

# Conflicts of Interest Management Policy: External Version

Last updated: December 2017



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## Scope

This policy applies to Instinet Europe Limited's European business. The use of "Instinet" or the "Firm" within this document shall be construed as a reference to Instinet Europe Limited, Instinet Global Services, Instinet Europe Paris, Zurich or Frankfurt branch, or any future Instinet entity or branch which provides services in the European region.

This document is a summary of the internal policy which contains the salient information needed by clients and counterparties (referred to herein as "clients") in order to understand the measures that Instinet is taking to safeguard the interests of its clients.

## Prevailing Legislation

Under the Recast Markets in Financial Instruments Directive (2014/65/EU) ("MiFID II"), Instinet is required to establish, implement and maintain effective organisational and administrative arrangements with a view to taking appropriate steps to prevent conflicts of interest from adversely affecting the interests of its clients.

Principle 8 of the UK Financial Conduct Authority's 'Principles for Businesses' also requires Instinet to *"manage conflicts of interest fairly, both between itself and its clients and between a client and another client."*

In accordance with these requirements, and separate to this policy, Instinet has established an internal Conflicts Management Policy (referred to herein as the "Policy") to meet these obligations. All Instinet employees, including include management, full time, part-time, fixed term, trainee, contract or temporary staff, are required to adhere to the Firm's Conflicts of Interest and other relevant risk and control policies.

These policies have been designed to:

- identify circumstances which may give rise to conflicts of interest entailing a risk of damage to clients' interests;
- summarise the arrangements Instinet has put in place to prevent or manage such identified conflicts of interest;

- explain the disclosure process Instinet will follow for any identified conflict of interest that it is unable to manage and which it cannot, with reasonable confidence, adequately prevent from causing damage to a client.

## **What is a conflict of interest?**

The Financial Conduct Authority (“FCA”) has set out that a conflict of interest may arise in circumstances where Instinet or a member of its staff:

- is likely to make a financial gain (or avoid a financial loss) at the expense of its client
- has an interest in the outcome of the service provided to its client, which is distinct from the client’s interest in that outcome;
- has a financial or other incentive to favour the interests of one client (or group of clients) over the interests of another;
- carries on the same business as a client;
- receives an inducement from a third party in relation to a service provided to a client, in the form of monetary or non-monetary benefits or services;
- is in possession of information obtained in the ordinary course of its business which would benefit the individual, the Nomura group of companies or a client, but such information is not publicly known.

## **Types of Conflicts of Interest**

Instinet does not engage in the provision of Corporate Finance or Portfolio Management business. In addition, Instinet does not produce Investment Research, provide investment advice or conduct proprietary trading. Consequently, the specific circumstances relevant to Instinet where a potential conflict of interest may arise include (but are not limited to):

- those between different Instinet clients;
- those between a client(s) and Instinet;
- those between the personal interests of staff of Instinet and the interests of either Instinet and/or its clients; and
- those which are borne out of the close links maintained between:
  - Instinet and BlockMatch (Instinet operates BlockMatch, which is a dark MTF);
  - Instinet and Nomura Holdings Incorporated;
  - Instinet and any other entity in the Nomura group of companies.

Through its conflicts management process Instinet seeks to:

- identify and escalate any conflicts of interest in accordance with a formal escalation process;
- establish appropriate mechanisms and systems to monitor, manage and control those conflicts in an effort to prevent actual damage to clients' interests through the identified conflicts.

The processes established to manage potential or actual conflicts include:

- measures to prevent or control the exchange of information where the exchange of that information may harm the interest of one or more clients;
- a supervisory structure designed to promote identification, escalation, management and supervision of potential conflicts;
- measures to prevent or control the simultaneous or sequential involvement of a relevant persons in separate investment or ancillary services or activities where such involvement may impair proper management of conflicts;
- measures to prevent or limit any person from exercising inappropriate influence over the way in which a relevant persons carries out investment services or activities within the Firm or on behalf of clients;
- supervision of personal account dealing by Compliance and disclosure of outside business interests;
- the removal of any direct link between remuneration and the provision of Instinet services to its clients;
- oversight and review of business activities by Compliance to identify, manage and control conflicts of interest;
- maintaining an Order Execution Policy designed to ensure that Instinet obtains the best execution for our clients;
- maintaining an Anti-Bribery and Corruption policy and Gifts and Entertainment Policy to underline Instinet's commitment to act according to ethical, professional and legal standards
- internal training on the Firm's suite of policies;
- maintenance of an internal conflicts register;

## **Disclosure**

Where there is no other means of managing the conflict or where the measures in place do not, in the view of Instinet's senior management, sufficiently protect the interests of clients, the conflict of interest will be disclosed to clients to enable an informed decision to be made by the client as to whether they wish to continue doing business with Instinet in that particular situation.

## **Declining to Act**

Finally, where Instinet considers it is not able to manage the conflict of interest in any other way it may decline to act for a client.

## **European Compliance**

**December 2017**

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