



## CONFLICT OF INTEREST & PERSONAL ACCOUNT DEALING POLICY

### CONFLICTS OF INTEREST

Under FCA's Principle for Business, Principle 8 (Conflicts of interest) we are required to pay due regard to the interests of each client and to manage any conflicts of interest fairly, both between our firm and our clients and between a client and another client. The specific rules for dealing with conflicts of interest can be found under the Senior Management Systems and Controls (SYSC) rules which can be found at SYSC 10.

### PURPOSE OF THE CONFLICTS OF INTEREST POLICY

- a) To identify any potential circumstance which may give rise to conflicts of interest, and which pose a material risk of damage to clients interests;
- b) To establish appropriate mechanisms and systems to manage those conflicts; and
- c) To maintain systems in an effort to prevent actual damage to clients interests through the identified conflicts;

Senior Management fully support this initiative and are committed to ensure that all conflicts between our firm and our clients, and between clients, are managed fairly with no party disadvantaged. In addition to complying with the FCA requirements we recognise that handling conflicts fairly is a fundamental element of good business practice and is required to assist in maintaining and developing our firm's business.

### WHAT IS A CONFLICT OF INTEREST?

Conflicts of Interest appear in situations where our firm:

- a) Is likely to make a financial gain, or avoid a financial loss, at the expense of a client;
- b) Has an interest in the outcome of a service provided to a client or of a transaction carried out on behalf of a client, which is distinct from the client's interest in that outcome;
- c) Has a financial or other incentive to favor the interest of another client or group of clients over the interests of a client;
- d) Carries on the same business as a client; or

- e) Receives or will receive from a person other than a client an inducement in relation to a service provided to the client, in the form of monies, goods or services, other than the standard commission or fee for that service.

Conflicts of interest may therefore include but are not restricted to interests between:

- Our firm and our clients
- Our staff and our clients
- Two or more different clients
- Third parties and our clients
- New services / products and our clients
- Strategic changes and our clients

We have sought to identify conflicts of interest that exist in our business and have put in place measures we consider appropriate to the relevant conflict in an effort to monitor, manage and control the potential impact of those conflicts on our clients. The conflicts identified include:

## **A) CLIENT ORDERS**

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In order to ensure as fair treatment as possible for clients, our Best Execution Policy requires us to take all reasonable steps to achieve the best overall trading result for clients.

On some occasions client orders may have a material effect on the relevant securities price. In order to ensure our staff do not take advantage of the situation by dealing on their own account (Personal Account Dealing) or encourage a third party to deal, we operate a 'No front running' policy whereby client orders will always take priority. We regularly monitor business transactions in order to ensure we meet these requirements.

## **B) PERSONAL ACCOUNT DEALING**

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Our staff may buy, sell or hold the same investments as our clients. We control personal account deals by ensuring that all such deals are identified and where applicable approved by management prior to execution. All staff, irrespective of their position in the firm sign on an annual basis to confirm their understanding of our procedures.

## **C) INDUCEMENTS TO STAFF**

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Staff are not allowed to accept gifts, entertainment or any other inducement from any person which might benefit one client at the expense of others when conducting investment business.

Similarly our staff are not allowed to place undue pressure on clients to persuade them to trade through the firm to the extent that this gives rise to a conflict of interest between that client and another client.

## **D) SEGREGATION OF DUTIES**

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We strive to ensure that the performance of multiple functions by relevant persons does not and is not likely to prevent those persons from discharging any particular functions soundly, honestly and professionally. Our policies concerning the segregation of duties within the firm and the prevention of conflicts of interest are laid out below.

We are aware that effective segregation of duties is an important element in the internal controls of a firm in the prudential context. In particular, it helps to ensure that no one individual is completely free to commit the firm's assets or incur liabilities on its behalf.

Segregation also helps to ensure that the firm's senior management receives objective and accurate information on financial performance, the risks faced by the firm and the adequacy of its systems.

We ensure that, in general, no single individual has unrestricted authority to do all of the following:

1. initiate a transaction;
2. bind the firm;
3. make payments; and
4. account for it.

Where we are unable to ensure the complete segregation of duties due to a limited staff base, we have adequate compensating controls in place including the frequent review of an area by relevant senior managers. The firm ensures that its relevant persons are aware of the procedures which must be followed for the proper discharge of their responsibilities.

## **E) REMUNERATION POLICY**

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All relevant staff who are open to a conflict of interest are paid a basic salary including those who hold key support areas such as compliance, finance and operations. This salary is not dependent on business performance. A bonus structure does exist which is linked to business performance, team performance or the individuals performance. This is at the discretion of the senior management and notified only on payment. In addition, we have implemented monitoring which includes reviewing of advice given to clients, the frequency of transactions and portfolio performance.

