Schneider Trading Associates Limited

Conflicts of Interest Policy
1. Introduction
Under the Financial Conduct Authority ("FCA") Principles for Businesses - Principle 8 (PRIN 2.1.1.8) and SYSC rules (FCA SYSC 10.1) we are required to identify and manage conflicts of interest fairly, both between STA and its clients and between a client and any other client.

A conflict of interest is a legal concept that arises between interest and duty. Firms in the financial services industry will commonly encounter two types of conflict:

A conflict between either the firm’s (including its directors, managers, employees and appointed representatives) own interests and that of its clients. For example, where a firm has a proprietary position as a result of an error alongside a client order in the same security.

A conflict between interests of two clients. For example, a conflict between two clients who place orders at the same time in the same security.

In the event conflicts are not properly identified and managed, they could lead to at least one of the following:-

1) Non-compliance with the FCA’s Principle 6 whereby the firm should always act in the best interests of its clients;
2) A loss of revenue for the firm;
3) Legal action being taken against the firm either by clients or the regulator;
4) Supervisory and enforcement action against either the firm or its controlled function staff.

Within STA these steps include an Independence, Chinese Walls and Disclosure of Potential Conflicts procedures.

In the event STA deems the Policy to be inadequate to cover particular conflicts identified as a result of its dealings with a client then those particular conflicts must be disclosed to the client before undertaking any business with them.

However if the conflicts of interest are so great that they can not be reasonably managed by a combination of these and/or other steps in such a way as to ensure fair treatment for a client, then STA will decline to act for that client.

2. Policy of Independence

In order to ensure fair treatment for our customers we have adopted a policy of independence (the "Policy") to regulate material interests that the Company may have or conflicts of interest that may occur. All employees of the Company are required to abide by the Policy at all times.

A material conflict of interest may arise when the Company or its connected companies or other connected persons have a proprietary position in an investment. Employees must disregard any such position when dealing with a customer.

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A conflict of interest may arise when the Company, a connected company or some other person connected with us has a relationship with any other customer, issuer, investment manager, broker, counterparty or any other person or entity which could place the Company or its connected companies in a position where its obligation to the customer may conflict with those to such other persons.

Any market or transaction information given to a customer must be formulated with regard to the customer's interests and not those of the Company or any connected company or any customer, which must be disregarded.

The Policy requires that where the Company has a material interest or a conflict in or in relation to a potential transaction or service provided to a customer, employees must disregard any such conflict and may only undertake any relevant business in such circumstances only if the customer is treated fairly.

Any difficulties in interpreting or applying this Policy should be referred to the Compliance Officer.

3. Chinese Walls

A Chinese Wall is an arrangement that requires information held by a person in the course of carrying on one part of its business to be withheld from, or not to be used for, persons with whom it acts in the course of carrying on another part of its business.

*See* - FCA Conflicts of Interest - Chinese walls - SYSC.10.2

In law it is assumed that information known to any one employee or agent of a firm is also known to all other employees and agents of the firm - but if employees are aware of unpublished price-sensitive information, they become caught in the horns of a dilemma. If they disclose or use the information they risk breaching the insider dealing legislation and if they don't, they breach their duty to act in the best interests of their clients.

The Chinese Wall procedures exist to protect employees from allegations of failing to use all available information when acting on behalf of their clients. STA provides no Corporate Broking services. STA maintains Chinese Walls as a matter of good practice.

It is possible that STA employees may become aware of confidential information about clients in the normal course of business. This information may be price-sensitive and if it were generally known could affect the price of the securities of those companies, or of related securities. The handling of unpublished price-sensitive information is covered by the insider dealing legislation. Even if the information does not relate to publicly traded securities, the firm still has a general duty of confidentiality to its corporate clients and this may conflict with its duty to its Professional clients. Employees may discuss confidential client information with other staff on the same side of a Chinese Wall, but as a matter of good practice such discussions will be limited to a need-to-know basis.
For Chinese Walls to be effective the firm must take reasonable steps to monitor that the systems and controls are in fact working in practice. This is the responsibility of the Legal & Compliance department.

