


Summary Conflicts of Interest Policy



01 November 2017

1. Introduction

MUFG Bank (Europe) N.V.¹ (hereinafter: “MBE”) provides a range of financial services in the EU area. This may, from time to time, give rise to situations where MBE or its affiliated group companies (together: “MUFG Group”) have interests which conflict with the interest of its clients or counterparties, or where conflicts arise between MBE’s clients.

This document sets out MBE’s policies for identifying, preventing and managing conflicts of interest that may arise in the course of providing a service to our clients and those conflicts that may entail material risk of damage to the interests of a client or counterparty. It also sets out the procedures and measures that have been implemented to manage those conflicts.

2. Limitations

This document is prepared and published in order to comply with Directive 2014/65/EU on Markets in Financial Instruments (hereinafter: “MiFIDII”) and is not intended to create third party rights or duties or to form any part of any contractual agreement between MBE and any client. This document may be reviewed and amended at any time.

3. Policy

MBE has established a written conflicts of interest policy to manage all conflicts. The policy sets out the procedures and controls used to identify and appropriately deal with potential or actual conflicts of interest.

4. Identification

To effectively manage conflicts of interest, MBE has measures and controls in place to identify potential conflicts of interest and has taken steps to identify conflicts of interest that may arise in the course of providing regulated activities or services to its clients. Conflicts could occur between:

- MBE² and a client of the firm; or
- Two or more clients of MBE;

MBE uses the following criteria to identify potential conflicts of interest that could arise. The MUFG Group or an employee:

- I. is likely to make a financial gain, or avoid a financial loss, to the expense of the client;
- II. has an interest in the outcome of a service provided to the client or of a transaction carried out on behalf the client, which is distinct from the client’s interest in that outcome;
- III. has a financial or other incentive to favour the interest of another client or group of clients over the interests of the client;
- IV. carries on the same business as the client; or
- V. receives or will receive from a person other than the client an inducement in relation to a service provided to the client, in the form of monies, goods or services, other than the standard commission or fee for that service.

Once a conflict has been identified, controls are implemented to ensure it is appropriately managed.

¹ References to MBE include any of its branches, as applicable.

² “MBE” includes managers, employees, appointed representatives or tied agents, or any person directly or indirectly linked to MBE by control.

5. Potential Conflicts

MBE and MUFG Group is involved in a wide range of corporate finance business and investment banking activities, including corporate advisory and capital markets activities. MBE has identified a range of circumstances which may give rise to a conflict of interest that may, potentially but not necessarily, be detrimental to the interests of one or more clients.

The following are examples of potential conflicts that may arise as a result of the diverse nature of MUFG Group businesses:

- MUFG Group businesses may provide corporate finance advice to clients who are direct competitors to one another;
- MUFG Group businesses may provide corporate finance advice to one corporate client and subsequently, when that corporate client becomes a target for a bid, we may also seek to act for the bidder;
- MUFG Group businesses may provide advisory and financing services to one client in respect of a bid and seek to provide financing services to another client in respect of the same bid;
- where MUFG Group businesses act as the syndicate agent for a financing arrangement for a client and MUFG corporate finance team is looking to advise either that client as acquirer or another firm targeting that client;
- MUFG Group businesses may deal, as principal, or be registered as a market maker in investments that are the subject of services we provide to other clients;
- MUFG Group businesses may be the lending banker to an issuer of investments that are the subject of services provided to other clients;
- MUFG Group businesses may provide corporate advice to clients whose interests may be in conflict or competition with other clients' interests;
- MUFG Group businesses may have an interest that is contrary to clients' transaction i.e. MUFG Group businesses may manage our own risk by hedging in the market which may affect market levels and thus affecting client levels including stop-loss levels. Furthermore, MUFG Group businesses may profit from the hedging activity even though the client's transaction declines in value;
- MUFG Group businesses may receive or pay inducements to or from third parties, mostly member of the group, for the referral of new clients where the amount of remuneration is based on the fees earned from the clients.

6. Prevention and Management

MBE procedures to prevent and manage conflicts of interests include a number of organisational and administrative arrangements to safeguard the interests of clients and minimise the potential for conflicts to arise.

Examples of the arrangements put in place by MBE to manage conflicts include (but are not limited to):

- Procedures to restrict the flow of confidential or inside information within the MUFG Group (such as Information Walls) including, where applicable, physical separation and system access restrictions.
- The segregation of duties and supervision for persons engaged in different business activities including procedures for ensuring appropriate communication between businesses, for example restricting communications between Sales and Trading employees, preventing simultaneous or sequential involvement of relevant employees in activities that may arise in conflicts of interest.
- The maintenance of a restricted list, which prohibits the execution of certain transactions, providing of investment advisory services or production of investment research.
- Personal account dealing restrictions applicable to all staff, and their connected persons, regardless of seniority. Restrictions include pre-trade approval, minimum holding periods and the operation of staff trading-windows for MUFG Group investments.

- A Gifts, Entertainment and Inducement policy including a gifts and entertainment register recording the solicitation, offer or receipt of certain benefits.
- An outside business interest policy, including the requirement for all staff to declare and in some cases pre-clear their outside business interests.
- The provision of training to all employees of MBE on conflicts of interest management.
- A remuneration policy and independent remuneration committees to remove any direct link between the remuneration of relevant employees engaged in one activity and the revenue generated by another, where a conflict may arise in relation to those activities.

7. Disclosure

Where MBE does not consider that organisational arrangements to manage conflicts (such as those outlined above) are sufficient to manage a conflict, MBE:

- May choose to disclose specific conflicts to clients and to ask for their informed consent to continue to act, notwithstanding the existence of any such conflict.
- May decline to act. This may happen where the MUFG Group is already acting for one customer. It may be inappropriate for us to undertake business for another customer if we are not in a position to manage the conflict of interest on a reasonable basis or are precluded from doing so by a legal or regulatory constraint.

MBE monitors compliance with its conflicts of interest policies and procedures and periodically reviews its business to ensure conflicts of interest have been identified and appropriate controls implemented to manage those conflicts of interest.

8. Contact

Should you have any questions with regards to this policy, please contact your Relationship Manager.