

CONFLICTS OF INTEREST POLICY

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Compliance

Conflicts of Interest Policy

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1. Introduction

As a financial services provider, the Bank faces actual and potential Conflicts of Interest periodically.

The Bank has commercial interests and at times there is always the risk that it may have interests which conflict with the duty owed to the client. FCA Principle 8 requires firms to manage conflicts of interest fairly, both between itself and its customers and between a customer and another client. FCA rules require a firm to act in a customer's best interests and also in accordance with the requirements under COB 7.1 and SYSC 10. Additionally, under MIFID II firms must endeavour to prevent and avoid conflicts and only where this is not possible may they mitigate the risk through other means e.g. through disclosure.

The Bank's policy is to take all necessary steps to maintain and operate effective organisational and administrative arrangements to identify, mitigate and manage relevant conflicts.

Senior management within the Bank are responsible for ensuring that the Bank's systems, controls and procedures are sufficient to identify, mitigate and manage Conflicts of Interest. Employees of Alpha Bank London Group are responsible for identifying and escalating potential conflicts of interest and are obliged to act in a manner that is not detrimental to the interest of the Bank's clients.

This policy takes into account any circumstance of which we are, or should be aware, that may give rise to a conflict of interest that poses a risk of damage to our clients. This could also arise as a result of the structure and activities of other "Related Parties" within the Alpha Bank AE Group.

2. Objective

This policy specifies the requirement for the Bank at group and local level, to have in place appropriate procedures and measures in order to identify and manage material Conflicts of Interest.

Alpha Bank London Ltd and Alpha Bank AE (the "Bank") conducts its business according to the principle that it must manage conflicts of interest fairly, both between itself and its Clients and between one Client and another.

3. Scope and Definitions

a) Conflict Types

For the purpose of identification, the types of conflict of interest that arise or may arise (in the course of providing a service and whose existence may entail a material risk of damage to the interests of a client) include conflicts between:

- the Bank and a Client;
- a Relevant Person/Related Party and a Client;
- two or more Clients of the Bank in the context of the provision of services by the Bank to those Clients;
- a Bank Vendor and a Client.

b) Clients

For the purposes of this policy, Clients include:

- existing Clients of the Bank;

- potential Clients (where the Bank is seeking individually to enter into a contractual relationship in respect of Regulated Business services); and
- past Clients where fiduciary or other duties remain in place

c) Regulated Business

For the purposes of this policy, “Regulated Business” means all forms of sales and trading activities in securities and derivatives including, custody, corporate finance, lending, deposit taking, and foreign exchange services related to sales and trading activity.

d) Relevant Person

For the purposes of this policy, “Relevant Person” means any of the following:

- a director, partner or equivalent, manager or appointed representative (or where applicable, tied agent) of the Bank;
- a director, partner or equivalent, or manager of any appointed representative (or where applicable, tied agent) of the Bank;
- an employee of the Bank or of an appointed representative (or where applicable, tied agent) of the Bank; as well as any other natural person whose services are placed at the disposal and under the control of the Bank or a tied agent of the Bank and who is involved in the provision by the Bank of regulated activities;
- a natural person who is involved in the provision of services to the Bank or its appointed representative (or where applicable, tied agent) under an outsourcing arrangement for the purpose of the provision by the Bank of investment services and activities;
- an individual or company engaged by the Bank under a contract for services, including contractors regardless of the length of their contract.

e) Related Parties – (Alpha Bank AE definition)

For the purposes of this policy, “Related Parties” refer to the main Shareholders or “Directors” of the Alpha Bank Group who may support their own interests against the interests of the Group. Please refer to Appendix C for a detailed description of Related Parties.

f) Bank Vendor Relationship

For the purposes of this policy, a “Bank Vendor Relationship” means a relationship that the Bank has with a service provider, including but not limited to entities providing outsourcing facilities to the Bank, where services are being provided to the Bank.

N.B. For the purpose of this policy and synergy with the FCA terminology reference to “Relevant Person” will include “Related Parties” as defined in the attached Appendix C by Alpha Bank Group.

This policy applies to all departments within the Bank. It also applies to Relevant Persons. This policy should be used to reference the identification and management of potential Conflicts of Interest and form the basis for any department specific procedures.

