

BNP PARIBAS CIB

CONFLICTS OF INTEREST POLICY



BNP PARIBAS

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1 Appropriate information on policy for managing conflicts of interest for BNP Paribas 'clients

BNP Paribas, a multi-capacity financial institution, may encounter potential conflicts of interest situations during the performance of its various activities.

Whilst this situation is not unusual, BNP Paribas still has an obligation to identify, manage and, where relevant, report these situations in accordance with the regulations and its Code of conduct.

This Information for managing conflicts of interest describes the measures implemented by BNP Paribas to prevent and manage the conflicts of interest which may arise during the provision of an investment or ancillary service, with a view to preventing these conflicts from affecting its clients' interests.

2 Definitions

2.1 Conflicts of interest

A conflict of interest is a situation in which, as part of the performance of BNP Paribas' activities, its interests and/or those of its clients and/or those of its employees are directly or indirectly in competition.

2.2 Abuse of conflicts of interest

Abuse of conflicts of interest is a situation in which the result of an operation performed by BNP Paribas involves a significant disadvantage for the interests of a client and, in return, a significant advantage for BNP Paribas, an employee, another customer or any other third party.

3 General Rules

This Policy for managing conflicts of interest is consistent with the application of the provisions hereafter:

- European Regulation no. 596/2014 of 16 April 2014 on market abuse ("MAR"),
- European Directive no. 2014/65 of 15 May 2014 on Markets in Financial Instruments ("MiFID II"),
- European Directive no. 2013/36 of 26 June 2013 on accessing the activity of credit institutions and the prudential supervision of credit institutions and investment firms (CRD IV).

To comply with these provisions, BNP Paribas implements permanent measures, based on procedures and tools, designed to guarantee or contribute to the appropriate detection, prevention and management of conflicts of interest situations, once they have been detected.

These include:

- lists of financial instruments under surveillance (securities that may be impacted due to BNP Paribas' involvement in market transactions will be closely monitored),

- lists of employees classified as “sensitive ”due to the duties performed, who must observe specific rules of conduct and whose personal transactions on financial instruments are monitored, when they are not prohibited,
- Lists of directorships held, in a personal or professional capacity, by employees of the group.

Employees who provide investment services and/or ancillary services are trained in issues relating to the prevention, detection and management of conflicts of interest.

4 Identification of Conflicts of Interest

BNP Paribas identifies and keeps up to date the list of conflicts of interest situations with their clients which it and/or its employees are likely to encounter as part of their activities.

For example when BNP Paribas:

- plays several roles in a transaction (e.g. BNP Paribas is both shareholder and banker),
- provides a service to several clients with competing interests in a specific transaction
- provides investment advice services relating to the financial instruments of an issuer with whom there is an investment banking relationship,
- receives commissions or benefits from advantages likely to prejudice the advice or service provided,
- is competing with a client on a transaction on its own behalf, etc.

5 Measures Taken by BNP Paribas to Prevent, Manage and Disclose the Conflict of Interest Situations Identified

When a conflict of interest is detected during an operation, one of the following measures is taken:

- Decline the transaction if the situation includes a particularly critical risk of conflicts of interest, for which BNP Paribas believes that existing measures are not sufficient to manage this situation in a satisfactory manner. Some of these situations, already identified, are addressed in procedures applicable by all employees, which describe the cases in which it is preferable or necessary to refuse to act.
- Accept the transaction if the measures implemented, notably the existing information barriers between the teams and the activities that may be in conflict, are sufficiently robust to manage the situation in line with the interests of the clients concerned,
- As a last resort, inform the client and obtain their consent (on a case-by-case basis, for every transaction, or generally at an early stage) if there is a risk that the measures are not satisfactory but the situation is not considered critical.

BNP Paribas communicates to the client the required information on the nature and origin of these conflicts of interest, as well as any potential negative consequences they may have for the client, so that they can make an informed decision.

Disclosure is only possible if it does not involve the transmission of non-public information.

5.1 Special case of investment recommendations

Potential conflicts concerning the BNP Paribas group as producer or distributor of financial research or any other investment recommendation in the sense of the MAR regulation are communicated to the investors simultaneously with the recommendations or on an easily accessible site, depending on the activity concerned.

6 Segregation of Duties to Guarantee Independence of Action

In some permanent and critical situations involving potential conflicts of interest, BNP Paribas takes, when reasonably possible, structural measures to segregate the transactions concerned, often referred to as information barriers, so that these transactions are carried out independently of each other.

These measures, which can include the creation of subsidiaries for some activities, are based on organisational arrangements such as:

- the segregation of activities and their reporting line,
- separated and restricted access to the premises (or part of them),
- restricted or prohibited access to information.

7 Controls

BNP Paribas implements the internal control of activities and the monitoring of any incidents and client complaints. If analysis of an incident or complaint reveals that a conflict of interest situation may not have been addressed properly, where appropriate corrective measures will be implemented to prevent this event from reoccurring.

BNP Paribas 'Compliance Function is in charge of controls, notably during the launch of new products or client services or the provision of consulting or financing services, to ensure protection of the client's interests, which involves preventing conflicts of interest.

8 Remuneration Regulation

The employees who provide investment services and/or related services receive a variable share of remuneration based on BNP Paribas 'overall performance. This performance results from trading, market, investment banking, private banking, retail banking activities and other activities performed by the BNP Paribas Group.

The employees 'remuneration is based on quantitative and qualitative criteria, so that the methods of remuneration do not create a conflict with the provision of certain investment services or products.



Annex –List of investment services and activities and ancillary services

8.1 Investment services and activities

1. Receipt and transmission of orders in relation to one or more financial instruments.
2. Execution of orders on behalf of clients.
3. Dealing on own account.
4. Portfolio management.
5. Investment advice.
6. Underwriting of financial instruments and/or placing of financial instruments with a firm commitment basis.
7. Placing of financial instruments without a firm commitment basis.
8. Operation of Multilateral Trading Facilities (“MTF”).
9. Operation of an Organised Trading Facilities (“OTF”).

8.2 Ancillary services

1. Safekeeping and administration of financial instruments for the account of clients, including custodianship and related services, such as cash/collateral management, and excluding the centralised maintenance of securities accounts at the top tier level.
2. Granting credits or loans to an investor to allow them to carry out a transaction on one or more financial instruments, where the firm granting the credit or loan is involved in the transaction.
3. Advice to undertakings on capital structure, industrial strategy and related matters; advice and services relating to mergers and the purchase of undertakings.
4. Foreign exchange services where these are connected to the provision of investment services.
5. Investment research and financial analysis or other forms of general recommendation relating to transactions in financial instruments.
6. Services related to underwriting.
7. Investment services and activities as well as ancillary services of the type included under section A or B of annex I relating to the underlying derivatives market included under section C, points 5, 6, 7 and 10, where these are connected to the provision of investment or ancillary services.