

Front Office Supervision Manual: Procedures Manual
 (Tradition London Group Front Office)
 v.1.0.4 March 2018

PURPOSE: To define, document and formalise the Front Office Supervisory framework within the Tradition London Group (hereinafter referred to as "TLG", "Tradition London Group" or "Tradition Group"). This Manual, together with the Compliance Manual, forms the so-called TLG Procedures Manual.

DOCUMENT TYPE: Manual (policy)

TO: All Tradition London Group employees

RELEASE FOR USE:

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Approved:	Tradition London Group Executive Committee and Tradition London Group CEOs (Dan Marcus, Mike Anderson)		

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1.0 Introduction

1.1 Ethics, Values and Culture

Tradition Group Code of Ethics

Message from Patrick Combes, the Chairman of Tradition Group:

“Integrity is at the core of the business of the Tradition Group. It is the common thread through all our activities. The integrity and strength of our personnel, operations, and business are paramount to the health and growth of the Group. The purpose of this Code of Ethics is to lay down our rules of behaviour in all our dealings for the Tradition Group and to provide guidance in our day-to-day business. These rules apply to all employees of the Tradition Group. It is the responsibility of all of us, as individuals and at all levels of our organisation, to comply with our Code. No deviation can or will be tolerated and no employee will suffer any adverse consequence for having complied with the Code or for simply reporting suspected violations.”

The Code of Ethics expresses the values and standards and the culture of integrity fundamental to the business of the Tradition Group. If you have any difficulty in a particular situation, you should apply the following common Sense principles:

1. Do not do anything which you know or believe to be illegal or unethical
2. Do not engage into any transaction which does not have a genuine, legitimate business purpose
3. Ask yourself whether any contemplated transaction or business practice would withstand the scrutiny of the public eye if exposed
4. Act in a manner that will neither undermine nor diminish the reputation or integrity of the group
5. Do not do anything which could require you to be untruthful
6. Seek advice when in doubt

Tradition Group Culture and Values Statement

The above requirements are brought together in the Tradition Group Values and Culture Statement

1. Maintain high professional and ethical standards in the operations of its businesses and this requires staff to conduct themselves with integrity, accountability and respect for law and regulation
2. Provide a fair, clear and professional service to clients which meets or exceeds their expectations
3. Be a leader and to provide competition in the markets in which it operates, supporting the operation of these markets to ensure fairness, stability, compliance and innovation
4. For all staff to conduct themselves to the high professional and ethical standards expected and to have pride in the organisation they work for an organisation with a friendly working environment, free from discrimination and conducive to achieving Tradition’s aims

Supervisor Action Point 1
To ensure that staff understand the Tradition Group Code of Ethics and the
Tradition Group Culture and Values Statement

The below should be read in conjunction with this section

See Appendix	Related Link for reference
12.12	<i>Compliance - Tradition Compliance Manual</i>
12.12	<i>HR – Tradition Staff Handbook – Group Code of Ethics</i>

12.20 *Tradition Culture Framework*

This manual section 10

We are required by our regulators to adhere to their published standards of business engagement such as but not limited to the following extracts taken from the FCA Handbook, Code of Conduct (COCON)

<https://www.handbook.fca.org.uk/>

[This Handbook includes, among others, the following standards, which are subscribed to by TLG at group level and are implemented and disclosed in all entities that are part of the group, regardless of the jurisdiction in which they are located:](#)

Rule 1: You must act with integrity

Rule 2: You must act with due skill, care and diligence

Rule 3: You must be open and cooperative with the *FCA*, the *PRA* and other regulators

Rule 4: You must pay due regard to the interests of *customers* and treat them fairly

Rule 5: You must observe proper standards of market conduct

(COCON 2.1)

The references made in this Handbook to the FCA guidelines and codes will apply to the extent possible to all entities of the group, insofar as they go beyond the minimums already provided for by the European regulatory framework for investment firms and their organizational requirements, in particular, Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organizational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive.

Without prejudice to the foregoing, TLG's Compliance Department (i.e. at group level) as well as the local Compliance Departments (i.e. of each of TLG's member entities) will implement in this Handbook any further recommendations made by other regulatory bodies to ensure TLG's integrated and holistic compliance in the jurisdictions in which it operates. In particular, the Regulatory Compliance Department of Tradition Financial Services España, Sociedad de Valores, S.A., will be responsible for analysing and duly implementing any provision, circular, recommendation, technical guide or similar document that the Comisión Nacional del Mercado de Valores ("CNMV") may issue with respect to any of the matters covered in this Manual. Such provisions shall be integrated (or shall seek to integrate) as far as possible with those issued by the FCA, unless they are contrary to the CNMV's provisions.

In addition, TLG's Compliance Department will take into consideration the recommendations, guidelines and technical guidance issued by the European Securities and Markets Authority ("ESMA").

FCA Senior Manager Rules

SC1: You must take reasonable steps to ensure that the business of the *firm* for which you are responsible is controlled effectively

SC2: You must take reasonable steps to ensure that the business of the *firm* for which you are responsible complies with the relevant requirements and standards of the *regulatory system*

SC3: You must take reasonable steps to ensure that any delegation of your responsibilities is to an appropriate person and that you oversee the discharge of the delegated responsibility effectively

SC4: You must disclose appropriately any information of which the *FCA* or *PRA* would reasonably expect

(COCON 4.1)

The Senior Manager Regime is applicable from 2018

[\[See section 6.1 of this manual\]](#)

Supervisor Action Point 2
To ensure that staff understand and adhere to all applicable and relevant regulations

1.2 Executive Summary

The Front Office Supervision Manual sets out to provide a common set of high level principles and key elements for the supervision of the Front Office businesses operated within the Tradition London Group. It sets out to formalise Front Office activities that require supervision.

Supervisors should also consider how they would demonstrate that the correct values are present within their business area. All Supervisors are expected to supervise the business activities within their area as far as they can reasonably be expected to do so.

Along with the group wide Tradition Values Statement and Group Code of Ethics, Front Office Risk and Control also promotes the following business culture message:

Honesty

At Tradition London Group we act honestly and fairly when undertaking all activities.

Accountability

At Tradition London Group we are accountable to our shareholders, our management and to our clients. Equally we are accountable to each other.

Transparency

At Tradition London Group we are transparent about all practices and are able to demonstrate what we do.

Service

At Tradition London Group we strive to offer the best and fairest possible service to all of our clients.

Stewardship

At Tradition London Group we are stewards. We always act in a way that protects the reputation of the CFT Group of companies, its business and the markets in which it operates.

Front Office Risk and Control asks that supervisors at all levels not only adhere to the contents and spirit of this manual but use it as a step towards closer supervision of their business.

This must include the ability to demonstrate and prove their supervision.

Most critical documents for Front Office supervisors include:

This manual, its contents and spirit
The Tradition Compliance Manual its contents and spirit
The NFA Compliance Manual (where relevant and appropriate)
The Tradition Culture Framework its contents and spirit
The Tradition Staff Handbook its contents and spirit

Senior supervisors must ensure that supervisors and relevant Tradition London Group Departments are working in collaboration in order to instigate suitable and appropriate workflows that evidence the critical elements of supervision and control.

There should be a record of oversight if a trade falls outside of the expected processes. Front Office supervisors must be able to demonstrate that they are providing effective supervision in these instances.

1. Supervisors may thus be asked in the course of an audit or at the request of the regulator itself (such as, inter alia, the FCA or the CNMV) to provide evidence on their supervisory methods, in particular: Review of trade activity and investigation (including escalation) of unexpected activity
2. Review of brokerage charge agreements and procedures
3. Review of credit, credit limits and credit related Business Decisions (where applicable)
4. Review of settlement failures
5. Review of desk P&L
6. Review of Conduct and/or Market Abuse or Financial Crime related instances

Details of supervision and control expectations and requirements are outlined throughout this manual.

The below should be read in conjunction with this summary.

See Appendix	Related Link for reference
12.12	<i>Compliance - Tradition Compliance Manual – NFA Compliance Manual (if appropriate)</i>
12.12	<i>HR – Tradition Staff Handbook</i>
12.20	<i>Tradition Culture Framework</i>
12.21	<i>FICC Market Standards Board Statement for Front Office Supervision</i>

In essence, this Front Office Supervision Manual is related to conduct, good practice and culture.

Indeed our main regulators will expect Tradition London Group to manage our business activities in adherence with their following priorities:

1. That the 1st line of defence takes ownership and responsibility for the business risks and controls along with the oversight and supervision of all business activities
2. That the 1st line of defence takes responsibility for the self-identification of risks, control gaps and breaches of any kind
3. That the 1st line of defence ensures that the necessary resource is directed towards such priorities
4. That the 2nd line of defence functions provide challenge, monitoring, surveillance and validation of the above
5. That a correct and appropriate business culture exists and that conduct, behaviour and best practice is our highest priority
6. That the prevention of Market Abuse and Financial Crime receives our highest attention and vigilance
7. That the 1st line of defence takes responsibility for the documentation of disciplinary procedures, risk and other issues and all such incidents that occur during the business process
8. That, where relevant, these are self-identified to the FCA or appropriate regulatory body
9. That there is sufficient resource to ensure that the correct business and system development in order to meet the requirements of Regulatory Change such as the MIFID II directive

Supervisor Action Point 3
To ensure that staff understand the priorities of our main regulators

Below are extracts taken from the FICC Market Standards Board Statement of Good Practice for Front Office Supervision:

Good Practice Statement 1: Firms should clearly define activities that require supervision. This should include activities that directly impact the functioning of FICC markets

Good Practice Statement 2: Firms should ensure that responsibility for supervision remains with the appointed supervisors. Firms should have in place clear arrangements setting out if and how supervisors can delegate certain tasks to others

Good Practice Statement 5: Firms should have a defined control framework to demonstrate that they maintain complete supervisory coverage of all relevant employees and activities over time

Good Practice Statement 13: Firms should establish minimum standards and arrangements for retaining evidence to demonstrate operating effectiveness of their supervisory controls

[\[See Appendix 12.21 for full statement\]](#)

Front Office Risk and Control have included our own Supervisor Action Points throughout this manual. These are used to highlight some of the most important aspects of supervision. However they do not include all of the requirements that this manual asks. Simply reviewing these points will only provide a general overview of requirements set within this manual.

All staff that performs any role or a related role within the Tradition London Group Front Office is required to review and understand this manual as a whole.

1.3 1st line of defence - 3 lines of defence risk model

This Manual is written as a significant addition to the Front Office Supervisory Framework. It is a building block that enables the Front Office which is a 1st line of defence function to accept the responsibility and ownership for:

1. The Front Office Supervision Controls
2. The associated Front Office risks
3. Front Office business and operating culture
4. The supervision and management of Tradition London Group Front Office businesses activities and related functions

This is a requirement of our regulators and auditors.

This manual seeks to contribute to the desired improvement and strengthening of business culture that is required particularly in relation to supervision and conduct.

All supervisors must understand the relevance to their supervision, accountability and responsibilities of the three lines of defence risk management model that is operated by Tradition London Group Companies.

Supervisor Action Point 4
Supervisors should ensure that they understand the Three Lines of Defence Risk Management Model

The below should be read in conjunction with this section:

See Appendix **Refer to the Three Lines of Defence Risk Management Model**

2.0 Purpose

2.1 Key principles

This manual also exists in order to formalise and enhance consistency of supervision across Tradition London Group entities.

(It is recognised that some businesses are non-regulated and therefore elements of this manual may not fully apply. However non-regulated businesses should interpret the oversight and supervision requirements set out within this manual and seeks to apply to their business where appropriate)

This manual recognises that there is a diversity of businesses and roles that exist across our London entities. Therefore not all aspects within this manual will be relevant to all staff and supervisors.

All staff must aspire to best practice within their own business arena.

It is the responsibility of supervisors to ensure that all staff understands the contents and the spirit of the market codes of conduct, regulation, handbooks and best practice reviews relating to their business area.

Supervisor Action Point 5

To ensure that staff read and understand any market codes that are relevant to their business

Examples include but are not limited to:

[The UK Money Markets Code](http://www.bankofengland.co.uk/markets/documents/money/code)

www.bankofengland.co.uk/markets/documents/money/code

[FX Global Code of Conduct](http://fxglobalcode.com/index.html)

fxglobalcode.com/index.html

[Codes of Best Market Practice and Shared Global Principles](http://bankofengland.co.uk/Documents/forex)

bankofengland.co.uk/Documents/forex

[Fair and Effective Markets Review](http://bankofengland.co.uk/markets/pages/fmreview)

bankofengland.co.uk/markets/pages/fmreview

[London Bullion Market Association \(LBMA\) GOFO: Code of Conduct](http://lbma.org.uk/assets/blog/GOFO/code_of_conduct)

lbma.org.uk/assets/blog/GOFO/code_of_conduct

[The Financial Conduct Authority Handbook](http://www.handbook.fca.org.uk)

www.handbook.fca.org.uk

[The Senior Managers and Certification Regime](https://www.fca.org.uk/firms/senior-managers-certification-regime)

<https://www.fca.org.uk/firms/senior-managers-certification-regime>

[Fixed Income, Currencies and Commodities \(FICC\) Markets Standards Board \(FMSB\)](http://www.fmsb.com/)

[Guide to good practice and standards for wholesale FICC markets](http://www.fmsb.com/)

<http://www.fmsb.com/>

[FMSB, Front Office Supervision Statement of Good Practice for FICC Market](http://www.fmsb.com/)

[Participants](http://www.fmsb.com/)

[See Appendix 12.21 of this manual](#)

This manual incorporates supervision topics that currently exist within the Tradition London Group Front Office businesses.

This manual is an additional tool and point of reference for all staff.

It is particularly directed at supervisors who are responsible for business activities including voice broking, broking sales, hybrid voice/screen broking, electronic screen/electronic platform broking and all other Front Office business undertakings.

It is also recognised that there are elements of supervision and control which are outlined within this manual that are not currently in place or not currently undertaken within some businesses. This manual seeks to formalise the basics of supervision and control, therefore all supervisors should implement strategies and plan future business activities so as to achieve compliance with the requirements documented within this manual. Supervisors should understand the spirit of this manual.

Supervisors can seek clarification from Front Office Risk and Control (FORC – ex 5839).

Our regulators and auditors expect Tradition London Group to formalise supervision within the Front Office Business and therefore the 1st line of defence.

It is also a regulatory requirement that the ownership and responsibility for risk identification and the mitigation of risk rests within the 1st line of defence.

Therefore the following is required of Front Office supervisors:

1. That they thoroughly review this document and the related documents that are referred to within
2. That they actively liaise with relevant Tradition London Group departments in order to develop the appropriate strategies to meet the requirements set out
3. That they engage with both the related Tradition London Group department and/or Front Office Risk and Control in relation to any parts of this manual or related documents that raise any concern

Supervisor Action Point 6

To ensure all staff read and understand the contents and spirit of this manual and The Tradition Compliance Manual

2.2 Living document

This manual will be owned, maintained, and updated by Front Office Risk and Control (FORC) which is also a 1st line of defence function.

It will be subject to ongoing improvement. It will be subject to a minimum annual review by FORC but not limited to this. This manual will be subject to an annual validation process through the Tradition London Group Executive Committee.

Regular review and update is crucial in order to ensure of its continuing relevance to the changing oversight and supervisory environment and requirements.

It is a responsibility of all Front Office supervisors to be active in the maintenance and robustness of both 1st and 2nd line of defence documents, policies and processes.

3.0 Scope and Applicability

3.1 Everybody in scope

The Front Office Supervision Manual will apply to all Tradition London Group staff. Largely, focus is on the Front Office supervisory responsibility. Supervisors should ensure that all staff is able to articulate the CFT Group entity for which they operate and execute business. (Particularly if they cross business for various entities)

This manual applies to all businesses and broking models.