4. Rules and Regulations

The Bank’s regulators have issued rules and guidance regarding Conflicts of Interest as set out in paragraph 1 – Introduction. The Bank’s policy is to adhere to such rules and guidance where applicable. This policy sets out the standards that the Bank will meet to comply with

such rules and guidance. It does not replace the Bank's requirement to observe any additional local regulatory requirements when identifying and managing Conflicts of Interest.

5. General Guidance

In identifying Conflicts of Interest, the Bank will consider all of the factual circumstances and the Bank will take into account, inter alia, whether the Bank, Vendor or a Relevant Person:

- is likely to make a financial gain, or avoid a financial loss, at the expense of the Client;
- 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;
- has a financial or other incentive to favour the interest of a Client or group of Clients over the interests of another Client;
- carries on the same business as the Client; and/or
- 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;
- is conducting any activity likely to cause adverse reputation risk to either the bank or its clients.

6. Examples of Potential Conflicts of Interest within Alpha Bank London Ltd

Within a financial institution, Conflicts of Interest may arise in a variety of situations. Areas of concern include:

- personal Lending
- receipt of commissions from third parties
- preferential rates- custody/deposit/loan
- corporate finance
- personal account dealing / outside business interests
- ownership interest
- procurement

Below are non-exhaustive examples of what may be considered typical conflicts of interest that may arise in relation to services provided by the Bank:

- A Bank employee may engage in business and trading activities for his own account and/or Client accounts whilst other Clients are active in relevant markets at the same time.
- The Bank or Relevant Person receives or provides substantial gifts or entertainment (including non-monetary inducements) that may influence behaviour in a way that conflicts with the interests of the Clients of the Bank. The Bank has in place appropriate procedures should the Bank or Relevant Person receive or provide a substantial gift or entertainment to a Client that may be considered an inducement.

- The Bank or relevant person may have a revenue-sharing arrangement and other similar relationship with a service provider/vendor.

7. Identifying and Managing Conflicts of Interest

7.1. Conflict mitigation arrangements

Should a Conflict of Interest arise the Bank will endeavour to eliminate the conflict or if that is not possible mitigate the risk with the conflict issue being managed promptly and fairly. As a minimum standard the Bank has in place arrangements designed to ensure that:

- divisions and legal entities operate with appropriate independence from one another;
- there are effective procedures in place to control the flow of information where, otherwise, the risk of a Conflict of Interest may harm the interests of a Client;
- effective supervisory arrangements, operational procedures and record keeping operate for the identification, escalation and fair management of Conflicts of Interest;
- there are appropriate controls in place to identify and manage cross-board memberships and outside business interests of Relevant Persons;
- in certain situations appropriate disclosure may be made to the Client in a clear, fair and not misleading manner to enable the Client to make an informed decision;
- where necessary, Relevant Persons may be asked to step aside from working on a specific transaction or participating in the management of a potential Conflict of Interest;
- where necessary, Relevant Persons are subject to personal account transaction rules; and other reporting and disclosure arrangements;
- there is periodic review of the adequacy of the Bank's systems and controls including an annual risk assessment and review of the Conflicts of Interest policy.

7.2. Information Barriers

The Bank respects the confidentiality of information it receives about its Clients and operates a "Need to Know" approach and complies with all applicable laws with respect to the handling of that information.

Access to confidential information is restricted to those who have a proper requirement for the information consistent with the legitimate interest of a Client or the Bank.

Alpha Bank London Ltd does not engage in investment research, proprietary trading, portfolio management or provide advice and therefore the need to operate and maintain a true information barrier "Chinese Wall" is not usually considered as necessary. In certain circumstances Alpha Bank A.E. London Branch may have access to price sensitive information in relation to transactions and in such cases appropriate information controls shall be put in place.

7.3 Identification and Management of Potential Transactional Conflicts of Interest

The Bank requires that potential transactional conflicts of interest be considered by senior management and compliance and logged at the earliest possible time and in particular prior to signing a confidentiality letter or mandate; receiving any non-public information or making a commitment, verbal or written, to act for a Client. This is to assist in the identification and management of potential Conflicts of Interest.

In order for the Bank to be in a position to identify potential conflicts, material transactions involving Clients, Relevant Persons or the Bank are logged internally and analysed against existing Bank relationships and transactions. A record of any such conflicts and the means of resolving or mitigating them must be recorded in the Conflicts register.

