



ADM Investor Services
International Limited

ADM Investor Services International Limited (ADMISI) Compliance Manual

Conflicts of Interest

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Conflicts of Interests Policy

Introduction

ADM Investor Services International Limited ('ADMISI') provides a range of financial services and products to client both nationally and internationally. In the course of providing such services there is the potential for conflicts of interest to arise. In accordance with the Markets in Financial Instruments Directive ('MiFID') as updated and amended by the Markets in Financial Instruments Directive II and the Markets in Financial Instruments Regulation ('MiFIR') together ('MiFIDII') as well as the Financial Conduct Authority ('FCA') requirements as detailed in FCA Principle 8, Chapter 10 of the Senior arrangements, Systems and Controls ('SYSC') and elsewhere, ADMISI is required to establish, implement and maintain an effective Conflict of Interest Policy.

The aim of the policy is to identify, manage and prevent any such conflicts in order to avoid any adverse effects howsoever these arise. This document highlights our approach to the identification of actual and perceived conflicts of interest and the controls in place to prevent and manage such conflicts.

A key aim of MiFID II is to emphasise the requirement on all firms to have in place the necessary policies and procedures to prevent instances of conflicts of interest from arising. ADMISI has taken the appropriate organisational and administrative measures as well as reviewed and updated its policies and procedures to ensure that these requirements are met.

Regulatory requirements

Whereas MiFID required firms to take all reasonable steps, MiFID II builds on this position and places more onerous obligations on firms to manage conflicts of interest. Article 23 of MiFID II introduces the additional requirement to take all appropriate steps to identify conflicts of interest.

Additionally, a new obligation requires firms to put in place systems and controls to prevent conflicts of interest from arising as well as to manage any resultant conflicts of interest where these cannot be adequately prevented.

ADMISI maintains, and regularly updates, a record of the range of services and activities that are provided to clients in which a conflict of interest resulting in the potential material risk of damage to the interests of one or more clients has arisen or may arise.

ADMISI also maintains effective operational and administrative arrangements aimed at taking appropriate steps to prevent conflicts of interest from arising and to manage any resultant conflicts such that they do not give rise to a material risk of damage to the interests of one or more clients.

ADMISI has also prepared a summary Conflicts of Interest Policy document that is sent to all clients.

Types of Conflict of Interest

On ADMISI providing any investment services, activities and ancillary services to a client, and in the course of carrying on a regulated activity, a conflict of interest may arise in connection with any such service or activity. For the purposes of identification of such conflicts of interest these are considered to be those that may constitute or give rise to a material risk of damage to the interest of the client.

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ADMISI maintains effective organisational and administrative arrangements and takes all other appropriate steps to prevent conflicts of interest from constituting or giving rise to a material risk of damage to the interest of the client and to establish, implement and maintain effective conflicts of interest policies and procedures.

Conflicts of interest may occur between ADMISI and/or between other parties. In this context ADMISI may include any person directly or indirectly linked to ADMISI or the wider corporate group.

For example, such Conflicts of interest may occur between, but are not limited to, the parties mentioned below:

- ADMISI's interest may conflict with the interest of a client.
- An ADMISI employee's interest may conflict with the interest of a client.
- ADMISI's duty to one client may conflict with ADMISI's duty to another client.
- The interests of ADMISI's ultimate parent company, the Archer Daniels Midland Company ('ADM'), may conflict with those of a client.
- Companies within the ADM group may have conflicting interests with those of a client.
- ADMISI's duty to the client may conflict with ADMISI's interests or other persons connected to the firm or other parts of the group.
- A client may perceive that ADMISI holds a bias towards the agricultural sector by virtue of its affiliation with ADM, or that the firm may be skewed in its product offering or ability to offer access to products in this sector.

ADMISI pays special attention where ADMISI, or a person directly or indirectly linked to ADMISI, performs a combination of two or more activities. ADMISI will also take into account any circumstances of which it is or should be aware and which may give rise to a conflict of interest arising from the structure and business activities of members of the group.

ADMISI keeps, and updates regularly, a record of the kind of services and activities carried out in which a conflict of interest entailing a material risk of damage to the interests of one or more clients has arisen or may arise.

Identification of Conflicts of Interest

ADMISI is required to take all appropriate steps to identify clearly any circumstances that could constitute or may give rise to a conflict of interest with reference to the specific business services and activities it undertakes, both within and across business areas and between other group entities.

As part of this process and in the preparation of this policy, ADMISI has carried out an extensive review aimed at identifying all actual and potential conflicts that may exist.