4. Disclosure of Conflicts

Under FCA Rules (FCA SYSC 10.1.3) STA must take all reasonable steps to identify conflicts of interest. The following have been so identified:

**Personal Account Dealing**

STA recognises that employees may wish to deal on their own behalf. This could create a conflict with the duties owed to clients. STA has a PA Dealing Policy that among other matters prohibits dealing ahead of client orders and restricts dealing in an investment of any client or prospective client.

Prior permission is required before dealing and copies of all contract notes are received and kept. PA Dealing is monitored by the Legal & Compliance Department.

**Inducements; Gifts; Hospitality**

In general employees must not solicit nor accept any inducements which may conflict with our obligations to clients, nor offer inducements which could conflict with the recipient’s obligation to its own clients. Procedures are in place on the receiving gifts or hospitality.

**External Business Interests**

STA seeks to identify any 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 any potential impact of those conflicts on its clients.

External business interests have to be declared by all staff and brokers. Declaration can be made on the STA fitness and propriety questionnaire when joining. On an annual basis all staff and brokers must complete an updated questionnaire where any new declaration can be made or at any time, by contacting the STA Compliance department. The conflicts of interest register is updated accordingly and monitored on a semi-annual basis. Board approval has to be received for any new interests and if there was an obvious conflict with STA’s interests then approval would be denied.

**Significant Shareholder**

STA is 100% owned by Schneider Offshore Holdings Ltd (SOH) which is a passive holding company. SOH is 100% owned by STA Holdings London Limited (SHL). SHL’s manages its investments through the appointment of a Board. The STA Board includes the majority shareholder of SHL. The directors of STA act in accordance with their own fiduciary duty in compliance with amongst others the Companies Act 2006 and FCA rules and principles. The controlling shareholder has taken steps supported by the Board of STA to ensure that he is
not able to wield either undue or unreasonable influence. These controls are primarily a series of delegated policies and procedures combined with an overriding principle of ‘four eyes’. That is two directors overview and sign off on any isolated decisions not agreed at the Board level or through a pre agreed documented process.

**Shared Directorships**

Some Directors of STA are Directors of other Group companies. The Directors are aware that this could lead to conflicts that could, ultimately, affect the service given to clients. The Directors will take all necessary steps to avoid or minimise any conflict.

**Security**

STA has strict systems and procedures in place to ensure the security of all client papers; documents; and records.

**Confidentiality**

All individuals are bound by STA’s code of confidentiality. An obligation relating to confidential information survives the expiration of an individual's employment with STA subject to legal requirements.

**Commission Income Received**

Remuneration to STA Brokers is by way of a profit share arrangement based on the amount of commission income they or their team generate through the arrangement and execution of transactions.

From time to time, STA may execute a transaction as a broker on behalf of a client categorised by us under COBS as an Eligible Counterparty, acting either as principal or on behalf of a client which is also an Eligible Counterparty. In this event, STA may receive commissions from a counterparty acting as a Market Maker, representing payment for order flow. For the avoidance of doubt, if we have categorised you as a professional client and we execute your order with a counterparty who is acting as a market maker, we will not receive ‘payment for order flow’ from that counterparty.

STA does not offer personal recommendations and does not advise on the merits of any transaction to any client.

**Client orders**

We may arrange for a transaction to be executed, either in whole or part, by selling an investment to you from another client, or a client of an associate of ours, or vice-versa. We shall not give you prior notice if we arrange for a transaction to be executed in this manner. We may combine your order with our own orders and orders of other clients. By combining your orders with those of other clients we must reasonably believe that this is in the overall

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best interests of our clients. However, aggregation may result in you obtaining a less favourable price in relation to a particular order.

5. Group Companies

All regulated entities and/or regulated activities will have separate identifiable office space with controlled and monitored access.

All non-regulated entities will have separate identifiable office space with controlled and monitored access.

All ‘hosted’ companies, organisations and Authorised Persons that rent space from the group will be in the non-regulated space with own controlled and monitored access.

In addition, all STA brokerage ‘teams’ with 3rd party clients will themselves be separated from other STA brokerage ‘teams’ and all other STA functions.