ARROW FUTURES (UK) LIMITED

CONFLICTS OF INTEREST POLICY

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1. INTRODUCTION

This document sets out the policy relating to conflicts of interest at Arrow Futures (UK) Limited ("Arrow"). In accordance with the requirements under MiFID II, including the MiFID Organisational Requirements Regulation, and the Senior Management Arrangements, Systems and Controls ("SYSC") part of the Financial Conduct Authority ("FCA") Handbook, specifically SYSC 10, this policy:

a. identifies the circumstances which constitute or may give rise to a conflict of interest potentially entailing a risk to the interests of one or more clients;
b. specifies procedures to be followed and measures to be adopted in order to prevent or manage such conflicts; and
c. communicates this information to all employees, directors, contractors, temporary staff and secondees (each a "relevant person").

2. REGULATORY BACKGROUND

MiFID II and SYSC 10 require investment firms to establish, implement and maintain an effective written conflicts of interest policy set out in writing and appropriate to the size and organisation of the firm and the nature, scale and complexity of its business.

Where the firm is a member of a group, as Arrow is, the policy must also take into account any circumstances, of which the firm is or should be aware, which may give rise to a conflict of interest arising as a result of the structure and business activities of other members of the group.

A firm must manage conflicts of interest fairly, both between itself and its clients and between a client and another client and must implement rules to protect itself and its clients from conflicts of interests.

A firm is required to take all appropriate steps to identify and prevent or manage conflicts of interest between:

a. the firm (including its managers, employees, or any person directly or indirectly linked to them by control) and a client of the firm; or
b. one client of the firm and another client,

that or may arise in the course of the firm providing any services in the course of carrying on regulated activities, including those caused by the receipt of inducements from third parties or by the firm's own remuneration and other incentive structures.

It is not enough that the firm may gain a benefit if there is not also a possible disadvantage to a client, or that one client to whom the firm owes a duty may make a gain or avoid a loss without there being a concomitant possible loss to another such client.

3. TYPES OF CONFLICTS OF INTEREST

Conflicts may arise whether the firm or a relevant person, or a person directly or indirectly linked by control to the firm:

a. is likely to make a financial gain, or avoid a financial loss, at the expense of the client;

b. has an interest in the outcome of a service provided to the client or of a transaction carried out for the client, which is distinct from the client's interest in that outcome;

c. has a financial or other incentive to favour the interest of another client or group of clients over the interests of the client;

d. carries on the same business as the client; or

e. 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 monetary or non-monetary benefits or services.

The conflict of interest may result from the firm carrying on or providing a regulated service or ancillary service, as previously detailed, or engaging in any other activity.

4. SITUATIONS IN WHICH CONFLICTS OF INTEREST COULD ARISE

Arrow provides brokerage services to its clients. There are therefore various situations in which conflicts of interest could arise. The purpose of this section is to set out typical situations in which conflicts of interest may arise and are managed in the course of Arrow's day- to-day business, so that relevant persons covered by this policy are better equipped to identify, report and assist in eliminating or managing conflicts of interest.
Appropriate measures may include the following:

a. procedures to prevent or control the exchange of information between relevant persons engaged in activities involving a risk of a conflict of interest where the exchange of that information may harm the interests of one or more clients;

b. the separate supervision of relevant persons whose principal functions involve carrying out activities on behalf of, or providing services to, clients whose interests may conflict, or who otherwise represent different interests that may conflict, including those of Arrow;

c. the removal of any direct link between the remuneration of relevant persons principally engaged in one activity and the remuneration of, or revenues generated by different relevant persons principally engaged in another activity, where a conflict of interest may arise in relation to those activities;

d. measures to prevent or limit any person from exercising inappropriate influence over the way in which a relevant person carries out services or activities;

e. measures to prevent or control the simultaneous or sequential involvement of a relevant person in separate services or activities where such involvement may impair the proper management of conflicts of interest; and

f. disclosure to clients and their consent to the conflict.

If the adoption or the practice of one or more of those measures and procedures does not ensure the requisite level of independence, Arrow will adopt such alternative or additional measures and procedures as are necessary and appropriate.

5. MANAGING CONFLICTS

If a relevant person identifies an actual or potential conflict of interest, they must report it to the Compliance Officer. Full details of the actual or potential conflict of interest should be reported to enable the Compliance Officer to make a ruling on the implications and instruct any mitigating action that must be taken. All details of such events and action will be recorded by the Compliance Officer and distributed to the relevant individuals at group level.

It is the responsibility of the Compliance Officer, in conjunction with the Board, to set clear standards for the firm and to identify any potential conflicts of interest and define how Arrow should manage them, taking a broad view of the risks posed to the business and to clients.

The Compliance Officer, in conjunction with the Board, will design controls to reduce the impact of conflicts, such as those set out in Section 4.

A compliance testing program is used to make sure that all conflicts which have been identified are managed effectively and in accordance with this policy.

6. DISCLOSURE OF CONFLICTS

If arrangements made by Arrow to manage conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of a client will be prevented, Arrow will disclose the general nature and source of the conflict of interest to the client before undertaking business for the client.

The disclosure will:

a. be made in a written, durable medium;

b. clearly state that the organisational and administrative arrangements established by the firm to prevent or manage that conflict are not sufficient to ensure, with reasonable confidence, that the risks of damage to the interests of the client will be prevented;

c. explain the risks that arise as a result of the conflict of interest and the steps taken to mitigate these risks;

d. provide sufficient detail to enable that client to take an informed decision in relation to the service in the context of which the conflict of interest arises; and

e. refer specifically to:

    I. Arrow’s terms of business;
    II. This Conflicts of Interest Policy

7. RECORD KEEPING

Arrow will keep an up-to-date record of all actual or potential conflicts in a conflicts register. The register will include details of the service or activity carried out by or on behalf of the firm in which a conflict of interest entailing a material risk of damage to the interests of one or more clients has arisen or, in the case of an on- going service or activity, may arise.