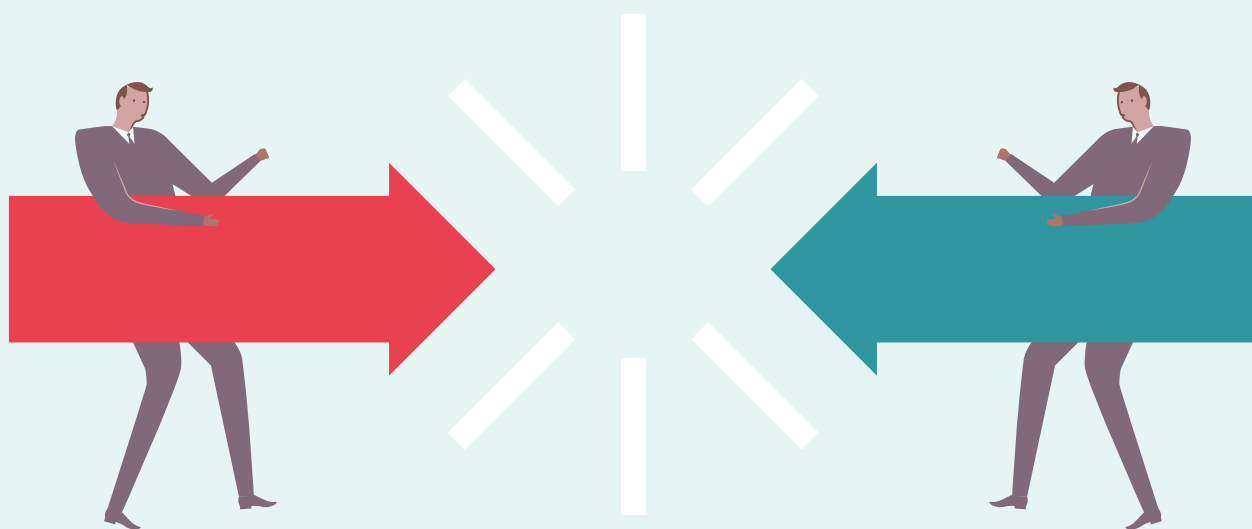


# Conflicts of Interest Policy



# Conflicts of Interest Policy

## Introduction

**This policy applies to all activities undertaken by James Sharp & Co. Current regulation requires that firms seek to identify any conflicts and potential conflicts faced from time to time and to have in place a policy and procedures to mitigate and manage these conflicts.**

## Identifying conflicts

The firm must take all appropriate steps to identify and to prevent or manage conflicts of interest between the firm, including its managers, employees and appointed representatives, or any person directly or indirectly linked to them by control, and a client of the firm that arise or may arise in the course of the firm providing any service including those caused by the receipt of inducements from third parties or by the firm's own remuneration and other incentive structures.

James Sharp & Co. has identified examples (note that this list is not exhaustive) of conflicts of Interest that may arise whilst providing investment services to our clients and sets these out in Appendix A of this policy. **This policy and relevant examples of conflicts are made available to all James Sharp & Co staff to ensure that they are aware of how the firm deals with relevant conflicts.**

## Conflicts policy

The firm must implement and maintain an effective conflicts of interest policy that is set out in writing and considers any circumstances, of which the firm is or should be aware, which may give rise to a conflict of interest arising as a result of the structure and business activities of James Sharp & Co. This document is the conflicts.

## Types of conflicts

For the purposes of identifying the types of conflict of interest that arise, or may arise, whilst providing a service and whose existence may damage the interests of a client requires the firm to consider the following points as a minimum:

- 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 out the same business as the client;
- 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.

## Record of conflicts

The firm keeps and regularly updates a record of all services or activities carried out by or on behalf of the firm in which a conflict of interest entailing a material 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.

All James Sharp & Co staff have an on-going responsibility to remain alert to the fact that conflicts of interest may arise. Any newly identified conflicts are reported to Compliance (Conflicts of Interest declaration form) and will include the following details as appropriate:

- Nature of the conflict; and
- Name of the client(s) concerned.

Upon receipt, Compliance will determine what further steps need to be taken to manage the conflict.

The firm's Partners receive Management Information on all situations referred to Compliance regarding record of conflicts.

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## Managing conflicts

James Sharp & Co. maintains and operates effective organisational and administrative arrangements with a view to taking all reasonable steps to prevent conflicts of interest from adversely affecting the interests of its clients.

Where conflicts are unavoidable, James Sharp & Co seek to identify them in advance and provide for their mitigation and management. These management arrangements will be designed to ensure the firm or its members, managers or employees are not advantaged where there is a material risk that a client is disadvantaged.

