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INDUCEMENT POLICY

Volume 1

BOGOFINANCE CAPITAL MARKETS LYD

COMPLIANCE DEPARTMENT – SYLVIA KYRIAKOU

APPROVED BY THE BOD: 29/11/2019

Inducements Policy

1. Introduction

Bogofinance Capital Markets Ltd (hereinafter referred to as the “Company’ or FXJET’) is a Cyprus Investment Firm. **FXJET** is owned as a trade name by Bogofinance Capital Markets LTD which is regulated by the Cyprus Securities and Exchange Commission (CySEC) under the license number 321/17. The Company is located at 132 Makariou III Avenue, Office 101, 3021 Limassol, Cyprus

This Summary of Inducements Policy (“the Policy”), has been created in accordance with the Investment Services and Activities and Regulated Markets Law 87(I)2017, which transposes the Directive 2014/65/EU on markets in financial instruments (“MIFID II”).

The MiFID II Directive 2014/65 deals with the payment to, and/or receipt from, a third party of inducements in relation to the provision of services to clients of investment firms. In doing so, it distinguishes between the rules that apply to investment services generally, and those that apply specifically in the context of portfolio management and investment advice. Generally, MiFID II permits investment firms to accept inducements in circumstances where certain requirements are satisfied. However, it prohibits inducements paid to, and/or received by, an investment firm carrying out portfolio management or providing investment advice: such firms are only permitted to pay or receive minor nonmonetary benefits («MNBs») that fulfil certain requirements.

Commission Delegated Directive 2017/593 (the «Delegated Directive») contains more detailed rules on inducements, including specific requirements governing inducements in relation to research. The European Securities and Markets Authority (ESMA) also deals with inducements in its Q&A on MiFID II and MiFIR Investor Protection Topics. Pursuant to which, BOGOFINANCE MARKETS LTD (hereinafter, the “Company”) is required to hold evidence that any fees, commissions or non-monetary benefits paid or received by the Company are designed to enhance the quality of the relevant service to the client

2. Definition of Inducement

An inducement is a pledge or promise that causes an individual to enter to into a particular agreement. An inducement is a payment or other benefit that it is given by one person to another in relation to services which are provided to a third client- for example, a payment made by the Company to somebody that brings a transaction or an investor to it.

Commissions, benefits and non-monetary benefits fall under the scope of the inducement’s definition. Inducements can be segregated into various categories; the following categories are not exhaustive:

- a) Commissions

- b) Fees
- c) Non-monetary benefits
- d) Minor non-monetary benefits

3. Scope

The scope of this policy is to provide transparency to the Company's clients in respect to the monetary and non-monetary benefits. The Company took all the appropriate steps to identify and prevent or manage any conflicts of interest, including those caused by any receipt of inducements from third parties or by the Company's own remuneration and/or any other incentives structure.

The Inducements Policy: i. defines the rules in which the Company must comply when paying or being paid any fee or commission or providing or being provided with any non-monetary benefit in connection with the provision of an investment service or ancillary service to the clients, ii. frames itemised conditions that must be met in order a fee, commission or non-monetary benefit to enhance the quality of the relevant service to the client, iii. sets an ex ante and ex post disclosure of specific information to the clients in relation to the fees or benefits and iv. ensures that specific rules apply for inducements in respect of investment advice on an independent basis or portfolio management services.

Custody costs, settlement and exchange fees, regulatory levies or legal fees and which by its nature cannot give rise to conflicts of interest with the Company's duty to act honestly,

fairly and professionally in accordance with the best interests of its clients, is not subject to the requirements set out in subparagraph (b) above regarding the liaison of an inducement and enhancement of the quality of the service to the client.

4. Applicable regulatory provisions

The following legal documents were taken into account when setting up this Policy:

MIFID Directive 2006/73/EC

MIFID II Directive 2014/65/EU

MIFIR No 600/2014/EU

Law 87(I)2017

Directive DI87-01

Directive EU 2017/593

(hereinafter referred to as the "Law").

