

Nanhua Financial (UK) Co Limited

Conflicts of Interest Policy

2019

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Introduction

Nanhua Financial (UK) Co Limited (NFC) is required under FCA SYSC 10 to take all appropriate steps to identify and to prevent or manage conflicts of interest between:

- NFC (including agents and employees) and an NFC client, or
- One NFC client and another NFC client

NFC is committed to treating its customers fairly and it will not put itself in a position whereby its own interests, or its duty to another party, prevent it from discharging its duty to a customer. You are required to disclose any Outside Business Interests to NFC's Compliance Officer. If you are unsure of a conflict of interest or potential conflict of interest, please consult NFC's Compliance Officer

1. Conflicts of Interest Policy Management

Conflicts of interest can take many forms. They arise where there is a mismatch between the interests of one party to an arrangement and another party. Conflicts can arise as follows:

- Between NFC interests and those of a client
- Between one client and another
- Between a director, manager or employee and a client

2. Identification of Conflicts of Interest

Conflicts may arise where NFC:

- 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

3. Client Notification

Any actual or *potential* conflict of interest whether it arises at the commencement of a client relationship or at some other time, must be reported to NFC's Compliance Officer and the following information provided:

- Client name(s)
- Nature of the Conflict
- Whether the conflict is deemed to be an actual conflict or a potential conflict
- Identification of those within NFC who the conflict be against, and as such names of those within the firm who are best placed to resolve the conflict.

4. Disclosing the Conflict of Interest to the Customer

If NFC has identified any relationship or interest in a transaction that may give rise to a conflict with the interests of its customers, it will disclose this fact before acting for that customer. The disclosure should be appropriately clear and concise and contain sufficient detail to enable the customer to make an informed decision as to how the conflict may affect the service being provided. NFC will not enter into any transaction with or for a customer if it has reason to believe that the customer has objected to the conflict of interest.

5. Independence Policy

All employees are required to comply with NFC independence policy. The NFC independence policy effectively states that, when dealing with a customer, NFC employees must disregard any corporate or personal relationship, arrangement or interest that is likely to influence the information given to, or actions undertaken on behalf of, a customer in relation to the transaction or service in question.

6. Declining to Act for a Customer

If NFC decides that a conflict of interest cannot be managed effectively by disclosing the conflict of interest to the customer or by its policy of independence, then it will decline to act for that customer.

7. Disclosure of Outside Business Interests

An outside business interest is any activity that you are engaged in being a non- NFC business matter including: being employed by another person, or serving as an officer, director, partner or consultant, or whether you receive compensation from another organisation (including a family business) or any fees for a work product such as an article or speech or position held at the request of, or as part of your role with NFC.

NFC staff must disclose in writing to the Compliance Officer all external directorships, partnerships or similar interests in any business prior to employment or taking up such an appointment and annually by completing the annual attestation form which is reviewed by NFC's Compliance Officer.

8. Responsibility for Identifying and Managing Conflicts

To address a Conflict of Interest, the following factors will be considered:

- Disclosure of the potential conflict
- Policy of independence and separate supervision of staff
- Removal of undue influence
- Clear allocation of responsibilities to individuals, and
- Declining to act for one party

9. Information Barriers

Compliance have affected procedures to prevent or control the exchange of information between relevant persons engaged in activities involving a risk of conflict of interest where the exchange of that information may harm the interests of one or more clients.

10. Monitoring Conflicts

NFC's Compliance Officer maintains a register of Conflicts of Interest and includes conflicts of interest data in the Monthly Compliance Reports.

11. Inducements

Inducements are covered by NFC's Gifts and Entertainment Policy.

12. Personal Account (PA) Dealing

Personal account dealing is not permitted any products traded for NFC's Customers. For any other products, approval is required from NFC's Compliance Officer.

Segregation of Functions

NFC has in place segregation of duties within its organisation.