

CMC Markets & Conflicts of Interest

This Conflicts of Interest Disclosure applies to all IIROC regulated activities conducted by CMC Markets Canada Inc. (**CMC Markets**), and activities in connection with or for the purposes of such regulated activities, including those outsourced activities provided by a third party.

CMC Markets sets out to manage conflicts of interest fairly. CMC Markets has established this disclosure, which sets out the procedures and controls which help it identify and appropriately deal with material conflicts of interest, whether existing or potential.

CMC Markets' responsibility to address conflicts of interest

- (1) CMC Markets must consider the implications of any existing or potential material conflicts of interest between itself and any client.
- (2) CMC Markets must address the existing or potential material conflict of interest in a fair, equitable and transparent manner, as well as considering the best interests of the client or clients.
- (3) CMC Markets must avoid any existing or potential material conflict of interest it may have with any client that cannot be addressed in a fair, equitable and transparent manner, as well as considering the best interests of the client or clients.

CMC Markets is required to take reasonable steps to identify existing and potential material conflicts of interest between CMC Markets and the interests of clients. A potential conflict occurs where competing obligations or motivations result in, or are likely to result in, material risk of damage to the interests of a client, including where:

- a) CMC Markets is likely to make a financial gain, or avoid a financial loss, at the expense of the client; or
- b) a CMC Markets employee is likely to make a financial gain, or avoid a financial loss, at the expense of the client; or
- c) a client of CMC Markets is likely to make financial gain or avoid a financial loss at the expense of another client.

CMC Markets has established procedures which are designed to manage conflicts of interests. These include organizational and administrative arrangements to safeguard the interests of clients and minimize the potential for conflicts to arise. CMC Markets has adopted several methods to manage conflicts of interest and control the movement of confidential information. The following is a non-exhaustive list of these controls:

- a) segregation of duties and supervision for persons engaged in different business activities including procedures for ensuring appropriate communication between business units;



- b) personal account dealing restrictions applicable to all staff, and their associates, regardless of seniority;
- c) control over sources of remuneration of relevant persons;
- d) protocols to ensure that no improper inducements are given or received and proper inducements are disclosed appropriately;
- e) gifts and personal benefits procedures including a gift register recording the solicitation, offer or receipt of certain benefits;
- f) external directorship policy, including the requirement for all external directorships and outside business interests to be declared;
- g) the provision of training to directors and employees of CMC Markets on conflicts of interest management; and
- h) conduct ongoing reviews of its product, services, and policies to identify any potential conflicts of interest.

Disclosure of Conflicts of Interest

Unless avoided, an existing or potential material conflict of interest will be disclosed to clients in all cases where a reasonable client would expect to be informed:

- a) for new clients, prior to opening an account for the client; and
- b) for existing clients, either as the conflict of interest occurs or, in the case of a transaction related conflict of interest, prior to entering into the transaction with the client.

We recommend that new clients read this disclosure, which will be provided prior to opening an account.

New and existing clients can access this disclosure on CMC Markets' website under Legal Documents. Alternatively, clients may request a copy of this disclosure by getting in contact with the Client Management Team (see below for contact details). Any inquiries related to this disclosure should also be directed to the Client Management Team via one of the below methods:

Email: clientmanagement@cmcmarkets.ca

Telephone: +1 416-682-5000 (Monday-Friday 9am-5pm EST)

Post: CMC Markets Canada Inc., 100 Adelaide St. West, Suite 2915, Toronto, Ontario M5H 1S3

Referral Arrangements

Referral arrangements refers to agreements in which a prospective client is referred by a referral agent to CMC Markets and compensation is paid to the referral agent by CMC Markets.

The referral agents are paid referral fees based on either:

- a) each referred client that successfully opens an account with CMC Markets; or
- b) the type and volume of CFD transactions entered into by the referred client. The fees under this structure are paid from profits that are earned on trades.



The referral fees are not paid or incurred by clients.

Once an account is opened pursuant to a referral arrangement, the client will receive the prescribed regulatory disclosures regarding the compensation structure paid to the referring agent.

Compensation Related Roles

The Sales Traders and Sales Executives hold sales related roles within CMC Markets and are responsible for business development and relationship management for all Canada based client relationships.

The Sales Executives and Sales Traders receive a discretionary component of their remuneration through the attainment of new business-based targets, which in turn generates new business opportunities for CMC Markets.

The discretionary remuneration is not paid or incurred by clients.

If you require further details about the compensation aspect of these roles, please feel free to send us an email at clientmanagement@cmcmarkets.ca.

Service Agreements

CMC Markets has service agreements with numerous vendors and portfolio managers. CMC Markets does not receive any revenue sharing based compensation and/or referral fees from our vendors.