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1. Rationale

As a provider of a wide range of financial services, the Julius Baer Group faces inherent actual or potential Conflicts of Interest (“COI”) in its day-to-day business activities.

In order to meet its legal and regulatory obligations and to protect its reputation towards the legitimate expectations of clients, shareholders, employees, governments, regulatory bodies and the general public, the Julius Baer Group needs to have a solid framework in place to identify and manage all relevant COI appropriately.

A failure to properly identify and manage COI, or even the mere perception of such failure, may cause the Julius Baer Group to suffer serious legal, regulatory and reputational damage.

2. Purpose

It is not possible to set out in one policy all of the circumstances in which a COI may arise and the manner in which every identified COI should be managed. This Policy therefore sets out the Julius Baer Group’s overall approach to the identification and management of COI.

At its core, this Policy reflects the Julius Baer Group’s commitment to treat its Clients fairly and with integrity and to comply with all legal and regulatory requirements relevant to the subject matter of this Policy.

Furthermore, this Policy provides a mechanism for the escalation of COI that fall outside established conflict resolution procedures, and for ensuring that COI-related issues are recorded properly and reviewed periodically.

3. **Scope**

This Policy applies to all legal entities of the Julius Baer Group (hereafter together referred to as the “Group Companies”, individually referred to as a “Group Company”) worldwide and sets directly applicable global minimum standards (“GMS”) for the handling of COI.

Individual Group Companies and business areas are expected to supplement this Policy with appropriate procedures to identify and manage COI in a manner consistent with the overall approach set out in this Policy, but specific to their own activities and the legal and regulatory environment in which they individually operate. E.g. the standards for specific COI-situations may either be addressed by specific group and/or local policies, guidelines and procedures (such as codes of conducts, market behaviour rules, best execution standards, as well as policies and procedures relating to personal account transactions, gifts, entertainment, anti-bribery, secondary occupations, remuneration, IPO and new issue allocations etc.) and/or through the terms of an individual’s employment contract.

4. **Definition and Occurrence**

“**Conflict of Interest**” shall refer to those actual or potential situations where a Group Company, their managers, employees and tied agents, or any person directly or indirectly linked to them by control or a Client are involved in multiple interests or activities, which may be, or appear to be, adverse to those of a Client (resp. of another Client), a Group Company or their employees.

“**Conflicts of Interest**” may exist, or appear to exist, in various constellations, such as between (not conclusive):

- Bank – Client
- Client – Client
- Employee – Client
- Employee – Bank
- Client – Intermediary – Bank

For further actual or potential COI, reference is made to the local or Head Office COI Register.

“**Clients**” shall mean existing, potential and past clients of a Group Company where there is an obligation or where it is expected to act in the interests of that Client or of that business relationship.

“**Employee(s)**” shall mean all present, and in some cases, potential future or past employee(s) of a Group Company;

“Intermediaries” in the context of this Policy means existing, potential and past Intermediaries, i.e. External Asset Managers (“EAM”) and / or External Financial Advisers (“EFA”) and/or Finders as defined in the respective policies D-1059, D-1277 and D-1229 respectively.

“Third Party Service Provider” shall mean

- Any other person whose services are placed at the disposal and under the control of a Group Company and who is involved in the provision of services and activities of a Group Company; and
- Any other person who is directly involved in the provision of services under an outsourcing arrangement, which is relevant in the sense of the FINMA Circular 2018/3 Outsourcing (reference is made to policy D-1259) for the purpose of the provision of services and activities of a Group Company.

5. Overall Approach to Handling of COI

Each Group Company shall observe the overall approach to COI handling consisting of the following four key steps:

- 1) **Identify** all relevant actual or potential COI (see section 6)
- 2) **Avoid** identified actual or potential COI where mandatory or possible and reasonable (see section 7.1)
- 3) **Mitigate** residual COI by introducing adequate organisational or administrative measures to ensure, with reasonable confidence, that damage to client’s interest can be prevented (see section 7.2)
- 4) **Disclosure** (to the client); where the operational, organisational or administrative arrangements to mitigate the COI may not be sufficient to ensure – with reasonable confidence – the prevention of damage to client’s interest (see section 7.3).

Key steps 2), 3) and 4) are not interchangeable, and shall be taken in the sequence described above. In particular, over-reliance on disclosure without adequate consideration as to how conflicts may appropriately be mitigated is not permitted.

