

# AMT FUTURES LIMITED - DETAILED CONFLICTS OF INTEREST POLICY

The objective of this document is to:

- explain the FCA's overall Conflicts of Interest requirements;
- identify and record any actual and potential conflicts;
- specify subsequent procedures to identify, manage and control conflicts,
- and specify timetables for periodic reviews of this policy

and thereby ensure our ongoing regulatory compliance. A secondary objective is the design of a policy that can act as a training device for staff members.

## Background

FCA has developed its Conflicts of Interest requirements by intelligent copy-out of the Markets in Financial Instruments Directive (MiFID). The FCA's requirements are specified in SYSC 10 of their Handbook. The outline requirements are:

- Applicability – they apply to a firm (such as AMTF) providing services (such as the execution of client orders) in the course of carrying on regulated activities (such as acting as a matched principal broker).
- Identification of conflicts – all appropriate steps must be taken to identify and to prevent or manage conflicts of interest between:
  - the firm, its managers, its employees, its appointed representatives or tied agents, or any person directly or indirectly linked to it by control, AND a client of the firm; or
  - one client of the firm AND another clientthat arise or may arise in the course of providing regulated activities including those caused by the receipt of inducements from third parties or by the firm's own remuneration structures
- Types of Conflicts - The circumstances which should be treated as giving rise to a conflict of interest cover cases where there is a conflict between the interest of the firm and the duty the firm owes to a client, or between the differing interests of two or more of its clients, to whom the firm owes in each case a duty. It is not enough for the firm to benefit; there has to be an actual or potential disadvantage to the client. Similarly, it is not enough for one client or group of clients to benefit; another client or group of clients must be disadvantaged as well
- Managing Conflicts - the firm must maintain and operate effective procedures to prevent conflicts from adversely affecting the interests of its clients
- Disclosure - If the firm's procedures are insufficient to prevent the risk of damage to a client's interests, then the firm must disclose the actual or potential conflicts prior to doing business with the client and the steps taken to mitigate those risks. Note – this disclosure is a last resort
- Design of a suitable conflicts of interest policy. This should pay special attention to the activity of investment advice (other activities are listed for special attention such as corporate finance; however AMTF does not perform any of these activities).

## Definition

The word 'control' in the following clause - 'the firm, its managers, its employees, its appointed representatives or tied agents, or any person directly or indirectly linked to us by control' - is defined, and is taken from EU Directive 83/349/EEC. This directive relates to consolidation of accounts, especially of subsidiaries, or of entities where control is based on a majority of voting rights.

This is important to AMTF because it clearly does not extend to the independent regulated Introducing Brokers used by AMTF. The impact of this is that there are no companies or individuals (other than AMTF employees and consultants) who are controlled by AMTF for the purposes of FCA's Conflicts of Interest regulations. Consequently, as AMTF does not currently use Appointed Representatives or tied agents, these rules only cover AMTF's employees and consultants.

### **AMTF's Principal Business Activities**

AMTF's principal activities are to trade as a commodities and financial futures broker on a matched principal basis. In some cases the firm may give investment advice in the form of a personal recommendation.

### **Identification of Actual or Potential Conflicts of Interest at AMTF**

The nature of AMTF's business is of matched principal broking, as opposed to own account trading. In the absence of a mix of own account trading and brokerage, this does not give rise to a conflict of interest between the company and its clients.

AMTF is required to take all sufficient steps to obtain the best possible result for its clients, when executing such Orders "on a client's behalf", or transmitting them to a third party firm for execution. The firm's *Order Execution and Allocation Policy* sets out the procedures in place to ensure compliance with this requirement.

AMTF is authorised to give investment advice. There is a potential conflict of interest when any broker or independent financial advisor provides investment or trading advice or in any way encourages a client to trade and also receives remuneration, in whole or in part, by way of commission on such trades. Employees who give advice in the form of a personal recommendation are required to follow the firm's *Suitability Policy*.