This manual applies to the following companies and any other staff who operate a business from the Tradition London Group offices

(Collectively known as "Tradition", "Tradition London Group", and "TLG")

- Tradition (UK) Limited (TUK)
- Tradition Management Services Limited (TMS)
- Tradition Financial Services Limited (TFS)
- TFS Derivatives Limited (TFD)
- Tradition Financial Services España, Sociedad de Valores, S.A. (TFSE)

- Tradition London Clearing Limited (TLC)
- TFS-ICAP Limited (TFI)
- Trad-X (UK) Limited (TRX)
- ParFx (UK) Limited (PFX)

Tradition London Group entities consist of a broad range of businesses that provide services across many asset classes. Varied operating models exist. Where doubt exists concerning the scope and/or applicability of the contents, principles or spirit documented within this manual, please consult with Front Office Risk and Control.

[\[See Figure 1.0 below – page 20\]](#)

4.0 Front Office Supervision Framework

4.1 Tradition London Group - Front Office Governance

It is the responsibility of Front Office supervisors to understand and implement the policies and decisions formulated by and within the Tradition London Group Governance Framework.

The boards of the Tradition London Group provide the following governance and oversight:

1. Setting appropriate strategy within risk appetite
2. Promoting internal risk culture and risk awareness
3. Monitoring the implementation of the risk strategy by the Risk Committee
4. Ensuring independence of the control functions such as Compliance and Risk Management
5. Ensuring independence of Internal Audit (Assurance activity)
6. Verifying that independent control functions operate correctly

TUK, TFD, TradX and TFS Boards have delegated their authority to an Executive Committee of the Tradition London Group which is chaired in rotation and/or jointly by the Chief Executive Officer(s) (CEO). The Executive Committee is supported by other functional committees.

TLC and TFSE has its own Board and CEO and its own management structure which does not fall under the main London Executive Committee although it relies on the support and control functions of the London office.

The Tradition London Group Boards are supported by additional control committees – the Risk Committee and the Regulatory and Benchmark Committee. In addition, a local Audit Committee reviews the effectiveness of the control functions and the control environment in order to provide assurance to the Tradition London Group Boards on the effectiveness of these.

It is the responsibility of supervisors to ensure appropriate documentation, such as agendas and minutes, are maintained and constantly available.

It is the responsibility of supervisors to establish an effective Oversight and Supervisory Control Framework for the London Front Office and the related support functions.

It is the responsibility of Front Office supervisors to consider the evolving risk and control environment when implementing the business strategy and the decisions made by The Executive Committee and any other relevant governance committee (as outlined above) of the Tradition London Group.

Front Office supervisors should ensure that they understand and can articulate the governance and reporting structure of Compagnie Financiere Tradition and the Tradition London Group management structure and committees. It is the responsibility of Front Office supervisors to ensure of and monitor the effectiveness of Front Office supervision.

It is also the responsibility of Front Office supervisors to ensure of and demonstrate a fair business operating culture. This must include adherence to best practice and ethical conduct.

Through their supervision, supervisors must ensure that:

1. Best market practice and appropriate staff conduct and behaviour is a supervisory priority that receives their regular review.
2. Their supervision is transparent and that regular opportunity exists for challenge and discussion relating to business practices, business development, regulatory change, desk disputes, conduct and behaviour, effective team/desk management and accountability.
3. There is a clearly defined staff performance review process and that it is appropriately managed and documented. When undertaking staff appraisal, supervisors should consider staff overall performance, contribution and attitude that may impact within Tradition London Group as a whole. This may include, among others, topics such as adherence with Compliance Policies, understanding of the changing regulatory and business/sectorial environment and engagement with support functions.
4. They are conspicuous in modelling adherence with business standards and supervision.
5. Senior supervisors must be able to articulate and demonstrate the correct tone from the top for the Tradition London Group businesses.
6. They ensure through their ongoing assessment that their staff maintain suitable skills and knowledge to carry out their assigned role such as knowledge of the relevant products and market environment, knowledge of regulatory requirements and change, practical experience, awareness of ethical and compliance policies and the correct and applicable exchange registrations and/or qualifications.
7. They regularly attend and contribute to any relevant internal committee, fora, workshops or meetings.
8. They manage their time efficiently so as to ensure that they can discuss and are open to challenge on any relevant issue and/or action that relates to internal functions such as Front Office Risk and Control, Compliance, Operational Risk, Credit Risk and Human Resources.
9. They ensure that there is a cascade of all relevant and appropriate information conveyed to the appropriate staff particularly in relation to risk management and the related mitigating controls, conduct and behaviour, RCSA process, relevant audit points and their remediation, regulatory change and internal Tradition London Group management decisions.
10. They supervise and manage their business area adhering to all of the additional principles that are documented within the Tradition Compliance Manual and within this Front Office Supervision Manual.
11. They, in collaboration with Front Office Risk and Control document and maintain high level desk procedures and controls documents detailing their most critical business/desk processes, procedures and control points. Therefore Front Office supervisors are required to populate the Front Office Risk and Control Desk Procedures and Controls Template.

(This/these are currently not in place - This project work will begin in Q4 2017 – Supervisors will be contacted by Front Office Risk and Control in due course)

Supervisor Action Point 7
 To ensure that as a supervisor they are conspicuous in demonstrating adherence with best practice and setting a correct tone from the top for their business

The below should be read in conjunction with this section:

See Appendix	Related Links for reference
12.1 – 12.7	<i>Business Organisational Diagrams</i>
12.12	<i>Compliance – The Tradition Compliance Manual - Major Duties/Obligations Reprised</i>
12.14	<i>Front Office Staff Appraisal and Performance Review Process</i>
12.20	<i>The Tradition Culture Framework</i>
	<i>This manual section 10.3, 11</i>

4.2 Front Office escalation

All Front Office staff must know their direct supervisory reporting line.

It is the responsibility of all Front Office staff to know where to escalate any given enquiry or issue that may arise during their day to day business and working activities. Supervisors must ensure that this information is documented for their area and readily available to staff.

Front Office staff must know their key relevant internal contacts in relation to any potential concern or enquiry. This information is openly displayed around the Tradition London Group offices.

[\[Also see Figure 1.0 below – page 20\]](#)

It is the responsibility of Front Office supervisors to ensure that all staff understands the *Tradition Whistleblowing Policy*.

“The Tradition Boards have a duty to establish and maintain a mechanism for staff to raise concerns about malpractice, wrongdoing or danger in the workplace without fear of reprisal.

All Tradition managers (supervisors) are expected to encourage a positive open working culture, and ensure that members of staff are aware of and receive training regarding this policy.

All concerns raised to management pursuant to this policy must also be communicated to the Head of Compliance, who will retain a register of all such concerns for monitoring purposes.

The Audit Committee shall have oversight of any actions taken in relation to any matters raised pursuant to this policy.

An independent, non-executive director (“Whistle-blowers’ Champion”) shall be allocated the responsibility for “overseeing the independence, autonomy and effectiveness of Tradition’s policies and procedures on whistleblowing, and for reporting to the Tradition boards on the effectiveness of the arrangements”.

Therefore it is the responsibility of Front Office supervisors to ensure that all staff can access the following links/email:

[Internal Reportable Concern – whistleblowing@tradition.com]

[External Disclosures – whistle@fca.org.uk]

Likewise, with regard to TFSE, any person who knows of the possible or actual commission of infringements related to the rules on the regulation and discipline of the securities markets may report them to the CNMV by sending an e-mail to the following address: comunicaciondeinfracciones@cnmv.es.

The report must contain an orderly list of facts from which the suspicion of the reported infringement or potential infringement may reasonably be derived. In particular, it must contain:

- (i) A detailed description of the breach or potential breach;
- (ii) The identity of the persons or entities involved in the possible unlawful conduct;
and
- (iii) The dates on which the alleged infringement took place.

The below should be read in conjunction with this section:

See Appendix	Related Links for reference
12.1 – 12.7	<i>Business Organisational Diagrams</i>
12.12	<i>Compliance – Tradition Compliance Manual</i>
12.12	<i>Compliance - Whistleblowing</i>

*This manual figure 1.0
This manual section 2.3*

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4.3 Supervision basics

For the purpose of this Front Office Supervision Manual:

A supervisor is most likely:

An individual appointed by the business to supervise, direct, manage or have oversight responsibility for a defined population of individuals and/or the business activities that are undertaken by any of the CFT entities operating from the Tradition Group London Office.

A more senior supervisor is most likely:

An individual appointed by the business to supervise, direct, manage or have oversight responsibility for a defined population of individuals or for a group of other supervisory individuals and/or business or businesses and the related activities that are undertaken by any of the CFT entities operating from the Tradition Group London Office. A senior supervisor most likely has overall responsibility for a business and its operation. A senior supervisor in many instances will also need to accept the responsibility that it is outlined for a supervisor.

A supervisor may be assigned job titles or job descriptions with the Tradition London Group. Examples of such include but will not be limited to:

- CEO
- COO
- Managing Director
- Director
- Head of [desk]
- Senior Manager of [desk]
- Manager of [desk]
- Senior Broker

However an individual may be undertaking a supervisory role without being assigned one of the above job titles.

1. It is the responsibility of Front Office supervisors to establish a supervisory structure that ensures of compliance with legal and regulatory requirements of any jurisdiction in which they operate.
2. This includes requirements relating to supervision itself and the ability to be able to evidence their supervision.
3. It is the responsibility of a supervisor to always consider the measures that are necessary to ensure effective supervision including the provision of effective and robust processes and controls that contribute to their oversight.
4. It is the responsibility of supervisors to cultivate efficient working relationships with other 1st line of defence functions such as Front Office Risk and Control, Trade Support/Back Office, Human Resources and Finance. A supervisor must also maintain a constructive business partnership with 2nd line of defence functions such as Risk and Compliance. All Front Office supervisors should initiate regular opportunities to meet with relevant internal contacts so as to ensure complete knowledge of all aspects of business that relate to their role.

5. It is the responsibility of supervisors to ensure that new and existing staff fully understand and adhere to all relevant company policies, rules and procedures.
6. It is the responsibility of supervisors to ensure that all staff conducts business activities with integrity and in an appropriate and professional manner.
7. It is the responsibility of all supervisors to ensure that staff understands and adhere to the Market Abuse Regulations. All staff should know and fully understand the Tradition Compliance Department Market Abuse Policy, along with all regulations and internal policies that relate to Financial Crime.

[See below pdf attachments]

All staff must contact The Tradition Compliance Department if they are in any doubt as to the contents and applicability of the below policies.



Market Abuse Policy
2017 09.pdf



Market Abuse.pdf

Supervisor Action Point 8

To ensure that as a supervisor they can show evidence of their supervision of business

Roles and responsibilities descriptions that apply to staff with a supervisory position are given within the Appendix of this document.

However due to the diversity of our businesses and supervision requirements, it is expected that all supervisors understand the particular set of expectations that would apply to their position.

The below should be read in conjunction with this section:

See Appendix	Related Links for reference
12.11	<i>The Three Line of Defence Risk Model</i>
12.12	<i>Compliance, HR, Risk</i>
12.17	<i>Front Office Risk, RCSA and Controls – Risk and Control Maps</i>
12.20	<i>Tradition Culture Framework</i>
	<i>This manual sections - 1, 8, 9, 10</i>
12.8	<i>Roles and Responsibilities</i>
12.9	<i>Roles and Responsibilities</i>
12.10	<i>Roles and Responsibilities</i>

4.3.1 Figure 1.0

Front Office supervisors must ensure that all staff knows the following Key escalation contact Information:

Enquiries and/or concerns relating to:	Name of person	Contact details
Front Office Oversight, Supervision, Culture and Controls	Paul Dawney Front Office Risk and Control	Ex – 5839 Paul.Dawney@Tradition.com
Risk including Operational Risk Credit Risk and Credit Risk Hotline	Sam Saffadi Graeme Scott	Ex – 1558 Sam.Saffadi@Tradition.com
		Ex – 5888 Graeme.Scott@Tradition.com
	Odile Avezou Credit Risk - Hotline	Odile.Avezou@Tradition.ch
		Ex – 0041 21 343 53 32
Compliance, Conduct and Behaviour	Peter Weston David Pritchard	Ex – 1581 Peter.Weston@Tradition.com
		Ex – 5845 David.Pritchard@Tradition.com
Money Laundering and/or Fraud and Financial Crime & Compliance Training	Marie Elfathi – Money Laundering Reporting Officer	Ex – 5846 Marie.Elfathi@Tradition.com
HR - Staff issues and welfare (Conduct and behaviour)	Charli Harper	Ex – 1592 Charli.Harper@Tradition.com
Facilities, Health & wellbeing	Mark Heneke Scott Jeffery	Ex – 1531 Ex – 1559 facilities@Tradition.com

5.0 Roles and responsibilities - Front Office supervisor

5.1 Strong on detail – Good housekeeping

It is the responsibility of Front Office supervisors to ensure that all staff is compliant with policies and procedures that relate to all support functions within the Tradition London Group.

The below should be read in conjunction with this section:

See Appendix	Related Links for reference
12.12	HR, Finance, Compliance, Facilities and IT/COMMS
12.12	HR – Staff Handbook
12.12	Compliance – Tradition Compliance Manual

5.1.1 HR related controls

It is also the responsibility of a Front Office supervisor to ensure that a suitable and accurate Staff Attendance Tracking Tool is utilised for their business. It is the responsibility of a Front Office supervisor to ensure the accuracy of this information and that it is correctly documented and reported to their relevant HR contact within the appropriate timeframe.

It is the responsibility of a Front Office supervisor to ensure that they have received acknowledgement of receipt for this information.

It is the responsibility of Front Office supervisors to lead all key employee relations issues within their area and/or business entity. These may include but are not limited to key disciplinary issues. Supervisors in conjunction with Tradition London Group HR Department must ensure of documented audit trails in relation to any formal disciplinary issues.

Front Office supervisors should be particularly aware of and adhere to the following sections from:

The Tradition Staff Handbook (2017 Revision):
 [See Appendix 12.12 – HR – Tradition Staff Handbook]

Section A
 Part 3, 6, 7, 13, 14, 15, 24

Section B
 Part (a) 1, 2, 3, 4, 5, 6, 7, 8, and 9
 Part (b) 11, 13, 19, 20, 21, 22, 26, 27, 29, 30, 31, 32

5.1.2 Finance related controls

It is the responsibility of Front Office supervisors to ensure that their business is correctly represented by staff business cards. Therefore they should ensure that they review for accuracy and approve all relevant *Business Card Request Forms*. Therefore supervisors should be included in all relevant e-mail requests.

It is also the responsibility of Front Office supervisors to actively manage and pay focused attention to cost control within their business area.

[\[Also see section 5.9\]](#)

All Front Office staff must adhere to the following Finance related cost control policies, procedures and request processes:

1. *Corporate Hospitality Booking Procedure* and the related and required supervisory approvals
2. *Travel Request Procedure* and the related and required supervisory approvals
3. *Currency Request Form (Procedure)* and the related and required supervisory approvals
4. *Business Expenses and expenses reimbursement processes* via the "Concur" system and the related and required supervisory approvals

5.1.3 Compliance related controls

It is the responsibility of Front Office supervisors to consider and ensure of staff adherence to other related Tradition London Group policies when managing costs and operating the related cost control procedures. These include:

1. *Anti-Bribery & Corruption Policy*
2. *Travel, Entertainment & Gifts Policy*
3. *Gift Notification Form*
4. *Client Entertainment Restrictions List*
5. *Conflicts of Interest Policy*
6. *Market Abuse Reporting Suspicious Transactions & Orders*

5.1.4 Facilities related controls

All Front Office staff must adhere to the following cost control policies, procedures and request processes:

1. *Internal Moves and New Works Request Procedure* and the related and required supervisory approvals
2. *Security and Access arrangements*
3. *Tradition Health and Safety Management System and Policy*
4. *Stress Management Policy*

5.1.5 I.T/COMMS related controls

It is the responsibility of a Front Office supervisor to ensure of staff adherence to the following I.T and Communications procurement procedures, request forms, policies and the related supervisory approvals which include:

1. *All I.T and Software Procurement*
2. *All PC and Monitor Requests*
3. *All specific Projects*
4. *All Mobile Communication Devices requests*
5. *New Line Request form*
6. *Project Request Form*
7. *Tradition Password Policy*

It is the responsibility of a Front Office supervisor to ensure that all staff understands their responsibility to escalate immediately any concern relating to cyber-crime, password protection, personal data sharing, out of office laptop use, business data loss or sharing and inappropriate usage of internet access to:

London IT Support Desk - +44 0207 198 5999

Support.london@tradition.com

The below should be read in conjunction with this section:

See Appendix	Related Links for reference
12.12	<i>HR, Finance, Compliance, Facilities and IT/COMMS</i>
12.12	<i>HR – Staff Handbook</i>
12.12	<i>Compliance – Tradition Compliance Manual</i> <i>Compliance - Gifts and Entertainment</i> <i>Compliance – Hospitality</i>
12.15	<i>Absenteeism Tracker Process</i>
12.19	<i>Conflicts of Interest Map</i> <i>This manual section 5.9</i> <i>This manual section 9</i>
12.22	<i>Compliance - MAR - Suspicious Transaction and Order Reporting Procedure</i>

5.2 New employees

It is the responsibility of a Front Office supervisor to ensure that the appropriate checks have been/are being undertaken within an appropriate timeframe before a new employee commences working within the offices of Tradition London Group entities.

