

# Conflict of Interest Policy

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## 1. Introduction

The FSA operates a risk based approach to consumer protection regulation with higher levels of protection being offered to the least experienced consumers. In that regard Winterflood Business Services (**WBS, We, Our**) will act on behalf of retail clients, hence we acknowledge the importance of ensuring that we have robust policy and procedure in place concerning our management of any conflict of interest which may arise in the course conducting business on our customers behalf.

## 2. Purpose

The purpose of this document is to set out our policy for the **identification, recording, prevention** and **management** of conflicts of interest. Failure to do this may lead to damage to the interests of clients and consequent reputational damage to WBS and the wider Close Group.

In order to prevent this risk and to strengthen the confidence of our customers, our policy consists of procedures and controls which are designed to:

- Ensure that we conduct ourselves consistently and independently, in a way that ensures the best interests of our customers and confidentiality of information through our various activities
- Prevent the occurrence of conflict of interest situations which might result in declining an activity, operation and or mandate.

## 3. What is a Conflict of Interest

A conflict of interest is defined as a situation in which WBS, or any other group entity and or trading name carries out activities the purpose of which may, or may appear to, conflict with the interests of customers or as between individual customers, and may be detrimental to the interests of a customer or group of customers if the said activities are not appropriately organised and controlled.

## 4. Types of Conflict

For the purposes of identifying the types of conflicts that may arise in the course of providing a service and whose existence may entail a material risk of damage to the interests of a client it is important to consider whether any relevant person:

- 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 a 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 the interest of another client or group of clients over the interests of the client;
- carries on the same business as the client; or
- receives, or will receive, from a person other than the client an inducement in relation to a service provided to the client, in the form of monies, goods or services, other than the standard commission or fee for that service.

It is also possible that from time to time that a conflict may arise between one business and another or one division and another. In such instances the relevant divisional compliance officers or Group Compliance, as appropriate, will facilitate the conflicts management process.

In some instances, one CBG company may wish to use the services of another company in the Group. This is permitted provided that the arrangements are on an arms length basis and reflect normal commercial terms.

## 5. Records of Conflicts

WBS keeps and regularly updates a register of potential conflicts, which details the nature of the conflict whether or not it can be managed, and records regular updates on progress where appropriate. It is particularly important that any instances where business is declined because a conflict cannot be managed are fully documented.

## 6. Management of Conflicts

WBS is committed to maintaining and operating effective organisational and administrative arrangements to ensure that all reasonable steps are taken to prevent conflicts constituting or giving rise to a material risk of damage to the interests of its clients. All conflicts procedures and controls and the management of any identified conflicts are managed by our Independent Risk and Compliance department.

Some methods whereby WBS will manage an identified conflict are:

- **Chinese Walls**

A Chinese Wall is an information barrier designed to restrict the flow of information between parts of a firm, or group of companies, performing potentially conflicting functions. The principle is that, in general, those on one side of a Chinese Wall should have no knowledge of confidential transactions taking place on the other side. Those on either side are therefore able to operate independently without their actions being compromised. A practical example of this is the physical separation of the Winterfloods and Asset Management businesses which enables Winterfloods to manage its trading positions without being aware of any major purchases and sales which the Asset Managers may be about to make.

- **Segregation of duties**

Where appropriate, businesses must put in place measures to ensure that there are procedures for the supervision and/or functional segregation of its employees and/or parts of its business carrying out activities for clients whose interests may conflict, or where the interests of its clients and itself may potentially conflict. A practical example would be to ensure that sales staff who are specifically remunerated for introducing clients are not involved in credit assessments of those clients.

- **Disclosure**

On occasion it is possible that the arrangements that a firm could make to manage a conflict may not be sufficient to ensure with reasonable confidence that the risks of damage to the interests of a client will be prevented. In this situation the nature of the conflict should be fully disclosed to the client prior to undertaking any business for the client. This disclosure must:

- be made in a durable medium; and
- include sufficient detail, taking into account the nature of the client, to enable that client to take an informed decision with respect to the service in the context of which the conflict arises.

- **Declining to act**

Where a conflict of interest is identified and there is no effective way of dealing with it, then consideration must be given as to whether it would be appropriate to decline to act for a client.

Conflicts of interest will be appropriately managed by Compliance and senior management must have clear oversight of this matter. Where appropriate, they must provide approval.

## 7. Personal Conflicts

In addition to the matters mentioned above, there will also be occasions where the personal interests of a relevant person may potentially conflict with the interest of the Group.

- Relevant persons wishing to undertake personal dealing in investments must do so in accordance with the Personal Account Dealing Policy which applies to their business area or their position in the Group (for PDMRs).
- Relevant persons may not offer or accept gifts or hospitality from customers, agents or suppliers of the Group except as permitted under the Gifts and Hospitality policy applicable to their business area
- No relevant person may carry out any other employment or provide services to any other person unless specific written approval has been obtained in advance from both the appropriate Business Head and Head of Compliance. Permission will not be given where the outside interest involves either a significant time commitment which could impact on the person's ability to perform his or her role with the Group or where there could be a conflict of interest with the business of the Group or its clients.

## 8. Selection of Suppliers

WBS prevents conflicts arising regarding the selection of suppliers by refusing to accept or provide fees, commissions and non monetary benefits which do not directly enhance the service offered.

Any personal relationships are disregarded in the selection of service providers, agents, third party suppliers, distributors and equity partners to prevent inappropriate selection.

## 9. Summary

Our conflicts of interest procedures and controls are designed to prevent, with a reasonable degree of certainty any failure to respect these principals and professional code of conduct. The WBS policy is regularly reviewed for accuracy and compliant with any regulatory changes. We always seek to operate in a way that respects market integrity and puts customer interests first. The intangible principal of putting customers interest first is something that goes hand in hand with other measures taken and not least ensuring that we Treating Customers Fairly

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