



SAXO CAPITAL MARKETS (AUSTRALIA) PTY LTD
ABN 32 110 128 286

SAXO CAPITAL MARKETS' POLICY FOR MANAGING CONFLICTS OF INTEREST

1. INTRODUCTION

- 1.1 This policy is not intended to create third party rights or duties that would not already exist if the policy had not been made available and it does not form part of any contract between Saxo Capital Markets (Australia) Pty Ltd ("SCM") (or any of its associates) and any client or prospective client.
- 1.2 This policy and SCM's Best Execution Policy are an adjunct to SCM's general obligation to ensure that the financial services covered by its Australian financial services licence are provided efficiently, honestly and fairly. The policies are also part of SCM's arrangements for the management of conflicts of interest in relation to activities by SCM and its representatives in providing financial services.
- 1.3 The policies are available to clients upon request and is also made available on our website at: (<http://www.saxomarkets.com.au>). Saxo Capital Markets reserves the right to amend or supplement this policy at any time.

2. IDENTIFICATION AND GENERAL DISCLOSURE OF THE NATURE OF POTENTIAL CONFLICTS OF INTEREST AND OF THEIR SOURCES

- 2.1 Saxo Capital Markets hereby identifies and discloses a range of circumstances which constitute or may give rise to a conflict of interest, potentially but not necessarily entailing a material risk of damage to the interests of one or more clients. Such a material risk occurs if Saxo Capital Markets, or any associate (eg Saxo Bank A/S), is likely to make a financial gain, or avoid a financial loss, at the expense of the client.
- 2.2 The identified circumstances are the following:
 - a. Generally offering client advisory services that are based on the particular interest of a specific client/group of clients;
 - b. Saxo Capital Markets may provide advice to third parties whose interests may be in conflict or competition with other clients' interests;
 - c. Saxo Capital Markets may have an interest that is opposite to clients' transactions, e.g. when clients acquire financial products issued by Saxo Capital Markets or clients trade in markets where Saxo Capital Markets acts as a market maker;
 - d. Saxo Capital Markets may hedge transactions or place trades with associates and the associates earn revenue from those transactions or trades;
 - e. Saxo Capital Markets and its associates and their employees (including analysts) may have, establish, change or cease to have positions in securities, foreign exchange or other financial products covered by a recommendation;
 - f. Conflicted remuneration payments are prohibited under FOFA (Future of Financial Advice) rules and regulations, therefore appropriate protocols must be followed in such situations to ensure that there is no breach in FOFA rules and regulations. In situations where a client has been referred by an introducing broker, appropriate protocols are in place to ensure payments made under such arrangements are not associated with conflicted remuneration. To seek clarification, please refer to the appropriate FOFA consent disclosures or consult your introducing broker to understand the specific FOFA protocols.

- g. White label customers ("WLCs") may have other interests than Saxo Capital Markets and/or their clients;
- h. Introducing firms may have other interests than Saxo Capital Markets and/or their clients;
- i. Asset managers may have other interests than Saxo Capital Markets and/or their clients;
- j. Representatives of Saxo Capital Markets may be aware of large client orders to acquire or dispose of a large quantity of a particular financial product and either Saxo Capital Markets or its representatives purchase (or sell) the financial product beforehand.
- K.. Saxo Capital Markets, its employees and related legal persons may have interests in business competing with Saxo Capital Markets' clients.

3. REGISTRATION OF CONFLICTS OF INTEREST

- 3.1 SCM maintains a conflicts of interest register of the investment services and activities and ancillary services carried out by or on behalf of SCM which have given or could give rise to a conflict of interest, which may be detrimental to the interests of one or more clients. The information in the register facilitates the management of conflicts of interests and potential conflicts of interest.

4. MANAGING CONFLICTS OF INTEREST

- 4.1 Saxo Capital Markets is committed to professionally managing potential conflicts of interest which may arise between its constituent businesses, including potential conflicts between its Strategy Team, Sales and Trading businesses accordingly.
- 4.2 In order to manage possible conflicts of interest, Saxo Capital Markets maintains processes, procedures and organizational arrangements, which are referred to hereinafter.
- 4.3 Critical arrangements of Saxo Capital Markets' policy for managing conflicts of interest include the following:
 - a. Analysts do not report directly to a business unit whose commercial interests may conflict with the interests of clients;
 - b. Analyst compensation is derived from the overall profits of Saxo Bank Group, not from specific desks or specific transactions;
 - c. Research publications are internally distributed exclusively at the same time as they are distributed to clients. Research analysts do not provide Trading and Distribution personnel with advance knowledge of the timing and content of forthcoming publications;
 - d. Research analysts are appraised independently from Trading and Distribution businesses;
 - e. Saxo Capital Markets has put in place controls and procedures (including where necessary physical separation) to regulate and, where appropriate, prohibit the flow of information between Research, Trading and Distribution;
 - f. Trading personnel are not permitted to review sections of publications containing recommendations, research summary, price targets or value recommendations, even to verify factual accuracy, prior to publication.

4. MANAGING CONFLICTS OF INTEREST)

- g. All SCM employees are bound by professional confidentiality and confidential information is only to be shared if essential for performing a job function;
- h. All SCM employees are at all times bound to act loyally to SCM and be in full compliance with its procedures;
- i. All SCM employees receive instructions and guidance regarding managing of conflicts of interest;
- j. All SCM clients are to be treated fairly;
- k. All SCM employees are bound by SCM's rules and guidelines for employee trading as in force and effect from time to time;
- l. SCM's bonus scheme is comprised of several elements and each trade related element does not alone affect the bonus significantly;
- m. All employees are obliged to immediately inform Saxo Capital Markets of any interests the employee or the employee's related legal persons may have in any business competing with Saxo Capital Markets or Saxo Capital Markets' clients and which could give rise to a potential conflict of interest;
- n. To ensure the proper functioning of this policy, analysts are required to disclose all personal interests relevant to their research functions.
- o. Analysts are required to comply with our rules and procedures on personal account dealing.

5. DISCLOSURE OF CONFLICTS OF INTEREST

- 5.1. If the measures in place are not sufficient to avoid or manage a conflict of interest relating to a client, SCM will disclose the conflict of interest before undertaking further business with the client.



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Date	Version	Changes	Approved
15 December 2011	v.1	Created	Board of Directors
28th July 2015	v.2	Reviewed/Amended – Compliance RAR	Board of Directors
22 April 2016	v.3	Reviewed/Amended	Board of Directors

This policy is effective from December 15, 2011 and shall remain effective until a more recent version is released.
The prevailing version of the policy is always available at www.saxomarkets.com.au

