

Conflicts of Interest Policy Summary



As of January 2025

Table of Contents

1. Introduction	2
2. FCA Principles for Businesses	2
3. Conflicts of Interest	2
4. Types of Conflict of Interest	3
4.1. Examples of Conflicts	3
5. Conflicts of Interest Register	5
6. Management of Conflicts of Interest	5
6.1. Policies and procedures	5
6.2. Gifts, Entertainment and Inducements	5
6.3. Personal Account Dealing and Outside Business Interests	5
6.4. Declining to Act	5
6.5. Segregation of Functions	5
6.6. New clients/business	5
6.7. Recruitment	6
6.8. Staff Training	6
7. Responsibilities for compliance with Policy	6
8. Internal Disclosure	6
9. Governance and Reporting	6
10. Management Information	6
11. Disclosure to Clients	6
12. Verification of compliance with Conflicts of Interest Policy	7
13. Review and Amendment of Conflicts of Interest Policy	7

1. Introduction

Clear Street UK Limited ("CSUK", "the Firm", "We") is required to maintain effective organisational and administrative arrangements by taking all reasonable steps to identify, monitor, mitigate and manage conflicts of interest. We have therefore put in place a number of policies and procedures designed to safeguard our clients' interests in this regard.

CSUK is full-scope MiFID investment firm. As a result, like any financial services business, we have or may have conflicts of interest in relation to our various business activities. However, the protection of our clients' interests is our first concern and so our Conflicts of Interest Policy ("the Policy") sets out how:

- we identify circumstances which may give rise to conflicts of interest which may include a risk of damage to our clients' interests; and
- we have established and continue to maintain appropriate mechanisms and systems to manage and mitigate those conflicts.

Overall responsibility for conflicts of interest lies with the Board of CSUK. This is delegated to the Head of Compliance who is responsible for the day-to-day administration of the Policy and has responsibility for ensuring that all staff are aware of the aspects of the Policy which are relevant to them.

The CSUK Conflicts of Interest Policy applies to all employees including Board members, senior management, full and part time staff, contractors and other individuals providing services to the Firm.

2. FCA Principles for Businesses

CSUK is authorised and regulated in the UK by the Financial Conduct Authority ("FCA") and as such, is bound by the FCA's principles for businesses. The following have particular relevance to the concept of managing conflicts of interest.

Customers' Interests - a firm must pay due regard to the interest of its customers and treat them fairly.

Conflicts of Interest - a firm must manage conflicts of interest fairly, between itself and its customers, between itself and other group companies and between one client and another.

Communications with Clients - a firm must pay due regard to the information needs of its clients in relation to and communicate information to them in a way which is clear, fair and not misleading.

3. Conflicts of Interest

Conflicts of interest occur when someone in a position of trust has competing professional and/or personal interests which can make it difficult for them to remain impartial when fulfilling their duties. Such conflicts may arise between:

- CSUK and one or more clients;
- A CSUK employee and one or more clients;
- Two or more CSUK clients; or
- A CSUK group company and a one or more CSUK clients.

On a practical level, a conflict of interest could arise where, for example:

- we are providing a service to a client and, beyond that, we or a client may have a material interest, relationship or arrangement in the transaction or product or service; or
- we are acting for a client and for another client and the two interests materially conflict.

4. Types of Conflict of Interest

The Firm must identify the types of conflict that arise in the course of providing a service, and, where there may be a risk of damage to the interests of a client. We must consider as a minimum, whether the Firm or a relevant person or a person directly or indirectly linked by control to the Firm:

- 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 on 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 monetary or non-monetary benefits or services.

4.1. Examples of Conflicts

Examples of conflicts which may arise from our regular activities are set out in the following paragraphs.

4.1.1 Potential misuse of information

Potential conflict

Members of staff of the Firm may come into possession of material non-public information. The improper use of such information by staff members could cause a conflict with the interests of the Firm's clients, or between the interests of the Firm's clients, and may also be unlawful.

Method of managing/avoiding conflict

The Firm manages these risks by maintaining and following policies and procedures to prevent the misuse of material non-public information. These procedures have been designed to prevent and detect any insider trading, taking into account the nature of the Firm's business and the instruments typically traded. The Firm has also implemented procedures to manage the risks of Insider Dealing, including using the Compliance Department as a "Gatekeeper" to clear any Inside Information based conflicts, the use of restricted/Insider Lists and deal monitoring.

