

# Policy on Managing Conflicts of Interest

## Approved

Signet Bank AS

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## I. Terms Used

1. The following terms and abbreviations are used in this Policy:



- 1.1. **Official** – a member of the Management Board or Supervisory Board of the Bank, as well as a Key Function Holder;
- 1.2. **Bank** – Signet Bank AS;
- 1.3. **CCO** – the Chief Compliance Officer; an independent and competent officer of the Group in charge of the overall compliance control function in the Group;
- 1.4. **Employee** - a natural person, performing specific work under the management of their employer in accordance with a contract of employment for the remuneration specified in the contract of employment, including the members of the Supervisory Board and the Management Board of the Bank;
- 1.5. **Financial Service** – financial services as defined in Article 1, Paragraph 4 of the Credit Institutions Law of the Republic of Latvia, provided by the Bank;
- 1.6. **Group** – the Bank and its subsidiaries;
- 1.7. **Group Company** – subsidiaries of the Bank within the Group, excluding the Bank itself;
- 1.8. **Ancillary Services** – ancillary investment services as defined in the Financial Instrument Market Law of the Republic of Latvia, provided by the Bank;
- 1.9. **Investment Services** – investment services as defined in the Financial Instrument Market Law of the Republic of Latvia, provided by the Bank;
- 1.10. **Investment Research** — for the purposes of this Policy: a study or other information that directly or indirectly recommends or suggests an investment strategy concerning one or more financial instruments or financial instrument issuers, including any opinion on the current or future value or price of such instruments. It is intended for distribution channels or the public, and the following conditions are met:
  - 1.10.1. It is labeled as Investment Research or otherwise presented as an objective or independent explanation of the matters included in the research;
  - 1.10.2. It does not constitute a recommendation provided to a Client as part of investment advice regarding financial instruments;
- 1.11. **Conflict of Interest** – a situation in which an Employee, while performing their duties, must make a decision, participate in decision-making, or undertake other actions related to their position that affect or may affect the personal or financial interests of the Employee, their relatives, or business partners.;
- 1.12. **Client** – a legal or natural person, a legal entity, or an association of such persons or entities with whom the Bank establishes a business relationship or to whom the Bank provides Financial Services;
- 1.13. **Inducement** – a fee, commission, or non-financial benefit that the Bank pays to or receives from a third party in connection with the Investment Services or Ancillary Services provided to the Client;
- 1.14. **Subject of Personal Transactions** – a person, whose Personal Transactions are subject to monitoring. The definition of such persons is established by



[Commission Delegation Regulation \(EU\) 2017/565](#)<sup>1</sup>, while the scope of Subjects of Personal Transactions, for the purposes of this Policy, is detailed in the Bank's internal regulatory document "Procedure for Monitoring Personal Transactions";

- 1.15. **Key Function Holder** - applies exclusively to the Bank: a person (Employee) whose position allows them to significantly influence the direction of the Bank's operations but who is not a member of the Supervisory Board or Management Board of the Bank. Individuals performing core functions include, for example, managers of the Bank's specific lines of business, managers of branches or subsidiaries established by the Bank in another Member State, and managers of support and internal control functions;
- 1.16. **Personal Transaction** – a trade in financial instruments conducted by a Subject of Personal Transactions or carried out on behalf of this person, provided at least one of the following criteria is met:
  - 1.16.1. The person acts outside the scope of activities they perform as part of their professional duties;
  - 1.16.2. The transaction is carried out on behalf of one of the following persons:
    - i) The relevant person;
    - ii) Any person with whom they have family relationship<sup>2</sup> or with whom they have close connections;
    - iii) A person for whom the individual has a direct or indirect financial interest in the outcome of the transaction, other than a fee or commission for executing the transaction;
- 1.17. **Personal Transactions Register** – a register established by the Bank in accordance with the requirements of the Financial Instrument Market Law, where information about Personal Transactions is stored and continuously updated;
- 1.18. **Policy** – the Bank's internal regulatory document „Policy for Managing Conflicts of Interest“;
- 1.19. **Related Parties** – individuals or entities associated with the Bank's management, including: Shareholders or members of the Bank with significant participation in the Bank, as well as their spouses, parents, and children if the shareholder or member is a natural person; members of the Bank's Supervisory Board and Management Board, their spouses, parents, and children; commercial companies in which the aforementioned persons have significant participation

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<sup>1</sup> [COMMISSION DELEGATED REGULATION \(EU\) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive](#)

<sup>2</sup> "person with whom a relevant person has a family relationship" means any of the following:

- (a) the spouse of the relevant person or any partner of that person considered by national law as equivalent to a spouse;
- (b) a dependent child or stepchild of the relevant person;
- (c) any other relative of the relevant person who has shared the same household as that person for at least one year on the date of the personal transaction concerned;



or influence, or where they hold leadership positions or serve as members of the board or supervisory board;

- 1.20. **Certified Adviser** – a legal entity that complies with the requirements of the Nasdaq Riga Alternative Market First North rules and has entered into an agreement with Nasdaq Riga to provide assistance to issuers and perform the duties of a Certified Adviser in the First North market.

## II. Objective

2. The objective of the Policy is to define the measures undertaken by the Bank to identify, prevent, or manage Conflicts of Interest that have arisen or may arise during the provision of Financial Services.

