

GLOBAL MARKETS GROUP LIMITED

TREATING CUSTOMERS FAIRLY POLICY

v1.0 – 2018(01)

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**Authorised and regulated by the Financial Conduct Authority under Firm Reference Number:
744501**

TREATING CUSTOMERS FAIRLY (TCF) POLICY

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TREATING CUSTOMERS FAIRLY (TCF) POLICY

1 INTRODUCTION

Usage of this Treating Customers Fairly Policy must be in conjunction with Global Markets Group's ("GMG") Compliance Manual and other company policies and procedures currently in effect and those yet to be introduced.

Reference to the Compliance Officer throughout this policy includes in his absence, his appointed deputy. For the benefit of clarity an appointed deputy will be defined as any one person from:

- (i) The Managing Director ("MD"), being a Financial Conduct Authority ("FCA") Approved Person;
- (ii) In the absence of (i) above, another Director of GMG, also being an FCA Approved Person and in association with (iii) below;
- (iii) The Compliance Assistant (if required).

References to the masculine include the feminine. Items in italics have their essence defined in the FCA's Glossary. Refer to the Compliance department if you require further information. This Treating Customers Fairly document must not be reproduced or provided to third parties without prior reference to the Compliance Officer and their subsequent approval.

1.1 Sponsor

This policy is sponsored by GMG's Executive Management and will be maintained by the company's Compliance Officer, therefore any queries and / or suggestions for change should be addressed to the firm's Compliance Officer.

1.2 GMG's regulated status

GMG is currently authorised and regulated by the FCA under Firm Reference Number ("FRN") 744501.

2 WHAT IS TREATING CUSTOMERS FAIRLY ("TCF")

GMG is authorised and regulated by the FCA and should therefore be able to demonstrate that it is consistently delivering fair outcomes to customers and that senior management are taking responsibility for ensuring the firm and staff at all levels deliver the outcomes relevant to its business through establishing an appropriate culture.

3 THE SIX TCF OUTCOMES

Below are the six consumer outcomes that explain what the FCA want TCF to achieve for its customers:

- (i) **Outcome 1** – Consumers can be confident that they are dealing with a firm where the fair treatment of customers is central to the corporate culture;
- (ii) **Outcome 2** – Products and services marketed and sold in the retail market are designed to meet the needs of identified customer groups and are targeted accordingly;

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- (iii) **Outcome 3** – Consumers are provided with clear information and are kept appropriately informed before, during and after the point of sale;
- (iv) **Outcome 4** – Where consumers receive advice, the advice is suitable and takes account of their circumstances;
- (v) **Outcome 5** – Consumers are provided with products that perform as the firm has led them to expect and the associated service is of an acceptable standard and as they have been led to expect; and
- (vi) **Outcome 6** – Consumers do not face unreasonable post-sale barriers imposed by the firm to change product, switch provider, submit a claim or make a complaint.

3.1 What TCF is not

TCF does not mean:

- (i) Creating satisfied customers: A satisfied customer could still be treated unfairly and not know it;
- (ii) That every firm must offer an identical level of service: The FCA recognizes that businesses have different resources and processes;
- (iii) That the FCA has the final say on which products consumers should want or be sold; and
- (iv) That customers are no longer expected to make decisions or take responsibility for them.

TCF is about 'culture' i.e., doing business in a way that will help ensure customers get fair treatment.

4 ASSESSING AND IMPLEMENTING TCF

In order to assess whether GMG is being compliant in the various aspects of TCF, the firm will implement a checklist method relevant to each department. The checklist serves as a form of Internal Audit and enables the firm to see where there are areas that need to be improved so that compliance with this TCF policy may be readily achieved:

- (i) If the answer against a relevant activity is 'Yes', GMG must be able to provide evidence in hard and / or soft copy if asked; or
- (ii) If the answer is 'No' or 'Not sure', GMG must take all necessary remedial action.

