



# CONFLICTS OF INTEREST POLICY

ARIA CAPITAL MANAGEMENT (EUROPE) LTD.

MALTA  
THE HUB,  
TRIQ SANT 'ANDRIJA,  
SAN GWANN,  
SGN 1612  
MALTA

## Conflicts of interest policy

### A. REGULATORY REQUIREMENTS

ARIA Capital Management (Europe) Ltd. (the “Company”) is a private limited liability company incorporated under the laws of Malta. The Company is licensed by the MFSA as a Category 2 licence holder (C 26673).

The Company provides its services to retail clients, professional clients and eligible counterparties (collectively referred to as the “Clients”).

The Company is a member of the ARIA Group Companies (the “Group”).

The Investment Services Rules for Investment Services Providers (the “Rules”) issued by the Malta Financial Services Authority (the “MFSA”) lay down regulatory obligations imposed on Investment Services Licence Holders which qualify as MiFID Firms with respect to the management of conflicts of interest.

In accordance with the Rules and the Markets in Financial Instruments Directive (“MiFID”), it is compulsory for the Company to establish, implement and maintain an effective conflicts of interest policy. By virtue of this document, the Company is establishing its conflicts of interest policy (the “Policy”).

We will take all appropriate steps to identify and prevent or manage conflicts of interest, by:

- a. Identifying and preventing any potential circumstances which may give rise to conflicts of interest, and which pose a risk of damage to clients’ interests;
- b. Establishing and maintaining appropriate mechanisms and systems to manage those conflicts; and
- c. Maintaining systems at all times in an effort to prevent actual damage to clients’ interests through the identified conflicts.

The Senior Management of ARIA Capital Management (Europe) Ltd. fully support this and are committed to ensure that all conflicts between our firm and our clients, and between clients, are managed fairly with no party disadvantaged.

At least on an annual basis, our senior management team will receive a written report providing details of the kinds of services or activities carried out by our firm in which a conflict of interest entailing a risk of damage to the interest of one or more client has arisen or, in the case of an ongoing service or activity, may arise.

In addition to complying with the MFSA requirements we recognise that handling conflicts fairly is a fundamental element of good business practice and is required to assist in maintaining and developing our firm’s business.

### B. AUTHORISED SERVICES

The Licence Holder is authorised to provide the following Investment Services:

Investment services and activities as listed in Section A of Annex I of MiFID II

- a. Execution of orders;
- b. Reception and Transmission of Orders; and
- c. Placing of instruments without a firm commitment basis
  - For Retail Clients
  - For Professional Clients (excluding CISs); and
  - For Eligible Counterparties

**In relation to the following instruments:**

- Transferable Securities;
- Money Market Instruments; and
- Units in collective investment schemes.
- d. Investment Management;
- e. Investment Advice; and
- f. Trustee, Custodian or Nominee Services
  - For Retail Clients
  - For Professional Clients (excluding CISs); and

- For Eligible Counterparties
- g. Hold client’s money, hold client’s assets
- h. Control client’s money, control client’s assets

**In relation to the following instruments:**

- Transferable Securities;
- Money Market Instruments;
- Units in collective investment schemes; and
- Options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, or other derivative instruments, financial indices or financial measures which may be settled physically or in cash.

**The Licence Holder is also authorised to provide the following Ancillary Services:**

a) Investment research and financial analysis or other forms of general recommendation relating to transactions in financial instruments

for:

- Retail Clients
- Professional Clients (including collective investment schemes)
- Eligible counterparties
- b) Safekeeping and administration of financial instruments for the account of clients, including custodian ship and related services such as cash, collateral management and excluding maintaining securities accounts at the top tier level.

### C. IDENTIFYING A CONFLICT OF INTEREST

When identifying the types of conflict that arise, or may arise, we will assess whether our firm, anyone connected with our firm or (if relevant) another client as an interest in the outcome of a service provided to the client which is distinct from the client’s interest in that outcome and has the potential to influence the outcome to the detriment of the client.

As a minimum, we will take into account whether our firm, anyone connected with our firm or another client:

- a. Is likely to make a financial gain, or avoids a financial loss, at the expense of a client;
- b. Has a financial or other incentive to favour the interest of another client or group of clients over the interests of a client;
- c. Carries on the same business as a client;
- d. Receives or will receive from a person other than a 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; or
- e. Is substantially involved in the management or development of policies in particular where they have influence pricing or distribution costs.

