and CFDs are provided by Finalto Financial Services Limited on an execution only basis; we do not provide any advice nor should any communication with us, either written or oral, be construed as such.

Finalto Financial Services Limited is authorised and regulated by the Financial Conduct Authority (FCA), registration number 481853. Finalto Financial Services Limited is incorporated in England and Wales under company number 06557752 and whose registered address is at 11th Floor Broadgate Tower, Primrose Street, London, England, EC2A 2EW.

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## 1. INTRODUCTION

This Policy for the Management of Conflicts of Interest (the "Policy") provides an overview of how Finalto Financial Services Limited ("Finalto FS", "we" or "us") seeks to manage potential conflicts of interest that may arise when offering investment services to clients. This Policy does not form part of any legal agreement between Finalto Financial Services and any client or prospective client.

Our business activities

We consider it essential that we identify and manage conflicts of interest as they relate to our investment services we carry out at any time.

Finalto Financial Services's business relates to enabling primarily retail clients to trade Contracts for Difference ("CFDs") via our online trading platform Markets.com. We effectively receive, transmit and execute clients' orders in CFDs.

We act at all times as Principal (counterparty) to the trading of our clients.

We do not offer investment advice or portfolio management services. Our limited investment research is at the date hereof undertaken by 3rd parties and is not addressed to any individual client or his / her investment objectives.

## 2. COMMITMENT FOR TREATING CUSTOMERS FAIRLY

Treating Customers Fairly is central to our corporate culture and ethos.

We have a duty to act honestly, fairly, professionally and in the best interests of our clients when dealing with them. Our framework for Treating Customers Fairly is premised on six key principles as follows:

- i. Clients should be confident that treating them fairly is central to our corporate culture and ethos;
- ii. We market products and services to our retail clients having regard to whether they are appropriate for them, based on the targeted clients' knowledge and experience;
- iii. We provide our clients with clear, fair, not misleading and not aggressive information at all times: before, during and after their trading with us;
- iv. We do not offer clients investment advice. We communicate non-client specific market information and "colour" from sources which we reasonably believe, acting diligently, are credible;
- v. We provide high levels of client service and experience as measured by: best possible prices, speed of execution, quality of our knowledge on client enquiries. We do not promise what we cannot deliver. We are not aggressive or misleading in our dealings with clients and do not permit business or other introducers to be so either;
- vi. We are transparent on the basis that clients deal with us, especially where clients trade with us on a principal to principal basis. We advise clients of conflicts and the Over the Counter ("OTC") and non-transferability nature of our CFD product suite.

## 3. OUR COMMITMENT FOR TREATING CUSTOMERS FAIRLY

Finalto Financial Services and its holding company Finalto (IOM) Limited (collective the "Group") have in place a Code of Conduct applicable for all employees of the Group. The Code of Conduct deals with how Conflicts of Interest are managed internally and the processes, procedures adopted by the Group to this end. In relation to conflicts of interest, key points to note from the Code of Conduct indicatively include:

- i. All employees are bound by the terms of the Code of Conduct and have to annually acknowledge their continuous adherence to this Code of Conduct
- ii. All employees should at all time be in full compliance to internal policies and procedures
- iii. Employees are advised through the Code of Conduct how to identify conflicts of interest and how to escalate these to their line management and the Compliance Department
- iv. All employees are bound by professional secrecy. Confidential information is only to be shared if essential for performing their specific duties and responsibilities
- v. All employee trading or participation in businesses that compete with the Group need to receive prior clearance from the Compliance Department in line with Safecap's Personal Account Trading policy
- vi. Non Group related executive or non-executive roles are only possible with prior permission, unless this relates to social causes
- vii. Employees are prohibited from personally trading using the knowledge gained from inside/non - public information

## 4. IDENTIFICATION AND NATURE OF POTENTIAL CONFLICTS OF INTEREST AND THEIR SOURCES AND OUR APPROACH TO MANAGING THESE

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 of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU ("MiFID II") the rules of the Financial Conduct Authority implementing MiFID in the UK (the "FCA Rules") that apply to Finalto Financial Services.

Specifically, this Policy is issued in compliance with FCA's Principle 8 and Principle 6, as well as the requirements stipulated in SYSC 10 of the FCA Handbook.