All conflicts are reviewed and dealt with in one of the following ways:

- there is an acknowledgement that existing controls are sufficient to mitigate the conflict, for example when an appropriate Chinese Wall already exists;
- additional control measures specific to the conflict concerned are implemented;
- we decline to act for the client(s) concerned; or
- we disclose the conflict to the client(s) concerned and seek their consent to continue with the service / transaction (see disclosure of conflicts).

## Disclosure of conflicts

If the arrangements implemented by the firm are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of a client will be prevented, staff must clearly disclose the following to the client before undertaking business for the client:

- the general nature or sources of conflicts of interest, or both; and
- the steps taken to mitigate those risks.

The disclosure must:

- be made in a durable medium;
- clearly state that the organisational and administrative arrangements established by the firm to prevent or manage that conflict are not sufficient to ensure, with reasonable confidence, that the risks of damage to the interests of the client will be prevented;
- include specific description of the conflicts of interest that arise in the provision of investment services or ancillary services;
- explain the risks to the client that arise as a result of the conflicts of interest; and
- include sufficient detail, taking into account the nature of the client, to enable that client to take an informed decision with respect to the service in the context of which the conflict of interest arises.

Disclosure as a way of managing conflicts should be used only as a last resort. The FCA does not permit over-reliance on this method of managing conflicts.

# Conflicts of Interest Policy

## Controls to mitigate conflicts

James Sharp & Co. has procedures that must be followed and measures in place to manage such conflicts. These controls have been designed to be as necessary and appropriate for the business and consists of:

- As part of our Client Take On process, the firm will determine whether additional conflicts of interest may arise as a result of the new client relationship when signing off accounts;
- The firm takes measures to restrict the movement of information internally, in order to mitigate any conflicts that may arise as a result of having an investment research department. The firm has such a 'Chinese Wall' arrangement in place to prevent any intentional internal/external recommendations being made available to the dealing side of the firm ahead of their subsequent publication, to ensure that front running and possible market abuse does not take place.
- James Sharp & Co. has in place a Personal Account Dealing policy which, in circumstances which may give rise to conflicts of interest, places restrictions on the personal account dealing undertaken by our staff. Further to this, the firm monitors the personal account dealing to ensure that our clients have not been adversely impacted;
- The remuneration of our client advisors consists of a salary and any bonus's that are paid are on discretionary basis and are not linked to income generation.
- The Compliance function and the Partners discuss any conflicts of interest documented in MI to determine whether any additional controls are required to manage any conflicts.

# Conflicts of Interest Policy

## Annex A Conflicts of Interest Examples

### Personal Conflicts

James Sharp & Co. has procedures that must be followed and measures in place to manage such conflicts. These controls have been designed to be as necessary and appropriate for the business and consists of:

Issue	Potential Conflict	Mitigating arrangements
<b>Personal account trading</b>	James Sharp & Co staff may trade on personal account in an inappropriate manner, to the detriment of clients.	James Sharp has implemented a Personal Account Dealing policy with which staff and related persons under their control must comply.
<b>Remuneration Policy</b>	James Sharp & Co staff may seek to enhance revenue and personal compensation by engaging in activities which may place the firm and/or its clients at higher risk.	James Sharp & Co has an appropriate remuneration policy which ensures that risk taking does not align with individual compensation.
<b>Inducements and entertainment (including bribery risks)</b>	James Sharp & Co may be influenced in making investment or trading decisions or outsourcing selections that are not in the best interests of clients when entertainment or other forms of inducement are provided.	James Sharp & Co has implemented a Gifts and Inducements policy which requires the reporting of gifts and entertainment received or given above a certain value, and in the case of high value items, prior approval.
<b>Influence over other employees</b>	Responsibilities are not apportioned effectively or Personnel inadequately supervised to avoid collusion or undue influence over others.	Apportionment of responsibilities are clearly defined amongst all Partners and employees, with reporting lines in place, the existence of which are made clear in the firm's organisation chart.
<b>Influence of outside business interests or activities</b>	Personnel who have outside commitments (i.e. directorships, business interests) may be influenced to act in a manner that conflict with the interests of the firm or its clients.	Employees are required to give details of external affiliations and the requirement to obtain Compliance approval prior to accepting an external post.

