



## CONFLICTS OF INTEREST POLICY

APRIL 2018

### **1. Introduction**

Arian Financial LLP (“Arian”) is incorporated in England (Company number OC304248) and is authorised and regulated by the Financial Conduct Authority (firm reference number 415230). Our registered office is at 12 Appold Street, London EC4N 6EU.

The following trading names of Arian are included in the scope of this policy:

- Morpheus Securities
- Faro Securities
- Arian Trading Facility (OTF)

The purpose of this Policy is to set out the obligations that are applicable to Arian in relation to any conflicts of interest, and the procedures that Arian will adhere to regarding this matter. This policy is designed to give guidance on what is expected in relation to any conflicts that could arise.

Arian is committed to providing execution services of the highest quality across a wide range of asset classes. Arian relies on the integrity and professionalism of its Staff in order to maintain its reputation, and is committed to ensuring that any potential conflicts of interest are managed in such a way that ensure the best interests of its clients.

Arian will review this Policy on a periodic basis, but in any case at least annually.

### **2. Scope**

This Policy applies to all partners, officers, employees, and contractors (collectively, the “Staff”). The Staff are reminded that they should always treat the Firm’s clients, counterparties, brokers and other third parties fairly, professionally and with integrity. Integrity requires, among other things, being honest and candid. Deceit and subordination of principle are inconsistent with integrity.

Arian respects the Staff’s right to privacy and therefore would not normally take an interest in their conduct outside work. There could however be a potential conflict between a member of staff’s personal conduct and professional duties towards the Firm which should be resolved satisfactorily.

This Policy should be read in conjunction with the following:

- MiFID II, in particular Articles 16(3), 23
- FCA Handbook, in particular SYSC 10

### **3. Conflicts of Interest**

A conflict of interest is a situation in which someone in a position of trust has competing professional or personal interests. Such competing interests can make it difficult to fulfil duties impartially. A conflict of interest may exist even if no unethical or improper act results from it.

Conflicts of interest may occur:

- Between Arian and its clients
- Between a members of staff and their clients
- Between clients with similar but competing interests

The Staff must evaluate the following activities in terms of potential conflicts of interest:

- Any outside business activity
- Service as a manager or board member of any other firm
- Trusteeships
- Connections with a broker or other market counterparty with which Arian does business
- Fees or commissions from counterparty clients
- Receipt or provision of gifts and entertainment that is not reasonable in cost or appropriate as to time, place and frequency

In order to identify potential conflicts of interest, Arian and its Staff must determine whether it, or its Staff:

- Is there likely to make a financial gain (or the avoid of a financial loss) at the expense of a client
- Has an interest in the outcome of a service provided to, or a transaction carried out on behalf of, a client that is different from the client's interest
- Has a financial or other incentive to favour the interest of another client or a group of clients over the interests of the client
- Carries on the same business as the client
- Receives or will receive an inducement from a third party in relation to a service provided to the client

### **4. Managing Conflicts of Interest**

**Overview-**Arian continuously seeks to identify any conflicts of interest that may exist in its business, and will put in place measures it considers appropriate to prevent the conflict or to, manage and control the impact of the conflict with any clients that may be impacted by its existence. Steps taken to achieve this aim may include:

- Preventing a conflict of interest which has been identified
- Managing any conflict that has arisen between clients with competing interests, if not preventable
- Managing any conflicts between Arian (and its Staff) and its clients, where the clients' respective interests in a particular outcome may be different unless the conflict is preventable
- Preventing or managing conflicts that arise due to the personal interests of Arian's Staff and the interests of Arian and/or its clients, where those interests may be different



Arian has adopted a number of internal policies and procedures as well as other arrangements, in order to manage, recognise and prevent potential or actual conflicts of interests. These are all subject to the Partnership's normal monitoring and review processes.

**Personal Account Dealing-** Arian's policy requires all Staff to disclose any Personal Account Dealing. They are required to instruct the relevant external broker to forward copies of trading statements to Compliance. Amongst other restrictions holders of personal accounts may not deal in the same (or connected) instruments which they broke for clients.

**Training and Competency-** Arian endeavours to ensure that its Staff exhibit and apply the highest standard of integrity in their actions at all times. The induction procedure and competency monitoring programme the Partnership utilises are designed to ensure that all members and staff are familiar with and observe, inter alia, the FCA Principles for Businesses and the Statements of Principle and Code of Practice for Approved Persons and that they have the Skills, Knowledge and Expertise to discharge their function as per the FCA's rules.

