

## **INVESTMENT SERVICES DOCUMENT A: CONFLICTS OF INTEREST POLICY**

### **1. Introduction**

The Bank of Cyprus Group (which includes the Bank of Cyprus Public Company Ltd, its subsidiaries as well as its branches, authorised in any member state of the European Economic Area ("EEA")) has established a Conflicts of Interest Policy, in order to fulfil its obligations as to the implementation of effective procedures for the identification, prevention and management of conflicts of interest.

### **2. Scope of Application**

This Policy applies to all investment and related ancillary services (the "**Services**") provided by the Bank of Cyprus Group in accordance with the terms and conditions of the Bank of Cyprus Group's Agreement for the Provision of Investment Services and Activities and Ancillary Services and/or the Client Agreement for Global Custody Services, as applicable, with its clients and which are regulated by the Law (the "**Agreement**"). For the purposes of this Conflicts of Interest Policy, "**Law**" means the Investment Services and Activities and Regulated Markets Law of 2007 (Law 144(1)/2007), as may, from time to time, be amended, replaced, expanded or re-enacted.

Any other capitalised terms in this Conflicts of Interest Policy that have not otherwise been defined herein have the meaning given to them in the Agreement.

### **3. Identification of Conflicts of Interest**

#### **3.1 Definition of Conflicts of Interest**

A conflict of interest is a conflict that may arise in the course of our providing an investment or related ancillary service or a combination thereof to a client of the Bank of Cyprus Group, which may be to the interest of the Bank of Cyprus Group or a relevant person or a person directly or indirectly linked by control to it (or another client for whom the Bank of Cyprus Group is acting) whilst potentially damaging the interests of the client, to whom a Service is provided.

#### **3.2 General Principles**

The Bank of Cyprus Group takes all reasonable measures to identify any conflicts of interest, and for this purpose it determines whether the Bank of Cyprus Group or a relevant person or a person directly or indirectly linked by control to it in the course of providing an investment or related ancillary service or a combination thereof:

- 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 interests of another client or group of clients over the interests of the client,
- carries on the same business as the client,
- 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 commissions or fee for the service.

### **3.3 Potential Conflicts of Interest**

The following are circumstances in which a conflict of interest may arise between the Bank of Cyprus Group and its clients:

- The Bank of Cyprus Group may act for its own account and/or for another client as purchaser and/or seller, and may execute different orders (even contrary to one another) for account of different clients.
- Any director and/or employee of the Bank of Cyprus Group may be a director of or may hold and/or may deal in securities of or may otherwise have an interest in any company, in whose securities the Bank of Cyprus Group effects transactions on behalf of the client.
- The transaction may involve securities, the issuer of which is the Bank of Cyprus Group and/or any other associated company of the Group and/or any client thereof.
- The Bank of Cyprus Group may be entitled to receive any amount in the form of commission or otherwise from any third person who participated in the provision of services.
- Any company of the Bank of Cyprus Group may deal on behalf of the client through any other company in the Group.
- The Bank of Cyprus Group may act as agent for the client in relation to transactions in which it is also acting as agent for the account of other clients and/or of any other company in the Group.
- The transaction may involve securities of any company, for which the Bank of Cyprus Group acts as underwriter, market maker, advisor, creditor, banker, issuing manager, investment manager and/or may have a commercial or other relation.
- The Bank of Cyprus Group may receive, transmit or execute orders concerning similar financial instruments that result, in favour of the Bank of Cyprus Group, to different kind or amount of profit, commission or remuneration.

### **4. Prevention and Management of Conflicts of Interest**

The Bank of Cyprus Group takes all reasonable administrative and organizational measures in order to prevent the occurrence of conflicts of interest or to resolve existing conflicts of interest between itself or a relevant person or a person directly or indirectly linked by control to it and its client on the one hand, or amongst its clients inter se on the other hand. Such measures include, amongst others:

#### **4.1 Separate supervision and segregation of departments / functions**

The Bank of Cyprus Group takes measures for the separate supervision and the segregation of functions of different departments of the Bank of Cyprus Group which provide services to clients, whose interests may conflict with those of other clients or with the interests of the Bank of Cyprus Group. Where deemed necessary, the Bank of Cyprus Group takes measures for the separate supervision and segregation of functions of relevant persons, in order to prevent or/and control the simultaneous or sequential involvement of a relevant person in separate services or activities, where such involvement may lead to situations of conflicts of interest or may impair the proper management of such situations.

#### **4.2 Option to refuse provision of services**

Where services are already provided to a client and it is obvious that by the provision of services to another new client a conflict of interest may arise, which cannot be dealt with effectively, then the Bank of Cyprus Group may refuse to provide services to the second client.

#### **4.3 Management of confidential and other information**

The Bank of Cyprus Group applies a system of “Chinese Walls” in order to prevent the transfer of confidential information between departments and companies of the Bank of Cyprus Group. This system includes the physical segregation of different departments and the segregation of data and information technology systems of each department so that the persons engaged in each department not to have a direct physical access to records and information concerning the subject matter of another department and which are not considered necessary for the execution of some specific work. As a consequence, employees have access only to data and information deemed necessary for the fulfilment of their duties.

#### **4.4 Remuneration of relevant persons**

The Bank of Cyprus Group takes measures for the removal of any direct link between the remuneration of relevant persons principally engaged in one activity and the remuneration of, or revenues generated by, different relevant persons principally engaged in another activity, where a conflict of interest may arise in relation to those activities.

#### **4.5 Inappropriate influence**

The Bank of Cyprus Group takes measures to prevent or limit the exercise of inappropriate influence over the way in which a relevant person provides Services or undertakes related activities.

#### **4.6 Training**

The Bank of Cyprus Group provides continuous training and information to all relevant persons in relation to conflicts of interest issues.

### **5. Disclosure to the Client**

Where the organizational or administrative arrangements made by the Bank of Cyprus Group to manage conflicts of interest, are not sufficient to ensure with reasonable confidence that risks of damage to client interests will be prevented, the Bank of Cyprus Group shall disclose the general nature or/and the sources of conflicts of interest to the client before undertaking to provide services to him.

Such disclosure is made in a Durable Medium (which is any instrument which enables the client to store information addressed personally to him, in a way accessible for future reference for a period of time adequate for the purposes of the information and which allows the unchanged reproduction of the information stored) and includes sufficient detail, taking into account the characteristics of the client to enable that client to take an informed decision with respect to the Service in the context of which the conflict of interest arises. If the client opposes to the Bank of Cyprus Group acting for him in such circumstances, he shall inform in writing the Bank of Cyprus Group.

### **6. Additional Details**

Additional details regarding the Conflicts of Interest Policy may be given by the Bank of Cyprus Group to the client, following the latter’s request.