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**5 TCF PRINCIPLES CHECKLIST**

**5.1 Advertising and promotional material**

| Review date:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                       |           |             |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|-----------|-------------|
| Advertising and promotional material self-audit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Yes* / No / Not sure and / or comment | Action by | Next review |
| 1. Is sales and marketing materials (advertisements / leaflets / posters / direct mail) written using plain English?                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                       |           |             |
| 2. Are jargon terms fully explained?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                       |           |             |
| 3. Does the material carry the required disclaimers?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                       |           |             |
| 4. Are restrictions / terms of business easy to understand?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                       |           |             |
| 5. Does promotional literature make clear who the product is most suitable for?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                       |           |             |
| 6. Are advertisements / direct mail letters always targeted at appropriate audiences?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                       |           |             |
| 7. Does Compliance approve promotional material?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                       |           |             |
| <p>TCF summary status report for this period (<i>This section should be used to summarise required actions, deadlines and next review date.</i>):</p> <ul style="list-style-type: none"> <li>a. Covered to a satisfactory level are the points 1 to 7 above;</li> <li>b. All marketing material / promotions have been sent to and approved by Compliance, including all Terms of Business and jargon explanations; and</li> <li>c. Communications to audiences have been correctly targeted and monitored for both Compliance purposes and statistical demographics.</li> </ul> |                                       |           |             |

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**5.2 Sales and advice process**

| <b>Review date:</b>                                                                                            |                                              |                  |                    |
|----------------------------------------------------------------------------------------------------------------|----------------------------------------------|------------------|--------------------|
| <b>Advice and sales process self-audit</b>                                                                     | <b>Yes* / No / Not sure and / or comment</b> | <b>Action by</b> | <b>Next review</b> |
| 1. Has product training been provided to all sales staff for the products currently being offered by the firm? |                                              |                  |                    |
| 2. Are the firm's sales and service channels suitable for the products currently on offer?                     |                                              |                  |                    |
| 3. Does the firm establish the customer's attitude to risk?                                                    |                                              |                  |                    |
| 4. Does the firm establish whether a customer can afford the product based upon overall income and outgoings?  |                                              |                  |                    |
| 5. Does the firm ask about likely future changes to income and outgoings?                                      |                                              |                  |                    |
| 6. Does the firm ask its customers whether they understand the documents it provides?                          |                                              |                  |                    |
| 7. Is the firm satisfied that its customer documentation is clear and not misleading?                          |                                              |                  |                    |
| 8. Does the firm ask its customers whether they understand a product before they open an account?              |                                              |                  |                    |

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TCF summary status report for this period (*This section should be used to summarise required actions, deadlines and next review date.*):

**5.3 Client contact information**

| <b>Review date:</b>                                                                                             |                                              |                  |                    |
|-----------------------------------------------------------------------------------------------------------------|----------------------------------------------|------------------|--------------------|
| <b>Client contact information self-audit</b>                                                                    | <b>Yes* / No / Not sure and / or comment</b> | <b>Action by</b> | <b>Next review</b> |
| 1. Does the firm keep a copy of all its correspondence with its customers?                                      |                                              |                  |                    |
| 2. Can the correspondence referred to in 1 above be readily retrieved?                                          |                                              |                  |                    |
| 3. Does the firm keep a record of telephone and meeting conversations and if so, can they be readily retrieved? |                                              |                  |                    |
| 4. Does the firm maintain contact with its customers after the account has been opened?                         |                                              |                  |                    |
| 5. Does the firm record the contacts mentioned in 4 above?                                                      |                                              |                  |                    |

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TCF summary status report for this period (*This section should be used to summarise required actions, deadlines and next review date.*):

