

# CONFLICT OF INTEREST POLICY

2019 v01

## INTRODUCTION

This Conflict of Interest Policy ("The Policy") outlines the manner in which Hogg Capital Investments Limited – NewTraderLab Division ("NewTraderLab, "The Company", "we") identifies, manages and controls any possible conflicts of interest that may arise between The Company and its clients or between one client and another, in the course of business activities.

## SCOPE

NewTraderLab is committed to conduct business in an honest, fair and professional manner, in accordance with the best interest of our clients. We therefore take all reasonable steps to prevent conflicts of interest that can adversely affect the interests of our clients. In this regard, and as mandated by law, we maintain and operate effective organizational and administrative arrangements that allow us to identify and manage conflicts of interest that may arise in the course of business between the company's personnel (officers, managers, employees or any person directly or indirectly linked to them by control, i.e. "relevant persons") and The Company's clients or between one client and another.

## WHAT ARE CONFLICTS OF INTEREST?

Conflicts of interest arise where The Company or a relevant person has an interest of their own that is in conflict with the interest of a client or clients. Examples of such cases include:

1. The Company or a relevant person is likely to make a financial gain, or avoid a financial loss at the expense of the client
2. The Company or a relevant person 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 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 carries on the same business as the client
5. The Company or a relevant person 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.

## MANAGING CONFLICTS OF INTERESTS

It is a legal obligation of The Company to implement and maintain and periodically an effective Conflicts of Interest Policy, supplemented by supporting policies and procedures in different areas of The Company's business activities, and thus to take all reasonable steps to identify and manage possible conflicts of interest.

As part of this process, The Company, on an ongoing basis:

- monitors its offerings (products and/or services) for potential conflicts of interest
- assesses whether our policies are effective and adequate for resolving any such issues, were they to arise.

While it is not possible to create an exhaustive list of all possible conflicts of interest that may arise, below we have listed for your information details of specific areas of potential conflict and controls, as they may impact upon our services:

## Remuneration Policies

Our Remuneration Policy sets out how we seek to comply with our regulatory obligations regarding executive and staff remuneration and group remuneration schemes. Where staff are remunerated by reference to business volumes, there is potential for conflict with client interests as such remuneration schemes may provide an incentive to maximise revenues at the expense of clients' interests. The remuneration of all our permanent members of staff usually consists of a balanced combination of fixed (salary) and variable (performance related bonus) components. We strive to ensure our employees remain motivated whilst at the same time discouraging inappropriate behavior, incentivization of excessive trading or other acts that may impair client's best interests. We recognise that this may be a potential conflict and through our monitoring mechanisms, appropriate staff training and performance reviews, as well as a business model based on pure agency model, where client's interests are aligned with ours, we remain confident that such conflict is properly managed.

## Staff Personal Dealing

The Company's employees are not allowed to undertake deals on their own behalf.

## External Business Interests

Staff may not accept any employment or business interest outside the Company without the prior approval of the Company's Board of Directors.

## Inducements/Gifts and Hospitality

The Company will not accept any gifts and or hospitality other than those considered normal and minor in its line of business; moreover, that such gifts are neither extravagant nor will they compromise the impartiality of the relationship between the employee and the client, and harm the professional integrity of the Company. This process is subject to continual senior management oversight.

## Client Categorisation

A potential conflict exists in that it may be to the Company's benefit to categorise clients as Professional rather than Retail Clients, thereby reducing the level of investor protection enjoyed by clients. Policies and procedures are in place to ensure that clients are only categorised as Professional when this is fully justified in all the circumstances and permitted by the prevailing Investment Services Rules on client categorisation. Under any other circumstances, clients will be categorised as Retail Clients.

## Client Orders

When we enter into a transaction for you, conflicts may exist where: (i) we carry out your Order by matching it with that of another client; (ii) we carry out comparable Orders given simultaneously by different clients; (iii) we allocate Investments, where you are a discretionary managed client or your Orders are aggregated with those of other clients but full allocations are not possible; or (iv) a Person connected with us is dealing as principal for their own account by selling the Investment concerned to you or buying it from you. You should be assured that we maintain Client Order Handling procedures that are designed to ensure the fair treatment of clients in such instances.

Furthermore, we shall not route clients' orders to a particular trading or execution venue, for which we would receive remuneration, discount or non-monetary benefit, where such routing would impair the interests of the clients.

## Fair and transparent pricing

The Company shall ensure that it establishes a fair, reasonable and transparent fee structure that allows it to carry out its business properly but without being in conflict with the best interests of the clients.

## Fees charged by Asset Manager/Referral Agents

The Company may enter into agreements with Referral Agents/Trading Agents and other partners who direct clients to us and may pay a rebate or commission to such partners for the referral.

The amount of such payment depends on a variety of factors and may be built into the total trading fees being charged to the client's account.

The fees charged by Trading Agents, as well as the fees charged by The Company to accounts managed by Trading Agents, are fully disclosed to the client in the Limited Power of Attorney (LPOA). Said LPOA is to be signed by clients before joining the Managed Program of the Trading Agent and the said conflict between the Trading Agent's interest and the interest of the client, is clearly stated there.

## Research

The Company, any relevant person or members of their families, may have positions in the securities of Financial Instruments referred to in our research. In giving advice on or making a recommendation about a security we are required to disregard any such relationship, arrangement or interest, which might influence the advice or recommendation. Moreover, in such circumstances, we will disclose potential or actual conflicts prior to any advice, recommendations or related research being released.

## Our professional responsibility

The Company, its directors and its members of staff are collectively responsible for identifying and reporting potential and actual conflicts of interest, based upon their respective assessments of such situations as they may arise. The senior management is nevertheless responsible for ensuring, on an ongoing basis, that its systems, controls and procedures are adequate to identify, manage and monitor conflicts. Senior management is also responsible for ensuring that staff is aware of the aspects of the Policies relevant to them. Failure of a member of staff to adhere to the Company's policy on conflicts of interest may be viewed as a breach of that member's contract of employment. Moreover, the failure of a member of staff to declare an interest will be regarded as misconduct and may lead to disciplinary action being taken against that individual.

## Independent supervision, transparency & confidentiality

- The Company shall ensure the segregation of duties that may give rise to conflict of interest if performed by the same person. - The independent Compliance Department shall monitor and report on any of the above to the Firm's Board of Directors.
- A "need-to-know" procedure shall be established and maintained, governing the dissemination of confidential or inside information within The Company and relevant persons.
- The Company shall create and maintain areas of confidentiality. To this effect, among other measures, Chinese walls are built and individual areas within the Company are spatially separated with the scope of preventing the sharing of information or relevant persons from exercising inappropriate influence.

## WHERE A CONFLICT OF INTEREST CANNOT BE PREVENTED

Where a conflict of interest cannot be avoided, this shall be duly disclosed to the client before the undertaking of business. Such disclosure shall include sufficient detail on the nature and sources of the conflict of interest, as well as the steps undertaken by the company to mitigate the risk of damage to client's interests, proceeding from it. The disclosure shall clearly state that the organizational and administrative arrangements, established by The Company, are not sufficient to ensure that the risk of damage to client's interests will be prevented.

## DISCLOSURE

This policy may be reviewed and updated from time to time. The current most recent version of the document shall be duly updated and available in the Legal section of The Company's website at <https://www.NewTraderLab.com/legal/>

Should you require further details on this policy, please feel free to contact our Compliance Department at [compliance@tier1x.com](mailto:compliance@tier1x.com).

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