

Conflicts of Interest Policy

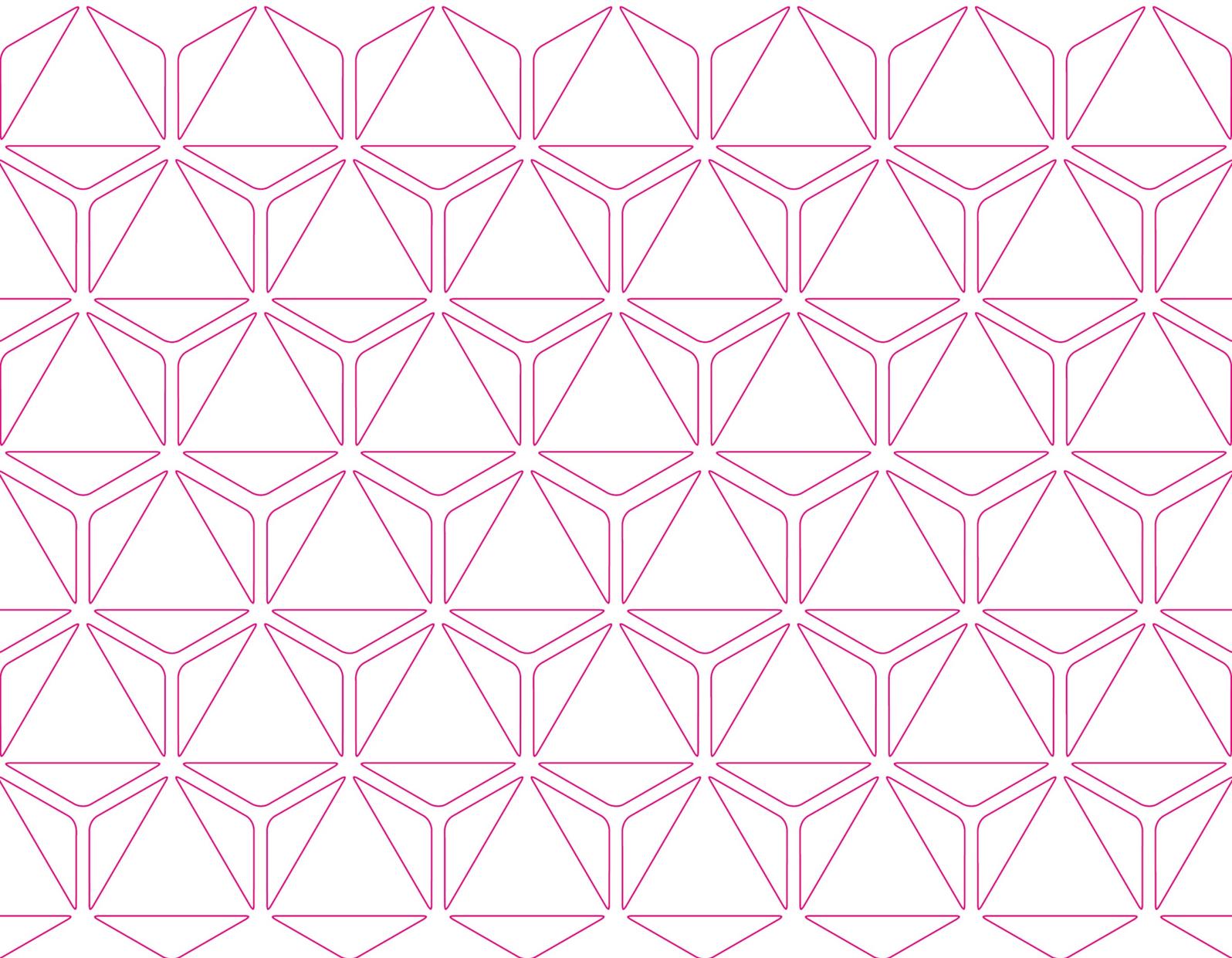


Version 1 – 1 April 2019

Compliance

Praemium International Limited

Praemium International Limited is regulated by the Jersey Financial Services Commission.



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Introduction

This policy defines Praemium International Limited (“PIL”)’s approach to conflicts of interest and the framework in place to avoid and/or manage actual and potential conflicts of interest in order to safeguard our clients’ interests. All employees of Praemium International Ltd (PIL) must read and follow this Policy, failure to do so may result in disciplinary action.

1.1 Regulatory Requirements

It is a requirement of the Financial Services (Jersey) Law 1998, Code of Practice for Investment Business (“IB Code”) IB Code¹ that PIL identifies and manages all actual and potential conflicts and where possible to avoid any conflict of interest arising. In situations where a conflict does arise, PIL must ensure that policies and procedures are in place to manage the conflicts by:

- » Disclosure;
- » Applying internal rules of confidentiality;
- » Declining to act and/or
- » Other measures as appropriate.

The JFSC Guidance Note on Integrity and Competence, July 2018² provides various examples of legal proceedings against firms and individuals where their failure to appreciate or manage conflicts of interest was a key consideration in assessing their lack of integrity and competence. It is therefore of the utmost importance that employees are aware of and understand the importance of identifying and managing conflicts of interest.

¹ Paragraphs 2.11 & 2.12 IB Code

² <https://www.jerseyfsc.org/media/2051/2018-07-19-guidance-note-on-integrity-and-competence.pdf>

1.2 What is a Conflict of Interest?

A conflict of interest occurs where a situation arises in which the interests of one party could be given unfair precedence over the interests of another party. The conflict may arise between PIL and the Praemium group; PIL and its clients or between one client and another.

