

Introduction

Conflicts of interest exist in all businesses and in all financial services organizations. We live in a complicated world and this is reflected everywhere, nevertheless, we recognize that our business is above all based on a bond of trust between us and our customers and we are duty bound to identify and manage those conflicts. GAIN Capital – FOREX.com Canada Ltd. (“Forex.com Canada”) has a duty to act in the best interest of our customers and to treat them fairly when providing services.

In general, we deal with and manage relevant conflicts as follows:

- **Avoidance:** This includes avoiding conflicts that are prohibited by law as well as conflicts that cannot effectively be addressed.
- **Control:** We manage acceptable conflicts through means such as physically separating different business functions and restricting the internal exchange of information.
- **Disclosure:** By providing customers with information about conflicts, customers are able to assess independently their significance when evaluating our services and any actions we take.

Our goal is to address conflicts in a fair, equitable and transparent manner, consistent with the best interest of our customers. We will try to avoid conflict where possible, and in all other cases either disclose the conflict, or manage it through internal controls and review processes. Conflicts deemed too significant to be addressed through controls or disclosures must be avoided. Disclosures will be made in a timely, meaningful and prominent manner.

Accordingly, we have put in place a number of policies, procedures and processes designed to identify, evaluate and manage these conflicts of interest. The purpose of this Conflicts of Interest Policy (the “Conflict Policy”) is to identify in a summary form those conflicts which we experience as an organization and to describe how we address the challenges such conflicts impose on us. This Conflicts Policy applies in respect of all activities undertaken by employees and associates of FOREX.com Canada.

Identification of Conflicts of Duty and Interest

We recognize that, in certain circumstances, conflicts of interest or the appearance of a conflict of interest can arise between your interests and the interests of FOREX.com Canada, its directors and employees and other related affiliates or associates within the FOREX.com group of companies. Conflicts or potential conflicts of interest may arise, in particular, where:

- FOREX.com Canada employees are dually-employed with an affiliated company within the StoneX group of companies which could take time or attention away from servicing your account.

How conflicts will be addressed? Our employees are prohibited from engaging in activities that would interfere or create conflict with their duties. We have policies in place to detect and, where applicable, supervise, disclose or prohibit any conflicts of interest. Employees wishing to act as directors or officers of a public or private company must receive prior approval from FOREX.com Canada’s Executive Committee. Furthermore, regulatory legislation prohibits an individual from serving as a director of another registered firm that is not an affiliate of our firm. When an employee sits on a board of directors in any substantive way, they are subject to regulatory guidance on the disclosure and approval of outside business activities.

- FOREX.com Canada acts as principal in executing your order and thereafter enters into an off-setting trade with an affiliated company within the related group of companies, thereby potentially giving rise to an appearance of conflict of interest with your interests.

How conflicts will be addressed? Industry regulation dictate our best price and best execution obligations to you.

- FOREX.com Canada acts on behalf of you in executing your order and earns a profit on the spread, with respect to contract for difference (“CFD”) share trading and direct market access (“DMA”) accounts, customers will pay a commission in addition to the bid/ask spread. As such, conflicts, or potential conflicts may arise as FOREX.com Canada sets the spreads and prices at which it trades with its customers.

How conflicts will be addressed? Customers can view the bid/ask spreads and commissions before executing any transaction directly in our trading platform.

- FOREX.com Canada provides services to you in circumstances where it has knowledge of other actual or potential transactions in the relevant class of investments.

How conflicts will be addressed? FOREX.com Canada’s procedures are established to ensure that orders executed on behalf of customers are promptly and accurately recorded and allocated, and that it carries out otherwise comparable orders sequentially and promptly unless the characteristics of the order or prevailing market conditions make this impracticable, or the interests of the customer require otherwise. The interests of FOREX.com Canada’s customers will always be given priority and there is no trading in reliance upon orders or knowledge of orders to be placed for your account.

- FOREX.com Canada may permit certain individuals who are registered with us (including, potentially, your Investment Representative or account representative) to be employed by, participate in, or accept compensation from other persons or firms, outside of the scope of his/her relationship with us.

