

Conflicts of Interest Policy

RIA Capital Markets Ltd (“RIA”)

1. Introduction and Background

It is important to identify and effectively prevent or 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 policy document sets out RIA’s approach to the identification of such conflicts of interest and their prevention or management.

The firm will also maintain a Conflicts of Interest Register regarding the kinds of investment or services carried out on behalf of the firm in which a conflict of interest entailing a risk of damage to the interest of one or more clients has arisen or, in the case of an ongoing service or activity, may arise.

RIA is a limited company which is authorised and regulated by the FCA to undertake brokerage activities on both an agency and principal basis.

This policy and the register will be amended and updated at any time if any material change occurs and will be reviewed on at least an annual basis.

2. FCA Rules

The Financial Conduct Authority (“FCA”) sets out obligations in SYSC 10 and Principle 8 to which this document is prepared.

Whilst the FCA rules are important to be adhered to by all of RIA’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 RIA, or in serious cases by the FCA, or the Department for Business, Innovation, and Skills.

3. Conflicts of Interest

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

Conflicts of interest may occur between a customer and RIA, including its directors, 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 RIA. There is an embedded culture that understands what acceptable and unacceptable behaviour is. As such, conflicts of interest and the identification / management / mitigation thereof are central to this philosophy and culture.

4. Identifying situations where a conflict may arise

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

- Interests of RIA, an individual member of staff, certain persons directly or indirectly connected to RIA; and the duty that RIA owes to a client; or
- Differing interests of two or more clients, as RIA owes a separate duty to each of them; or
- Differing interests between a client of the firm and any third party.

Conflicts of interest could prejudice a client in various ways, whether or not RIA 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, RIA must take into account, as a minimum whether the firm, a relevant person (e.g. a director, 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 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; 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, in the form of monetary or non-monetary benefits or services.

Conflicts

RIA has identified the following circumstances in which general types of potential conflicts of interest may arise:

- The firm or an associate undertakes designated investment business for other clients including its associates (and the clients of its associates);
- A director or employee of the firm, or of an associate, is a director or partner of, holds or deals in securities of, or is otherwise interested in any company whose securities are held or dealt in on behalf of a client;
- A director or employee of the firm, or of an associate, is involved in the management of any company whose securities are held or dealt in on behalf of a client;
- A transaction is effected in units or shares of a fund or 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, director 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;
- The firm may, when acting as agent for a client, match an order of the client with an order of another client for whom it is acting as agent.

5. Prevention and Management

RIA 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, RIA 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 RIA will try to manage the conflicts of interests by segregating duties or establishing Information Barriers. In certain circumstances, RIA may have to decline to take on a new client.

If RIA considers developing new products or services or making other changes to its business model or operations, Senior Management will consider whether any additional potential conflicts of interest arise.

Senior management/Compliance will update the Conflicts of Interest Policy and Register of Potential Conflicts of Interest as necessary on an ongoing basis and formally consider the continued adequacy of the arrangements annually.

Inducements including gifts and hospitality

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 the requirement for gifts received or given, in excess of £50 to be pre-approved by a Director and for hospitality, received or given, in excess of £125 per person or £600 in total to be pre-approved by a Director. 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.

RIA's Personal Account Dealing Policy has been established to ensure that personal account dealing by members of staff comply with this policy. All RIA's staff must sign the Personal Account Dealing Undertaking within one week of employment commencing. Personal account dealing except where pre-authorized must be signed off by a Compliance Officer or Director PRIOR to the member of staff dealing.

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

Outside employment and business interests

Staff of RIA may have outside business interests in similar types of firms which places competing interests on their time and could impact on the ability of the persons concerned to act in the best interests of RIA.

RIA has policies and procedures in place to ensure that information is not shared outside of RIA where it is of a sensitive nature. In addition, staff are expected to exercise prudent judgement in order to avoid situations that may call their conduct into question particularly when considering the rules governing approved persons. In addition, all staff are required to disclose any outside business activities at the start of their employment or seek consent from Compliance prior to accepting an external role.

Aggregation and allocation of orders

Where RIA aggregates the orders of clients, it must ensure that this does not work to the overall disadvantage of any clients whose order is to be aggregated. This will only cause a conflict if two separate clients are involved in the same trade and the same direction (e.g. both selling).

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

Dealing Errors and Omissions

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

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.

Receipt of Inside Information

While working on a price sensitive deal RIA staff may come into contact with Inside/Relevant information. RIA has an Information Barrier and Inside Information policy that all staff have read, understood and agreed to comply with that is designed to mitigate the risk of inside information being passed out to those who do not need to know of it.

5.1 Disclosure

In certain cases, and always as a measure of last resort, RIA will disclose the general nature and/or source of potential or actual conflicts to its client in writing before undertaking business on its behalf.

The disclosure will be made in a durable medium and it will include sufficient detail, taken into account the nature of the client, to enable the client to make an informed decision with respect to the service. The disclosure will state the organisational and administrative arrangements established by the investment firm to prevent or manage that particular conflict are not sufficient to ensure, with reasonable confidence, that the risk of damage to the interest of the client will be prevented. The description will explain the general nature and sources of conflicts of interest, as well as the risk to the client that arise as a result of the conflict and the steps taken to mitigate that risk.

RIA is aware that over-reliance on disclosure is not permitted under MiFID II regulations and the firm will it as a measure of last resort. If it is not possible to avoid or manage a conflict of interest, RIA may have no choice but to decline to provide the service requested.

5.2 Segregation of Duties

There are several distinct tasks within the business that could lead to potential conflicts of interest that are mitigated by them being segregated from the individuals directly involved in the task. This includes client approval and take-on and trading/sales activities.

5.3 Information barriers

RIA maintains appropriate policies in its Chinese Walls, Inside Information and Conflicts of Interest Policy and Compliance Manual detailing Insider Lists and Information Barriers often known as Chinese Walls 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 which may harm the interests of one or more clients or any other improper or unethical activities.

RIA 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. 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.

5.4 Remuneration and Oversight

The management oversight and determination of appropriate remuneration of members of staff is conducted by RIA’s Senior Management. Remuneration for non-sales or trading staff is based on the overall results of the firm and is not solely based on the success of any transaction. Remuneration for sales and trading staff is partly based on business production. Senior management, risk takers, staff engaged in control functions and any employee receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers will qualify as the Remuneration Code Staff, RIA will ensure that MiFID II regulations are followed and potential conflicts of interest have been considered.

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

5.5 Conflict 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; and
- Regular signed declaration by staff confirming their observance of RIA’s compliance rules including those on conflicts of interests.

6. Record Keeping

Following SYSC 10.1. RIA 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, that will take the form of a register, will be held for a minimum of five years from the date of creation and are maintained on an ongoing basis by the Compliance Officer.

7. Reporting

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