It is the responsibility of a Front Office supervisor to actively liaise with the relevant contacts within HR, Finance, Legal, Compliance and I.T/Comms to be able to demonstrate that those appropriate checks have been/are being undertaken.

Important checks/controls include but may not be limited to:

1. *All necessary Criminal Record (incl: Fraudulent activity and Criminal Convictions) checks*
2. *Eligibility to work within the UK and identification*
3. *FCA, CNMV and/or other relevant regulator registrations and references*
4. *Any relevant Exchange Registrations*

5. *Previous employment information and/or references*
6. *Thorough assessment of a potential employee client base, Conflicts of Interest profile, methods of work, business approach and past profitability and therefore the viability of such within Tradition London Group*

Front Office supervisors are responsible for ensuring that all new employees attend the *Tradition New Employee Induction Programme* and the *Tradition Compliance Department Induction Presentation*.

Supervisor Action Point 9
 To ensure that before employment is offered to a person proper and appropriate checks have been undertaken.

The below should be read in conjunction with this section:

See Appendix	Related Links for reference
12.12	<i>HR, Compliance,</i>
12.12	<i>HR – Staff Handbook</i>
12.12	<i>Compliance – Tradition Compliance Manual</i>
12.13	<i>I.T/Comms – New Starter Form</i>

5.3 Know Your Customer (KYC), Anti Money Laundering (AML) and Market Abuse (MAR)

It is the responsibility of Front Office supervisors to ensure that all staff strictly adheres to all company policies and procedures that relate to New Client accounts, the KYC Process, related controls and the AML regulations, as well as the due diligence measures set out in the Group's AML Manual as well as in the relevant local AML Manual and the applicable local anti-money laundering (AML) regulations of the relevant jurisdiction in which the company of the TLG providing the services is registered.

Front Office supervisors should also be able to demonstrate strong knowledge in relation to information regarding KYC and AML policies, procedures and regulations.

A Front Office supervisor must ensure that staff understand and adhere to the following internal policies and controls.

1. *The client on-boarding procedure*
2. *New Client Account Opening Form*
3. *Standard Information Request List*
4. *AML Client Questionnaire (where relevant – for higher risk clients)*
5. *Enhanced Due Diligence Policy & Procedure*
6. *Tradition Group Anti Money Laundering and Financial Crime Policy*
7. *Financial Crime Compliance (FCC) Country Policy*
8. *Anti-Money Laundering – reporting Suspicious Transactions (STOR)*
9. *Anti-Money Laundering – STR Form (STOR)*
10. *MAR – Suspicious Transaction and Order Reporting Procedure*
11. *Tradition Group, General Dealing Terms of Business and Execution Policy*

Front Office supervisors must ensure that all staff understands that they are not permitted to instigate a dealing relationship with a client in any product or on behalf of any Tradition London Group entity prior to the above relevant procedures being undertaken and all of the relevant approval processes completed.

Approval and validation processes include those performed by 2nd line of defence functions such as Compliance and Credit Risk.



It is also a Front Office supervisor's responsibility to ensure that all of the required data relating to new client information and the KYC/AML process is initially gathered and documented accurately by the 1st line of defence.

It is for the Front Office supervisors to ensure that the 1st line of defence function can demonstrate that they perform a detailed and documented initial assessment of the identity, status and suitability of any new client.

[Senior Management is currently building a 1st line of defence Client On-boarding Function. This is to achieve the formalisation of the above criteria.]

Front Office supervisors must accept the responsibility for tracking the resulting validation processes that are performed by 2nd line of defence functions such as Compliance and Credit Risk.

Front Office supervisors must ensure that staff provides full and accurate disclosure of all information concerning a new client so that 2nd line of defence functions can perform the appropriate robust checking procedures.

Front Office supervisors must monitor and take a pro-active role within all aspects of the *new client on-boarding process* for their business area including initiating regular contact with the 2nd line of defence functions such as Tradition Compliance Department and Credit Risk.

Supervisor Action Point 10
To ensure that a suitable and correct KYC and AML process is in place and undertaken for all new clients

The below should be read in conjunction with this section:

See Appendix	Related Links for reference
12.12	<i>Compliance – Tradition Compliance Manual</i>
12.12	<i>AML and Market Abuse</i>
12.12	<i>Compliance – Tradition Compliance Manual – Financial Crime and Anti-Money Laundering – New Account Opening</i>
12.19	<i>Credit Risk Documents</i>

Also see related PDF below:



PW014 Anti Money Laundering - Reportin



Market Abuse.pdf

5.4 Supervision of staff training

It is the responsibility of Front Office supervisors to ensure that all staff who are assigned mandatory staff training modules completes them as required and within the timeframe allocated.

It is also the responsibility of Front Office supervisors to inform relevant functions of the training needs for their business. Along with this supervisors should ensure that all staff attends targeted training sessions that are offered by functions such as FORC, Compliance, Risk and HR.

It is a requirement of the FCA that firms provide adequate and an appropriate level of training to their staff particularly relating to the Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purpose of money laundering or terrorist financing amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC, i.e. the Fourth Anti-Money Laundering Directive ("**AML4**") and the Market Abuse Regulation, in particular Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on Market Abuse ("**MAR**").

All Front Office supervisors should understand the Tradition London Group *Compliance Training Escalation Policy* which includes the *Training Policy* that is fully endorsed by The Tradition Group Board of Directors.

Front Office supervisors must also adhere to *The Escalation Procedure* in relation to any incident of staff non-compliance with *the Tradition Training Policy*.

Front Office supervisors may consider a desk or business wide approach to completing mandatory training that ensures compliance with the above.

Supervisor Action Point 11

To ensure that staff fully understands the Market Abuse Regulations and Financial Crime Regulations such as the Anti-Money Laundering Directive and Suspicious Transactions and Orders Reporting. To ensure that staff completes all mandatory training modules assigned to them

The below should be read in conjunction with this section:

See Appendix	Related Links for reference
12.12	<i>Compliance – Tradition Compliance Manual</i>
12.12	<i>AML and Market Abuse</i>
12.16	<i>Compliance Training Escalation Policy</i>
12.22	<i>Compliance MAR - Suspicious Transaction and Order Reporting Procedure</i>

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Date when printed: 16/04/2018



5.5 Brokerage, commission and fees oversight and management

It is the responsibility of supervisors to ensure that a suitable Brokerage/Commission Charge Agreement is established and documented for all clients of Tradition London Group.

All supervisors must ensure of appropriate supervision controls relating to brokerage or commission. These include but may not be limited to:

1. Where possible the creation of an independent and centralised brokerage rates and negotiation department (e.g. Nicholas Ruddell/Toni Kerr for TUK).
2. Where a suitable electronic system exists, systemic controls that monitor all brokerage/commission charge entries.
3. A segregation of duties between a senior supervisor who negotiates and documents brokerage/commission charges and the individual desk supervisor and desk brokers who are the beneficiaries of such brokerage/commission fee.
4. A four eyes approval and documentation process for new or changing brokerage/commission approvals including sign off by the relevant desk supervisor and the relevant senior supervisor.
5. Supervisors must ensure that individual staff members do not discuss the brokerage/commission arrangements, brokerage/commission rates or brokerage/commission discounts with any Tradition London Group clients or with any person other than the appropriate Tradition London Group staff.
6. Supervisors must ensure that there is a transparent process that enables the documentation and storage of such information for all new and existing brokerage/commission arrangements, agreements and the related approvals.
7. Supervisors must ensure that all brokerage/commission arrangements and agreements receive the appropriate approval of both the relevant client representative and the appropriate Tradition London Group supervisor.
8. All supervisors should ensure that all staff knows that falsifying brokerage or intentionally entering incorrect brokerage charges is unacceptable behaviour and in some circumstances considered fraudulent.
9. In any transaction where there is a variation from previously agreed brokerage/commission agreements, brokerage/commission that is applied should be expressly approved by all trading parties. This must be clearly recorded on the subsequent and resulting documentation. Any trade that deviates from the agreed brokerage / commission rate must be approved by the relevant supervisor and the reason for the change clearly defined and documented. In any instance where any level of doubt or concern exists in relation to a brokerage/commission charge the matter must be escalated via the relevant senior supervisor and back office/support function.

[\[See figure 1.0 above\]](#).

10. Where transactions are brokered that include brokerage/commission charges within the price of the transaction terms agreed such as in the case of Matched Principal Dealing, the level of brokerage/commission/fee that is charged to a client should be open and transparent to each counterparty and all oversight controls as expressed above should still be considered and operated where relevant.
11. Supervisors must ensure that all applicable policies and procedures such as Trade Booking Procedures, TFD Cash Equities Trade Specific Brokerage Form, FXO Trade Detail Procedure Handbook, Volbroker User Guide, Tradition London Group Compliance Manuals and procedures along with any other business specific brokerage or commission charge procedures are adhered to by all staff.
12. Supervisors must ensure that a process of appropriate and timely reconciliation for completeness of brokerage/commission invoiced and collected is established. Therefore it is the responsibility of Front Office supervisors to ensure of appropriately regular reviews and documentation of this process that include the relevant support functions such as Back Office/ Middle Office and Finance.

Supervisor Action Point 12
 To ensure that they regularly review all aspects of the brokerage charging process that applies within their business

The below should be read in conjunction with this section:

See Appendix	Related Links for reference
12.12	<i>Compliance – Tradition Compliance Manual</i>
12.12	<i>Compliance - Individual Entity Compliance Manuals</i>
12.12	<i>Compliance - Trade Booking Procedures</i>

This manual section 7, 10, 11
This manual figure 1.0

5.6 Business Communication and the broking process

5.6.1 Communication and Market Abuse

All Tradition London Group staff must transact business both externally and internally using appropriate terminology and language. All staff should communicate in a clear manner that is accurate and not misleading.

A supervisor should monitor business communication standards within their business to ensure that staff fully understand the most critical requirements of the *Market Abuse Regulation (MAR)*.

Supervisors must ensure regular engagement with Tradition Group Compliance Department to establish and maintain the appropriate level of and correct focus for Communications Monitoring and Surveillance for their business.

All Supervisors must supervise their business so as to ensure that all staff know and adhere to the following:

1. Not to communicate any form of information they know to be, or know could be, false or misleading. Therefore this includes practices known as or similar to “claiming”, “spoofing”, “reporting”, “calling”, “flying” “flashing” of an order/quote/price/trade as the case may be or “printing” a trade/transaction that has not yet occurred or indeed will not occur. This would also include any use of deceptive information in order to create an inaccurate or false impression of market liquidity, market prices or Tradition London Group trading activity. This would also include any use of “false”, “dummy” or “alias” client accounts or client identification codes. If desk staff suspect any of these activities are being performed by its client base then a STR should be immediately completed and filled with Compliance

These activities are grouped together due to their similarities. Indeed our main regulators may consider these activities as the same in their nature and effect.

It is recognised that some businesses utilise IOIs (Indication of Interest) or MIQs (Market Intelligence Quote) or other similar methods that reflect client interest. These may represent an evaluation of combinations of underlying interests, multiple client orders, and complex client orders, execution of orders during unusually fast market movements and/or broker representation of client spread orders. Supervisors of such businesses should always be able to demonstrate that these prices are based on an assessment of actual market interest.

A supervisor must ensure that there is a clear understanding by clients regarding prices that are indicative in nature or firmly supported.

2. Not to communicate rumours or nonfactual information that has the potential to move market prices or deceive market participants. Market Colour should be communicated appropriately so as to not compromise Confidential Information.
3. Not to mislead clients in any instance or situation.
4. Not to mislead clients through implying that they are trading or filled at the best rate when in fact the rate that they have received has included a mark-up.
5. Not to facilitate or transact any trade that they know is not a genuine trading interest of a client or of a genuine trading nature. This would include any transaction that is specifically arranged simply to create a brokerage/commission.

These types of trades can be known as wash trades, switches or put through. This would also include any trade that is or appears to be designed to deceive or create a misleading impression. Therefore this would include any trade or group of trades that is/are for the purpose of trying to disguise the true nature of a client's balance sheet position or trading position.

6. Not to use ambiguous language or methods of communicating that could be misunderstood by other market participants and internal 2nd line of defence staff. This includes but is not limited to specific market communication such as in Bloomberg Chat Rooms.
7. All internal or desk Chat Rooms must be open and transparent to all. Single or one to one Chat Rooms must not be opened. Any attempt to bypass the supervision of business related information is prohibited.
8. Not to communicate business information through shared Chat Rooms or social media. Therefore this would include the servicing of multiple clients within a single Chat Room.
9. Not to engage in or undertake any business activity that is or could be considered as collusion or a form of coordinated trading, broking or business with the intention to gain unfair advantage.
10. That Business Communication includes all written communication and all voice and spoken communication.
11. That all market communications, business communication and/or market data communications that is distributed to any external contact contains the Tradition Group Compliance Department approved disclaimer.
12. That any information provided to clients or business contacts through any medium at all that is utilised or could be utilised for any revaluation purpose, accurately reflects real time prices. Staff must never move prices in order to appease a client, change a price on a screen/page unless the market price has moved, suggest a revaluation Mark to Market level that is not reflective of the true market price, suggest a price level in illiquid markets without clearly stating a "best endeavours basis" or send end of day closing prices/levels that are not documented/stored and so available for review.
13. That Business Communication can include out of office discussions.
14. That they must clearly state that opinions are opinions and not facts.

Front Office supervisors should oversee all communications within their business area in keeping with the following basic principles that are promoted by Front Office Risk and Control:

No Fabrication
No Speculation
No Manipulation

Honesty, Integrity and Truth

Independence and Arm's Length Principle

The content of all business communication must comprise a genuine, independent evaluation and arm's length view of the person making such communication.

Concealment

No member of staff is to engage in any conduct designed to conceal any business or market communication.

Substantiation

All staff must be able to explain the basis of any data or information that is communicated and be comfortable in offering justification for this.

Supervisor Action Point 13
 To ensure that prohibited business communication activities that could be seen as market manipulation, fabrication or collusion receives their highest supervisory attention

The below should be read in conjunction with this section:

See Appendix	Related Links for reference
12.12	<i>Compliance – Tradition Compliance Manual</i>
12.12	<i>Compliance - Individual Entity Compliance Manuals</i>
12.12	<i>Compliance – Market Abuse –Market Abuse Policy</i>

This manual section 5.10

Also see related PDF below:



PW024 CFT Group Communications Stan



Market Abuse - communication. pdf



PW020 Tradition Market Abuse Briefing

It is the responsibility of all Tradition London Group staff to immediately escalate to their senior supervisor and Tradition London Group Compliance any instance, event, action or intention of wrong doing, fraud or market abuse that is within their knowledge. This is true even if they are not completely sure of facts or cannot evidence their suspicions.

It is the responsibility of supervisors to ensure that all Front Office staff understand that they must adhere to the *CFT Group Communications Policy* and also all related requirements within the *Tradition Compliance Manual* such as *Market Abuse Regulation (MAR)*.