6. Identification of COI

It is critical that COI are identified and seriously considered even if they are not necessarily illegal or even inappropriate. Therefore, each Group Company is expected to identify all actual or potential COI that may result in damaging the interest of the client or any other affected party as described under section 4 above. Such COI may arise in a broad number of ways. For example, a Group Company may execute financial investments in shares on its own account and on behalf of its Clients, it may provide investment research or advise Clients on companies with which it maintains a Client relationship and it may recommend products to, or

purchase them for Clients where it is involved in the production or management of such products.

6.1. Identification Criteria

In seeking to identify potential COI, it is necessary to consider all relevant circumstances, particularly whether a Group Company or an Employee:

- in breach of the principle of good faith, is likely to make a (financial) **gain**, or avoid a financial **loss**, at the expense of e.g. a Client;
- has an **interest in the outcome** of a service provided to e.g. a Client or of a transaction carried out on behalf of a Client, which is distinct from the Client's interests in that outcome;
- has a financial or other **incentive** to favour the interests of one Client or type of Clients over the interests of another Client or type of Clients;
- carries on the **same business** as the other party, e.g. a Client; and/or
- in breach of the principle of good faith, receives or will receive from a person other than the Client an **inducement** in relation to a service provided to the Client.

The above-mentioned list is not exhaustive. It provides an idea of possible circumstances and criteria helping to identify COI.

6.2. Conflicts of Interest Register

The COI Register describes in a general and abstract manner identified actual or potential COI situations. The list of policies, manuals and guidelines referenced to in the generic COI Register can be found in section 9 of this Policy

Instead of establishing an own local COI Register (e.g. if a local COI Register is not required by local regulations), Group Companies may use the generic Head Office COI Register.

Each Group Company shall establish their **own local COI Register** outlining at least:

- a description of the circumstances of every **identified actual** or **potential** COI;
- the **mitigating** factors, such as organisational, operational or administrative arrangements made to ensure the prevention of risk of damage of Client's interest with reasonable confidence;
- the business units responsible for **managing** the respective COI; and
- the **responsible** control units or – where applicable – reference to corresponding policy/-ies.

6.3. Conflicts of Interest Log

The local COI Log lists the individual COI cases.

Each Group Company has to report these cases in the local COI Log. Group Companies shall use the attached COI Log template.

7. Management of COI

Once actual or potential COI are identified, they need to be adequately managed, meaning they may have to be avoided (see section 7.1), mitigated (see section 7.2) and/or disclosed (see section 7.3). These steps shall be taken in exactly that order. Certain COI are inadmissible in any event (see section 7.4).

7.1. Avoiding

Avoiding means that the Group Company shall abstain from providing any investment service or activity where a COI is already explicitly forbidden by applicable laws and regulations or the Group Company's internal policies, guidelines, procedures or manuals. Avoiding can also mean that a Group Company declines to act where it becomes obvious that a COI cannot be otherwise appropriately managed.

7.2. Mitigating

Mitigating refers to the introduction of adequate organisational, operational and administrative measures to ensure, with reasonable confidence that the COI will not result in damage to the client's interest. For examples of such measures see section 7.5.

7.3. Disclosing

Where organisational or administrative arrangements made by the Group Company to mitigate COI are not sufficient to ensure, with reasonable confidence, that risks of damage to Client interests will be prevented or managed, the Group Company shall clearly disclose the general nature and/or sources of COI to the Client in an appropriate way (timely, prominently, specifically and meaningfully) before undertaking business on its behalf. Such disclosure must be made in a durable medium (e.g. terms of business, specific information sheet, individual letter, disclosure statement or disclaimer etc.) and must include sufficient detail (incl. the risks arising in connection with the COI and the measures taken to mitigate such risks), taking into account the nature of the Client. The disclosure shall enable the Client to take an informed decision with respect to the service in question where the COI arises. Relevant records must be kept in compliance with the client documentation rules.

7.4. Prohibited COI

The following COI situations are always inadmissible:

- the restructuring of Client portfolios without any economic justification in the interest of the Client;
- the exploitation of information to the Client's disadvantage, in particular the exploitation of knowledge of Client orders by executing beforehand, in parallel or immediately afterwards identical transactions for the account of an Employee;
- manipulating - to the Client's disadvantage - services provided in connection with Initial Public Offerings ("IPOs") and/or new issues and placements of financial instruments.

