

Conflicts of Interest Policy

1. Introduction & Purpose

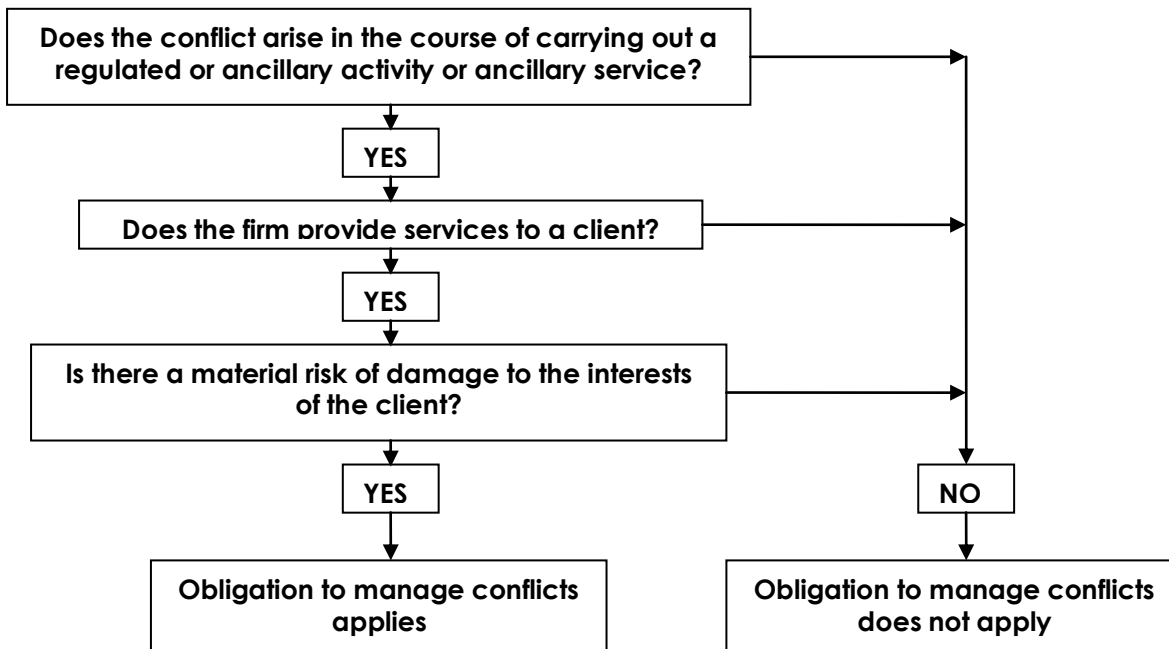
Under SYSC 10.1.10 RIA Capital Markets Ltd (“Ria”) is required to establish, implement and maintain an effective conflicts of interest policy. This document is Ria’s conflicts of interest policy.

The purpose of this policy is to identify with reference to our business, the circumstances which constitute or may give rise to a conflict of interest entailing a material risk of damage to the interests of one or more of our clients. In accordance with SYSC 10.1.11 Ria sets out the procedures to be followed and the measures adopted so that Ria can manage these conflicts.

Individuals engaged in business activities involving a potential or actual conflict of interest, listed below, must be able to carry out their activities at a level of independence appropriate to the activities of Ria and the materiality of the risk of damage to the interests of the Ria’s client.

Where conflicts arise and they are not covered by existing procedures, they must immediately be declared to Directors and Compliance Officer and appropriate procedures will be implemented.

The obligation to manage a conflict of interest only arises under certain conditions. The process for determining this obligation is set out below:



2. Areas of potential conflicts of interest

- a) Between the firm and a client;
Where the actions of the firm (or an individual connected to the firm) will disadvantage the client, to the firm's (or an individual connected to the firm) gain or to avoid a loss. In the case of Ria this is limited, as Ria is not permitted to hold positions and does not deal on its own account.
- b) Between clients of the firm;
Where the firm (or an individual connected to the firm) has a financial interest in favouring one client (or group of clients) over another client (or group of clients).
- c) Between clients and a third party;
If a third party provides an inducement to the firm in relation to the client trade.

