

Conflicts of Interest Policy

Background & Scope

In accordance with the FCA's Principles for Businesses, namely Principle 8 (Conflicts of Interest)¹ Onyx Capital Advisory Limited ("Flux Markets") manages conflicts of interest fairly, both between itself and its clients and between one client and another. The purpose of this Conflicts of Interest Policy ("Policy") under SYSC 10.1.11² and Article 34 (2) of Commission Delegated Regulation (EU) 2017/565³ ("MiFID II") is:

- to identify, by reference to the specific services and activities carried out by (or on behalf of) Flux Markets, the circumstances which constitute or may give rise to a conflict of interest entailing a risk of damage to the interests of one or more clients;
- to specify procedures to be followed and measures to be adopted to manage such conflicts; and
- to communicate this information to all staff and clients.

Where there may be a material risk of damage to the interests of a client, a business must take into account certain issues in identifying the types of conflict that arise in the course of providing a service. It must consider as a minimum, whether it or a relevant person or a person directly or indirectly linked by control to it:

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

It is the responsibility of all staff members to familiarise themselves with the contents of the Policy and report conflicts of interest to Flux Markets' Legal and Compliance department ("Compliance") using the appropriate channels.

Identification and Management of Conflicts

Potential Misuse of Information

The staff of Flux Markets may come into possession of material non-public information. The improper use of such information by staff members could cause a conflict with the interests of Flux Markets' clients, or between the interests of Flux Markets' clients, and may also be unlawful.

Flux Markets manages these risks by maintaining and following policies and procedures to prevent the misuse of material non-public information. These procedures have been designed to prevent and detect any insider trading, considering the nature of Flux Markets' business and the instruments typically traded.

¹ <https://www.handbook.fca.org.uk/handbook/PRIN/2.pdf>

² <https://www.handbook.fca.org.uk/handbook/SYSC/10.pdf>

³ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32017R0565&from=EN>



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Inappropriate Flow of Information

A conflict of interest could occur where there is an inappropriate flow of information between relevant persons within separate areas of the business who should be acting independently and where the absence of this independence could be detrimental to a client.

Flux Markets has procedures in place to control the inappropriate flow of information. Furthermore:

- Relevant persons who provide services to, or carry out activities for, clients who represent interests that may conflict with other clients or those of Flux Markets, are supervised effectively and separately.
- There is no direct link between the remuneration of a relevant person and the remuneration of a separate relevant person engaged in a different activity where a conflict of interest may arise in relation to those activities.
- No person may exercise inappropriate influence over the way in which a relevant person carries out investment or ancillary services or activities.
- There are measures to prevent a relevant person from being simultaneously involved in separate investment or ancillary services where such involvement could impair the proper management of conflicts of interest.
- Flux Markets has Chinese Walls in place between itself and other entities in the Onyx Capital Group ("Group") to control the flow of relevant information. All entities within the Group adhere to strict compliance with Chinese walls (both physical and electronic) to mitigate conflicts of interest by ensuring only necessary staff have access to sensitive information.

Personal Account Dealing

It is possible for Flux Markets staff to engage in the trading of securities or other instruments on their own account. These trading activities can create conflicts of interest between staff and the interests of their respective firms and clients.

Flux Markets manages these potential conflicts of interest by maintaining a Personal Account Dealing Policy which has been formulated in accordance with relevant FCA rules and regulations. Members of staff are prohibited from trading commodity derivatives on their own accounts, relatives' accounts or through a managed account. Staff are required to inform Compliance if they wish to deal on their own account. All activity is recorded by Compliance.

Remuneration

The way Flux Markets staff are remunerated can give rise to a conflict of interest by incentivising behaviour that could cause unforeseen or unjustified disadvantages to Flux Markets or its clients.

Flux Markets' remuneration policy is based upon a combination of financial and non-financial indicators, including individual performance, adherence to overall business objectives and compliance with regulation.

Inducements, Gifts and Entertainment

The receiving or giving of gifts, entertainment, or any other form of gratuity or hospitality by Flux Markets' staff may create the appearance of a lack of impartiality and may lead to a potential conflict of interest between the interests of the donor and recipient.

Staff may give and accept gifts and entertainment, but this must be in accordance with the Gifts and Entertainment policy found in the Compliance Manual. This policy outlines specific monetary thresholds for prior approval in regard

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to any gifts or entertainment given or received.