AMTF may produce or disseminate investment recommendations of a generic nature. The rules around this are set out in the firm's *Compliance Manual*.

Business introduced by regulated IBs carries a conflict of interest risk because the IBs are remunerated by commission paid by the client, yet are also suggesting investment strategies to them. However, these conflicts are between the IB and the client, operating under the terms agreed between the client and the IB. These are not AMTF conflicts and the IBs are not under the 'control' of AMTF, as defined. Nevertheless, AMTF has included a risk warning about this conflict in its client statements and makes the conflict very clear in the summary of this policy which is on the firm's website.

AMTF acknowledges that gifts and entertainment arrangements, common in the futures broking industry, may give rise to adverse influence. The Company addresses this by limiting the provision of gifts/entertainment to that of a non-material nature or banning them completely. This includes third party inducements. Further details of these limitations are set out in the firm's *Compliance Manual*.

AMTF does not receive any remuneration for routing client orders to a particular execution venue which would infringe on the requirements conflict of interest or inducements (11.2A.19 R of FCA Handbook).

The AMC Group Staff Handbook includes a section on conflicts of interest mainly around the more generic matter of employees performing another external activity which may conflict with the interests of AMTF or any company in the AMC Group, or the holding or more than 5% of the shares of a listed company. The AMTF Directors are not aware of any such arrangements.

AMTF employees are permitted to trade on their own account, subject to some strict guidelines which are laid out in the firm's *Compliance Manual*.

Remuneration arrangements are carefully considered to ensure that conflicts do not inadvertently arise through inappropriately set targets. This is considered further in the firm's *Remuneration Policy* document.

Any trading activity between AMTF and either AMT or AMC Treasury is minimal. AMT may seek access to US metal markets via AMTF, as a client, in exactly the same way as any other AMTF client. Similarly any FX trading with AMC Treasury is conducted strictly at arm's length. There are consequently no conflicts of interest in relation to AMC group companies.

Finally, AMTF prevents conflicts arising regarding the selection of suppliers by refusing to accept or provide fees, commissions and non-monetary benefits which do not directly enhance the service offered. Any personal relationships are disregarded in the selection of clearing brokers, introducing brokers and third party suppliers to prevent inappropriate selection.

### **Summary of Actual or Potential Conflicts of Interest at AMTF**

There are currently no conflicts of interest at AMT Futures which are not appropriately managed.

### **Procedures**

No details about any client can ever be disclosed to another client. Given the size of AMTF, and the consequent office layout, the Managers and Directors are in a position to monitor and detect and prevent any possible breaches of this approach.

The AMTF Executive Directors assess all new areas of business and are responsible for identifying any potential conflicts at all times, in light of the circumstances.

The Executive Directors remain responsible for implementing all AMTF procedures. Therefore the Executive Directors have direct responsibility, delegated to the Finance Director, for the design and implementation of new procedures in relation to any conflicts of interest. This approach reflects the size of AMTF (around 14 employees, including the Directors).

The Finance Director is responsible for introducing all administrative and operational procedures, and this encompasses any relating to segregation of duties, whether in relation to conflicts of interest in respect of clients, or otherwise. The organisational structure in place provides for the segregation of duties and prevents conflict arising from inappropriately apportioned roles and responsibilities by ensuring that no one individual can exercise inappropriate influence over a particular process.

The Executive Directors are responsible for maintaining a record of all actual or potential conflicts of interest that entail a material risk of damage to the interests of one or more clients. Any conflict where procedures are insufficient to prevent the risk of damage to a client's interests, the actual or potential conflicts must be disclosed prior to doing business with the client. Should such circumstances arise, the record required would also be appended to this Policy.

Updating, reviewing and reassessment of this policy and any existing or potential conflicts is to be carried out on an annual basis by the Finance Director. A summary of this policy is available on AMTF's website [www.amtfutures.co.uk](http://www.amtfutures.co.uk)

This Policy was last subject to such a review in May 2021.