# Conflicts of Interest Policy

## Asset management Conflicts

### Trading and Investment Conflicts

We face a variety of regular trading and investment conflicts similar to those faced by most firms in a similar business to ours. To a larger degree these are managed by existing regulatory requirements arising in the context of our conduct of business. These are listed below:

Issue	Potential Conflict	Mitigating arrangements
<b>Aggregation &amp; Allocation of transactions</b>	Investment opportunities between clients, or between James Sharp & Co, its Personnel and clients, may be allocated more preferably to one party, disadvantaging one or more of the firm's clients.	James Sharp & Co has a detailed Order Allocation Policy in place which is followed by staff, and the Terms of Business outlines clearly how James Sharp & Co manages the aggregation and allocation of orders, in accordance with the FCA rules.
<b>Favouring Counterparties</b>	In the execution of transactions, the firm may favour certain counterparties over others where such counterparties offer the firm or its Personnel other products, services, allocations, or other gifts, entertainment or benefits (whether in a professional or personal capacity).	James Sharp & Co operates a Gifts and Inducements Policy which is applicable to benefits or inducements to staff that may be seen as conflicting with their duties to the Firm or to any of the Firm's clients. James Sharp & Co operates in accordance with a Best Execution Policy, which is designed to ensure that the Firm is acting in the "best interests" of, or providing Best Execution for, clients.
<b>Management fees</b>	A failure to properly disclose the amount and basis of calculation of the fees and commission charged on a particular fund or managed account, could give rise to a conflict of interest between the interests of the firm, its clients (the funds) and those of the investors in the funds.	Disclosure of fees will be contained in the relevant documentation sent to clients, including Schedule of charges, Contract Notes and Costs & Charges disclosures. The firm has robust systems in place to ensure that charges are levied appropriately.

# Conflicts of Interest Policy

## Pricing and Valuation Conflicts

Issue	Potential Conflict	Mitigating arrangements
<b>Valuation Policy</b>	Not implementing a valuation policy or deviating from the policy may impact on the fair valuation of financial instruments.	Positions are marked-to-market on a daily basis by reference to an active, liquid two-way market where such exists. Reference data for valuation of instruments is provided by Intercontinental Exchange (ICE). Independent pricing is also available to us from Bloomberg. Bloomberg may not be an accurate source and senior management may take into account outliers in the pricing sources before averaging the remaining price providers. For illiquid securities, where there is a significant difference between the marked price of a security and the valuation used, dealers may be asked to provide independent third-party verification from inter-dealer brokers where appropriate.
<b>Pricing and valuation errors</b>	Not taking sufficient action to rectify pricing and other valuation errors or anomalies where to do so would have a negative impact on the price and value of those securities.	Where there is an error on a valuation of a position or portfolio, a full explanation as to why the error occurred will be formally documented and presented by staff to senior management. Rectification of the error will be done immediately in accordance with the valuation policies detailed above.

# Conflicts of Interest Policy

## Trading Conflicts

We act for a variety of different clients in relation to our order execution business. There may be occasions when different clients place orders with us where the impact of execution of one order may be detrimental to the interests of another client.

Issue	Potential Conflict	Mitigating arrangements
<b>Customer Order Priority</b>	Where James Sharp & Co does not execute comparable client orders sequentially and promptly, one client may gain an unfair advantage over another.	James Sharp & Co will ensure that client orders are carried out in a prompt, fair and expeditious manner with prompt and accurate records. Comparable orders will be carried out sequentially and promptly unless the order's characteristics or prevailing market conditions make this impractical or the interests of the client requires otherwise.
<b>Agency Crosses</b>	An agency cross trade transacted between clients may result in a client being disadvantaged.	Cross trades will only be transacted where the trade does not prejudice any client involved. Cross trades will be clearly marked as a cross, and the execution price of a cross trade must be fair, at a mid price and with back up documentation to evidence the market price at the time of the trade.



# Conflicts of Interest Policy

## Conflicts of Interest declaration form

I would like to declare the following existing/potential\* conflict of interest situation arising from the discharge of my duties:

**a. Persons/companies\* with whom/which I have official dealings and/or private interests:**

**b. Brief description of my duties which involve the persons/companies mentioned in item (a) above**

Position and Name:

Signature:

Date:

\* Delete as appropriate



**James Sharp & Co.**  
The Exchange  
5 Bank Street  
Bury Lancashire BL9 0DN

Tel : 0161 764 4043  
Fax : 0161 764 1628  
DX : 20536 Bury  
E : [mail@jamessharp.co.uk](mailto:mail@jamessharp.co.uk)

Authorised and regulated by the  
Financial Conduct Authority

Member of the  
London Stock Exchange

Member of Nexexchange

Member of PIMFA

James Sharp & Co is a trading name of James  
Sharp & Co LLP (OC422665)  
Members of the LLP are referred to as Partners