



SAXO LEGAL SINGAPORE

SAXO CAPITAL MARKETS' POLICY FOR MANAGING CONFLICTS OF INTEREST



1. INTRODUCTION

- 1.1 This Policy is not intended to create third party rights or duties that would not already exist if the Policy had not been made available and it does not form part of any contract between Saxo Capital Markets ("SCM") (or any of its affiliates) and any client or prospective client.
- 1.2 This Policy is an adjunct to SCM's overarching general obligation to act with integrity and fairness, both with its clients and with its counterparties.
- 1.3 This Policy is available to clients upon request and is also made available on our website at: (<http://www.saxomarkets.com.sg>). Saxo Capital Markets reserves the right to amend or supplement this Policy at any time.

2. IDENTIFICATION AND GENERAL DISCLOSURE OF THE NATURE OF POTENTIAL CONFLICTS OF INTEREST AND OF THEIR SOURCES

- 2.1 Saxo Capital Markets hereby identifies and discloses a range of circumstances which constitute or may give rise to a conflict of interest, potentially but not necessarily entailing a material risk of damage to the interests of one or more clients. Such a material risk occurs if Saxo Capital Markets, or any person directly or indirectly linked by control to SCM, is likely to make a financial gain, or avoid a financial loss, at the expense of the client.
- 2.2 The identified circumstances are the following:
 - a. Generally offering client advisory services that are based on the particular interest of a specific client/group of clients;
 - b. Saxo Capital Markets may provide advice to third parties whose interests may be in conflict or competition with other clients' interests;
 - c. Saxo Capital Markets may have an interest that is reverse to clients' transactions, e.g. when clients trade in markets where Saxo Bank Group acts as a market maker;
 - d. Saxo Capital Markets, its employees (including analysts) and related legal persons may have, establish, change or cease to have positions in securities, foreign exchange or other financial instruments covered by a recommendation;
 - e. Saxo Capital Markets may have an interest in maximizing trading volumes in order to increase its commission revenue, which is inconsistent with the client's personal objective of minimizing transaction costs;
 - f. White Label Partners ("WLPs") may have other interests than Saxo Capital Markets and/or their clients;

- g. Introducing Brokers may have other interests than Saxo Capital Markets and/or their clients;
- h. Asset Managers may have other interests than Saxo Capital Markets and/or their clients;
- i. Representatives of Saxo Capital Markets may be aware of large client orders to acquire or dispose of a large quantity of a particular financial product and either Saxo Capital Markets or its representatives purchase (or sell) the financial product (derivative) beforehand.

3. INVESTMENT RESEARCH

- 3.1 "Investment research" is defined very broadly in the Rules as a document (other than a personal recommendation) which contains one or more of the following:
 - a. the results of research into a designated investment product or its issuer;
 - b. analysis of factors likely to influence the future performance of a designated investment product or its issuer; and
 - c. advices or recommendations based on those results and that analysis.
- 3.2 Saxo Bank Group operates a Research unit of analysts (the Strategy Team) who are committed to providing first-rate and value-added service to both internal and external clients (i.e. internal departments and clients). Saxo Capital Markets is also committed to professionally managing potential conflicts of interest which may arise between its constituent businesses, including potential conflicts between its Strategy Team, Sales and Trading businesses accordingly.
- 3.3 In order to manage possible conflicts of interest, Saxo Capital Markets maintains processes, procedures and organizational arrangements, which are referred to hereinafter.
- 3.4 Critical arrangements of Saxo Capital Markets' Policy for managing conflicts of interest include the following:
 - a. Analysts do not report directly to a business unit whose commercial interests may conflict with the interests of clients;
 - b. Analyst compensation is derived from the overall profits of Saxo Bank Group, not from specific desks or specific transactions;
 - c. Research publications are internally distributed exclusively at the same time as they are distributed to clients. Research analysts do not provide Trading and Distribution personnel with advance knowledge of the timing and content of forthcoming publications;

- d. Research analysts are appraised independently from Trading and Distribution businesses;
- e. Saxo Capital Markets has put in place controls and procedures (including where necessary physical separation) to regulate and, where appropriate, prohibit the flow of information between Research, Trading and Distribution;
- f. Trading personnel are not permitted to review sections of publications containing recommendations, research summary, price targets or value recommendations, even to verify factual accuracy, prior to publication.

4. ANALYSTS' ACTIVITIES

- 4.1. To ensure the proper functioning of this Policy, analysts are required to disclose all personal interests relevant to their research functions.
- 4.2 Analysts are required to comply with our rules and procedures on personal account dealing.



This policy is effective from April 1, 2009 and shall remain effective until a more recent version is released.
The prevailing version of the policy is always available at www.saxomarkets.com.sg

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