



VSMARKETS LTD

(previously Klips CY Ltd)

CONFLICTS OF INTEREST POLICY

Version 2.0 | September 2026



1. INTRODUCTION

- 1.1. This Conflicts of Interest Policy (the “**Policy**”) is issued by VSMarkets Ltd (formerly Klips CY Ltd), a limited liability company incorporated in the Republic of Cyprus with registration number HE431041, authorised and regulated by the Cyprus Securities and Exchange Commission (“**CySEC**”) as a Cyprus Investment Firm (“**CIF**”) under licence number 434/23 with registered address at 11 Riga Fereou Street, Ground Floor, 3095 Limassol, Cyprus (the “Company”, “**we**”, “**us**” or “**our**”).
- 1.2. The Company must act honestly, fairly and professionally in accordance with the best interests of its Clients. This Policy summarises the arrangements used to identify, prevent or manage conflicts of interest that may arise when the Company provides investment or ancillary Services.
- 1.3. No policy can describe every possible conflict. The Company therefore assesses new products, Services, business arrangements and material changes on an ongoing basis and applies additional controls where appropriate. This client-facing summary does not replace the Company’s internal conflicts procedures, register or control framework.

2. LEGAL FRAMEWORK AND SCOPE

- 2.1. This Policy reflects Directive 2014/65/EU on markets in financial instruments (“**MiFID II**”), as transposed into Cyprus law by the Investment Services and Activities and Regulated Markets Law of 2017, Law 87(I)/2017, as amended, Commission Delegated Regulation (EU) 2017/565 and other applicable CySEC requirements (“**Applicable Regulations**”).
- 2.2. The Policy applies to conflicts between the Company, including its directors, managers, employees and other Relevant Persons, and a Client; between one Client and another; and between a Client and a person directly or indirectly linked to the Company by control. It covers conflicts arising from investment and ancillary Services, combinations of Services, inducements, remuneration and other incentive structures.

3. BUSINESS MODEL

- 3.1. For CFDs, the Company deals on own account and acts as principal and counterparty to the Client. This creates an inherent conflict because the Company’s financial exposure may be affected by Client trading outcomes. The Company manages that conflict through pricing, execution, risk-management, monitoring and governance controls.
- 3.2. For Physical Securities, the Company receives and transmits or executes Client Orders through third-party execution and custody arrangements. Conflicts may arise from the selection, remuneration and oversight of those providers, order-routing and allocation arrangements, the use of omnibus accounts, settlement and the processing of corporate actions.
- 3.3. The Company provides its Services on an execution-only basis unless expressly agreed otherwise. General market information, educational material or factual product information is not a personal recommendation. Controls are maintained to prevent



product selection, marketing or Client communications from being driven by inappropriate commercial incentives.

4. IDENTIFICATION OF CONFLICTS

- 4.1. When identifying a conflict that may damage a Client's interests, the Company considers, as a minimum, whether the Company, a Relevant Person or a person linked by control:
- is likely to make a financial gain or avoid a financial loss at the Client's expense;
 - has an interest in the outcome of a Service or Transaction that is distinct from the Client's interest in that outcome;
 - has a financial or other incentive to favour another Client or group of Clients over the interests of the Client;
 - carries on the same business as the Client; or
 - receives or will receive from a person other than the Client an inducement in relation to a Service provided to the Client, other than the standard commission or fee for that Service.
- 4.2. A Relevant Person includes a director, manager or employee of the Company and another natural person whose services are placed at the Company's disposal and under its control and who participates in providing investment Services or performing investment activities, including a person directly involved under an outsourcing arrangement where applicable.
- 4.3. A conflict may be actual or potential. Its existence does not necessarily mean that a Client has suffered or will suffer harm; however, the Company must identify and manage any material risk that the conflict may damage one or more Clients' interests.

