

CLARITY MARKETS

CONFLICTS OF INTEREST

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Conflicts of interest policy

Clarity Markets sits on the other side of the trades it offers — a position that, handled badly, could pull our interests away from yours. This policy is how we keep that from happening. It sets out the conflicts we know exist in our business, the ones that might surface, and the concrete controls that keep our clients' interests in front of our own. It binds the whole firm and everyone who acts for it.

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1. Purpose

- 1.1. Clarity Markets Ltd ("**Clarity**", "**we**", "**us**" or "**our**") is required — and intends — to act honestly, fairly and professionally, and in the best interests of its clients. This conflicts of interest policy (the "**Policy**") explains how we spot and handle situations where our own interests, or those of the people who act for us, could pull against a client's interests, or where one client's interests could pull against another's.
- 1.2. Clarity is incorporated in Mauritius and is authorised and regulated by the Financial Services Commission of Mauritius (the "**FSC**") as an Investment Dealer under Licence No. [●]. Keeping effective conflicts arrangements in place is both a condition of that licence and part of how we expect to do business.
- 1.3. In practical terms, this Policy is meant to:
 - identify the conflicts of interest that arise — or could arise — across our business;
 - describe the organisational and administrative arrangements we maintain to stop those conflicts from working against our clients; and
 - explain what we disclose, and when, where those arrangements are not enough on their own to remove a risk of harm to a client.
- 1.4. This Policy works alongside our General Terms and our Risk Disclosure, and should be read together with them. Where this Policy uses a term defined in those documents, it carries the same meaning here.

2. Scope

- 2.1. The Policy applies to Clarity Markets Ltd (the "**Firm**") and to every director, officer, employee and contractor of the Firm, as well as anyone else who acts for it or on its behalf (together, "**Staff**").
- 2.2. It reaches beyond our own walls to "**connected parties**" — our group companies, introducing brokers, affiliates and other partners we do business with — wherever their interests or arrangements could create a conflict that touches our clients.
- 2.3. Every product and service we provide falls within the Policy. That includes our contracts for difference ("**CFDs**") — over 2,000 instruments spanning foreign exchange, indices, commodities, shares and cryptocurrencies (Bitcoin and Ethereum only) — across our Standard, Pro and Pro Plus accounts, together with the operation of those accounts, order execution on MetaTrader 5, and the work of our sales, support and marketing functions.

- 2.4. Staff must read this Policy, understand it and follow it. Breaching it is treated as a disciplinary matter, and in serious cases may lead to dismissal.

3. What is a conflict of interest

- 3.1. A "**conflict of interest**" arises whenever the Firm, a member of Staff or a connected party holds an interest that competes — or could compete — with a duty we owe to a client, in a way that puts that client's interests at risk.
- 3.2. To decide whether a conflict is present, we ask whether the Firm, a member of Staff or a connected party:
- stands to make a financial gain, or dodge a financial loss, at a client's expense;
 - has a stake in the outcome of a service or transaction for a client that is separate from the client's own interest;
 - has a financial or other reason to favour one client, or one group of clients, over another;
 - is carrying on the same line of business as a client; or
 - receives, or will receive, an inducement from someone other than the client in connection with a service to that client — money, goods or services beyond the normal fee or commission for the work.
- 3.3. Conflicts can run in several directions: between the Firm and a client, between Staff and a client, between a connected party and a client, or between one client and another. A conflict can exist even where no client has been harmed — what counts is the competing interest itself and the risk it creates, not whether the risk has yet crystallised.

4. Acting as principal — our central conflict

- 4.1. The most significant conflict in our business is built into how we trade, so we state it plainly. Clarity acts as "**principal**" — that is, as the counterparty — to each CFD a client opens. When a client buys, Clarity sells; when a client sells, Clarity buys. We are not a neutral intermediary standing between two clients; the client's contract is with us.
- 4.2. Because of that structure, the Firm's commercial position can sit opposite a client's. If a client's position moves against them, the Firm may benefit, and the spread, swap and financing charges applied to a client's trade are a source of our revenue. This is a structural, ever-present conflict — not a failing to be apologised for, but a feature of the principal model that we manage rather than pretend away. The conflict is most direct in respect of the exposure we do **not** hedge — the exposure that sits within our risk limits and that we carry on our own account (see 4.3.1) — because, to that extent, the Firm's gain is the mirror image of the client's loss.