In this Policy, we collectively refer to all the above legislations, regulations and guidelines as "Regulations".

## 5. FINALTO FINANCIAL SERVICES EMPLOYEE PERSONAL ACCOUNTS

Employees may only undertake personal investment activities that do not breach applicable law or regulation, do not unduly distract from their employment responsibilities and do not create an unacceptable risk to Finalto Financial Services's reputation. Transactions should also be free from business and ethical conflicts of interest. Employees must never misuse proprietary or Client confidential information in their personal dealings and must ensure that Clients are never disadvantaged as a result of their dealings. Employees are not permitted to hold an account with Finalto Financial Services or any entity in the group and when it comes to personal transactions are required to follow the Firm's Personal Account Dealing policy. Any employee who is dealing personally should report it to the Compliance department before placing any trades.

## 6. MANAGING CONFLICTS OF INTEREST

It may not be possible to prevent conflicts of interest from arising and certain conflicts may be inherent due to the Firm's business profile and activities. In that case, Finalto Financial Services will endeavour to manage the conflict of interests by using:

- i. Employee Signoff – Finalto Financial Services insisting that all employees sign and adhere to the company Policies;
- ii. Disclosure to the Client – Finalto Financial Services will clearly disclose the general nature and source of the conflict of interest to the Client before undertaking business for the Client. The disclosure will be made in writing and include sufficient detail to enable the Client to take an informed decision about the service in the context of which the conflict of interest has arisen;
- iii. Establishing an information barrier (Chinese wall) – Finalto Financial Services will require information held by one part of the business to be withheld from, or not used by, persons in another part of the business;
- iv. Declining to provide the service – If it is not possible to avoid or manage a conflict of interest Finalto Financial Services may have no choice but to decline to provide the service requested;
- v. Annual checks to ensure that appropriate systems and controls are maintained and are reported to Finalto Financial Services's Board of Directors;
- vi. Prohibition of external business interests conflicting with Finalto Financial Services's interests as far as Finalto Financial Services's officers and employees are concerned, unless Board of Directors approval is provided;
- vii. Gifts and Entertainment Policy – Finalto Financial Services shall only allow gifts to be received by Finalto Financial Services employees in accordance with Finalto Financial Services's Gifts and Entertainment Policy; and
- viii. Whistleblowing Policy – If any employee believes Finalto Financial Services is acting wrongly and incorrectly with regards to any regulatory procedures, they may act by contacting the FCA in confidence.

We also map out here below, our approach to effectively manage certain material inherent conflicts of interest.

Circumstances of potential conflict of interest	Our approach to managing these (indicative actions)
<p>When a client enters into any order to Buy or Sell a Contract for Difference ("CFD") on our trading platforms, the client trades with us as his / her counterparty. We are the Principal to each trade that the client enters.</p> <p>This means that:</p> <ul style="list-style-type: none"> <li>• The client may only close each position he trades with us.</li> <li>• The client's positions are not transferable to any other regulated investment firm. This is a major difference to when clients trade for example in Shares. In such cases, clients can move their holding in Shares to be traded through another investment firm – broker. In CFDs, clients can only trade / close their position with the investment firm – broker they initially opened their position with.</li> <li>• If clients make profits on their trading, we lose. If the clients register losses on their trading, this means we profit.</li> </ul>	<ul style="list-style-type: none"> <li>• We have introduced an <a href="#">Order Execution Policy</a> that sets out our obligations in delivering Best Execution to our clients.</li> <li>• Best Execution is the process by which Finalto Financial Services Limited seeks to obtain the best possible result when executing client orders.</li> <li>• Generally, Best Execution is determined on the basis of the total consideration paid to or by the client, unless the objective of execution of the order dictates otherwise.</li> <li>• Prices quoted for CFDs are based on the published prices of underlying instruments on the regulated exchanges where such instruments are regularly traded or, with respect to Foreign Exchange, based on the aggregation of prices received from global investment banks and other liquidity providers</li> <li>• Monitoring is in place to ensure that executed prices are within the market and not excessive comparing market prices (comparison of executed price versus a benchmark).</li> <li>• Hedging unless performed back-to-back it will be performed solely upon the Firm reaching its risk limits (based on prudent financial risk management) and therefore, it will not impact the price offered to the client.</li> <li>• We disclose our Spreads and charges on our trading platform on the Firm's website (each instrument has a dedicated page with instrument information including spreads, leverage, overnight interest, trading hours)..</li> <li>• Our marketing communication is developed on the basis of being fair, clear and not misleading to clients and is issued following approval by the Compliance department.</li> <li>• Execution of client trade is automated through the platform with no human intervention and clients would not be treated differently, including in terms of pricing and costs.</li> </ul>
<p>The settings of the trading platform may be at non symmetrical parameters. A key area relates to trading slippage. Slippage refers to the difference a client expects to pay for a trade and the actual price at which the trade is executed. Slippage occurs because there is a slight time delay between the client entering the trade and the time the broker receives the order. During this time delay, the price may have changed. Slippage can be much higher in fast-moving, volatile markets. It can either work in favor of or against the client. Conflicts may arise if the application of slippage parameters is not symmetrical. That is the broker enables a higher negative slippage for the client whilst limiting the client's potential profit in positive slippage.</p>	<ul style="list-style-type: none"> <li>• All trading platform parameters are symmetrical.</li> <li>• There is also full disclosure of the risk of negative slippage as well as positive slippage in the <a href="#">Order Execution Policy</a> and in the Terms &amp; Conditions.</li> <li>• We have monitoring procedures in place in order to ensure that the slippage parameters are indeed symmetrical.</li> </ul>

