

## Summary of Conflicts of Interest Policy

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### 1. Introduction

Swissquote Bank Europe SA (hereafter "the Bank") offers a variety of financial services which can give rise to conflicts of interest potentially affecting the interests of our clients and the Bank or improperly influencing the performance of employees' duties and responsibilities.

Our primary concern is to best service the interests of our Client fairly and correctly.

In accordance with applicable laws and regulations, the Bank maintains and operates effective organisational and administrative arrangements with a view to taking all reasonable steps to detect, prevent, monitor and manage any conflicts of interest that may arise in connection with the Bank's activities with our clients.

A conflict of interest is any situation in which a person or organisation is involved in an interest (financial or other) which could adversely influence the motivation or decision-making of that person or organisation to act in the best interest of the clients or the organisation.

The key information of the Bank's Conflicts of Interest Policy is summarised below.

### 2. The Bank's Conflicts of Interest Policy

Protecting the interests of our Clients is the Bank's primary concern. The Bank's Conflicts of Interest Policy sets out how the Bank:

- identifies circumstances which may give rise to a conflict of interest that entails a material risk of damage to clients' interests;
- establishes appropriate mechanisms and systems to manage such conflicts; and
- maintains systems in an effort to prevent damage to client interests derived from specific examples. The measures adopted to manage conflicts are summarised below. The Bank considers them appropriate to its intent to take reasonable care that, in relation to each identified potential conflict of interest, it acts impartially and avoids any material impact to the client's interests.
- maintains records of such conflicts of interest (including potential conflicts of interest).

The Bank's interests include the interest of managers, employees, directors or any person directly or indirectly linked to the Bank by control.

### 3. Conflicts of Interest covered

'Conflicts of interest' are impossible to rule out.

The various situations that may give rise to conflicts of interest are summarised below:

#### ■ **Between the Bank and its clients**

##### **Conflicts relating to treating clients fairly**

The Bank might make a financial gain or avoid a financial loss at a client's expense.

For example, if the Bank provides a service to the client and if it has a material interest, relationship or arrangement in the transaction, product or service, then the decisive factor is whether the Bank will make a profit or avoid a loss to the client's disadvantage.

##### **Conflicts relating to competing with clients**

The Bank has the same business activity as a client.

##### **Conflicts related to multiple involvements which create conflicts of interest between the Bank's obligations**

The Bank may simultaneously provide services in different business areas, such as credit services and services relating to the issuance of financial instruments and this may give rise to conflict of interest

#### ■ **Between clients or a group of clients of the Bank**

The Bank might have a client or group of clients where the interests of the different parties are materially opposed.

■ **Between the personal interests of staff members of the Bank and the interests of the Bank or its clients where those interests may be different**

Conflicts of interest may also arise between an employee and a client because of an employee's outside business activities or personal investments, which may affect his ability to perform his work objectively.

An internal dispute between the Bank and its parent company may result in a conflict of interest that is detrimental to the Client.

■ **Between a third party and the interests of the Bank or its related parties where those interests may be different**

The Bank might have an interest in the result of a product and/or service provided to a client or a group of clients and this interest differs from that of this client/group of clients.

The Bank might receive financial or non-financial benefits to prioritise the interests of a client or group of clients over the interest of another Client or group of Clients.

The Bank has identified potential conflicts of interests across its business areas. Conflicts of interest may be business-related or personal.

They may include the following:

- Providing services in different capacities at the same time, e.g., credit services and services for the issue of financial instruments;
- Situation where the Bank acts as a distributor of an investment product or service manufactured by the Bank/Group;
- Trading or dealing in financial instruments which the Bank transacts for its clients;
- Holding confidential information on other clients which, if the Bank were to disclose or use inappropriately, would affect the services provided to them;
- Use of a personal account by an employee to deal ahead of a customer order or in advance of research publication (front running);
- Accepting gifts or entertainments that could be considered as conflicting with the Bank's duties towards its clients;
- Staff members pursuing activities outside the Bank or maintaining personal relationships potentially detrimental to our clients;
- Personal relationships between staff members and clients and additional activities of the Bank's employees outside the Bank that could give rise to a conflict of interest.

#### 4. The measures taken by the Bank

The proper management of conflicts of interest is ultimately a governance and conduct matter. In this regard, the Bank sets out below a high level summary of the measures implemented by the Bank to prevent and deal with conflicts of interest.

