



# Conflict of interest management policy at DB Securities S.A.

## Information for the Clients

### GENERAL PROVISIONS FOR CONFLICT OF INTEREST MANAGEMENT

I. DB Securities S.A. (DBS) shall inform that it aims at avoiding conflicts with its Clients by adopting organisational solutions and internal regulation at DBS. DBS shall keep due diligence to prevent a violation of Client's interests in the event of such conflict of interest shall occur. These principles for conflict management are specified by general provisions for preventing the conflict of interests, binding at DBS.

II. DBS and entities from the Deutsche Bank capital group render a wide range of services at the capital market to the variable group of entities, in particular they could or can in relation to financial instruments, being the subject of Client's orders, carry out reverse orders, perform functions of a market maker, offer financial instruments, buy or sell instruments on the personal or third party account, and could or can execute transactions on such instruments, as well as render services for managing financial instruments, render brokerage services and services in respect of investment banking on behalf of financial instruments issuer, where financial instruments are or may be the subject of Client's investment, may act as a firm commitment underwriter or investment underwriter within the framework of financial instruments offer, as well as in merger and take-over transactions, and other activities regarding issuers of financial instruments, in relation to the financial instrument being the subject of Client's interest, be issuers of financial instruments, or be related to issuers of financial instruments, and receive remuneration and/or commissions therefrom and produce profit.

#### 1. Initial regulations

##### 1.1. Introduction

Conflict of interest management principles shall relate to potential conflicts of interests between 'the Client' and 'DBS', 'Client – Client', 'Client - Entity of Deutsche Bank capital group', and "Client - DBS Employee'.

##### 1.2 Terms defined for this Policy

###### 1.2.1. DBS Client

A DBS Client shall be a natural person or organisational unit without legal personality, on behalf of which the Brokerage House renders or shall render services.

###### 1.2.2. Provisions of law binding DBS to manage the conflict of interest

Directive of the European Parliament and of the Council 2004/39/EC on Financial Instrument Markets and executive act thereto

Act on financial instruments trading of 29 July 2005 (Journal of Laws Dz.U. of 2005 No. 183 item 1538 with later amendments)

Regulations of the Polish Minister of Finances on the mode and conditions of proceedings for investment companies and banks, quoted in Article 70 section 2 of the Act on financial instruments trading and custodian banks of 20 November 2009 (Journal of Laws of 2009, no. 204, item 1577)

Regulations of the Polish Minister of Finances on specifying detailed technical and organisational conditions for investment companies and banks, quoted in Article 70 section 2 of Act on financial instruments trading, and custodian banks, and conditions of assessing the internal capital by the brokerage house (Journal of Laws of 2009, no. 204, item 1579)

###### 1.2.3. Conflict of Interest

Conflicts of interest shall be circumstances, known by DBS, that may lead to the creation of contradiction between the interest of DBS, other entities from the capital group where DBS belongs to, person related to DBS, and obligation to act by DBS reliably, with a consideration of the best interpreted interest of the Client of this FI, as well as circumstances known to FI that may lead to contradictions between the interests of a couple of DBS Clients.

#### 1.3 Conflict of interest management



DBS shall carry out conflict of interest management in three stages. Stage one, assumes in general to avoid situations which might threaten with a potential conflict. Stage two, shall be organisational actions undertaken by DBS, which institutionally prevent a conflict of interest. If those two stages shall not eliminate the conflict of interest risk effectively, stage three shall be disclosing a risk in a given case of conflict of interest to the Client, and depending further DBS actions from the Client's decision.

## **2. General organisational resources and internal regulations for preventing a conflict of interest**

The Brokerage House provides binding regulations that serve an active conflict of interest management. Such regulations include, in particular:

- a) Organisational Regulation of DBS, specifying the scope and partition of competences of individual DBS organisational units;
- b) Regulation for controlling the flow of confidential information and information constituting the DBS professional secrecy;
- c) Regulation on investing by DBS employees, board members, and supervisory board on their personal account.

### **2.1. Internal regulations**

DBS introduced principles which counteract manipulation and utilisation of confidential information at the organisational level. The organisational resource shall be in particular creation of "Chinese walls", meaning information barriers that disallow for an uncontrolled flow of information between individual DBS organisational units or employees, conducting an Observation List and Restriction List.

"Chinese walls" divide individual DBS organisational units, separated pursuant to the Organisational Regulation. Should there be a justified risk for a conflict of interests, "Chinese walls" shall be created also in reference to a specified project on behalf of the Client by a Board Member or Project Manager among the DBS employees engaged in a given project.

### **2.2. Recommendations and analyses**

DBS undertook respective actions and organisational resources aiming at counteracting, detecting, and managing a conflict of interest, in relation to drafting recommendations and analyses by entities from the DBS capital group. In the event of drafting recommendations or analyses by DBA, potential conflicts of interest regarding a specific recommendation or analysis which shall be made public or for a wide range of people, shall be disclosed in a recommendation or analysis, or in a document enclosed thereto.

### **2.3 Commissions (incentives)**

Further to rendering brokerage services, the Brokerage House cannot accept or grant any benefits, other than the standard commission or fee for a given service, unless this serves to increase the quality of a service rendered on behalf of a Client. Accepting or granting a commission cannot be contradictory to due performance of a service in the Client's interest, and the very fact of its acceptance or granting, its type and size must be made public to the Client prior to commencing to render services, comprehensively, intelligibly, and clearly.

### **2.4 Principles on executing orders (Best Execution principle)**

DBS accepted and implemented a Policy on Order Implementation and Actions in the Best Interest of the Client at DBS, based on which Client's orders are handled and carried out.

## **3. Special organisational resources**

### **3.1 Other functions**

DBS accepted and implemented resources aiming at counteracting conflicts of interest, and if they occur, to manage them in relation to performing by DBS employees functions beyond DBS. In particular, DBS implemented regulations limiting the possibility to engage DBS employees in carrying out activity beyond DBS, including performing functions in public company entities, especially by imposing an obligation on them regarding disclosure of functions performed in public company entities, and obtaining a consent to perform functions in the time of employment at DBS.



### 3.2. Executing Client's orders

Within the scope of carrying out Client's orders, the conflict of interest may take place when implementing own DBS transactions. DBS accepts and implements principles disallowing to carry out own transactions, based on principles privileged in relation to Client's orders.

Moreover, DBS adopts and implements procedures that disallow to use - when making decisions on transactions performed by DBS on its own account - information about the balance and trading at Client's accounts and other data regarding Clients. Implementation of own orders and Client's orders shall be subject to separate 'Chinese walls'.

### 4. Management of the resulting conflict of interest

If, even for applying the aforementioned procedures in the course of carrying out services, there was a conflict of interest in the light of the best knowledge of DBS, the resources adopted to manage a conflict of interest are not sufficient, DBS shall transmit a relevant information to the Client and shall prevent from rendering a brokerage service by the time of receiving a clear declaration from the Client about continuing or terminating the agreement.

### 5. Supplementary information

These general principles for conflict of interest management shall be subject to periodic verification at least once a year, whereas substantial modifications shall be transferred to Clients through the web page of DBS or in another manner settled with the Client, provided that conditions specified in § 11 section 2 of the Regulations of the Polish Minister of Finances on the mode and conditions of proceeding of investment companies, banks, quoted in Article 70 section 2 of the Polish Act on financial instruments trading, and custodian banks (hereinafter referred to as the "Regulations") are satisfied.

On the Client's demand, he/she may receive, at a data carrier or via the Brokerage House web page, detailed information about the said principles.

**This information shall be information quoted in § 10 section 2 item 10 of the Regulations.**