

BROADSECURITIES

Conflict of Interest Policy

Broad Securities LLP

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1. Introduction

It is important to identify and effectively manage conflicts of interest which arise or may arise in the course of providing a service and carrying out regulated activities, as their existence may lead to material risk of damage to a client's interests. This document sets out Broad Securities LLP ('BSL')'s policy for the management of such conflicts of interest.

The Financial Conduct Authority ('FCA') sets out obligations in SYSC 10, COBS 12 and Principle 8 to which this document is prepared.

This document does not intend to create third party rights or duties or form part of any contractual agreement between the firm and any client. This policy may be amended and updated at any time if any material change occurs and will be reviewed on at least an annual basis.

Whilst the FCA rules are important to be adhered to by all of BSL's staff, they are non-exhaustive, and certain other additional rules may apply to readers who are members of professional associations, or by virtue of their job role. Failure to follow any of the rules whether by express breach, or failure to follow any of the spirit of identifying, mitigating and managing conflicts of interest may also be a breach of an employment contract. Disciplinary action may be taken by BSL or in serious cases by the FCA, or the Department for Business, Innovation, and Skills.

If at any time you are in doubt as to how to act in a given situation where you are faced with an actual or potential conflict of interest, you should contact the Compliance Officer, currently Federico Demicheli.

2. Background

BSL is a limited liability partnership which is authorised and regulated by the FCA to provide brokerage services on a matched principal basis. The firm provides dealing and execution services to its clients which are Professional Clients and Eligible Counterparties.

These services could potentially give rise to conflicts of interest entailing a material risk of damage to the interests of one or more clients. This document aims to set out these potential conflicts and the procedures in that are in place to be followed and measures to be adopted in order to manage such conflicts.

Conflicts of interest may occur between a customer and BSL, including its partners, employees or any persons directly or indirectly linked to the firm, or between two or more clients.

Treating Customers Fairly is central to the core values of BSL. There is an embedded culture that understands what is acceptable and unacceptable behaviour. As such, conflicts of interest and the identification, management and mitigation thereof are central to this philosophy and culture.

3. Conflicts of Interest

Definition

An actual or potential conflict may arise when, in the exercise of its activities and services, the interests of:

- BSL (including its partners, employees and appointed representatives or any person directly or indirectly linked to them by the control) or
- its associates

and the interest of its clients, are directly or indirectly in competition, and which could significantly prejudice the client's interests.

Identifying situations where a conflict may arise

The circumstances giving rise to conflicts of interest includes all cases where there is a conflict between the:

- interests of BSL, an individual member of staff, certain persons directly or indirectly connected to BSL and the duty that BSL owes to a client; and
- differing interests of two or more clients, as BSL owes a separate duty to each of them.

Conflicts of interests could prejudice a client in various ways, whether or not BSL suffers any financial loss and independently of whether the actions or the motivations of the employees involved are intentional. For the purposes of identifying the types of conflicts of interest that arise, or may arise, BSL must take into account, as a minimum whether the firm, a relevant person (e.g. a partner, employee or an appointed representative or a director, partner or employee of an appointed representative or a person who is directly involved in the provision of services to the firm or its appointed representative under an outsourcing agreements) or a person directly or indirectly linked by control to the firm:

- is likely to make a financial gain, or avoid a financial loss, at the expense of the client;
- has an interest in the outcome of the service to, or a transaction carried out for, a client which differs from the client's interest;
- has a financial or other incentive to favour one client (or group of clients) over the interests of another;
- carries on the same or similar business as the client; and/or
- receives an inducement from a third party in the execution of the service provided to the client, other than the standard commission/fee for that service.

BSL has identified the following general types of potential conflicts of interest. Conflicts of interest may arise because:

- the firm or an associate undertakes designated investment business for other clients including its associates (and the clients of its associates);
- a partner or employee of the firm, or of an associate, is a director of, holds or deals in securities of, or is otherwise interested in any company whose securities are dealt in on behalf of a client;
- a partner or employee of the firm, or of an associate, is involved in the management of any company whose securities are dealt in on behalf of a client;
- a transaction is effected in a security linked to a company of which the firm or an associate is the manager, operator or adviser;
- a transaction is effected in securities in respect of which the firm or an associate, or a partner or employee of the firm or an associate, is contemporaneously trading or has traded on its/their own account or has either a long or short position.

