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TREATMENT OF CONFLICTS OF INTERESTS POLICY OF  
MATADOR PRIME LLC



## Content

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- I. OBJECTIVES OF THE CURRENT POLICY**
- II. CONCEPT OF CONFLICT OF INTEREST**
- III. BASIC RULES THAT MATADOR PRIME LLC FOLLOWS TO PREVENT, IDENTIFY AND MANAGE POTENTIAL CONFLICTS OF INTEREST**
- IV. MEASURES FOR AVOIDING CONFLICTS OF INTEREST**
- V. MANAGING CONFLICTS OF INTEREST**
- VI. MANAGING CONFLICTS OF INTEREST IN INVESTMENT RESEARCHES AND MARKETING COMMUNICATIONS**
- VII. MANAGING A CONFLICT OF INTEREST IN SERVICES FOR FINANCIAL INSTRUMENTS AND ADVICE TO COMPANIES ON THE CAPITAL STRUCTURE**
- VIII. CONCLUDING PROVISIONS**

## **I. OBJECTIVES.**

The current policy aims at:

- To determine in relation to the specific investment services and activities and additional services performed by or on behalf of Matador Prime LLC the circumstances that pose or may give rise to a conflict of interest leading to the risk of harm to the interests of one or more clients;
- Specify procedures to be followed and measures to be adopted to prevent and, in case of occurrence, manage such conflicts;

## **II. CONCEPT OF CONFLICT OF INTEREST.**

### **1. Basic situations indicating conflicts of interest.**

In identifying the types of conflicts of interest that arise as a result of the provision of investment and/or ancillary services or a combination thereof, the existence of which may harm the interest of a client, the intermediary determines, applying a minimum of criteria, the circumstance if the intermediary itself, an employee, or a person, falls into any of the following situations, whether arising as a result of the provision of investment and/or ancillary services, or otherwise:

- The intermediary or such person may make a financial gain or avoid financial loss on behalf of the client;
- The intermediary or such person has an interest in the outcome of the service provided to the client or in the transaction executed on his behalf which is different from the client's interest in that result;
- The intermediary or such person has a financial or other stimulus to prefer the interest of another client or group of clients instead the interests of another;
- The intermediary or such person carries out the same economic activity as the client;
- The intermediary or such person receives or will receive from a person other than the client a stimulus in connection with the service provided to the client in form of cash or non-cash benefits or services

Any of these situations indicate that there is a conflict of interest!

### **2. Situations leading to potential conflicts of interest.**

When providing investment and ancillary services and activities, potential conflicts of interest would arise if the intermediary or an employee working under contract, including tied agents, falls into the following situations:

**TREATMENT OF COFLICTS OF INTERESTS**

- Simultaneously or consistently, a person is involved in the provision of separate investment or ancillary services, and this adversely affects the client's interests;
- Performs an unauthorized exchange of information constituting a trade or business secret between the investment intermediary's employees;
- Provides unauthorized information to third parties, representing trade or business secrets;
- A commitment in determining the remuneration of different sectors and departments in the intermediary in relation to their work with customers, which leads to the threat of the client's interest;
- Makes transactions in financial instruments in volume or frequency, at prices or with a particular counterparty, for which under the circumstances, it can be assumed to be exclusively in the interest of the investment intermediary;
- Makes personal transactions that are not according to the requirements of the Personal Transactions Rules, MiFIA and delegated Regulation 2017/565;
- Advises a client to buy or sell certain financial instruments that another client wants to sell or buy;
- Existence of qualified participation of a person who works under a contract for the investment intermediary in another legal entity that carries out competitive activity of Matador Prime LLC;
- Existence of connectivity within the meaning of the MFIA between an employee and a client of Matador Prime LLC;
- Makes deals with financial instruments that are subject to investment research, when the person has access to information about the content and conclusions of the research prior to the dissemination of the investment research itself;

It is possible that other situations may also occur in time, being classified as potential conflicts of interest and will be settled in accordance with this policy.

**III. BASIC RULES THAT MATADOR PRIME LLC FOLLOWS TO PREVENT, IDENTIFY AND MANAGE POTENTIAL CONFLICTS OF INTEREST.**

1. In performing investment services and activities, Madador Prime Ltd. shall take the necessary measures to prevent, detect and manage potential conflicts of interest between:
  - The investment intermediary, including the persons managing it, the persons working for it, the tied agents and any other person, that is directly or indirectly related to the investment intermediary by means of control, on the one hand, and its clients, on the other hand;
  - The clients themselves;

*The conflict of interest policy was adopted on the basis of Article 76 of the Markets in Financial Instruments Act and Chapter II, Section 3 of Delegated Regulation 2017/565 of the EC.*

