Swiss Finance Corporation Limited

Conflicts of Interest Policy Disclosure

Introduction

Swiss Finance Corporation Limited (SFC, we, us or our) is authorised and regulated by the Financial Conduct Authority (FCA). This disclosure summarises the arrangements we maintain to identify, prevent and manage conflicts of interest that may arise when we provide execution, dealing, brokerage and related investment services to clients.

This is a client-facing summary. It is not intended to list every circumstance in which a conflict may arise. Where a specific conflict cannot be managed with reasonable confidence, we will disclose it to the affected client before undertaking the relevant business, or we will decline to act.

Regulatory context and scope

In accordance with FCA Principle 8 and SYSC 10 of the FCA Handbook, SFC must manage conflicts of interest fairly, both between SFC and its clients and between one client and another client.

This disclosure applies to all clients of SFC and to all services and activities carried on by SFC, including foreign exchange (FX) and FX derivatives execution and dealing, matched-principal capital markets broking and any other regulated investment services provided by SFC within its permissions from time to time.

Overview of our approach

SFC's senior management is responsible for setting the framework for identifying and managing conflicts of interest. The Compliance function supports the business in identifying, recording, preventing or managing, escalating and monitoring actual and potential conflicts.

SFC maintains arrangements designed to: (i) take appropriate steps to identify conflicts of interest; (ii) keep and update a record of identified conflicts; (iii) prevent or manage conflicts so that they do not give rise to a material risk of damage to client interests; and (iv) disclose conflicts only as a last resort where our arrangements are not sufficient to manage the risk.

Identification of conflicts

Conflicts may arise between: (i) SFC and a client; (ii) SFC employees, directors, agents or connected persons and a client; (iii) one client and another client; or (iv) SFC and a third-party provider, liquidity provider, prime broker, introducing partner or other counterparty.

Examples of conflicts that may arise in our business include the following:

- SFC may deal with clients as principal, including in foreign exchange and FX derivatives, and may earn a spread, mark-up, commission, financing charge or other transaction-related revenue;
- SFC may have an interest in hedging, managing or closing out its own exposure that differs from a client's preferred trading outcome;

- SFC may be handling multiple client orders in the same or similar instruments at the same time, including where liquidity, pricing or execution capacity is limited;
- SFC may have discretion over pricing, spreads, commissions or other commercial terms offered to clients;
- SFC may use or select liquidity providers, prime brokers, clearing or settlement providers, technology providers or other third parties with whom it has commercial relationships;
- SFC may introduce clients to third parties, including payment or e-money providers, and may receive or pay a permitted referral fee or other benefit in connection with an introduction;
- SFC may receive confidential information about clients, orders, positions, trading strategies or market activity;
- employees, directors or other relevant persons may have personal account dealing, outside business interests, family or close personal relationships, or other interests that could conflict with client interests;
- gifts, entertainment, inducements or remuneration arrangements could create an actual or perceived incentive to act other than in a client's best interests; and
- where margin, collateral, title-transfer or close-out arrangements apply, SFC's interest in managing its credit and liquidity risk may differ from a client's interest in maintaining a position.

Requirements for employees

All employees are required to identify and report actual or potential conflicts of interest to Compliance as soon as reasonably practicable. In considering whether a matter may give rise to a conflict, employees must consider whether SFC or any relevant person is likely to make a financial gain or avoid a financial loss at the expense of a client, has an interest in the outcome of a service or transaction that differs from the client's interest, has an incentive to favour one client or group of clients over another, or is otherwise unable to act in the client's best interests without risk of conflict.

Recording conflicts

SFC maintains a Conflicts of Interest Register. The register records actual and potential conflicts identified by the business, the controls used to prevent or manage them, the person or function responsible for oversight and any further action required. The register is reviewed and updated on a regular basis and when new or changed conflicts are identified.

Managing conflicts

Where conflicts arise, SFC will take appropriate steps to manage them fairly and effectively. The measures used will depend on the nature and seriousness of the conflict and may include one or more of the controls summarised below.

Information flows: We use confidentiality, need-to-know and system-access controls to restrict the inappropriate sharing of confidential, client or market-sensitive information. Misuse or unauthorised disclosure of such information is prohibited.

Separation of responsibilities: We use reporting lines, supervision and segregation of duties where proportionate to reduce the risk that one person or function exercises inappropriate influence over another. As a smaller firm, full physical or functional separation may not always be practicable, so senior management oversight and Compliance monitoring are used where segregation is limited.

Order handling and execution: Client orders must be handled in accordance with our order handling and execution arrangements. Comparable orders are to be handled fairly and promptly, subject to market conditions, client instructions and applicable regulatory requirements. Client order information must not be used or shared for an improper purpose.

Principal dealing and pricing: Where we deal as principal or earn a spread, mark-up, commission or similar revenue, we apply pricing and dealing controls, trade records, management oversight and monitoring intended to support fair treatment of clients.

Third parties and introductions: We conduct due diligence and oversight on material third-party providers and consider conflicts arising from referral, introduction, liquidity, prime brokerage or other commercial arrangements. Fees or benefits are disclosed where required.

Personal account dealing: Staff are subject to personal account dealing requirements, including restrictions, pre-approval or reporting where applicable. Personal trading must not conflict with client interests or involve misuse of confidential information.

Outside interests and personal relationships: Relevant outside business interests, directorships, employment, financial interests and close personal relationships must be disclosed. SFC may prohibit, restrict or impose conditions on any activity that creates an unacceptable conflict.

Gifts, entertainment and inducements: Employees must not offer or accept gifts, entertainment or other benefits that could impair, or appear to impair, their duty to act honestly, fairly and professionally. Relevant items must be recorded and approved in accordance with internal requirements.

Remuneration: Remuneration and incentive arrangements are overseen by senior management and are designed not to encourage behaviour that conflicts with client interests, prudent risk management or regulatory obligations. Conduct and Compliance considerations may be taken into account in performance assessment.

Retail client outcomes: Where services are provided to retail clients, SFC also considers its obligations to support good client outcomes, including clear communications, appropriate products and services, and fair value.

Disclosure of conflicts

Disclosure of a conflict is a last resort and is not used as a substitute for proper conflict management. If SFC's arrangements are not sufficient to ensure, with reasonable confidence, that the risk of damage to a client's interests will be prevented, SFC will disclose the general nature and source of the conflict and the steps taken to mitigate the risk before undertaking the relevant business.

Any such disclosure will be made in a durable medium, such as letter or email, and will include sufficient information, taking into account the nature of the client, to enable the client to make an informed decision about whether to proceed. The disclosure will explain the nature of the risk to the client and will make clear that SFC does not consider its conflict-management arrangements alone to be sufficient to address the risk.

Declining to act

Where SFC considers that a conflict cannot be managed appropriately, or that disclosure would not be sufficient to protect client interests, SFC may decline to act, cease to act, or restrict the relevant service or transaction. Where appropriate, SFC will explain its decision to the client.

Client queries

Clients may request further information about SFC's conflicts of interest arrangements by contacting SFC using the contact details available on our website and marking the request for the attention of the Compliance Officer.

Review

This disclosure and SFC's conflicts arrangements are reviewed regularly and at least annually, and earlier where there is a material change to SFC's business, services, client base, operating model or regulatory obligations.