It is also the responsibility of supervisors to ensure that all staff understands that they must adhere to the *Group Mobile Telephone & Communication Devices Policy*.

The below should be read in conjunction with this section:

See Appendix	Related Links for reference
12.12	<i>Compliance – Tradition Compliance Manual - Confidentiality and Data Protection- Conduct of Business Requirements – Multilateral Trading Facilities – Market Abuse</i>
12.12	<i>Compliance - Individual Entity Compliance Manuals</i>
12.12	<i>HR – Staff Handbook</i>

5.6.2 Confidential information

It is the responsibility of supervisors to ensure that all staff understands that they must adhere to the highest standards when managing information that is or could be considered confidential.

This includes information, stored or contained in any medium whatsoever, relating to corporate strategy, business and product development, business methods and processes, intellectual property, names of actual and potential customers, their requirements and preferences and terms of business, computer programs and code, terms of employment of employees and their remuneration, skills and contacts, revenue flows, forecasts, annual budgets, management accounts and other financial information concerning the business of any company in the Tradition Group.

Supervisors must ensure that confidential information is managed within their business so that:

1. Confidential information is only disclosed to those who have a valid reason for knowing it.
2. All staff considers that any information obtained through the course of their employment is confidential and therefore should not be disclosed to any external party.

Except in, specific and exceptional circumstances such as:

- Requests from Regulators and/or Central Banks
 - Requirements under law
 - Electronic venues or other specific market participants for executing, clearing or settling a transaction
 - A specific request from counterparty and only with documented explicit consent
3. All staff understands that they should not divulge the names of client counterparties before agreeing to trade.
(This is mainly directed towards businesses operating on a name give up basis. It is also recognised that there are a small number of businesses where it can be/ is market practice to divulge names of counterparties in advance of trading. This must only occur in markets where participants recognise this as usual practice and therefore reflects their views on anonymity. This must not be in contravention of regulatory or legal requirements)
 4. All business related documents and material that is or could be viewed as confidential is stored securely, preferably within a lockable unit. Such material includes but may not be limited to trade tickets, trade blotters, brokerage charge information, finance reports and printed e-mails.

In relation to third party confidential information, supervisors must equally ensure that:

1. Any information that is provided by a client is only used for the purpose for which it was given.
2. Confidential market or trade information is not used by any member of staff inappropriately or for their own purposes.
12. Confidential information regardless of whether or not it was obtained inadvertently must not be used in the pursuit of any unfair advantage over other market participants.

4. Staff must never seek to gain information that they know is or could be regarded as confidential regarding a client or any other market participant. All staff must immediately escalate to Compliance any knowledge of any such information and strictly avoid further dissemination.

Supervisor Action Point 14

To ensure that staff understands that confidential business information should remain confidential and must never be inappropriately used for their own purposes or personal gain

5.6.3 Record of communication

It is the responsibility of supervisors to ensure that all staff understands that Tradition London Group business is transacted only using the controlled trading environment.

This means all business related communication whether this is external or internal and including trading/broking within all UK entities takes place via Compliance and management approved media and communication devices.

These include but may not be limited to:

- Recorded telephone lines
- Company provided and monitored mobile devices
- Monitored trading platforms and/or exchanges
- Monitored media such as Bloomberg and Reuters
- Internal and Tradition Group e-mail

As of 15th January 2018 it is not permitted to use personal media or communication devices whilst on the Tradition London Group Front Office floor. All communications via these mediums must take place away from the dealing floor area.

5.6.4 Trade Confirmation

All supervisors are responsible for ensuring that:

1. There is an appropriate and efficient trade confirmation (detail), affirmation and settlement process established for their business.
2. All trades are confirmed without any undue delay and within a timeframe that is in keeping with the best market practice for the particular business and market environment.
3. That wherever it is possible a written (via a confirmation system such as Bloomberg VCON) or electronically automated trade confirmation (STP/Exchange) is sent to all relevant counterparties. Supervisors must ensure that all trades are appropriately documented and approved.
4. They supervise business activity so as to ensure that client orders/business is executed fairly and in the correct turn therefore applying the principles of best execution. This also includes taking all due care and making all possible efforts to obtain the best possible result for each and every client.
5. All staff understands, adheres to and is able to articulate the *Tradition London Group Execution Policy*.
6. All members of staff adhere to written entity *Trade Booking Procedures*.

Supervisors must supervise business so as to ensure that there is a clear segregation of duties between the Front Office trade confirmation processes and an independent and separate confirmation and settlement of trades/transactions through a back office/middle/support office function.

It is the responsibility of a supervisor to ensure that there is a robust process embedded within their business to ensure that every trade or transaction receives a proper and correct review so as to identify any miscommunication, misunderstanding or mistake that may have occurred during the trade negotiation process. It is the responsibility of a supervisor to ensure that all relevant broking staff is able to demonstrate that they always perform this task.

It is the responsibility of Front Office supervisors to maintain a strong working relationship with the relevant back office staff/contacts in order to oversee the secure and timely settlement of all transactions.

Supervisor Action Point 15
 To ensure that all trades falling outside of the usual for their business receives their supervisory attention and review

The below should be read in conjunction with this section:

See Appendix	Related Links for reference
12.12	<i>Compliance – Tradition Compliance Manual - Confidentiality and Data Protection- Conduct of Business Requirements – Multilateral Trading Facilities – Market Abuse – Trade Booking Procedures – Clear Desk Policy</i>
12.12	<i>Compliance - Individual Entity Compliance</i>
12.12	<i>Manuals HR – Staff Handbook</i>
12.12	WWW.Tradition.com – <i>Execution Policy</i>
12.12	<i><u>This manual section 10, 11</u></i>

5.7 Personal Account Dealing (PAD)

All staff (including all directors, senior managers, supervisors and other employees – there are no exceptions) are reminded that they are bound by their signed undertakings to comply with the firms' *Personal Account Dealing Procedures*.

It is the responsibility of all supervisors to engage with the Tradition London Group Compliance Department so as to ensure that all members of staff are fully compliant with the following requirements:

- *Tradition London Group Personal Account Dealing Policy* as documented by The Tradition Compliance Manual and/or individual entities Compliance Manuals
- *Personal Account Dealing ("PAD") Procedures* Reminder of December 2016
- *PAD Service Provider Template Letter*
- *Personal Account Dealing Notice*

Supervisors should ensure that staff understands that utilising confidential business information and knowledge gained during the performing of their role at Tradition London Group to inform their Personal Account Dealing decisions could, in certain circumstances, be considered Insider Dealing.

Supervisor Action Point 16
To ensure that staff understand the Tradition Group PAD Policy and comply fully with its requirements

The below should be read in conjunction with this section:

See Appendix	Related Links for reference
12.12	<i>Compliance - Personal Account Dealing</i>
12.12	<i>Compliance - The Tradition Compliance Manual</i>

5.8 Supervision of trade booking

It is the responsibility of Front Office supervisors to ensure that for their business the following is adhered to:

1. There is a robust trade booking process operating.
2. That they utilise their oversight to ensure that all trade booking processes and related processes are subject to a get it right first time principle and that all transactions are booked in an appropriately timely manner particularly in relation to all regulatory requirements.
3. They are instigating a four eyes check principle that is embedded throughout the trade booking process. This is considered as best practice.
4. Documented Trade Booking Procedures for their business area are in place and maintained.
5. These must include the establishment of a process that results in an appropriate audit trail for all amended and/or cancelled trade bookings.
6. The firm wide Risk Management System known as OneSumX is utilised to document and report all risk incidents such as but not limited to trade failures, trade amendments, trade cancellations and trade errors.
7. There is a four eyes check for all post execution trade cancellations for their business area and that this check includes their own supervisory review. This must also include a challenge process that is documented so as to establish the circumstances and reason for a trade cancellation and/or amendment.
8. Any instance of trade error, trade difference or out trade is subject to their oversight and review.
9. That their business is adhering to all specific and applicable Error Report requirements.
10. Errors must result in immediate liquidation of any unmatched position at the next best available price as is considered best practice (or as soon as is reasonably possible within market price availability and market conditions).
11. The Tradition London Group *Errors and Differences procedure* is adhered to for their business. This includes but is not limited to the documentation of identified errors and/or trade differences within the OneSumX Incident Capture System.
12. A Front Office supervisor is responsible for the oversight and regular review of all aspects of such trade booking procedures including all pre-trade and post trade regulatory requirements.
13. Where possible and appropriate an end of day trade check out process should be instigated to enable further opportunity to confirm transaction details.
14. Front Office supervisors are required to populate the Front Office Risk and Control Desk Procedures and Controls Template.
This/these are currently not in place - This project work will begin in Q4 2017 – Desk Supervisors will be contacted by Front Office Risk and Control in due course.

Supervisor Action Point 17

To ensure that staff accesses the firm wide incident capture system called OneSumX to document all risk related incidents. To ensure of robust trade booking processes for their business

The below should be read in conjunction with this section:

See Appendix	Related Links for reference
12.12	<i>Risk – OneSumX Guides – Incident Capture – OneSumX uses</i>
12.17	<i><u>Front Office Risk, RCSA and Controls – Risk and Control Maps – RCSA Methodology – CFT or Front Office Errors v1 doc – Incident Capture Policy</u></i>
12.12	<i>Compliance – Errors and Differences</i>
12.12	<i>Compliance - Tradition Compliance Manual – Conduct of Business Requirements – Market Abuse – Multilateral Trading Facilities - Individual Entities Compliance Manuals</i>
12.12	<i>Compliance – Trade Booking Procedures</i>
12.12	<i><u>This manual section 10, 11.</u></i>

It is the responsibility of a Front Office supervisor to be proactive in ensuring that their business (e.g.) is/are preparing for all regulatory changes that will affect how they operate and transact within their relevant markets. This includes all related business activities such as the *trade booking process*. Therefore Front Office supervisors must fully engage with requests from the *MIFID II and Brexit – Steering Committee*.

Front Office supervisors are responsible for ensuring that all Tradition London Group policies and procedures relating to all trade bookings are adhered to by all staff.

It is also the responsibility of Front Office supervisors to ensure that where relevant to their business staff demonstrate a strong understanding of and full compliance with all of the requirements in relation to trading with/on Electronic Trading Platforms including any that are known as:

- Swap Execution Facilities (SEFs)
- Multi-lateral Trading Facilities (MTFs)
- Organised Trading Facilities (OTFs)
- Exchanges along with any of the related services

These requirements often relate to trade booking processes. Therefore these include but are not limited to:

- *Rulebooks*
- *Block Trade Trading Practices and Thresholds*
- *Trade Entry Procedures*
- *Block Trade Reporting Times*
- *All documented regulations*
- *All Standard Operating Procedures*

This also includes all of those operated by CFT and Tradition London Group Companies such as but not limited to:

- TradX
- Elixium
- ParFX
- Volbroker
- Trayport

Along with exchanges such as but not limited to:

- CME
- EEX
- EUREX
- ICE
- Euronext

Supervisor Action Point 18

To ensure that staff understand and adhere to the rules and requirements for trading on platforms or exchanges

The below should be read in conjunction with this section:

See Appendix	Related Links for reference
12.12	<i>Compliance – Exchange & SEF Rules and Regulations</i>
12.12	<i>Compliance - Tradition Compliance Manual – Conduct of Business Requirements – Multilateral Trading Facilities - Individual Entities Compliance Manuals</i> <i>This manual section 11</i>

5.9 Business P&L monitoring and supervision

Front Office supervisors are responsible for the monitoring of all income streams and costs for their business or businesses.

It is therefore a supervisory requirement that they ensure of the following:

1. A strong working relationship that includes regular discussions relating to business profit/loss and all forms of desk income and costs with the Tradition Finance Department.
2. A specific allocated member of staff within Finance who has good knowledge of their business needs, costs and income flows.
3. That they utilise the QlikView system in order to perform a detailed review and analysis of each profit/loss report that is allocated to them in a timely manner. Ensuring that there is no longer than a two day period after the End of Month reporting date before approval or challenge is made to/with their Finance contact. (Finance can offer advice and additional training to supervisors for the necessary functions of the QlikView System).
4. That if after this period of time no challenge has been made, there will be a presumption of agreement and approval.
5. That they are open to challenge from their Finance business partner and are able to adequately explain and document where required all fluctuations or changes that occur within their income flows.

This should include documented and stored explanations for outlier trades. For instance, trades that produce unusually high income, reoccurring trades with the same counterparties, unusual client trades and all instances of trades completed outside of usual market hours.

6. That documentation of discussions that occurs with their Finance business partner is stored. These may include e-mail exchanges and/or high level meeting notes/minutes.
7. That they review, challenge and refer to their Finance partner on at least a bi-annual basis in relation to all other allocated business costs such as, but not limited to, I.T/ Comms, business expenses and fixed cost fees.
8. That any unexpected or unusual adjustments or entries within profit/loss streams are immediately raised with their Finance partner as a concern and that they follow up such concerns for remediation.
9. That all large adjustments to Profit/loss streams such as a provision for doubtful debt is escalated to the Tradition London Group Credit Committee and receives the correct review and approval by Tradition London Group Chief Financial Officer.
10. For each applicable bonus period and allocation within their business they discuss/challenge in detail with their Finance business partner.
11. That they provide and/or obtain all applicable approvals for each allocated bonus period within the required time period. This may include the Tradition London Group Chief Financial Officer.

12. That they understand, adhere to and can articulate the principles of the *Remuneration Code* set out within the Tradition Compliance Manual.

Supervisor Action Point 19
To ensure that they fully review for accuracy their business/desk P&L reports and discuss any outlier figures with their Finance contact

The below should be read in conjunction with this section:

See Appendix

Related Links for reference

12.12

~~Compliance - Tradition Compliance Manual – Remuneration Code~~
~~HR – Tradition Staff Handbook~~

12.12

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12.12

Finance

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This manual section 5.1, 10, 11

5.10 Supervision of Benchmarks, Reference Pricing and Revaluation Data

It is the responsibility of Front Office supervisors to ensure that where applicable:

1. Any contribution to a benchmark fixing that is provided via their business is subject to but not limited to the required check and approval process that is outlined within the *Tradition Compliance Manual*.
2. They have read, understand and apply the principles that are documented within the *Benchmark Related Data Publication, Provision and Contribution Governance Arrangements*.
3. That all staff that undertake any role within such a process is subject to close supervision during the most critical timeframes of such contributions and that their supervision is focused upon the prevention of any member of staff undertaking either direct or indirect communication that generates any risk of improper influence or manipulation of any market price, screen price, index, fixing, or benchmark interest rate.
4. Any contribution or information that is provided to any outside party that is used for or could be used for Reference Pricing or Revaluation Data strictly follows the *Reference Pricing & Revaluation Data Employee Responsibilities Procedure*.
5. That no member of staff engages in improper market communication for the benefit of any third party trading position.
6. When their approval is requested for such communications they always review and consider if the request is compliant with the *Reference Pricing & Revaluation Data Employee Responsibilities Procedure*.
7. All such communications include the Tradition Group Compliance disclaimer.

Also see related PDF below:



PW018 Reference
Pricing Revaluation D

Supervisor Action Point 20

To ensure that staff who engage in any manner with Benchmark and Reference Pricing fully understand and adhere to the relevant company procedures and policies

The below should be read in conjunction with this section:

See Appendix	Related Links for reference
12.12	<i>Compliance – Benchmarks and Reference Pricing and Tradition Compliance Manual – Reference Pricing, Revaluation Data and Benchmarks</i> <i>This manual section 5.6</i> <i>For further information also see – wmba.org.uk – IOSCO Compliance</i>

6.0 Roles and Responsibilities - Front Office Business Head supervisor of supervisors

6.1 The Senior Managers and Certification Regime

The Senior Managers and Certification Regime is of direct relevance to the Tradition London Group. This regulation is designed to enhance business and operating culture and to reduce harm to consumers whilst strengthening market integrity by making individuals more accountable for their conduct and competence.