## III. General Provisions

3. The Policy is reviewed at least once a year to ensure its relevance and compliance with changes in the Bank's operations and external conditions affecting the Bank's activities or following amendments to external regulatory acts governing the matters addressed in the Policy. Any necessary changes to the Policy are approved by the Supervisory Board of the Bank.
4. The Bank publishes information about the Policy on its website.
5. The principles of the Policy are binding on all Group Companies specified in the Policy.
6. The Group Companies, taking into account their business models, may develop and approve their internal regulatory documents that regulate in detail various matters related to Conflict-of-Interest situations management, complying with the following principles:
  - 6.1. These internal documents must comply with the principles set out in the Policy and external legislation;
  - 6.2. Policy level documents are aligned with the Bank in accordance with the procedures existing in the Group;
  - 6.3. In the event that a Group Company chooses not to develop a separate policy, this Policy is binding on it in full;
  - 6.4. Each Group Company must designate a structural unit, individual, or collegial body responsible for managing Conflicts of Interest;
  - 6.5. Group Companies must provide the Chief Compliance Officer (CCO) and the Head of the General Compliance Department of the Bank with consolidated information on potential and actual Conflicts of Interest identified within the Group Company on a quarterly basis.
7. The Policy comes into force upon its approval, and with its approval the following internal regulatory documents cease to be in effect:
  - 7.1. The internal regulatory document "Policy on the Management of Conflict of Interest Situations", approved on 22.12.2023;
  - 7.2. The internal regulatory document "Policy for Prevention of Conflicts of Interest in Provision of Investment Services and Ancillary Investment Services", approved on 22.12.2023.



#### **IV. Arising and Identification of Conflicts of Interest**

8. This Chapter of the Policy identifies the parties involved in a Conflict of Interest and describes situations in which a Conflict of Interest may arise.

##### **IV.-1 Arising of Conflicts of Interest**

9. A Conflict of Interest may arise between:
- 9.1. The Bank and the Client;
  - 9.2. The Bank's tied agent and the Client;
  - 9.3. The Employee and the Client;
  - 9.4. the person who directly or indirectly exercises control over the Bank and the Client;
  - 9.5. the Clients of the Bank;
  - 9.6. the Official or the Subject of Personal Transactions and the Client;
  - 9.7. the Bank and its Employee, Official, shareholder;
  - 9.8. the Employees, members of the Management Board and Supervisory Board of the Bank;
  - 9.9. the Employee as the Bank's Employee and client of the Bank simultaneously;
  - 9.10. the Bank as a parent company and the Group Company;
  - 9.11. different structural units or Employees of the Bank.
10. A Conflict of Interest may arise in the cases, if the Bank, any Employee, Official, Subject of Personal Transactions of the Bank or the person who directly or indirectly exercises control over the Bank:
- 10.1. May profit or avoid financial losses at the expense of the Client;
  - 10.2. Has an interest in the outcome of the service provided to the Client or the transaction carried out on behalf of the Client that does not align with the Client's or the Bank's interests;
  - 10.3. Has an interest in acting in favor of another Client or a group of Clients;
  - 10.4. Engages in the same professional activity as the Client;
  - 10.5. Receives or will receive compensation for the service provided to the Client from another party in the form of money, goods, or services, which is not the standard fee for the service;
  - 10.6. Has an interest in acting in favor of another Employee or Official;
  - 10.7. Has an interest in acting jointly (e.g., as relatives, business partners, etc.) with another Employee, member of the Management Board, or Supervisory Board of the Bank, contrary to the interests of the Client or the Bank;
  - 10.8. Gives or accepts bribes (corruption), abuses their position, exceeds their authority, or otherwise acts to gain undue advantage for themselves or others;
  - 10.9. Accepts gifts or Incentives from partners, Clients, or other interested parties that may influence fair decision-making;
  - 10.10. Holds dual positions (a position at the Bank and a position in another company);
  - 10.11. Collaborates with family members or friends of Bank Employees or with companies owned by them;
  - 10.12. Is involved in cooperation or relationships with the Bank's competitors;



- 10.13. Uses information obtained in the course of their duties without authorization to gain material or non-material benefits for themselves, their relatives, or Related Parties.
11. In addition, a Conflict-of-Interest during provision of Investment Services or Ancillary Services may arise in situations when:
  - 11.1. An Employee, during the provision of Investment Services (such as accepting and transmitting orders regarding one or more financial instruments or executing orders on behalf of the Client), simultaneously conducts transactions on behalf of the Bank while executing or passing for execution an order for transactions with financial instruments.;
  - 11.2. An Employee has confidential information about the Client's transactions or planned transactions (while providing Investment Services such as accepting and transmitting investors' orders for transactions with financial instruments or executing investors' orders for transactions with financial instruments on behalf of investors or third parties);
  - 11.3. The Employee possesses inside information about the Client's financial situation or other inside information that may affect the price of financial instruments (while providing Investment Services: the initial placement of financial instruments, where the investment service provider does not purchase the financial instruments or does not guarantee their purchase; the purchase of financial instruments for initial placement or the guarantee of purchasing financial instruments not placed during the initial placement)";
  - 11.4. The Client is offered or holds (while providing Investment Services such as individual management of investors' financial instruments under an investor's authorization (portfolio management services); execution of financial instrument transactions on behalf of the credit institution; or providing investment advice regarding financial instruments):
    - 11.4.1. Financial instruments independently issued by the Bank, or for which the Bank has provided Investment Research or other types of recommendations;
    - 11.4.2. Financial instruments for which the Bank has entered into a distribution or offering agreement with third parties, particularly if the Bank receives a commission fee for this;
    - 11.4.3. Financial instruments whose issuance or placement, including private placements, the Bank has carried out, organized, or assisted in for a third party;
    - 11.4.4. Financial instruments for which the Bank acts as a market maker.

