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# Conflicts of Interest Policy

## Introduction

In accordance with Principle 8 of the FCA' Principles for Business and SYSC 10 of the FCA Handbook, Sucden Financial Limited ("SFL") must identify and manage conflicts of interest between SFL (including our managers, staff and agents) and one of our clients and or between one of our clients and another. This Policy sets out the measures that SFL has put in place and the requirements it has placed on its staff to achieve this.

## Scope

This Policy applies to all SFL staff with respect to all business activities.

## Overview

Conflicts of interest can arise between:

- The interests of SFL and those of our clients;
- The interests of employees and agents of SFL and our clients; and
- The interests of our one of our clients and another.

Our senior management has set a clear framework for identification and management of conflicts of interest. Our Compliance department support senior management in identifying; preventing or managing; and monitoring of conflicts of interest, both actual or potential.

This Policy demonstrates SFL's commitment to the identification and professional management of potential conflicts of interest.

### **SFL has developed processes and procedures and in accordance with FCA rules to:**

1. Take all appropriate steps to identify conflicts of interest;
2. Keep and regularly update a record of any conflicts of interest that have been identified;
3. Take all reasonable steps to prevent such conflicts of interest from constituting a material risk of adversely affecting the interests of its clients; and
4. As a last resort, disclose any conflicts that cannot be managed effectively.

## Identification of Conflicts

As a provider of wholesale brokerage services SFL is exposed to a number of potential inherent conflicts of interest. In summary the following potential conflicts of interest exist that could theoretically exist and potentially, but not necessarily, be detrimental to the interests of SFL clients:

- SFL, or a parent group company, may have an interest in a financial instrument that is contrary to a client's, particularly if operating in a dual-capacity;
- SFL may have an interest in maximising trading volumes in order to increase commission revenue, which opposes the client's objective to minimise transaction costs;
- SFL may have an interest that is contrary to a trade idea or research report that it transmits to a client;
- SFL may be handling multiple client orders in the same product concurrently;
- SFL will be in possession of client trading information and other potentially sensitive information;
- SFL directors/employees might have interests in businesses outside of SFL;
- Employees may be related or otherwise connected to individuals at other counterparties or clients;

- SFL's bonus scheme may reward its employees based on commercial factors including trading volume; and

These are general potential conflicts and will be managed in accordance with this Policy. Additional specific conflicts will also be recorded on the Conflicts of Interest Register.

### Requirements for Employees

Employees are required to report potential conflicts of interest in writing to SFL's Compliance department as soon as practicable. To identify the potential conflicts of interest that require reporting, employees should take into account whether SFL, or a SFL employee:

- is likely to make a profit or avoid a loss at the expense of meeting obligations to the client;
- is aware of any situation where the interest of one client may conflict with those of another;
- has an incentive, financial or otherwise, to favour the interest of one client or group of clients over another; or
- could be in a position where the ability to act in a client's best interests is potentially affected by any other matter.

### Recording Conflicts

SFL maintains a register of all the potential conflicts of interests that have been identified. The information in the register facilitates the management of specific conflicts, with controls also recorded alongside the conflicts.

### Managing Conflicts

When conflicts of interest arise, we will take appropriate steps manage them fairly and effectively.

We will consider a number of factors in identifying appropriate measures to manage conflicts of interest. These include:

- effective procedures to prevent or control the exchange of information, which should include document classification, security and computer protections and/or confidentiality agreements;
- separate supervision of relevant persons;
- measures to prevent or limit any person from exercising inappropriate influence;
- measures to prevent or control the simultaneous or sequential involvement of a relevant person in separate services or activities;
- effective measures to prevent the misuse of information, which include monitoring of orders & transactions and communications monitoring; and
- policies and controls on execution and order management.

A more detailed summary of our key general control measures is set out below.

