



MARKET SECURITIES FRANCE SA

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## **CONFLICTS OF INTEREST POLICY**



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## 1. OBJECTIVE

- 1.1. This Conflicts of Interest Policy (“Policy”) sets out the approach of Market Securities France SA (‘the Firm’) in relation to the management of actual and potential conflicts of interest.
- 1.2. The Firm is committed to its responsibilities towards promoting the integrity and stability of the wholesale markets in which it operates.
- 1.3. Senior Management is responsible for putting a framework in place and implementing systems, controls and procedures to identify, escalate and manage conflicts of interest. Every Relevant Person, however, is responsible for identifying and escalating potential conflicts of interest so that they may be appropriately managed and resolved.
- 1.4. The failure to identify, escalate and appropriately manage actual or potential conflicts of interest and to comply with relevant Rules may expose the Firm and Relevant Persons to fines, penalties, judgments, damages, and settlements related to regulatory or legal actions and may result in damage to the Firm’s reputation and a general loss of trust in the Firm.

## 2. DEFINITIONS

### 2.1. Client

A client is any entity to which the Firm either provides or potentially may provide an investment service or ancillary service or other regulated activity. The Firm’s investment services and activities are:

- (1) Reception and transmission of orders in relation to one or more financial instruments;
- (2) Execution of orders on behalf of clients;
- (3) Placing of financial instruments without a firm commitment basis;
- (4) Operation of an OTF;

### 2.2. Conflict of interest

- a situation where the potential exists to undermine the impartiality of an entity or person due to the possibility of a clash between that entity’s or persons self-interest and that of another party; and
- a situation in which a party’s responsibility to a second party limits its ability to discharge its responsibility to a third party.
- a situation where there exist divergent interests between clients.

### 2.3. Senior Management

The governing body of the Firm including the governing body of the organised trading facilities (“OTF) operated by the Firm.

### 2.4. Relevant Person(s)

All employees, agents, authorised representative and Tied Agents of the Firm.



## 2.5. Rules

All relevant legislation, rules and regulations, including any regulatory guidance as applicable to the Firm.

## 3. BACKGROUND

3.1. There are many varieties of conflicts of interest that apply to a wide range of behaviours and circumstances. Typically, a conflict of interest arises when two or more persons have competing interests and a duty of care or trust exists between those persons. A Relevant Person may face a conflict of interest in the course of performing his/her functions at the Firm which could have the potential to compromise or bias his or her professional judgement and objectivity or otherwise hinder the proper discharge of duties and responsibilities owed by the Relevant Person to the Firm. Failure to recognise and appropriately manage conflicts of interest could result in inappropriate or adverse consequences for Clients, the Firm and Relevant Persons.

3.2. Conflicts of Interest arise where:

- i. The interests of the Firm conflict with those of a Client;
- ii. The interests of one Client of the Firm conflicts with those of another Client of the Firm;
- iii. The Firm has obtained confidential information relating to an existing or former Client which would be of value to another part of the Firm or to other Clients of the Firm;
- iv. The interests of any Relevant Person conflicts with the interests of a Client of the Firm or the interests of the Firm itself; and
- v. The interests of a Client of one business unit or legal entity within the Firm's group conflict with the interests of a Client of another business unit or legal entity within the Firm's group.

3.3. With regards to the requirement to manage conflicts of interest, the categorisation of the Firm's client has no bearing as to the need to put the interests of the client ahead of those of the Firm, i.e. the obligation is placed upon the Firm regardless as to whether its client is categorised as an Eligible Counterparty or a Professional Client.

## 4. SCOPE

4.1. This policy is applicable to all Relevant Persons.

## 5. LEGAL AND REGULATORY FRAMEWORK

- 5.1. Article L533-10 of the Code Monétaire et Financier ("CMF")
- 5.2. Directive 2014/65/EU of the European Parliament and the Council ("MiFID II")
- 5.3. Commission Delegated Directive (EU) 2017/593 ("MiFID Org Regulation")
- 5.4. Commission Delegated Regulation (EU) 2017/565
- 5.5. ESMA Q&A on MiFID II and MiFIR investor protection topics (June 2017)

## 6. IMPACT OF A CONFLICT OF INTEREST

6.1. Examples of scenarios where potential or actual conflicts of interest may arise are set out in Section 2.2 above. It is **not** enough that:



- i. the Firm may gain a benefit if there is not also a possible disadvantage to a Client; or
- ii. that one Client to whom the Firm owes a duty may make a gain or avoid a loss without there being an accompanying possible loss to another such Client.

