Conflicts of Interest

In March 2022, the FCA fined GAM International Management £9m for failing to manage conflicts of interest in relation to its dealings with Greensill Capital. The FCA also fined one of its former investment managers £230k for failing to declare gifts and entertainment in a timely manner, including travelling on a Greensill employee's aircraft and attending a charity dinner at Buckingham Palace.

Whilst the FCA did not find evidence that the investment manager made decisions as a result of these gifts and entertainment, the fact that the potential conflicts were not properly managed "heightened the risk that he may have been incentivised to invest for personal interest".

#1

Understand the risks

A conflict of interest occurs when competing obligations, interests, motivations or actions may damage the interests of a client or other stakeholder.

Firms need to identify the conflicts of interest inherent in their business activities, including those relating to employees and the firm itself. **Failure to manage conflicts of interest can result in poor customer outcomes** as well as legal, regulatory and reputational risks.

#2

Be alert

Conflicts of interest can arise in many different situations, so you need to **be aware of the particular conflicts that you might encounter** as a result of your business and personal activities.

Some potential conflicts may be specific to your role (e.g. order execution, allocations or control of information). Others may be more general - for example, gifts and entertainment, outside business interests and personal account dealing.

#3

Follow procedures

You must **follow your firm's policies and procedures in relation to conflicts of interest**, including adherence to information barriers. These are designed to restrict the flow of sensitive information and manage any associated conflicts of interest.

Speak to your manager or your Compliance team if have any concerns in relation to a potential or actual conflict of interest.

CCL academy

Compliance is everyone's responsibility. If you have any queries regarding your firm's procedures, contact your Compliance team.