**Conflicts of interest may therefore include but are not restricted to interests between:**

- Our firm and our clients
- Our staff and our clients
- Two or more different clients
- Third parties and our clients
- New services / products and our clients
- Strategic changes and our clients

We have sought to identify and prevent conflicts of interest that exist in our business and have put in place measures we consider appropriate to the relevant conflict in an effort to prevent, monitor, manage and control the potential impact of those conflicts on our clients. The conflicts identified are:

#### a) Client orders

In order to ensure as fair treatment as possible for clients, our Best Execution Policy requires us to take all sufficient steps to achieve the best overall trading result for clients.

On some occasions client orders may have a material effect on the relevant securities price. In order to ensure our staff do not take advantage of the situation by dealing on their own account (Personal Account Dealing) or encourage a third party to deal, we operate a 'No front running' policy whereby client orders will always take priority. We regularly monitor business transactions in order to ensure we meet these requirements.

#### **b) Personal account dealing**

Our staff may buy, sell or hold the same investments as our clients. We control personal account deals by ensuring that all such deals are identified and where applicable approved by management prior to execution. All staff, irrespective of their position in the firm sign on an annual basis to confirm their understanding of our procedures.

Details of our procedures for this area are covered later in this document.

#### **c) Inducements to staff**

We have relationships with many third parties, such as advisers, who might benefit from incentives such as authorised distribution fee available from ARIA SICAV sub-funds. We have processes in place to ensure that fees and/or non-monetary benefits provided by third parties do not impair our duty to act in your best interests.

To eliminate any influence, we have a policy on gifts and benefits which confirms when they can be accepted or given and the steps that should be taken.

If in doubt as to whether a benefit is allowable, all staff must consult the Compliance Officer before accepting it or decline to accept it.

Staff are not permitted to accept gifts, entertainment or any other (allowable) inducement - unless it enhances to quality of our firm's service and doesn't have a detrimental impact on the quality of service we provide.

A record of all allowable benefits is made and retained on the firm's inducements register.

Similarly, our staff are not allowed to place undue pressure on clients to persuade them to trade through the firm to the extent that this gives rise to a conflict of interest between that client and another client.

#### **d) Segregation of duties**

We strive to ensure that the performance of multiple functions by relevant persons does not and is not likely to prevent those persons from discharging any particular functions soundly, honestly and professionally. Our policies concerning the segregation of duties within the firm and the prevention of conflicts of interest are laid out below.

We are aware that effective segregation of duties is an important element in the internal controls of a firm in the prudential context. In particular, it helps to ensure that no one individual is completely free to commit the firm's assets or incur liabilities on its behalf. Segregation also helps to ensure that the firm's senior management receives objective and accurate information on financial performance, the risks faced by the firm and the adequacy of its systems.

We ensure that, in general, no single individual has unrestricted authority to do all of the following:

- a. initiate a transaction;
- b. bind the firm;
- c. make payments; and
- d. account for it.

Where we are unable to ensure the complete segregation of duties due to a limited staff base, we have adequate compensating controls in place including the frequent review of an area by relevant senior managers. The firm ensures that its relevant persons are aware of the procedures which must be followed for the proper discharge of their responsibilities.

#### **e) Remuneration policy**

All relevant staff who are open to a conflict of interest are paid a basic salary including those who hold key support areas such as compliance, finance and operations. This salary is not dependent on business performance. Relevant persons involved in the compliance function will not be directly involved in the performance of services or activities they monitor.

A bonus structure does exist which is linked to business performance, team performance or the individuals performance. This is at the

discretion of the senior management and notified only on payment. In addition, we have implemented monitoring which includes reviewing of advice given to clients, the frequency of transactions and portfolio performance.

#### **f) Disclosure**

There may be occasions where we are not, in our opinion, reasonably confident that the risks of damage to the interests of the client will be prevented. Therefore as a last resort, where there is no other means of preventing or managing a conflict, we will disclose clearly, in writing, sufficient details, taking into account the nature of the client, to enable the client to make an informed decision with respect to the service in the context of which the conflict of interest arises.

**This disclosure will also:**

- Clearly state our firm's arrangements to prevent or manage that conflict are not sufficient to ensure, with reasonable confidence, that the risks of damage to the interest of the client will be prevented;
- Include specific description of the conflicts of interest that arise in the provision of providing our services; and
- Explain the risks to the client that arise as a result of the conflicts of interest.

#### **g) Accepting engagement**

Before we accept a new corporate client, we undertake a due diligence process to determine whether to proceed in providing services to them. This process includes ascertaining whether an unmanageable conflict of interest may arise.

#### **h) Declining to act**

Where we consider we are not able to prevent or manage the conflict of interest in any other way, we may decline to act for the client.