**TREATMENT OF COFLICTS OF INTERESTS**

2. The investment intermediary shall take the actions under item 1 also in cases where a conflict of interest may arise as a result of receiving remuneration from the investment intermediary, from granting incentives from third parties or from other incentive mechanisms.
3. If, despite the application of the internal rules of the investment intermediary and the current Policy, there is still a risk to the client's interests, 'Matador Prime' LLC can not act on behalf of a client if he has not informed him of the general nature and/or sources of potential conflicts of interest and measures taken to limit the risk to the client's interests.
4. In the cases referring to the preceding paragraph, the intermediary shall provide the client on a durable carrier with information on the conflict of interest prior to performing an activity on behalf of a client in relation to whom there is a conflict of interest to enable him to make an informed decision on the service, in relation to which the conflict of interests has arisen.
5. Employees from 'Trading', 'Front Office' and 'Brokers and Investment Consultants' Departments are required to notify the clients about the potential conflicts of interest under the previous item.
6. In order to avoid conflicts of interest, the persons who work under a contract for the investment intermediary are obliged to observe the following principles:
  - *without conflict* - the investment intermediary and the persons working under a contract should not be placed in a position where their interests will face the client's interests, and if that happens, an advantage should always be given to the interest of the client. This Policy perceives the principle that best management of conflict of interest is its complete avoidance;
  - *fair and equitable treatment and loyalty to clients* - the intermediary must always act in the interest of its client. It should not be placed in a position where a client's interest conflicts with another client. The company is obliged to apply to the customer all his/her professional knowledge and experience, including any publicly available information he has received and is in connection with the service provided to the client;
  - *confidentiality* - the investment firm is not entitled to use, in its own favor or for the benefit of a third party, including but not limited to another client, member of a management body or an employee of the investment intermediary, confidential information received from a client acting on his behalf;
  - the investment intermediary acts *honestly, fairly and professionally* in providing investment and ancillary services in accordance with the best interests of its clients;

#### **IV. MEASURES FOR AVOIDING CONFLICTS OF INTEREST.**

1. Complete and prior disclosure of information on potential and specific conflicts of interest by employees, including tied agents.

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**TREATMENT OF COFLICTS OF INTERESTS**

Where, despite the application of the rules established by Matador Prime LLC. to prevent or manage its conflicts of interest, which are in line with the Markets in Financial Instruments Act and the Delegated Regulation 2017/565 EC, there is still a risk for the interests of the client, Matador Prime LLC does not act on behalf of the client if he has not informed him of the nature and sources of potential conflicts of interest. Information to the customer includes:

- It is explicitly stated that the rules established by Matador Prime LLC. for the prevention or management of this conflict are not sufficient to ensure with reasonable assurance that risks to the detriment of the client's interests will be prevented;
- Specific description of conflicts of interest arising from the investment and/or ancillary services, taking into account the nature of the client to whom the disclosure is made. The description contains:
  - a sufficiently detailed explanation of the general nature of conflicts of interest;
  - sources of conflicts of interest;
  - the risks to the client arising from conflicts of interest;
  - the steps taken to limit those risks in order for the client to make an informed decision on the investment or ancillary service in the context of which conflicts of interest arise;

Excessive reliance on disclosure of conflict of interest is considered a shortcoming in the investment intermediary's policy regarding conflict of interest.

2. Refusal to act in the event of a conflict of interest - this is valid in cases where the basic rules referred to in point III can not be complied with.
3. There shall be no simultaneous or consecutive involvement of a person in the provision of investment or ancillary services where such reconciliation may adversely affect the proper management of conflicts of interest.
4. Exchange of information (for financial capabilities of clients, portfolio structure, investment intentions, prepared but not recommended investment advice, etc.) between different departments that may give rise to a conflict of interest and this information may harm the interests of one or more clients, shall be done after consultation with the Head of Internal Control and the managers of the intermediary in order the need to exchange this information following the principle of the so-called "Chinese Wall".
5. Lack of direct link between the remuneration of persons engaged in one type of services of the intermediary and those engaged in another or the income earned by them if a conflict of interest may arise in relation to those activities.
6. A fair determination of the remuneration and all additional payments to the employees in a way that does not create conditions for unfair of the functions assigned to those persons.
7. Separate control over individuals whose principal functions include the provision of services on behalf of clients or the provision of services to clients where conflicts of interest may arise, between the interests of clients themselves or which otherwise represent conflicting interests, including the interest of the investment firm.

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**TREATMENT OF COFLICTS OF INTERESTS**

8. Prohibition of reconciliation of functions between employees if such reconciliation creates prerequisites for unprofessional performance of the duties and could be detrimental to the client's interest.

