

Ethical Futures – Conflicts of Interest Policy

Conflicts of Interest Policy

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Ownership & Summary

At Ethical Futures we endeavour to act in the best interests of our clients and act with integrity. In most situations, we will work as the clients 'agent' but on occasion there may be either a real or perceived conflict of interest.

The FCA requires Ethical Futures to take all reasonable steps to manage its conflicts of interests appropriately. Principle 8, of the FCA's Principles for Business state that a firm must manage conflicts of interest fairly, both between itself and its customers and between a customer and another client.

This policy covers provides clarification about the status and ownership of Ethical Futures and explains our interpretation of when a conflict of interest might arise and how we manage this.

Status

Ethical Futures is authorised and regulated directly by the Financial Conduct Authority (FCA Reg: 552583)

Ownership

Ethical Futures is a limited liability partnership. The partnership has two owners, Julian Parrott & Martin Wight. We have no other investors and do not have fiancé or loans as part of financial backing.

Conflicts of Interest definition

A conflict of interest arises where a person or organisation is involved in multiple interests, one of which could mean the client's best interests are not put first, or are different from the interests of the person or organisation.

Ethical Futures is committed to ensuring its decisions and decision making processes are, and are seen to be, free from any bias and do not unfairly favour any individuals and clients.

At all times, Ethical Futures conducts its business in accordance with FCA rules and principles, and is committed to effectively managing conflicts of interest fairly between itself and its clients.

The Ethical Futures Senior Management Team are responsible for ensuring that systems, controls and procedures are adequate to manage any conflicts of interest.

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Conflicts of Interest policy

All staff, advisers, and management of Ethical Futures will strive to avoid any conflict of interest between the interests of Ethical Futures on the one hand, and personal, professional, and business interests on the other. This includes avoiding actual conflicts of interest as well as the perception of conflicts of interest.

The purpose of this policy is to protect the integrity of Ethical Futures decision-making process, to enable our stakeholders to have confidence in our integrity, and to protect the integrity and reputation of staff, advisers and management.

In the course of meetings or activities, advisers will disclose any interests in a transaction or decision where there may be a conflict between Ethical Futures best interests and the client's best interests or a conflict between the best interests of any organisations that the adviser is involved with.

Any such conflict or perception of conflict will also be stated in writing, when relevant to a particular investment or financial recommendation.

This policy is meant to supplement good judgment, and staff, advisers and management should respect this.

Disclosure to clients

Clients are provided with the Ethical Futures disclosure document before commencing any business relationship. This document is known as the About Regulation & Protection and provides notification to clients as to our policy on conflicts and refers them to this document.

Remuneration

Ethical Futures provide financial planning advice on a fee basis. In the case of initial advice to a client (or a new advice process for an existing client) Ethical Futures will charge a fixed project fee. These fees are based upon hourly rates for all fee earning staff, based upon component parts of the advice process. Fees for on-going advice are optional. These are based on either flat percentage fees for investment monitoring on fixed retained fees for annual reviews. This ensures that there is no bias towards a particular product, provider or platform and that 'do nothing' remains a viable advice option.

Alternatively, for an insurance product payment can be made by either commission from the insurance provider, a fee or a combination. Similarly, with mortgage cases, a procuration fee would be paid by the lender. These commissions and procuration fees will be disclosed to clients before they proceed.

Both the level of service and the cost is agreed at outset prior to any work commencing.

Compliance procedures

The Ethical Futures compliance conflicts procedures confirms that advisers must provide notice of any other business activities they have or wish to become involved with, whether these are a conflict of interest or not.

Advisers must seek approval from Ethical Futures Senior Management team in writing before commencing engagement or with any other business activity, consultancy, agency or introducer agreements, or set up any other businesses whether financial services related or not.

This ensures that Ethical Futures are aware of any activities that could cause potential conflicts of interests. If potential conflicts of interest may arise then these other business activities will not be authorized by Ethical Futures. Where necessary, Ethical Futures will take legal advice as to the risk of potential conflict and act accordingly.

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Examples of potential conflicts of interest

The list below is not exhaustive and every case will be judged on its own merits. Examples noted below of what could be considered conflicts of interest

- A product provider may offer gifts or entertainment that may influence the placement of a product with that particular product provider.
- A product provider may offer financial, educational or marketing support beyond the normal terms of business that may influence the placement of a product with that particular product provider.
- An employee is to make financial gain, or avoid financial loss, at the expense of a client.
- An adviser receives a payment from a third party in relation to services provided to the client that is outside the normal commissions or fees for the agreed service
- An adviser is engaged in a consultancy or advisory role by a provider and is remunerated for their services.
- An adviser who is also on the board of another organisation that is competing for a client
- An adviser who has shares or a financial interest in a business that may profit from advice
- An adviser passing large amounts of business to a particular provider because of acquaintances that work there.
- An adviser has a financial or other incentive to benefit the interests of one customer over another
- An adviser dealing with both divorced clients

Register

When Ethical Futures becomes aware of such a conflict or the potential that actions may be perceived as a leading to conflict; these will be recorded, reviewed and assessed by the Senior Management team. Ethical Futures maintains an internal conflicts of interest register within which any conflicts are noted.