An individual connected to the firm in this instance is a controlling shareholder, manager, employee or appointed representative.

3. Areas of actual conflicts of interest

a) **Aggregating client orders and fair allocation post trade**

Conflict - This will only cause a conflict if two distinct clients are involved in the same trade and are both facing the same way (i.e Selling).

Procedure –

If Ria cannot fill the whole of the requirement for the trade, Ria must allocate the trade on a pro-rata basis in accordance with its order allocation policy.

b) **Dealing Errors and Omissions**

Conflict - Where a customer order is executed incorrectly or the execution is wrongly reported to the customer resulting in a substantial loss or profit.

Procedure – Ria's dealing / sales staff should bring the error or omission to the attention of the Compliance Officer who will decide, after discussion with the Chief Executive, on the course of action to ensure the customer receives the transaction execution on the original terms. Any customer loss will be made good by Ria. Any market loss will be covered by Ria and any profit gained after the customer is fully reimbursed will be taken into the firm's profit and loss account.

c) **Personal account dealing**

Conflict - Personal dealing by staff will cause a conflict when it is in the same or related instrument as a client or a client is dealing in an instrument from the same issuer.



Procedure - To avoid conflicts in this area all Ria staff must sign the Personal Account Transactions Undertaking within a week of employment. This is their agreement to comply with Ria's Personal Account Dealing Rules. All Personal dealing must be signed off by a member of the Credit Committee PRIOR to the member of staff dealing.

d) Providing inducements to clients

Conflict - Any activities which involve the providing of goods or services to clients that are not related to investment dealing or investment research can be considered an inducement.

Procedure - Ria controls the amount of inducements given to a client through its policy on entertainment and gifts. Entertainment and gifts over a specified financial limit requires pre-approval from the Compliance Officer or a Director.

e) Receiving inducements from market makers or clients

Conflict - If the value of goods or services provided by a market maker or client that are not related to investment dealing exceed the financial limit

Procedure - Prior-approval must be obtained from the Compliance Officer or a director of Ria and it must be recorded.

f) Providing investment research to clients

Conflict - Investment analysis must not be deliberately undertaken to produce a view which is biased by the position a client has in an instrument and with the intention to churn the clients portfolio.

Procedure - This is controlled by a peer review process before investment analysis is issued to clients as per the investment research process in the Business Procedures Manual. Investment analysts remuneration is not linked to sales commissions directly related to their opinions.

Investment analysts are not prohibited from engaging in sales and trading activities. Ria has internal controls and monitoring of the activities of staff to prevent conflicts occurring.

Investment analysts must not undertake personal transactions in securities to which the research relates unless there are exceptional circumstances and prior written approval has been received.

4. Conflicts of interest awareness and culture

In addition to the above specific measures taken to prevent or detect conflicts of interest, the Ria Board fully support the development of a culture of conflict prevention and management at all levels of the organisation. This includes the following measures:

- Inclusion of conflicts of interest training as part of Ria's induction and ongoing staff training and development.



- Expanding the responsibility of the Compliance Officer to encompass development and regular monitoring of controls to identify and manage conflicts of interests.
- Annual review by Board of conflicts of interest drivers and matters arising
- Annual review and update of the Conflicts of Interests Policy to ensure that all new potential conflicts are being addressed.
- Inclusion of conflicts of interest procedures within the audit scope at Ria
- Regular signed declaration by staff confirming their observance of Ria's compliance rules including those on conflicts of interests

5. Disclosure

Where we are unable to implement policy measures which are sufficient to prevent risk of damage to client interests, we will disclose in writing, the general nature and/or source of the conflict to the client before undertaking business on its behalf.

6. Conflicts of Interest record keeping

In addition, we will 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 maintained on an ongoing basis by Ria's Compliance Officer.

