HOLIWAY INVESTMENTS LIMITED

MARKETING POLICY

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MARKETING POLICY
INTRODUCTION

Holiway Investments Ltd (“B.O” or the “Company”) is a Cypriot Investment Firm incorporated and registered under the laws of the Republic of Cyprus, with registration No. HE325316. The Company is authorized and regulated by the Cyprus Securities and Exchange Commission (“CySEC”) under the license No. 248/14.

LEGAL FRAMEWORK

The regulatory framework put in place by the Commission and implemented by the Company regarding the establishment of the Marketing Policy (hereafter the “Policy”), comprises of the following legislation:

- **Law 144(1)/2007**, the Law regarding the provision of investment services, the exercise of investment activities, the operation of regulated markets and other related matters (hereafter “the Law”);
- **CI144-2012-16**, regarding information addressed to clients, including marketing communication;
- **CI144-2012-10**, regarding information addressed to clients including marketing communication;
- **CI144-2013-07**, regarding marketing communications;
- **Circular C034**, regarding maintaining merchant accounts with payment service providers for the clearing/settlement of payment transactions;
- **Circular C053**, in relation to trading in binary options;
- **Circular C065**, in relation to the granting of trading benefits to clients;
- **Circular C085**, in relation to the notification of website address – Domain name – Redirecting and informing clients;
- **Circular C217**, in relation to the use of Affiliates
- **Circular C194**. In relation to offering bonuses to retail clients
- **Circular C168**, regarding the provision of CFDs and other speculative products to investors under MiFID
- Any other Directive and Circular issued pursuant to the Law.

POLICY

The scope of this policy is to set out the procedures and guidelines regarding the information addressed to clients or potential clients, including marketing communication. This policy is designed to ensure that the marketing communication is clear, fair and not misleading as required by the legal framework. As a consequence, a number of requirements for the marketing communication addressed either by the
Company or its affiliates are set out so as to ensure compliance with the applicable legal framework listed above.

This policy does not apply in relation to the communication of information to clients classified as “Professional” or “Eligible Counterparty”.

**DEFINITION OF MARKETING COMMUNICATION**

Any form of information to clients is considered as marketing communication, depending on whether it includes an invitation or incentive for clients and/or potential clients to engage in any investment and/or ancillary services offered by the Company.

**PART A**

1. **RESPONSIBLE PERSON FOR PREPARATION**

The preparation of marketing material is internal. Ms. Lyndsay Horne is the Assistant Marketing Officer. The Marketing Department would be responsible for the marketing of the Company’s services to potential clients. Any marketing material shall be prepared taking into consideration the general principals outlined in Part A.2 below.

In particular the following procedure shall be followed in relation to the preparation of marketing material:

1. The Marketing Department sends via email through the proposed material and any proposed outsourced marketing activity details for approval to the Executive Director, including the following information:
   - Brand;
   - Type of material provided;
   - Campaign name;
   - Locations where the material will be published;
   - Time period indicating how long the material will be published;
   - will be distributed; and
   - Expected date for the material to be launched.
2. The Compliance Officer reviews the said material from compliance point of view and provides comments until this is finalized. The comments are sent back to the Marketing Department and the responsible for the preparation of the material.
3. The Marketing Department amends the material accordingly and/or the proposed outsourced marketing activity details and then sends the updated versions to the Executive Director, confirming that all requested changes have been made.
4. The Executive Director and/or the Compliance Officer, confirms that all amendments have been properly implemented. Relevant records are kept in the Company’s server along with evidence of approval of the final material.

5. The Marketing Department receives the approval and proceeds with the publication of the creative and/or the proposed outsourced marketing activity.

2. GENERAL PRINCIPALS TO BE FOLLOWED FOR MARKETING MATERIAL AND OTHER INFORMATION ADDRESSED TO CLIENTS:

This section of the policy analyses the general principals to be followed by the Company and the employees responsible for the preparation of any marketing material addressed to clients, so as to ensure compliance with the relevant legislative requirements.

