

# Conflict of Interest Statement

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## **1. Introduction**

Principle 8 of the FCA’s ‘Principles for Businesses’ states that:

‘a firm must manage conflicts of interest fairly, both between itself and its customers and between a customer and another client.’

BGC has put in place effective organisational and administrative arrangements designed to take all appropriate steps to identify, monitor and manage conflicts of interest brought about by its business activities. This statement explains those arrangements.

## **2. What is a conflict of interest?**

A conflict of interest can be described as a situation which arises within the daily course of business which may benefit BGC or one of its customers, at the expense of another customer. There may be a conflict of interest in the following situations when BGC:

- Is likely to make a financial gain or avoid financial loss at the expense of a Client;
- Has an interest in the outcome of a service provided to a Client which is distinct from the Client’s interest in that outcome;

- Has a financial or other incentive to favour the interest of a Client or group of Clients over the interests of another Client;
- Conducts the same business as a Client;
- Has a financial or other incentive to favour the sale; and
- 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 fees, commissions, monetary or non-monetary benefits or services.

### **3. Conflicts within BGC**

#### **3.1 Customer Orders**

Customer orders which may have a material effect upon the price of a financial instrument may be taken advantage of by an employee who may deal for his own personal account or encourage a 3rd party to deal.

To manage this conflict employees receive market abuse training at their induction, regularly updated by annual computer based training. The training highlights the potential sanctions for committing this type of market abuse. Compliance monitoring investigates trading patterns within the firm to highlight any breaches of the requirement.

Additional safeguards include the Order Execution Policy which ensures: (i) fair and timely execution; and (ii) that when a client's trades are aggregated with BGC's trades or another client's trades, the trades are not allocated in a manner detrimental to any client.

#### **3.2 Personal Account Dealing and Outside Business Interests**

All employees must expressly consent to the terms and conditions of the BGC Personal Account Dealing Policy which places conditions on the circumstances under which employees may trade in financial instruments.

Employees consent to provisions including not infringing any market abuse prohibitions, not dealing ahead of research recommendations and not front running customer orders. Copy contracts for all PA trades undertaken are forwarded to the Compliance Dept. by 3rd party brokers for Compliance Monitoring purposes.

In addition, employees are required to disclose any outside business interests so that a determination can be made as to whether they are considered to present a conflict of interest. Where the potential conflict is material, the employee is required to dispose of the interest.

#### **3.3 Group Companies**

In some circumstances information flowing between separate business units and entities within the group may give rise to a conflict. Group companies are physically separated and have separate business management structures and governance arrangements. Additionally some shared support functions who service competing business units may be given information which can lead to a conflict. To manage this potential conflict BGC has put in place procedures including customer confidentiality arrangements and staff training to ensure that information is disclosed only to those entitled to receive it.

#### **3.4 Remuneration Policy**

BGC have a remuneration policy, which is aimed at "relevant persons", which includes anyone involved in the provision of services, directly or indirectly to clients. The

remuneration policy seeks to encourage responsible business conduct, fair treatment of clients as well as avoiding conflicts of interest in the relationships with our clients.

### **3.5 Inducements, Gifts and Entertainment**

An employee must not accept inducements from customers which may cause that employee to place the interests of a customer ahead of another customer or the firm.

BGC staff may only offer normal and reasonable business entertainment to clients to ensure that undue pressure is not placed upon customers to trade through the firm.

### **3.6 Conflicts relating to Market Communications**

BGC does not provide marketing communications based on Material Non-Public Information, its analysis is purely derived from data widely and freely available. It is not the policy of BGC to act in an investment advisory capacity through its marketing communications. The broker responsible for the marketing communications is made fully aware of their obligations surrounding any inadvertent dissemination of non-public information to immediately inform Compliance, so the relevant Insider List monitoring procedures can be adopted. This procedure is embedded within the wider policies and procedures of BGC.

## **4. Disclosure and Declining to Act**

So far as possible BGC will aim to manage a conflict of interest through a wide variety of measures open to it. The firm's preference would always be to manage a conflict rather than to simply disclose it to a client as an alternative to actively trying to manage it. If however the measures that BGC has implemented are not sufficient to properly manage the conflict of interest and do not sufficiently protect the interests of customers, it will be necessary to disclose the conflict of interest to the customer so that a decision can be made as to whether the customer wishes to continue doing business with BGC in the particular situation.

Ultimately, if BGC considers that a conflict cannot be managed in an appropriate manner it may decline to act for a customer.

## **5. Contact**

Please contact the Central Compliance Officer of BGC if you have any questions concerning the BGC Conflicts of Interest policy.

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