Disclosure of Personal Conflicts

Flux Markets staff members may hold outside business interests, such as directorships or shareholdings, in service providers or other firms. It is possible for business interests or investments to cause potential conflicts between the personal interests of a relevant member of staff and/or the interests of clients of Flux Markets.

Staff members must inform Compliance about their outside business interests. Compliance must approve any such interests and maintain a record of them.

A close personal relationship refers to a relationship maintained in the workplace or between a member of staff and a client or broker that might influence their judgment or affect decisions that may result in a conflict of interest.

Staff are required to disclose any close personal relationships that they may have with a client or counterparty to Compliance. These are documented in a Close Personal Relationships register.

Best Execution & Order Handling

In accordance with article 27 (1) MiFID II and COBS 11.2A.2 a firm must take all reasonable steps to obtain, when executing orders, the best possible results for its clients considering the execution factors. These factors include price, speed, likelihood of execution and settlement, size, nature or any other considerations relevant to the execution of the order. A conflict may arise when a member of staff fails to act in the best interest of a client when executing an order, either by favouring another client or putting their own interests first.

Flux Markets has a dedicated Best Execution Policy in place, which ensures that orders are executed in accordance with the above-stated execution factors.

Sole Counterparty

Flux Markets deals as a counterparty to the client's transactions, which inherently involves conflicting interests. The following measures were implemented by Flux Markets so as to comply with its obligations to prevent and manage conflicts of interest, as well as to act honestly, fairly and professionally in accordance with the best interests of its clients, and to execute orders on terms most favourable to the client.

Flux Markets implements leverage limits in order to mitigate the potential conflict of interest between Flux Markets and clients stemming from the use of leverage. For retail clients this is at a ratio of 10:1 for commodities and 30:1 for Forex. For professional clients and eligible counterparties, the leverage limits are set at 74:1 for commodities and 222:1 for Forex. Restrictions on the incentives offered to trade CFDs are in place to ensure that clients are not being unfairly introduced to a service purely to obtain a certain benefit. Flux Markets also implements standardised risk warnings, including the percentage of losses on a CFD and spread bets retail clients accounts.

Sole Execution Venue

Flux Markets does not outsource the responsibility of executing clients' orders to any other third party as this is one of the core aspects of our business and the main obligation towards our clients. According to Flux Markets' Order Execution and Dealing on Own Account policies, Flux Markets shall always remain responsible for the execution of clients' orders.



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Considering the responsibilities of Flux Markets regarding the execution of clients' Orders as a market maker, it is noted that Flux Markets takes all the reasonable steps to obtain, when executing orders, the best possible results for its clients taking into account prices, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order.

Governance

Poor governance in a firm can create conflicts of interest by allowing decisions to be made without adequate oversight and may allow business areas with conflicting obligations to make decisions to the detriment of Flux Markets' clients' interests.

Flux Markets has robust governance arrangements. Key business decisions are taken at the Board level and are recorded. Flux Markets has in place rules governing employee conduct, which control and mitigate conflicts of interest. Flux Markets maintains a Conflict of Interest register.

Reporting Lines & Segregation of Functions

Inadequate segregation of functions and reporting lines can give way to potential conflicts of interest where staff are performing multiple functions.

Flux Markets has defined and clear reporting lines. An organisation chart is maintained by HR. Management information relevant to identifying conflicts is reviewed by Compliance. Duties are segregated as appropriate, to avoid conflicts of interest wherever possible. These duties are set out in job descriptions, procedure manuals and organisational charts. Ensuring these duties remain segregated is the responsibility of line managers, as advised by Compliance.

Training & Conduct

A conflict of interest can arise where members of staff do not receive adequate training or where conduct falls below the expected thresholds.

Compliance ensures that appropriate training is delivered to all staff. The fitness and propriety of new staff is considered by Compliance & HR as part of the recruitment process, as well as their technical and, where relevant, managerial skills. Suitable background checks are made, and references are taken up.

Compliance Procedures & Monitoring

Inadequate compliance procedures combined with a poor monitoring regime can easily give rise to conflicts of interest occurring and going undetected.

Systems and controls are documented in the compliance and procedures manuals. These are reviewed at least annually to ensure they are fit for purpose. Compliance oversees and executes a suitable risk-based monitoring programme, at least annually, to verify that relevant systems and controls are being applied.

Disclosure of Conflicts

Where Flux Markets cannot ensure with reasonable confidence that the risk of damage to a client arising from a conflict cannot be prevented, Flux Markets will, as a last resort, disclose the conflict in accordance with specified disclosure obligations.

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