It also infers increased accountability at all levels within regulated firms. It means an increase of responsibility for relevant senior individuals. While it is difficult to fully interpret the requirements in relation to an Inter-Dealer Broker business, it is most likely that we will be required to comply with all or most aspects of this regime along with the spirit with which it is written.

All staff should ensure that they understand their obligations under this and all applicable regulations.

Some key features of the extended SM&CR are:

1. An approval regime focused on senior management, with requirements on firms to submit robust documentation on the scope of these individuals' responsibilities.
2. A statutory requirement for senior managers to take reasonable steps to prevent regulatory breaches in their areas of responsibility.
3. a requirement on firms to certify as fit and proper any individual who performs a function that could cause significant harm to the firm or its customers, both on recruitment and annually thereafter.
4. A power for the regulators to apply enforceable Rules of Conduct to any individual who can impact their respective statutory objectives.
5. Encourage a culture of staff at all levels taking personal responsibility for their actions.
6. To make sure firms and staff understand and can demonstrate where responsibility lies.

For further information please see:

The Senior Managers and Certification Regime

<https://www.fca.org.uk/firms/senior-managers-certification-regime>

6.2 Senior supervisor specifics

It is the responsibility of senior supervisors and/or business heads to provide ongoing supervision for their business (es) that ensures adherence to the following:

1. An understanding of and adherence with Tradition London Group policies, ~~rules, procedures and manuals.~~
2. The acceptance of accountability and responsibility for oversight and supervision of 1st line of defence business activities.
3. The evolution of a Supervision and Control Framework that includes an increased level of documentation and therefore an Audit Trail. This should particularly relate to the most critical front office processes and controls.

[\[See sections 10 and 11\].](#)

4. That all supervisors are meeting the highest standards in their attention to oversight duties including performing all required approvals and attestations including the Compliance Department led *Annual Competence Assessment*.
5. That they and their staff fully comply with requests from Internal Audit (3rd line of defence). This includes ensuring that all staff is honest and transparent when engaging with any form of Audit undertaking. It is also the responsibility of a senior supervisor to be actively ensuring that a robust and timely remediation strategy is in place to address all issues and recommendations raised within any Audit Report that relates to their business area.
6. Their participation with requests relating to the Tradition London Group Business Continuity Plan and The *Tradition Business Continuity Planning Policy*.
7. Oversight of Front Office recruitment strategy including particular attention to a working relationship with HR and Compliance. Senior supervisors should approve any new employees and ensure of the appropriateness of that person.

[\[See section 5.2\].](#)

8. That there are regular meetings between themselves and their direct reports in order to ensure of pro-active oversight of all business activities across their business area. This should include but will not be limited to topics such as staff performance, target setting, staff training requirements and staff conduct.
9. Oversight of financial incentives and performance appraisals. Senior supervisors should work with their finance business partner to develop and ensure of a documented audit trail that clearly demonstrates a real link between staff performance, behaviour and conduct and a related discretionary bonus award.
10. That remuneration and promotion of staff does not incentivise inappropriate or poor market practices and behaviour.
11. That the remuneration process rewards examples of positive behaviour.
12. Full and complete oversight and documentation of any instances of financial payments between desks, businesses or profit centres. The reason for such payments or transfers should be fully documented. Any such payments must be made in conjunction with the Finance Department ensuring of a segregation of duty and a four eyes check.
13. A regular review of instances of inter desk-trading/cross pollination of business that takes place between Tradition desks (locally or in other centres), and a daily check of such trades to ensure appropriate timeliness and accuracy. This must be done prior to the closing of any markets if desks operate in differing time-zones.
14. That staff who engage in inter-desk trading/cross pollination of business have a full understanding of the products for which they are undertaking business. Staff should also have a full understanding of any specific related policies and procedures relating to that product. This would be particularly significant in cases where a staff member who would usually broker Name Give Up business is engaged by a client to execute a Matched Principal Trade.
13. A regular review of key person/staff dependency. This should include a documented high level succession plan for their business that is reviewed in partnership with their HR contact on an annual basis.

16. On-going reviews of Front Office staff that produce relatively low revenue. Senior supervisors should inform the Tradition Compliance Department of these so as to ensure the correct targeted Communication Monitoring and surveillance strategy for their business.
17. On-going reviews of Front Office staffs that produce an unexpected high level of revenue. Senior supervisors should consider and assess reasons for a staff member quickly increasing their revenue stream. Senior supervisors should inform the Tradition Compliance Department of these so as to ensure the correct targeted Communication Monitoring and Surveillance strategy for their business.
18. An on-going review of Client Concentration Risk in order to identify when a desk or business is reliant upon a small client base or an individual member of staff is reliant on a single or dominant client. It is the responsibility of senior supervisors to ensure that the Tradition Compliance Department is informed of such situations.
19. Senior supervisors should liaise with their Finance partner and utilise QlikView to produce a regular report (monthly) which outlines granular information such as: brokerage/commission data per client, per broker, and per product. This includes awareness relating to any possible instances or circumstances that may lead to the over-accommodation of clients.
20. A regular review and assessment of specific risks, on-going risks and controls that relate to their business area ensuring on-going maintenance of the relevant and accurate documentation in liaison with Tradition London Group Risk.
21. Clear communication with all staff that increasing revenue or market share never justifies poor market conduct or practice.
22. Immediate escalation to The Tradition Group Compliance Department any suspicion or knowledge of business activity that they consider may be in contravention of regulations such as The Market Abuse Regulations. This would include concerns relating to both internal Tradition London Group staff and external individuals.
23. Senior supervisors are responsible for the identification of all conduct risks and/or conflicts of interest relevant to their business environment. Any such risks or conflicts are to be raised immediately with the Tradition Group Compliance Department.

The below should be read in conjunction with this section

See Appendix	Related Links for reference
12.12	<i>Compliance – The Tradition Compliance Manual – HR – The Tradition Staff Handbook</i>
12.20	<i>Tradition Culture Framework</i>
12.12	<i>BCP (Business Continuity Plan)</i>
12.12	<i>Risk</i>
12.17	<u><i>Front Office Risk, RCSA and Controls – Risk and Control Maps – RCSA Methodology</i></u>
12.18	<i>Credit Risk Documents</i>
12.19	<i>Conflicts of Interest Map</i>

7.0 Front Office Matched Principal Broking and Credit Risk

7.1 Credit Risk and Credit Limits

It is the responsibility of Front Office supervisors within Matched Principal Broking and/or any business that requires counterparty credit check in order to complete a transaction, to manage their businesses and to maintain their supervision in relation to Credit Risk.

Therefore supervisors must ensure of staff understanding and adherence to all Matched Principal Broking and Credit Risk related group and local policies and procedures such as but not limited to the following:

- The *CFT Group Counterparty Approval Process*
- *CFT Group Counterparty Review Process*
- *Tradition London Clearing (TLC) LTD Introducing Broker Policy*
- *Trade Mismatch Memo (Trade Mismatch Procedure)*

Also see below procedures relating to Credit Risk:



Compliance

Procedure for Cash Equity Trading and Brokers Booking V201502.pdf



TLC Policy Introduci

1. That all relevant staff have access to and understand their responsibilities when utilising the *On-line broker credit limit check tool* which is held within the *TRADMIS* Platform.
2. That all relevant staff utilise the *On-line broker credit limit check tool* in order to always ensure of the credit worthiness and credit availability per counterparty for each and every relevant trade.
3. That Front Office staff do not breach credit limits. Therefore do not trade or attempt to transact for any new counterparty before the full suite of New Client On boarding Procedures has received all relevant approvals. (As Tradition London Group operate a risk based approach to credit line approvals each request is considered on its own merit)
4. That Front Office staff always immediately escalates where relevant, with Credit Risk, TLC Middle Office and their immediate supervisor requests from counterparties for non-standard settlement trade arrangements. These instances would include but may not be limited to:
 - A non-standard gap between a trade execution date and a trade start date or settlement date i.e. requests for forward settlement or forward starts date.
 - Any instance that leads to any form of trade mismatch such as counterparty settlement and /or settlement with Tradition Group Companies such as Tradition London Clearing (TLC) (Examples would include start date or settlement date differences. These instances must follow *the Trade Mismatch Procedure*).
 - Any instance that could lead to a delay in settlement or delivery of an asset from counterparty when transacting with Tradition Group Companies such as Tradition London Clearing (TLC).
5. That all relevant staff always utilise the *Credit Risk Hotline* to request approvals regarding Credit Risk and Credit Limits. This may include but is not limited to credit line extensions, one off credit approvals and new client credit enquiries.

6. That all supervisors utilise and ensure availability to relevant staff the Daily Market Watch provided by the Tradition Group Risk Credit Risk Team in order to monitor market information relating to Credit Risk and counterparty creditworthiness.
7. That supervisors ensure that all relevant staff are immediately informed of all communication with Credit Risk that is related to:
 - The cancellation of a counterparty credit limit
 - The suspension of a counterparty credit limit
 - The reduction of a counterparty credit limit
 - Any other information that could impact the credit available for trading with any counterparty

That all Front Office staff understands that it is their responsibility to immediately inform Tradition Group Risk Management through the *Credit Risk Hotline* of any business information within their knowledge that may influence the creditworthiness of any asset or counterparty. This may include but will not be limited to:

- Media reports of poor credit worthiness
 - Market information regarding the non-settlement of trades by counterparty
 - Market information concerning other participants discontinuing business activities with the counterpart
 - A reduction in market liquidity of an asset or asset group
 - Any difficulties that occur with the accurate valuation of an asset
 - Unexpected spikes in demand for an asset or asset group
8. That all communication between Front Office staff and Credit Risk staff is conducted via Tradition London Group recorded communication channels.
 9. That all Front Office staff when communicating with Credit Risk personnel always provides additional specific trade information, per trading counterparties and/or per security, that could affect credit worthiness.

Front Office staff must never knowingly withhold information from Credit Risk personnel that could be of relevance to credit worthiness. This would include but may not be limited to potential Red Flag indicators such as:

- The trade in question relates to an illiquid security
 - The trade has been or appears to be pre-arranged between the counterparties
 - Time pressure from a counterparty to immediately execute a pre-arranged trade
 - The counterparties cannot explain their business rationale for wanting to utilise Tradition (TLC) for a pre-arranged trade
 - Tradition brokers were guided towards certain counterparty by the instigator of the trade
 - The notional trade size is significantly larger than this client would usually transact
 - There are aspects that relate to the transaction that could be considered as unusual for this counterparty and/or this product such as a sudden increase in trading activity
 - The counterparty is acting on the behalf of a customer particularly a new or unknown customer
10. That front office staff do not communicate or convey to Credit Risk personnel any form of inducement, pressurised or repetitive request in relation to:
 - The time period for consideration and analysis that is undertaken for credit limit extensions or one off approvals
 - Any time pressures relating to trade execution requirements such as a client threatening to “pull an order” or “trade on the other line”

11. That front office staff provide accurate information and answers to any additional questions and risk scrutiny raised by credit risk personnel and are transparent with all of the information relating to a counterparty and/or the nature of a security.
12. That all front office staff must immediately escalate any unusual or concerning incident, potential incident or on-going situation relating to Counterparty Credit Risk to their immediate supervisor, TLC Support and to a senior member of Credit Risk personnel. This is particularly pertinent for any form of trade failure, settlement failure or counterparty failure.
13. In any instant of the above supervisors should ensure of a complete documented audit trail.

Supervisor Action Point 21
 To ensure that staff understand the Tradition Group Policies relating to Credit Risk and do not breach Credit Limits

The below should be read in conjunction with this section:

See Appendix	Related Links for reference
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12.12	<i>Compliance – Trade Booking Procedures</i>
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12.12	<i>Risk</i>
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12.12

Compliance – Tradition Compliance Manual – New Account Opening

8. Front Office Risk, RCSA and Controls

8.1 Risk Strategy

Tradition London Group has established a Risk Strategy that all supervisors must consider during their day to day business activities. This is based on three main components:

1. Board and senior management ownership and oversight
2. Risk Awareness and responsibility throughout the organisation
3. Commitment to meeting regulatory requirements and adhering to Basel Committee Sound Practices

The Risk Management Framework covers all aspects of risk management such as governance, identification, assessment, control, mitigation, monitoring, reporting, resilience and continuity.

All Tradition London Group staff should consider themselves as managers of risk and thereby responsible for their effective mitigation wherever possible.

Front Office supervisors must work collaboratively with local or group risk, upon all requests for information that relates to risk and particularly Key Risk Indicators.

Supervisors must undertake supervision of their business (es) with consideration for the Tradition London Group Risk Appetite Statements documented within the Tradition Culture Framework.

[\[See Appendix 12.20\]](#)

Supervisor Action Point 22

To ensure that staff understands that the mitigation of risks associated with our businesses is the responsibility of every member of staff

8.2 The RCSA Process

A Risk and Control Self-Assessment (RCSA) forms a crucial part of the Risk Framework. Tradition London Group relies upon this to gain understanding of the possible impact of current and future risks. Front Office supervisors must actively engage with this process.

The process is mainly implemented by Tradition London Group Risk but it is for the 1st line of defence therefore the Front Office business to ensure that all of the documented data is captured accurately and reflects their understanding of the risks and controls within their business/entity. Front Office supervisors should prioritise this opportunity to consider and document the possible severity of the risks within their business and to ensure that they are developing sufficient control strategies in order to mitigate these risks. All Front Office supervisors must understand the Tradition London Group RCSA Process.

8.3 Risk and Controls

All risks and controls are documented in the OneSumX System. All Front Office supervisors are responsible for informing Tradition London Group Risk Officers if they believe that there is an unidentified risk, an increasing risk, a future risk or if they believe that they are not satisfactorily mitigating a risk.

Front Office supervisors are therefore responsible for self-identification of risk within their business and installing and maintaining effective mitigating controls.

[\[See Figure 1.0\]](#)

Risks and Controls are documented within libraries of the OneSumX System. They are defined at Tradition Business Entity level and assigned risk owners and control owners.

It is the responsibility of all Front Office Supervisors to proactively manage the relevant risks and mitigating controls.

Supervisors should review the documented risks and related mitigating controls for their business entity.

Supervisors must understand their accountability for such risks and controls for their business. Therefore they should actively engage with Tradition London Group Risk Department to ensure of the accuracy and completeness of this information.

Supervisor Action Point 23
 To ensure that they review for accuracy the Risk and Control map that is relevant to their business

The below should be read in conjunction with this section:



12.18

12.17

See Appendix Related Links for reference

12.12	<u>Compliance Risk and Backing Controls</u>
12.12	<u>Risk Office Risk, RCSA and Controls – Risk and Control Maps –</u>
12.12	<u>Credit Risk and Controls – Risk and Control Self Assessment 1st</u>
12.20	<u>RCSA Methodology Overview of the Risk and Control Assessment Process</u>
12.20	<u>CFT Group Risk Policy</u>

8.4 Risk related incident capture

Front Office supervisors must ensure that for their business (es) all risk related incidents are captured within the OneSumX system. Risk related incidents include but may not be limited to:

- Trade Errors and Differences
- Credit Limit Breaches
- Brokerage/Commission charging errors
- Errors in new clients account opening process
- Market Abuse incidents

Where required supervisors must verify and approve to the accuracy of incident capture.

Where relevant supervisors must pro-actively identify any developing trends that occur within the *Incident Capture Process* for their business (es). It is the responsibility of all supervisors to, when applicable; forge an appropriate strategy in order to remediate any escalating risk events or emerging risk trends.