5. PRINCIPAL CONFLICT SCENARIOS

- 5.1. The following non-exhaustive scenarios are relevant to the Company's business:
- the Company acts as principal for CFD Transactions and may have a financial interest that differs from the Client's interest;
 - the Company sets or applies CFD prices, spreads, Margin parameters, execution settings and close-out arrangements that affect Client outcomes;
 - the Company decides whether, when and how to hedge aggregate CFD exposure with third-party liquidity providers;
 - the Company may earn spreads, commissions, financing charges or other revenue linked to Transactions and may therefore have an incentive to increase trading activity or favour one product over another;
 - the Company selects and monitors execution brokers, liquidity providers, custodians, payment providers, affiliates and other service providers with which it may have commercial relationships;
 - third-party execution, routing, custody, omnibus-account, settlement or corporate-action arrangements may create interests or operational dependencies that differ from those of a Client;
 - the interests of one Client or group of Clients may be favoured over another, including in the sequencing, aggregation or allocation of Orders;
 - the Company or a Relevant Person may possess confidential information about Client Orders, holdings or intended Transactions;



- a Relevant Person may have a personal investment, outside business interest, gift, benefit, relationship or remuneration incentive that conflicts with duties owed to Clients;
 - the Company may pay or receive fees, commissions or non-monetary benefits in connection with Client introductions, distribution, execution or another Service; and
 - marketing, research or market commentary may create an incentive to promote activity, a product, instrument, issuer or provider for commercial reasons.
- 5.2. For CFDs, the fact that the Company acts as principal is a structural conflict. The Company may profit from net Client losses or incur losses from net Client profits before taking account of hedging and other revenue or costs. Client Orders must nevertheless be handled in accordance with the Client Agreement, Order Execution Policy, Applicable Regulations and the Company's approved execution arrangements.
- 5.3. For Physical Securities, the Company does not ordinarily take the opposite side of the Client's market exposure. Conflicts may nevertheless arise through commissions, routing, provider selection, order aggregation or allocation, custody arrangements and corporate-action processing. The Company applies objective procedures and oversight to those activities.

6. PREVENTION AND MANAGEMENT MEASURES

- 6.1. The Company maintains organisational and administrative arrangements proportionate to the nature, scale and complexity of its business. Depending on the conflict, these may include:
- governance and oversight by the Board of Directors, Senior Management, Compliance and other control functions;
 - a conflicts-of-interest register and periodic review of conflict scenarios connected with products, Services, Relevant Persons and third-party arrangements;
 - segregation of duties, separate supervision and information barriers to prevent or control the inappropriate exchange or use of confidential information;
 - controls intended to preserve the independence of Relevant Persons and prevent inappropriate influence or simultaneous involvement in incompatible activities;
 - best-execution, Client-order-handling, aggregation, allocation, pricing and execution-monitoring arrangements;
 - due diligence, contractual controls and ongoing monitoring for liquidity providers, execution brokers, custodians, outsourced providers, affiliates and other third parties;
 - personal-account-dealing rules, restrictions on the misuse or disclosure of inside or confidential information and controls intended to prevent front-running or other market abuse;
 - remuneration arrangements designed not to reward conduct that conflicts with the duty to act in Clients' best interests;
 - inducement controls, including assessment, approval, disclosure and recordkeeping where required;
 - rules concerning gifts, benefits, outside business interests and personal relationships;
 - review of marketing communications and other Client-facing information for fairness, balance and regulatory compliance; and
 - staff training, escalation procedures, compliance monitoring and review of complaints, incidents and Client outcomes.



- 6.2. The Company assesses whether a measure is appropriate by reference to the nature and significance of the conflict and the risk of harm to Clients. It may introduce additional supervision, restrict access to information, change a process or remuneration arrangement, decline or cease an activity, or take another proportionate step.

7. SPECIFIC PRODUCT AND SERVICE CONTROLS

- 7.1. CFD pricing and execution. The Company applies documented pricing and execution arrangements, monitors execution quality and relevant Client outcomes, and separates or independently oversees functions where necessary. Dealing and risk-management decisions must not be used to target or disadvantage an individual Client.
- 7.2. Hedging and liquidity providers. Decisions concerning the hedging of aggregate exposure and the selection of liquidity providers are made under approved risk-management and best-execution arrangements. Commercial terms, rebates or volume benefits must not override the Company's regulatory duties.
- 7.3. Physical Securities execution and custody. Third-party providers are selected and reviewed using objective criteria such as regulatory status, execution quality, cost, financial soundness, custody protection, operational capability and resilience. The Company monitors the relevant arrangements and addresses material deficiencies.
- 7.4. Omnibus accounts and allocation. Where Client assets or Orders are held, processed or executed on an aggregated basis, the Company maintains records identifying each Client's entitlement and applies fair, objective and consistently applied aggregation and allocation procedures. Client or proprietary information must not be misused to favour the Company, a Relevant Person or another Client.
- 7.5. Corporate actions. Information and elections relating to corporate actions are handled under the applicable custody arrangements and Client terms. Where Client instructions are not received by the relevant deadline, the default treatment specified in those arrangements may apply. The Company does not represent that it can always make a discretionary election for a Client.
- 7.6. Product choice and communications. The Company does not provide a personal recommendation merely by making CFDs or Physical Securities available. Product governance, appropriateness requirements where applicable, and marketing controls are applied independently of the relative revenue generated by a product.

