

CONFLICT OF INTEREST MANAGEMENT POLICY BY ORDER OF MIFID / MIFID II

CUSTOMER INFORMATION

1. General information

JFD Bank AG ("the Bank") has developed **policies for managing conflicts of interest in accordance with the new regulations for securities trading businesses which came into force on 1 November 2007 upon the implementation of the Markets in Financial Instruments Directive (MiFID)**. These policies were revised in light of the review of this Directive (MiFID II) which came into force on 3 January 2018. They are since being reviewed annually.

The Bank has made extensive organisational arrangements to counteract potential conflicts of interest and to handle unavoidable conflicts of interest professionally. Therefore, appropriate organisational measures have been taken in order to manage and handle potential conflicts of interest that may arise during the provision of services in the securities trading business in a professional manner.

2. Potential conflicts of interest

In our Company, conflicts of interest could arise between:

- different customers of our Company,
- our customers and our Company,
- our customers and the employees, managers and members of the Management Board and members of the Supervisory Board in our Company or with relevant persons associated with them,
- with our Company and/or our customers from affiliated companies,
- external companies and persons that are affiliated with our Company through contracts/agreements.

As a general rule, conflicts of interest between the aforementioned groups may arise in connection with the following investment services and ancillary investment services offered by JFD Bank:

- financial commission business (acquisition or sale of financial instruments in own name and for third-party account),
- proprietary trading (acquisition or sale of financial instruments in own name and for own account or as a service to third parties),
- contract placement commission (acquisition or sale of financial instruments in third-party name and for third-party account),
- investment broking (intermediation of transactions concerning the acquisition or sale of financial instruments),
- security placement business (placement of financial instruments without a firm commitment basis),
- consulting companies on capital structure, industrial strategy, as well as advice and services offered in connection with mergers and acquisitions,
- disclosure of financial analyses or other information about financial instruments or their issuers that contain a recommendation for an investment decision either directly or indirectly,

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- services related to financial commission business and/or security placement business.
- The following types of transaction are a few examples in which conflicts of interest may arise:
- when receiving or granting benefits from or to third parties in connection with the provision of investment services for customers/issuers. In particular, these include sales commissions paid by the respective issuer of financial instruments in the form of one-time brokerages or corresponding discounts on the issue price, which may be passed on to third parties (in part). As a rule, the placement commission amounts to between 3% and 6% of the issue volume placed,
- from business relations between the Bank and/or affiliated companies and issuers of financial instruments regarding the involvement in capital market-driven transactions (e.g. issuances, listings etc.) or through collaborations with issuers of financial instruments,
- In cases when the Bank or affiliated companies is/are involved directly or indirectly with individual issuers of financial instruments and/or joint direct or indirect subsidiaries/investments are operated/held,
- by obtaining insider information that is not publicly available,
- from personal or business relationships and/or ownership structures of members of the Management Board, Supervisory Board and employees of the Bank and/or persons affiliated with them, as well as bodies of affiliated companies with issuers of financial instruments or their employees (e.g. participation in supervisory boards),
- through the performance-related remuneration of employees and the Management Board of the Bank.

3. Measures to prevent conflicts of interest

In order to manage and actively prevent conflicts of interest, the Bank has established an internal compliance system which involves the following measures:

- establishment of virtual and physical, spatial confidentiality areas ("Chinese walls") within the group of companies, as well as establishment of barriers to restrict information flow;
- regularly updated observation lists and restricted lists, which are intended to monitor sensitive information as well as to prevent the misuse of insider information. They are included in financial instruments for which there is a high probability that conflicts of interest may arise. As a rule, transactions in financial instruments on restricted lists are prohibited;
- all employees and members of the governing bodies are obliged to disclose their private securities transactions;
- ongoing monitoring of all trading transactions of the Bank and its employees by the Compliance department. Audit procedures may be performed on a test basis with all transactions carried out in the name of the Bank being subject to a full market conformity check. Any anomalies are investigated by the Compliance department. In particular, it is examined whether proprietary trading transactions of the Bank were carried out with full knowledge of customer orders or whether customer information was used by front/parallel running or scalping. Violations can lead to consequences under personnel law;
- ongoing trainings of all employees on topics relevant to compliance;
- a Compliance department has been set up to control whether all compliance measures to prevent conflicts of interest are adhered to;

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- all employees and members of the governing bodies are obliged to notify the Compliance department of any benefits, offers, and acceptance of gifts that exceed a minimum marginal earnings threshold;
- ongoing review of the Compliance Department by the institution's Internal Audit Department as well as regular review carried out by external auditors.

An independent Compliance department in our company is responsible to control whether the measures implemented to prevent unavoidable conflicts of interest are adhered to. The department reports directly to the management.

With these measures, the Bank is able to prevent a large number of potential conflicts of interest from arising. However, if a specific conflict of interest arises in individual cases in connection with the provision of an investment service to a customer of the Bank, the Bank shall disclose this conflict of interest to the customer before any investment services are provided. In this case, it should also be noted that the Bank is not obliged to disclose any important self-interests or interests of its employees if the established measures of compliance suffice to avoid the risk of impairing Customer interests. In connection with certain securities transactions which the Bank concludes with its customers, the Bank normally receives payments from third parties in accordance with market practices. In particular, these include sales commissions paid by the issuers of the respective securities in the form of one-off brokerages or corresponding reductions on the issue price. As a rule, the placement commission amounts to between 3% and 6% of the placement volume of an issuance. Upon request, the Bank provides its customers with further details on this subject. Via some service providers, the Bank also receives gratuitous access to information material, analyses, access to third-party information systems etc. The acceptance of such inducements is not related directly to the services that the Bank provides to its customers. The Bank only uses these inducements to constantly improve the quality of the services it provides to its customers.

For more information and details about the management of conflicts of interest at JFD Bank AG, please write to our Compliance department:

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As of April 2020

The Management Board

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