5. Conditions under which inducements may be given and received

According to Article 24(9) of MiFID II, the Company is only permitted to pay, or be paid, an inducement (namely, a fee, commission or non-monetary benefit) in connection with the provision of an investment service or ancillary service where the relevant payment:

- is designed to enhance the quality of the relevant service to a client of the investment firm; and

- does not impair compliance with the investment firm's duty to act honestly, fairly and professionally in accordance with the best interests of its clients;

In addition, the Company must clearly disclose to the client, the existence, nature and amount of the inducement or, where the amount cannot be ascertained, its method of calculation. This disclosure must be made in a manner that is comprehensive, accurate and understandable to the client and must be made prior to the provision of the relevant investment/ancillary service. Where applicable, the Company must inform the client on mechanisms for transferring to the client an inducement received in relation to the provision of an investment/ancillary service.

Payments or benefits received or provided by the Company which enable or are necessary for the provision of investment services and which are inherently incapable of giving rise to conflicts with the investment firm's duties to act honestly, fairly and professionally in accordance with its clients' best interests are not considered to be inducements. This includes, for example, custody costs, settlement and exchange fees, regulatory levies or legal fees.

According to the Delegated Directive, an inducement should not be accepted if it results in the provision of the relevant services to the client being biased or distorted.

The Delegated Directive also provides further information as to when an inducement will be designed to enhance the quality of the relevant service to the client. Specifically, such an inducement must meet three conditions on an ongoing basis, namely, it must:

- Be justified by the provision of an additional or higher level service to the relevant client, which is proportionate to the level of inducements received, such as: o the provision of non-independent investment advice on and access to a wide range of suitable financial instruments including an appropriate number of instruments from third party product providers having no close links with the Company; o the provision of non-independent investment advice combined with either: an offer to the client, at least on an annual basis, to assess the continuing suitability of the financial instruments in which the client has invested; or with another on-going service that is likely to be of value to the client such as advice about the suggested optimal asset allocation of the client; or o the provision of access, at a competitive price, to a wide range of financial instruments that are likely to meet the needs of the client, including an appropriate number of instruments from third party product providers having no close links with the Company, together with either the provision of added-value tools, such as objective information tools helping the relevant client to take investment decisions or enabling the relevant client to monitor, model and adjust the range of financial instruments in which they have invested, or providing periodic reports of the performance and costs and charges associated with the financial instruments.
- Not directly benefit the recipient firm, its shareholder or employees without tangible benefit to the relevant client; and
- Be justified by the provision of an on-going benefit to the relevant client in relation to an on-going inducement.

The Company must hold evidence that any inducement that it pays or receives is designed to enhance the quality of the relevant service to the client:

- by keeping an internal list of all fees, commissions and non-monetary benefits received by the Company from a third party in relation to the provision of investment or ancillary services; and
- by recording how the fees, commissions and non-monetary benefits paid or received by the Company, or that it intends to use, enhance the quality of the services provided to the relevant clients and the steps taken in order not to impair the Company's duty to act honestly, fairly and professionally in accordance with the best interests of the client.

Regarding disclosure, MNBs may be described in a generic way while other non-monetary benefits must be priced and disclosed separately. Where an investment firm discloses the method of calculating the amount of a payment or benefit in advance of providing the relevant service in its prior disclosure, then it must disclose the exact amount of the payment or benefit on an ex post facto basis.

The Company must inform its clients on an individual basis about the actual amount of payments or benefits received or paid at least once a year, as long as (on-going) inducements are received by the Company in relation to the investment services provided to the relevant clients.

The circumstances of each case should be assessed on the reality of the situation and should be considered to protect the investor's interests of the funds in a fair manner. A fee, commission or non-monetary benefit linked to the normal course of business and services does not constitute a breach of the regulatory principles mentioned above. In case of any doubt or in case of any material change in existing fees (changes of amount, changes of the calculation of the payment, changes in fee flows), specific advice should be requested from Compliance.

