

Conflict of Interest Policy

Following the implementation of the Markets in Financial Instruments Directive (MiFID) and in accordance with the provisions of the *Financial Services and Activities and Regulated Markets Law of 2012*: L144(I)/2007 and the Directive for the *Authorisation and Operating Conditions of the Cyprus Investment Firms*: DI144-2007-01 of 2012 (hereinafter collectively referred to as the “Law”), **IQOption Europe Ltd** (the “Company”) is required to establish and provide its clients and potential clients a Conflicts of Interest Policy (the “Policy”) and take all reasonable steps to implement effective procedures for the identification, prevention and management of conflicts of interest.

Interpretation of Terms

In this Policy, except where the context otherwise requires, the following terms shall have the following meaning:

Company: shall mean IQOption Europe Ltd, a Cyprus Investment Firm with registration number HE327751 formed under the Laws of Cyprus and regulated by the ‘Cyprus Securities and Exchange Commission (CySEC)’ with license number 247/14 and with its registered office at Yiannis Nicolaides Business Center, Agiou Athanasίου Avenue 33, 4102, Agios Athanasios, Limassol, Cyprus.

Client(s): shall include all existing and potential Clients of the Company, regardless of their categorisation.

Conflict of Interest: entails a situation in which the concerns or aims of two parties are incompatible i.e. in conflict with each other. For the purpose of this Policy, and in general terms, Conflict of Interest will be considered to exist in situation where the Company may make financial gain when providing investment services and/or ancillary services (or a combination thereof) which is in turn detrimental to one or more Clients.

Inducements: shall mean incentives that persuade or lead someone to act in a particular way and/or make particular decisions.

Relevant Persons: shall include directors, partners, managers or appointed representatives, employees, business introducers (affiliates), legal or natural persons involved in the provision of services to the Company, in particular those who provide services under an outsourcing agreement, and any other related parties.

Purpose & Scope of the Policy

The Policy sets out the Company’s procedures and clearly identifies circumstances which may give rise to conflicts of interest, where the Company cannot ensure, with reasonable confidence, that risk of damage to client interests will be prevented.

The Policy identifies the possible types of conflict of interest that arise in the course of the Company providing investment and ancillary services (or a combination thereof) and whose existence may damage the



interests of a client, as well as the procedure for such identification and the measures taken by the Company to prevent, manage or limit such conflicts.

The Policy is set out in writing and appropriate to the size and organisation of the Company, and the nature, scale and complexity of its business.

The Policy applies to the Company and its directors, managers, employees, affiliates and any other persons directly or indirectly linked by control to the Company (“relevant persons”), whether as a result of providing investment or ancillary services or investment activities or otherwise. By way of minimum criteria, the Company takes into account the following situations:

- (a) The Company and/or any relevant persons are likely to make a financial gain, or avoid financial loss, at the expense of the client;
- (b) The Company and/or any relevant persons have 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;
- (c) The Company and/or relevant persons have a financial or other incentive to favour the interest of another client or group of clients over the interests of the client
- (d) The Company and/or relevant persons carry on the same business as the client
- (e) The Company and/or relevant persons receive, 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

In addition, the Company takes into account the situations and Conflicts of Interest arising as a result of the structure and business activities of other members of the group and/or related parties.

The Policy identifies the procedures and measures taken by the Company which are designed to ensure that relevant persons engaged in different business activities involving a conflict of interest (as specified above) carry on those activities at a level of independence appropriate to the size and activities of the Company, and to the materiality of the risk of damage to the interests of clients.

The Policy's procedures are aimed at:

- Preventing and controlling the exchange of information between relevant persons engaged in activities involving a risk of conflict of interest where the exchange of that information may harm the interests of one or more clients;
- Separating the 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;
- Removing any direct link between the remuneration of relevant persons principally engaged in one activity and the remuneration of, or revenues generated by, different relevant persons principally engaged in another activity, where a conflict of interest may arise in relation to those activities;



- Taking 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;
- Taking measures to prevent or control 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.