4.1.2 Inappropriate flow of information

Potential conflict

A conflict of interest could occur where there is an inappropriate flow of information between relevant persons within separate areas of the business who should be acting independently and where the absence of this independence could be detrimental to the client.

Method of managing/avoiding conflict

The Firm has procedures in place to control the inappropriate flow of information which includes both physical separation of relevant areas of the business as well as restricted access to certain parts of the server.

4.1.3 Personal Account Dealing ("PAD")

Potential conflict

The Firm's staff members may engage in the trading of securities or other instruments for their own account. Such trading activities may put those employees and officers, or the Firm, in conflict with the interests of the Firm's clients (for example, by having a personal interest in a transaction with a client, or by front-running transactions with clients).

Method of managing/avoiding conflict

The Firm manages this potential conflict of interest by maintaining a PAD Policy which has been formulated in accordance with relevant FCA Rules. All staff members must seek prior permission from the Head of Compliance to deal in securities for their own account. Each Director and employee is responsible for checking the Restricted List prior to dealing. In addition, the Head of Compliance will monitor all PAD against the Insider List.

4.1.4 Inducements

Potential conflict

The giving or receiving of gifts, entertainment, or any other form of gratuity or hospitality by or to the Firm's staff members may create the appearance of a lack of impartiality and may lead to a potential conflict between the interests of the donor /donee and the interests of the clients.

Method of managing/avoiding conflict

The Firm has in place procedures in relation to inducements as set out in the Compliance Manual and only certain types of inducements are permitted. All inducements must be reported to the Head of Compliance who will review them to ensure there is no conflict.

4.1.5 Outside Business Interests

Potential conflict

The Firm's staff members may hold outside business interests, such as directorships or shareholdings, in service providers or other firms. The Firm has identified that such outside business interests or investments could cause a potential conflict between the personal interest of the relevant member of staff and the interests of the Firm's clients.

Method of managing/avoiding conflict

Staff members must inform the Head of Compliance about their outside business interests both when joining the Firm and on an ongoing basis. The Head of Compliance must approve any such interests and will maintain a record of them.

4.1.6 Staff on notice to leave

Potential Conflict

Conflicts of interest could arise if a member of staff on notice to leave the Firm concentrates on higher risk short term performance in order to achieve a larger leaving bonus.

Method of managing/avoiding conflict

The Board monitors the Firm's activities and, where necessary, gives instructions to restore the risk balance. If an employee or senior manager on notice is seen to pose a particular risk, then that individual will be put on 'gardening leave' to remove the possibility of inappropriate conduct.

4.1.7 Public statements

Potential Conflict

Potential conflict and market abuse issues arise if the traders make public statements in order to "talk up or down" a particular security in which the firm and/or its clients have a position.

Method of managing/avoiding conflict

The Firm and its staff do not currently make public statements about the Firm or its investments. The Firm also has procedures in place whereby employees are not allowed to talk to the press regarding the Firm and its activities unless prior approvals from the Head of Compliance and the Board of the Firm have been received.

5. Conflicts of Interest Register

As its principal mechanism for identifying, managing, monitoring and mitigating conflicts of interest, CSUK maintains a register of conflicts of interest, covering both personal and business conflicts of interest, which itemises identified conflicts, mitigating controls and responsibilities.

The maintenance of the Conflicts of Interest Registers is the responsibility of the Head of Compliance.

It is the responsibility of Senior Management to be sensitive to the potential for business conflicts. These should be notified to Head of Compliance as necessary.

The relevant Conflicts of Interest Register entries are reviewed on a periodic basis by the CSUK Board.

6. Management of Conflicts of Interest

CSUK endeavours to manage and control actual and potential conflicts of interest using a variety of mechanisms including those listed below.

6.1. Policies and procedures

We have adopted policies and procedures throughout our businesses to manage conflicts of interests. These policies and procedures will be subject to our normal monitoring and review processes and include, but are not limited to, the controls detailed below.

6.2. Gifts, Entertainment and Inducements

The giving and receiving of gifts, entertainment or inducements has the potential to create conflicts of interest. CSUK staff must not solicit or provide anything of value directly or indirectly to or from anyone which would impair CSUK's duty to act in the best interest of the client. For CSUK staff, there is a detailed policy which supports management oversight of the giving and receiving of gifts and entertainment.