**V. MANAGING CONFLICTS OF INTEREST.**

In managing conflicts of interest, Matador Prime LLC applies the following methods:

1. Disclosure of information by employees about:
  - owned financial instruments, both directly and through related parties;
  - related parties within the meaning of the MFIA;
  - marital status;
  - qualifying holdings in other capital market participants, issuers or public companies;
  - employment or civil relations with other legal entities, clients of the intermediary or its competitors;
  - occupied corporate positions - membership in management and supervisory bodies of commercial companies, department or unit management, as well as any other positions whose holding makes it possible to make managerial decisions;
  - existence of loans or debt to clients of the intermediary or individuals related to clients of the intermediary;
  - other circumstances required by applicable law or determined by Managers;
2. Establish an effective internal organization that prevents the misuse of information as an official secret within the investment intermediary, building and implementing "Chinese walls". Measures may also include the establishment of an internal security department.
3. Abstaining from actions - when an employee the investment intermediary has a situation characterized as a conflict of interest under the MFIA, Regulation 2017/565 and this Policy, when providing an investment or ancillary service, it is obliged not to take actions in the decision-making or the provision of the relevant service.
4. Third-party assessment – when an employee the investment intermediary has a situation characterized as a conflict of interest under the MFIA, Regulation 2017/565 and this Policy, when providing an information and investment or ancillary service, the managers of the intermediary have the right to request the assessment of a third party that independently assesses the existence of a conflict of interest and the degree of threat to the interest of a particular client. The assessment shall be drafted in a protocol with the relevant reasons and conclusion, which shall be provided to the Managers.

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**TREATMENT OF COFLICTS OF INTERESTS**

5. Applying separate supervision to the employees who provide services on behalf of clients whose interests may be in conflict or otherwise represent different interests that may be in conflict, including those of the investment intermediary.
6. Remove of any direct link between remuneration of persons engaged in one type of services of the intermediary and those engaged in another or the income earned by them if a conflict of interest may arise in relation to those activities.
7. Apply preventive or control measures against simultaneous or consecutive involvement of a person in the provision of investment or ancillary services where such reconciliation may adversely affect the proper management of conflicts of interest.
8. The investment intermediary shall apply measures to prevent or limit the possibility of any person having an inappropriate influence on the manner in which an employee performs services and activities under the MFIA. These measures include:
  - Restricting the sharing of computer information between employees unless this is necessary for the normal and effective provision of services on behalf of clients;
  - Restricting paper-based exchanges of information that may give rise to a conflict of interest unless the exchange is necessary for the normal and effective provision of services on behalf of clients;
  - Signing of confidentiality declarations according to the requirements of the MFIA;
9. Matadore Prime LLC maintains and regularly updates a register of the types of investment or ancillary services or investment activities from which a conflict of interest may arise and a risk of harm of the interests of one or more clients (damaging conflicts of interest).

**VI. MANAGING CONFLICTS OF INTEREST IN INVESTMENT RESEARCHES AND MARKETING COMMUNICATIONS.**

1. Concept of "investment research".

"Investment research" means a survey or other information that explicitly or indirectly recommends or proposes an investment strategy relating to one or several financial instruments or to issuers of financial instruments, including any opinion regarding the present or future value or cost of such instruments, which study is intended for distribution channels or for the public and related which the following conditions are met:

- the survey or information is designated as investment research or similar terms or otherwise presented as an objective or independent explanation of the issues contained in the recommendation;
- if the relevant recommendation would be made by the intermediary to a client, it would not constitute an investment advice for the purposes of Directive 2014/65 / EU;

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**TREATMENT OF COFLICTS OF INTERESTS**

A recommendation that does not meet the above requirements is considered as a marketing communication for the purposes of Directive 2014/65 EU and the intermediary that prepares or disseminates the recommendation must clearly define it as such. In addition, investment intermediaries shall ensure that any such recommendation contains a clear and unambiguous statement that it has not been prepared in accordance with regulatory requirements aimed at promoting the independence of the investment survey and is not subject to a ban of deals prior to the dissemination of the investment survey.

2. Requirements for investment research or marketing communications.

When arranging the investment studies that are or may be subsequently disclosed to the public or to clients, the investment firm shall ensure that all measures set out in this policy with regard to the financial analysts involved in the preparation of the investment survey and other relevant persons whose responsibilities or business interests may conflict with the interests of the clients and the persons to whom the investment survey is provided. This requirement also applies to marketing communications.