The below principles are applicable to both the Company and its affiliates. General examples of adequate and insufficient practices as regards to marketing communication addressed to clients are available at APPENDIX A.

Furthermore, advertising material shall not in any manner promote sexually explicit materials, violence, discrimination based on race, sex, religion, nationality, disability, sexual orientation or age and/or any illegal activities or violate any intellectual property or other proprietary rights of any third party.

Promotional Marketing material shall be limited to services/products for which a license has been obtained by the Company from CySEC.

A. “Fair, Clear And Not Misleading”

As regards to information addressed to clients and/or potential clients, it is the Company’s major obligation that all information is fair, clear and not misleading. It is noted that any relevant fact will result in information being unclear, unfair and/or misleading. In particular, the Company shall ensure that all information addressed to, or disseminated in such a way that it is likely to be received by clients, classified as “Retail”, or potential “Retail” clients, including marketing communications, satisfied the conditions laid down in paragraphs 6(2) -6 (8) of the Directive.

The Company is not allowed to make false, misleading statements such as (i) promised returns/guarantee profits (ii) statements that mislead clients to consider that trading in Binary Options and/or CFDs or other Financial Instrument carries little or no risk (iii) references that do not reflect the real opinion of clients.

Promotions that fail to be fair, clear and not misleading can pose a risk as they could lead clients who are classified as “Retail”, to buy the wrong financial instrument. The “fair, clear and not misleading” principal implies the balance in how financial instruments and/or services are promoted, so that for clients and/or potential clients to
have an appreciation not only on the potential benefits but also of any relevant risks associated with trading.

B. RISK WARNINGS

Regarding the marketing communication, the Company shall always comply with the following:

✓ Risk Warnings are contained within their own distinct border, thus drawing the reader’s attention to them;
✓ Risk Warnings are clearly stated within the main body of the marketing communication and ahead of a small print (i.e. legal text or contract information);
✓ Risk information appears on the website home page of the Company that clients and/or potential clients first arrive at, when following a promotional link.
✓ Risk Warnings are properly included in all of the information addressed to clients, including electronic emails, affiliates landing pages etc.

C. General Conditions to be Satisfied:

The information should:

(a) include the name of the Investment Firm.
(b) be accurate and in particular shall not emphasize any potential benefits of an investment service or financial instrument without also giving a fair and prominent indication of any relevant risks.
(c) be sufficient for and presented in a way that is likely to be understood by, the average member of the group to whom it is directed, or by whom it is likely to be received.
(d) The information shall not use the name of any competent authority in such a way that would indicate or suggest endorsement or approval by that authority of the products or services of the Investment Firm.
(e) not disguise, diminish or obscure important items, statements or warnings.

In addition to the above the following conditions shall need to be satisfied:

C.1 COMPARISON

Where the information compares investment or ancillary services, financial instruments, or persons providing investment or ancillary services, the following conditions shall need to be satisfied:

(a) the comparison must be meaningful and presented in a fair and balanced way;
(b) the sources of the information used for the comparison must be specified;
(c) the key facts and assumptions used to make the comparison must be included.

C.2 PAST PERFORMANCE
Where the information contains an indication of past performance of a financial instrument, a financial index or an investment service, the following conditions shall be satisfied:

(a) that indication must not be the most prominent feature of the communication;
(b) the information must include appropriate performance information which covers the immediately preceding 5 years, or the whole period for which the financial instrument has been offered, the financial index has been established, or the investment service has been provided if less than five years, or such longer period as the firm may decide, and in every case that performance information must be based on complete 12-month periods;
(c) the reference period and the source of information must be clearly stated;
(d) the information must contain a prominent warning that the figures refer to the past and that past performance is not a reliable indicator of future results;
(e) where the indication relies on figures denominated in a currency other than that of the Member State in which the retail Client or potential retail Client is resident, the currency must be clearly stated, together with a warning that the return may increase or decrease as a result of currency fluctuations;
(f) Where the indication is based on gross performance, the effect of commissions, fees or other charges must be disclosed.

