



CONFLICTS OF INTEREST POLICY

FCA Principle 8 – Conflicts of Interests requires firms to manage a conflict of interest fairly, both between itself and its clients between one client and another client and between itself, its clients and its parent.

SIL conducts proprietary trading in fixed income instruments, which may give rise to actual or perceived conflicts of interest between the firm and its clients, or between the firm and its staff. This policy applies equally to proprietary trading activities and aims to ensure that such risks are identified and addressed in an appropriate manner.

Under SYSC10.1.3R, a firm must take all appropriate steps to identify and prevent or manage conflicts of interest between the firm, including its staff and any controllers and a client of the firm or between clients of the firm.

The firm must maintain and operate effective organisational and administrative arrangements and to take all reasonable steps to prevent conflicts of interest from adversely affecting the interests of its clients

Disclosure of Conflict Risk

If there is a reasonable risk of damage to the interests of a client, Shinkin International Ltd. (“SIL”) must disclose to the client before undertaking the business:

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

The disclosure:

- be made in a durable medium; and
- 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.

Firms are reminded that disclosing a conflict of interest is not a form of managing that conflict of interest, and a firm should take appropriate steps to prevent or manage conflicts of interest beforehand, and only disclose a conflict when the firm’s administrative and organisational arrangements have failed in this regard.

SYSC 10.1.9R Makes it clear that disclosure of conflicts is a measure of last resort and disclosure is not a mechanism that can be relied on by firms to manage their conflicts. An over-reliance on disclosure without adequate considerations to how conflicts may appropriately be managed is not permitted under the FCA rules.



It is the duty of SIL to act at all times in the interest of its clients. There are, however, a number of situations in which you may find that SIL's business gives rise to a conflict of these interests. These include:

- Conflicts arising from SIL's proprietary trading in financial instruments that may overlap with client interests.
- Conflicts of interest between you and SIL (or other staff members) e.g. personal account dealing or outside directorships;
- Conflicts between the business activities of the Firm or an affiliate and those of SIL's clients.

These Conflicts of Interest policies have been put in place to ensure that when a potential or actual conflict of interest arises, SIL and its employees pay due regard to the interests of each of SIL's clients and manage any such conflict of interest fairly.

SIL will detail in any terms of business the material interests and activities that the Firm may have in transactions undertaken on their behalf.