

# CONFLICTS OF INTEREST POLICY

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## 1 PURPOSE

Solactive is committed to high standards in the administration of Indices as well as to conducting its business with the highest degree of ethics and integrity in order to ensure the accuracy and integrity of its Indices. Although the Indices are generally subject to rule-based processes, Conflicts of Interest may arise in certain situations (e.g. where the exercise of discretion is required in any part of the determination process of the Index, or in case of weak governance regimes). In order to ensure the accuracy and integrity of the Indices, it is necessary to identify and manage existing as well as potential Conflicts of Interest. As such, Solactive maintains several policies, procedures and controls to ensure that all Indices are compliant with the BMR.

## 2 SCOPE

This policy applies to all Solactive employees.

## 3 CONTROLS & PROCEDURES

### 3.1 CONFLICTS OF INTEREST SITUATIONS

Conflicts of Interest may arise in situations where an individual or employee, or a company that is represented by such individual or employee, has a direct or indirect interest (professional or personal) competing with Solactive's activities or the activities of any of Solactive's clients ('Conflicts of Interest').

### 3.2 IDENTIFYING CONFLICTS OF INTEREST

Conflicts of Interest are reviewed on a regular basis, utilizing, *inter alia*, reports from relevant stakeholders, audit reports and minutes of the Oversight Committee. For the purposes of identifying Conflicts of Interest, Solactive and its employees shall take into account whether Solactive or any of its employees:

- carry out the same business as the client;
- have a financial or other incentive to favor the interests of one client over the interest of another client;
- receive, from a person other than the client, any inducement in relation to the services provided to the client;
- work on strictly confidential projects accessible only to a restricted group of people.

All Conflicts of Interest that have been identified are recorded in the Conflicts of Interest Register.

### 3.3 HANDLING CONFLICTS OF INTEREST

Solactive has taken appropriate steps to identify, prevent and manage Conflicts of Interest between its staff (including their managers, employees or any person directly or indirectly linked to them by control) and the relevant clients or users of the Index.



### (a) Organizational Structure

Solactive maintains robust governance arrangements with a clear organizational structure. All roles and responsibilities are transparently defined in order to maintain effective control and avoid Conflicts of Interest.

There are no stock exchanges, asset managers, brokers, banks or any other trading/clearing facilities within the Solactive Group, nor does Solactive issue, market, trade or clear any securities or financial products. As such, Solactive is of the opinion that there are no inherent Conflicts of Interest arising from its corporate or ownership structure in connection with the Indices.

In accordance with the BMR, no employee directly involved in the provision of an Index produced by Solactive may have any interests or business connections that compromise the activities of Solactive.

### (b) Chinese Walls

If a situation arises where two different clients have contrary interests that may lead to a Conflicts of Interest situation, Solactive will ensure that two different employees are involved and no relevant data are exchanged between the relevant employees. Accordingly, Chinese walls are integrated to prevent any potential or existing Conflicts of Interest.

### (c) Solactive Employees

**Awareness of the Conflicts of Interest Policy:** In order to prevent Conflicts of Interest, each employee is required to confirm acknowledgement of the Conflicts of Interest Policy. Furthermore, each employee needs to either confirm that no (potential or concrete) Conflicts of Interest exist for them or disclose such Conflicts of Interest in writing (e.g. any business, commercial or financial interest that might be construed as being in real, potential or apparent conflict with their duties). If the employee is unsure about the qualification of a situation or has any questions regarding the Conflicts of Interest Policy, an email enquiry to the Compliance Officer shall be submitted.

**Awareness of existing and potential Conflicts of Interest:** In principle, the information regarding any Conflicts of Interest situation is based on the information provided by the respective employee. However, under the Solactive Whistleblowing Policy, all employees are able to raise concerns, including potential breaches of the Conflicts of Interest Policy. In the case such concern has been identified by an employee, this employee shall immediately contact the Solactive Compliance Officer via email. In the case such concern is a valid Conflict of Interest, the Compliance Officer will record this Conflict of Interest in the Conflicts of Interest Register.

**Remuneration:** To avoid any Conflicts of Interest, the remuneration of Solactive's employees is not linked (directly or indirectly) to the levels or performance of an Index.

**Training:** All new employees need to participate in the compliance training program. This includes detailed and specific training on potential Conflicts of Interest situations. Employees are required to review the Conflicts of Interest Policy annually.

**Gifts and invitations:** In principle, the company does not prohibit its employees from granting and receiving gifts or invitations. However, this only applies to non-cash presents that do not give rise to Conflicts of



Interest, and where such gift or invitation has been made in accordance with the Compliance Framework. The acceptance and granting of cash presents are strictly prohibited.

Employee dealings: Solactive recognizes that employees dealing on their own personal account could be subject to Conflicts of Interest. In order to manage such potential Conflicts of Interest, Solactive has implemented a process for monitoring of transactions in securities and derivatives, which is specified in the Compliance Framework.

#### (d) Oversight Committee

The Oversight Committee is responsible for decisions regarding any amendments to the rules of the Index. To avoid any potential Conflicts of Interest, members of the Oversight Committee may have restricted voting rights in relation to methodology-related decisions subject to the Terms of Reference of the Oversight Committee.

#### (e) Announcements

Announcements relating to changes in the methodology of an Index are made transparently and simultaneously via different communication channels, where relevant. This ensures that no market participant has information earlier than another that could lead to an unfair market advantage.

## 4 DEFINITIONS

For the purposes of this document, the defined terms used herein shall have the following meaning:

'BMR' means Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and Regulation (EU) No 596/2014.

'Chinese Wall' means the strict isolation of one area of confidentiality (e.g. a business unit, a division or group) from other areas (e.g. trading, sales, or research) by organizational measures (e.g. through physical and personnel separation, autonomous subsidiaries, arrangements of access rights to data, or aliases).

'Conflicts of Interest Register' means a register administrated by the Solactive AG Compliance Department where all potential or existing Conflicts of Interest are recorded.

'Data Provider' means either the provider of the relevant input data or any other third-party data provider.

'Index' (or 'Indices') refers to an index of Solactive as defined in Article 3(1)(1) of the BMR.

'Licensed Index' is an Index that a financial product references and a respective license has been given thereto for using the Index.

'Operations Team' means the team within Solactive that is responsible for the day-to-day maintenance of an Index, including determination and distribution of Index levels, as well as ordinary and extraordinary adjustments, for example, after the occurrence of corporate actions with regard to the constituents of an Index or in the course of the regular rebalancing of an Index.

'Oversight Committee' means a committee composed of staff from Solactive and its subsidiaries that is responsible for decisions regarding any amendments to the rules or any termination of the Index.



'Product Development Team' means the team within Solactive that is responsible for the development of the methodology for determining an Index.

'Solactive' means Solactive AG and its subsidiaries.

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