If the adoption or practice of any of the above measures/procedures does not ensure that requisite degree of independence, the Company adopts such alternative or additional measures/procedures as are necessary and appropriate for those purposes.

Identification of Potential Sources of Conflicts of Interest

Taking into consideration the services the Company offers; *potential* sources of Conflicts of Interest *may* arise as a result of:

1. The Investment services and/or ancillary services (or a combination thereof) provided by the Company to, for and/or on behalf of its Clients:
 - a. The matching of Client Orders, in relation to financial products/instruments (namely Contracts for Differences (CFDs) and Binary Options) with that of another Client, as such acting on both Clients behalf;
 - b. The maximising of trading volumes in order to increase receivable brokerage commission, which may directly conflict with the Client's interest, if that interest is in minimising the volume of trades they perform.
 - c. The selection of one sole Liquidity Provider, which is a related party, whilst ensuring that the principals of best execution are being met;
 - d. Any other inducements received or granted by or to third parties in connection with investment services and/or ancillary services (or a combination thereof);
2. Inducements, commissions, remuneration, gifts etc.
 - a. Performance based remuneration and/or inducements granted or paid to employees of the Company, by the Company, which may negatively affect the Client and incentivise aggressive marketing tactics and repeated phone call making;
 - b. Remuneration and/or inducements granted or paid to third parties (affiliates or business introducers) based on referral and on-boarding of new clients, which may negatively affect the Client and incentivise aggressive marketing tactics and the use of misleading information;
 - c. Remuneration and/or inducements granted or paid to third parties who provide services under an outsourcing agreement, if such remuneration incentivises practises that are in conflict to the interests of the Company's clients;
3. Taking into consideration the group structure of the Company, its related parties and outsourced providers, potential sources of Conflicts of Interest may arise as a result of:
 - a. The Company acting as an agent for the client in relation to transactions in which another member of the group acts as a principle and where revenues of the principle are generated from the losses of Client's trades;

- b. A transaction being effected in financial instruments in respect of which the Company or another member of the group may benefit from a commission, fee, or non-monetary benefit payable otherwise than by the client;
- c. The Company may have an indirect interest in a transaction while another member of the group may have a direct interest in the same transaction, which could result in potential conflict with the Company's duty to its Clients.

It should be noted that the above scenarios do not necessarily give rise to a 'Conflict of Interest' or to any material damage to the Client, but are disclosed in the interest of full transparency. The above scenarios should be considered in relation to the procedures and measures implemented by the Company in order to manage or limit their impact.

Managing Conflicts of Interest

This section of the Policy will outline the measures taken by the Company in general, as well as in respect of the above list of identified possible Conflicts of Interest (where applicable):

General Measures:

1. The Company has in place an Internal Procedures Manual (IPM) consisting of internal policies, measures, procedures and controls created with the interests of the Company's Clients in mind. The IPM is monitored on an ongoing basis and reviewed to ensure its appropriateness and accuracy;
2. The Company has in place procedures for the employment of persons who are considered knowledgeable and competent, as well as for training of said employees;
3. The Company has in place procedures for the due diligence of third persons/outsourced providers to ensure they are competent to perform the services allocated to them. In addition, monitoring is made by the Compliance Function to ensure compliance with the Terms of the service agreement;
4. The Company has implemented procedures governing access to electronic data so that the persons engaged in each department do not have direct physical access to records and information concerning the subject matter of another department and which are not considered necessary for the execution of specific work;
5. The Company has separate supervision and segregation of departments / functions which provide services to clients, whose interests may conflict with those of other clients or with the interests of the Company;
6. The Company segregates all responsibilities which, if performed by the same employee, may give rise to a conflict;
7. Information Barriers: The Company respects the confidentiality of information it receives from and about its Clients and operates a 'Need to Know' approach. Access to confidential information is restricted to those who have proper requirement for the information consistent with the interest of a Client of the Company.
8. The Company has applied "Chinese walls" and physical separation of key departments with the aim of restricting the flow of confidential and inside information within the Company;
9. The Company prevents or limits any person from exercising inappropriate influence over the way in which a relevant person provides Investment or Ancillary Services or Activities;
10. Establishment of an in-house Compliance Function whose responsibilities include the monitoring and reporting of the Companies procedures and policies, as well as the identification of potential Conflicts of Interest whilst making recommendations for their management/limitation. The Compliance Function is further responsible for the monitoring of the Company in relation to its governing legislation, as well as preventing the misuse of insider information and market manipulation;

