

Mirabaud UK Limited

Treating Customers Fairly (“TCF”) Guidance Note and Policy Statement

Purpose

The purpose of this note is to provide guidance on the Mirabaud policy statement set out on pages 3 and 4 below, which deals with Mirabaud’s approach to complying with the FCA’s “Treating Customers Fairly” requirements.

What is Treating Customers Fairly?

TCF is the flagship of the FCA’s principles based regulation. It has been heavily championed by the FCA and forms part of the FCA’s retail regulatory agenda, although it can be equally applied to institutional and professional client business conducted by regulated entities. It is, however, not a new concept but one that has long been enshrined in the FCA’s 11 principles for business as a whole, and more explicitly under the following:

- Principle 6:** A firm must pay due regard to the interests of its customers and treat them **fairly**;
- Principle 7:** A firm must pay due regard to the information needs of its clients and communicate information in a way that is clear, **fair** and not misleading;
- Principle 8:** A firm must manage conflicts of interest **fairly** both between itself and its customer and between the customer and another client; and
- Principle 9:** A firm must take reasonable care to ensure the suitability of its advice and discretionary decisions for any customer who is entitled to rely upon its judgment.

Who does TCF impact?

The FCA’s definition of a “customer” is a client who is not an eligible counterparty. In practice, this means a customer will either be a retail (or private) customer or a professional (or institutional) customer. Therefore the initiative will impact all FCA regulated entities that deal directly with retail clients and professional clients, to the extent that the activities of the professional client indirectly impact retail clients.

For Mirabaud, this means that the TCF initiative has an immediate impact on the activities of Mirabaud Asset Management Limited. The TCF initiative does not impact the activities of Mirabaud Securities LLP to the extent that it is dealing with, for example, hedge funds, market makers, and proprietary trading clients or listed or quoted corporate clients. However, this does not absolve Mirabaud Securities LLP from its overriding obligations to conduct its business with integrity or with due skill, care and diligence, which effectively means that treating our customers fairly lies at the heart of the Mirabaud group’s ethic. Mirabaud has taken the view that TCF should be applied to all of its business notwithstanding regulatory carve outs.

Who is Responsible?

Overall TCF responsibility rests with senior management to ensure that we deliver fair outcomes for our customers. Senior management responsibility is not just about setting the vision for our organisation on TCF. They must also drive our organisation to ensure that TCF is built consistently into the operating model and culture of all aspects of our businesses.

What are the TCF Outcomes?

In approaching the TCF initiative, the FCA requires firms to focus on 6 outcomes, against which they expect firms to measure their TCF progress against. These outcomes are:

- Outcome 1:** Consumers can be confident that they are dealing with firms where the fair treatment of customers is central to the corporate culture.
- Outcome 2:** Products and services marketed and sold in the retail market are designed to meet the needs of identified consumer groups and are targeted accordingly
- Outcome 3:** Consumers are provided with clear information and are kept appropriately informed before, during and after the point of sale.
- Outcome 4:** Where consumers receive advice, the advice is suitable and takes account of their circumstances.

Outcome 5: Consumers are provided with products that perform as firms have led consumers to expect, and the associated service is both of an acceptable standard and as they have been led to expect.

Outcome 6: Consumers do not face unreasonable post-sale barriers imposed by firms to change product, switch provider, submit a claim or make a complaint.

What does TCF mean for us?

We should always be asking the question “Is this fair for our customers?”

Accordingly, we must be able to demonstrate that we are treating our customers fairly. However, what does treating customers fairly mean? What is fair? The FCA has provided a starting point. Being fair includes:-

- Being clear and transparent with customers e.g., regarding charges, and level of service;
- Meeting reasonable customer expectations;
- Treating customers consistently;
- Resolving errors promptly and proactively;
- Operating our business with integrity;
- Ensuring that all documentation is customer friendly; and
- Ensuring that all customer information is clear, simple, and understandable.

What does the FCA expect of firms?