**Bribery-** Arian takes a zero-tolerance approach to bribery and corruption and has strict measures in place to guard against corruption. Arian's Staff are not allowed to accept gifts, entertainment or any other inducement from any person which might benefit one client at the expense of another when conducting business.

**Inducements-** Arian regularly evaluates its relationships and business activities with third parties, including assessing whether receiving benefits from them may constitute improper inducements and result in conflicts of interest.

**Remuneration-**Arian maintains a Remuneration Policy, the purpose of which is to avoid conflicts of interest and encourage responsible business conduct and the fair treatment of clients.

**Segregation of Duties** – SYSC requires that senior management segregate duties to provide for the avoidance of potential conflicts of interest. However, it should be noted that in SMEs such as Arian, it is not always possible to achieve total segregation due to its limited resources. While the principles have been considered when devising suitable controls, these are subject to appropriate and proportional modification to take account of the staff numbers performing such tasks and any cross-contamination of tasks.

**Chinese Walls-** Where appropriate or necessary to avoid potential conflicts of interest, Arian operates a clear structural segregation of business divisions. Such Chinese Walls (or information barriers) prevent information held by Staff members in the course of carrying on one part of our business to be withheld from, or not to be used by, Staff members carrying on another part of our business. Such segregation typically includes physically separating the Staff on each side of the Chinese Wall, and restricting access to documents and files and systems, whether electronic or physical.

When any regulatory rules apply to the firm when it acts with knowledge, the firm will not be taken to act with knowledge for the purposes of that rule if none of the relevant individuals involved on behalf of the firm acts with that knowledge as a result of arrangement established under SYSC 10.2.

Where we establish and maintain a Chinese Wall, Staff members on the other side of the Wall will not be regarded as being in possession of knowledge denied to them as a result of the Wall. Acting as outlined above does not amount to market abuse, making misleading statements or engaging in



misleading practices. The Chinese Wall procedures exist to protect Arian's Staff from allegations of failing to use all available information when acting on behalf of their clients.

**Fees and Commissions-** Arian will only deal on behalf of Professional Clients and Eligible Counterparties as defined in MiFID and by the FCA and in accordance with permissions granted to Arian by the FCA.

Arian provides a multilateral brokerage service for which an arrangement fee is generally charged to the matched counterparties, including market makers. Where pertinent, Arian will disclose this to relevant clients and in addition we have clear and appropriate conflicts management procedures in place to ensure that such fees and commissions do not damage our clients' best interests.

No changes to rate agreements or fees can be made without approval from a member of the senior management team. In circumstances where a change to a rate agreement or fees could give rise to a potential conflict of interest, the proposed change in rates will be reviewed by senior management and compliance before approval.

**OTF-** Arian's OTF (ARIA) requires any conflicts of interest, which may arise during the operation of the OTF, to be identified and reported. We understand that Conflicts of Interest may arise in relation to orders executed on the OTF between the OTF (the firm) and our clients and between two separate clients. We will manage these Conflicts of Interest effectively as set out in other areas of this policy, and in a way, that is not unfairly prejudicial to clients of the OTF.

**Declining to Act-** There may be situations where Arian is unable to manage a particular conflict of interest effectively, in which case it may decline to do business with or act for the client unless the conflict is removed or the client is in agreement with the disclosure made to it regarding the conflict.

**Investment Research-** Currently, Arian does not produce Investment Research (as defined in the FCA Handbook and under MiFID II).

**Disclosure-** If arrangements made by Arian to manage conflicts of interest are not sufficient to ensure, with reasonable confidence, that the risks of damage to the interests of a client will be prevented, Arian will clearly disclose the general nature and/or sources of conflicts of interest to the client before undertaking business for the client.

The disclosure of conflicts of interest by a firm does not exempt it from the obligation to maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps to prevent conflicts of interest from constituting or giving rise to a material risk of damage to the interests of clients.

Any such 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 of interest arises.

Disclosing an interest to a client would normally be required where the firm has an interest in a transaction on which it is advising or where the firm derives, or will derive, consultancy, non-executive Partner or other fees from clients involved in a transaction.



Disclosure must be made before we advise or otherwise act for our client on a transaction and we must be able to demonstrate that we have taken reasonable steps to ensure that the client does not object to our material interest or conflict of interest.

**Whistleblowing-** Arian has a Whistleblowing Policy in place for its Staff.

**Breach of Policy-** Arian takes conflicts of interest very seriously, and failure to comply with any of the requirements set out in this Policy and associated policies by a member of Staff may result in disciplinary action up to, and including, dismissal.