

# Conflicts of Interest Policy

## Overview & Scope

PDB Wealth Partners always seeks to deliver good outcomes for its clients and this includes treating them fairly when there are conflicting interests. PDB Wealth Partners requires all representatives of the firm to act honestly, fairly and professionally, and to act in the best interests of its clients in all circumstances.

The FCA's Principles for Business, Principle 8 (Conflicts of interest) requires us to pay due regard to the interests of each client and to manage any conflicts of interest fairly, both between our firm and our clients and between a client and another client. The specific rules for dealing with conflicts of interest can be found under the Senior Management Systems and Controls (SYSC) rules in SYSC 10. Conflicts in this context relate to any situation which may affect the firm or individual's ability to act in the best interests of the client.

This document sets out the policy for Conflicts of Interest across PDB Wealth Partners a subsidiary of Finli Group and Gale and Phillipson Ltd.

PDB Wealth Partners takes all reasonable steps to manage the risk of conflicts by:

- Identifying and preventing any potential circumstances which may give rise to conflicts of interest, and which pose a risk of damage to clients' interests;
- Establishing and maintaining appropriate controls to manage those conflicts; and
- Maintaining systems at all times in an effort to prevent actual damage to clients' interests through the identified conflicts.

The directors fully support this and are committed to ensure that all conflicts between our firm and our clients, and between clients, are managed fairly with no party disadvantaged. In addition to complying with the FCA requirements we recognise that handling conflicts fairly is a fundamental element of good business practice and is required to assist in maintaining and developing our firm's business.

## Background

### What is a Conflict of Interest?

A conflict of interest is where, in acting for a client, there is something which could affect, or could be perceived to affect, our ability to act in the client's best interest. A conflict of interest could be where the firm or an individual representing the firm:

- 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 provided to a client or of a transaction carried out on behalf of a 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 a client;
- Carries on the same business as a client; or

- Receives or will receive from a person other than a client 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.

Conflicts of interest may therefore include, but are not restricted to, interests between:

- Our firm and our clients (for example, we may recommend a product provider with which our firm holds a beneficial interest);
- Our staff and our clients (for example, our investment managers may have a holding in a fund they are recommending or the manager may have received inducements from a product provider);
- Two or more different clients (for example, in the case of a divorce);
- Third parties and our clients;
- New services / products and our clients; or
- Strategic changes and our clients.

## **Specific Procedures for Managing Conflicts**

### **Personal conflicts**

All colleagues involved in the delivery of services to clients are subject to a Personal Account Dealing Policy. Those colleagues are also required to disclose any positions of responsibility that they may hold which allow the control of client assets, such as acting as a trustee, executor or holding a power of attorney, regardless of whether they are remunerated for such responsibilities.

Should individuals hold such positions of responsibility the situation, considering the potential risks, would be managed internally. Where it is felt that the situation could not be managed effectively, such individuals may be required to remove themselves from such a role or the firm may decline to act for the client given the potential conflict.

### **Segregation of duties**

We strive to ensure that the performance of multiple functions by individuals that could be subject to a conflict does not and is not likely to prevent those individuals from discharging any particular functions soundly, honestly and professionally. Our policies concerning the segregation of duties within the firm and the prevention of conflicts of interest are laid out below.

We are aware that effective segregation of duties is an important element in the internal controls of a firm. In particular, it helps to ensure that no one individual is completely free to commit the firm's assets or incur liabilities on its behalf. Segregation also helps to ensure that the firm's senior management receives objective and accurate information on financial performance, the risks faced by the firm and the adequacy of its systems.

We ensure that, in general, no single individual has unrestricted authority to do all of the following:

- initiate a transaction;
- bind the firm;

- make payments; and
- account for it.

Where we are unable to ensure the complete segregation of duties due to a limited staff base, we have adequate compensating controls in place including the frequent review of an area by relevant senior managers. The firm ensures that its relevant persons are aware of the procedures which must be followed for the proper discharge of their responsibilities.

### **Remuneration policy**

All relevant staff who are open to a conflict of interest are paid a basic salary including those who hold key support areas such as compliance, finance and operations. This salary is not dependent on business performance. Relevant persons involved in the compliance function will not be directly involved in the performance of services or activities they monitor.