For the purposes of conflicts identification, each of the following circumstances are considered as a minimum:

Whether ADMISI, or a relevant person, or a person directly or indirectly linked to or controlled by ADMISI,

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- 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;
- Carries on the same business as the client;
- Receives or may 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.
- Has an interest in the outcome of a service provided to a client which is distinct from the client's interest.
- Has a financial or other incentive to favour the interests of another client or group of clients over the interests of the client.
- Designs, markets or recommends a product or service without giving due consideration to all other ADMISI products and services and the interests of clients.

Prevention of Conflicts of Interest

The management of ADMISI is accountable and responsible for the definition, oversight and governance arrangements to ensure that effective and appropriate measures are put in place to prevent and avoid situations of conflicts of interest arising and for ensuring that these measures are managed, reviewed and updated on a regular basis as necessary.

ADMISI has put additional arrangements in place to prevent conflicts of interest from arising. These include:

- Internal controls on the exchange of information.
- Arranging for separate supervision of persons carrying out activities on behalf of clients and / or the firm, where those activities may lead to a conflict of interest arising, either between clients or between a client and the firm.
- Reviewing and removing remuneration links between persons carrying out different activities where it is perceived that this could lead to conflicts of interest arising.
- Measures to prevent or severely limit the exercise by any person of inappropriate influence.
- Measures to prevent or control simultaneous or sequential involvement of a relevant person in such separate services where such involvement may impair the proper management of conflicts.

Management of Conflicts of Interest

ADMISI has appropriate and effective arrangements in place to identify, prevent and manage actual or perceived conflicts of interest. These arrangements are designed to govern the activities of all employees and ensure that the activities of the firm are conducted appropriately to avoid conflicts of interest.

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ADMISI adopts a number of approaches to manage conflicts of interest and control the movement of confidential information; the following is a non-exhaustive list of these controls:

- Conflicts of Interest Scenarios Schedule;
- Conflicts of Interest Policy;
- A Conflicts Register;
- Investment Research Policy;
- Personal Account Dealing Procedures;
- Gifts and Entertainment Procedures;
- Product governance arrangements and procedures under MiFID II, especially related to the firm's obligations around acting as a distributor or manufacturer of any financial instrument. In particular, this means ensuring any remuneration or inducements are managed within the context of ADMISI's role as a distributor and / or manufacturer between any provider / distributor and client.
- Control over the exchange of confidential information, including the use of Chinese Walls; defined as the physical separation of departments; organisational separation of departments; or segregation of duties;
- Separate supervision of relevant persons;
- Remuneration Policy, including control over the sources of remuneration of relevant persons; and
- Monitoring the role of relevant persons' outside business activities.

ADMISI has implemented regular reviews of its business activities as well as specific transactions or client relationships in order to identify potential new conflict of interest scenarios.

ADMISI also provides staff training on conflicts of interest and management of such conflicts. Further information is provided below to consider certain areas mentioned above in more detail and also to elaborate on the other possible areas of conflicts of interest.

Other areas where conflicts may arise include:

- Managing External Investigations: the firm may from time to time be subject to investigations by various regulatory agencies (including the City of London police, the National Crime Agency, the FCA or other national competent authorities) in respect of transactions or suspicious trading activity. In this regard, the firm has made arrangements to conduct any such investigations in a way that these are managed separately from the rest of the business. Such arrangements may include managing any perceived conflicts of interest in the conduct of the investigation, and avoiding the risk of 'tipping off' an employee or a client. Tipping off anyone of the existence of an investigation may constitute a criminal offence.

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- Introducing Brokers: the role of an introducing broker to bring clients towards ADMISI presents several potential conflicts. An introducing broker may wish to maximise the frequency of trading for introduced clients to bolster its revenue commissions, and this may be at the expense of suitability for the client. The introduced client's profile may not correspond to ADMISI's stated business risk appetite, and the introducing broker may not or may not wish to discharge all know your client verifications. These conflicts are managed by ADMISI partly via the actual terms of engagement of an introducing broker, as detailed in the Introducing Broker Agreement, a template of which is kept within the Compliance department, and partly by enhanced cost and fee structure disclosures to clients under MiFID II Article 24(4). Introducing brokers are assessed at the point of introduction via a site visit and the verification of any regulatory credentials (E.g. FCA authorisation), and these are reassessed periodically.
- Account opening: the firm has procedures in place to monitor and prevent the opening of any new accounts for any client which would present a conflict of interest with ADMISI or with another ADMISI client.
- Providing Direct Electronic Access ('DEA') to clients: ADMISI has put in place robust arrangements to monitor DEA by its clients and / or their underlying users. Its systems and controls in this area include: (i) suitability of clients and pre-set client trading and activity limits; (ii) controls aimed at preventing risk to the provider as well as market abuse or rule breaches by the client under MiFID II Article 17(5); (iii) identifying separately DEA users' order flow under unique Identifiers.
- Client Account Structures: ADMISI is required to monitor closely the various account structures offered to clients, this relates to and includes (i) Omnibus accounts; (ii) House / Affiliate accounts; (iii) European Market Infrastructure Regulation ('EMIR') Article 39 disclosures and account structures; (iv) under MiFID II any account structures which must be offered to indirect clients of ADMISI that form part of a chain (E.g. Gross Omnibus accounts, Net Omnibus accounts)
- Protecting Client Money: ADMISI has robust arrangements in place for the protection of money provided by way of margin by clients. These include the following: (i) CASS Breaches Register; (ii) CASS breach escalation procedures; (iii) procedures for monitoring payments into and out of client money segregated accounts; (iv) performing daily reconciliations and subsequent top ups or other transfers of client money in relation to any shortfalls.
- Record Keeping: ADMISI has put in place a conflicts of interest register and related procedures, including management information and management oversight, to ensure that appropriate records are maintained of cases where a conflict of interest entailing the risk of damage to the interests of one or more clients has arisen, or in the case of an ongoing service or activity, may arise.
- Personal Account Dealing: All ADMISI personnel are made aware, and are regularly reminded, of the requirements in relating to personal account dealing as detailed in the Compliance Manual personal account dealing procedures. Further, all transactions are monitored by the compliance monitoring team.