The below administrative and organisational arrangements aim to ensure the independence of the Bank towards its clients

- The Bank is not a counterparty for the clients and does not buy from a client and sell immediately to another client of the Bank;
- The Bank is not a market maker or otherwise having a holding or dealing position in any investment;
- The Bank is not sponsoring, underwriting or otherwise participating in, whether previously or concurrently, the issuance of any financial instrument;
- The Bank is not engaged in stock lending activities with client's financial instruments.

Moreover, in order to mitigate the risk of conflicts of interests and to strengthen client confidence, the Bank has taken the following additional measures:

##### **Policies and procedures**

The Bank has adopted policies and procedures throughout its business to manage potential conflicts of interest. Bank employees receive guidance and training in the conflict of interest policy and associated procedures, and are subject to monitoring and review processes.

##### **Information barriers**

Bank employees respect the confidentiality of client information and do not disclose it or use it inappropriately. For particularly sensitive cases, the Bank has established Chinese walls and adopted Chinese wall procedures to prevent any unauthorised exchange of information between employees, and to organise the separation of staff members concerned.

##### **Segregation of duties**

Where the roles of any two departments could, if run together, result in conflicts of interest, they are managed by different senior staff members.

### **Remuneration**

Pay and bonuses are linked to the profits of the Bank or the business or department where an employee works. Pay and bonuses linked to the performance of another department with any possible conflict of interest are always avoided.

### **Inducements**

Inducements (commissions, remuneration and non-monetary benefits) from third parties relating to services provided to clients are acceptable to the Bank only if the inducement is disclosed to clients and if it is for the payment of a normal fee or commission to preserve or enhance the quality of services to clients, and does not impair the Bank's duty to act in the best interests of our clients.

### **Personal account dealing**

In order to prevent conflicts arising from the use of information obtained from clients, (and market abuse in general), all employees are subject to personal account dealing rules and declarations.

### **Staff activities outside the Bank**

The Bank employees are subject to rules designed to avoid conflicts of interest with activities they undertake outside the Bank. External engagements that might negatively affect an employee's work duties or the Bank in general are not allowed regardless if they are performed in the role of an employee, private individual or in any other role.

### **Gifts**

The Bank employees will not accept any gifts other than those considered normal in their line of business. Excessive gifts from Clients may result in a conflict of interest, which the Bank is committed to avoiding.

### **Declining to act**

The Bank may decline to act for a client in cases where it believes a conflict of interest cannot be managed effectively.

### **Outsourcing and Services Agreement**

With regard to the third parties performing some activities delegated by the Bank, their adherence to principles of appropriate management of conflicts of Interest are controlled and documented in the context of the due diligence audits and outsourcing controls. The Bank will further ensure the oversight and monitoring of specific conflicts of interest resulting from the business model and operational setup. In addition, the Bank also considers actual or potential future conflicts of Interest when outsourcing activities internally within the Group. In this respect, the Bank has concluded an agreement with Swissquote Bank which details how conflicts between the Bank and the group should be remediated and which sets out expectations of how conflicts of interest in general should be resolved.

### **Conflict of Interest Register**

The Bank identifies all circumstances and situations relating to its business activities that may constitute or give rise to an actual or potential conflict of interest. Such record shall include the measures taken to manage these conflicts and will be used to update and modify the conflicts of interest policy. All material conflicts of interests are listed in a conflicts of interest register. The Board of Directors receive on a frequent basis, and at least annually, written reports on situations registered in the conflicts of interest register.

### **Culture of integrity**

Senior Management promotes within the Bank a culture of integrity where employees have a duty to be watchful for potential conflicts of interest. In addition, Senior Management is dedicated to taking all reasonable steps to assist in the management and remediation of potential or current conflicts of interests. Training and education is regularly delivered to employees to educate and reinforce the Bank's culture of integrity and requirements regarding conflicts of interest.

**Whistleblowing**

Employees are encouraged to make use of the anonymous “whistleblowing” mechanism that is available to all employees of the Bank, details of which appear in the Whistleblowing Policy.

**Internal Control**

Internal control procedures are put in place in order to ensure that the adopted measures are duly applied. The Chief Compliance Officer controls and monitors all measures, applicable laws and regulations.

**Disclosure**

Notwithstanding the above, disclosure shall be a measure of last resort where there is no other way of managing a conflict, or where the measures in place do not sufficiently protect the Client’s interests. The conflict will be disclosed to affected clients in a clear, fair and accurate manner to allow them to make an informed decision on whether to continue using the Bank’s services in the given circumstances.

**5. More information**

In case of doubts about non-compliance with the Bank’s conflicts of interest policy or for further enquiries, please contact us at [coi@swissquote.lu](mailto:coi@swissquote.lu)

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