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## Conflicts of Interest Management Policy

**This Conflicts of Interest Policy is applicable to broker services provided to you by the TP ICAP Group of Companies (collectively known as ‘TP ICAP’ or ‘we’)**

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Principle 8 of the FCA’s Principles for Businesses requires a firm to “manage conflicts of interest fairly, both between itself and its customers and between a customer and another client.”

Under the Markets in Financial Instruments Directive II (“MiFID II”) a firm is required to maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps to prevent conflicts of interest from adversely affecting the interests of its clients.<sup>1</sup>

TP ICAP has put in place the necessary policies and procedures to meet its obligations with regards to the identification, prevention and management of conflicts of interest. Set out below is a summary of the key information needed by clients and counterparties (together “customers”) to understand the measures TP ICAP is taking to safeguard the interests of its customers.

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### Overview

Confidence in TP ICAP’s integrity to act on behalf of its customers is central to the relationship of trust we have with our customers. This means that when providing services, TP ICAP will always act in the customer’s best interests, putting customers’ interests ahead of its own.

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### Scope

The requirement to take all appropriate steps to identify, prevent or manage any conflicts of interest applies to all staff of TP ICAP. For the purposes of this Policy, TP

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<sup>1</sup> Article 16(3) MiFID II



ICAP staff shall include managers, employees and tied agents of TP ICAP, or any person directly or indirectly linked to TP ICAP by control.

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### **TP ICAP's Conflict of Interest Policy**

The purpose of this Policy is to:

- identify circumstances which may give rise to conflicts of interest entailing a risk of damage to customers' interests;
  - summarise the arrangements TP ICAP has put in place to prevent or manage such identified conflicts of interest;
  - explain the disclosure process TP ICAP will follow for any identified conflict of interest it is unable to manage and which it cannot, with reasonable confidence, adequately protect from causing damage to a client.
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### **What is a conflict of interest?**

A conflict of interest is a conflict that arises in the course of TP ICAP providing its customers with a service which may benefit TP ICAP (or another customer for whom TP ICAP is acting) whilst potentially damaging another customer's interests (where TP ICAP owes a duty to that customer).

A conflict of interest may arise in circumstances where TP ICAP or a member of its staff:

- is likely to make a financial gain (or avoid a financial loss) at the expense of its customer;
- has an interest in the outcome of the service provided to its customer, which is distinct from the customer's interest in that outcome;
- has a financial or other incentive to favour the interests of one customer (or group of customers) over the interests of another;
- carries on the same business as a customer;
- receives an inducement from a third party in relation to a service provided to a client, in the form of monetary or non-monetary benefits or services;



- is in possession of information obtained in the ordinary course of its business which would benefit the individual, the Group or a customer, but such information is not publicly known.

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### **Identification of Conflicts of Interest**

TP ICAP has robust internal policies and procedures in place which require all staff to identify and escalate any identified conflicts of interest in accordance with a formal escalation process. Such internal obligations enable the Group to continually identify new conflicts of interest which arise in its business and to implement those measures required to adequately monitor, manage and control the potential impact of those conflicts on its customers.

#### *Types of Conflicts of Interest*

TP ICAP does not engage in the provision of Corporate Finance or Portfolio Management business. In addition, TP ICAP does not offer Investment Research or Advice to customers and does not conduct Proprietary Trading. Consequently, the conflicts identified below are specific to TP ICAP and have been identified by the Group as the types of conflicts which exist based on the specific investment activities carried out by the Group:

- those between customers with competing interests;
- those between customers and TP ICAP where their respective interests in a particular outcome may be different;
- those between the personal interests of staff of TP ICAP and the interests of TP ICAP or its customers where those interests may be different;
- those that might arise as a result of being part of a Group; whereby the respective interests of individual business units within the TP ICAP Group may be different;
- those between the commercial interests of third party service providers used by TP ICAP and the interests of TP ICAP or its customers where those interests may be different.

TP ICAP maintains a Conflicts of Interest Register which details the specific conflicts identified within each area of the business; all of which fall within one of the above types of conflicts of interest.



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## **Management and Prevention of Conflicts of Interest**

TP ICAP has adopted numerous policies and procedures to prevent and manage those conflicts of interest recognised within its business. The adequacy of these controls are assessed periodically, on at least an annual basis, and are subject to the Group's normal monitoring review.

These policies and processes include:

### **a) Integrity and Standards of Conduct**

TP ICAP insists that in its dealings with customers its staff must use the highest standard of integrity in their actions at all times. All staff are required to complete an induction programme which highlights an individual's responsibility to act honestly and to ensure they do not:

- i) Misuse their professional position to procure a personal benefit for themselves or any other person, or to cause detriment to the Group and/or its customers;
- ii) Participate in any activity or employment which may compete with or conflict with the Group's interests or those of its customers (outside business interests)

All staff are subject to ongoing training and monitoring on integrity and conduct in the workplace. Staff are expected to follow industry standards of conduct such as the FCA Statements of Principle and Code of Practice for Approved Persons as well as internal Codes of Conduct.

### **b) Order Handling**

#### *Fair treatment of customers*

In order to prohibit the preferential treatment of certain customers and to ensure TP ICAP customers receive as fair treatment as possible, all orders are required to be handled in accordance with the TP ICAP Order Handling and Best Execution Policy. This requires staff to take all sufficient steps to achieve the best overall trading result for customers; to carry out comparable client orders sequentially and promptly and to exercise consistent standards across all markets, customers and financial instruments.