**5.4 Complaint handling**

| Review date:                  |                                                                                                                                     |                                       |           |             |
|-------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|-----------|-------------|
| Complaint handling self-audit |                                                                                                                                     | Yes* / No / Not sure and / or comment | Action by | Next review |
| 1.                            | Does the firm have a Complaints handling department or specialist?                                                                  |                                       |           |             |
| 2.                            | Does the firm log complaints by type or nature?                                                                                     |                                       |           |             |
| 3.                            | Using the FCA’s Disputes Sourcebook as a benchmark, Is the firm achieving satisfactory turnaround standards for complaint handling? |                                       |           |             |
| 4.                            | Does the firm have a system that helps it to take remedial action to change the way it operates in response to complaints?          |                                       |           |             |
| 5.                            | Does the firm’s senior management review complaint statistics?                                                                      |                                       |           |             |
| 6.                            | Does the firm encourage its staff to suggest changes which                                                                          |                                       |           |             |

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|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|
| will help avoid / reduce complaints and therefore support TCF?                                                                                                                                                                                                                    |  |  |  |
| <p>TCF summary status report for this period <i>(This section should be used to summarise required actions, deadlines and next review date. NB! Where 'Yes' is answered to any of the above questions, documentary evidence may be requested by the Compliance Officer.)</i>:</p> |  |  |  |

**5.5 TCF staff training / awareness**

| Review date:                                                                                                        |                                       |           |             |
|---------------------------------------------------------------------------------------------------------------------|---------------------------------------|-----------|-------------|
| TCF staff training / awareness self-audit                                                                           | Yes* / No / Not sure and / or comment | Action by | Next review |
| 1. Is TCF crystallized into the firm's stated values / aims?                                                        |                                       |           |             |
| 2. Has the TCF message been affirmed and communicated to staff by the Compliance Officer in the past twelve months? |                                       |           |             |
| 3. Has the firm's staff received information and / or relevant training in the principles of TCF?                   |                                       |           |             |

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TCF summary status report for this period (*This section should be used to summarise required actions, deadlines and next review date. NB! Where 'Yes' is answered to any of the above questions, documentary evidence may be requested by the Compliance Officer.:*)

**5.6 Remuneration / incentives**

| Review date:                         |                                                                                                                                    |                                       |           |             |
|--------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|-----------|-------------|
| Remuneration / Incentives self-audit |                                                                                                                                    | Yes* / No / Not sure and / or comment | Action by | Next review |
| 1.                                   | Does the firm have a TCF staff awards program?                                                                                     |                                       |           |             |
| 2.                                   | Does the firm have service standards that encourage TCF?                                                                           |                                       |           |             |
| 3.                                   | Is the remuneration of sales staff linked to TCF (whether positively or negatively)? If not, has the firm considered this opinion? |                                       |           |             |

TCF summary status report for this period (*This section should be used to summarise required actions, deadlines and next review date. NB! Where 'Yes' is answered to any of the above questions, documentary evidence may be requested by the Compliance Officer.:*)

**5.7 Management information**

| Review date: |  |
|--------------|--|
|              |  |

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| Management information self-audit                                                                                  | Yes* / No / Not sure and / or comment | Action by | Next review |
|--------------------------------------------------------------------------------------------------------------------|---------------------------------------|-----------|-------------|
| <b>Does the firm keep and review key statistics such as:</b>                                                       |                                       |           |             |
| 1. Volume of sales (and by product when applicable)?                                                               |                                       |           |             |
| 2. Volume of commissions?                                                                                          |                                       |           |             |
| 3. Volume of complaints?                                                                                           |                                       |           |             |
| a. Complaints by Sales Executive?                                                                                  |                                       |           |             |
| b. Complaints by product?                                                                                          |                                       |           |             |
| c. Complaints (Other)?                                                                                             |                                       |           |             |
| d. Percentage of complaints upheld / refuted?                                                                      |                                       |           |             |
| <b>Does the firm keep qualitative MI such as in the examples below:</b>                                            |                                       |           |             |
| 4. Documented TCF strategy / plan – with periodic update based on regulator and customer feedback?                 |                                       |           |             |
| 5. Minutes evidencing a quarterly review of TCF MI by senior management and remedial action taken (if applicable)? |                                       |           |             |
| 6. Staff survey / opinion on how TCF is working and on how it can be improved?                                     |                                       |           |             |
| 7. Customer feedback surveys?                                                                                      |                                       |           |             |