6. Inducements Rules

6.1 Forbidden inducements

A fee, commission, or non-monetary benefit shall not be considered acceptable by the Company and the latter will not act honestly, fairly and professionally and in the best interest of the client if the Company pays inducements or accepts inducements within the provision of main or/and ancillary services to its clients unless the following in 2.2 are met at all times

6.2. Acceptable inducements

A fee, commission or non-monetary benefit shall be considered to be designed to enhance the quality of the relevant service to the client if all of the following conditions are met:

- a) It is justified by the provision of an additional or higher-level service to the relevant client, proportional to the level of inducements received such as:

- i The provision of non-independent advice on and access to wide range of suitable financial instruments including an appropriate number of instruments from third party product providers having no close links with the Company;
 - ii The provisions of non-independent investment advice combined with either: an offer to the client, at least on an annual basis, to assess the continuing suitability of the financial instruments in which the client has invested; or another on-going service that it is likely to be of value to the client such as advice about the suggested optimal asset allocation of the client; or
 - iii The provision of access, at a competitive price, to wide range of financial instruments that are likely to meet the needs of the client, including an appropriate number of instruments from third party product providers having no close links with the Company, together with either the provision of added-value tools, such as objective information tools helping the relevant client to take investment decisions or enabling the relevant client to monitor, model and adjust the range of financial instruments in which they have invested, or providing periodic reports of the performance and costs and charges associated with the financial instruments.
- b) It does not directly benefit the Company, its shareholders or employees without tangible benefit to the relevant client;
- c) It is justified by the provision of an on-going benefit to the relevant client in relation to an on-going inducement
- d) The Company is compliant with its duty to act honestly, fairly and professionally and in the best interest of the client.

6.3. Payments or benefits from or to third parties and obligation for disclosure

In relation to any payment or benefit received from or paid to third parties, the Company discloses to the client the following information: a) prior to the provision of the relevant investment or ancillary service, the information on the payment or benefit concerned in accordance with the best interest of the client and acting fairly, honestly and professionally, b) where the Company is unable to ascertain on an ex ante basis the amount of any payment or benefit to be received or paid and instead disclosed to the client the method of calculating that amount, the Company shall also provide its clients with information of the exact amount of the payment or benefit received or paid on an ex-post basis, c) at least once a year, as long as on-going inducements are received by the Company in relation to the investment services provided to the relevant clients, the Company shall inform its clients on an individual basis about the actual amount of payments or benefits received or paid. Minor non-monetary benefits may be described in a generic way.

7. Minor non-monetary benefits

Minor non-monetary benefits must be acceptable by the Company designed to enhance the quality of services to the clients in accordance with their best interest acting fairly, honestly and professionally and disclosed -but described in a generic way- to them prior to the provision of the relevant investment or ancillary service. The minor non-monetary benefits shall be reasonable and proportionate and of such a scale that they are unlikely to influence the Company' behavior in a way that is detrimental to the interest of the relevant client.

Minor non-monetary benefits may include, but are not limited to, the following: promotional items such as calendars, pens, clothing, branded products, tickets for sporting and other events, business lunches, entertainment, gift vouchers, sponsored attendance of seminars and/or conferences, travel, gifts in kind and hospitality, sponsorship of events/seminars/conferences and short market updates with limited commentary or opinion received from third parties.

While the Company adheres to the basic principle that its personnel, management, executive staff members and other persons working under contract for the Company are not allowed to pay, provide or receive any direct or indirect fees, commissions, discounts, non-monetary benefits or gifts to or from a client or a third party acting on behalf of a client, the Company recognizes that in doing business and applying industry norms, in certain limited circumstances, the Company's personnel, management, executive staff members and other persons working under contract for the Company may be required to accept, receive or give some gifts as a token of appreciation.

Day-to day interactions whether in person, by phone or electronic communications are to enable to support relationship building between the Company, its counterparties and the clients. During these interactions the Company's representatives can give market commentaries, market views, trade ideas, and other factual information that is publicly available. However any supporting rationale will be brief and not based on substantive analysis. The Company believes that those interactions would constitute an acceptable MNB.

The primary purpose of client meetings is the development of long-term relationships. During the meeting the Company's representatives may discuss market and economic events as well as share information about trends in the market. These meetings are designed to mutual benefit and any relevant information and insight provided is incidental to the overall purpose of the meeting. No any bespoke analysis will be provided during the meeting unless previously agreed.