8. REMUNERATION INDUCEMENTS AND PERSONAL INTERESTS

- 8.1. The Company's remuneration arrangements are designed so that Relevant Persons are not incentivised to recommend or promote a particular Financial Instrument or Service where another would better meet a Client's needs. Remuneration must not encourage excessive trading, inappropriate product steering or unfair treatment.
- 8.2. The Company pays or receives a fee, commission or non-monetary benefit from a third party only where permitted by Applicable Regulations. Where required, the arrangement must be designed to enhance the quality of the relevant Service, must not impair



compliance with the duty to act honestly, fairly and professionally in the Client's best interests, and must be disclosed to the Client.

- 8.3. Relevant Persons must comply with the Company's personal-account-dealing, confidentiality, market-abuse, gifts and outside-interest requirements. They must disclose relevant personal conflicts and must not misuse Client Orders, holdings, inside information or other confidential information.

9. DISCLOSURE AS A MEASURE OF LAST RESORT

- 9.1. The Company must first take appropriate steps to prevent or manage a conflict. Disclosure is not a substitute for effective organisational and administrative arrangements and will be used only where those arrangements are not sufficient to ensure, with reasonable confidence, that the risk of damage to a Client's interests will be prevented.
- 9.2. Before providing the affected Service or carrying out the relevant Transaction, the Company will disclose the conflict to the Client in a Durable Medium. The disclosure will:
- clearly state that the Company's arrangements are not sufficient to ensure, with reasonable confidence, that the risk of damage will be prevented;
 - describe the specific conflict, its general nature and sources;
 - explain the risks to the Client that arise because of the conflict;
 - describe the steps taken to mitigate those risks and any material residual risk; and
 - contain sufficient detail, taking account of the Client's nature and categorisation, to enable an informed decision about the affected Service or Transaction.
- 9.3. The Client may decide not to proceed after receiving a specific disclosure. The Company may also decline, suspend or discontinue the affected Service or Transaction where the conflict cannot be managed to the standard required by Applicable Regulations.
- 9.4. Entering into the Client Agreement or acknowledging this Policy does not waive the Company's duty to identify, prevent or manage conflicts and does not constitute blanket consent to Transactions affected by unmanaged conflicts.

10. RECORDS GOVERNANCE AND REPORTING

- 10.1. The Company maintains and regularly updates records of the investment or ancillary Services and activities in which a conflict entailing a risk of damage to one or more Clients has arisen or, for an ongoing Service or activity, may arise. Relevant disclosures, decisions and mitigating measures are also recorded.
- 10.2. Records are retained for the period required by Applicable Regulations. Senior Management and the Board of Directors receive written reporting on material conflicts and the operation of the conflicts framework at least annually and more frequently where appropriate.
- 10.3. Relevant Persons must promptly report an actual or potential conflict through the Company's internal escalation arrangements. Compliance assesses the matter, records it where appropriate, advises on controls and escalates material matters under the Company's governance framework.



11. REVIEW AMENDMENTS AND CONTACT

- 11.1. The Board of Directors approves this Policy. The Company reviews it at least annually and earlier following a material change to Applicable Regulations, products, Services, business model, third-party arrangements or identified conflict risks.
- 11.2. The Company may amend this Policy from time to time. Active Clients will be informed of material Client-facing changes in accordance with the Client Agreement and Applicable Regulations. The current version will be made available through the Company's Website or another Durable Medium.
- 11.3. Capitalised terms not defined in this Policy have the meaning given in the Client Agreement.
- 11.4. If this Policy conflicts with a mandatory legal or regulatory requirement, that requirement prevails.
- 11.5. Questions concerning this Policy may be directed to compliance@vsmarkets.com.