No undue preference is permitted to be given to any customer; including (but not limited to) situations when it would be commercially beneficial to the Firm or Employee to do so. For example:

- where two customers give similar orders and one customer agrees to pay more commission, priority or better execution terms must not be granted to that customer's order when it conflicts with obligations owed to the other customer;
- where members of TP ICAP staff operate in multiple capacities (for example as a broker within a TP ICAP trading venue and also as a broker for a TP ICAP Investment Firm), the broker is required to execute the trade (where no client instruction is received) in the capacity most favourable to the client.

*Fair and orderly market*

In furtherance of ensuring a fair and orderly dealing environment within the market, and to prevent employees or customers from engaging in market abuse, all TP ICAP staff are subject to ongoing market abuse training and surveillance programmes. Such controls exist to ensure all business is conducted in accordance with the provisions contained within the Criminal Justice Act 1993 and Market Abuse Regulation, which aim to prevent insider trading, improper disclosure and market manipulation.

**c) Confidentiality**

*Personal Account Dealing*

TP ICAP has a robust Personal Account Dealing Policy, procedures and monitoring programme. All staff, regardless of their position in the Group, are required to sign and attest to their adherence of the Personal Account Dealing rules.

Staff are not permitted to carry out personal transactions:

- (i) in the same way as a customer order or potential order before it is executed; or
- (ii) In circumstances where such personal transactional activity could adversely affect a customer or the Firm's position or interest.



To ensure a broker does not take advantage of their position, by using information obtained during the course of their business to deal advantageously on their own account, TP ICAP's Personal Account Dealing Policy prohibits staff from front running customer orders.

It is internal procedure that staff must obtain approval by their line management and local Compliance Department prior to carrying out personal account dealing in specified instruments.

All staff are required to take a training course on Personal Account Dealing rules in London.

#### *Customer Confidentiality*

All staff are required to adhere to the internal confidentiality rules contained within the TP ICAP Compliance Manual which require staff to maintain the anonymity and confidentiality of its customers at all times. Brokers are only permitted to provide market colour to its customers, which includes generic information about market activity. Any requests from customers for specific details of other participants activity in the market will be refused.

#### *Outsourcing*

To ensure a third party service provider of TP ICAP does not use information obtained in the course of the arrangement to obtain a commercial advantage at the detriment of the Group or a customer, all outsourcing arrangements are required to have service level agreements in place which meet the FCA SYSC 8 requirements. These requirements require third parties to protect any confidential information obtained during the provision of the outsourced function.

#### **d) Information barriers**

The TP ICAP Group Infrastructure supports the operation of the TP, ICAP and PVM business units being run as separate, distinct and competing businesses.

To support this operational structure, TP ICAP has put in place Chinese walls and information barriers to prevent the flow of confidential information (including customer information) between the business units within the Group. Such controls



include the physical separation of departments and, where appropriate, system access restrictions.

Similar information barriers are in place to prevent TP ICAP business units which are also participants of a TP ICAP trading venue from having access to information which is not available to third party venue participants.

**e) Incentives**

*Inducements*

All staff are required to act in accordance with the TP ICAP Gift and Entertainment Policy. This Policy provides clear parameters in which staff can provide or accept gifts and entertainment and ensures transparency through its requirement for all members of staff to disclose details of all gifts, entertainment and advantages it receives from or provides to customers or third parties.

Staff are not allowed to accept gifts, entertainment or any other inducement from any person which might benefit one customer at the expense of another.

*Remuneration*

All relevant staff who are open to a conflict of interest are paid a basic salary including those in key support areas such as Compliance, Finance and Operations. This salary is not dependent on company performance. A discretionary bonus structure does exist which is linked to a variety of factors. Payment and value of a such bonuses is at the discretion of Senior Management and notified to individuals only on payment.

**f) Group Companies**

Internal Policy prescribes that customers are to be informed of the relationship where the counterparty to the deal is another TP ICAP Group Company or where the services of another TP ICAP Group Company is recommended.

**g) Separate supervision and segregation of function**

Where appropriate, TP ICAP has arranged for the separate supervision of those carrying out functions for customers whose interests may conflict, or where the interests of customers and TP ICAP may conflict. Such separation of duties maintains independence and prevents individuals from bias which could impair the proper management of conflicts of interest.



### *Benchmarks*

As a contributor of data to various third party benchmarks, TP ICAP segregates the function of providing data externally from those parts of the business who may use, or may have an interest in the benchmark rate. All data is required to be produced and transmitted to third parties via TP ICAP Data & Analytics; a business unit separate and distinct from the broking activity of TP, ICAP and PVM. This ensures the all information submitted for the purposes of Benchmark activity is subject to independent controls and quality assurance checks.

#### **h) TP ICAP Compliance Monitoring Programme**

TP ICAP Compliance department has an established and documented compliance monitoring programme of which part of this programme focuses on conflicts of interest and recognising where there may be a potential conflict. The monitoring undertaken by the Department includes, but is not limited to:

- reviewing Personal Account Dealing and contract notes;
- communication monitoring to review staff adherence to client confidentiality rules;
- periodic Desk reviews including broker interviews in which conflicts of interest for the Department are considered

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### **Disclosure Obligations**

As a last resort, where there is no other means of managing the conflict or where the measures in place do not, in the view of TP ICAP, sufficiently protect the interests of customers, the conflict of interest will be disclosed to customers to enable an informed decision to be made by the customer as to whether they wish to continue doing business with TP ICAP in that particular situation. Such disclosures will be made to clients prior to conducting business on their behalf.

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### **Declining to Act**

Finally, where TP ICAP considers it is not able to manage the conflict of interest in any other way it may decline to act for a customer.