Prevention and management

BSL has identified specific potential conflicts of interests which may arise in relation to its activities. The general nature and or source of these conflicts will be disclosed to clients before undertaking business in sufficient detail to enable the client to make an informed decision about the service in the context in which the conflict has arisen. For each potential situation, BSL has analysed whether or not the risk is actual or potential for one or more of its clients.

It is not always possible to prevent actual conflicts of interest from arising. In that case BSL will try to manage the conflicts of interests by e.g. declining to take on a new client, segregation of duties, implementing or establishing a Chinese wall.

Inducements including gifts and hospitality

BSL maintains business relationships with third parties who may remunerate BSL in the form of brokerage fees and commissions which can constitute monetary or non-monetary benefits thereby impairing BSL's fiduciary duties to the client. The FCA Rules classify these as inducements. Further details are included in the Compliance Manual.

Gifts and hospitality could lead to potential conflicts of interest. No employee may accept from, or give to, any person any gift or other benefit that cannot properly be regarded as justifiable in all circumstances. Policies and procedures have been implemented to ensure that staff and their connected persons do not offer or accept gifts or inducements which may give the perception that decisions or actions are not impartial. These include gifts below £300 or hospitality below £300 per person which must be notified to the Compliance Officer and where the amount is above these levels written approval from the Compliance Officer should be obtained. These policies are set out in the Compliance Manual. All employees must act with the highest standards of integrity to avoid any allegations of conflicts of interest.

A record is kept by the Compliance Officer of any gifts or hospitality received or given.

Where an invitation to a hospitality event could be construed as being a business inducement, it must be declined and the Compliance Officer informed.

Personal account dealing

Employees may only undertake personal investment activities that do not breach applicable law or regulation, do not unduly distract from their employment responsibilities and do not create an unacceptable risk to the company's reputation. Transactions should also be free from business and ethical conflicts of interest. Employees must never misuse proprietary or client confidential information in their personal dealings and must ensure that clients are never disadvantaged as a result of their dealings.

BSL's Personal Account Dealing Policy has been established to ensure that personal account dealing by members of staff comply with this policy. This includes a requirement for pre-deal approval from the Compliance Officer.

BSL's Personal Account Dealing policy is set out in the Compliance Manual.

Outside employment and business interests

No employee may engage in any additional occupation without the consent of the Company. In certain circumstances, consent may be withheld.

Employees must not accept personal fiduciary appointments (such as trusteeships or executorships other than those resulting from family relationships) without first obtaining written approval from the CEO.

Disclosure

In certain cases, BSL may disclose the general nature and/or source of potential or actual conflict to the client in writing before undertaking business on its behalf so that the client can decide whether or not to accept these potential conflicts.

If it is not possible to avoid or manage a conflict of interest, BSL may have no choice but to decline to provide the service requested.

Record Keeping

Under SYSC 10.1.6 BSL must keep and regularly update a written record of the kinds of investment or ancillary services or activities 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 ongoing service or activity, may arise. These records will be for a minimum of six years from the date of creation and are maintained on an ongoing basis by the Compliance Officer.

Segregation of Duties

There are several distinct tasks within the brokerage business operated by BSL that could lead to potential conflicts of interest that are mitigated by them being segregated from the individuals directly involved in the task.

Remuneration and oversight

The management oversight and determination of appropriate remuneration of members of staff is conducted by BSL's senior management. Remuneration for sales trading staff is based on the overall results of the firm and is not based on the success of any transaction. Remuneration for sales trading staff is partly based on business production.

Staff are subject to appropriate management and supervision to ensure that BSL is able to demonstrate that it has appropriate and effective arrangements in place to ensure that conflicts of interest are properly managed.

Information Barriers

BSL maintains appropriate policies in its Information Security and Data Protection Policy and Compliance Manual detailing Insider Lists and Information Barriers often known as Chinese Walls (where required) so as to limit or withhold the use of information that is price-sensitive, confidential, and could give rise to market abuse, restrictions on dealing, conflicts of interest, or any other improper or unethical activities.

BSL also maintains and periodically updates the Restricted Lists of financial instruments that are prohibited or restricted from investment as a result of a conflict of interest or inside information. The Compliance Officer monitors along with the relevant business line managers the effectiveness of these Information Barriers (where it has been deemed necessary to put such in place). In some circumstances staff may be taken “across the wall.” Where this happens the Compliance Officer must be notified and a record made thereof, along with updating of the Restricted List.

4. Reporting

Conflicts of Interest situations or potential conflicts situations should be reported to the Compliance Officer immediately.