#### **IV.-2 Identification of Conflicts of Interest**

12. Employees, while performing their duties, must comply with the Bank's internal regulatory documents and prevent arising of any Conflicts of Interest. Their activities



should be organized in a manner that respects both the Bank's and the Client's interests, ensuring a clear separation between personal and professional interests.

13. The Bank collects, stores, and monitors information about situations that have caused or could potentially cause a Conflict of Interest. Measures are also taken to reduce the impact of existing or potential Conflicts of Interest on Client interests.
14. When developing and implementing a new service (particularly in connection with the provision of investment or lending services), drafting and updating the Bank's internal regulatory documents, or as part of the operational risk self-assessment process, potential Conflicts of Interest are evaluated, and appropriate management measures for such situations are adopted.
15. The Bank's structural units use the information at their disposal to identify, to the best of their ability, all potential circumstances and situations that could create or provide grounds for Conflicts of Interest in relation to the Financial Services provided by these units.
16. When analyzing a potential Conflict of Interest situation, it is assumed that a Conflict of Interest exists in any case where a decision made by an Employee regarding Financial Services provided to a specific Client is significantly influenced by the interests of other parties (e.g., the Bank, the Employee, another Client, etc.) rather than being based solely on justified considerations in the interests of the respective Client.
17. Employees are required to identify situations that cause or may cause a Conflict of Interest, posing significant threats or harm to the Bank or the interests of one or more Clients, and to ensure the implementation of measures to prevent such Conflicts of Interest.
18. To facilitate broader identification of Conflict-of-Interest situations, the Bank provides an anonymous whistleblowing system in accordance with the Bank's internal regulatory document "Whistleblowing Procedure". This system enables Employees to report past or current situations that cause or may cause a Conflict of Interest.

#### **V. Management and Prevention of Conflicts of Interest**

19. The system for managing and preventing Conflicts of Interest encompasses all of the Bank's activities and is based on a proactive approach, i.e., circumstances that could lead to Conflict-of-Interest situations are identified in a timely manner, and measures are implemented to initially eliminate the possibility of such conflicts arising.
20. The system for managing and preventing Conflicts-of-Interest situations comprises the following elements:
  - 20.1. Corporate values, high ethical and professional behavior standards adherence to which is mandatory for all Bank Employees to ensure that the Bank and its Employee:
    - 20.1.1. Refrain from engaging in activities where a Conflict of Interest exists or may arise, posing a significant threat to Client interests;
    - 20.1.2. In their professional activities, proactively prevent the occurrence of any situations where a Conflict of Interest arises or may arise;



- 20.1.3. Upon identifying an existing or potential Conflict of Interest, provide written notification in accordance with the procedures set forth in the Policy;
- 20.2. Restrictions on receiving or offering gifts or entertainment to a Client;
- 20.3. Restrictions on Employees engaging in outside activities or entering into other employment relationships that could harm the performance of their direct duties or in any way create a Conflict of Interest;
- 20.4. Requirement for obtaining the Bank's approval before accepting any position outside of the Bank to prevent Employees from taking on significant additional responsibilities that may hinder the performance of their direct duties at the Bank;
- 20.5. The "four-eyes principle" or functional segregation of duties, ensuring that no Employee can independently execute an entire transaction;
- 20.6. Mechanisms for managing classified information and restrictions on the improper use of confidential information;
- 20.7. Establishment of an appropriate organizational structure;
- 20.8. Decision-making regarding activities where an Employee has or may have a Conflict of Interest is delegated to a higher decision-making body;
- 20.9. Requirement to obtain approval from the Supervisory Board of the Bank for any transaction with a single Client or Client group involving credit risk exceeding EUR 100,000 (one hundred thousand Euros), if the borrower is an Employee.;
- 20.10. The Bank ensures that the terms of transactions with the following persons are not more favorable than the terms of similar transactions conducted by the Bank with persons who are not Related Parties and do not conflict with the interests of the Bank or its depositors or investors:
  - 20.10.1. the shareholders (or participants) having a qualifying holding in the Bank;
  - 20.10.2. the members of the Supervisory Board and Management Board of the Bank;
  - 20.10.3. The Head of Internal Audit of the Bank;
  - 20.10.4. CRO;
  - 20.10.5. CCO;
  - 20.10.6. other employees authorized and responsible for carrying out planning, management and control of the activities of the Bank;
  - 20.10.7. the spouses, parents and children of the Officials.
- 20.11. The Bank ensures that personal data obtained for the purposes of fulfilling the requirements of the Policy shall be stored for at least 3 (three) years following the termination of the employment relationship of the relevant person with the Bank.
21. The Bank implements such Conflict-of-Interest management to ensure:
  - 21.1. Timely identification and management of potential Conflict of Interest situations, as well as actions to prevent such conflicts;





