



Schneider Trading Associates Limited

Conflicts of Interest Policy

1. Introduction

Under the Financial Service Authority SYSC rules ([FSA SYSC 10.1](#)) we are required to take all reasonable steps to identify conflicts of interest.

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 the firm's (including its directors, managers, employees and appointed representatives) own interest 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

If conflicts are not properly identified and managed, this could lead to a loss of revenue for the firm, possible legal action taken against the firm and enforcement action by the FSA. In circumstances such as these, the firm must take reasonable steps for each client.

Within STA these steps include an Independence Policy, Chinese Wall procedures and disclosure of potential conflicts.

If it is felt that the Policy is inadequate to cover particular conflicts identified with a client then those particular conflicts must be disclosed to the client before undertaking business with that client. **See - [FSA SYSC 10.1.8](#)**

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 should 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 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.

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 duty to the customer may conflict with the duty to such other persons.

SCHNEIDER TRADING ASSOCIATES LTD CONFLICTS OF INTEREST POLICY

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 - [FSA 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.

STA is physically separate from all other group companies. All doors on the 4th Floor, 25 Cophall Avenue which provides access to STA have security pass controlled access. Only STA employees have security pass access to this area. No other group employees; or client; or any employee of any serviced company, has access to the STA controlled area.

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 FSA Rules ([FSA 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 must always be obtained 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

External business Interests have to be declared and are monitored. 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 owned by STA Holdings Limited (SHL). SHL's manages its investments through the appointment of a Board. The STA Board includes as Managing Director 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 FSA 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 over riding 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. The board of STA does not have a non executive director.

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

Remuneration to STA Brokers is by way of a profit share arrangement based on the amount of commission they or their team generate. STA Brokers may at times arrange transactions either in whole or part by matching with a counterparty who also pays STA a commission. 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 our proprietary book, 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 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.

SCHNEIDER TRADING ASSOCIATES LTD CONFLICTS OF INTEREST POLICY

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

6. Group IT Networks

All legal entities will have their own network space with password access.

IT will retain records of access permissions and have an approval process to make changes to the permission list.

Separate legal entities will be offered (at a cost) their own server.

Telephone systems are IP based and all calls are recorded.