Business lunches are a necessity and may be useful to promote or expedite business matters and, as such, are acceptable and need not be disclosed, the Company's personnel, management, executive staff members and other persons working under contract for the Company are required to use their discretion as to what is appropriate, given the guidelines contained in this Inducement Policy.

Received non-substantive material or services consisting of short-term market commentary on the latest economic statistics or financial may be treated as minor non-monetary benefits.

Materials repeating or summarizing public news stories or public statements from corporate issuers (e.g. public quarterly results reports or other market announcements) could also be considered as information that constitutes a minor non-monetary benefit.

As the Company's business is based on the principals of quality, service and excellence, and the Company wishes to avoid any impropriety in the acceptance, receipt and/or giving of any direct or indirect fees, commissions, discounts, non-monetary benefits and/or gifts, to or from a client or a person acting on behalf of a client in relation to the provision of investment and/or ancillary services, it has established the following guidelines:

- The Company's personnel, management, executive staff members and other persons working under contract for the Company are prohibited from offering or receiving, soliciting or accepting any inducements, gifts, benefits, compensation or consideration that reasonably could be expected to compromise their own or another's independence and objectivity.
- The Company's personnel, management, executive staff members and other persons working under contract for the Company are prohibited from soliciting gifts for themselves, their family members or related parties.
- Attempts by suppliers, clients or third parties to solicit gifts during the course of their interaction with the Company's personnel, management, executive staff members and other persons working under contract for the Company, should immediately be reported to the Company's Compliance Officer.
- None of the Company's personnel, management, executive staff members and other persons working under contract for the Company may approach any client, potential client, supplier or business contact for donations/sponsorships or gifts without the prior approval of the Compliance Officer.
- Any approach made by suppliers, clients or third parties with regards to requests for donations/sponsorships or gifts, must immediately be reported to the Compliance Officer.
- All gifts sent to clients, and all sponsorship opportunities, need to be signed off by the Company's Compliance Officer and by the Company's Marketing Officer in order to ensure it is brand compliant and within budget.
- Regardless of value, the Company's personnel, management, executive staff members and other persons working under contract for the Company should ensure that no gift or series of gifts be accepted which might appear to create a conflict of interest.
- In considering whether a gift or form of entertainment is excessive or inappropriate, the Company's Compliance Officer will consider the nature of the business relationship and whether it could be regarded as an improper inducement, as the case may be, by the Company's personnel, management executive staff members and other persons working under contract for the Company, or by the recipient or donor or by any other relevant party.
- The Company's personnel, management, executive staff members and other persons working under contract for the Company shall not offer entertainment to a client, where the client is not accompanied by a Director of the Company, nor shall any of the Company's personnel,

management, executive staff members and other persons working under contract for the Company accept entertainment where they are not accompanied by the donor.

- The Company's personnel, management, executive staff members and other persons working under contract for the Company should notify the Compliance Officer in advance of any entertainment which might give the impression of influencing their judgment or behaviour in the performance of their duties to the Company and its clients.
- The Company's personnel, management, executive staff members and other persons working under contract for the Company must refuse any invitation or entertainment that could be construed to be unusual or appear to create a sense of obligation to the host or bias in their favour. This should be assessed in the context of the nature of the invitation, including cost or rarity value and any other relevant factors.

Any gift, gratuity or other benefit, for which an arms-length payment was not required, received by the Company's personnel, management, executive staff members and other persons working under contract for the Company and having a value in excess of EUR 100 must be pre-approved by the Compliance Officer, and must be disclosed in writing to the Compliance Officer within twenty-four (24) hours of receipt. The Compliance Officer will be responsible for updating the gift register, within forty eight (48) hours of receipt.

The acceptance of receipt of cash (Company notes or equivalent) is specifically prohibited.

The acceptance of discounts in excess of normal commercial practice or free memberships is prohibited.

Gifts in kind (i.e., hospitality) require prior approval by the Compliance Officer.