- 21.2. Prevention of situations in which Employees, while performing their duties, encounter or may encounter a Conflict of Interest;
  - 21.3. Independence of units performing activities that give rise to or may give rise to Conflicts of Interest (e.g., establishing information barriers or distinct organizational hierarchies);
  - 21.4. Ensuring that information provided by the Bank to Clients or potential Clients is clear, accurate, truthful, and not misleading;
  - 21.5. Ensuring that the terms of transactions conducted by the Bank with Officials are not different from the terms of similar transactions with unrelated persons and are not contrary to the interests of the Bank and its Clients;
  - 21.6. Establishing restrictions on the execution of Personal Transactions;
  - 21.7. Regular updates to internal regulatory documents;
  - 21.8. Monitoring the management of Conflict-of-Interest situations;
  - 21.9. Ensuring that each Employee is obligated to report to their direct supervisor any case where they encounter a Conflict of Interest and refrain from engaging in the respective transaction;
  - 21.10. Developing internal regulatory documents necessary for implementing the Policy, which define the responsibilities of the Bank's structural units and employees;
  - 21.11. Taking all necessary and possible measures to identify and prevent Conflicts of Interest that may arise during the provision of Financial Services between the Bank, including its Employees and persons who directly or indirectly control the Bank, and the Client, as well as between its Clients.
22. In addition to preventing Conflicts of Interest in the provision of Investment Services and Ancillary Services, the following fundamental principles are observed:
- 22.1. Evaluation of the significance of the threat to Client interests, considering the proportionality between risk, benefits, and costs within the framework of legal requirements;
  - 22.2. Restrictions on executing Personal Transactions are established within the Bank;
  - 22.3. Enhanced monitoring of Employees whose primary responsibilities involve acting on behalf of Clients or providing services to Clients;
  - 22.4. A Personal Transactions Register is created and maintained;
  - 22.5. The Bank relies on the accuracy of information provided by Subjects of Personal Transactions;
  - 22.6. A collegial body, structural unit, or official responsible for monitoring Conflict of Interest situations is designated within the Bank.
23. The source of information for monitoring aspects necessary for Conflict-of-Interest oversight is the Economic Interests Questionnaire (Annex No. 1), developed in compliance with the requirements of the Credit Institution Law and the Financial Instrument Market Law. The questionnaire includes information directly necessary for identifying and preventing Conflicts of Interest, such as Employee data (name, surname, position; economic interests (e.g., participation in legal entities, ownership or holding



of shares, employment); related persons (e.g., involvement of relatives or close persons in companies that could cause a Conflict of Interest); connections with Clients. The benefit of requesting the questionnaire is the timely disclosure of economic interests, which aids in identifying and mitigating Conflict of Interest risks.

24. When developing internal regulatory documents related to the management of Conflict-of-Interest situations, the Bank ensures the implementation of the following measures:
  - 24.1. Assessment of materiality of identified Conflict of Interest situations, considering the classification scale specified in the Policy;
  - 24.2. breakdown of the identified Conflict of Interest situations by categories, considering the type of the Conflict-of-Interest Situation, for example, persistent types of Conflict-of-Interest Situations, requiring the constant governance thereof, or Conflict of Interest Situations of an incidental nature and requiring a one-off governance measure;
  - 24.3. adequate distribution of duties, entrusting the performance of duties of an Employee under the Conflict-of-Interest Situation to another appropriate Employee, relating to the activity under the Conflict-of-Interest Situation;
  - 24.4. Management of Conflict-of-Interest situations in transactions involving the Employee responsible for Conflict-of-Interest management in the Bank, adhering to both the general restrictions outlined in the Policy applicable to all Officials and Employees, and establishing a special reporting procedure for Conflict-of-Interest situations.
25. Taking into account the Conflict-of-Interest management principles defined in the Policy and the Group’s risk strategy, the Bank develops a classification scale that determines when a Conflict-of-Interest situation is classified as material. The Bank establishes appropriate actions for Conflict-of-Interest situations based on their classification as material or non-material.

## VI. Assessment of Conflicts of Interest

26. When determining the materiality of a Conflict-of-Interest situation, the likelihood of the conflict arising and the extent of its impact or damage are taken into account (see Table No 1).

*Table No 1 “Conflict of Interest Assessment Table”*

Assessment	Probability of Occurrence	Impact / Damage Severity
<b>3 (high)</b>	Persistent Conflict of Interest	<ul style="list-style-type: none"> <li>• Financial impact <math>\geq</math> 100 000 EUR; or</li> <li>• Affects the Bank’s reputation, internal control system or</li> <li>• Impacts Client / cooperation partner interests;</li> <li>• No control mechanisms for the timely detection of the Conflict of Interest</li> </ul>
<b>2 (medium)</b>	1-3 times per year	<ul style="list-style-type: none"> <li>• financial impact from 10 000 EUR to 100 000 EUR; or</li> </ul>



Assessment	Probability of Occurrence	Impact / Damage Severity
1 (low)	Isolated / occasional occurrence	<ul style="list-style-type: none"> <li>• limited impact on Client / cooperation partner interests;</li> <li>• some control mechanisms exist for detecting Conflict of Interest but require improvement</li> <li>• financial impact &lt; 10 000 EUR; or</li> <li>• no impact on the Bank’s reputation or</li> <li>• no impact on Client / cooperation partner interests;</li> <li>• Control mechanisms exist for the timely detection of the Conflict of Interest</li> </ul>

27. The materiality of a specific Conflict of Interest situation is determined as the sum of its probability and impact/damage severity: “Materiality = Probability + Impact / Damage Severity”.

