

Calyon Financial SNC summary policy for managing conflicts of interest

1. EXECUTIVE SUMMARY

Calyon Financial SNC (“Calyon Financial”), as a multi-service firm and part of the Credit Agricole Group, is likely to find itself in situations where the interests of one client may compete with those:

- (i) of another client;
- (ii) of Calyon Financial;
- (iii) of the Group to which Calyon Financial belongs; and
- (iv) of one of its employees.

In accordance with the requirements imposed upon Calyon Financial by European Directive 2004/39/EC and the local rules and regulations about the Markets in Financial Instruments (“MiFID”), the purpose of this summary document is to set out Calyon Financial approach to identifying and managing conflicts of interest which may arise during the course of its business activities.

2. WHAT ARE CONFLICTS OF INTEREST?

There are a number of instances where a conflict of interest may arise during the course of banking or financial business activities. Typically, a conflict is considered to exist in a situation where the interest of a client is adversely affected.

The main categories of potential conflicts involve those arising between:

- i) Two or more clients;
- ii) Calyon Financial and its clients;
- iii) the Group to which Calyon Financial belongs and its clients; and
- iv) Calyon Financial employees’ interests and Calyon Financial clients’ interests.

3. IDENTIFICATION OF CONFLICTS OF INTEREST

Calyon Financial has appropriate internal controls (including a periodic review of business activities and specific transactions) to identify circumstances which might give rise to a conflict of interest.

Calyon Financial has an ongoing management reporting process for potential and existing conflicts of interest.

Calyon Financial policy is to maintain a record of the types of services and activities it carries out in which a conflict of interest entailing a material risk of damage to the interests of one or more clients has arisen or may arise.

4. CONFLICT MANAGEMENT PROCEDURES

Calyon Financial maintains and operates effective organisational and administrative procedures to manage the identified conflicts of interest.

Calyon Financial also undertakes ongoing monitoring of business activities to ensure that internal controls are appropriate.

The following are examples of measures and controls adopted by Calyon Financial in order to manage conflicts of interest:

- i) Internal Conflicts of Interest Policy that includes internal guidelines for employees, related to identification, prevention and management of conflicts of interest;
- ii) Personal Account Dealing policy that classifies front office traders as « insiders » and prevent them from performing specific personal transactions;
- iii) Information Barriers, “Chinese walls” (physical separation, electronic segregation, and wall crossing procedures) and specific monitoring when they are crossed;
- iv) Escalation procedures to senior management;
- v) Investment Research policy;
- vi) Gifts and inducements policy; and
- vii) Training adapted to employees concerned.

When Calyon Financial considers that its organisational and administrative procedures may not be sufficient to prevent the risks of damage to a client, it will endeavour to disclose the general nature and/or source of conflicts of interest to the client before undertaking business on its behalf.

In exceptional cases, Calyon Financial may decline to act.

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