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|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|--|--|
| 8.                                                                                                                                                                                                                                                                                | Evidence of TCF in periodic staff communications? |  |  |
| <p>TCF summary status report for this period <i>(This section should be used to summarise required actions, deadlines and next review date. NB! Where 'Yes' is answered to any of the above questions, documentary evidence may be requested by the Compliance Officer.):</i></p> |                                                   |  |  |

**5.8 Risk assessment of TCF non-compliance**

|                                                                                                                                                                                                                                                                                   |  |                                              |                  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|----------------------------------------------|------------------|
| <b>Review date:</b>                                                                                                                                                                                                                                                               |  |                                              |                  |
| <b>Risk assessment of TCF non-compliance self-audit</b>                                                                                                                                                                                                                           |  | <b>Yes* / No / Not sure and / or comment</b> | <b>Action by</b> |
| 1. Does the firm have a process for monitoring TCF standards amongst its Appointed Representatives or Agents off-site?                                                                                                                                                            |  |                                              |                  |
| 2. Has the firm evidenced these standards during the past twelve months?                                                                                                                                                                                                          |  |                                              |                  |
| <p>TCF summary status report for this period <i>(This section should be used to summarise required actions, deadlines and next review date. NB! Where 'Yes' is answered to any of the above questions, documentary evidence may be requested by the Compliance Officer.):</i></p> |  |                                              |                  |

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**5.9 Product understanding**

| Review date:                                                                                                                                                                                                                                                                |                                       |           |             |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|-----------|-------------|
| Product understanding self-audit                                                                                                                                                                                                                                            | Yes* / No / Not sure and / or comment | Action by | Next review |
| 1. Is the firm’s senior management happy that its sales staff understand the most current product literature and / or the most recent product training?                                                                                                                     |                                       |           |             |
| 2. Does the firm have a procedure for challenging literature / products if they seem unclear, misleading or inappropriate – or if there are points on which staff remain unsure?                                                                                            |                                       |           |             |
| TCF summary status report for this period <i>(This section should be used to summarise required actions, deadlines and next review date. NB! Where ‘Yes’ is answered to any of the above questions, documentary evidence may be requested by the Compliance Officer.)</i> : |                                       |           |             |

**6 FREQUENTLY ASKED QUESTIONS**

**1. How much emphasis should GMG place on TCF?**

The fair treatment of customers continues to be a high priority for the FCA. The FCA will take tough, decisive action where they find actual or potential customer detriment and this will include taking action against senior management.

**2. How do you define ‘fairness’?**

The six consumer outcomes which the FCA have published define what is expected as fair outcomes for consumers.

**3. How far does TCF apply to overseas customers of UK firms?**

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FCA Statement of Principle 6 that states that “A firm must pay due regard to the interests of its customers and treat them fairly”, applies to activities carried out from establishments in the UK. This includes activities carried out from UK establishments with overseas customers.

**4. Where does the responsibility for the fair treatment of customers’ rest within a firm? Is it just a Compliance issue?**

It is the responsibility of the firm’s senior management to make sure their firm treats its customers fairly. Senior management must also ensure that a TCF culture is implemented and fully embedded throughout the firm.

**5. How does TCF apply to unregulated business?**

While the FCA’s Principles for Business do not apply directly to unregulated business, if the FCA discover behaviour related to a firm’s unregulated business that arouses their concern, they may use this as an indicator that TCF has not been implemented and embedded within it. The firm’s culture should determine whether customers are treated fairly.

**6. What will happen if a firm does not take TCF seriously? Will the FCA take enforcement action over TCF?**

The FCA expects senior management to take responsibility for ensuring their firms treat their customers fairly. This includes identifying risks, having appropriate systems and controls in place to mitigate these risks and making sure these are robust and effective. If the FCA become aware of insufficient TCF or malpractice against customers, they may consider taking remedial action against individuals within the firm if they think senior management have failed in their responsibilities to TCF.