28. Classification threshold:

28.1. Situations whose materiality (probability + impact / damage) is 5 or above, are classified as material Conflict-of-Interest situations;

28.2. Situations whose materiality (probability + impact / damage) is below 5, are classified as non-material Conflict-of-Interest situations.

Table No 2 “Conflict of Interest situation classification scale”

Assessment	Probability of Occurrence	Impact/Damage Severity	Materiality (Probability + Impact/Damage)	Classification
3 (high)	Persistent Conflict-of-Interest	<ul style="list-style-type: none"> <li>• Financial impact ≥ 100 000 EUR; or</li> <li>• Affects the Bank’s reputation, internal control system or</li> <li>• Impacts Client / cooperation partner interests;</li> <li>• No control mechanisms for the timely detection of the Conflict of Interest</li> </ul>	6 (3+3)	Material situation
2 (vidēja)	1-3 times per year	<ul style="list-style-type: none"> <li>• financial impact from 10 000 EUR to 100 000 EUR; or</li> <li>• limited impact on Client / cooperation partner interests;</li> </ul>	4 (2+2)	Non-material situation



<b>1 (zema)</b>	Isolated / occasional occurrence	<ul style="list-style-type: none"> <li>• some control mechanisms exist for detecting Conflict of Interest but require improvement</li> <li>• financial impact &lt; 10 000 EUR; or</li> <li>• no impact on the Bank's reputation or</li> <li>• no impact on Client / cooperation partner interests;</li> <li>• Control mechanisms exist for the timely detection of the Conflict of Interest</li> </ul>	<b>2 (1+1)</b>	<b>Non-material situation</b>
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29. A material Conflict of Interest situation requires immediate action to mitigate its risks to an acceptable level, including the urgent allocation of necessary resources. It is given the highest priority in the Bank's work plans and is subject to regular monitoring of risk mitigation measures.

### VII. Establishment of Appropriate Organizational Structure

30. The Bank ensures establishment of such an internal organizational structure that as far as it is possible mitigates the possibility of occurrence of a Conflict of Interest between the Bank, including the Bank's employees, the persons who directly or indirectly exercise control over the Bank and the Client, ensuring separation of the fields of activity determined in the regulatory acts in the individual structural units, as well as establishment of other determined structural units and/or their independency, including establishment and mutual independence of the structural units carrying out the internal control functions.

31. In order to prevent Conflicts of Interest, the organizational structure is established so that an execution of any activity, its control and supervision functions are not performed within the framework of one structural unit, and to ensure an optimal ratio between the activities carried out by the Bank and their control and supervision processes.

32. While establishing the organizational structure in the Bank it is ensured that the structural units carrying out activities which cause or may cause a Conflict of Interest, are mutually independent, by setting:

- 32.1. Information barriers;
- 32.2. Different organizational subordination;
- 32.3. Different location (the structural units are not located in the one room);
- 32.4. If it is necessary – other measures.



33. If there are changes in the nature or the volume of the Bank's activities as a result of which a Conflict of Interest may occur, corresponding changes are immediately made in the organizational structure.
34. In order to prevent a Conflict of Interest, in cases where while establishing the organizational structure it is not possible to ensure full independency and / or different level of subordination to structural units between which a potential Conflict of Interest is possible (taking into account the volume and the nature of the Bank's activities), the possibility to report to the higher decision-making body is ensured in the Bank avoiding the subordination laid down by the organizational structure:
  - 34.1. on the Conflicts of Interest;
  - 34.2. on other weaknesses which may cause the Conflicts of Interest as a result of the subordination levels laid down by the organizational structure.
35. While establishing the organizational structure and determining the structure of the Supervisory Board and the Management Board of the Bank, their duties and authority, the Bank ensures establishment of such the Supervisory Board and the Management Board, which in its activities is as independent as possible from external and internal circumstances generally and individually and is able to perform its duties impartially and professionally.

#### **VIII. Prevention of Conflicts of Interest in the Activities of Members of the Supervisory Board and Management Board of the Bank**

36. The member of the Supervisory Board and the Management Board of the Bank while performing their official duties prevents the occurrence of a Conflict of Interest and abstains from taking decisions on the Bank's transactions where the relevant Supervisory Board or the Management Board member faces or might face a Conflict of Interest.
37. The Bank ensures that the management of Conflict-of-Interest situations with respect to the members of the Supervisory Board and Management Board of the Bank is organized so that the members of the Supervisory Board and Management Board of the Bank when taking decisions, would act with independence of mind and solely in the interests of the Bank.
38. The Bank documents any identified Conflict of Interest Situation in the Bank with respect to the members of the Supervisory Board and Management Board of the Bank both individually and collectively, as well as the management measures intended for governing or preventing such situation.
39. In making decisions, members of the Supervisory Board and Management Board of the Bank must not use collaboration offers presented to the Bank for personal gain. When making any decisions related to the Bank's operations, each member of the Supervisory Board and Management Board must avoid any Conflicts of Interest and remain as independent as possible from external circumstances. They must be willing to take responsibility for their decisions, adhering to generally accepted ethical principles, as well as the corporate values, professional conduct, and ethical standards established by the Bank.