[Please see below related document]



Incident Capture
Policy v0.3.docx

Supervisor Action Point 24
To ensure that staff understand and adhere to the Tradition Group Incident Capture Policy

The below should be read in conjunction with this section:

See Appendix	Related Links for reference
12.12	<i>Compliance – Trade Booking Procedures</i>
12.12	<i>Risk</i>
12.12	<i>Risk – OneSumX Guides – Risk and Control Self-Assessment</i>
	<i>Credit Risk Documents</i>
12.18	
12.17	<i><u>Front Office Risk, RCSA and Controls – Incident Capture Policy</u></i> <i><u>Front Office Risk, RCSA and Controls – Risk and Control Maps – Credit Risks and Controls – Tradition London Group Entities, 1st - line Risk and Control Maps</u></i> <i><u>RCSA Methodology - Overview of the Risk and Control Assessment Process</u></i> <i><u>CFT Group Risk Policy</u></i>
	<i><u>Tradition Culture Framework</u></i>
12.20	<i><u>This manual section 5.8, 11</u></i>

9. Front Office Conduct Risk, Conflicts of Interest and Culture

9.1 Conflicts of Interest (COI)

It is the responsibility of Front Office supervisors to manage business activities in adherence with all Tradition London Group Conflicts of Interest Policies. These include but may not be limited to:

- *The Internal Conflicts of Interest Policy*
- *The Group Conflicts of Interest Policy*
- *The Tradition Compliance Manual*

Front Office supervisors must include a COI review for each member of staff as part of the annual staff appraisal process. The Tradition Group Compliance Department must be immediately informed of any relevant change in an individual's COI profile. Front Office supervisors should immediately escalate to Compliance any newly identified COI or suspected COI.

Front Office supervisors must manage the day to day business activities to ensure that COI allocated a Red or Amber assessment within the Conflicts of Interest Map is subject to their ~~ongoing and constant review.~~

[\[See appendix 12.19 –Conflicts of Interest Map\]](#)

Supervisor Action Point 25

To ensure that staff understands the Tradition Group Conflicts of Interest Policies and that any potential COI occurring within their business receives their full supervisory attention

9.2 Conduct Risk, Good Practice and Culture

Conduct risk is the threat of financial and/or reputational loss to an organisation through the poor judgment or inappropriate behaviour of its managers and employees. Conduct risk is also the risk to the delivery of fair customer outcomes, or to market integrity.

It is the responsibility of supervisors to maintain supervision of all Front Office related conduct, behaviour, business practice and culture. Integrity and trust must always be our highest priority in how we develop and maintain our business and how we treat our clients. These matters have been subsumed into the idea of culture, which itself is a combination of specific behaviour (that will differ from firm to firm) and which, when taken together, indicate that a firm is conducting its business in a fair and proper manner.

There are core practices and attitudes which can be used as indicators of a firm's culture, as well as criteria for assessing the strength and effectiveness of its culture in managing risks. These indicators can be summarised in four parts which need to be considered collectively.

Supervisors must manage their business (es) with these considered. The four parts are:

1. *Tone from the top*

The board of directors and senior managers are the starting point for setting the financial institution's core values and risk culture, and their behaviour must reflect the values being espoused. The leadership of the institution and senior supervisors should develop, monitor and assess the culture of the financial institution.

2. *Accountability*

Successful management requires employees at all levels to understand the core values of the institution's culture and its approach to risk and business. Staff must be capable of performing their prescribed roles and be aware that they are held accountable for their actions in relation to the institution's risk-taking behaviour.

3. *Effective challenge*

A sound culture promotes an environment of effective challenge in which decision-making processes promote a range of views, allow for testing of current practices and stimulate a positive, critical attitude among employees and an environment of open and constructive engagement.

4. *Incentives*

Performance and talent management should encourage and reinforce maintenance of the financial institution's desired risk and management behaviour. Financial and non-financial incentives should support the core values and culture at all levels of the financial institution.

Supervisors must manage their business (es) with a strong understanding of the relevant conduct and behavioural risks. Supervisors must be able to demonstrate the methods by which they take responsibility for the mitigation of these risks.

Examples of such risks are, but will not be limited to:

1. Collusion, coordinated trading/broking, cartels or the fixing of fees, misuse of market power or position and benchmark manipulation
2. Reputational risk, suitability and appropriateness, Client/counterparty onboarding processes such as due diligence and AML, treating clients fairly
3. Conflicts of Interest, insider knowledge and dealing, information management relating to market colour and rumours, inappropriate sharing of information, transaction related communication
4. Trade allocation and ticket splitting, trade mark-ups, market manipulation, spoofing prices and other inappropriate broking
5. Personal Account Dealing, escalation of concerns, whistleblowing and usage of inappropriate methods of business communication

Supervisors must manage their business (es) with an understanding of the *Tradition Culture Framework*.

[\[See appendix 12.20\]](#)

Supervisors should ensure that all Front Office staff understand and perform their day to day business activities in keeping with this culture. The culture framework is determined by the boards and implemented by the directors and senior management and not led by control functions.

In addition, a key part of culture is not just the adherence to any specific rules or requirements but the overall approach adopted in the work environment when dealing with clients, colleagues and other third parties.

~~Supervisors are encouraged to contact Front Office Risk and Control and/or Tradition London Compliance Department in any event or situation that raises a concern relating to conduct, good practice or culture.~~

The below should be read in conjunction with this section:

Supervisor Action Point 26

To ensure that as a supervisor they review and understand the Tradition Culture Framework. To ensure that conduct and behaviour of staff receives their full supervisory attention

10. Desk Procedures and Controls Template explanation

Front Office supervisors will be requested to work with Front Office Risk and Control (FORC) to create high level desk procedures and controls documentation.

There will be a generic template to populate.

(It is recognised by FORC that some businesses have documentation that is currently in place that fulfils some of this criteria. See following parts of Section 11 of this manual - *Individual Entity Desk Procedures, Guidelines or Operating Rulebooks links*)

The Desk Procedures and Controls Template is under consideration but will most likely include:

1. High level descriptions of the most crucial desk processes such as trade booking method. This must include for each business a process map outlining the flow of activity from trade initiation through to settlement.
2. Systems utilised for processes such as trade booking, trade confirmations and price discovery.
3. What a desk/business considers it's most likely to occur risks and most considerable risks.
4. What mitigating controls does a supervisor believe is operating to prevent those risks from occurring.
5. How do these risks and controls receive oversight by the supervisor?
6. Which internal desks/other business does a desk conduct business with.
7. Which additional products outside of the legacy product does a desk transact business.
8. What does a supervisor consider as the most widely-employed controls within their business operation?
9. After reviewing this manual including (Appendix 12.17 - Front Office Risk, RCSA and Controls – Risk and Control Maps – RCSA Methodology) Which controls that are listed for their business entity does a supervisor consider not to be in place or not operating efficiently?
10. What plans is the supervisor developing to implement such controls and to meet requirements within this manual.

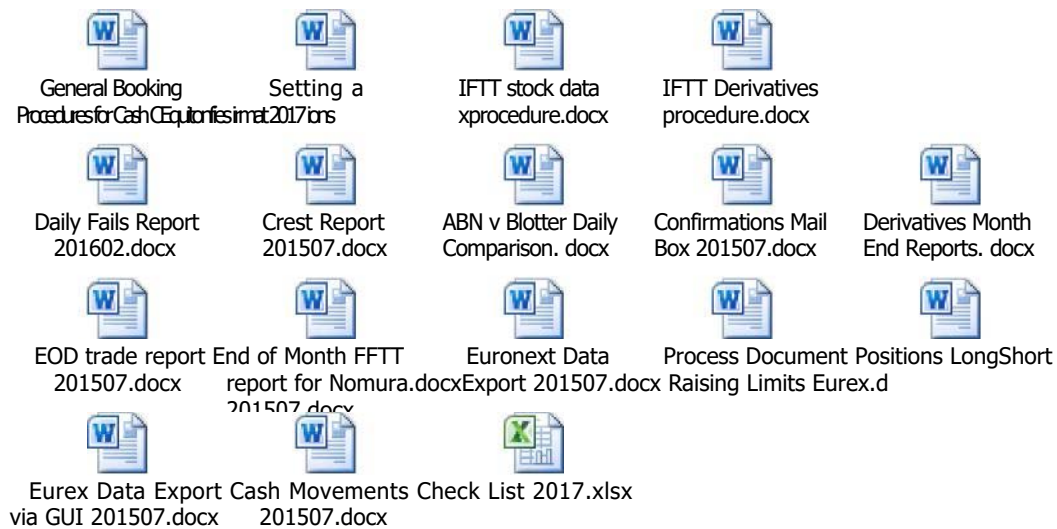
This information will then become a part of section 11 of the manual. This information will be shared with 2nd Line of Defence functions.



11. Individual Entity Desk Procedures, Guidelines or Operating Rulebooks links

11.1 TFS Derivatives Limited

Supervisors and senior supervisors within Tradition London Group Entity, TFS Derivatives Limited are responsible, where applicable, for ensuring the adherence with, correctness, review, update and documentation of the following:



11.2 TFS - ICAP Limited

Supervisors and senior supervisors within Tradition London Group Entity, TFS Currencies Limited are responsible, where applicable, for ensuring the adherence with, correctness, review, update and documentation of the following:



FXO_Trade_Detail_P BrokerSuite_Administ New Vollbroker User TFS-ICAP_FX
rocedure_Handbook_REVISratDion_page_f(1).doc or_void ndGuid.rejectpdf e des.Optmrg ions_Process_Guid

11.3 Tradition (UK) Limited

Supervisors and senior supervisors within Tradition London Group Entity, Tradition UK Limited are responsible, where applicable, for ensuring the adherence with, correctness, review, update and documentation of the following:



Elixium SOP v1
1.docx



Forward FX (Desk 915) Process Guide.xlsx



Yen Swaps (914) Process Guide.xlsx



Inflation (Desk 962) Process Guide.xlsx



Repos desks (Desk 925, 948, 949) Process Guide.xlsx



Euro Convertibles and Bonds (Desk 982) Process Guide.xlsx



Money Markets (Desk 982) Process Guide.xlsx



Russia (Desk 908) Process Guide.xlsx



Japanese Convertibles (Desk 924) Process Guide.xlsx



Short Term EURO OBS (Desk 932) Process Guide.xlsx



Sterling Swaps (Desk 933) Process Guide.xlsx



Turkey (Desk 910) Process Guide.xlsx



Government Bonds (Desk 942) Process Guide.xlsx



Basis Swaps (Desk 940) Process Guide.xlsx



LongTerm EURO OBS CE3 Hungary (Desk 934) Process Guide.xlsx



(Desk 918).xlsx



Interest Rate Options (931) Process Guide.xlsx



Israel (Desk 907) Process Guide.xlsx



FORC Template - Tradition UK - Desk M



Dollar OBS (Desk 901) Process Guide.xlsx



GCC and Egypt EM (Desk 102) Process Guide.xlsx



Sterling Gilts (Desk 958) Process Guide.xlsx



Emerging Markets (Desk 945) Process Guide.xlsx



Asia (Desk 905) Process Guide.xlsx



Emerging Markets Swaps (RAND) (930) Process Guide.xlsx

TRADE Rulebook

http://tradition.com/media/222436/rulebook_mtf_-_trade_feb-2014.pdf

11.4 ParFX (UK) Limited

Supervisors and senior supervisors within Tradition London Group Entity, ParFX UK Limited are responsible, where applicable, for ensuring the adherence with, correctness, review, update and documentation of the following:



170426-ParFX-Servic
e-Description-Platform

11.5 Trad - X (UK) Limited

Supervisors and senior supervisors within Tradition London Group Entity, Trad-X UK Limited are responsible, where applicable, for ensuring the adherence with, correctness, review, update and documentation of the following:



Trad-X Rulebook
14-J uly-2014. pdf



TRAD-X Service
Description v1.2.pdf

11.6 Tradition Financial Services Ltd (TFS Energy Ltd)

Supervisors and senior supervisors within Tradition London Group Entity, TFS-TFS Energy LTD are responsible, where applicable, for ensuring the adherence with, correctness, review, update and documentation of the following:

Tradition Energy MTF Trading Platform Rulebook

http://tradition.com/media/222430/rulebook_mtf_-_trayport_16-jan-2014.pdf

11.7 Tradition London Clearing Limited (TLC)

Supervisors and senior supervisors within Tradition London Group Entity, Tradition London Clearing Limited (TLC) are responsible, where applicable, for ensuring the adherence with, correctness, review, update and documentation of the following:



TLC_Policy_Introduci
ng_brokers_bookingV

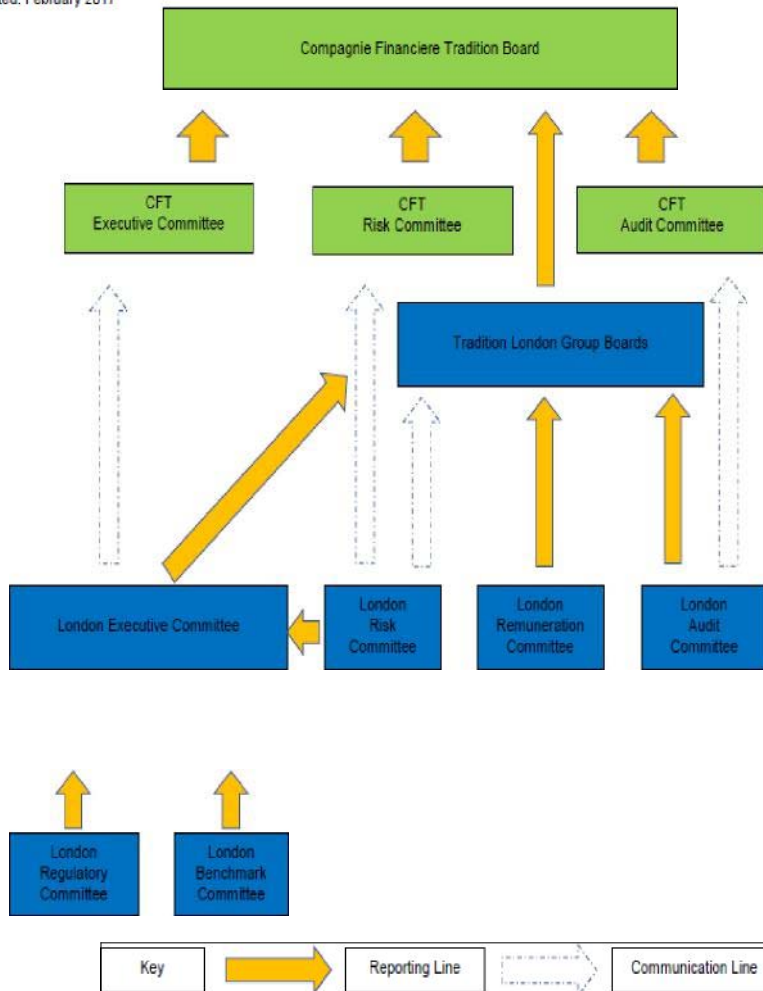
11.7 Tradition Financial Services España, Sociedad de Valores, S.A. (TFSE)

[HL Note: Please include, if applicable, the relevant Individual Entity Desk Procedures, Guidelines or Operating Rulebooks links with regards to TFSE]

12 Appendixes

12.1 Compagnie Financiere Tradition Corporate Governance

Last Updated: February 2017



12.2 Tradition London Entities Senior Management Structure



London Group
Board_15_03_2018.p

12.3 Tradition London Entities Organisation Structure



Tradition
London_20_03_18.pdf

It should be noted that this diagram is used for convenience and to formalise the Tradition London Group staff structure. It is not an accurate representation of governance structure
Ian Dibb reports to the TFS-ICAP LTD board and not to Dan Marcus or Mike Anderson

12.4 Tradition (UK) Limited Organisation Structure



TUK_16_03_2018.pdf
f

12.5 TFS Energy Limited Organisation Structure



TFS
(Energy)_12_03_18.p

12.6 TFS Derivatives Limited Organisation Structure



TFD
(Equities)_16_03_18.