7.5. Exemplary Measures

More specifically, Group Companies shall, amongst others and where appropriate and reasonable, consider some or all of the following exemplary measures to mitigate COI to ensure the requisite degree of independence:

- Issuance and application of guidelines that define when a person involved in a COI is not allowed to participate in a decision making process;
- Issuance of policies and procedures addressing specific areas of COI (e.g. relating to personal account transactions, gifts, entertainment, anti-bribery, mandates and secondary occupations, remuneration/incentive schemes, IPO and New Issue Subscription and Allocation Principles, Best Execution Standards, Market Behavior Rules and so on);
- Provision of Employee training to increase the ability to identify and manage COI;
- Prevention or control the exchange of information between employees engaged in activities with COI, whereas the exchange of information may harm the interests of a party e.g. one or more Clients. For example, implementation of functional, physical and/or electronic information barriers to stop or control the flow of information between certain business areas if the tasks of these business areas could create a COI between Clients or a conflict between the interests of a Group Company and its Clients;
- Separate supervision of Employees whose principal functions involve carrying out activities on behalf of, or providing services to Clients whose interest may conflict, or who otherwise represent different interests that may conflict, including those of a Group Company;
- Issuance of appropriate Employee remuneration and incentive structures. Any remuneration and incentive structures put in place need to adhere to applicable (local) laws, rules, regulations and contracts/agreements as well as internal policies and guidelines. In particular, in the context of remuneration and incentive structures, adequate measures for the avoidance of COI have to be

established and it has to be ensured that remuneration and incentive structures do not harm the service quality to Clients;

- Measures to prevent or limit any person from exercising inappropriate influence over the way in which an Employee carries out investment or ancillary services or activities;
- Measures to prevent or control the simultaneous or sequential involvement of an Employee in separate investment or ancillary services or activities where such involvement may impair the proper management of COI;
- Issuance of appropriate intra-group pricing arrangements;
- Carrying out a COI analysis as part of every new product / business approval process;
- Making appropriate disclosures or declining to act where a Group Company has, or might have, multiple roles on a single transaction;
- Monitoring processes in order to internally control investment decisions;
- Implementation of controls around personal account transactions by Employees;
- Maintaining watch and restricted lists to monitor sensitive information flows and prevent misuse of price sensitive information;
- Obtaining the informed consent of the party potentially damaged by the COI.

The above-mentioned list is not exhaustive. Any of the above procedures and measures may be combined as necessary and appropriate to manage COI. If the use of one or more of the procedures and measures listed above does not reasonably ensure the appropriate management of COI, the Group Company must adopt alternative and/or additional procedures and measures.

8. Duties and Responsibilities

8.1. Duties and Responsibilities of all Employees

All Employees are mandated with an ongoing responsibility to identify and appropriately respond to COI.

An Employee should immediately refer the COI to his/her Line Manager / the next level of Management and to the local Legal and Compliance department for assessment and guidance (e.g. regarding the further involvement of other departments where necessary). Employees should not only report existing COI but also potential ones and situations where there is the perception of a COI.

8.2. Duties and Responsibilities of Line Management

Members of the Line Management having operational responsibility for the activities of a Group Company have to ensure that reasonable steps are taken to identify, assess and manage COI arising in the usual course of its business activities and in the development of new businesses, services and products.

This shall include carrying out periodic reviews to assess the effectiveness of any organisational and administrative arrangements, including existing policies and procedures for managing those COI and making respective reports to their Line Managers.

With respect to Third Party Service Providers, the responsible Management engaging a third party must ensure that the relevant contract(s) with Third Party Service Providers address(es) the issue of COI appropriately and in line with the applicable laws, regulations and policies.

Also, records of the kinds of investment or ancillary services or investment activity carried out by or on behalf of the Group Company in which a COI entailing a material risk of damage to the interests of one or more Clients has arisen or, in the case of an ongoing service or activity, may arise, must be kept and regularly updated according to the applicable rules.

