

# Conflict of Interest Policy



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# Conflict of Interest Policy

## 1 INTRODUCTION

- 1.1 This Policy is not intended to add to or create any duties, obligations or third party rights that would not already exist by the express terms governing Saxo's relationship with any client or prospective client, or pursuant to mandatory requirements of any relevant or applicable law if this Policy did not exist., and does not form part of any contract between Saxo and any client or prospective client. Therefore, nothing under or pursuant to this Policy is intended to mean or imply that Saxo owes you any fiduciary responsibilities over and above either (a) the strict and mandated regulatory and legal requirements placed upon Saxo under any relevant or applicable laws; or (b) what has been specifically agreed by you as a Client in agreeing to the General Business Terms of Saxo governing the terms of your relationship with Saxo.
- 1.2 This Policy is a supplement to Saxo's overall general obligation to act with integrity and fairness, both towards its clients and its counterparties.
- 1.3 Saxo is committed to professionally managing potential conflicts of interest which may arise between its constituent businesses.
- 1.4 This Policy is available to clients on Saxo's Website. Saxo reserves the right to amend or supplement this Policy at any time.
- 1.5 References to Saxo in this Policy shall include Saxo and/or its associates, where applicable.
- 1.6 Heads of the different business sections in Saxo are responsible for identifying, preventing and managing conflicts of interests in their section.
- 1.7 As a preventive measure the organisational setup will be ongoingly assessed and to the extent possible and where deemed proportionate the organisational setup in Saxo will be ongoingly changed to prevent potential conflicts of interest.
- 1.8 Capitalised terms not defined herein but used in this Policy shall have the same meanings as defined in the General Business Terms.

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

- 2.1 Saxo hereby identifies and discloses a range of circumstances which may give rise to a conflict of interest and potentially but not necessarily be detrimental to the interests of one or more clients, incl. client's sustainability preferences if any. Such a conflict of interest may arise if Saxo, or any person directly or indirectly controlled by Saxo or its associate (e.g. Saxo Bank A/S), or a client, is likely to make a financial gain, or avoid a financial loss, at the expense of a client. Where deemed proportionate and necessary, organisational and/or structural preventive measures will be taken. Saxo will manage conflicts of interest fairly.
- 2.2 Saxo has identified the following circumstances which may give rise to a conflict of interest:
  - (a) Saxo may provide advice to clients whose interests may be in conflict or competition with other clients' interests;
  - (b) Saxo may have an interest that is contrary to clients' transactions, e.g. when clients trade in markets where Saxo acts as a market maker or when Saxo wishes to invest in the same instrument as a client;
  - (c) When acting as market maker Saxo may manage its own risk by hedging in the market which may affect market levels and thus affecting client levels including stop-loss levels. Furthermore, Saxo may profit from its hedging activity even though the client's transaction declines in value;
  - (d) Saxo, its employees and related legal persons may have, establish, change or cease to have positions in securities, foreign exchange or other financial instruments covered by an investment recommendation or advice;



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- (e) Saxo's portfolio managers may trade in securities or other financial instruments on behalf of the clients knowing that the trades will be beneficial to Saxo's, its employees' or related persons' positions in the same instruments;
- (f) Saxo 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;
- (g) Saxo's bonus scheme may award its employees based on the trading volume etc.;
- (h) Saxo may receive or pay inducements to or from third parties for the referral of new clients where the amount of remuneration is based on the fees earned from the clients; and
- (i) Saxo, its employees and related legal persons may have interests in business competing with Saxo's clients.

## **3 REGISTRATION OF CONFLICTS OF INTEREST**

- 3.1 Saxo maintains a register of the investment services and activities and ancillary services carried out by or on behalf of Saxo which have given or could give rise to a conflict of interest, which may be detrimental to the interests of one or more clients. The information in the register facilitates the management of conflicts of interests and potential conflicts of interest.

## **4. MANAGING CONFLICTS OF INTEREST**

- 4.1 In order to manage possible conflicts of interest, Saxo maintains processes, procedures and organizational arrangements, which are referred to hereinafter.
- 4.2 Critical arrangements of this Policy include the following:
- (a) All employees are bound by professional secrecy and confidential information is only to be shared if essential for performing a job function;
  - (b) All employees are at all times bound to act loyally to Saxo and be in full compliance with its procedures;
  - (c) All employees are obliged to immediately inform Saxo of any interests the employee or the employee's related legal persons may have in any business competing with Saxo or Saxo's clients and which could give rise to a potential conflict of interest;
  - (d) All employees receive instructions and guidance regarding managing of conflicts of interest;
  - (e) Saxo is primarily a trading facilitator and will in general hedge all client orders on either a one-to-one or aggregated basis. For this reason Saxo will in general neither have any financial gain nor any other gain by situations where customers experience losses as a consequence of market movements;
  - (f) Saxo will only hedge for such purposes and in a manner that is not meant to disadvantage the client or disrupt the market;
  - (g) All clients are to be treated fairly and with transparency;
  - (h) Saxo aims at distributing research publications to clients, prospective clients and other third persons for information and educational purposes as part of its investment management activities and in circumstances in which Saxo will not reasonably be expected to have a material influence on a client's or a third person's investment decision;



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- (i) Research publications/recommendations contain information on any material interests or conflicts of interest that Saxo or its related legal persons or the research analyst responsible for the publication/recommendation has in relation to the securities or the issuer to whom the publication/recommendation pertains and information on Saxo's organizational and administrative arrangements for managing conflicts of interest in connection with such publications/recommendations. Employees who issue such publications/recommendations need to wait at least 24 hours from the time of the publication before they trade the security themselves;
- (j) Research publications/recommendations are internally distributed exclusively at the same time as they are distributed to clients. Research analysts do not provide Trading personnel with advance knowledge of the timing and content of forthcoming publications/recommendations;
- (k) Trading personnel are not permitted to review sections of publications containing re-commendations, research summary, price targets or value recommendations, even to verify factual accuracy, prior to publication;
- (l) All employees are bound by Saxo's rules and guidelines for employee trading as in force and effect from time to time;
- (m) Saxo's bonus scheme is compounded of several elements and each trade related element does not alone affect the bonus significantly;
- (n) All representatives of Saxo hold a license if a license is required for performing the business in the country where the representative is registered; and
- (o) Saxo monitors internal reporting and the effectiveness of its policies and procedures for managing conflicts of interest.

## 5. DISCLOSURE OF CONFLICTS OF INTEREST

- 5.1 If the measures in place are not sufficient to avoid or manage a conflict of interest relating to a client, Saxo will disclose the conflict of interest before undertaking further business with the client. Such disclosure will happen as soon as possible and must always be in writing.

## 6. REVIEW

- 6.1 This Policy is reviewed on a regular basis.