40. If the Bank's interests collide with the interests of the member of the Supervisory Board and the Management Board of the Bank or the interests of the persons related to them, the member of the Supervisory Board and the Management Board of the Bank:
  - 40.1. does not have voting rights in taking the decision, as well as the Supervisory Board or the Management Board of the Bank is entitled to decide on non-participating of the member of the Supervisory Board or the Management Board in reviewing and discussing of the item, and this decision is to be recorded in the minutes of the session of the Supervisory Board or the Management Board of the Bank;
  - 40.2. is obliged to report on these interests prior to start of the session of the Supervisory Board or the Management Board of the Bank;
  - 40.3. is prohibited to impact other members of the Supervisory Board or the Management Board of the Bank for taking a favorable decision.
41. The member of the Supervisory Board or the Management Board of the Bank who breaches the requirements on prevention of Conflicts of Interest is responsible for the losses and/ or damage caused to the Bank.
42. The Bank establishes the obligation for members of the Supervisory Board and Management Board to obtain the Bank's approval before accepting positions in other companies, excluding Group Companies.

#### **IX. Prevention of Conflicts of Interest in the Activities of Officials**

43. The Bank, when developing the policy for the managing of Conflict-of-Interest situations with respect to the Officials, prescribes the assessment of at least the following aspects of such persons:
  - 43.1. Economic interests;
  - 43.2. Personal, professional and economic relations with other Employees, persons holding a qualifying financial shareholding in the Bank and other external stakeholders, as well as the Employees of the companies belonging to the same prudential consolidating Group as the Bank;
  - 43.3. employment relationship over the period of the last 5 (five) years;
  - 43.4. shareholding in the capital of other commercial companies, where such shareholding influences or might influence the interests of the relevant person.
44. It is the duty of the Bank to obtain information from the Officials, in order to assess and prevent the adverse effect of the activities of such persons outside the Bank with regard to the Bank and its interests, incl., information characterising the influence of political nature and political relationships of such persons.
45. The Bank, when developing the policy of and procedures for the managing of Conflict-of-Interest situations with respect to Officials, in addition also identifies actual or potential Conflict of Interest situations with respect to the spouses, parents and children of the persons concerned, as well as carries out the revision of the identified actual or potential Conflict of Interest situations at least on an annual basis.

#### **X. Prevention of Conflict of Interest in the Establishment and Activities of the**



### **Bank's Committees**

46. The Bank evaluates a possibility of an occurrence of Conflicts of Interest while establishing the committees and determining the personnel structure of the committee: includes in the committee's personnel structure Employees responsible in the Bank for risk control function and compliance function, as well as employees who work in the Bank's profit generating positions.
47. While taking decisions the members of the committee do not have voting rights in reviewing the matters where there is even only an apparent Conflict of Interest. In case it is not possible to make a decision concerning an eventual Conflict of Interest, the making of the decision is forwarded to the higher decision-making body, revealing all the information on the Conflict of Interest.

### **XI. Special Measures to Prevent and Manage Conflicts of Interest in Provision of Investment Services and Ancillary Services**

48. This Chapter describes the principles and measures for managing Conflict of Interest situations that may arise during the provision of Investment Services and Ancillary Services.

#### **XI.-1 General Conditions**

49. The Bank shall monitor and / or prevent the simultaneous or successive involvement of Subjects of Personal Transactions in the provision of different Investment Services or Ancillary Services, where such involvement may undermine the proper management of Conflicts of Interest.
50. The Bank shall pay separate attention to Subjects of Personal Transactions whose main job responsibilities include performing activities on behalf of Clients or providing services to Clients or who represent other interests, including the Bank's interests, which may conflict with the Client's interests.
51. The Bank shall prevent any direct link between remuneration or income earned by Subjects of Personal Transactions whose activities are related to the provision of Investment Services where a Conflict of Interest may arise in relation to activities carried out in the course of the provision of Investment Services.
52. The Bank shall, in accordance with the Bank's internal regulatory documents, take the necessary measures to prevent or limit improper influence of third parties on the provision of Investment Services or Ancillary Services.
53. The Subjects of Personal Transactions shall be prohibited from accepting or requesting any material benefit in order to violate the regulatory documents governing the performance of their duties, to make a biased decision or to take any other form of subjective action creating a situation of Conflict of Interest.
54. The conduct of personal business entities in the case of acceptance of gifts shall be governed by the Bank's internal regulatory document "Corporate Values and Standards of Professional Conduct and Ethics". In any case, the accepted gift must be proportionate and its acceptance must not give rise to a Conflict of Interest. These rules also apply to



situations where the immediate recipient of the gift is the spouse or child of the PEP.