C.3 SIMULATED PAST PERFORMANCE

Where the information includes or refers to simulated past performance, it must relate to a financial instrument or a financial index, and the following conditions shall be satisfied:

(a) the simulated past performance must be based on the actual past performance of one or more financial instruments or financial indices which are the same as, or underlie, the financial instrument concerned;
(b) in respect of the actual past performance referred to in point (a) above, the conditions set out in sub-points (a) to (c), (e) and (f) of point C.2 Past Performance above must be complied with;
(c) the information must contain a prominent warning that the figures refer to simulated past performance and that past performance is not a reliable indicator of future performance.

C.4 FUTURE PERFORMANCE

Where the information contains information on future performance, the following conditions shall be satisfied:

(a) the information must not be based on or refer to simulated past performance;
(b) the information must be based on reasonable assumptions supported by objective data;
(c) where the information is based on gross performance, the effect of commissions, fees or other charges must be disclosed;
(d) the information must contain a prominent warning that such forecasts are not a reliable indicator of future performance.

C.5 TAX TREATMENT

Where the information refers to a particular tax treatment, it shall prominently state that the tax treatment depends on the individual circumstances of each Client and may be subject to change in the future.

D. CHANGES IN THE COMPANY’S LEGAL DOCUMENTS

The Company is required to provide clients with specified legal information. A retail client or potential retail client must receive the following documents:

1. The Terms and Conditions which includes the following information:
   a. Means of communication.
   b. Company name and address.
   c. The languages in which the client may communicate with the Company and receive documents and other information.
   d. Company contact details.
   e. Communication method for receiving orders.
   f. Statement that the Company is authorized and the name and contact address of CySEC.
   g. Summary description of the steps taken to ensure protection of funds the Company holds on behalf of its clients, including details about the Investor Compensation Funds.
   h. Information on costs and associated charges.
   i. A general description of the nature and risks of financial instruments taking into consideration the client’s categorization either as retail or professional client. That description must explain the nature of the specific type of instrument concerned, as well as the risks particular to that specific type of instrument in sufficient detail to enable the client to take investment decisions on an informed basis.

2. Conflicts of Interest Policy.
4. Privacy Policy.
5. Trading Conditions, available instruments, expiry dates, information of spreads and rollovers, as well as expiry rates as applicable for each product offered by the Company.
6. Details of the complaints handling process.
7. Order Execution Policy.
8. Client Classification Policy.
10. Bonus Terms and Conditions, if applicable
The Marketing Department shall ensure that at least on annual basis the following section in the Terms and Conditions are reviewed and updated accordingly:

1. Link to the Market Discipline and Pillar III Disclosures is updated;

2. List of payment service providers is updated once a new collaboration is in place or when a termination has occurred.

The Company provides its clients with the prescribed information through the website which is accessible by all website users (clients or potential clients) at specified times. In addition, retail clients are notified on the exact information location through an email upon registration.

The procedure to update legal documents/agreements is as follows:

1. The Company’s compliance function and/or Executive Director informs the Marketing Department that a change is required to be made to the Company’s legal documents.

2. The Marketing Department informs the Compliance Officer of the time-line to complete the change implementation.

3. The Marketing Department arranges the translation of the requested changes in all relevant languages.

4. The Company through a mass mailer in the format, informs clients of the changes and effective date.

5. On completion of the change translations, the Marketing Department updates of the relevant legal documents in all languages and websites.

6. On change implementation completion the Marketing Department informs the Company.

7. The Company’s Executive Director confirms the change implementation, and then for future review and monitoring, records the changes in the Company’s records both electronically and in hard copy.

3. RESPONSIBILITIES OF EXECUTIVE DIRECTOR

The Company shall have adequate systems in place to sign off the marketing communication either disseminated to clients directly by the Company or indirectly through its affiliates.