All gifts, gratuities or other benefits given to clients and or third parties must be pre-approved by the Compliance Officer and must be disclosed in writing to the Compliance Officer within twenty-four (24) hours after being given. The Compliance Officer will be responsible for updating the gift register, within forty-eight (48) hours after the gift, gratuity or other benefit has been given. The annual cumulative value of gifts received by any of the Company's personnel, management, executive staff members and other persons working under contract for the Company must not exceed EUR 750 for a single year.

The annual cumulative value of gifts received from a single source may not exceed EUR 500 for a single year.

8. Record-keeping

The Company records how the fees, commissions and non-monetary benefits paid or received by the Company, or that it intends to use; enhance the quality of the services provided to the relevant clients and the steps taken in order not to impair the Company's duty to act honestly, fairly and professionally in accordance with the best interests of the client. Moreover, the Company keeps an internal list of all fees, commissions and non-monetary benefits received by the Company from a third party in relation to the provision of investment or ancillary services

9. Information provided to clients

The Company's aim is to remain transparent and to deal openly and honestly with all of its clients. All fees, commissions and non-monetary benefits received and paid should be disclosed to the clients on an annual basis.

In relation to any payment or benefit received from or paid to third parties, the Company shall disclose to the client the following information:

- a) Prior to the provision of the relevant investment or ancillary service, the Company shall disclose to the client information on the payment or benefit concerned in accordance with the Law. Minor non-monetary benefits may be described in a generic way. Other non-monetary benefits received or paid by the Company in connection with the investment service provided to a client shall be priced and disclosed separately;
- b) Where the Company was unable to ascertain on an ex-ante basis the amount of any payment or benefit to be received or paid, it can disclose to the client the method of calculating that amount and it can also provide information of the exact amount of the payment or benefit received or paid on an ex-post basis; and
- c) At least once a year, as long as (on-going) inducements are received by the Company in relation to the investment services provided to the relevant clients, the Company shall inform its clients on an individual basis about the actual amount of payments or benefits received or paid. Minor non-monetary benefits may be described in a generic way.

10. Role of the BOD, Compliance Function and Employees

10.1 Inventory

The compliance function shall keep the inventory in which all payments are identified and classified and in which an evaluation is made as to whether or not they satisfy the legal requirements regarding inducements.

The Compliance Officer of the Company:

- a) keeps an internal list of fees, commissions and non-monetary benefits received by the Company from a third party in relation to the provision of investment or ancillary service that enhance the quality of the relevant service to the client,
- b) records how the fees, commissions and non-monetary benefits paid or received by the Company or that it intends to use, enhance the quality of the services provided to the relevant clients and the steps taken in order not to impair the Company's duty to act honestly, fairly and professionally in accordance with the best interests of the client,
- c) recommends to the BoD measures to prevent or mitigate any conflicts of interest arising from inducements received or paid.

10.2 Monitoring and Reporting

The Board of Directors of the Company is responsible for setting written rules and for the existence of adequate controls and appropriate procedures for the provision of investment and/or ancillary services, as well as for the supervision of the implementation of this Inducement Policy.

The directors, executive staff members and personnel of the Company are responsible for the sound implementation of this Inducement Policy. They should immediately report to the Compliance Officer any case of non-implementation or any concerns, brought to their attention or reported to them by clients, and they should act jointly with the Compliance Officer, in accordance with the pre-set remedial actions stated in this Inducement Policy.

The Compliance Officer performs an assessment at least once a year in order to ensure that the Company that is in compliance with the inducement rules under Regulatory Framework.

The Internal Auditor is exercising continuous scrutiny over the receipt or payment of any inducements in order to be in line with the Company's Inducement Policy and the Regulatory Framework.

11. Review and Amendment of the Policy

The Policy will be reviewed at least once per year and/or updated whenever necessary depending on any new issuance or/and amendment of the applicable main and secondary legislation, EU Regulations, Company's practices and internal policies. .

Updates may occur in case of (non-exhaustive):

- Changes in Legislation
- Changes in Business activities of the company or the services provided by the company
- Conflicts of interest related to payments

The existing Clients will be notified of any material changes or amendments to this Inducement Policy which may be made from time to time. The latest version of the Inducement Policy will also be available at www.fxjet.com.