

Conflicts of Interest

Introduction

A Conflict of Interest is any situation where CMC Markets Canada Inc. (“**CMC Markets Canada**”, “**we**”, “**us**”, and “**our**”) or any of our employees or related entities has an interest that may conflict with the interests of our clients. We set out to address all material conflicts of interest in the best interest of our clients. To achieve this, we avoid any material conflicts of interest which cannot be addressed in the best interest of clients, and for any other material conflicts of interest, we have controls to manage the conflict. In this document, we disclose any material conflicts of interest which we cannot avoid, and we disclose how the conflict is managed in the best interest of our clients.

Disclosure

1. Sales Conflicts

We earn compensation by selling products and services to you, and we have an incentive to open an account for you and for you to actively trade in the account. Additionally, our compensation, organizationally and individually, may involve commissions based on sales volume. We are also compensated in other ways as a result of the business you may do with us, including interest spreads on uninvested cash deposits with us and foreign exchange spreads when you convert currencies, trade currencies, or trade CFDs.

- *Potential impact:* We will seek to offer you our products and services, and to encourage you to open or maintain an account with us, if appropriate.
- *How the conflict is addressed:* We disclose our fees and conflicts to you, and we have controls in place to ensure we are not misleading you about our products and services.

We would like you to use more of our services and buy more of our products and so we partner with individuals, organizations, companies and other third parties. We may enter into arrangements where we receive or pay a referral fee for referring you.

- *Potential impact:* Third-parties may seek to offer you our products and services, and to encourage you to open or maintain an account with us, if appropriate.
- *How the conflict is addressed:* We disclose our fees and conflicts to you, and we have controls in place to ensure we are not misleading you about our products and services. If applicable, third-party referral arrangements are disclosed to you when you open your account.

Employees may be offered or receive a gift or entertainment from third parties.

- *Potential impact:* We could be perceived to be financially motivated to put our interests ahead of your interests because of the gifts and entertainment.

- *How the conflict is addressed:* We prohibit employees from accepting certain compensation from third parties, outside of their relationship with us unless they obtain prior approval. We also have internal controls to mitigate this risk.

2. Organizational Conflicts

Our employees, including registered individuals, could use non-public information about you, and the securities in your account, for their personal trading.

- *Potential impact:* The employee's trading could affect your execution quality, by reducing liquidity in an instrument you intended to take a position in.
- *How the conflict is addressed:* We have internal controls including reviewing all employee trading periodically, and regular staff training. Since your trades are not executed on an exchange, liquidity is generally not affected by employee trading.

We may permit certain individuals who are registered with us to be employed by, participate in, or accept compensation from other persons or firms, outside the scope of his/her relationship with us.

- *Potential impact:* These registered individuals may not be fully dedicated to their role with us and may not offer you the services you might expect from a full-time staff member. The registered individual's other employment might also cause confusion over which company you are interacting with when dealing with the registered individual.
- *How the conflict is addressed:* These relationships are subject to legislative and industry regulatory requirements that impose restrictions on dealings between related registered firms and/or individuals that are dually registered with a related registered firm. Such restrictions are intended to minimize the potential for conflicts of interest resulting from these relationships.

We are a wholly-owned subsidiary of CMC Markets plc, and our global resource allocation is decided by the CMC Group. Additionally, we immediately hedge all your trades with CMC Markets UK plc, a parent company, and we are indirectly compensated for your order flow.

- *Potential impact:* Local resourcing is dependent on CMC Group executive decisions, and we may be insufficiently resourced to properly service you. We are incentivized to ensure sufficient order flow from our client base to justify our local resourcing costs.
- *How the conflict is addressed:* We disclose this relationship to you, and we have internal organizational reporting to manage resourcing requirements. We receive revenue based on the costs of distributing the CMC Group's products, and not directly to order flow volume.