



## Summary of MBCL Conflicts of Interest Policy

### Overview

In accordance with FCA rules, we have put in place a policy to identify and to eliminate or manage conflicts of interests between us and our clients; between employees, agents or any other entity linked to us by control and our clients and between the interests of our different clients.

In the event that we are not fully confident that the arrangements put in place to prevent a conflict of interest adversely affecting the interest of a client will be effective we will disclose this to our clients clearly, including a description of the conflict(s) and the steps we are taking to mitigate the associated risks. The disclosure will also be published on our website. Disclosure of this type is considered a last resort once all other possible measures to prevent or manage the conflict have been considered.

Conflicts of interest can arise between:

- The interests of MBCL and those of its clients;
- The interests of different clients; and
- The interests of employees and agents of MBCL and its clients.

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.

### Identifying Conflicts of Interest

When evaluating a specific activity or arrangement, we consider the following important factors to identify whether a potential conflict of interest may exist.

Whether we, our employees or any agents of the firm:

- are likely to make a financial gain, or avoid a financial loss, at the expense of the client;
- have an interest in the outcome of a service provided to the client (or of a transaction carried out on behalf of the client) which is distinct from the client's interest in that outcome;
- have a financial or other incentive to favour the interest of another client (or group of clients) over the interests of the client;
- carries on the same business as the client; or
- receive an inducement in relation to a service provided to the client, in the form of monetary benefit or non-monetary benefit (goods or services) other than the standard commission fee for that service.

Conflicts faced by MBCL, its employees and related entities are recorded on our internal Conflicts of Interest register.

Our staff are trained and reminded to be mindful of potential personal conflicts of interest, for example:

- Gifts and entertainment.
- Personal account dealing.
- Outside business interests.

We have specific policies in place to address the above risks.

### **Preventing and Managing Conflicts of Interest**

When conflicts of interest arise, we will endeavour to manage them fairly and effectively. Controls put in place will be documented on the Conflicts of Interest register.

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;
- effective measures to prevent the misuse of information, which include monitoring of orders and transactions, communications monitoring, policies on execution and order management;
- separate supervision of relevant persons;
- removal of direct remuneration links;
- 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; and
- Appropriate management information provided to supervisors.

### **Separation of function**

Separation of functions is achieved through proper management structures. These structures ensure that decisions in a particular operational area are taken as matters of independent judgement without knowledge of, or regard to, the wishes, intentions, interests or the confidential information in the possession of any competing or conflicting operational areas. These structures can be reinforced by Chinese Walls when appropriate.

Our Senior Management are required, when considering any additional business functions or a re-organisation of existing functions and reporting lines to consider and document the impact from a conflict of interest perspective. In particular, they will identify how the changes address the need to maintain an appropriate separation of operational functions and management responsibility in order to facilitate the elimination or management of conflicts of interest.

### **Management of Information Flows**

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.

## **Restrictions on Receiving Gifts and Entertainment**

Where gifts and/or entertainment are offered to our staff by brokers/trading venues/vendors/other parties they can create a conflict of interest. We have a specific policy covering giving and receiving gifts and entertainment that must be adhered to.

## **Restrictions on Personal Activity**

Activity in a staff member's private life can create a conflict or potential conflict. In particular, personal account dealing and outside business interests must be carefully considered and where, necessary controlled. To this end, staff members are required to comply with the PA Dealing Policy and to declare all outside business interests.

## **Restrictions on Inducements and Payment for Order Flow**

Brokers/trading venues/other parties may offer monetary or non-monetary (e.g. 'free' investment research) inducements to MBCL in order to encourage us to direct business towards them creating a conflict of interest if doing so would not be in the clients best interest. All such offers will be considered very carefully in light of the potential conflicts they pose. MBCL does not accept payment for order flow from brokers.

MBCL does not receive any monetary inducements relating directly to the investment services provided to specific clients. MBCL does occasionally receive limited hospitality from industry participants in accordance with our Gifts and Entertainment policy. We do not consider this creates a conflict with the interests of our clients.

MBCL does receive certain minor non-monetary benefits, for example market briefings and notes, which is typically unsolicited and which present no material conflict of interest with those of our clients given the minimal value we attach to these products or services.

## **Disclosure of Conflicts of Interest**

If we are not confident that the measures it has put in place are sufficient to effectively eliminate or manage a conflict so that the risk of damage to a client's interests has been addressed our clients will be informed.

The client will be informed:

- of the general nature and/or sources of the relevant conflict of interest and the steps MBCL has taken to mitigate those risks;
- in a durable medium; and
- in a manner that the client is able to understand and will enable them to take an informed decision with respect to the service being provided in the context of the conflict of interest.

Our approach to disclosing these conflicts to clients will be to publish them on this website and to send an email to all potentially affected clients.

## **Conflicts from Outsourcing, Agents and Introducing Brokers**

### **Outsourced Activities**

As is common practice for many firms, we may utilise external parties for the provision of services. Any such arrangement or outsourcing agreement will only be entered into if and when a comprehensive assessment of potential conflicts of interest has been conducted and the appropriate approval has been granted recording how the conflicts have been prevented or managed. We have a specific Outsourcing Policy that addresses this issue.

### **Agents and Introducing Brokers**

In the course of its business, we may retain the services of an agent or introducing broker to assist in finding and retaining potential customers. We have specific procedures that must be followed in entering into agency or introducing broker agreements. These procedures require an assessment of potential conflicts is carried out and the controls that are in place to eliminate or manage any identified conflicts are recorded.

### **Conflicts Monitoring**

Our Compliance function conducts monitoring on the effectiveness of controls relating to the prevention and management of conflicts on a risk based approach. This monitoring takes two forms:

- Monitoring of adherence to specific policies such as the Gifts and Entertainment Policy, the PA Dealing Policy, the Client Order Execution Policy, the New Product Approval Process; and
- Risk based reviews of local conflicts controls based on the materiality of conflict.

In addition, on a periodic basis and at least annually Compliance will review the use of disclosures, to ensure they are being used as a last resort only where other control measures have been implemented but are not able to provide confidence to our senior management that the risk of client detriment is fully managed.

### **Related Policies**

We have a number of internal policies to address conflicts of interest including:

- Conflicts of Interest Policy and Register
- Personal account dealing Policy
- Gifts and Entertainment Policy
- MBCL Business Conduct and Ethics Policy

In addition, other policies and processes aim to identify and/or address certain identified conflicts of interest or potential conflicts of interest.

- New Product Approval Process
- Client Order Execution Policy
- Guidelines for Managing Potential Conflicts with Mitsui & Co and Other Group Companies

## **Record Keeping**

We keep records of activity 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 for 5 years.

This is achieved through the maintenance of the Conflicts of Interest Register and our Compliance breaches register for recording any instance where the controls put in place to eliminate or manage a particular conflict have been identified as having not been effective.

Effective Date: **25<sup>th</sup> September 2018**