Bonus schemes apply which are linked to business performance, team performance or the individual's performance. These are at the discretion of the senior management and notified only on payment. The firm implements monitoring which includes reviewing of advice given to clients, the frequency of transactions and portfolio performance to help ensure bonus schemes do not introduce conflicts.

### **Managing Conflicts**

All employees are required to be aware of situations which may give rise to conflicts of interest and where any such situations are identified, they are required to report the issue to the Risk & Compliance Team and seek instructions on how to proceed.

The measures for dealing with conflicts are designed to ensure that relevant persons engaged in different business activities involving a conflict of interest carry on those activities at a level of independence, appropriate to the size and activities of the firm and of any group to which it belongs and to the materiality of the risk of damage to the interests of clients.

On notification of a potential conflict, the Risk & Compliance Team will investigate the potential conflict. They will then decide how to proceed, in one of the following ways:

- There is no conflict of interest or the existing controls in place are adequate to manage any potential conflict that may arise. In this case no additional action is required;
- There is a potential conflict of interest but that with additional controls or actions, the conflict can be suitably managed. In this case, the Risk & Compliance Team will specify what additional controls or actions are required in order to adequately manage the conflict; or
- There is a potential conflict of interest and the conflict cannot be suitably managed.

In each case, the Risk & Compliance Team will give instructions as to what, if anything, should be done to manage the conflict and whether the service or transaction can continue.

## **Disclosure**

As a last resort, where there is no other means of managing the conflict or where the measures in place do not, in our opinion sufficiently protect the interests of the client, we will disclose clearly the conflict of interest to the client to enable an informed decision to be made by them as to whether they wish to continue doing business with us at that particular time.

The Risk & Compliance Team will also decide whether the particular client or clients affected by a potential conflict should be informed of the potential conflict, and if so, whether their consent should be obtained prior to providing the services concerned. Where clients should be notified of a potential conflict, this will be done in writing and where the client's consent should be obtained, the consent should also be in writing. In both cases, sufficient detail regarding the conflict will be given to the client to enable them to make an informed decision as to whether to continue with the services concerned, taking care to maintain client confidentiality. If the client does not give written consent, PDB Wealth Partners will cease to provide the services affected by the conflict of interest.

## **Declining to Act**

If the Risk & Compliance Team feels that the conflict cannot be managed appropriately even with additional controls, consent to proceed with the transaction or services will not be given. In some cases this will mean that PDB Wealth Partners will be unable to provide services to new clients or will cease providing services to existing clients. Where the conflict relates to a conflict between different clients of PDB Wealth Partners, the Risk & Compliance Team will decide whether PDB Wealth Partners can act for either, any or all of the clients involved.

## **Disclosing Conflicts**

The MiFID II guidance on conflicts of interest outlines the process for disclosing situations where we have been unable to manage a conflict sufficiently to remove the risk of client detriment. The disclosure must include:

- A description of the conflict;
- The resulting risk to the client and the steps taken to mitigate these risks; and
- Confirmation that we have been unable to manage the conflict through our firm's arrangements.

This disclosure will take place as follows:

- Our internal compliance department will be advised of the potential conflict of interest in writing;
- We will advise our client in writing, of the potential conflict of interest and ask them to provide their written consent to proceed;
- The client's written consent along with the request will be passed to our compliance department which can then provide approval to proceed as appropriate; and
- Copies of both letters, together with the written authorisation to proceed will be retained on the client file.

## **Records**

PDB Wealth Partners retains records to demonstrate that potential conflicts of interest have been managed in an appropriate manner. Where clients have confirmed verbally the steps taken to manage the conflict of interest, PDB Wealth Partners will confirm this in writing. Records will be maintained on individual client files.

Written records will also be kept:

- where clients have been given verbal notification that a conflict of interest exists; and
- where clients have verbally agreed with steps taken by PDB Wealth Partners to manage conflicts of interest.

## **Maintenance and reporting**

The Risk & Compliance Team reviews this policy periodically, typically on an annual basis, to ensure that it remains effective and fit for purpose. In addition, routine monitoring will be carried out on the areas specified which could give rise to a conflict e.g. personal account dealing, gifts and entertainment, etc.

## **Management Information & Board Reporting**

Conflicts are recorded within the Conflicts of Interest Register and reported at committee level on a monthly basis. An annual report containing all relevant data on conflicts will be presented to the board for review. The report will cover all instances where a conflict of interest entailing a material risk of damage