

# Conflicts of Interest Policy

## **Overview**

A conflict of interest is a situation that arises when someone in a position of trust has competing professional or personal interests with another. Such competing interests can make it difficult for that person or firm to act impartially. In accordance with FCA rules, Farley & Thompson is obliged to establish, implement and maintain a conflicts of interest policy. We are committed to identifying and managing any conflict of interest, both actual and potential, that may arise between the firm and our clients, or between clients.

This policy details the potential material conflicts that have been identified and the procedures and measures adopted to prevent or manage them.

## **Personal Account (employee) Dealing**

It is usual for employees of financial institutions such as Farley & Thompson to undertake deals on their own behalf. We recognise that such trading activity could result in 'front-running' or another means by which the firm's employees and connected parties benefit at the expense of, and in conflict with, the interest of our clients.

Farley & Thompson manages these potential conflicts by maintaining a personal account dealing policy to which all staff must adhere as part of their terms and conditions of employment. Staff deals require pre-approval and have to be carried out through Farley & Thompson. Additionally, the Partners monitor adherence to this policy ensuring that client orders receive priority at all times. Order handling procedures ensure best execution for all of our clients' transactions.

## **Principal Business**

Many financial firms deal for their own account which could potentially conflict with their dealing for clients. Farley & Thompson has made a commitment not to deal for the firm's own account except in exceptional circumstances (such as correcting an error) so no conflict can arise between the firm itself and the firm's clients.

## **Misuse of Material Non-Public or 'Inside' Information**

The use of non-public or 'inside' information when buying or selling investments is specifically prohibited by law and carries heavy monetary and custodial penalties. Farley & Thompson is not party to this type of information and in the unlikely event that it was, is prohibited by law from disclosing it to a third party. Where there is a known connection to an investee company it is recorded in a register.

## **Remuneration**

All permanent employees of Farley & Thompson receive a basic salary as well as a discretionary bonus. Remuneration is not exclusively dependent upon company performance or generating commission that could encourage unsuitable recommendations or excessive trading of a client's account or any other inappropriate behaviour.

All partners receive a basic salary as well as a share in the potential profits of the firm. Farley & Thompson operates to the highest ethical and business standards and would never knowingly put the interests of the firm ahead of those of our clients.

## **Inducements**

Farley & Thompson maintains relationships with other product providers such as fund platforms and banking services. The firm does not pay or receive any kind of third party inducement or loyalty payment from these providers. We regularly review our third party providers to ensure that they are the most cost effective, suitable and safe depositaries for our clients' funds.

## **Gifts, Hospitality and other inducements**

The receipt of a gift or hospitality could influence one of the firm's Partners, brokers/investment managers or member of staff to favour one intermediary or business supplier over another, irrespective of the clients' best interests.

Our brokers and investment managers may occasionally accept minor non-monetary benefits by way of participation or hospitality, including food and drink of a reasonable value, whilst in attendance at a conference, seminar, training event or other business meeting featuring a specific financial instrument or generic investment presentation.

Occasionally an employee may receive a gift from a client. This is typically limited to small Christmas gifts and is subject to senior management oversight. Gifts or hospitality exceeding £50 in value is recorded in a register to ensure that they do not influence strategic decision-making.

## **Order Handling - Aggregation and Allocation**

All client transactions must be dealt with and allocated fairly and are subject to our Order Execution Policy.

Farley & Thompson may combine your order with those of other clients ('aggregation'). This is only ever done to assist in the execution of the order and may at times work to your advantage and at others to your disadvantage. For example, we may combine a small sale order from one client with a much larger sale order from another client which pushes the price down. If an aggregated order is only partially executed, the trades will be allocated fairly between the clients.

If we make an application on your behalf for a new or bonus share issue we may be scaled back by the issuer if demand exceeds supply. If this is the case the allocation will be scaled back on a pro-rata basis that in theory may work against you if you submitted your allocation request before another client. In these cases, all applications will be scaled back.

## **Order Handling – Dealing errors**

Correcting a dealing error could give rise to an inadvertent profit for the firm. If an error is made in the course of our business then we will always opt for a negotiated outcome with the relevant Market Maker. If the correction of a dealing error made by a client gives rise to a 'profit' then we will refund this to the client.

## **Management and Administration fees**

Farley & Thompson receives fee income based on its assets under management. The firm ensures that all investment valuations are calculated on a 'mid-price' basis by an independent third party pricing source or fund platform.

## **Disclosure**

If there is no other way of managing a conflict or if we have no policy in place for a conflict that arises, we will inform you of the potential conflict and allow you to make a decision on whether to continue using our services in that particular situation. Farley & Thompson may decline to act for a client in cases where we believe the conflict cannot be managed in a better way.