Conflicts of Interest
Management Policy
1. Introduction

Under the FCA’s Principles for Businesses, Principle 8 requires a firm to “manage conflicts of interest fairly, both between itself and its customers and between a customer and another client.” Under the new Markets in Financial Instruments Directive (“MiFID II”) NEX (The NEX Group of Companies) is required 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 NEX Group of companies has put in place a policy to meet this obligation and set out below is a summary of that policy and the key information that is needed by clients and counterparties (together “customers”) to understand the measures NEX is taking to safeguard the interests of its customers.

2. Conflict of Interest Policy

NEX seeks to:

- identify circumstances which may give rise to conflicts of interest, entailing any risk of damage to customers’ interests, in light of the fact that the NEX Group of Companies provides various investment activities such as the reception and transmission of orders, and the execution of orders on behalf of clients, as well as the operation of a Regulated Market and multiple MTFs;
- establish appropriate mechanisms and systems to manage those conflicts;
- maintain systems in an effort to prevent actual damage to customers’ interests through the identified conflicts; and
- where these systems are not sufficient to ensure, with reasonable confidence, that the risks of damage to clients’ interest will be prevented, NEX, as a last resort, will ensure to disclose the relevant conflict in sufficient detail to its clients.

3. What is a Conflict of Interest?

A conflict of interest under MiFID is a conflict that arises in any area of NEX’s business in the course of providing its customers with a service which may benefit NEX (or another customer for whom NEX is acting) whilst potentially materially damaging another customer where NEX owes a duty to the customer. There may be a conflict where NEX (or anyone connected to NEX including another NEX affiliate):

- is likely to make a financial gain (or avoid a loss) at the expense of its customer;
- is interested in the outcome of the service provided to its customer where the interests of NEX is distinct from that of the customer;
- has a financial or other incentive to favour the interests of one customer over another;
- carries on the same business as a customer;
receives money, goods or services from a third party in relation to services provided to a customer other than standard fees or commissions. NEX has sought to identify conflicts of interest that exist in its business and has put in place measures it considers appropriate to the relevant conflict in an effort to monitor, manage and control the potential impact of those conflicts on its customers. The conflicts identified include:

- those between customers with competing interests;
- those between customers and the NEX Group of Companies where their respective interests in a particular outcome may be different;
- those between the personal interests of staff of NEX and the interests of NEX or its customers where those interests may be different; and
- those that might arise as a result of employees covering relatives in a business capacity. Act. We are the data controller of all personal data used in our business for our own commercial purposes.

4. Policies and Procedures

NEX has adopted numerous internal policies and procedures in order to manage recognised conflicts of interests. These policies and procedures will be subject to NEX’s normal monitoring and review processes and include:

**Integrity and Standards of Conduct**

NEX insists that in its dealings with customers its staff must use the highest standard of integrity in their actions at all times. The induction programme, Training & Competency procedures and monitoring programme at NEX are designed to ensure that all relevant 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.

**Customer Orders**

In order to ensure as fair treatment as possible for customers, the NEX Execution Policy requires NEX to take all reasonable steps to achieve the best overall trading result for customers; to exercise consistent standards; and operate the same processes across all markets, clients and financial instruments in which it operates. There may be occasions when customer orders may have a material effect on a relevant securities price. In order to ensure that an employee does not take advantage of the situation by dealing on his/her own account or encouraging a third party to deal, NEX has a strict “no front running” policy. In order to ensure a fair and orderly dealing environment within the market, NEX further ensures that its staff comply with the revised Code of Market Conduct reflecting the provisions of the Market Abuse regulations, as well as the relevant FCA Rules, which aim to prevent insider trading, the misuse of information and market manipulation.

**Personal Account Dealing (“PAD”)**

NEX has a policy on Personal Account Dealing and the rules are signed off as understood by all relevant employees regardless of their position within the NEX Group. Staff may not deal the same way for personal account as a customer order or potential order before it is executed or where a customer’s interest could be adversely affected. Relevant employees shall not deal where a client order is pending. Further, PAD procedures require ALL permanent NEX employees, and certain designated others, to obtain pre-approval by line management and the Compliance Department when PA dealing in Equities or Equities related instruments. All staff are required to take a training course on Personal Account Dealing rules in London.
Confidentiality and Information Barriers

NEX has put in place procedures to control or prevent the flow of information between NEX business units and entities where the interests of customers of one business unit or entity may conflict with the interests of customers of another NEX business unit or entity or with NEX’s own interests. Furthermore, NEX insists on strict customer confidentiality to ensure that information is disclosed only to those entitled to receive it or otherwise with the prior approval of the Compliance Department. For more information regarding Confidentiality and Anonymity of customer interest, orders and transactions, consult your regional Compliance Manual and/or the NEX Group’s Compliance Rule of Conduct.

Inducements to Employees from Customers

Staff are not allowed to accept gifts, entertainment or any other inducement from any person which might benefit one customer at the expense of other when conducting investment business. For example, where two customers give similar orders and one customer agrees to pay more commission, priority or better execution terms must not be granted to that customer’s order when it conflicts with obligations owed to the other customer. NEX staff are not allowed to place undue pressure upon customers to persuade the customer to trade through the firm to the extent that this might give rise to a conflict of interest between that customer and its own underlying customers.

Group Companies

Customers are to be informed of the relationship where the counterparty to the deal is another NEX Group Company or where the services of another NEX Group Company is recommended.

Remuneration Policy

All relevant staff who are open to a conflict of interest are paid a basic salary including those in key support areas such as Compliance, Finance and Operations. This salary is not dependent on company performance. A bonus structure does exist which is linked to company performance, team performance or the individual’s performance. It is at the discretion of the senior management and notified only on payment. Specifically, the (variable) remuneration of staff who are involved in the provision of services to clients is structured in such a way that it encourages responsible business conduct, fair treatment of clients and avoids conflicts of interest in the relationship with clients.

Separate Supervision and Segregation fo Function

Where appropriate, NEX has arranged for the separate supervision of those carrying out functions for customers whose interests may conflict, or where the interests of customers and NEX may conflict and has taken steps to prevent the simultaneous or sequential involvement of a relevant person in separate services or activities where such involvement may impair the proper management of conflicts of interest.

NEX Compliance Monitoring PRogramme NEX

NEX Compliance department has an established and documented compliance monitoring programme of which part of this programme focuses on conflicts of interest and recognising where there may be a potential conflict. Compliance reviews Personal Account Dealing and monitors contract notes for such dealing. It also reviews the current Chinese Walls and information barriers and confirms their effectiveness.
Disclosure

As a last resort, where there is no other means of managing the conflict or where the measures in place do not, in the view of NEX, sufficiently protect the interests of customers, the conflict of interest will be disclosed to customers to enable an informed decision to be made by the customer as to whether they wish to continue doing business with NEX in that particular situation.

Declining to Act

Finally, where NEX considers it is not able to manage the conflict of interest in any other way it may decline to act for a customer.

Benchmarks

As a contributor of data to various third party benchmarks, NEX has established effective controls to manage conflicts of interest between the parts of the business responsible for the benchmark submission or contribution of data and those parts of the business who may use, or have an interest in, the benchmark rate. NEX has also established effective measures to prevent or limit any person from exercising inappropriate influence over the benchmark submission or contribution of data.

Any queries on the above should be directed to the NEX Compliance Department: compliancequeries@nex.com.