

# Conflict of Interest Policy

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## Conflicts of Interest Policy

CreditSCRIPT must take all reasonable steps to identify conflicts of interest.

CreditSCRIPT acts as an 'arranger' to CreditSCRIPT S.a.r.l and facilitates its clients investments in CreditSCRIPT Luxembourg loan underlying bonds. CreditSCRIPT acknowledges that its clients' interests will always take priority and will continue to be actively monitored during and after the launch of any new product or service.

### 1. Purpose

The purpose of this Conflicts of Interest Policy under MIFID II and SYSC 10.1.11R is:

- to identify, by reference to the specific services and activities carried out by (or on behalf of) the Company and its associated activities, including those carried out by a delegate, sub-delegate, external valuer or counterparty, identification of the circumstances which constitute or may give rise to a conflict of interest entailing a material risk of damage to the interests of the Firm, its associated activities or its investors or Clients; and
- to specify procedures to be followed and measures to be adopted in order to prevent, manage and monitor such conflicts;
- and to communicate this information to the Board and appropriate Committees within the Firm.

### 2. REGULATORY BACKGROUND

MIFID II and SYSC 10, require the Firm to establish, implement and apply effective conflicts of interest policies and procedures and conflicts of interest requirements are also contained in the FCA Senior Management Arrangements, Systems and Controls (SYSC) sourcebook FCA Principle 8 (Conflicts of Interest) states that:

“A Firm must manage conflicts of interest fairly, both between itself and its clients and between one client and another.”

A Firm must have procedures and measures established for the prevention (or management) of conflicts of interest. These must be designed to ensure that the relevant persons engaged in different business activities, involving a risk of conflict of interest, carry out these activities with a degree of independence.

The degree of independence required needs to be appropriate to the size and activities of the Company and its associated activities. In addition, the degree of independence required also needs to be appropriate to the materiality of the risk of damage to the interests of the Firm, and or their clients. Where the arrangements made by the Firm are

not sufficient to ensure, with reasonable confidence, that the risks of damage to the interests of its Clients are prevented the Board shall be promptly informed in order to take the necessary decision or action to ensure that the Firm acts in the best interest of the Clients.

CreditSCRIPT is required to implement and maintain an effective Conflicts of Interest policy to:

- identify, manage and mitigate all actual, potential and perceived conflicts of interest; and
- where these may damage a client's interests, disclose the general nature of these to the client concerned together with our procedures for minimising their impact before undertaking business on their behalf.

This Policy refers to "Clients", which includes the any person or legal entity that is a registered user of the CreditSCRIPT trading system.

### 3. WHAT IS MEANT BY CONFLICTS OF INTEREST?

Rules relating to the management of conflicts of interest are contained in a number of chapters of the FCA Handbook largely derived from MiFID II. However, the FCA and MiFID II have brought in new conflicts managing requirements including relating to the governance around conflicts, and identifies the following situations where conflicts may arise between:

- CreditSCRIPT, its managers, employees or any person directly or indirectly linked to CreditSCRIPT by control, an individual member of staff, certain persons directly or indirectly connected to CreditSCRIPT; and the duty that CreditSCRIPT owes to a client;
- A CreditSCRIPT Client or any user or member of the CreditSCRIPT platform;
- two of CreditSCRIPT Clients; or

In accordance with the provisions of the FCA and MiFID II, CreditSCRIPT shall ensure that:

- tasks and responsibilities which may be incompatible or generate conflicts of interest are segregated;
- CreditSCRIPT Clients bidding on the same loan notes are subject to fair execution in line with the execution policy; and

- for those Clients executing trades in primary or secondary, it will identify, manage and monitor conflicts of interest arising between Clients. Any Conflicts of Interest issues are raised by the Head of Legal and Compliance and discussed at the monthly Risk Management Committee (RMC) meeting.
- At least annually, Conflicts of Interest will be an agenda item for the Board of CreditSCRIPT UK Limited and the conflicts of interest policy and schedule will be signed off by the Board.

## 4. TYPES OF CONFLICT

- MIFID II and SYSC 10.1.4R set out that, for the purpose of identifying the types of conflict that arise in the course of managing the Client, and, where there may be a material risk of damage to the interests of the Client, the Firm must take into account certain issues. It 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 a personal or Firm's interest in the outcome of a service provided to the Client of a transaction carried out on behalf of the Client, which is distinct from the Client's interest;
  - Has a financial or other incentive to favor:
    - the interest of a Client over the interests of another Client;
    - the interest of Client over the interest of another Client or group of Clients in the same series of Loan Notes;
  - Carries on the same activities for other group companies and/or for other Firms;
  - Receives or will receive from a person an inducement in relation to a service provided to the Client, in the form of monies, goods or services - other than the standard commission or fee for that service.

## 5. MANAGING AND DISCLOSING CONFLICTS OF INTEREST

CreditSCRIPT will manage its conflicts of interest in line with FCA rules and this policy.

Where arrangements made by CreditSCRIPT to manage conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of a Client will be prevented, CreditSCRIPT, before undertaking business for the fund or on

their behalf:

- Must clearly disclose, in a durable medium, the general nature and source of the conflict of interest to the client before undertaking business for the Client; and
- Must provide sufficient detail to enable that particular Client to make an informed decision in relation to the service offered.

## 6. MONITORING CONFLICTS

As required by SYSC, Conflicts of interest will be regularly discussed at the Board and Risk Management committee and conflicts of interest entailing a material risk of damage to the interests of one or more Clients will be addressed. Appropriate Management Information will be presented. The Board of Directors will on a frequent basis, and at least annually, receive written reports on the activities described above.

## 7. CONFLICTS REGISTER

CreditSCRIPT will keep a record of conflicts of interest which have been identified as amounting to a current or potential material risk of damage to the interests of one or more of its clients