4.3. We manage that conflict in the following ways:

- 4.3.1. Because we are the counterparty to every trade, each client position leaves the Firm holding the opposite position. We **hedge with our liquidity providers the exposure that exceeds our risk limits**, and carry the remainder on our own book. That hedging is managed on a risk basis across our overall book, by automated systems and our risk function — not by a dealing desk choosing to take the other side of, re-quote, or otherwise disadvantage any individual client.
- 4.3.2. We do not re-quote, slip selectively, or delay execution to a client's disadvantage. Our trade servers are co-located at LD4 (Equinix, London), close to our liquidity providers, so that fills are fast and prices reflect the underlying market; a VPS is available to clients who want the same proximity.
- 4.3.3. The exposure we do not hedge is managed at the level of our overall risk book and not by acting against any individual client. Our pricing is derived from independent liquidity-provider feeds, fills are not re-quoted or selectively slipped, and we monitor execution quality against our best-execution obligations under our order execution arrangements.
- 4.3.4. Client money is held in segregated accounts, separate from the Firm's own funds, and retail clients benefit from negative balance protection — so a client cannot lose more than the funds in their account, and our commercial interest in a position is kept apart from clients' money.

4.4. CFDs are complex, high-risk leveraged products, and most retail clients lose money trading them. Our managing of this conflict does not change that risk, and nothing in this Policy should be read as a promise of a particular trading outcome. The risks are set out in full in our Risk Disclosure.

5. Where conflicts can arise — examples

- 5.1. Beyond the principal conflict described above, the situations below are the ones we watch for. The list shows the kinds of conflict we expect to encounter; it is illustrative, not exhaustive.
- 5.2. **Remuneration and inducements.** How Staff are paid, and payments passing to or from third parties, could nudge someone to act against a client's interest — for instance by pushing trading volume, steering clients towards higher-margin products, or holding on to a client who ought to be offboarded.
- 5.3. **Introducing brokers and affiliates.** We pay introducing brokers, affiliates and other partners for referring clients, and some of those arrangements are linked to volume or revenue. That can give a partner a reason to steer clients towards products or levels of activity that do not suit them.
- 5.4. **Gifts, hospitality and entertainment.** Gifts or hospitality given to, or received from, clients, suppliers or partners could sway a business decision — or look as though they had.
- 5.5. **Personal account dealing.** A member of Staff trading on their own account could misuse what they know about client orders or market activity, or could let their own position shape advice or handling that ought to serve the client.

- 5.6. **Outside business interests.** A directorship, second job, shareholding or other outside interest held by Staff could compete with the Firm's duties to its clients or compromise a member of Staff's objectivity.
- 5.7. **Order handling and allocation.** The way orders are received, prioritised, executed and – where relevant – combined or allocated could leave one client better treated than another, or place the Firm's interests ahead of a client's.
- 5.8. **Managed and copy-trading services.** Where we make managed-account (PAMM) or copy-trading services available, conflicts can arise between a money manager or copied trader and the clients who follow them – for example through performance- or volume-linked fees, the allocation of trades between a manager's own account and followers, or an incentive to trade follower accounts more actively than their interests warrant. We manage these in line with this Policy and the terms of the relevant service.
- 5.9. **Setting prices and charges as counterparty.** Because we are the counterparty to each trade, we set the spreads, swap and financing rates and other charges that apply, and we operate the platform on which orders are priced and executed. That gives the Firm an interest in how those prices and charges are set, which we manage through the controls in section 4 and section 6, independent liquidity-provider pricing, and monitoring against our order execution arrangements.

6. How we manage and prevent conflicts

- 6.1. We keep organisational and administrative arrangements in place to stop conflicts of interest from creating a material risk of harm to clients. They are sized to the nature, scale and complexity of our business and include the measures that follow.
- 6.2. **Separation of functions.** We split duties and reporting lines so that activities capable of producing a conflict are not run by the same people. Compliance and risk operate independently of the functions that generate revenue.
- 6.3. **Information barriers.** We control how confidential and client information moves between functions and individuals, so it reaches only those who need it for their role and cannot be turned against a client.
- 6.4. **Remuneration.** Our pay arrangements are built so that Staff are not rewarded for conduct that harms clients, and so that the pay of relevant Staff is not tied directly to outcomes that conflict with clients' interests.
- 6.5. **Inducements and referral arrangements.** The detailed controls on Staff remuneration and on payments to and from introducing brokers, affiliates and other partners are set out in our Sales and Remuneration Policy, which is to be read alongside this Policy. Those arrangements are structured so that they do not reward conduct that harms clients, and the existence and general nature of any referral or inducement arrangement that affects a client is disclosed to that client.
- 6.6. **Reporting and escalation.** Staff who come across an actual or potential conflict must raise it with Compliance straight away. The conflict is then assessed, recorded and brought under appropriate controls before any affected service or transaction goes ahead.

If a conflict cannot be managed well enough to protect a client even after these arrangements and any disclosure, we will decline to act. Protecting the client comes before the transaction.