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- Inside Information: Where an ADMISI employee believes that they have, or may have, received information in relation to a product, company or instrument that is not in the public domain, in which ADMISI provides execution or other services and that the information is likely to have an impact on the price of that or any other product, company or instrument they must advise the head or deputy head of compliance or other senior compliance manager immediately. Further, the employee must ensure that this information is not under any circumstances divulged to anyone else and they must not carry out any personal account dealing, or encourage anyone else to do so, in relation to the product, company or instrument concerned.

Chinese Walls: This refers to arrangements that ensure that confidential or other price sensitive or inside information is prevented from being communication from one area of ADMISI to another. ADMISI has in place such Chinese Walls as are deemed necessary and these are reviewed from time to time. In general ADMISI ensure that confidential, price sensitive or inside information is only disclosed on a need to know basis. Restrictions are also in place with regard to access to information including electronic data, access to computer files and all other records and files. All ADMISI personnel are also regularly reminded of the need to protect, secure and safeguard data as well as the requirements of the Data Protection Act.

- Gifts and Entertainment: The ADMISI Compliance Manual includes a section on gifts and entertainment and all ADMISI employees are required to familiarise themselves and comply with all aspects of these requirements. An important aim of these procedures being to ensure that such gifts and entertainment, given or received, do not create any conflicts or inducements and do not impair ADMISI's independence.
- External Business Interest: All ADMISI employee contracts of employment, and terms of engagement for consultants or other contractors, include a clause relating to any external business interests, including disclosures and restrictions, the aim of which is to ensure that any such activities do not conflict in any respect with any aspect of their role in working with ADMISI or dealings with ADMISI customers.
- Segregation of Duties: Systems and controls are in place to guard against situations where employee roles and duties may cause a conflict of interest either for them or for their department and to ensure that appropriate segregation is in place such that any such scenarios are prevented or appropriately managed.
- Remuneration Policy: As part of the ADMISI Remuneration Policy due consideration is given to remuneration and incentive programmes to avoid potential conflicts of interest situations and the possibility that inappropriate incentives may arise.
- Public Interest Disclosure: The ADMISI Compliance Manual includes a section related to the Public Interest Disclosure Act, otherwise known as Whistleblowing. This procedure exists to enable employees to raise any particular concerns or situations of potential wrong doing, which may include situations of conflicts of interest, and for the employee to be able to escalate these as necessary in the circumstances.

Policy Review

This policy is reviewed regularly as part of the compliance manual review process and in the event of any major changes in the structure or business of ADMISI which necessitate a more immediate review and update.

Disclosure to Clients

Where ADMISI considers with reasonable confidence that the arrangements in place to manage potential and/or actual conflicts of interest are not sufficient to avoid material risk of damage to a client's interest, ADMISI will disclose the general nature and/or sources of the conflict of interest to the client before undertaking any business for that client.

However any such disclosures to clients or otherwise should be viewed as an absolute last resort. Further, any such disclosures should be avoided as conflicts of interest prevention and management measures should in all such instances have been, and be, in place for the appropriate management of all conflict of interest scenarios that are, or could be, envisaged. That is, disclosure to clients relates solely to circumstances where the effective organisational and administrative arrangements prove insufficient to ensure, with reasonable confidence, that a particular conflict of interest can be prevented.

The proper identification and management of all actual and perceived conflicts of interest is critical to ADMISI's business and reputation. Senior management takes responsibility for conflicts management and for the maintenance of appropriate policies, systems and controls such that disclosure will be a last resort only.

Please note that this summary document does not form part of any contract between ADMISI and the client.