### Management of Information Flows

Information barriers are in place to prevent the sharing of sensitive and confidential information within SFL and between SFL and other companies within the Sucden Group. Controls include physical separation of departments, and appropriate system access restrictions and IT controls.

Ensuring that information, particularly sensitive or confidential information is not inappropriately or needlessly shared is a key control in the prevention of conflicts of interest. The abuse of confidentiality in terms of unauthorised disclosure or misuse is therefore absolutely prohibited and all members of staff are expected to take all appropriate measures to avoid the accidental disclosure of such information and operate on a 'need to know' principle.

## **Separation of Function**

Separation of function within SFL is achieved through clearly segregated management structures and this is in place to ensure decisions belonging to one area of the business are made with independence. This prevents individuals from bias which could affect the proper management of conflicts of interest.

## **Order Handling**

All client orders are required to be handled in accordance with SFL's Policy on Fair Allocation and Aggregation, this is to ensure that clients receive as fair treatment as possible. To achieve the best overall trading result for SFL's clients, staff are to carry out comparable client orders sequentially and promptly whilst exercising consistent standards across all trading venues and asset classes.

SFL's Order Execution Policy is designed to ensure that it acts in the client's best interest when executing orders. This applies regardless of any potential conflicts of interest and mitigates the risk of SFL acting in favour of itself or a particular client over another client.

Sharing of client order information for any purpose other than executing the order is prohibited under SFL Policy.

## **Trading for Group Companies**

Other companies within the Sucden group may hold accounts at Sucden. Such accounts will be treated the same as any other client account with respect to the priority and execution of orders and management of information flows.

## **Personal Account Dealing**

SFL has policies and procedures to monitor employees' personal account dealing and in certain circumstances restrict dealing where employees' interests may conflict with the obligations to clients.

All staff are required to comply with the SFL Personal Account Dealing Policy.

## **Outside Business Interests**

SFL staff must declare all outside business interests as set out in the Outside Business Interest Section of the SFL Compliance Manual. Any activity or employment which may give rise to a conflict of interest with SFL and those of its clients will be reviewed and measures to address the conflict will be implemented. The business interests of relatives and close friends may create a conflict and need to be disclosed if they could reasonably be thought to do so.

## **Gifts and Entertainment**

Employees must not offer or accept any gifts or entertainment which may create a conflict with the interests of SFL or its clients. SFL has a Gifts and Entertainment Policy to ensure compliance with the FCA rules on conflicts of interest and inducements. The Policy places a limit on the value of permissible gifts and corporate hospitality and requires all gifts and entertainment to be logged.

All staff are required to comply with the Gifts and Entertainment Policy.

## **Remuneration**

SFL recognises that the remuneration of front office employees based solely on performance may create a conflict of interest between its employees and the clients that they service. In mitigation of this potential conflict, The Remuneration Committee was established to provide oversight of this structure and SFL's Remuneration Policy requires any variable remuneration to be consistent with sound and effective risk management. Employee

appraisals must take into account Conduct and Compliance related considerations, which includes adherence to this Policy.

### **Disclosure of Conflicts**

If the measures in place are not sufficient to avoid or manage a conflict of interest relating to a client, SFL will, as a last resort, disclose the conflict of interest to the client. Any such disclosure will:

- provide information on the nature of the conflict and the measures taken to mitigate the risks;
- be made in a durable medium (e.g. letter or email);
- clearly state that SFL does not consider the steps taken to manage the conflict are sufficient to suitably address the risk of client detriment;
- explain clearly the nature of the risk to the client; and
- includes sufficient information for the client to take an informed decision in relation to the services provided.

### **Declining to Act**

Where SFL considers it is not able to manage a conflict of interest in any other way and disclosure of the conflict is not deemed sufficient it may decline to act for a client. SFL will explain its rationale to the client.

### **Review**

This Policy is reviewed on a regular basis and at least once a year. The directors are provided regular reports on the Compliance monitoring at the Audit and Compliance Committee.