



SUMMARY OF THE POLICY FOR MANAGING CONFLICTS OF INTEREST

INTRODUCTION

Newedge Group (hereafter “Newedge”) is a global Investment Service Provider having branches and subsidiaries in and outside EU. In accordance with its authorizations, Newedge provides execution and clearing services, as well as ancillary services to its clients.

As such, it may from time to time have interests which conflict with its clients’ interests or with the duties that it owes to its clients. These include conflicts arising between the interests of Newedge Group, its associates and employees on the one hand and the interests of its clients on the other and also conflicts between clients themselves.

Newedge has adopted a Conflicts of Interest Policy which applies to all employees and to Newedge activities. As part of the Policy, Newedge seeks to minimize conflicts and potential conflicts of interest and if conflicts do arise, Newedge seeks to manage them fairly and in the best legitimate interest of its clients.

In addition, in accordance with the requirements of European Directives and the local rules and regulations about the Markets in Financial Instruments (“MiFID”), Newedge has established procedures which are designed to identify and manage conflicts of interest.

The purpose of this summary document is to set out Newedge Group’s approach for identifying and managing conflicts of interest which may arise in the course of its business activities.

WHAT ARE CONFLICTS OF INTEREST?

There may be instances in which a conflict of interest may arise during the course of providing services to clients.

A conflict of interest under MiFID is a conflict that arises when Newedge or its associates, in the course of providing services to its clients, may benefit (or another client of Newedge may benefit) to the detriment of another client.

Conflicts of interest may arise in relation to providing investment services where Newedge, its group companies, Newedge’s or its group companies directors, employees, affiliates, or any person directly or indirectly linked to Newedge or its group companies:

- (i) is likely to make a financial gain, or avoid a financial loss, at 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 of 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;
- (v) receives or pays money or non-monetary benefits like goods or services from or to a third party other than the standard fees and commissions.

The main categories of potential conflicts involve:

- (i) The interests of Newedge may conflict with those of a client;
- (ii) The interests of one client of Newedge may conflict with those of another Newedge client;
- (iii) The interests of an employee or other person linked to Newedge may conflict with the interests of a client;
- (iv) The interest of the parent companies of Newedge may conflict with those of a client of Newedge.

IDENTIFICATION OF CONFLICTS OF INTEREST

Newedge Group seeks to identify circumstances which might give rise to a conflict of interest through periodic review of business activities and specific transactions. Senior Management of Newedge is ultimately responsible for the implementation of appropriate procedures to ensure that potential conflicts are identified and managed.

Examples of potential conflicts of interest include:

- (i) Newedge engaging in proprietary trading based on the confidential information of a client and/or trading using the confidential information of a client to the disadvantage of a client;
- (ii) Newedge placing the interests of one client ahead of another client to the detriment of one or more of the clients;
- (iii) Newedge employees trading for their personal accounts based on the information of client transactions;
- (iv) Newedge employees engaging in outside business interests that may be to the disadvantage of Newedge or its clients;
- (v) Newedge issuing investment research which is in conflict with the manner in which it is engaged in its own proprietary trading;
- (vi) Newedge employees providing wrongful inducements to employees of clients in order to increase the business activities of Newedge to the disadvantage of the client; and
- (vii) Newedge using affiliated entities to execute client transactions at rates that may be higher than if Newedge used third parties.

CONFLICT MANAGEMENT PROCEDURES

Newedge Group maintains and operates organisational and administrative procedures to prevent or mitigate conflicts of interest. As it is required by the MiFID, Newedge maintains a Conflicts Register where all identified conflicts and related mitigating measures are documented.

Newedge mitigates certain conflict of interest by limiting certain of its activities. For example, Newedge:

- (i) does not issue investment advice;
- (ii) engages in only limited proprietary trading activities;
- (iii) does not issue formal research; and
- (iv) does not engage in portfolio management services.

The following are additional examples of measures and controls adopted by the Newedge Group to prevent and mitigate conflicts of interest:

1) Principles of Conduct

Newedge has adopted Principles of Conduct which apply to all employees. These Principles require Newedge and its employees to put clients' legitimate interests first. These Principles are intended to prevent and mitigate conflicts of interest by placing client interests first;

2) Internal Conflicts of Interest Policy

Newedge has adopted a Conflicts of Interest Policy which applies to all employees and includes identification, prevention and management of conflicts of interest. The Policy identifies certain activities that may present conflicts and provides guidance on how to effectively manage;

3) Personal Account Dealing Policy

Newedge has adopted a Personal Account Dealing Policy which applies to all employees. Employees are required to identify personal trading accounts and are prohibited from engaging in certain types of transactions for their personal accounts;

4) Outside Business Activities

Newedge has adopted a policy with respect to outside business activities which applies to all employees. Employees are required to identify and obtain approval to engage in certain types of outside business interests;

5) Confidential Information

Newedge has adopted a policy which applies to all employees and addresses the use of confidential information. Employees are prohibited from disclosing confidential information and from using such information for their own interests;

6) Information Barriers

Where appropriate Newedge imposes information barriers including physical separation, electronic segregation, and wall crossing procedures to prevent the use of confidential information. Information barriers are intended to prevent conflicts of interest by limiting access to certain types of confidential information;

7) Escalation

Newedge has in place escalation procedures for employees to notify Senior Management of instances of non-compliance with regulatory requirements and Newedge policies. Escalation is intended to provide employees the ability to highlight issues in a timely manner to enable Senior Management to effectively address;

8) Investment Research

Newedge engages in limited research activities and has policies to prohibit trading ahead of the issuance of research reports. Conflicts are mitigated due to the fact that Newedge does not advise clients on investments;

9) Gifts and Inducements

Newedge has in place a Gifts and Entertainment Policy which applies to all employees. Wrongful inducements are prohibited. Employees are further prohibited from giving or receiving gifts above a certain amount;

10) Remuneration

Senior Management and Human Resources at Newedge are responsible for determining remuneration of employees and to ensure that any conflicts are addressed. Newedge has separate business lines which are separately supervised and employees of one business line are not remunerated based on the business generated in another business line;

11) Proprietary Trading

It is the policy currently of each of Newedge Group's four global business lines not to permit classic proprietary trading as such term is commonly applied in our industry. Specifically, at this time, the Firm does not permit staff to invest proprietary funds to express a market view. In addition, Newedge does not act as a dealer, market maker or specialist in any asset class. Newedge's primary function is that of a broker; executing and clearing trades across multiple asset classes on an agency or riskless principal basis. Thus, Newedge does commit Firm capital to hedge or otherwise facilitate customer orders.

In addition, the Firm's Treasury Department, independent of any customer trading desks, invests proprietary funds as part of its normal Treasury function. The Firm has in place controls to mitigate any conflicts that may arise from such activities.

12) Training and Supervision

Newedge requires all staff engaged in activities that require registration to participate in ongoing training which includes reminders of the importance of client interests.

When the Newedge Group considers that its organisational and administrative procedures may not be sufficient to prevent the risks to its clients that may result from conflicts of interest, it will endeavour to disclose the general nature and/or source of conflicts of interest to the client. In exceptional cases, Newedge Group may decline to act.

This document is not intended to, and does not, create third party rights or duties that would not already exist if the document had not been made available, nor does it form part of any contract between the Newedge Group and any client. Further information about this summary document is available upon request.