The Company’s Executive Director and the Compliance Officer are required to establish a work plan and proceed with the implementation of the necessary arrangements so as to ensure that any marketing material communicated to clients through its affiliates, is always in accordance with the CySEC legal framework. In addition, the Executive Director shall also provide his approval prior going live. The
approval of any marketing communication shall be in writing and relevant records shall be in place.

The members of the staff responsible for the preparation of any marketing material shall always provide to the Executive Director the marketing material and any information to be addressed to clients, for his approval prior going live.

**Website Approval**

Prior to launching a website, the Marketing Department must receive final written approval from the Company’s compliance function and the Company’s Executive Director.

4. **CONTINUOUS MONITORING**

The Compliance Officer shall be assigned by the Company to be responsible for the establishment of the necessary procedures relevant to the continuous monitoring of any marketing information to be addressed to clients.

The Compliance Officer shall review on a weekly basis any information, prior they go live, either through the Company or its affiliates. A relevant work plan is maintained, for Company’s records. The work plan may include information such as the following:

1. Type of marketing material (i.e. email/banner/affiliates/video)
2. Date of Preparation
3. Preparer
4. Reviewer
5. Comments
6. Approval
7. Approval Date
8. Publication (i.e. whether the publication version is consistent with the version approved)
9. Follow up date
10. Mean of publication (through Company or affiliates)

In the event where the Compliance Officer identifies any possible variations from the version which initially has been approved, it communicates it to the Company’s Executive Director for his further actions and relevant ticket is send to the Marketing Department for the correction of the said material.

**Website Monitoring**

The Company operates a number of websites which may change from time to time. The Company needs to ensure that at all times, that the communication made to clients through its websites it fair and not misleading. In this respect and at least on a quarterly basis, the Company’s Executive Directors and/or Compliance Officer reviews the
Company websites as well as the websites of the affiliates in order to ensure that the material displayed on the website is in accordance with the website approvals issued by the Company. The Company needs to perform at least four reviews for each of the Company’s websites during a calendar year and relevant records shall be kept as evidence.

5. RECORD KEEPING
In addition, the Company, Compliance Officer, shall also keep adequate records of any significant communications. Within the scope of assisting clients, these records enable the firm to deal effectively with any claims or complaints that are a result of any marketing communication made available to clients or potential clients.
PART B

1. SUPERVISION OF SALES PERSONNEL/CUSTOMER SUPPORT

The Company’s Executive Director is responsible for supervising sales, customer support and marketing activities of the Company. The calls of the aforementioned staff with the client are recorded.

2. DUTIES OF THE EXECUTIVE DIRECTOR:

✓ The Executive Director of the Company and/or the Compliance Officer, on a monthly basis, selects a random sample of the recorded calls so as to assess their compliance with the CySEC legal framework and the guidelines set out in this policy.
✓ The Executive Director and/or the Compliance Officer arranges meeting with the Sales, marketing and customer support employees on a regular basis, so as to assist them accordingly and review any marketing material/financial promotions prior going live.
✓ The Executive Director and/or the Compliance Officer shall ensure that the aforementioned employees are always aware of the CySEC legal framework regarding marketing communication and training sessions will be conducted when deemed necessary.

3. DUTIES OF THE EMPLOYEES

All the staff, whether employed directly or indirectly by the Company, will be required to follow and adopt this Policy and the guidelines set herein.

Guideline 1 – Advise to Clients

The sales and marketing staff are not allowed to provide any type of advice on trading to Company’s clients. The only person who can give investment advice is the Head of the Investment Department. Examples of some types of advice on trading include the following:

▪ Opinion of the Company or any of the employees on trading or the direction of the price of financial instruments.
▪ Provision of investment strategies.
▪ Guide client to open and/or close new positions in any financial instruments.

