

Recueil de procédures

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1. Références réglementaires

- Article L.533-10 of the French Monetary and Financial Code
- Articles 321-46 to 321-55 of AMF GR
- Directives 2004/39/EC and 2009/65/EC on financial markets, Article 14 of Directive 2011/61/UE, and articles 30 to 36 under Delegated Regulation (EU) N° 231/2013UE.

2. Objective

This document briefly illustrates the policy adopted by Machina Capital (hereinafter, the “Company”) for the mitigation of conflicts of interest, as provided by the European legal framework incorporating Directives 2004/39/EC and 2009/65/EC (Markets in Financial Instruments Directive), Article 14 of Directive 2011/61/UE, and articles 30 to 36 under Delegated Regulation (EU) N° 231/2013UE.

The obligations described in these directives are transposed to Articles 321-46 to 321-55 of the AMF General Regulation.

These texts impose the following obligations:

- Establish a conflict of interest management policy
- Identify conflict of interest situations
- Keep a record of conflict of interest situation encountered
- Inform clients when conflicts of interest could not be resolved

The Company has adopted the following policy under the responsibility of Chief Compliance Officer (CCO).

3. Principles

This document aims to set out:

- Potential conflict of interest situations
- Procedures in place to prevent and identify such situations
- Arrangements to be implemented in the event that a conflict risk is identified which is not covered by the procedures in force.

A conflict of interest is a situation in which an employee of the Company has a material, professional, commercial or financial interest which competes with the interests of private clients or mutual fund unit holders, who should take precedence.

Situations likely to generate conflicts of interest, as per the AMF General Regulations, are set out in the following non-exhaustive list:

- the manager or a person associated with it, is likely to acquire a financial gain or avoid a financial loss at the expense of private clients or mutual fund unit holders;
- the manager or a person associated with it, has an interest in the outcome of a service provided to a client or of a transaction carried out on a client's behalf, which differs from the interests of private clients or of mutual fund unit holders;
- the manager or a person associated with it, is induced, for financial or other reasons, to favour the interests of one private client or mutual fund unit holder above those of another to whom services are provided;
- the manager or a person associated with it, is involved in the same business as a private client or mutual fund unit holder;
- the manager or a person associated with it, receives or will receive from someone other than the private client or mutual fund unit holder, an advantage related to the services provided to the private client or mutual fund unit holder, in any form whatsoever, other than the commission or fees normally billed for those services.

In all cases, the manager must implement an effective policy to manage conflicts of interest.

4. Conflict of interest situations

As part of its implementation of the provisions of the AMF General Regulations, The Company has compiled an inventory of situations likely to give rise to a conflict of interest, taking into account the scale and organization of the Asset Manager and the nature and complexity of its business:

- Investments by mutual fund investors and private clients in funds managed by service providers in which the company holds a shareholding interest.
- Excessive risk-taking in investments or exits that have the sole aim of seeking a significant increase in variable management fees
- Managers are induced to turn over portfolios at a rate that is not justified by financial considerations, with the sole aim of increasing turnover commission
- Transactions on the Asset Manager's own account that compete with those undertaken on behalf of clients, to the detriment of the latter as a result of price movements generated by these transactions.
- Preferential treatment of directors or employees of the Asset Manager who have opened an account with a financial intermediary that has an ongoing business relationship with the Asset Manager.
- Late order allocation to a private client or to a group of clients, allowing certain clients to be placed at an advantage or disadvantage relative to others.
- Acceptance by the Asset Manager or by its employees of gifts or benefits offered by service providers, particularly financial intermediaries, and by clients

5. Procédure

In practice, the implementation of these principles is the responsibility of each employee, under the auspices of the Chief Compliance Officer.

The management of conflict of interest risk must be organised as follows:

- The appearance of a conflict must be notified to the Compliance Officer and to the Chairman by the employee or director concerned by it

- The Compliance Officer must propose a solution to handle the conflict, choosing one that favours the interests of the private client or mutual fund unit holder, and must submit information in that respect in writing
- The Asset Manager must abstain if there is no solution that allows observance of the principle of client primacy specified here above
- The Compliance Officer must then propose corrective measures aimed at avoiding, as far as possible, conflict situations similar to that which has arisen
- Finally, the Compliance Officer must record the conflict which has arisen in a register specifically designed for that purpose

6. Preventive measures

Code of Ethics

The Company has established binding rules contained in a Code of Ethics. Adherence to these rules is monitored by the Chief Compliance Officer;

- Definition of ethical principles-duty of loyalty towards the customer
- Definition of concerned persons, and their obligations
- Management of insider trading
- Gifts

Employees training and information

- Annual employees training
- Information – (such as guidelines)

Existence of control structures

- Ongoing compliance control
- Periodic control