## **7. APPROACH TO IDENTIFYING CONFLICTS OF INTEREST**

- 7.1. The Firm recognises the importance of identifying and preventing or managing conflicts of interest.
- 7.2. The Firm have documented assessment of conflicts arising from its business. The Firm also maintains a Conflicts Map which identified generic, actual or potential conflicts that may have an adverse impact on client's interest.
- 7.3. In making the assessment, the Firm take into account the investment service the relevant business unit or function provides to a client when identifying potential or actual conflicts of interest by evaluating:
  - i. The organisational structure of the Firm;
  - ii. The execution of orders;
  - iii. The receipt and transmission of orders for execution;
  - iv. The handling of client orders;
  - v. The provision of research;
  - vi. Inducements;
  - vii. Client confidentiality;
  - viii. Product governance; and
  - ix. Remuneration.

## **8. THE RECORDING OF CONFLICTS OF INTEREST**

- 8.1. Any potential or actual conflicts of interest will be recorded in a Conflicts Log.
- 8.2. The Conflicts Log will document the following information in relation to each identified potential or actual conflict of interest:
  - i. The date the conflict of interest was identified;
  - ii. The name of the individual who identified the conflict of interest;
  - iii. The type of conflict of interest (Firm versus client etc.);
  - iv. Details of how the conflict of interest is managed.
- 8.3. The Conflicts Log will be maintained by Compliance who will record all identified conflicts.



## 9. CONTROLS TO PREVENT OR MANAGE CONFLICTS OF INTEREST

9.1. The Firm will implement and maintain controls to prevent and manage potential or actual conflicts of interest. These include but are not limited to, implementing and maintaining controls on the following:

- Order Execution
- Provision of Research
- The receiving and giving of Gifts and Entertainment by Relevant Persons
- Approval of New Business Initiative
- Personal Account Dealing by Relevant Persons
- Treating Customer Fairly
- Remuneration paid to Relevant Person
- Information Barriers between the business units, Relevant Persons, other entities within the Firm's group
- Disclosure of outside business interests by Relevant Persons
- Whistleblowing
- Training

## 10. DISCLOSURE

10.1. The Firm will treat disclosure of a conflict of interest as a measure of last resort to be used only where its internal arrangements to prevent or manage conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of the client will be prevented.

10.2. If a disclosure is made, the Firm must ensure that the disclosure is made in a durable medium and contains sufficient details, taking into account characteristics of the Client, to enable the Client to make an informed decision relating to the services to be provided by the Firm.

10.3. The disclosure of a conflict of interest by the Firm to a Client does not exempt the Firm from the obligation to maintain and operate effective organisational arrangements and controls.

## 11. ESCALATION TO COMPLIANCE

11.1. Relevant Persons must report any suspected actual or potential conflict of interest to Compliance in order for it to be recorded on the Conflicts Log.

11.2. Compliance will escalate any reported conflict of interest to the appropriate members of Senior Management to ensure controls are assessed to manage or prevent the reported conflict.



## 12. THIRD-PARTY PAYMENTS

- 12.1. The Firm will only receive any remuneration, discount or non-monetary benefit for routing client orders to a particular trading venue or execution venue provided the Firm complies with the Rules and it would not infringe any of the requirements in relation to conflicts of interest.
- 12.2. Where the Firm does receive third-party payments, which do not infringe the requirements on conflicts of interest, the Firm will, at Client's request, provide Client with information about any inducements that the Firm may receive from execution venues. The information will specify the fees charged by the Firm to all counterparties involved in the transaction, and where the fees vary depending on the client, the information shall indicate the maximum fees or range of the fees that may be payable.
- 12.3. Where the Firm charges more than one participant in a transaction, (in compliance with Article 24(9) of MiFID II and its implementing measures), the Firm will inform its Client of the value of any monetary or non-monetary benefits received by the Firm.

## 13. BUSINESS RESPONSIBILITIES

To ensure the Firm operates effective systems and controls for the management and oversight of conflicts of interest, the Firm operates a control environment based upon the 'three lines of defence' model:

- 13.1. First Line of Defence is the business which is responsible for identifying and recording conflicts of interest and for ensuring adequate controls are in place to manage or prevent potential or actual conflicts of interest.
- 13.2. Second Line of Defence is Compliance and Risk. Compliance is responsible for reviewing all appropriate policies and procedures implemented to manage or prevent any potential conflicts of interest. Compliance will also maintain the Conflicts Log and ensure that reviews of conflicts are performed by the First Line of Defence in a timely manner. Risk will ensure that conflicts of interest are included in all internal risk assessments.
- 13.3. Third Line of Defence is Internal and External Audit. Internal Audit will review the Firm's framework for managing and preventing conflicts of interest to provide independent assurance that it is both robust and appropriate.