



**APS Bank plc**

# Conflicts of Interest Policy

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## 1. Objective of the Policy

The purpose of this document is to provide information on the Bank's policy on conflicts of interest specifically on the Bank's approach to identifying and fairly managing the conflicts of interest that may arise during the course of its business activities.

There are a number of instances where a conflict of interest may arise during the course of the Bank's business activities. The main categories of potential conflicts of interest involve those arising between:

- i. the Bank and a Client;
- ii. the Bank and its Officers;
- iii. the Bank and its shareholders;
- iv. individual units of the Bank;
- v. the Bank and its subsidiaries and associates; and
- vi. two or more Clients of the Bank during the course of the provision of services by the Bank to those Clients;
- vii. the Bank and its Vendors.

## 2. Identification of Conflicts of Interest

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. Failure to recognise and appropriately manage conflicts of interest could result in inappropriate or adverse consequences for Clients, the Bank and its Officers. For the avoidance of doubt, this BEP does not apply to clients that have been categorised as "Eligible Counterparties" in terms of the MFSA Rules.

## 3. Conflict Management Procedures

The Bank maintains and operates effective organisational and administrative procedures to fairly and promptly manage any conflicts of interest which may arise from time to time and to ensure that the persons involved in the different activities, which may give rise to a conflict of interest carry on those activities at an appropriate level of independence.

The following is a sample of measures and controls adopted by the Bank in order to manage conflicts of interest:

### **Clients' orders**

The Bank has procedures that provide for the prompt, fair, and expeditious execution of Client orders. In order to ensure the fair treatment of all Clients' orders, the Best Execution Policy of the Bank requires employees to take all sufficient steps to achieve the best possible result for the Client. The Best Execution Policy provides that Client orders are to be executed in accordance with the sequence of their receipt. Whilst the Bank may combine Client's orders in accordance with its Aggregation and Allocation Policy, the Bank may not aggregate its own orders or orders of APS Funds SICAV plc with Client orders.

### **Segregation of functions and information barriers**

The organisational structure of the Bank seeks to ensure, as much as possible, the segregation of functions and duties with the aim of reducing conflicts arising through inappropriately apportioned roles and responsibilities. This is achieved by ensuring that no one individual is in a position to exercise undue influence over a particular process.

The Bank also has arrangements in place to ensure that access to Client information is restricted to employees of the Bank who require the information and to ensure that the requirement to access Client information is consistent with the scope of the employees' responsibilities.

The Bank also operates an internal control environment by a 'Three Lines of Defence' framework that articulates risk, control and reporting responsibilities in a consistent operating model across all three lines of defence.

## **4. Disclosure of Conflict of Interest**

In the event that the Bank considers that its organisation and administrative policies and procedures are not sufficient to ensure, with reasonable confidence, that the risk of damage to Client's interests will be prevented, the Bank shall endeavour to disclose the nature and the source of the conflict of interest to the Client prior to undertaking business on its behalf. In exceptional cases, the Bank may decline to act for the Client.

In the particular case of investment services falling under MiFID II, in certain circumstances it is not permissible for the disclosure of a conflict of interest to a Client to act as the sole means of managing the conflict of interest (except as a measure of last resort).

Such disclosure is required to be made prior to the provision of the relevant investment service and/or ancillary service in a durable medium and must be in sufficient detail so as to enable the Client to make an informed decision as to whether to accept the provision of the relevant service. The disclosure must state that it is being provided to the Client because the Bank's organisational and administrative arrangements established to prevent or manage that conflict of interest are not sufficient to ensure, with reasonable confidence, that the risk of damage to the interests of the Client will be prevented. The disclosure should take into consideration the nature of the Client and include a specific description of the conflict of interest that has arisen in connection with the proposed service. The disclosure must include an explanation as to the general nature and source of the conflict of interest, the risks to the Client that arise as a result of the conflict of interest and a description of the steps undertaken to mitigate these risks.

## **5. Whistleblowing**

In accordance with its Whistleblowing Policy, the Bank provides appropriate channels for the reporting of conflicts of interest within the Bank where an officer of the Bank considers this to be the appropriate channel to draw the matter to the attention of the Bank.

## **6. Ongoing Review and Monitoring**

The Bank regularly monitors the effectiveness of the Policy, at least annually. A full copy of the policy is available upon request.