In managing a Conflict of Interest it may be appropriate to use additional measures in the event that existing ongoing conflicts management measures are not sufficient to adequately manage the potential conflict including the following:

- implementation of ad hoc transaction specific Chinese Walls or other additional information segregation methods following consideration of all of the facts available to relevant management;
- escalation to senior management who have responsibility for the strategy of the Bank and an appreciation of the relationship and reputation risks that may arise;
- declining to act.

7.4 Identification and Management of Potential Staff Conflicts of Interest

The Bank requires that potential conflicts of interest involving employees, directors and contractors be considered by senior management, Head of Human Resources and Head of Compliance. Such conflicts are likely to arise where there is a potential conflict between an individual's personal interests and those of the bank or its clients.

In order for the Bank to be in a position to identify potential conflicts a number of HR and Compliance policies exist which require disclosures to and in certain cases approvals from the bank. More details are found in the Staff Handbook. The bank reserves the right to require a staff member to cease involvement in a business or activity where it considers there is a material conflict.

A record of any such conflicts and the means of resolving or mitigating them must be recorded in the Conflicts register. This is to assist in the identification and management of potential Conflicts of Interest.

7.5. Reporting and Disclosure of potential Conflicts of Interest

7.5.1. General Notification

A duty to report conflicts or potential conflicts apply to all employees, directors and contractors and these should be reported in writing (including by email) at the earliest opportunity to the Head of Compliance.

It should be noted that any conflict notification relating to transactions must be reported pre-transactional and will require approval from the Head of Compliance before the transaction can proceed.

7.5.2. Internal disclosure at Committee Meetings

Any employee, director or contractor is required to disclose at any Board or Committee meeting any conflict of interest which may exist or arise in connection with the matters under discussion at the meeting. The Chairman of the Committee in question may rule that the individual not participate or be excluded from that section of the meeting

7.5.3. Group Policy – Related Party transactions

In compliance with Group Policy there will be an executive committee to approve all Related Parties transactions. To further comply with Group Policy the Bank will adopt the templates provided in that policy. However the Limits section under Out of Scope Transactions within will not apply as local regulations do not contain specific limitations.

8 External disclosure of Conflicts of Interest to Clients and Client Consent

The Bank will aim to avoid conflicts of interest but where that is not possible mitigate those through disclosure to clients and where appropriate will obtain client consent. The Bank has procedures to protect the Client's interests from conflicts that might arise from a firm's own activities. In certain circumstances, if some Conflict of Interest remains and, where permissible by local regulations, disclosure to an affected Client may be made in order to seek Client consent to act. Disclosure will be made of the general nature and / or sources of conflict to enable the Client to make an informed decision. Where such disclosures are made this will be approved by Senior Management and reviewed periodically at the ARCC.

9 Systems and Controls

The bank will operate a system of controls to manage and monitor conflicts of interest, these will include:

9.1 Annual review of Policy and Procedures

At least annually, the Head of Compliance will review the Bank's policy and procedures in regard to Conflicts of Interest and implement any changes to ensure that the Bank complies with regulatory requirements.

9.2 Conflicts of Interest Risk Assessment

At least annually, a Conflicts of Interest risk assessment will be conducted to evaluate the current and ongoing conflict risks that may exist within the bank and to suggest appropriate actions to manage and mitigate those risks. The results of the assessment should be reported to the Management Committee and to the ARCC.

9.3 Conflicts Register

The Bank will keep and regularly update a record of the types Conflicts of Interest that exist entailing a material risk of damage to the interests of one or more Clients has arisen or, in the case of an ongoing Regulated Business service or activity, may arise. The register should also include staff conflicts of interest. The information contained within the register facilitates the effective identification and management of any potential Conflicts of Interest.

9.4 Resolution Process for Conflicts of Interest.

Any and all conflict issues (whether a transactional or staff matter) should be escalated to both the Department Head and the Head of Compliance, and additionally in the case of a staff matter the Head of Human Resource for consideration. Where conflicts are resolved at this early stage the resolution approach should be recorded in the conflicts register. Where the conflict is either material or unable to be immediately resolved it should be escalated to the Chief Executive and if necessary and appropriate to the Board for a final decision which should be recorded in the conflicts register.

9.5 Remuneration Policy

Where the resolution of a conflict would or might impact the remuneration of an employee then the matter must also be referred to the Head of Human Resources and consideration given as to whether the issue complies with the Bank's Remuneration Policy or needs referral to the Remuneration Committee.