Identifying conflicts of interest

Ethical Futures has developed a number of processes to identify potential conflicts of interest.

These include at least an annual analysis of the products and providers recommended and the types and amount of remuneration received, in addition to reviewing internal procedures and processes to ensure these remain suitable to ensure any potential risks can be identified.

Advisers will hold a log of details of where a third party, product provider or fund management group have provided them with training and seminars.

Ethical Futures will hold a central log of details of where a third party, product provider or fund management group provides entertainment & hospitality to advisers.

Where additional guidance is required, Ethical Futures will seek guidance from their compliance consultants or legal opinion and act as advised.

Reference for this document was sourced from the FCA Conduct of Business – a copy of relevant issues are noted in the appendix.

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Appendix 1 – FCA COBS Guidance on Conflicts of Interest.

Purpose

COB 7.1.2G01/12/2004

Principle 8 (Conflicts of interest) requires a *firm* to manage conflicts of interest fairly. This section aims to ensure that when a *firm* has, or may have, a conflict of interest between itself and its *customer*, or between one *customer* and another *customer*, the *firm* pays due regard to the interests of each *customer* and manages the conflict of interest fairly.

Fair treatment

COB 7.1.3R01/12/2004

If a *firm* has or may have:

1. (1)

A *material interest* in a transaction to be entered into with or for a *customer*; or

2. (2)

A relationship that gives or may give rise to a conflict of interest in relation to a transaction in (1);
or

3. (3)

An interest in a transaction that is, or may be, in conflict with the interest of any of the *firm's customers*; or

4. (4)

Customers with conflicting interests in relation to a transaction;

the *firm* must not knowingly advise, or *deal* in the exercise of discretion, in relation to that transaction unless it takes reasonable steps to ensure fair treatment for the *customer* (see *COB 2.4.7 G* (Attribution of knowledge)).

COB 7.1.4E01/12/2004

1. (1)

For the purposes of *COB 7.1.3 R*, a *firm* should manage a conflict of interest by taking reasonable steps in one or more of the following ways:

1. (a)

Disclosing an interest to a *customer*; or

2. (b)

Relying on a policy of independence; or

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3. (c)

Establishing internal arrangements (Chinese walls); or

4. (d)

Declining to act for a *customer*.

2. (2)

Contravention of (1) may be relied on as tending to establish contravention of *COB 7.1.3 R*.

3. (3)

Compliance of (1) may be relied on as tending to establish compliance with *COB 7.1.3 R.4*

Disclosing an interest to a customer

COB 7.1.5G01/12/2004

The following are examples of *material interest* or conflicts of interest that a *firm* should disclose under *COB 7.1.4 E (1):4*

1. (1)

Dealing in investments as principal (unless the *firm* is acting as a *market maker*);

2. (2)

Dealing in investments as agent for more than one party;

3. (3)

A recommendation to buy or sell a *designated investment* in which one of the *firm's customers* has given instructions to buy or sell;

4. (4)

A recommendation to buy or sell a *designated investment* in which the *firm* has respectively a long or short position;

5. (5)

Acting as a *broker fund adviser*.

COB 7.1.6E01/12/2004

1. (1)

In disclosing an interest to a *customer*, a *firm* should:

1. (a)

disclose to the *customer*, either orally or in writing, any *material interest* or conflict of interest it has, or may have, whether generally or in relation to a specific transaction,

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before it advises the *customer* about the transaction or before it *deals* on behalf of the *customer* in the exercise of discretion in relation to the transaction; and

2. (b)

Be able to demonstrate that it has taken reasonable steps to ensure that the *customer* does not object to that *material interest* or conflict of interest.

2. (2)

Contravention of (1) may be relied on as tending to establish contravention of *COB 7.1.3 R.*

3. (3)

Compliance of (1) may be relied on as tending to establish compliance with *COB 7.1.3 R.4*

Relying on a policy of independence

COB 7.1.7G01/12/2004

COB 7.1.4 E (1) (b) recognises that a *firm* may demonstrate that it has taken reasonable steps to ensure fair treatment for its *customers* by relying on a policy of independence. If a *firm* relies on a policy of independence, that policy should: [41](#)

1. (1)

require the relevant *employee* to disregard any *material interest* or conflict of interest when advising a *customer* or dealing for a *customer* in the exercise of discretion;

2. (2)

Be recorded in writing by the *firm* and made known to the relevant *employee*;

3. (3)

Be disclosed to a *private customer* stating that the *firm* may have a *material interest* or conflict of interest relating to the transaction or service concerned.

Establishing internal arrangements

COB 7.1.8G01/12/2001

A *firm* may manage a conflict of interest by establishing and maintaining the arrangements set out in *COB 2.4* (Chinese walls).

Declining to act for a customer

COB 7.1.9G01/12/2001

If a *firm* determines that it is unable to manage a conflict of interest using one of the methods described above, it should decline to act on behalf of the *customer*.