8.3. Duties and Responsibilities of Legal and Compliance

The Group Company's local Compliance unit is responsible for:

- recording, maintaining and updating identified (new) COI in the local or Head Office COI Register and/or local COI Log and for removing COI which cease to exist from the local or Head Office COI Register and/or local COI Log with the reasons being properly documented;
- reporting all material issues of the Group Company relating to COI both to local Senior Management as well as to Senior Management at Head Office (if applicable) as defined in the Compliance Programme;
- making available the local COI Register as well as the local COI Log to the Head Office on request;
- amending or supplementing existing and/or creating new COI mitigating policies / procedures as appropriate;
- providing periodically employee education and training to enhance awareness and to increase the staff's ability to identify and manage COI;
- ensuring in a coordinated and effective manner that where a COI cannot be appropriately managed and the Group Company finds itself in a situation where it would not act in the best interest of the Client, that such COI is duly disclosed to the Client (timely, prominently, specifically and meaningfully);

- taking into consideration COI when drafting contracts and agreements; and
- supporting the (local) policy owners and authors in defining and performing 1st and/or 2nd line of defence controls as per applicable Global Minimum Controls (“GMCs”) and local controls derived thereof.

9. Policies, Guidelines and Manuals referred to in COI Register

[JBG-1004-00 Policy Management Framework](#)

[JBG-2005-00 Group Client Complaints & Litigation Policy](#)

[D-1019-00 Personal Account Transactions by Employees](#)

[D-1021-00 Mandates and Secondary Occupations](#)

[JBG-4000-00 Company Signature](#)

[D-1023-00 Gifts, Entertainment & Anti-Corruption Policy](#)

[D-1042-00 IPO and New Issue Subscription](#)

[JBG-2013-00 Legal Risk & Outside Counsel Policy](#)

[D-1046-00 Cross-border Service Offering and Travel Approval Policy](#)

[D-1050-00 Dormant Assets Policy](#)

[D-1057-00 Policy on Investment Process and Portfolio Management](#)

[D-1058-00 Order Directing by External Asset Managers](#)

[D-1059-00 Business Relationship with External Asset Managers](#)

[D-1070-00 Wealth Planning \(“WP”\) – Approved Service Providers](#)

[D-1083-00 Advisory Solutions New Products and Services Policy](#)

[D-1093-00 Group New Product and Services Policy](#)

[D-1097-00 Principles for the Independence of Investment Research](#)

[D-1099-00 Securities Broker Approval Policy](#)

[D-1115-00 Purchasing Policy](#)

[D-1116-00 Investor Relations Policy](#)

[D-1132-00 Handling Accounts of deceased Account Holders](#)

[D-1133-00 Code of Conduct in Tax Matters](#)

[D-1139-00 Sponsorship Policy](#)

[D-1154-00 Offering of Investment Funds](#)

[D-1166-00 Issue, Distribution and Sale of Structured Products](#)

[JBG-1018-00 Charter of Group Internal Audit](#)

[D-1188-00 Client and EAM / EFA Transfer Policy](#)

[D-1195-00 Policy on Securities Journal and Stock Exchange Rules](#)

[D-1205-00 Code of Conduct for Securities Dealers and Market Behaviour Rules](#)

[D-1214-00 Valuation of Financial Instruments](#)

[JBG-2009-00 Trading in OTC Derivatives](#)

[D-1223-00 Best Execution Framework Policy](#)

[D-1229-00 Cooperation with Finders](#)

[D-1232-00 Marketing Material Approval Policy](#)

[D-1238-00 Markets New Business, Services & Product Approval Policy](#)

[D-1247-00 Centralised Dealing Policy](#)

[D-1249-00 Alternative Investment Processing](#)

[D-1254-00 Handling of voting rights on proprietary positions](#)

[D-1258-00 Group Remuneration Policy](#)

[D-1259-00 Global Outsourcing Policy](#)

[D-1270-00 Trading Physical Precious Metals](#)

[D-1271-00 Employee Banking Policy](#)

[D-1277-00 Business Relationship with External Financial Advisers](#)

[D-1283-00 Political and other public office engagements in Switzerland](#)

[G-1045 Outside Counsel Engagement and Management \(Quick Reference Guide\)](#)

[G-1205-00 Guideline regarding the handling of material non-public information in the context of the structuring and/or advisory services of lending facilities](#)

[FX Governance Manual](#)

[Markets Manual - Markets, Business Risk Management, Legal and Compliance Framework](#)

[Employee Regulations](#)

[Client and Conduct Excellence RM Scorecard](#)

[Performance Management](#)

Performance-Based Variable Compensation Manual

EAM – EFA Framework Agreement

Wealth Planning Documents

10. Implementation Date

This Policy enters into effect as of 15 November 2019.

Zurich, November 2019

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References to Conflicts of Interest Register

- [Conflicts of Interest Register](#)

[FS D-1224 Group Conflicts of Interest Policy](#)