In general, the said employees shall be always aware of the services they are allowed to offer and which shall be always consistent with the Company’s CIF authorization.
Guideline 2 – Unauthorized Trading

- The Company’s employees or sales/marketing staff is strictly forbidden from entering the clients’ accounts and trade on their behalf.

Guideline 3 - Emphasize potential benefits/Misleading Information

- The employees shall be accurate and in particular shall not emphasize any potential benefits of an investment service or financial instrument without also giving a fair and prominent indication of any relevant risks.
- The employees shall not guarantee and/or promise clients profits and returns from their investments.
- Don’t use words such as ‘110% return’, “guarantee profits”, “riskless”, “everyone makes profits” especially when a number of years are required to achieve returns and there is always risk of losing more than the clients’ invested capital.
- It is needed to explain the impact of any leveraging products by using wording such as ‘loses may be more than the invested capital’.
- When speaking about possible returns, possible losses should also be mentioned; use wording such as ‘the investment value can both increase and decrease and the investors may loss all their invested capital’.
- Don’t use absolute terms i.e. “learn all you need to know”, “simplest”, ”easiest” etc.
- Don’t include only the benefits of a financial instrument; drawbacks could be also mentioned.
- Do not mention that the Company is EU licensed – It is licensed in Cyprus by CySEC and it is benefit from the passporting provisions to provide investment services in the Member States and third countries.

Guideline 4 – Granting of bonus

- The policy of the Company is not to offer any bonuses to its clients; However, in case where in the future, the Company decides to introduce a bonus scheme which evidently must and will comply with the existing regulations and specifically with circular No.C194, then as soon as the bonus scheme is approved by the Board of Directors, the employees shall be informed accordingly;
- The employees shall inform the client about the existence of applicable bonus terms and conditions regarding the granting of bonus and/or other types of bonus schemes/promotional offers. Thus, they shall, at all times, be aware of the bonus terms and conditions, so as to properly guide the clients and provide clarifications when deemed necessary.
- The employees must avoid the practice of offering bonuses that are designed to incentivize retail clients to trade in complex speculative products such as CFDs, binary options and rolling spot forex.
■ Employees are expected to act honestly, fairly and professionally and in the best interests of our retail clients.
■ The employees can offer to the client’s lower spreads instead of a return of an amount. The employee shall take prior approval from the Executive Director and Compliance Officer, before granting the client lower spreads.
■ The employees shall always obtain clients’ consent/acceptance of the applicable terms and conditions, either in written form or in other equivalent mean (recorded call, reply to email etc.), before the granting of a lower spread.
■ In the event of modification of the applicable “bonus terms and conditions” the personnel shall be aware so as to notify the clients in advance.

**UPDATES**

The Executive Director and/or the Compliance Officer, shall 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.
APPENDIX A

EXAMPLES OF GOOD PRACTISE
The following are considered as examples of good practice; although the list is not exhaustive:

- Important information, statements or warnings are presented using clear and bold type styles.
- The size of important information such as risk warnings is proportionate, taking into consideration the content, size and orientation of the marketing material as a whole.
- Both the benefits and drawbacks of a financial instrument and/or service are balanced through equally prominent feature statements.
- Risk warnings are contained within their own distinct border, thus drawing the clients’ and/or potential clients’ attention to them.
- Risk warnings are clearly stated within the main body of the banner/picture and/or sign/invitation for account opening and ahead of a small print.
- Risk information appears on the website(s) landing page that the clients and/or potential client first arrive at when following a promotional link.

EXAMPLES OF POOR PRACTISE

- Risk warnings are diminished through the use of small fonts sizes and unclear type styles and due to their location being outside of the main advertisement border.
- Important information, statement are covered across colored or patterned backgrounds which diminishes their visual impact.
- Important information is hidden and is only accessed through significant scrolling down and/or multiple page links.
- References which refer to indicative information and/or to fictitious and/or non-existing persons.
- Offering trading bonuses to the company’s clients.
- Use of CySEC’s and/or other regulators logos and trademarks.