

CONFLICTS OF INTEREST POLICY

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1 Introduction

Basis Capital Markets UK Ltd. (“Basis” or the “Firm”) conducts its business under FCA Principle 8, which requires the Firm to manage conflicts of interest fairly, both between the Firm and its clients as well as between one client and another client.

SYSC 10.1 requires the Firm to take all appropriate steps to identify and to prevent or manage conflicts of interest that arise during the Firm providing its services between:

- The Firm, including its managers, employees, and appointed representatives or any person directly or indirectly linked to them by control (collectively “Staff”), and a client of the Firm; or
- One client of the Firm and another client, including those caused by the receipt of inducements from third parties or by the Firm’s remuneration and other incentive structures.

The Firm’s policy is to take all appropriate steps to maintain and operate adequate organisational and administrative arrangements to identify and prevent or manage potential and actual conflicts of interest in the Firm’s business.

2 Identifying Conflicts of Interest

To identify the types of conflict and potential conflicts that arise which may damage the interests of a client, the Firm must consider whether the Firm or a member of Staff:

- 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 another incentive to favour the interest of one client or group of clients over the interests of another client;
- Carries on the same business as the client; or
- Receives or will receive from a person (other than the client) an inducement with 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 Managing Conflicts

Governance: The Firm has robust governance arrangements and senior management oversight of the business. The Governing Body makes Critical business decisions and understands the Firm’s obligations to manage and mitigate conflicts of interest. The Firm’s senior management is responsible for ensuring that the Firm’s systems and, controls, and procedures are robust and adequate to identify and manage any conflicts of interest.

Discussion of conflicts within the business is a standing agenda item at the Firm’s Board Meetings. Senior management regularly discusses and reviews the processes in place to prevent and control identified conflicts.

All colleagues’ ongoing responsibility is to identify potential and actual conflicts of interest as they arise in the Firm’s business and to notify the Compliance Officer immediately. The Compliance Officer is responsible for implementing appropriate procedures to regularly manage and monitor those conflicts and reports directly to the Governing Body. The Compliance Officer reviews management information relevant to identifying conflicts (including risk reports, client money/assets reports, and other risk scenarios).

Management Reporting: The Governing Body of the Firm receives, at least annually, written reports on all identified conflicts. The Compliance Officer ensures that the Governing Body receives such information.

Segregation of Functions and Independence: The Firm has a clear organisational structure with well-defined, transparent, and consistent lines of responsibility. The Firm has structured its senior management to segregate duties to avoid conflicts of interest. The Firm also engages external compliance consultants to advise on the Firm's compliance programme, and to undertake an independent review of the Firm's satisfaction of its regulatory obligations, including its management of conflicts of interest and its ongoing monitoring requirements.

Information Barriers: The Firm has adequate procedures to prevent or control the exchange of information between Staff engaged in activities involving a risk of a conflict of interest where the exchange of that information may harm the interests of one or more clients.

Disclosure to Clients: If the Firm's arrangements to manage a potential conflict of interest are not sufficient to ensure with reasonable confidence that the risk of damage to the interests of a client will be prevented, the Firm will 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 Firm treats disclosure of conflicts as a measure of last resort to be used only where the effective organisational and administrative arrangements established by the Firm to prevent or manage its conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of clients will be prevented. Disclosures are made as follows:

- in a durable medium;
- clearly stating 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 interest of the client will be prevented;
- including a specific description of the conflicts of interest that arise in the provision of investment services or ancillary services;
- explaining the risks to the client that arise because of the conflicts of interest; and
- considering the nature of the client, the inclusion of sufficient detail will enable that client to make an informed decision concerning the service in the context in which the conflict of interest has arisen.

Declining to Act: The Firm may decline to act for a client in cases where the Governing Body believes the conflict of interest cannot be managed in any other way.

Policies and Procedures: Besides this Policy, the Firm has comprehensive policies and procedures to establish consistent controls to manage and mitigate conflicts. These policies cover Insider Dealing and Market Abuse, Outside Business Activities, Gifts, Inducements, Business Entertainment, Product Governance, Fraudulent Practices and Money Laundering, and Whistleblowing.

4 Conflicts Register

The Firm maintains a Conflicts Register, which contains a summary of the Firm's conflicts and the procedures to manage them. The Conflicts Register is regularly updated, notably whenever a new conflict is identified, or the conflict management method is altered.

5 Staff Training

Upon joining the Firm, colleagues receive guidance and training in respect of this Policy to ensure they are aware of the importance of the Policy and the need to report any potential or actual conflict of interest immediately to the Compliance Officer.