The requirements cover the following conditions:

- financial analysts do not make personal transactions and do not engage in trading in any terms other than market makers acting in good faith and in the execution of a client's order given on its own initiative on behalf of any other person including the intermediary, with financial instruments that are linked to an investment survey;
- financial analysts involved in the preparation of an investment survey do not carry out personal transactions in financial instruments to which the investment survey relates except in exceptional circumstances and with the prior approval of the Managing Directors;
- there is a physical separation of the financial analysts involved in the preparation of an investment survey from other relevant persons whose responsibilities or business interests may be in conflict with the interests of the persons to whom the investment research is provided, or - if this is considered inappropriate in terms of the size and organization of the intermediary, scale and complexity of its business activity - identifying and implementing appropriate alternative information barriers;
- financial analysts involved in the preparation of an investment survey do not accept benefits from persons who have a substantial interest in the subject of the investment survey;
- financial analysts involved in the preparation of an investment survey do not promise issuers a favorable reflection in the survey;
- prior to the disclosure of an investment survey, issuers and relevant persons who are not financial analysts, and any other person, are not allowed to review the content of the investment study for the purpose of verifying the accuracy of the facts set out in this survey, or any other purpose other than verifying compliance

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**TREATMENT OF COFLICTS OF INTERESTS**

with the intermediary's regulatory obligations, when the project contains a recommendation or a target price.

**"Linked financial instrument"** means a financial instrument the price of which is directly influenced by changes in the price of another financial instrument that is the subject of an investment research and includes a derivative on that other financial instrument.

3. In case that Matadore Prime LLC distributes investment studies prepared by a third party, publicly or to clients, it is exempted from compliance with the requirement under item 1 if the following criteria are met:
  - the person making the investment survey is not a member of the group to which the investment intermediary belongs (in case it belongs to a group);
  - intermediary does not substantially alter the recommendations contained in the investment survey;
  - the investment intermediary does not present the investment study as prepared by the intermediary itself;
  - the investment firm shall verify that the person who prepared the investment survey is subject to the requirements of such study which are equivalent to the requirements of this Regulation or whether that person has established a policy setting such requirements;

**VII. MANAGING A CONFLICT OF INTEREST IN SERVICES FOR FINANCIAL INSTRUMENTS AND ADVICE TO COMPANIES ON THE CAPITAL STRUCTURE.**

1. In providing advice on a corporate finance strategy or a service for the disposal of financial instruments, the intermediary must, before adopting a management mandate, apply rules to inform the issuing client about:
  - the various funding alternatives available to the intermediary, indicating the amount of transaction charges associated with each alternative;
  - time parameters and process with regard to the corporate financial advice regarding the determination of the price terms of the proposal;
  - time parameters and process with regard to the corporate financial advice the placement of the proposal;
  - data about the target investors to whom the investment firm intends to offer the financial instruments;
  - the positions and departments of the relevant persons involved in the provision of corporate financial advice regarding the price and distribution of financial instruments;

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**TREATMENT OF COFLICTS OF INTERESTS**

- the investment intermediary's policies to prevent or manage conflicts of interest that may arise if the firm places the relevant financial instruments among its investment clients or in its own portfolio;
- 2. The intermediary, when placing financial instruments, establishes, enforces and maintains effective rules to prevent situations where existing or future relationships have an inappropriate impact on disposal recommendations.
- 3. The intermediary establishes, applies and maintains current internal rules for the prevention or management of conflicts of interest arising when the persons responsible for providing the investment services to investors are directly involved in the decisions regarding the distribution recommendations provided to the issuing client.
- 4. The intermediary does not accept payments or benefits from third parties unless such payments or benefits are in line with the incentive obligations set out in Ordinance 58.
- 5. The intermediary establishes, implements and maintains a distribution policy that establishes the process of developing allocation recommendations. Distribution policy is provided to the issuing client prior to reaching an arrangement for any placement services. The policy determines the information available at this stage on the proposed allocation methodology.
- 6. The intermediary ensure that the issuing client participates in the discussions on the placement process so that the investment firm can understand and take into account the client's interests and objectives. The intermediary firm must obtain an agreement from the issuing client about its allocation by type of client for the deal in accordance with the distribution policy.
- 7. The intermediary maintains systems, control mechanisms and procedures to identify and manage conflicts of interest arising from the provision of an investment service to an investment client, when the intermediary receives commissions, fees or any cash or non-cash benefits in connection with the organization of the issue.
- 8. All commissions, fees, or cash or non-cash benefits necessarily comply with Ordinance 58 and are documented in the investment intermediary's policies regarding conflicts of interest and reflect in the firm's incentive rules.

**VIII. CONCLUDING PROVISIONS.**

The managers of the investment intermediary annually review and assess the compliance of this Policy with the services and activities performed by the investment intermediary by January 31 each year, and in case of incompleteness and/or necessity of improvement of the internal organization, adopt amendments and supplements to the Policy.

This Policy is provided for information and performance for the employees, tied agents and external contractors of critical and important operational functions.

This Policy was adopted by the Managing Directors of Matador Prime LLC with a Protocol of 18.04.2018.

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