

# Conflicts of Interest Policy

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## Introduction and Purpose

When undertaking its services GBL always acts in the customers' best interests and puts their interests ahead of its own. Acting for customers may create conflicts between the interests of GBL and its customers or between the interests of different customers.

Principle 8 of the FCA's Principles for Businesses requires GBL to manage conflicts of interest fairly, both between itself and its customer and between a customer and another customer. FCA rules implementing requirements of the Markets in Financial Instruments Directive require GBL to maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps to identify, monitor and manage such conflicts of interest.

The purpose of this policy is to outline the framework GBL has in place to identify, manage, monitor and review conflicts of interest to safeguard the interests of its customers.

## Definition

An actual or potential conflict may arise when, in the exercise of its activities and services, the interests of GBL (including its managers, employees and appointed representatives or any person directly or indirectly linked to them by their control or shareholding) and the interest of its customers, are directly or indirectly in competition, and which could significantly prejudice the customer's.

## Application

This policy applies to all staff which includes permanent and temporary employees, contractors, interns and outsourced business suppliers.

## Policy

This section outlines GBL's policy for ensuring controls are in place to identify and manage conflicts of interest that may arise in carrying on its business to ensure that all of GBL's customers are treated fairly.

GBL takes all reasonable steps to identify conflicts of interest that arise in the course of its business between:

- GBL or any person directly or indirectly linked to it by control, and the duty that GBL owes to its customers;
- the personal interests of GBL's employees and the interests of GBL or its customers where those interests may be different; and
- two or more customers with competing interests.

For the purpose of identifying the types of conflicts of interest that arise in the course of providing its services, GBL takes into account whether it, its managers, employees, other relevant person or a person directly or indirectly linked by way of control:

- is likely to make a financial gain, or avoid a financial loss, at the expense of a customer;
- has an interest in the outcome of a service or an activity provided to the customer which differs from the customer's interest in that outcome;
- has a financial or other incentive to favour a customer or group of customers, over the interests of another customer.
- carries out the same activities for the customer and for another customer; or
- receives an inducement from a third party in the form of monies, goods or services other than the standard commission or fee for that service.

### **Overview of circumstances which may give rise to Conflicts**

Examples of areas where potential conflicts of interest could arise include, but are not limited to, the following:

- Inducements – GBL, could offer or receive inducements in respect of certain services, which could incentivise the recipients of the inducement to not act in the customer's best interests.
- Information Flows - GBL may have access to material non-public information through the ordinary course of their business activities that could be used to benefit GBL, employees or customers at the expense of other customers (e.g., employees could use knowledge of customer orders to front run proprietary trading activities).
- Order Handling - Customer orders could be handled in a manner that may benefit GBL, employees or one customer at the expense of other customers (e.g., the execution of one customer's orders could be given preference over another customer's orders).
- Personal Account (PA) Dealing – Employees could deal on their own account to the disadvantage of customers (e.g. they could front run customer orders with their own PA dealing activities).
- Outside Business Interests - Employees could receive material non-public information through outside business interests, such as directorships, which they could use to gain an advantage or avoid a loss.
- Remuneration – Employees could be incentivised to encourage inappropriate trading which has no discernible benefit for customers (e.g. advising a customer to churn their trades) in order to increase their commission.
- Investment Research - The production and/or distribution of investment research by GBL could be used to the advantage of GBL or some customers over other customers (e.g. the investment research could be used internally before being circulated to customers).
- Supervision – Failure to segregate, within its own operating environment, tasks and responsibilities which may be regarded as incompatible with each other or which may potentially generate systematic conflicts of interest.

### **Employee Duties and Responsibilities**

GBL insists that in its dealings with customers, all employees must use the highest standard of integrity in their actions at all times.

All employees are responsible for ensuring that they are compliant with this policy which includes:

- Remaining vigilant to potential conflicts of interest arising;
- Identifying and notifying the Compliance Officer of potential or actual conflicts of interest;

- Adhering to operating policies and procedures (available on the GATEway) that relate to conflicts management such as:
  - Confidentiality and Information barriers;
  - PA dealing;
  - Best execution and customer order handling;
  - Inducements policy;
  - Outside business interests; and
  - Confirming compliance with relevant conflict policies through GBL's periodic affirmations.

### **Monitoring and Management of Conflicts**

GBL has put in place procedures to ensure that we can effectively identify and manage conflicts of interest where there is a material risk of damage or loss to one or more customers, these include:

- Customer take-on procedures to obtain sufficient information in order to undertake the appropriate conflicts checks prior to formal engagement.
- Senior Management are required to regularly consider whether all potential conflicts have been identified and where a conflict is identified ensure that either:
  - any conflict of interest can be managed appropriately and that the conflict has been disclosed to the customer; or
  - we decline to act for the customer where GBL considers it is not able to appropriately manage a conflict.
- Employee disclosure requirement regarding external business interests, personal account transactions and gifts.

### **Procedures**

The following outlines the procedures to be followed and measures to be adopted in order to manage conflicts of interest.

#### **Identification**

GBL has customer take-on procedures which enable senior management to consider and manage conflicts of interest at the beginning of the relationship. GBL has also implemented a process to ensure that senior management oversee the delivery of all activities to ensure that there are no additional conflicts between customers and GBL.

#### **Notification**

If an employee suspects that a conflict has occurred in relation to an ongoing customer, the employee should notify Compliance immediately to ensure that potential and actual conflicts of interest can be identified and managed.

Identification of conflicts is the responsibility of all employees at GBL. All employees are made aware of their responsibilities to identify situations which give rise to a conflict or which might give rise to a conflict under GBL's conflict of interest policy.

In the event that an employee is unsure as to whether a situation represents a potential conflict of interest or not, the employee is required to raise the issue immediately with the Compliance Officer.

**Assessment**

Senior Management and Compliance will assess all conflicts of interest situations. Such assessment shall include (but not limited) assessing the following:

- Whether the situation represents an actual or potential conflict of interest;
- How the conflict of interest can be appropriately managed;
- The materiality of the conflict of interest;
- Whether the conflict of interest requires immediate notification to senior management for further assessment;
- Whether it is necessary to disclose the conflict of interest to the customers to agree a course of action with the customer(s) or resolve the conflict via another route.

**Resolution**

GBL will take the necessary actions to resolve and manage actual or potential conflicts of interest. This may include (but is not limited to):

- Managing the situation so as to prevent the conflict of interest arising;
- Managing the situation so as to ensure the interests of GBL or its employees are not permitted to disadvantage or lead to a loss for the customer(s);
- Notifying the conflict of interest to the customer(s) so that either a satisfactory course of action may be decided upon or the customer may elect not to use the service insofar as there is a conflict.

**Reporting/Record Keeping**

The Compliance Officer will maintain a Conflicts of Interest Register of all circumstances which constitute or may give rise to a conflict of interest entailing a material risk of damage to the interests of customers.

**Senior Management Review**

Compliance will provide Senior Management on a frequent basis, and at least annually, written reports on any conflicts of interest / potential conflicts of interest that may arise including details of the situation giving rise to the conflict or potential conflict, the assessment analysis and the measures taken to mitigate the conflicts.

Periodically (no less than annual) senior management shall analyse the conflicts that have arisen as well as potential conflicts of interest and review the systems and controls that are in place for preventing and mitigating the conflicts of interest in order to ensure that they continue to be effective and relevant for dealing with conflicts of interest situations.