

Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision (Text with EEA relevance)

CHAPTER III

OPERATING CONDITIONS FOR AIFMs

SECTION 2

Conflicts of interest

^{F1} ...

Article 30

Types of conflicts of interest

For the purpose of identifying the types of conflicts of interest that arise in the course of managing an AIF, AIFMs shall take into account, in particular, whether the AIFM, a relevant person or a person directly or indirectly linked by way of control to the AIFM:

- (a) is likely to make a financial gain, or avoid a financial loss, at the expense of the AIF or its investors;
- (b) has an interest in the outcome of a service or an activity provided to the AIF or its investors or to a client or of a transaction carried out on behalf of the AIF or a client, which is distinct from the AIF's interest in that outcome;
- (c) has a financial or other incentive to favour:
 - the interest of a [^{F2}UK UCITS], a client or group of clients or another AIF over the interest of the AIF,
 - the interest of one investor over the interest of another investor or group of investors in the same AIF;
- (d) carries out the same activities for the AIF and for another AIF, a [^{F3}UK UCITS] or client; or
- (e) receives or will receive from a person other than the AIF or its investors an inducement in relation to collective portfolio management activities provided to the AIF, in the form of monies, goods or services other than the standard commission or fee for that service.

Textual Amendments

- F2** Word in Art. 30(c) substituted (31.12.2020) by [The Alternative Investment Fund Managers \(Amendment etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/328\)](#), regs. 1(3), **25(2)** (as amended by [S.I. 2019/325](#), regs. 1(3), 58); 2020 c. 1, Sch. 5 para. 1(1)

Changes to legislation: Commission Delegated Regulation (EU) No 231/2013, SECTION 2 is up to date with all changes known to be in force on or before 24 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

- F3** Word in Art. 30(d) substituted (31.12.2020) by [The Alternative Investment Fund Managers \(Amendment etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/328\)](#), regs. 1(3), **25(2)** (as amended by [S.I. 2019/325](#), regs. 1(3), 58); 2020 c. 1, Sch. 5 para. 1(1)

Article 31

Conflicts of interest policy

1 The AIFM shall establish, implement and apply an effective conflicts of interest policy. That policy shall be set out in writing and shall be appropriate to the size and organisation of the AIFM and the nature, scale and complexity of its business.

Where the AIFM is a member of a group, the policy shall also take into account any circumstances of which the AIFM is or should be aware which may give rise to a conflict of interest resulting from the structure and business activities of other members of the group.

2 The conflicts of interest policy established in accordance with paragraph 1 shall include the following:

- a with reference to the activities carried out by or on behalf of the AIFM, including activities carried out by a delegate, sub-delegate, external valuer or counterparty, identification of the circumstances which constitute or may give rise to a conflict of interest entailing a material risk of damage to the interests of the AIF or its investors;
- b procedures to be followed and measures to be adopted in order to prevent, manage and monitor such conflicts.

Article 32

Conflicts of interest related to the redemption of investments

The AIFM that manages an open-ended AIF shall identify, manage and monitor conflicts of interest arising between investors wishing to redeem their investments and investors wishing to maintain their investments in the AIF, and any conflicts between the AIFM's incentive to invest in illiquid assets and the AIF's redemption policy in accordance with its obligations under [^{F4}rules 10.1.23 and 10.1.25 of the Senior Management Arrangements, Systems and Controls sourcebook].

Textual Amendments

- F4** Words in Art. 32 substituted (31.12.2020) by [The Alternative Investment Fund Managers \(Amendment etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/328\)](#), regs. 1(3), **25(3)** (as amended by [S.I. 2019/325](#), regs. 1(3), 58); 2020 c. 1, Sch. 5 para. 1(1)

Article 33

Procedures and measures preventing or managing conflicts of interest

1 The procedures and measures established for the prevention or management of conflicts of interest shall be designed to ensure that the relevant persons engaged in different business activities involving a risk of conflict of interest carry out these activities having a

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degree of independence which is appropriate to the size and activities of the AIFM and of the group to which it belongs, and to the materiality of the risk of damage to the interests of the AIF or its investors.

2 Where necessary and appropriate for the AIFM to ensure the requisite degree of independence, the procedures to be followed and measures to be adopted in accordance with point (b) of Article 31(2) shall include the following:

- a effective procedures to prevent or control the exchange of information between relevant persons engaged in collective portfolio management activities or other activities pursuant to [^{F5}rule 1.4.3 of the Investment Funds sourcebook] involving a risk of conflict of interest where the exchange of information may harm the interest of one or more AIFs or their investors;
- b the separate supervision of relevant persons, whose principal functions involve carrying out collective portfolio management activities on behalf of, or providing services to, clients or investors, whose interests may conflict, or who otherwise represent different interests that may conflict, including those of the AIFM;
- c the removal of any direct link between the remuneration of relevant persons principally engaged in one activity and the remuneration of, or revenues generated by, different relevant persons principally engaged in another activity, where a conflict of interest may arise in relation to those activities;
- d measures to prevent or restrain any person from exercising inappropriate influence over the way in which a relevant person carries out collective portfolio management activities;
- e measures to prevent or control the simultaneous or sequential involvement of a relevant person in separate collective portfolio management activities or other activities pursuant to [^{F6}rule 1.4.3 of the Investment Funds sourcebook] where such involvement may impair the proper management of conflicts of interest.

