CONFLICTS OF INTEREST ARRANGEMENT FOR INVESTMENT SERVICES & ACTIVITIES

中国银行 BANK OF CHINA 巴黎分行 PARIS BRANCH

1. Arrangement purpose

As a multi-service establishment, Bank of China Paris Branch (“BOCP”) may encounter potential or actual conflict of interest during its various activities. BOCP's duty is to identify, manage and, where applicable, declare them in accordance with the regulations.

This “Conflict of Interest Arrangement for Investment Services & Activities” describes the measures implemented by BOCP to prevent and manage conflicts of interest that may arise during the provision of an investment service or a related service and activities, with a view to ensuring that they do not adversely affect the interests of its clients.

2. Definition

“Conflict of interest” is a potential situation in which the result of a transaction or a decision carried out by BOCP could disadvantage the interests of its clients or, conversely, represent a significant advantage for the branch, its employees, another customer without clear information or in violation of the rules in force.

“Abuse of a conflict of interest” is a situation in which the result of an operation carried out by BOCP involves a significant disadvantage for the interests of a client and, in return, a significant advantage for BOCP, an employee, another client or any other third party, without the other parties being informed or in violation of the procedural corpus.

“Investment services and activities” means any of the services and activities listed in Section A of Annex I relating to any of the instruments listed in Section C of Annex I of Directive 2014/65/EU.

3. Where are conflicts of interest?

Conflict of interest may arise in relation to providing investment services where Bank of China Paris Branch and its bank directors, employee, or any person directly or indirectly linked to BOCP:

- is likely to realize a financial gain or avoid a financial loss at the expense of the clients;
- has an interest in the outcome of a service provided to or of a transaction carried out on behalf of a client that is different from the interest of the latter;

- is encouraged, for financial or other reasons, to favor the interests of another client or group of clients by undermining the interests of the client;
- receives or is likely to receive from a person other than the client an advantage relating to the service provided to the client other than standard commissions or fees charged in connection with the provision of that service.

Bank of China Paris Branch has identified the following main investment activities and services as likely to give rise to a conflict-of-interest situation:

- Execution of orders on behalf of third parties;
- Own account trading;
- Any transaction with interbank counterparties;
- The selection of service providers;
- Recruitment of new employees;

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4. Prevention and management of conflicts of interest

As an investment service provider, BOCP is obliged to take all necessary measures to prevent conflicts of interest from adversely affecting the interests of its clients. The following are examples of measures and controls adopted by Bank of China Paris Branch to prevent and mitigate conflicts of interest:

- 1) Internal Conflicts of Interest Procedure

  BOCP has adopted a Conflicts of Interest Policy which applies to all employees and includes identification, prevention and management of conflict of interest. The Policy identifies certain activities that may present conflicts and provides guidance on how to effectively manage them.

- 2) Escalation

  BOCP has established an escalation procedure for employees to notify Senior Management and RSCI of non-compliance with regulatory requirements and BOCP policies. Escalation is intended to provide employees with the ability to highlight issues in a timely manner to enable Senior Management and RSCI to effectively address those issues.

- 3) Business Separation

  BOCP's Treasury Team, independent of the client trading desk, invests proprietary funds as part of its normal Treasury function. The Firm has in place controls to mitigate any conflicts that may arise from such activities.

5. Disclosure of conflict of interest

If an interest conflict arises despite the policies implemented and when procedures are not sufficient to ensure with reasonable certainty that the risk of harm to a client's interests will be avoided, BOCP will clearly disclose to the client the nature and source of the conflict of interest before acting on its behalf.

This Conflicts of Interest Arrangement will be updated periodically to take into account changes in applicable rules and regulations, changes to BOCP's business activities and organization and any conflict of interest that may have arisen.