55. Any Employee shall immediately report to their direct manager and the Head of General Compliance any situation in which a Conflict of Interest arises or may arise in the course of the provision of Investment Services and Ancillary Services.

### **XI.-2 Disclosure of Conflict-of-Interest prior Provision of Investment Services**

56. The Bank shall disclose to the Client the nature and reasons for the Conflict of Interest before commencing the provision of the relevant Investment Service to the Client if the organizational or administrative measures established by the Bank to manage the Conflict of Interest are not sufficient to ensure with reasonable certainty that the risk of damage to the Client's interests will be eliminated.
57. Disclosures shall be made in writing, in a clear and timely manner prior to the provision of the relevant Investment Service to enable the Client to assess the situation.

### **XI.-3 Restrictions on Personal Transactions**

58. The Subjects of Personal Transactions are prohibited from:
- 58.1. to conduct Personal Transactions on the basis of confidential or inside information which is available to the person in the course of performing their duties at the Bank;
  - 58.2. to conduct Personal Transactions using or improperly disclosing information containing business secrets;
  - 58.3. to enter into Personal Transactions in contravention of external laws and regulations and the internal regulatory documents;
  - 58.4. advising a third party to make a transaction with financial instruments that would be the Personal Transaction of the advising person to which such restrictions apply (except where a transaction has been made by performing job or professional duties):
    - 58.4.1. a transaction is conducted on the basis of inside information of the Bank available to the person as a result of job duties in the Bank;
    - 58.4.2. personal information held by a person in relation to outstanding Client orders is misused;
    - 58.4.3. a transaction is conducted with the financial instruments that are the subject of an Investment Research or in financial instruments related to those financial instruments where a person possesses information about the content of the Investment Research that is not available to the public or to Clients or that cannot be inferred from the information already in the public domain, so long as the recipients of the Investment Research have been given the opportunity to review the content of the Investment Research and to take action on the basis of that research;
  - 58.5. to disclose information or express an opinion to a third party if the person disclosing information knows or ought reasonably to know that, as a result of the disclosure, the third party will or is likely to effect or recommend that another person effect a transaction in financial instruments which, to the person





disclosing information, would qualify as a Personal Transaction subject to restrictions set out in the Policy.

59. Subject of Personal Transactions are obliged to notify the Bank about conducted Personal Transactions in accordance with the Bank's internal regulatory document "Personal Transactions Monitoring Procedure".
60. The Bank may determine that Subjects of Personal Transactions require authorization for each transaction or transaction in a specific financial instrument in order to carry out Personal Transactions. Where the Bank has determined that the execution of Personal Transactions requires the Bank's authorization, the Bank shall maintain information on authorizations or refusals to grant authorizations for the execution of Personal Transactions.
61. The Bank shall, in accordance with the Bank's internal regulatory document "Personal Transactions Monitoring Procedure", establish and maintain personal transactions register where information provided by the Subjects of Personal Transactions or disclosed in the course of monitoring shall be stored.

#### **XI.-4 Restrictions on Conduct of Transactions by Persons Producing Investment Research**

62. Employees' review of the state of and trends in the economy, financial markets, particular business sectors, and the companies and financial instruments issued by those sectors, prepared for information purposes, which does not directly or indirectly recommend or suggest an investment strategy in one or more financial instruments or issuers of financial instruments, nor contain an opinion on the current or future value or future price of such instruments, shall be regarded as a market review. The review shall indicate that it has been prepared without regard to the requirements of laws and regulations aimed at ensuring the independence of Investment Research. The review may be distributed to Clients and prospective Clients.
63. Financial Analyst and other Subjects of Personal Transactions involved in producing an Investment Research is prohibited from:
  - 63.1. to carry out Personal Transactions or transactions for the account of another person, including for the account of the Bank, in financial instruments on which the Investment Research has been prepared or financial instruments related to such financial instruments, if such Financial Analyst or Subject of Personal Transactions has information about the content of the Investment Research which is not available to the Bank or the Clients or which cannot be inferred from already publicly available information, so long as the recipients of the Investment Research have had the opportunity to become familiar with the contents of the Investment Research and to take actions based on the Investment Research. This prohibition shall not apply in the event that the aforementioned persons execute transactions as market makers in good faith and in accordance with the established procedures and execute an order placed on the Client's initiative;
  - 63.2. to effect sell Personal Transactions in the financial instruments covered by the



Investment Research. Such financial instruments may only be sold with the prior written consent of the Head of General Compliance Department, if there are special circumstances (e.g., for personal reasons due to financial difficulties it is necessary to liquidate the item);

- 63.3. to accept benefits, pecuniary or otherwise, from persons who may have interest in the content of the Investment Research;
- 63.4. to undertake to produce an Investment Research that is beneficial to the issuer.
64. Prior to the distribution of the Investment Research to the issuers, no person other than the Financial Analyst shall be permitted to review the draft Investment Research for the purpose of verifying the facts stated in the Investment Research or for any other purpose, other than to verify compliance with the Bank's legal obligations where the draft contains a recommendation or target price.

#### **XI.-5 Restrictions in regard to Provision of Certified Adviser Services**

65. The Bank must not acquire more than 10% (ten per cent) of the Issuer's share capital or voting share if it as a Certified Adviser provides Certified Adviser services.
66. Employees of the Bank directly involved in the provision of Certified Adviser services are prohibited from trading in financial instruments of the respective issuer to whom the Bank provides its Certified Adviser services.