Circumstances of potential conflict of interest	Our approach to managing these (indicative actions)
<p>Finalto Financial Services Limited, its employees, 3<sup>rd</sup> parties acting on behalf of or on the basis of specific agreements with Finalto Financial Services Limited (such as introducers, websites and social media) may have an interest in maximizing trading volumes in order to increase dealing revenues or their variable remuneration pay. This may be inconsistent with the need for client's to trade prudently or for minimizing clients' transaction costs. Finalto Financial Services Limited employees may also receive bonuses or other form of variable pay that links to the trading performance of clients.</p>	<ul style="list-style-type: none"> <li>• Employees who receive any form of variable pay (including performance related pay) are subject to limitations and enhanced monitoring.</li> <li>• Incidents of conflicts of interest or any other compliance breach lead to reduction and / or not granting the variable remuneration and / or termination of employment and therefore, the incentive is for staff to comply with the Firm's requirements to avoid any repercussions.</li> <li>• Awards are structured so as to have regard to long term client satisfaction as opposed to short term Company gains, recognizing that our long-term success is premised on maintaining satisfied clients over the long term.</li> <li>• Any websites, affiliates or other online introducers do not have any role in our assessment of the clients' knowledge and experience for onboarding purposes, such decision to onboard being at the entire discretion of Finalto Financial Services Limited.</li> <li>• Local registrations with regulatory authorities have to be adhered to by affiliates where appropriate.</li> </ul>
<p>Where investment research or market information is provided this does not take account of the circumstances and investment objectives of individual clients. Finalto Financial Services Limited or legal and natural persons affiliated with it may have a position or trade in financial instruments that may be covered by such investment research.</p>	<ul style="list-style-type: none"> <li>• We do not offer any form of investment advice and our disclaimers make this fact explicitly clear.</li> <li>• Market research is performed on behalf of Finalto Financial Services Limited by parties segregated from our Dealing, Sales and Retention employees.</li> <li>• We remunerate such parties on the basis of fixed fee arrangements which are not related to the trading generated from our clients.</li> <li>• Any research material is first reviewed by Compliance to ensure objectivity prior dissemination.</li> </ul>
<p>Employees or business associates may have a personal holding in a security of a company and where such employees or business associates are involved in executing clients' orders, and – in breach of internal policy – encourage or push the client to trade in such a security.</p>	<ul style="list-style-type: none"> <li>• Our Personal Account Dealing Policy &amp; Client Communication guidelines states clearly that we do not engage in investment advice and stipulate the consequences for any breach of this requirement.</li> <li>• We monitor client communications to ensure that our staff do not engage in any form of investment advice.</li> <li>• All employees are bound by our Personal Account Trading Policy as in force and effect from time to time.</li> <li>• Other indicative points as set out in the Code of Conduct extracts of which are set out above.</li> </ul>
<p>The Company may act as a manufacturer and/or distributor of its products, defining its target market, and therefore has an interest in maximizing its trading volumes by selling its products and services to a large variety of persons. Such incentive may be conflicting with the Company's obligation to assess the appropriateness of each prospective client. Such appropriateness assessment will determine whether a client is appropriate to use the Company's services and is conducted at the onboarding stage.</p>	<ul style="list-style-type: none"> <li>• The scoring methodology for the assessment of appropriateness was conducted following consultation meetings with all stakeholders within the Company under the direction of the Compliance Department so as for us to be in a position to reasonably determine whether complex Financial Instruments such as the CFDs are appropriate for the client to invest in.</li> <li>• Checks are performed on an on-going basis to ensure the system reflects the correct scoring and applies all rules set by the Company.</li> <li>• The Compliance Department performs sample reviews for each of the Company's Appropriateness categories (Experienced, Less Experienced, Inexperienced) to evaluate whether the client' categorization following the appropriateness scoring is in line with the latest scoring rules of the Company.</li> <li>• The assessment is performed in an automated way, thus the firm and its employees are not able to manually interfere in the process.</li> <li>• On an ongoing basis and at least annually the Company performs an analysis and review of its appropriateness assessment and scoring methodology to determine its adequacy.</li> </ul>



