

Conflicts of interest Policy (“the Policy”)

Last updated: March 2021



We are delighted that you have chosen to use our App or visit our website. We take conflicts of interest with the utmost seriousness and act accordingly to ensure that any conflicts of interest are mitigated and resolved for fair trading for all users.

The purpose of this policy is to set out the effective organisational and administrative arrangements that have been put in place to identify, prevent, manage and monitor conflicts of interest that entail a material potential risk of damage to the interests of our clients.

This policy applies to all of our processing activities. In this policy, "we", "us" and "our" refers to Close Cross Limited (“Close Cross”) a company incorporated in Malta with its registered address at [171, Old Bakery Street, Valletta VLT 1455].

The Policy is an integral part and attachment to the Company’s Terms of Use.

1. Introduction

- 1.1. The Conflicts of Interest Policy ("Policy") is issued pursuant to the European Directive 2014/65/EU of 15 May 2014 on markets in financial instruments. Close Cross is committed to its general obligation to act with integrity and fairness towards its clients. The Policy complements Close Cross' overall general obligation and sets out how Close Cross manages potential conflicts of interest where Close Cross provides services to its clients.
- 1.2. This document summarises the general circumstances which may give rise to a conflict of interest entailing a material risk of damage to the interests of one or more clients and specifies procedures that Close Cross follows and measures that Close Cross has adopted in order to prevent and manage such conflicts.

2. General

- 1.1. Close Cross services are limited to the execution of clients orders in relation to the relevant VPF(s) on the CloseCross Prediction Market Platform. Trading decisions are made solely by the clients and entered into the Platform.
- 1.2. Close Cross does not participate in any of the VPFs and earns money in the form of a facilitation fee.

3. Identification of Conflicts of Interest

- 3.1. In view of the nature of the Close Cross business model, services offered and activities performed, Close Cross takes all appropriate steps to identify, prevent and manage circumstances which may give rise to material conflicts with respect to the relationships between two clients and between Close Cross' clients and Close Cross, Close Cross'

employees, or any person directly or indirectly linked to Close Cross by control. In particular, Close Cross considers parties who:

- 3.1.1. are likely to make a financial gain, or avoid a financial loss, at the expense of the client;
- 3.1.2. have an interest in the outcome of a service provided to the client, which is distinct from the client's interest in that outcome;
- 3.1.3. have a financial or other incentive to favour the interest of one client or group of clients over the interests of another client or group of clients;
- 3.1.4. carry on the same business as the client; or
- 3.1.5. receive money or non-monetary benefits like goods or services from a third party in relation to a service provided to the client other than the standard fees and commissions or otherwise benefit from Close Cross' own remuneration and incentive structures.

- 1.3. All employees are required to disclose situations which could give rise to conflicts of interest. Such information is forwarded to the Compliance Officer and to the Board of Directors for appropriate action.

4. Prevention and Management

- 1.4. Close Cross has identified a range of circumstances which may give rise to a potential conflict of interest and, albeit not a material risk to Close Cross clients, potential conflicts are prevented or managed by the corresponding measures and controls:

- 1.4.1. Best execution policy

Our arrangements for acting in clients' best interests when executing orders on behalf of our clients are designed to ensure that Close Cross meets applicable conflicts of interest and best execution obligations regardless of any other interests;

- 1.4.2. Execution Venue Selection

Client orders are not routed to a Trading Venue or Execution venue but executed on the Close Cross Prediction Market Platform.

- 1.4.3. Order Handling

Close Cross executes client's orders in accordance with the time of the order reception and carry out comparable client orders sequentially and promptly.

Clients are able to navigate the Close Cross platform and select a VPF that they wish to participate in. Clients commit funds to one or more of the predetermined price brackets. Once they have committed funds into a VPF they are provided with a trading receipt (the contract note). This assures the user of the transaction they have committed to by giving details of their commitment (i.e. date/ time, VPF details, beta at entry etc). The VPF will continue to run and accept commitments from other participants until the VPF close period has reached. All commitments will add up to provide us with the Total Committed Funds (TCF). When the VPF reaches its resolve period (maturity time/date) the payouts are finalised.

Close Cross also endeavors to ensure that no one client would be in a more advantageous position.

1.5. Inducement and Remuneration Structure of Referrers

Close Cross does not accept inducements from third parties in relation to the provision of our services.

1.5.1. Charging Structure of Referral scheme

All clients are made aware of the arrangement including the referral fee payable to the referrer. This referral fee is calculated at 33% of referrals based earnings. Actual referral fees paid are disclosed to clients on an annual basis and/or upon a written request made to us.

1.6. Code of Conduct of Close Cross Employees

1.6.1. Gift and Entertainment Close Cross has in place policies and procedures for the acceptance of gifts and entertainment which applies to all Close Cross employees. The Company will not accept any gifts and entertainment or give or provide the same where the total value for the individual of client concerns exceeds \$100.

If there are cultural implications as a result of the refusal of a gift, the Company will seek the approval of the Board nonetheless and where such is accepted by the Board of Directors, the said gift shall be sold and proceeds are given to charity. Such situations shall be reported to the Compliance Officer. Any situations below the \$100 shall also be reported to the Compliance Officer.

1.6.2. Remuneration Policy

Close Cross' remuneration structure does not give incentives to activities that may conflict with the interest of the client or reward behaviours that disadvantage the interests of our clients in favour of Close Cross or other clients.

1.6.3. Directorships and external arrangements

Upon engagement, Directors, Officers and Employees, make a full, written disclosure of their involvements. They are required to inform the Board of Directors and the Compliance Officer in case of additional appointments.

1.6.4. Standards of Conduct and Confidential Information

All employees are prohibited from disclosing confidential information and from using such information for their own interests.

1.6.5. Personal Account Dealing Regulations and Procedure

All employees and outsourcing service providers engaged with Close Cross are prohibited from engaging in personal transactions on the Platform.

Employees and outsourcing service providers engaged with Close Cross may only undertake personal investment activities that do not breach applicable laws or regulations.

1.6.6. Reporting Lines

The Company has defined and clear reporting lines.

1.6.7. Segregation of functions

The Company segregates tasks and responsibilities which may be regarded as incompatible with each other or which may potentially generate systematic conflicts of interest.

1.6.8. Product Governance

Close Cross has policies and procedures in place on product governance to ensure that its products are manufactured and distributed in accordance to the intended target market.

1.7. Close Cross shall adopt alternative or additional measures and procedures as necessary and appropriate if the adoption of one or more of these measures and procedures does not ensure the required degree of independence.

2. Registration of Conflicts of Interest

2.1. Close Cross maintains and operates effective organisational and administrative arrangements with a view to taking all reasonable steps to prevent conflicts of interest from adversely affecting the interests of our clients.

2.2. Close Cross maintains a register of the investment services and activities and ancillary services carried out by or on behalf of Close Cross which could give rise to a conflict of interest. This register serves to facilitate the management of potential conflicts of interest.

3. Disclosures

3.1. If arrangements made by Close Cross are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of the client can be prevented, Close Cross shall disclose the nature, sources of the conflict of interest and the steps to be taken to mitigate those risk to the client before undertaking business for the client.

3.2. The disclosure will be made with sufficient specific description of the conflicts of interest that arise in the provision of Close Cross' services and the risks to the clients that arise as a result of the conflicts of interest to enable the client to take an informed decision with respect to the service in the context of which the conflict of interest arises.

4. Review and Management Oversight

4.1. The Policy is reviewed on a regular basis and at least once a year.