An example of a conflict of interest may include, but is not limited to:

- » Passing client orders to a particular broker because they are a friend, regardless of whether this might impact on providing best execution;
- » Engaging a new IFA client because PIL offered them a substantial gift or entertainment

1.3 Key Considerations

Consideration of the following questions has formed the basis of the controls outlined in this policy:

- » Is PIL likely to make a financial gain, or avoid a financial loss, at the expense of the client?
- » Does PIL have financial or other incentives to favour the interests of one client or group of clients over the interests of another?
- » Does PIL engage in the same business as the client (i.e. as a competitor)?
- » Has an inducement been offered to PIL from a person other than the client in relation to a service provided to that client, in the form of monies, goods or services (other than the standard commission or fee for that service)?

2. Identifying and Managing Conflicts of Interest

PIL has a clear policy on conflicts of interest to ensure that:

- » Conflicts of interest should be avoided, wherever possible.
- » All employees must disclose actual or potential conflicts of interest to the Compliance Officer who will record them on the conflicts register, together with the mitigation/controls that are put in place to manage the conflict. The conflicts register is tabled and reviewed at Board and Management meetings. A disclosure form is attached as Appendix A.
- » No employee is permitted to exploit, or appear to exploit, to their personal advantage any personal or professional relationships with a client.
- » All employees must adhere to the Praemium Corporate Code of Conduct which makes specific reference to the importance of managing conflicts of interest.

3. Our Measures

The measures we have adopted to prevent or manage conflicts are summarised below. We consider that these measures allow us to take appropriate steps, to identify and prevent and/or manage actual or potential conflicts of interest. PIL seeks to ensure its staff act impartially to avoid a material risk of harming clients' interests.

3.1.1 Policies and procedures

We have adopted policies and procedures throughout our business to prevent and/or manage potential conflicts of interest, as well as to ensure client documents and data always remain safe and secure.

3.1.2 Information barriers

All staff must respect the confidentiality of client information and not disclose it or use it inappropriately. In the general course of business, PIL employees are not likely to come into possession of price-sensitive information.

3.1.3 Separate functions

We have a division of duties to ensure a separation of tasks between specific administration functions that could contain a potential conflict. Related tasks are undertaken by different team members and receive the appropriate supervision and sign off.

3.1.4 Remuneration

PIL recognises that remuneration is a factor that may influence the conduct of employees. All employees are paid by basic salary. Bonuses are linked to a range of relevant factors that form part of our performance management process. The Board ensures any incentives are consistent with the provision of fairness and do not create conflicts. Senior Management and the Board are subject to the group Remuneration policy.

3.1.5 Inducements

An inducement could create a conflict of interest where a payment or receipt of the inducement would hinder PIL's obligation to act in the client's best interest. PIL may only accept or pay inducements from or to third parties if:

- » the inducement enhances the quality of the service provided to the client and does not impair our ability to act in the best interests of our clients; and
- » the inducement is disclosed to the client.

3.1.6 Personal Account Dealing

To prevent conflicts arising from the use of information obtained from clients, or market abuse in general, all employees are subject to personal account (PA) dealing rules which govern the process they must follow if they wish to make personal investments.

3.1.7 Outside Business Interests

All employees are subject to an Outside Business Interests Policy designed to avoid conflicts of interest with activities they undertake outside PIL.

3.1.8 Gifts

As part of our commitment to avoiding conflicts of interest, PIL will only permit employees to accept gifts and benefits such as corporate hospitality in accordance with our Gifts and Benefits policy.

3.1.9 Confidentiality

In line with our Data Protection Policy and our operational procedures, all information is treated as confidential. Some information (i.e. sensitive data) may only be disclosed to employees where this knowledge is required for the performance of their duties.

3.1.10 Disclosure

If there is no other way of managing a conflict, or where the measures in place do not sufficiently protect the client's interests, the conflict will be disclosed to the client to allow for an informed decision on whether the client wishes to continue using our service despite the conflict.

Where we are required to make such a disclosure, we will ensure it is provided to the relevant client in writing, and that the disclosure contains sufficient detail of the conflict, considering the type of client and the specific risk to the client that may arise. The disclosure will explicitly state that PIL's administrative arrangements are not sufficient to ensure, with reasonable confidence, that the potential risk of damage to the client will be prevented.

3.1.11 Declining to act

PIL may decline to act for a client in cases where it believes that the conflict of interest cannot be managed in any other way.

Appendix A – Conflicts notification form

CONFLICT OF INTEREST – NOTIFICATION FORM

This form must be given to the Compliance Department as soon as possible from when an actual or potential Conflict of Interest is identified. Compliance must be informed of any changes to the information provided.

Name and Position Held

DETAILS OF DECLARATION

Background

The potential or actual conflict and the parties involved (describe why there is a conflict and name the individuals or organisations)

Likely duration of conflict (e.g. ongoing or specific to an event/transaction)

Managing the conflict (Line manager/Director to provide details of how conflict will be managed)

Signature of line manager/director **Date**

Person making declaration:

I have read the Praemium Conflicts of Interest policy and I agree to abide by its contents. I declare to the best of my knowledge that the information given within this form is correct.

Signature.....

Date.....

Approved by Compliance Officer:

Name.....

Date.....

Signature.....