Where the adoption or the application of one or more of those measures and procedures does not ensure the requisite degree of independence, the AIFM shall adopt such alternative or additional measures and procedures as are necessary and appropriate for those purposes.

Textual Amendments

- F5** Words in Art. 33(2)(a) substituted (31.12.2020) by [The Alternative Investment Fund Managers \(Amendment etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/328\)](#), regs. 1(3), **25(4)** (as amended by S.I. 2019/325, regs. 1(3), 58); 2020 c. 1, Sch. 5 para. 1(1)
- F6** Words in Art. 33(2)(e) substituted (31.12.2020) by [The Alternative Investment Fund Managers \(Amendment etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/328\)](#), regs. 1(3), **25(4)** (as amended by S.I. 2019/325, regs. 1(3), 58); 2020 c. 1, Sch. 5 para. 1(1)

Article 34

Managing conflicts of interest

Where the organisational or administrative arrangements made by the AIFM are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of the AIF or investors in the AIF are prevented, the senior management or other competent internal body of the AIFM shall be promptly informed in order to take any necessary

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decision or action to ensure that the AIFM acts in the best interests of the AIF or the investors in that AIF.

Article 35

Monitoring conflicts of interest

1 The AIFM shall keep and regularly update a record of the types of activities undertaken by or on behalf of the AIFM in which a conflict of interest entailing a material risk of damage to the interests of one or more AIFs or its investors has arisen or, in the case of an ongoing activity, may arise.

2 Senior management shall receive on a frequent basis, and at least annually, written reports on activities referred to in paragraph 1.

Article 36

Disclosure of conflicts of interest

1 The information to be disclosed to investors in accordance with [F7 rules 10.1.23, 10.1.25 and 10.1.26 of the Senior Management Arrangements, Systems and Controls sourcebook] shall be provided to investors in a durable medium or by means of a website.

2 Where information referred to in paragraph 1 is provided by means of a website and is not addressed personally to the investor, the following conditions shall be satisfied:

- a the investor has been notified of the address of the website, and the place on the website where the information may be accessed, and has consented to the provision of the information by such means;
- b the information must be up to date;
- c the information must be accessible continuously by means of that website for such period of time as the investor may reasonably need to inspect it.

Textual Amendments

- F7** Words in Art. 36(1) substituted (31.12.2020) by [The Alternative Investment Fund Managers \(Amendment etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/328\)](#), regs. 1(3), **25(5)** (as amended by [S.I. 2019/325](#), regs. 1(3), 58); 2020 c. 1, Sch. 5 para. 1(1)

Article 37

Strategies for the exercise of voting rights

1 An AIFM shall develop adequate and effective strategies for determining when and how any voting rights held in the AIF portfolios it manages are to be exercised, to the exclusive benefit of the AIF concerned and its investors.

2 The strategy referred to in paragraph 1 shall determine measures and procedures for:

- a monitoring relevant corporate actions;
- b ensuring that the exercise of voting rights is in accordance with the investment objectives and policy of the relevant AIF;

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- c preventing or managing any conflicts of interest arising from the exercise of voting rights.

3 A summary description of the strategies and details of the actions taken on the basis of those strategies shall be made available to the investors on their request.

Textual Amendments

- F1** Words in Ch. 3 Section 2 heading omitted (31.12.2020) by virtue of [The Alternative Investment Fund Managers \(Amendment etc.\) \(EU Exit\) Regulations 2019 \(S.I. 2019/328\)](#), regs. 1(3), **25(1)** (as amended by [S.I. 2019/325](#), regs. 1(3), 58); 2020 c. 1, Sch. 5 para. 1(1)

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Changes and effects yet to be applied to :

- Regulation revoked by [2023 c. 29 Sch. 1 Pt. 3](#)

Changes and effects yet to be applied to the whole legislation item and associated provisions

- Art. 50(a) words substituted by [S.I. 2024/705 Sch. 2 para. 15\(a\)](#)
- Art. 50(b) words substituted by [S.I. 2024/705 Sch. 2 para. 15\(b\)](#)
- Art. 50(c) words substituted by [S.I. 2024/705 Sch. 2 para. 15\(c\)](#)
- Art. 50(d) words substituted by [S.I. 2024/705 Sch. 2 para. 15\(d\)](#)
- Art. 50(e) omitted by [S.I. 2024/705 Sch. 2 para. 15\(e\)](#)