11. The Company has appointed an Internal Auditor to ensure appropriate systems and controls are maintained and properly reported to the Company's Board of Directors
12. The Company has established the "4-eyes" principle in supervising the Company's activities;
13. The Company has procedures related to personal account dealing applicable to relevant persons in relation to their own investments. Under the Company's rules, restrictions are placed on personal transactions, and any accounts held by relevant persons/employees of the Company, must be identified immediately to the Company's Compliance Function. Such transactions and accounts are then monitored in order to identify any potential breaches of the Company's rules in this area.

Measures in relation to the Investment services and/or ancillary services of the Company:

1. Clients orders are executed in line with the Company's 'Order Execution Policy' which requires the Company to take all reasonable steps to achieve best overall trading results for Clients;
2. The Company does not provide any preferential treatment to any one Client or group of Clients and warrants that it ensures fair treatment to all Clients and their orders;
3. The Company's internal systems automatically executed Client orders/transactions in the order they are received.

Measures in relation to Inducements, commissions, remuneration, gifts etc.

1. Employee Remuneration Policy: The Company, in accordance with its governing legislation, does not remunerate (bonus) employees based on any factors that may create a conflict of interest with the Clients they communicate with (if applicable). Employees are remunerated based on Key performance indicators within their Departments, which are approved by the Compliance Function and Board of Directors.
2. Affiliate Remuneration: The Company remunerates its affiliates (business introducers) on the basis of client transactions (% commission), as such the remuneration may give rise to conflicts of interest that may negatively affect the Client and incentivise affiliates towards aggressive marketing tactics or the provision of misleading information to increase their own commission. In order to mitigate this risk, the Company ensures the following:
 - a. Affiliates are not given access to Clients personal information and are prohibited from contacting Clients of the Company upon the opening of trading account.
 - b. Further to this the Company prohibits affiliates from encouraging the prospective client to place a deposit or trade more than planned.
 - c. The Company monitors on an ongoing basis all affiliate sources of communication to ensure that the affiliate is complying with the terms of their agreement.
 - d. In case of identification of an aggressive marketing, the Affiliates account is closed.
3. The Company does not offer, solicit or accept any inducements other than those outlined as fees or commissions;
4. The Company does not allow its employees to accept any gifts or monetary benefits of any kind which may cause Conflict of Interest. Gifts of low value may be accepted, as long as the Company is informed and approves such gifts (this does not apply to monetary gifts like cash)



Measures in relation to the Company's Group Structure/Outsourced Service Providers/Related parties:

1. The Company has in place non-disclosure and confidentiality agreements with all related parties, outsourced service providers or members of the group in relation to Client's personal information;
2. The Company controls the information communicated between the group entities, related parties and outsourced service providers to ensure no harm to the Client's interests;
3. The Company has a legal consultant who maintains a register of all the related party/outsourced provider payments made and assesses them in terms of Conflicts that may negatively affect Client's interests. Where relevant these conflicts are disclosed in this Policy along with the mitigating factors applied to ensure the removal of any incentives for malpractice;
4. The Compliance Function has in place monitoring procedures for the services provided by related parties and outsourced service providers;

Disclosure & Client Acceptance

Where the Company is aware of a conflict that may arise, it shall disclose the general nature or/and the sources of conflicts of interest to the client before undertaking to provide services to him.

The Company reserves the rights to review this Policy whenever it deems appropriate. More information regarding this Policy can be provided upon request to compliance@iqoption.com

By accepting the Company's Terms & Conditions, the Client accepts this Policy and the information contained within.