Circumstances of potential conflict of interest	Our approach to managing these (indicative actions)
<p>A potential conflict of interest that may impact the client is how Finalto Financial Services onboards new clients. It is in Finalto Financial Services's commercial interest to increase the client base, which drives revenue and growth and the number of clients onboarded is a key metric for how Finalto Financial Services measure performance. However, onboarding a client may not always be in the client's best interest.</p> <p>Furthermore, Finalto Financial Services is an order-execution only dealer which means that the Company does not provide a suitability review of any trades requested by the clients, while the products offered are complex and high risk, and may not be appropriate for everyone.</p>	<ul style="list-style-type: none"> <li>• As part of the account application, applicants provide various background information that allows the Company to assess their appropriateness to maintain an account both in terms of understanding the associated risks and ability to financially withstand the risks.</li> <li>• The appropriateness assessment is dictated by the Compliance department, the assessment is performed automatically by the system and not manually by Firm employees to ensure it is performed in accordance with the system methodology and remove any element of manual interference.</li> <li>• The Firm further includes, under the guidance of the Compliance department, checks around the Firm's target market rejecting any customers found not to have the profile or risk appetite to trade in CFDs/Spread bets.</li> <li>• The Company clearly informs clients of the risks associated with the Company's products, to ensure that the client understands the risks. This is accomplished through the use of prominent risk warning disclaimers and disclosures across the website and promotional materials</li> <li>• If the client would like to receive advice in respect of the suitability of that trade to his personal circumstances, then the client should deal with a full-service investment advisor that offers a suitability review of each trade.</li> </ul>
<p>The way in which Finalto Financial Services remunerates or offers financial incentives to the employees could conflict with their duty to act in the best interests of clients. For example, employees in the dealing department may be incentivised to not act in the best interest of the clients when executing their trades and setting execution parameters to maximise their remuneration</p>	<ul style="list-style-type: none"> <li>• No employees of the dealing department receive any form of commissions and there is no formula to calculate any annual discretionary bonus to firm profitability. Same for any third parties referring customers to the Firm, receive one off fixed payment for the referral to remove any incentivisation to act in a misleading or inappropriate way such as offering investment advice.</li> <li>• All client communication is recorded and monitored to ensure that interactions are fair, clear and not misleading. Particularly, monitoring is in place to ensure to inappropriate or unauthorised contact and that no unauthorised investment advice or misleading information were provided. Furthermore, disclosures are published on the website, and all staff are bound by our Code of Conduct.</li> </ul>

## 7. DISCLOSURE OF CONFLICTS OF INTEREST

In the case where the measures put in place are not sufficient to avoid or manage a conflict of interest relating to a client, Finalto Financial Services will disclose the conflict of interests before undertaking further business with the client.