

Identifying and managing conflicts of interest

The nature of the financial services market is such that conflicts of interest can sometimes arise. Coutts & Co is part of the Royal Bank of Scotland Group (“RBS Group”) which is a multi-service banking group, providing to its clients a range of banking and investment services. As a result, like any financial services group, conflicts of interest may exist or arise in relation to various activities.

Coutts & Co conducts its business according to the principle that it must manage conflicts of interest fairly and effectively, both between itself and its clients and between one client and another. The protection of our clients’ interests is our first concern and Coutts & Co maintains and operates effective organisational and administrative arrangements with a view to taking all reasonable steps to identify, monitor and manage conflicts of interest.

The Conflicts of Interest Policy and relevant operational Framework for the identification and management of conflicts of interest are in place in order to safeguard our clients’ interests and set out the principles observed by Coutts & Co to this effect. Set out below is a summary of key information regarding:

- how we identify circumstances which may give rise to conflicts of interest including a material risk of damage to our clients’ interests; and
- the established mechanisms and systems to manage those conflicts.

What are Conflicts of Interest?

A conflict of interest may arise as a result of Coutts & Co owing duties and obligations to one or more clients and where Coutts & Co has financial or other interests in the outcome from providing services or executing transactions. More specifically, conflicts of interests may arise when:

- the interests of one client are, or may be, contrary to the interests of another client;
- the interest of a financial services provider, or a company connected to it, is different from its clients’ interest; and/or
- a financial services provider influences the outcome of certain transactions in a way which may result in it favouring one client’s interests over those of another.

We have worked and are committed to identifying any such conflicts of interest that might exist in our businesses. Some examples of situations where a conflict could arise in the course of Coutts & Co providing its services to you include:

- where we deal in investments on your behalf with, or through, another company within the RBS Group;
- where we are giving advice to or dealing on behalf of, another client in relation to the same investments as you;
- where we advise you on, or deal on your behalf in, investments in which we, a Group company, or our officers or staff are also dealing;
- where we advise on, or deal in relation to, an investment which is issued (a) by us or a Group company or (b) by a third party to whom we or a Group company provide our services (for example, managing a fund in which you invest);

- where we, in connection with a service provided to you, receive a payment from a third party (for example, an introduction fee for an investment opportunity you invest in), or make a payment to a third party (for example, a payment to a person who introduces clients to us);
- where we or a Group company have information as a result of acting for one client which is relevant to a service we are providing to you, but we are not allowed to use or disclose that information because it is confidential;
- where we or a Group company act as banker or adviser to a company which issues securities on which we give you advice or in which we deal on your behalf;
- where we or a Group company underwrite, manage or arrange the issue of investments on which we give you advice or, in which we deal on your behalf.

This is not an exhaustive list and other conflicts may arise.

How are conflicts managed?

Coutts & Co has a Conflicts of Interest Policy and relevant operating Framework which are designed to ensure that Coutts & Co manages conflicts of interest so that clients’ interests are not prejudiced. Summary details are set out below. The Policy and relevant operating Framework are communicated to all relevant employees and provide instructions on the management of those conflicts. Where we cannot manage specific conflicts of interest, we will decline to act or disclose them to you.

We regularly review our business to identify potential and actual conflicts of interest and to assess whether we are taking appropriate steps to manage those that may have an adverse effect on clients. Senior management is involved in the escalation, clearance and management of the conflicts identified, setting out the appropriate conditions for their management as required. Examples of how we manage conflicts are:

- Where activities carried on in two different parts of Coutts & Co and/or the RBS Group could involve a conflict, one of the most important methods used to manage the risks is by strictly segregating activities. This means that information that would create a conflict held in one part of the business will not be made available to the other part, and staff working in one part of the bank are not aware of activities being undertaken in another part. Methods used to segregate business areas include physical separation as well as operational separation. In addition, we monitor the segregation controls to ensure that they are being properly applied.
- Other policies are in place that set standards and procedures on when and how employees are permitted to deal in investments for themselves or their family (Personal Account Dealing), on when and how employees are permitted to undertake outside business interests and activities which are likely to give rise to Employee Personal Conflicts and restrictions on offering and receiving gifts to or from clients, and on any gift that could be construed as an inducement (Gifts & Hospitality).

- As part of our conflicts management we also consider the way in which our staff are remunerated, in order to ensure that remuneration structures do not create a conflict between incentives given to staff and our clients' best interests.
- Where we have managed conflicts of interest and are satisfied that as a result, the risks of damage to your interests will be prevented, we will not normally take further steps to disclose the nature of that conflict to you.

If you would like more information, please speak to your Wealth Manager.