TFD
(Deepwell)_16_03_18

12.7 TFS ICAP Currencies Limited Organisation Structure



TFI
(Currencies)_21_02_

12.8 CEO Role and Responsibility Description

Tradition Job Description

Job Title	<ul style="list-style-type: none"> o Chief Executive Officer (CEO)
Department & TFS Company	<ul style="list-style-type: none"> o
Full-time / Part-time	<ul style="list-style-type: none"> o Full-time /Permanent
Working Hours	<ul style="list-style-type: none"> o
Reports To	<ul style="list-style-type: none"> o
Direct Reports	<ul style="list-style-type: none"> o
Main responsibilities	<p>The following list includes the main duties of the role, but is not exhaustive:</p> <ul style="list-style-type: none"> o Develop a strategic plan to advance the company's mission & objectives & to promote revenue, profitability & growth as an organisation o Oversee company operations to ensure production efficiency, quality, service & cost-effective management of resources o With the chair, enable the Board to fulfil its governance function o Give direction & leadership toward the achievement of the organisation's philosophy, mission, strategy & its annual goals & objectives o Board administration & support: support operations & administration of Board by advising & informing Board members, interfacing between Board & staff, & supporting Board's evaluation of chief executive. Present company report at Annual Stockholder & Board of Director meetings o Plan, develop & implement strategies for generating resources and / or revenues for the company o Identify acquisition & merger opportunities & direct implementation activities o Approve company operational procedures, policies & standards o Review activity reports & financial statements to determine progress & status in attaining objectives & revise objectives & plans in accordance with current conditions o Effectively manage the human resources of the organisation according to authorised personnel policies & procedures that conform to current laws & legislation o Promote the company through written articles & personal appearances o Promote the organisation to stakeholders o Represent the company at legislative sessions, committee meetings, & formal functions o Promote the company to local, regional, national & international constituencies o Direct company planning & policy-making committees o Oversee foreign operations to include evaluating operating & financial performance o Adhere to your responsibilities as a Director o Any other duties that may reasonably be requested
Knowledge & expertise	<ul style="list-style-type: none"> o Experience in strategic planning & execution. o Knowledge of contracting, negotiating & change management. o Skill in examining & re-engineering operations & procedures o Experience in formulating policy & developing & implementing new strategies & procedures o Ability to develop financial plans & manage resources o Ability to analyse & interpret financial data o Knowledge of public relations principles & practices

	<ul style="list-style-type: none"> o Knowledge of communication & public relation techniques Ability to develop & deliver presentations o Ability to identify & secure funding / revenue sources Excellent professional written & verbal communication skills & interpersonal skills. Ability to communicate & interact with officials at all levels & to work effectively with a wide range authorities Ability to motivate teams & simultaneously manage several projects. o Ability to participate & facilitate group meetings.
Experience, qualifications & other specific requirements	<ul style="list-style-type: none"> o 10 years' experience in senior management in a broking firm. Degree level qualification; or 10 years' experience in a leadership role. o Good Microsoft Office skills (Excel/Word).
Additional Skills/expertise	<ul style="list-style-type: none"> o
Additional information re: demands of role:	<ul style="list-style-type: none"> o The role requires willingness to work to a flexible schedule & travel.
Technical skills / competencies for all Admin Staff.	<ul style="list-style-type: none"> o Data Inputting. o General Administration. o Microsoft Office (Word, Excel & PowerPoint). o Accuracy. o Efficiency. o Work well under pressure. o Back up team mates when they are absent. o Prioritising & Organising Skills. o Communication skills. o Problem solving.
Preferred qualities for Admin Staff in general	<ul style="list-style-type: none"> o Hard-working o Proactive, can do / determined attitude o Loyal, Trustworthy & Reliable o Happy to help out in other areas o Teamwork / team player o Self-motivated o Good Time-keeping & attendance.
Additional Preferred qualities & skills for Experienced / Senior Admin Staff	<ul style="list-style-type: none"> o Ability to work on own initiative with minimal guidance. o Ability to identify areas for improvement and to implement changes. o Proven track record in carrying out the role & responsibilities.
Additional Preferred qualities & skills for Admin Managers	<ul style="list-style-type: none"> o Carry out regular team meetings. Performance management / appraisal skills. o Ability to create an atmosphere conducive to team work. Motivation of team, even in quiet times. o Building commitment to Tradition from the team. Leadership skills. o Identifying & planning growth prospects for your department & Tradition. o Leading by example. Subordinate development / mentoring. o People management skills. Time management & deadline appreciation. o Delegation skills. Keep up to date re: Professional Knowledge.

Agreed by Director	Agreed by Job Holder
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12.9 Managing Director Role and Responsibility Description

Tradition Job Description

Job Title	o Managing Director
Company	o
Full-time / Part-time	o Full-time/Permanent
Working Hours	o
Reports To	o
Direct Reports	

Skills	<ul style="list-style-type: none"> o Previous / extensive management experience in a broking business o Extensive previous experience as a broker o Extensive / proven experience building a successful commodity broking desk o Familiarity with using Dealer board systems o Proven ability in revenue generation o Proven product & market knowledge o Established client base o Strong knowledge of Tradition businesses & practices o Previous staff & business management experience o Previous compliance & regulatory experience in broking industries o Proven ability and experience as a team leader and desk manager o Excellent business and people management skills o Excellent sales skills o General business administration experience o Excellent people & communication skills o Microsoft Office (Word, Excel, Outlook & Internet explorer) o Accuracy o Data Inputting o General Administration o Microsoft Office (Word and Excel) o Efficiency o Work well under pressure o Back up team mates when they are absent o Prioritizing & Organizing Skills o Excellent communication and people skills o Problem solving o Mental arithmetic skills o Sales skills and ability to generate revenue o Customer relations skills
Personal Attributes	<ul style="list-style-type: none"> o Hard-working o Proactive, can do attitude o Loyal, trustworthy & reliable o Happy to help out in other areas o Teamwork/ team player o Self-motivated o Good & attendance o Ability to work on own with minimal guidance o Ability to identify areas for improvement and to implement changes o Proven track record in carrying our roles and responsibilities

	<ul style="list-style-type: none"> ○ Proven track record in Revenue generation and client relationships
--	--

Main Responsibilities	<p>The following list includes the main duties of the role, but is not exhaustive:</p> <p>Manager</p> <ul style="list-style-type: none"> ○ Overseeing the running and development of the business ○ Responsibility for staffing including: Recruitment, contracts of employment, employment termination, legal issues, staff development & performance, and remuneration, etc. ○ Defining business strategy ○ Ensure compliancy with local legislation (business, regulatory, government and employment) <p>Broker</p> <ul style="list-style-type: none"> ○ Product development ○ Revenue generation ○ Team management ○ Client development ○ Client entertainment ○ Responsible for brokerage negotiation <ul style="list-style-type: none"> ○ Due to the nature of the roll may be required to work extended hours at short notice to complete the work required <ul style="list-style-type: none"> ○ Any other duties that may be reasonably requested.
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12.10 Broker, Manager, Desk Head, Supervisor, (Senior Supervisor) and Senior Broker Role and Responsibility Description

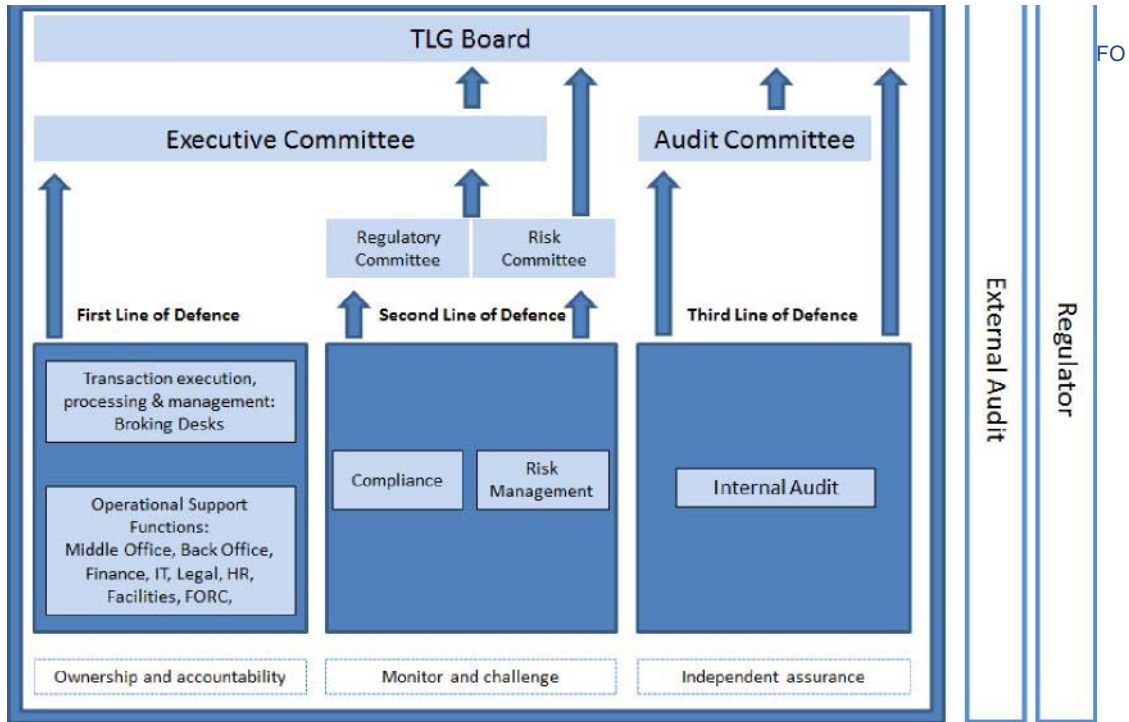
Tradition Job Description

Job Title	<ul style="list-style-type: none"> ○ Broker/Desk Head/Senior Broker/Supervisor
Department & TFS Company/Entity	<ul style="list-style-type: none"> ○ Enter relevant entity/department
Full-time / Part-time	<ul style="list-style-type: none"> ○ Full-time / Permanent
Working Hours	<ul style="list-style-type: none"> ○ 8.30am – 6.30pm.or Market Hours
Reports To	<ul style="list-style-type: none"> ○ Mike Anderson/Dan Marcus or Appropriate Supervisors
Direct Reports	<ul style="list-style-type: none"> ○ N/A – or brokers/staff
Purpose of Role & main responsibilities.	<p>The following list includes the main duties of the role, but is not exhaustive:</p> <ul style="list-style-type: none"> ○ Product development ○ Revenue generation ○ Client development ○ Client entertainment ○ Any other duties reasonably requested
Knowledge & expertise	<ul style="list-style-type: none"> ○ Previous / extensive experience in a commodity / derivatives broking business ○ Extensive previous experience as a broker ○ Extensive / proven experience helping build a successful oil broking desk ○ Familiarity with using Dealer board systems ○ Proven ability in revenue generation ○ Proven product & market knowledge ○ Established client base ○ Strong knowledge of Tradition businesses & practices ○ Previous staff & business management experience ○ Previous compliance & regulatory experience in broking industries
Experience, qualifications & other specific requirements	<ul style="list-style-type: none"> ○ Excellent sales skills ○ General business administration experience ○ Excellent people & communication skills ○ Microsoft Office (Word, Excel, Outlook & Internet explorer)
Additional information re: demands of role	<ul style="list-style-type: none"> ○ Due to the nature of the role may be required to work extended hours at short notice to complete the work required
Technical skills / competencies for all Broking Staff.	<ul style="list-style-type: none"> ○ Accuracy ○ Mental arithmetic skills ○ Excellent sales skills and ability to generate revenue ○ Excellent communication and people skills ○ Customer relations skills ○ Good Time-keeping & attendance. ○ Data Inputting ○ General Administration ○ Microsoft Office (Word and Excel) ○ Efficiency ○ Work well under pressure ○ Back up team mates when they are absent ○ Prioritising & Organising Skills ○ Problem solving
Tradition preferred qualities for Broking staff in general	<ul style="list-style-type: none"> ○ Hard-working ○ Proactive, can do/determined attitude ○ Loyal, Trustworthy & Reliable ○ Happy to help out in other areas ○ Teamwork / team player ○ Self-motivated
Additional Preferred qualities & skills for Experienced / Senior Broking staff	<ul style="list-style-type: none"> ○ Ability to work on own initiative with minimal guidance ○ Ability to identify areas for improvement and to implement changes ○ Proven track record in carrying out the role & responsibilities ○ Proven track record in Revenue Generation of desk and client relationships

Additional Preferred qualities & skills for Broking Managers	<ul style="list-style-type: none"> ○ Carry out regular team meetings ○ Performance management / appraisal skills ○ Ability to create an atmosphere conducive to team work ○ Motivation of team, even in quiet times ○ Building commitment to TFS from the team ○ Leadership skills ○ Identifying & planning growth prospects for your department & TFS ○ Leading by example ○ Subordinate development / mentoring ○ People management skills ○ Time management & deadline appreciation ○ Delegation skills ○ Keep up to date re: Professional Knowledge ○ Management of P+L account for department/product
Roles & Responsibilities for Oversight & Supervision for Front Office Supervisors/Managers	<ul style="list-style-type: none"> ○ Responsible for taking the appropriate measures to establish a supervisory structure and the associated processes and practices as are applicable to their business in order to observe legal and regulatory requirements of any jurisdiction in which they operate. This includes requirements relating to supervision itself. ○ Responsible for always considering the measures that are necessary to ensure effective supervision including the provision of effective and robust processes and controls that contribute to their oversight. ○ Responsible for cultivating efficient working relationships with other 1st Line of Defence functions such as Front Office Risk and Control, Trade Support/Back Office and Finance. ○ Ensure a constructive business partnership is in place with 2nd Line of Defence functions such as Risk, HR and Compliance. ○ Responsible for new and existing staff fully understanding and adhering to company policies and procedures. ○ Responsible for managing their business and the staff that work within that business in adherence with Tradition Group Code of Ethics and to promote the Tradition Culture and Values Statement. ○ Responsible for knowing, understanding and actively managing the Risks and Controls that are applicable to their business. ○ Behave in an appropriate and professional manner expected for their level of seniority.

Agreed by Department Head / Director	Agreed by Job Holder
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12.11 Three Lines of Defence Risk Management Model



The three lines of defence model recognise that entities across the London Board are all risk-bearing entities. This is because their processes and systems are all subject to the risk that they are inadequate or that they fail in such a way those incidents may arise as a consequence. The governance and controls structure for the Tradition London Group's entities are based on the following three lines of defence:

- **1st line of Defence** – Operations and business process owners across London entities who have primary responsibility for their Risk and Control Self-Assessment (RCSA process). They act as risk owners with a responsibility to be proactive: in reducing the likelihood and severity of incidents, including establishing appropriate risk controls; ensuring that when incidents occur they are recorded and reported and in carry out corrective actions where appropriate. Financial controls, for example, are first-line controls.

The first line of defence is the business and operational management which has the direct day-to-day ownership, responsibility and accountability for assessing, controlling and mitigating risks and establishing an appropriate control environment.

First Line of Defence – Support Functions

The first line of defence business and operational management is supported by a number of support functions to which are delegated the day-to-day management of certain controls. These support functions include:

Finance Function – The Chief Financial Officer (“CFO”) reports functionally to the Group CFO and locally to the CEO and the Executive Committee. The CFO is responsible for financial management of Tradition London Group with an objective to control and support the business activities undertaken by the Tradition London Group, taking into account the strategy of the Group and the local legal, regulatory and fiscal environments. Key responsibilities include the reporting on performance, monitoring capital adequacy, meeting regulatory, legal and fiscal reporting requirements and the management of liquidity, funding and credit control.

Legal Function – There are currently four Solicitors (with a further lawyer taking up the role of Strategy Director), their responsibilities include managing the Group's contractual relationships with the business's principal asset: its staff as well as its relationships with suppliers and certain customers.

- **2nd Line of Defence** – consists of the risk and control functions that establish overarching systems and processes to assess, monitor and minimise risks across the organisation, overseeing the effectiveness of the first-line risk management and control environment, and where necessary defining additional controls, mitigation or other risk management measures. The second line is responsible for challenging and formally reviewing the effectiveness of the first line in managing the risks that it incurs and owns. At TLG, the second line includes the Compliance and Risk functions.

Second Line of Defence

The second line of defence monitors and facilitates the implementation of effective risk management practices by business and operational management. This role is primarily performed by the control functions and senior managers described below:

Risk Function – The Risk Manager has a dual reporting line into the Tradition London Group Boards of Directors and CFT's Chief Risk Officer. The Risk Manager is responsible for the measurement, monitoring and reporting of risks within the London Group and for driving the development of risk management capability and the risk management framework. More information on Risk Management within Tradition London Group is provided in section 2.7.