#### **Managing & disclosing conflicts**

The measures for dealing with conflicts are designed to ensure that relevant persons engaged in different business activities involving a conflict of interest carry on those activities at a level of independence, appropriate to the size and activities of the firm and of any group to which it belongs and to the of the risk of damage to the interests of clients.

Examples of procedures for managing conflicts include:

- Effective procedures to prevent or control the exchange of information between relevant persons engaged in activities involving a risk of a conflict of interest where the exchange of that information may harm the interests of one or more clients;
- The separate supervision of relevant persons whose principal functions involve carrying out activities on behalf of, or providing services to, clients whose interests may conflict, or who otherwise represent different interests that may conflict, including those of the firm;
- We also prevent or manage conflicts of interest by the establishment and maintenance of internal arrangements restricting the movement of information within the firm. This requires information held by a person in the course of carrying on one part of our business to be withheld from, or not to be used by, persons with or for whom we act in the course of carrying on another part of our business. Such an arrangement is referred to as a 'Chinese Wall' and can include hierarchical separation and physical barriers between the activities likely to involve conflicts of interest, thereby aiming to prevent any undue transmission of information.
- Where, despite the above procedures we identify a conflict of interest which may present risks of damage to the interests of a client, we will clearly disclose, in writing, to the general nature and/or sources of conflicts and the steps taken to mitigate those risks, to the client before undertaking business with the client.

**This disclosure will take place as follows:**

- The individual who oversees compliance within our firm will be advised of the potential conflict of interest in writing;
- We will advise our client in writing, of the potential conflict of interest and ask them to provide their written consent to proceed;

- The client's written consent along with the request will be passed to the individual who oversees compliance within our firm who can then provide approval to proceed as appropriate;
- Copies of both letters, together with the written authorisation to proceed will be retained on the client file.

#### **Review of conflicts of interest policy**

We will review our Conflicts of Interest Policy regularly, at least annually or whenever a material change occurs that presents a conflict of interest not contemplated in this Policy. Clients are invited to contact their usual Investment Advisor to obtain the latest copy of our Conflict of Interest Policy.

It is an offence to profit from a financial transaction, either directly or indirectly, based on confidential information that someone is party to. This is often referred to as 'insider dealing' and is covered by the Market Abuse Directive. Whilst we may not deal in investments directly there may be occasions through the course of our business where a staff member may become party to confidential information.

Where this is the case, nobody within our firm (or third party outsourced partners) will:

- Enter into a personal transaction which meets at least one of the following criteria:
  - that person is prohibited from entering into it under the Market Abuse Directive;
  - it involves the misuse or improper disclosure of that confidential information;
  - it conflicts or is likely to conflict with an obligation of our firm to a client under the regulatory system.
- Advise or procure, other than in the proper course of employment or contract for services, any other person to enter into a transaction in designated investments which, if a personal transaction of the relevant person, would be covered by (a);
- Disclose, other than in the normal course of employment or contract for services, any information or opinion to any other person if the relevant person knows, or reasonably ought to know, that as a result of that disclosure that other person will or would be likely to take either of the following steps:
  - to enter into a transaction in designated investments which, if a personal transaction of the relevant person, would be covered by (a);
  - to advise or procure another person to enter into such a transaction.

#### **Personal account dealing process**

The following procedures have been implemented to assist in reducing the risks associated in this area:

- Any such situations identified, must immediately be notified to [insert name / position of relevant individual].
- We will ensure that all staff are aware of our personal account dealing procedures and of any restrictions. Typically, this is done by asking staff to sign an annual staff declaration.
- We will ensure that any third-party outsourcer our firm uses that carries on activities that might give rise to a conflict of interest e.g. discretionary portfolio manager, has appropriate policies in place in relation to personal account dealing. Confirmation of this will be obtained in writing at the outset of any business relationship.
- Any business conducted by a member of staff, on their own account, will be recorded on a personal account dealing register. This will exclude the following types of business such as pensions and life policies.

**DISCLAIMER** : ARIA CAPITAL MANAGEMENT (EUROPE) LIMITED IS AUTHORISED AND REGULATED BY THE MALTA FINANCIAL SERVICES AUTHORITY ([WWW.MFSA.MT](http://WWW.MFSA.MT)) AND REGISTERED WITH THE CENTRAL BANK OF IRELAND FOR CONDUCT OF BUSINESS RULES. MALTA COMPANY NUMBER: C 26673. REGISTERED OFFICE: THE HUB, TRIQ SANT 'ANDRIJA, SAN GWANN, SGN 1612 MALTA..

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