



# **AFFILIATES and/or THIRD PARTIES PROMOTING THE CIF'S SERVICES POLICY**



## 1. Purpose

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The aim of this policy is to ensure that Company (hereafter the “Company”), an Investment Firm regulated by Cyprus Securities and Exchange Commission (“CySEC”, “Commission”), has established and developed appropriate policies and procedures with respect to the establishment of a business relationship with third parties with regards to the provision of referral services as well as in regards to the communication with clients for the provision of information on the investment and ancillary services as well as the financial instruments provided by the Company.

## General Requirements

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When providing information to clients, the Company, in general, must comply with both the requirements of article 18(2) of the Investment Services and Activities and Regulated Markets Law of 2007 as in force (hereafter the ‘Law’), and of paragraph 4 of Directive DI144-2007-01 of 2012 (hereafter the ‘Directive’) in relation to the organizational requirements, and the rules governing the conduct of business, as laid down in article 36(1) of the Law and Part III of Directive DI144-2007-02 of 2012.

The Company deems an Affiliate / Business Introducer (hereafter the “Affiliate”) to be an individual or legal entity whose sole purpose is to refer potential clients to the Company and in return is remunerated in accordance with the Company’s Remuneration Policy and the agreement in place. The Executive Directors are the responsible persons for the establishment or termination of a business relationship with Affiliates. A potential Affiliate may refer to the Company’s Contact details for obtaining the details concerning a potential Affiliate arrangement.

The Company should ensure that the content of the marketing material is clear, fair and not misleading in accordance with the requirements of article 36 of the Investment Services and Activities and Regulated Markets Law of 2007 (‘the Law’) and that the material either is prepared by the CIF itself and disseminated to Affiliates, or is subject to pre- approval and ongoing monitoring by the CIF, if a third party is engaging to do this. The provisions of the Company’s Marketing Policy shall fully apply on the delegated duties to affiliates as part their operational nature.

The Company also should ensure that the oversight arrangements in place between themselves and Affiliates are sufficiently captured within the CIF’s internal control framework and the Affiliates are closely monitored.

The Company should exercise due skill, care and diligence when entering into, managing or terminating any arrangement with an Affiliate. The provisions of Part V (Outsourcing) of Directive DI144-2007-01 of 2012 are fully applied as well as the Company Outsourcing Policy.

## Affiliates Definition

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The Company may engage with third parties across multiple jurisdictions to promote the operated brands online, use their website as a portal for displaying promotional and advertising content, host marketing material and direct web-traffic to the authorised CIF’s website, increase the online profile of the Company through search engine optimization (SEO) and perform any other similar (with the abovementioned) activity.

The term ‘**Affiliate**’ includes any person/entity that is providing the activities described in paragraph 1 herein,



irrespective of how the CIF chooses to define such person/entity.

## Procedure for the acceptance / rejection of Affiliates

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The potential Affiliate may navigate to the relevant section of Company's website and submit basic details such as his/her name, email, telephone number, and their website URL, in order for the Compliance or Support Department to contact the potential affiliate accordingly.

The Company duly applies Affiliate verification of identity procedures and Affiliate due diligence measures in the following cases:

- (a) when establishing a Business Relationship with a Potential Affiliate;
- (b) when there are doubts about the veracity or adequacy of previously Affiliate identification data.

The Potential Affiliate has to provide information regarding his contact details, country of birth and country of residence etc. In addition, the Potential Affiliate shall also provide the relevant KYC documentation as part of the Company's due diligence procedures performed.

The due diligence applied in the case of affiliates is similar to the due diligence applied for the Company's clients as per the provisions of the Company's AML manual for Physical or Legal Persons, on a risk-based approach. Details of websites, means of marketing communication and other related funnels will also be requested and evaluated before the affiliate will be approved.

If, during the Business Relationship, an Affiliate fails or refuses to submit, within a reasonable timeframe, the required verification data and information required under this Policy, the Company shall terminate the Business Relationship and reject the Potential Affiliate.

The Potential Affiliate shall be preliminary approved by the Head of Affiliates Department and an Executive Director.

Before entering into an agreement with an Affiliate, The Company should ensure that the Affiliate has obtained any authorisation required or is registered in his jurisdiction to perform such activity, if required.

Once the Potential Affiliate is approved, an email confirmation is sent to the affiliate, informing him/her that he/she is now an approved Affiliate of the Company and can therefore access the Company's online Marketing Material.