Compliance Function – The London Head of Compliance has a reporting line to the London Boards. The objective of compliance is to monitor compliance with all regulatory rules and requirements and ensure all regulatory issues are effectively monitored and managed.

- **3rd Line of Defence** – The third line of defence consists of the internal audit function, which is responsible for providing independent review and assurance of the effectiveness of the systems and controls established by the first and second lines. The internal audit function will raise any identified weaknesses in the control environment to the responsible senior managers, provide regular reporting on its findings to the Board and ensure that failure to implement its recommendations in a timely manner is escalated appropriately.

Third Line of Defence

As a third line of defence, the Internal Audit function provides assurance to the London Executive Committee, the Audit Committee and the Boards of Directors on the adequacy of the internal controls, risk management and governance processes, in particular when these are affected by material changes to the Group's risk environment. The internal audit function for London is outsourced to PWC. On an annual basis, Internal Audit prepares an audit programme. The programme is developed working closely with the local and Group control functions, and the external auditors. The programme is approved by the London and Group Audit Committee. Internal Audit provides regular update reports to the Audit Committees focusing on key findings and their resolution

12.12 Tradition Intranet Important Oversight and Supervision Links

<http://intranet.tradition.int/>

Compliance (*Also see the NFA Compliance Manual where relevant*)

<http://intranet.tradition.int/uk/home/compliance.aspx>

Risk

<http://intranet.tradition.int/uk/home/risk.aspx>

Finance

<http://intranet.tradition.int/uk/home/finance.aspx>

It/comms

<http://intranet.tradition.int/uk/home/itcomms.aspx>

HR

<http://intranet.tradition.int/uk/home/hr.aspx>

Tradition (London) Business Continuity Planning

<http://intranet.tradition.int/uk/home/bcp.aspx>

Facilities

<http://intranet.tradition.int/uk/home/facilities.aspx>

Hospitality

<http://intranet.tradition.int/uk/home/hospitality.aspx>

BCP

<http://intranet.tradition.int/uk/home/bcp.aspx>

Front Office Risk and Control (FORC)

<http://intranet.tradition.int/uk/home/forc.aspx>

12.13 New Starter Form

New Starter Form v1.5

Please complete the entire form providing as much details as possible. Once completed email to Support.London@tradition.com

Support. London Contact Number: - 0207 198 5999 / Ex 1111

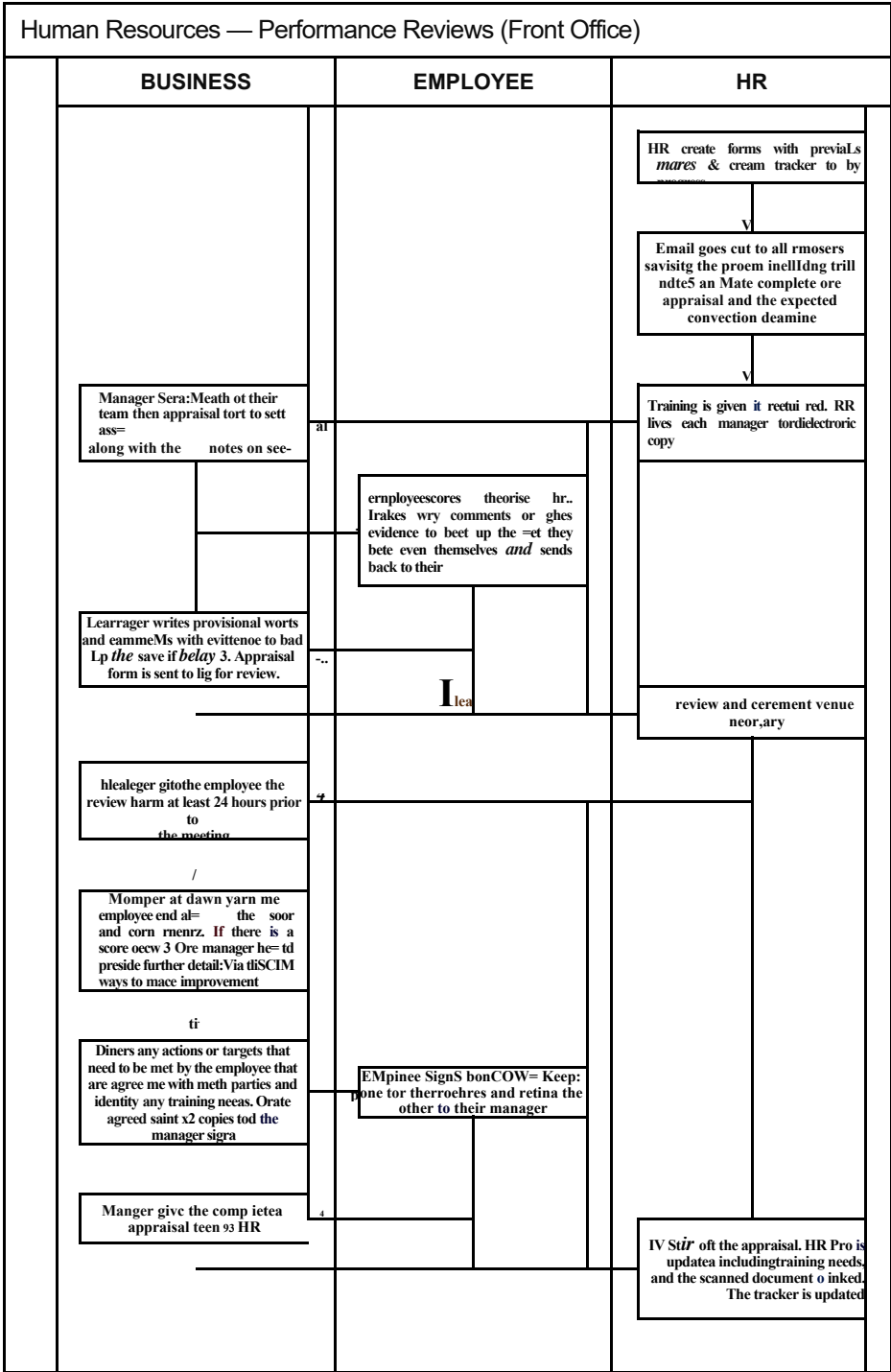
Date Requested: [DD/MM/YY]	
Requested By:	
Start Date: [DD/MM/YY]	
User Name	
Department:	
Desk location: [FLOOR PLANS]	
Desk Move:	[YES/NO]
User Role:	
Copy Access	[YES/NO] - USERNAME
Please state an existing user with the same access/permissions.	
Applications Requirements:	
e.g. – Bloomberg / Reuters / Yahoo Messenger etc...	
PC Requirements	
e.g. – PC / Two Monitors / Speakers etc...	
Phone Requirements	
e.g. – Cisco Phone / Dealer board with one OB and one speaker	
IPhone Required	[YES/NO]

IMPORTANT

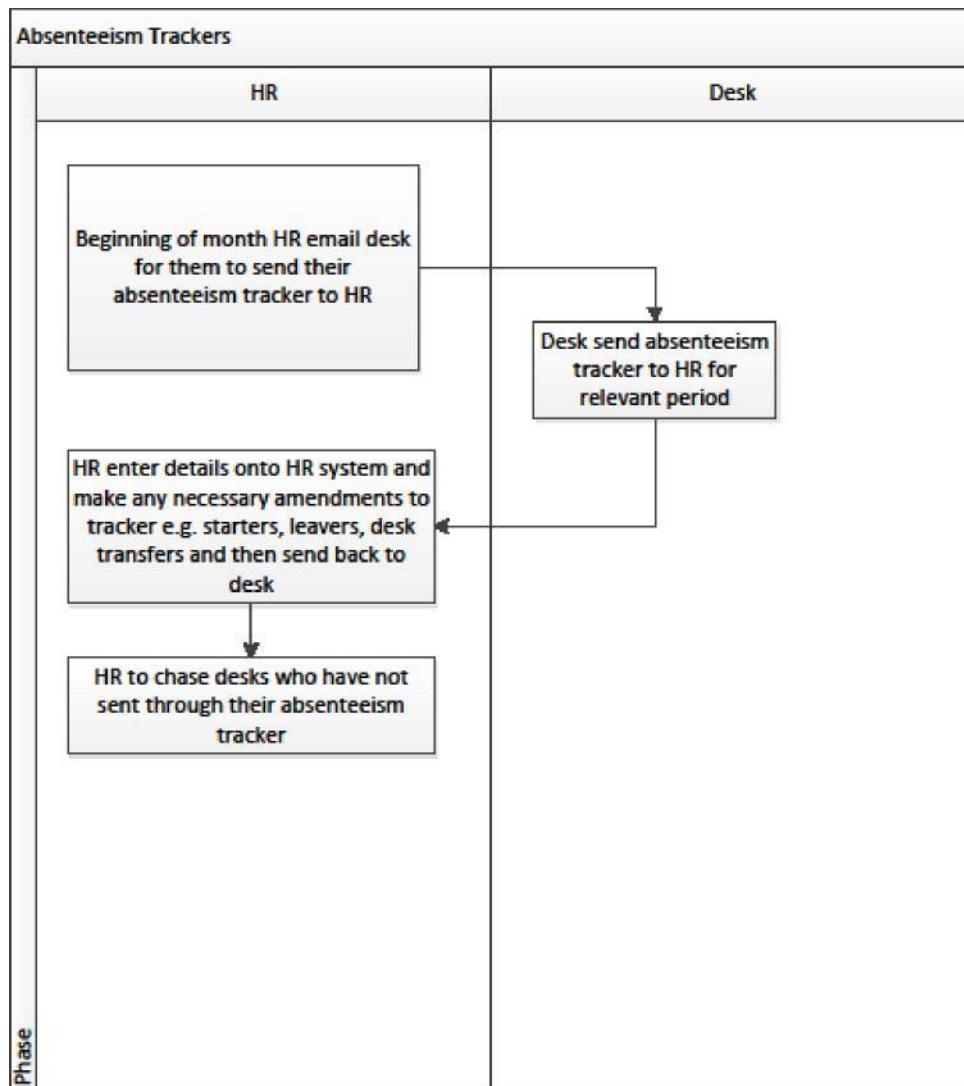
Please send a copy of the completed New Starter Form to Facilities.

If the user's nationality is NON-EUROPEAN please send a copy of their passport to HR

12.14 Front Office Staff Appraisal and Performance Review Process



12.15 Absenteeism Tracker Process



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Date when printed: 16/04/2018



12.16 Compliance Training Escalation Policy



COMPLIANCE TRAINING ESCALATION POLICY

Background:

- The FCA requires firms to provide adequate and appropriate training to their staff. The main training requirements are embedded in various European Directives, mainly the Fourth Anti Money Laundering Directive (2007) and the Market Abuse Directive (2005).
- Furthermore the NFA (US regulator) requirements are now (for some parts of our businesses) overlapping with the existing training requirement albeit with a slightly different regime. The relevant staff will be informed if the NFA requirements are applicable to them and what the implications are.
- The FCA Principles of Business for firms and approved persons are the foundation for the accountability framework:
 - 🌐 Principle 2: A Firm must conduct its business with due skill, care and diligence.
 - 🌐 Principles 3: A Firm must take reasonable care to organise and control its affairs responsibly and effectively, with adequate risk management systems.
- The principles of business for Approved person carry out the same obligation than the firm:
 - 🌐 Statement of Principle 5: An [approved person](#) performing an [accountable higher management function](#) must take reasonable steps to ensure that the business of the [firm](#) for which they are responsible in their [accountable function](#) is organised so that it can be controlled effectively.
 - 🌐 Statement of Principle 6: An [approved person](#) performing an [accountable higher management function](#) must exercise due skill, care and diligence in managing the business of the [firm](#) for which they are responsible in their [accountable function](#).
- The consequences for having inadequate training policies and procedures could lead to FCA action, and whilst the risk of Money Laundering and Market Abuse may be low to our Firms, the regulatory and reputational risks for non-compliance cannot be ignored.
- The training policy is fully endorsed by the Board of Directors.

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Date when printed: 16/04/2018



Training Policy:

- The core online training is currently supported by Skillcast training suite and is delivered via an e-learning facility.
- The Compliance Department is responsible for the allocation/follow up of any Compliance Training, maintenance of the training administrator system and carries out yearly review to ensure that all employees are given the adequate training.
- As part of the First line of defence spirit, Line Managers and Senior Managers are responsible to ensure that all employees falling underneath their remit complete the Compliance Training. A zero tolerance approach is applied to the Compliance Training.
- As of 2017 the training allocation will be split into two regime; FCA training requirements and NFA training requirements.
The FCA training requirement is not prescriptive in the frequency of training, as such the Compliance Department deems appropriate to allocate a training frequency of approximately 16 -24 months basis, while the NFA expects the training to be delivered on a yearly basis.
- The training suite comprises of:
 - 🌐 Anti-Money Laundering
 - 🌐 Anti-Bribery and Corruption
 - 🌐 Market Abuse
 - 🌐 Business Ethics

Escalation procedure:

The following training procedure is applicable for new staff and existing staff:

1. Once the training has been allocated, an email will be sent from the administrator providing log in details and deadline expectations.
4 weeks deadline.
2. Weekly automated emails will be sent until the user has completed all allocated training.
3. Once the deadline is passed, the Line Manager of the user will be notified of non-compliance. Weekly emails are then generated to both the user and the Line Manager until the Compliance Training is fully completed. It is the responsibility of the Line Manager to ensure that the users complete the required Compliance Training without any further delay.
3 weeks deadline.
4. Once the deadline is passed, the Line Manager must notify the relevant CEO. The relevant CEO to issue a friendly warning to the non-compliant user. The friendly warning should make it clear that should the final 3 week deadline not be met, further formal HR disciplinary will commence.
3 weeks deadline.
5. Once the deadline is passed, the relevant CEO must provide a list of non-compliant user to HR to commence the Formal Disciplinary Procedure.

The Compliance Training Policy aims to be fair and where extenuating circumstances arise, a case by case approach will be taken into consideration.

12.17 Front Office Risk, RCSA and Controls - Risk and Control Maps - RCSA Methodology



RCSA – Overview of Risk & Control Assess



PFX 1st Line Risk and Control Map. docx



Credit Risks and Controls.docx



CFT_Group_Risk_Policy_V7.pdf



TUK 1st Line Risk and Control Map. docx



Policy #OR-003- CFT OR_Front Office Erro



TRX 1st Line Risk and Control Map. docx



Incident Capture Policy v0.3.docx



TMS 1st Line Risk and Control Map. docx



TFI 1st Line Risk and Control Map. docx



TLC 1st Line Risk and Control Map. docx



TFS 1st Line Risk and Control Map. docx



TFS Derivatives Ltd 1st Line Risk and Con

12.18 Credit Risk Documents



Group_Counterparty
_Approval_Process V5 rev April 2013



Counterparty
iew_Process_V2.pdf



Counterparty Credit
A an. docx



FW Access to the on-line credit limit check tool.msg



Credit Authority Excess monitoring V7
pre-approvals V6 February 06 07 2.2011.pdf new form



Severity of excesses
V5 06 07 2011 FINAL

12.19 Conflicts of Interest Map



**Conflict of Interest
Map (Types of Conflic**

12.20 Tradition Culture Framework



**Tradition Culture
Framework 2016. pdf**

12.21 FICC Market Standards Board Front Office Supervision



**FMSB SGP - Front
Office Supervision - F**

12.22 MAR - Suspicious Transaction and Order Reporting Procedure

[http://intranet.tradition.int/media/file/Compliance/Market%20Abuse%20-%20Suspicious%20Transactions%20and%20Orders%20Reporting%20Procedure%202017%2003\(1\).pdf](http://intranet.tradition.int/media/file/Compliance/Market%20Abuse%20-%20Suspicious%20Transactions%20and%20Orders%20Reporting%20Procedure%202017%2003(1).pdf)

