

State Bank of India, UK Branch - Conflicts of Interest Management Policy

Introduction

FCA Hand Book - Senior arrangements, Systems and Controls: Chapter 10 requires a firm to “manage conflicts of interest fairly, both between itself and its customers and between a customer and another client.” Under the Markets in Financial Instruments Directive II (“MiFID II”) a firm is required to maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps to prevent conflicts of interest from adversely affecting the interests of its clients. State Bank of India, UK Branch has put in place the necessary policies and procedures to meet its obligations with regards to the identification, prevention and management of conflicts of interest. This policy is a part of State Bank of India, UK Branch MiFID Policy.

Section 1: Objective of the Policy:

FCA’s guidelines require a firm to “manage conflicts of interest fairly, both between itself and its customers and between a customer and another client.” Under the Markets in Financial Instruments Directive II (“MiFID II”) a firm is needed to put in place effective organisational and administrative set up so as to take all possible steps to forestall conflicts of interest from adversely impacting the interests of its clients. State Bank of India, UK Branch has put in place the necessary policies and processes to meet the obligations to identify, prevent and manage the conflicts of interests.

Section 2 : Scope of the Policy :

The requirement to take all needed steps to identify, prevent or manage any conflicts of interest applies to all the employees State Bank of India, UK Branch.

Section 3 : The purpose of this Policy

- identify circumstances which may give rise to conflicts of interest which involve a risk of damage to customers’ interests;
- describe the arrangements which SBI UK BRANCH has put in place to forestall or manage such conflicts of interests;
- Detail the disclosure process SBI UK BRANCH will follow for the conflict of interests which is beyond its reach to manage.

Section 4 : Roles and responsibilities of the Senior Management

The senior management consisting of Regional Head, CEO, Head – Compliance and Chief Risk Officer oversees the framework of prevention and management of conflicts of interest. The frame work which creates an atmosphere that does not foster the conflict of interests. Steps such as delinking the compensation structure with the direct dealing and erection of Chinese walls amongst various departments so as to prevent the misuse of information etc.

Section 5 : Roles and responsibilities of the Employees:

- To adhere to the laid down code of conduct to prevent and manage various conflict of interests which may arise in the course of business
- Exercise highest integrity and independence while discharging the duties

7.2.a.iv. Obligation to escalate the Conflict of Interest

The identified employees are subject to an obligation to escalate both actual and potential conflict of interest to the Compliance Department as soon as they are aware of the same. Compliance Department is empowered to decide on the escalated matters. However they shall keep the other senior management abreast of the developments.

7.2.a.v Disclosure and Obtaining Client's Consent

Upon internal clearances, the conflict of interest which has been discovered shall be disclosed to the Client along with an explanation of the likely impact on him. Upon such disclosure, it shall be mandatory on the dealing staff to obtain Client's consent in writing (where deemed necessary) before proceeding on the deal

Section 8 : Record Keeping

SBI UK Branch maintains a Conflicts of Interest Register which details the specific conflicts identified within each area of the business; all of which fall within one of the types of conflicts of interest mentioned under section 3.1.3 above.

Section 9 : Review of the Policy : Risk Department of State Bank of India, UK Branch will be the owner of this policy and will be reviewed on an annual basis.