The FCA expect that firms must be able to demonstrate that they are consistently delivering fair outcomes to their consumers and that senior management are taking responsibility for ensuring that the firm and employees at **all** levels deliver the consumer outcomes relevant to their business through establishing an appropriate TCF culture. The FCA expects:

- That firms can demonstrate that senior management have instilled a culture within the firm:
 - whereby they understand what the fair treatment of customers means;
 - where they expect their employees to achieve this at all times;
 - and where firms promptly identify (a relatively small number of) errors, put things right and learn from them;
- That TCF performance can be appropriately and accurately measured against all customer fairness issues materially relevant to their business, and act on the results;
- That firms can demonstrate through those measures that they are delivering fair outcomes; and
- That firms have no serious failings, whether seen through management information (MI) or already known to the firms by the FCA identifying areas of particular regulatory interest, which have been previously publicised by the FCA to firms by such means as Dear CEO Letters; findings from FCA thematic visits or Enforcement Action.

Where can I find out more about TCF?

If you have any concerns or any questions regarding TCF you should discuss these with senior management and/or Compliance. Alternatively, you can find out more information from the FCA website at:

<http://www.fca.org.uk/firms/being-regulated/meeting-your-obligations/fair-treatment-of-customers>

Mirabaud UK Limited

TCF Policy Statement

Introduction

The Directors and Senior Management of Mirabaud are committed to ensuring that the FCA principle of treating customers fairly (TCF) is applied in all areas of our day to day business activities.

In adopting the TCF principle we recognise that fair treatment of our customers is about acting professionally, honestly and always in the best interest of the client by aiming to:

- protect the interests of our customers at each stage of the product or service life cycle, from promotion right through to after sales or post contractual services on an on-going basis;
- meet as best we can the unique needs of each customer by offering a transparent, efficient and professional service, and constantly reviewing our service to identify areas for improvement;
- manage conflicts of interest in manner that best protects the interests of our clients.

In addition, TCF means adding value to the products and services we offer.

Policy for effecting and evidencing TCF

Given the above, in practical terms effecting and evidencing Mirabaud's approach to TCF, means:

- ensuring that promotional material is clear, compliant, jargon free and appropriately targeted;
- ensuring that client facing employees (and where appropriate, support employees), have:
 - thorough training on all products or services they advise on, including discretionary management services;
 - understand what the products and services are and are not suitable for their customers;
 - are encouraged to challenge the products and services provided, where they spot inconsistencies, ambiguities or potential unfairness in the product or service literature and product or services features;
- operating remuneration systems which assure fairness to the customer as well as customer satisfaction, rather than only rewarding purely for volumes without consideration for customers' needs;
- encouraging non sales employees to implement TCF in their day to day business activities and to report instances where they feel that the TCF requirements are not being or are compromised;
- keeping detailed records of customer requirements, including attitudes to risk, capacity for loss, long and short term investment objectives, as well as the rationale as to why a particular investment decision made was suitable for the customer. This will enable us to both demonstrate and ensure that we treat customers fairly and can deal with any complaints that may arise, on a swift, fair and informed basis;
- encouraging regular and pertinent post-transaction contact with clients to gauge effectiveness of the product or service offered and where appropriate, to correct or improve on the service already offered;
- ensuring that customer complaints are reported and assessed fairly, promptly and impartially, in line with FCA deadlines and rules;
- encouraging employees to recommend improvements to products and services that may arise through their day to day work or that may follow any customer complaints, with the outcome subject to continue monitoring;
- ensuring that employees are kept up to date with relevant training in relation to their competence, data protection and other matters directly affecting the quality of products or services offered to customers;
- offering at least annual training at all levels of the business on the principles and operation of TCF;

- regularly monitoring and reporting on all of the above TCF activities as part of the group's risk and management information processes, in order to assess TCF performance across the businesses and recommend changes where appropriate; and
- ensuring that TCF values, which are set and communicated by Senior Management, are supported by all employees and understood in the same way.

Issued: 26 November 2013