How conflicts will be addressed? No business activities outside the scope of our business are permitted for any Investment Representative where a conflict or a perceived conflict of interest may exist, where there is any risk of disruption to client service or any confusion as to who is providing a client services, or any such business would be viewed as disreputable or inappropriate.

- Payment of order execution and research services.

How conflicts will be addressed? Does not issue research reports or charge clients any commissions relating to research services.

In identifying the potential types of conflicts that arise, or may arise, and whose existence may entail a material risk of damage to the interests of a customer, FOREX.com Canada takes into account whether it or any affiliate:

- is likely to make a financial gain, or avoid a financial loss, at the expense of any customer;
- has an interest in the outcome of a service provided to the customer or of a transaction carried out on behalf of the customer, which is distinct from the customer's interest in the outcome;
- has a financial or other incentive to favour the interest of another customer or group of customers over the interests of the customer;
- carries on the same business as the customer; or
- receives or will receive from a person other than the customer an inducement in relation to a service provided to the customer, in the form of monies, goods or services, other than the standard commission or fee for that service.

Management of conflicts of interest

In addition, to prevent and minimize the risk of such conflicts giving rise to a risk of damage to the interests of our customers we have adopted a number of internal systems, procedures and controls, as follows:

- Personal account trading restrictions which prohibit all employees and associates from trading in the same products offered to customers by FOREX.com Canada;
- Internal disclosure requirements which cover the giving and accepting of gifts or other inducements relating to our business for all employees and associates;
- Internal segregation of functions where their performance by the same person would increase the risk of conflict;
- The maintenance of a Code of Business Conduct and Ethics requiring our directors and employees to act in the best interests of our customers and effectively manage any conflicts arising;
- Measures to prevent or limit any person from exercising inappropriate influence over the way in which an employee or associate carries out its services or activities;
- Restrictions on access to data stored electronically or in hard-copy form and procedures preventing or controlling the exchange of information between employees and associates where there is a risk of a conflict of interest; and
- Our directors, officers and employees are required to maintain confidentiality of all information entrusted to them, including in particular, confidential customer information, except where disclosure is required by law or regulation or where necessary in the ordinary course of business in order to service your account. Further, employees are strictly prohibited from using such information for their own trading or personal gain.

Acting as principal

FOREX.com Canada will execute your orders on the basis that we act on our own account as principal and not as your agent, unless we specifically inform you that we are dealing with you as agent with respect to a particular transaction or a class of transactions. We do not charge trading commissions when executing your foreign exchange orders, however we may earn profit on the spread in accordance with normal commercial terms. With respect to CFD share trading and DMA accounts, customers will pay a commission in addition to the bid/ask spread.

Acting for or on behalf of customers

FOREX.com Canada does not usually act as agent for or on behalf of customers when executing orders.

FOREX.com Canada has procedures and arrangements which provide for the prompt, fair and expeditious execution of customer orders as principal transactions in accordance with the time of their reception by FOREX.com Canada.

FOREX.com Canada's procedures are established to ensure that orders executed on behalf of customers are promptly and accurately recorded and allocated and that it carries out otherwise comparable orders sequentially and promptly unless the characteristics of the order or prevailing market conditions make this impracticable, or the interests of the customer require otherwise.

FOREX.com Canada's procedures are established to ensure that FOREX.com Canada, its employees and affiliates do not misuse information relating to pending customer orders.

Disclosures

Where we do not consider that these arrangements will be sufficient to manage the conflict or prevent the risk of damage to customers as a result of a particular conflict, then we will make a general disclosure to allow the customer to consider their position, and to decide whether to continue with the service, and in certain situations we may not be able to carry out the trade for the customer. This type of general disclosure may be made verbally or in writing before or at the time of dealing. Specific disclosure regarding any other conflicts we identify which give rise to a risk of damage will be made verbally or in writing when we become aware of them, and as noted, may in certain circumstances mean that we cannot carry out the trade for the customer.