6.3. Personal Account Dealing and Outside Business Interests

To prevent conflicts arising from the use of information obtained from clients, and market abuse generally, all staff are subject to personal account dealing rules. In addition, staff are required to pre-clear certain outside business interests.

6.4. Declining to Act

Where we consider that the conflict of interest cannot be managed in any other way, we may decline to act for a client.

6.5. Segregation of Functions

The Firm will ensure that duties are segregated as appropriate to avoid conflicts of interest, where possible. These duties will be set out in the job descriptions for the relevant staff. Ensuring these duties remain segregated is the responsibility of line managers, as advised by the Head of Compliance.

6.6. New clients/business

Conflicts checks are undertaken when taking on new clients or accepting new business from existing clients. In cases where a conflict or potential conflict is identified, a decision is made as to whether to proceed with the new client and, if so, what additional measures should be taken to mitigate the conflict. All such decisions are documented and are based on the nature of the conflict and the potential for the conflict to entail a risk of damage to the interest of one or more clients. The Head of Compliance keeps records of business approval and related correspondence.

6.7. Recruitment

When individuals are recruited by the Firm, their fitness and propriety is considered by the Head of Compliance, as well as their technical and, where relevant, managerial ability. Suitable background checks are made and references are taken up.

6.8. Staff Training

Compliance training regarding conflicts of interest forms part of the annual training needs analysis. The Head of Compliance ensures that appropriate training is prepared and delivered.

7. Responsibilities for compliance with Policy

It is the responsibility of all Senior Management, staff, advisers, committee members, to:

- Familiarise themselves with the Conflicts of Interest Policy and all associated systems and controls; and
- Report conflicts of interest or potential conflicts of interest to their direct line-manager who will in turn report them to the Head of Compliance.

On a periodic basis, all staff are required to provide self-certification of their interests.

Failure to adhere to this Policy may be deemed a breach of employment or an individual's service contract.

The Head of Compliance will work with line-management to avoid and minimise conflicts of interest, record conflicts and the mitigating action in the Conflicts of Interests Register, and report on items included in the register to the Board for their consideration.

8. Internal Disclosure

Senior Management, staff, advisers, and committee members, are required to disclose interests. Staff will disclose any conflicts of interest to their line-manager who in turn will inform their business head and the Head of Compliance. All other categories who are bound to disclose interests will disclose any conflicts directly to the Head of Compliance who will record the details in the appropriate register and inform the Board of any action taken.

9. Governance and Reporting

CSUK has defined governance arrangements with clearly defined reporting lines. Key business decisions are taken by the Board in the first instance with all such decisions being appropriately recorded and minuted.

The Board has overall responsibility for ensuring all conflicts are appropriately identified and mitigated.

The Head of Compliance has day-to-day responsibility for the management of conflicts of interest and reports to the Board.

10. Management Information

Management Information relevant to identifying conflicts of interest is reviewed by the Head of Compliance and may include:

- All personal account dealing;
- Outside Business Interests; and
- Gifts, entertainment and/or inducements.

11. Disclosure to Clients

Where the Firm's arrangements are not sufficient to ensure with reasonable confidence that risks of damage to clients' interests will be prevented, the general nature of the conflict must be disclosed to the client before undertaking business. This disclosure must:

- clearly state that the organisational and administrative requirements established by the Firm to prevent or manage that particular conflict are not sufficient to ensure, with reasonable confidence, that the risks of damage to the interests of the client will be prevented;
- describe the general nature and source of the conflict of interest and the steps taken to mitigate those risks and this description must be provided before undertaking business for the client;
- provide sufficient detail to enable that particular client to make an informed decision in relation to the service in the context of which the conflict arises; and
- be provided to the client in a durable medium.

It is important to note that a disclosure should only be used as a matter of last resort after all other options to successfully mitigate the conflict of interest have been exhausted and are not sufficient to ensure that the risk of damage to the interests of the client will be prevented.

12. Verification of compliance with Conflicts of Interest Policy

The principal means of verifying that policies are complied with will be via compliance reviews which are the responsibility of the Head of Compliance. In addition, the Head of Compliance will review the conflicts register on a periodic basis.

13. Review and Amendment of Conflicts of Interest Policy

The CSUK Conflicts of Interest Policy is under the review of the Board guided by the Head of Compliance, which approves amendments to the policy where necessary.