7. Order handling, aggregation and front-running

- 7.1. We handle client orders fairly, promptly and in the sequence in which they reach us, except where the nature of an order or prevailing market conditions make that impracticable, or where a client's interests call for a different approach. Comparable orders are dealt with in turn.
- 7.2. Whether or not the exposure from a position is hedged with our liquidity providers, we take all sufficient steps to obtain the best result reasonably available for clients, in line with our order execution arrangements, and we do not adjust the handling, pricing or execution of an order to suit the Firm's own position.
- 7.3. Where, exceptionally, client orders are aggregated, we only do so where it is unlikely to disadvantage any client whose order is combined, and where an allocation method has been set in advance. Aggregated trades are allocated fairly; if a combined order is only partly filled, the fills are shared on a fair and consistent basis and never in a way that favours the Firm or one client over another.
- 7.4. **No front-running or misuse of order information.** Because we act as principal, every client trade necessarily leaves the Firm holding the opposite position, and we manage and hedge that exposure on a risk basis across our overall book (see 4.3) — that ordinary risk-book and hedging activity is a feature of the principal model and is not front-running. What is strictly prohibited is different: neither the Firm nor any member of Staff may deal — for the Firm's own account, for Staff personal accounts, or for any connected party — by acting on knowledge of a specific client order or of pending client activity in order to profit from the expected effect of that particular order, whether by dealing ahead of it, adjusting our price or its execution around it, or dealing on the back of it. Misusing information about an individual client's orders in this way is a serious breach of this Policy. Our hedging and risk decisions are taken at the level of our overall book and by automated systems and our risk function, and are never directed against, or timed to exploit, any individual client's order.

8. Staff conduct — personal dealing, gifts and outside interests

- 8.1. **Personal account dealing.** Staff trading on their own accounts is governed by personal-account-dealing rules. Depending on role and access to information, those rules may require pre-clearance, impose holding periods or restricted lists, and provide for monitoring of Staff trades. Staff must never deal on the strength of confidential information, ahead of a client order, or in any way that conflicts with a duty owed to a client.

- 8.2. **Gifts, hospitality and inducements register.** Staff must not give or accept any gift, hospitality or other benefit that could improperly influence — or appear to influence — a business decision. Gifts and hospitality above the thresholds set in our internal policy must be declined, or recorded and approved in advance. We keep a gifts and inducements register that logs what was given or received, by and to whom, its value and the approval given, and Compliance reviews it.
- 8.3. **Outside business interests.** Staff must declare to Compliance any outside business interest that could conflict with their duties to the Firm or its clients — including directorships, other employment or consultancy, and significant shareholdings or financial interests in a competitor, client, supplier or counterparty. Declared interests are assessed, recorded and, where needed, made subject to conditions or refused.
- 8.4. The registers and declarations described in this section are kept up to date, reviewed by Compliance, and form part of the records covered in section 11.

9. Disclosure

- 9.1. If the arrangements we have in place cannot give us reasonable confidence that a risk of harm to a client will be prevented, we will tell the affected client about the conflict — its nature and its source — before we carry out the business in question.
- 9.2. Any such disclosure is made clearly, in a durable medium, and with enough detail — judged by the nature of the client — for the client to make an informed choice about whether to go ahead with the service the conflict touches.
- 9.3. Disclosure is a last resort, not a substitute for proper controls. We do not lean on telling a client about a conflict in place of maintaining and improving the arrangements that prevent or manage it.
- 9.4. Where we disclose a conflict to a client under this section, we record the disclosure — its nature, the client to whom it was made and the date — as part of the records kept under section 11.

10. Declining to act

- 10.1. Where we judge that a conflict cannot be managed adequately — including through disclosure — so as to protect a client's interests, we will decline to act for that client on the matter the conflict concerns.
- 10.2. The decision to decline rests with Compliance, taken with senior management, and is recorded together with the reasons behind it.

11. Records, register and review

- 11.1. We keep, and regularly update, a record of the kinds of service and activity carried out by or for the Firm in which a conflict of interest has arisen — or, for an ongoing service, may arise (the "**conflicts register**") — alongside the steps taken to manage each one.

- 11.2.** Records relating to conflicts of interest, the gifts and inducements register, personal-account dealing, outside business interests and disclosures are retained for the period required by applicable law and by our record-keeping policy.
- 11.3.** We review this Policy and our conflicts arrangements at least once a year, and again whenever there is a material change to our business, products or regulatory obligations, so that they stay adequate and effective. Senior management is responsible for the ongoing oversight of conflicts of interest across the Firm.

12. Requesting a copy and contacting us

- 12.1.** A summary of this Policy is available on request, free of charge. To ask for a copy, to question how a particular conflict is managed, or for any other point about this Policy, contact us at compliance@claritymarketsfx.com or info@claritymarketsfx.com, or write to our registered office: c/o IQ EQ Corporate Services (Mauritius) Ltd, 33 Edith Cavell Street, Port Louis, 11324, Mauritius. The current version is also published at claritymarketsfx.com.
- 12.2.** Clarity Markets Ltd is authorised and regulated by the Financial Services Commission of Mauritius as an Investment Dealer under Licence No. [●]. This Policy is governed by the laws of Mauritius. If you have a complaint we are unable to resolve to your satisfaction, you may refer it to the Office of the Ombudsperson for Financial Services (Mauritius).