



Investec Europe Limited (“IEL”) Summary Conflicts of Interest Policy

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“A firm must manage its conflicts of interest fairly, both between itself and its customers and between a customer and another client.”

Section 1 - Introduction

This document summarises IEL’s conflicts of interest policy. It sets out in broad terms the types of conflicts of interest that are relevant to clients of IEL and IEL’s means of managing those conflicts.

IEL sets out to manage conflicts of interest fairly. To that end, IEL maintains and operates arrangements which are designed to prevent any conflict of interest from giving rise to a material risk of damage to the interests of IEL’s clients.

Section 2 – Conflicts Overview

IEL is an investment firm with a portfolio of businesses and is part of a larger group of Investec companies. There are a number of potential conflicts of interest that could exist within investment firms because they act for companies that are seeking to engage in a variety of activities.

The following are the most common types of conflicts faced by IEL:

- *Client v Client:* This can occur where two IEL clients are on opposing sides of a transaction and IEL wishes to advise both parties (for example, where one IEL client wishes to buy another IEL client). It may be possible to manage the conflict through Chinese walls or by creating a ‘Chinese box’¹ within each advisory team, however it is also possible that one team could be required to stand down due to the perception risk surrounding the conflict (i.e. the perception that information may be shared between the two teams or due to regulatory requirements).
- *Client v Employee:* This type of conflict usually occurs due to an employee’s shareholding or directorship of a company (for example, where an IEL advisory client is looking at a transaction where an IEL employee is a director/major shareholder of the counterparty). Such conflicts are mitigated through the PA Dealing Policy and requirements relating to outside business activities. Otherwise the resolution of such conflicts is usually treated on a case by case basis.
- *Firm v Client:* This form of conflict may arise where IEL or its Group has an existing relationship with a client (e.g. a lending or shareholding exposure) and is considering an additional service to the same client. For example: Investment Banking wishing to pursue an advisory relationship with a client to whom Investec Bank plc already has a lending exposure. This conflict may be mitigated through a combination of informed client consent and disclosure. Additionally, trading businesses which act on both a principal and agency basis may be exposed to this conflict risk as traders may have an interest in putting the firm’s interests ahead of the clients where working a client order. Such

¹ A Chinese Box/Deal Tree is where the equivalent of Chinese Wall restrictions are created within a group/groups of individuals. This is often used to separate two teams located behind the same Chinese Wall.





conflicts are managed through our Order Execution Policy, appropriate training and surveillance of the trading businesses.

Section 3 – Identification and Management of Conflicts

It is the responsibility of all staff to ensure that conflicts of interest both inherent in business undertaken and specific to certain transactions and deals are identified, escalated and managed appropriately. To assist in conflicts identification, certain processes have been implemented within IEL.

Business heads are responsible for ensuring the appropriate management of day to day conflicts within their business unit. Certain inherent conflicts are managed through established policies, systems and controls. This includes:

- Chinese walls - IEL uses effective information barriers as a means of managing potential or actual conflicts of interest. These information barriers prevent information passing from one part of the business to another. In general IEL use information barriers between the parts of the business that act for corporates/issuers, and the parts of our business that act for investors in those corporates. This means that, for example, when we are acting for a company planning a new issue of securities, that information will be withheld from those parts of our business who act for investors that might be acquiring shares in that company. Investors will be free to deal through our sales and trading teams as those teams will not have knowledge of the potential new issue
- Wall Crossing Procedures – IEL has in place procedures relating to the provision of and distribution of inside information to public side employees.
- Personal Account Dealing – Controls are in place to manage conflicts arising from personal account dealing. These are detailed in the IEL Personal Account Dealing Policy.
- Gifts and Hospitality – The IEL Gift, Hospitality and Charitable Spend Policy details the controls in place to manage the conflicts arising from the provision or receipt of gifts or entertainment by IEL employees.
- Outside Business Activities – IEL has in place policies relating to employees holding outside business activities. Such policies are detailed in the Compliance Manual.
- Remuneration – IEL includes measures within its remuneration arrangements which ensure there is no direct correlation between rewards provided to employees engaged in one activity and the remuneration of, or revenues generated by different employees engaged in another activity where a conflict may deem to exist between each

Additionally, certain business lines have additional conflicts management procedures to manage specific conflicts that arise from particular business activities.

Disclosure

Disclosure is a way of managing conflicts but should be used as a method of last resort.

When disclosure of a conflict is required, the disclosure shall clearly state that the organisational and administrative arrangements established by IEL to prevent or manage that conflict are not sufficient to ensure, with reasonable confidence, that the risks of damage to the interests of the client will be prevented.

The disclosure to clients must be made in a durable medium and it must also include a specific description of the conflict of interest that arises in the provision of investment and/or ancillary services, taking into account the nature of the clients to whom the disclosure is being made. That description must explain the general nature and/or sources of conflicts of interest, as well as the risks to the client that arise as a result of the conflict and the steps undertaken to mitigate these risks, in sufficient detail to enable that client to make an informed investment decision.



Section 4 – Escalation of Conflicts

Where employees identify a matter, business proposition or process which gives rise to a conflict of interest that may not be currently being managed by the embedded conflicts management framework, the potential conflict should be escalated to their line manager or Compliance.

Where such a conflict is identified, Compliance should be notified and will advise on the appropriate step which should be taken to manage the conflict ensuring that relevant stakeholders are included on any relevant discussions. Additionally, IEL has a designated Conflicts Officer whose responsibility it is to opine on conflict related matters of a particularly complex nature. Compliance will determine where a matter requires escalation to the Conflicts Officer.

The outcome of such discussions will vary depending on the particular circumstances but may include, inter alia:

- The implementation of additional policies or controls to manage the conflict;
- An amendment to a business practice or proposal in order to manage the conflict;
- Chinese walls or boxes being established;
- Disclosure to the client
- IEL having to withdraw from a certain business or role in a transaction.

Section 5 – Further Information

Further information on our conflicts management policy can be provided by IEL Compliance.