## Marketing material used by the Affiliates

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Any marketing material disseminated to clients through Affiliates shall be provided by the Company to the Affiliates via any of the below main communication means:

- Email
- Chat
- Phone
- Webinars
- Video streaming

- Company's/brands' website

## Affiliates' obligations

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- a) The Affiliate must ensure that he acts in line with the Company's Internal Procedures Manual and Anti-Money Laundering policies and procedures, as modified from time to time, and the Law and the Directive as amended from time to time. In addition, the Affiliate shall adhere, at all times, to the Marketing Policy and guidelines of the Company.
- b) The Affiliate shall be only responsible for the provision of introduction of clients.
- c) The Affiliate is prohibited from communicating with a potential client who has been accepted by the Company as its client.
- d) The Affiliate is not allowed to provide to the Company's clients any of the investment and ancillary services under the Third Appendix of the Law.
- e) The Affiliate is restricted from holding and/or operating a trading account for any Client and/or carry on any trades for any client and/or providing any other service to the client other than the services agreed under the terms and conditions of the Affiliate Agreement.
- f) The Affiliate is prohibited to receive and/or hold clients funds, and/or to facilitate the transfer of funds to and from clients.
- g) The Affiliate is prohibited to receive and transmit orders for execution of transactions, as well as to provide investment advice unless it acts under the exclusivity of the Company, and it is registered as a Tied Agent.
- h) The Affiliate is prohibited to receive power of attorneys from clients for executing transactions.

## Remuneration

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The remuneration of the affiliates and other third parties with regards to the provision of referral services may be fixed or variable, on Cost per Acquisition basis, governed by the Company's Remuneration policy ensuring that conflicts of interest are eliminated.

## Termination

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In case an Affiliate is acting outside the scope of the signed agreement, the Company should cease the cooperation and take appropriate measures against the Affiliate, informing, at the same time, its clientele through its website, for this termination.

The Affiliate Agreement may be terminated either by giving 30 days prior written notice to the other party or with immediate effect depending on the seriousness of the Affiliates' breach of the agreement.

If the Company suspects or has any reasons to believe that an Affiliate and/or an introduced Client is involved in any form of fraudulent activities and/or the Affiliate or the Client has involved the Company directly or indirectly in any type of fraud, the Company reserves the right to:

- Fully investigate using best judgment to determine the existence of fraud;
- Terminate the Affiliate Agreement with immediate notice to the Affiliate;
- Terminate any agreement thereof concluded with any introduced Client;
- Take any legal action against the Affiliate and/or the Client and/or claim any damages deemed fit by the Courts of the Republic of Cyprus.

In addition, the Company shall disclose the incident to CySEC, including the address of the Affiliate's website and details of the Affiliate's identity [in case the Affiliate is a legal person, details of the representatives (physical persons) of the Affiliate that signed the agreement should be disclosed].

The Company sets out the obligations and procedures to be followed by the Company and the Affiliate upon the termination of the Affiliate Agreement i.e. the Affiliate is obligated to return to the Company any promotional material and/or information and/or functionalities relating to the Company which were used to promote his business. The Company warrants to pay the Affiliate any fees due until the date of termination if such amounts have been generated as a result of the proper fulfilment of the terms of the Affiliate Agreement.

### **1.1.1 Conflicts of interest**

The Company has established and maintains a Conflicts of Interest Policy which sets out the Company's approach in identifying the circumstances which might give rise to a conflict of interest between the Company's and its Clients' interests, the Company's measures for preventing the rise of such conflicts of interests as well as managing conflicts of interest which may arise during the course of its normal business activities.

The Company ensures that Affiliates are remunerated based on remuneration schemes which do not create any conflicts of interest between the Company's interest and its Client's best interests. The remuneration schemes are decided based on the Company's Remuneration Policy.

### **1.1.2 Record Keeping**

The Company must keep in its records the following documentation:

- Information on the evaluation of the Affiliate (due diligence) before concluding an agreement.
- The agreements signed with the Affiliates.
- All monitoring performed shall be kept electronically in the Company's records, subject to the requirement that the Company is at any time in a position to retrieve them without undue delay and present them to the Board of Directors and CySEC, upon requested.
- List of affiliates which includes, inter alia, the affiliate ID, affiliate full name, monitoring date, websites through which marketing is performed, remuneration scheme etc.



In addition, the Company shall keep adequate records of any other significant communications in regards to Affiliates. The relevant records shall be kept for at least five (5) years, as of the date that the monitoring was performed.

### **1.1.3 Updating**

The Company shall ensure that this policy is kept up to date and in accordance with the relevant legislative requirements. The Executive Directors of the Company have the responsibility to perform a periodical review of this policy, at least once a year. The Company has the right to amend the current policy at its discretion and at any time it considers suitable and appropriate. The said policy shall be acknowledged by Affiliates as well as Company's employees.