**7. Isn’t TCF just about customer satisfaction?**

Simply, no! Satisfied customers may not always have been treated fairly or vice versa. Although the firm’s use of data on customer perceptions is a useful management information tool, TCF is about more than satisfying customers.

**8. Is it unfair that some customers have to pay more for certain financial products or services?**

The firm’s decision to provide products (or not provide as the case may be) and at what price (whether over the phone, internet or email) is a commercial decision for the firm. Furthermore, to treat customers fairly does not mean that the firm is required to offer the same products or levels of service to all customers, as long as it delivers the product or level of service promised and that customers are protected from any unpleasant surprises with the product(s) they trade.

**9. What does TCF mean to smaller firms such as GMG?**

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The assessment of whether small firms are treating their customers fairly is now part of the FCA's overall approach to supervision and therefore sets a high benchmark. The FCA accordingly considers TCF an integral part of their day-to-day supervision.

### **10. What action will be taken against failing firms?**

The FCA will continue to challenge firms rigorously where there are issues and take tough, decisive action where necessary. The standard against which firms will be judged remains high and where the FCA find failings, they will continue to use their full range of regulatory powers to take tough and visible action.

### **11. If a firm met the deadlines, does this mean that it no longer needs to focus on treating customers fairly?**

No! The fair treatment of customers is a continuing requirement. New risks to consumers will emerge as firm's move into new areas of business, alter their strategies and design new products. The FCA expect firms to keep risks to the fair treatment of customers under review to ensure they deliver against their ongoing requirement to treat customers fairly. By having effective MI in place, the firm should be able to regularly test whether they are consistently treating customers fairly and to take the necessary remedial action to make things right where there may be an issue.

### **12. What is Management Information (MI)?**

MI is information that is collected during a period of business activity. It may be about customers, staff, calls, visits, meetings, sales, opinions, parts of a process, predictions etc. MI should not be just about numbers. Quantitative data should be seen as a valuable asset to the firm, but commentary or opinions are also a valuable source of MI and can help provide a comprehensive, balanced view. All information relevant to the firm from whatever source can be described as MI.

### **13. What is TCF Management Information (TCFMI)?**

TCF MI is information or measures that should indicate to the firm how far they are delivering the six consumer outcomes. It may include other evidence not typically captured as part of the firm's existing MI schedule.

### **14. What do you mean by qualitative TCF MI?**

TCF MI should not be just about spreadsheets and figures in monthly management reports. Qualitative MI is commentary and analysis rather than just numbers relating to the qualitative data captured by the firm on an ongoing basis. TCF MI is likely to include a mix of both quantitative and qualitative data and measures. It may also include one-off reports that are relevant to TCF such as the results of a customer survey, an Internal Audit or Compliance report.



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### 7 MANAGEMENT AND EMPLOYEE DECLARATION

This declaration is to confirm that I have received a copy of Global Markets Group's Treating Customers Fairly policy and I have read and understood its content. Any areas of uncertainty I have raised and will endeavour to raise in the future with the firm's Compliance department. I also confirm that I will undertake to remain compliant with its contents at all times.

Employee's signature:

Employee's name (Print):

Employee status (Tick where applicable): Full time  Temporary / Contract

If temporary / contract, the anticipated end date of employment: / /20

Date: / /20

THIS DECLARATION MUST BE COMPLETED AND RETURNED TO GLOBAL MARKETS GROUP'S COMPLIANCE OFFICER AT THE EARLIEST OPPORTUNITY BUT NO LONGER THAN ONE MONTH AFTER RECEIVING THE DOCUMENT. RECEIPT OR NON-RECEIPT OF DECLARATIONS WILL BE MONITORED BY THE COMPLIANCE OFFICER