## **F) DISCLOSURE**

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As a last resort, where there is no other means of managing the conflict or where the measures in place do not, in our opinion sufficiently protect the interests of the client, we will disclose clearly the conflict of interest to the client to enable an informed decision to be made by them as to whether they wish to continue doing business with us at that particular time.

## **G) DECLINING TO ACT**

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Where we consider we are not able to manage the conflict of interest in any other way we may decline to act for the client.

## **SAFEGUARDED BENEFIT TRANSFERS**

As holders of the CII Pension Transfer Gold Standard this requires us to create and maintain a Conflicts of Interest statement which identifies all the conflicts of interest to which the firm and its advisers may be exposed specifically in respect of advising on Safeguarded Benefit transfers, and sets out how these conflicts are mitigated and/ or remedied.

## **OUR COMMITMENT**

We will take all appropriate steps to identify all conflicts of interest which our firm / advisers may be exposed to when advising on Safeguarded Benefit transfers and set out how these conflicts are to be mitigated and/or remedied.

## H) MANAGING & DISCLOSING CONFLICTS

The measures for dealing with conflicts are designed to ensure that relevant persons engaged in different business activities involving a conflict of interest carry on those activities at a level of independence, appropriate to the size and activities of the firm and of any group to which it belongs and to the materiality of the risk of damage to the interests of clients.

Examples of procedures for managing conflicts include:

- Effective 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;
- 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 the firm;
- We also manage conflicts of interest by the establishment and maintenance of internal arrangements restricting the movement of information within the firm. This requires information held by a person in the course of carrying on one part of our business to be withheld from, or not to be used by, persons with or for whom we act in the course of carrying on another part of our business. Such an arrangement is referred to as a 'Chinese Wall' and can include hierarchical separation and physical barriers between the activities likely to involve conflicts of interest, thereby aiming to prevent any undue transmission of information.
- Having all cases involving the transfer / potential transfer of safeguarded benefits reviewed by an individual who is not involved in the relevant transaction. Any advice to retain or transfer your Defined Benefit Pension is pre-approved by one of our Pension Transfer Specialists to ensure any recommended solution is in our clients best interest.
- There are no remuneration arrangements or financial incentives that are based on the number of cases involving the transfer / potential transfer of safeguarded benefits
- Our charging structure is clear and transparent and all costs involved for advice on Safeguarded benefits is disclosed to clients prior to any meeting with a client and before any advice process starts.
- Where, despite the above procedures we identify a conflict of interest which may present risks of damage to the interests of a client, we will clearly disclose to the general nature and/or sources of the potential conflicts to the client before undertaking business with the client.

This disclosure will take place as follows:

- Our internal compliance department will be advised of the potential conflict of interest in writing;
- We will advise our client in writing, of the potential conflict of interest and ask them to provide their written consent to proceed;
- The client's written consent along with the request will be passed to our compliance department which can then provide approval to proceed as appropriate;
- Copies of both letters, together with the written authorisation to proceed will be retained on our records.

## **I) REVIEW OF CONFLICTS OF INTEREST STATEMENT**

To ensure that this statement remains correct, we will review this on at least an annual basis. Any necessary changes will be made within 7 working days of any review.

## **J) PERSONAL ACCOUNT DEALING**

It is an offence to profit from a financial transaction, either directly or indirectly, based on confidential information that someone is party to. This is often referred to as 'insider dealing' and is covered by the Market Abuse Directive. Whilst we may not deal in investments directly there may be occasions through the course of our business where a staff member may become party to confidential information.

Where this is the case, nobody within our firm (or outsourced partners) will:

1. Enter into a personal transaction which meets at least one of the following criteria:
  - a) that person is prohibited from entering into it under the Market Abuse Directive;
  - b) It involves the misuse or improper disclosure of that confidential information;
  - c) It conflicts or is likely to conflict with an obligation of our firm to a client under the regulatory system.
2. Advising or procuring, other than in the proper course of employment or contract for services, any other person to enter into a transaction in designated investments which, if a personal transaction of the relevant person, would be covered by (1);
3. Disclosing, other than in the normal course of employment or contract for services, any information or opinion to any other person if the relevant person knows, or reasonably ought to know, that as a result of that disclosure that other person will or would be likely to take either of the following steps:
  - a) To enter into a transaction in designated investments which, if a personal transaction of the relevant person, would be covered by (1);
  - b) To advise or procure another person to enter into such a transaction.

## **K) PERSONAL ACCOUNT DEALING PROCESS**

The following procedures have been implemented to assist in reducing the risks associated in this area:

1. We will ensure that all staff are aware of our personal account dealing procedures and of any restrictions. Typically this is done by asking staff to sign an annual staff declaration.
2. We will ensure that any outsourcer our firm uses that carries on activities that might give rise to a conflict of interest e.g. discretionary portfolio manager has appropriate policies in place in relation to personal account dealing. Confirmation of this will be obtained in writing.
3. Any business conducted by a member of staff, on their own account, will be recorded on a personal account dealing register.