#### **XII. Provision of Information to Client**

67. When providing information to Clients or prospective Clients, Employees shall ensure that it is clear, accurate, truthful and complete (disclosing all material risks to the Client) and not misleading. Employees shall observe the basic principles of the protection of the interests of Clients in their day-to-day work and in their communications with Clients or potential Clients.
68. The Bank shall, when ensuring the management of Conflict-of-Interest situations at the Bank, take appropriate organizational and administrative measures to prevent the interests of Clients or potential Clients from being adversely affected.
69. The Bank shall establish and document procedures for the preparation and provision of information which ensure that information provided to Clients is truthful, not misleading and not inconsistent with the Bank's activities.
70. In the event of a Conflict of Interest, the Bank shall use its best endeavors to:
  - 70.1. serve the best interests of the Client and the Client obtains the best possible result and protection of its interests;
  - 70.2. the Client is able to obtain full information about the service (transaction) provided;
  - 70.3. if the Bank is unable to prevent damage to the Client's interests by taking measures to prevent Conflicts of Interest, the Bank shall clearly disclose the nature of the Conflict of Interest to the Client.
71. The Bank shall ensure that in the performance of their duties, Employees, when making decisions on matters related to the interests of the Bank or the Clients, provide



objective, complete, truthful and reliable information on the nature of the transaction, as well as disclose all existing or potential Conflicts of Interest.

72. The Bank shall ensure that all information provided by Employees to Clients or potential Clients, whether in person or through the media, is clear (excluding possibilities of interpretation), accurate, truthful and not misleading, and does not conflict with the activities carried out by the Bank.

### **XIII. Actions if Administrative Measures have not Eliminated Conflict of Interest**

73. In cases where the Bank's administrative measures have not eliminated a Conflict of Interest, the following principles shall be followed, prioritizing the least possible damage to the interests of the parties involved:
- 73.1. where a Conflict of Interest arises between an Employee and a Client, the interests of the Client shall be respected as far as possible;
  - 73.2. where a Conflict of Interest arises between the Employee and the Bank, the interests of the Bank shall be respected;
  - 73.3. where a Conflict of Interest arises between different departments or Employees of the Bank, the interests of the party which ensures the least possible damage to the interests of the Client or the Bank, as well as to the reputation of the Bank, shall be respected.

### **XIV. Reporting and Provision of Information**

74. All Conflicts of Interest (actual and potential) shall be reported in writing to the Head of General Compliance Department, who shall ensure that the information is accumulated, stored and corrective and preventive measures are identified and monitored to reduce the likelihood of future Conflicts of Interest.
75. All activities related to the management of Conflicts of Interest shall be documented, including decisions and actions taken. Principles of conduct:
- 75.1. upon identification of an actual or potential Conflict of Interest in their own activities, the Employee is prohibited from executing their own transactions and is obliged to immediately inform their direct manager and the Head of General Compliance Department of the situation, as well as to cease their participation in decision-making and to refrain from performing any duties related to their own interests or those of their related party;
  - 75.2. any Employee who becomes aware of an actual or potential conflict of interest in the activities of another Employee shall immediately inform the Head of General Compliance Department;
  - 75.3. a member of the Supervisory Board and Management Board of the Bank identifying an existing or potential Conflict of Interest in their own activities shall immediately notify the Supervisory Board of the Bank, the Head of General Compliance Department and the CCO of the situation;
  - 75.4. a Key Function Holder, upon identifying an existing or potential Conflict of Interest in their activities, shall immediately report the situation to their direct manager and the Head of General Compliance Department;



- 75.5. the CCO shall inform the Chairman of the Supervisory Board of the Bank as well as the Head of General Compliance Department of the existence or possible existence of a Conflict of Interest in the activities of the Supervisory Board or Management Board of the Bank or individual members of the Supervisory Board or Management Board;
- 75.6. if a potential Conflict of Interest is identified in relation to the CCO, it shall be reported to the CRO who shall further report it to the Supervisory Board of the Bank.
- 76. Where necessary, the Head of General Compliance Department shall consult with the CCO for Conflict-of-Interest assessment and decision-making.
- 77. The Head of General Compliance Department shall include information on the management of Conflicts of Interest, including on identified Conflicts of Interest, in a monthly report to the Management Board of the Bank.
- 78. The CCO shall provide the Supervisory Board and the Management Board of the Bank with regular information on the management of Conflicts of Interest within the Bank and the Group as part of the operational compliance risk reporting.

### **XV. Inducements**

- 79. This Chapter of the Policy describes the measures to be applied to identify, process and disclose to Clients any Inducements received or provided by the Bank.

#### **XV.-1 General Provisions**

- 80. Where the Bank, in the course of providing Investment Services or Ancillary Services, provides or receives Inducements, it shall assess the compliance of the Inducements with the terms of the Policy. Information on Inducements received by the Bank shall be disclosed on the Bank's website (<https://signetbank.com/mifid/>).
- 81. The Bank shall not accept Inducements from third parties when providing Investment Services or Ancillary Services:
  - 81.1. For directing the Client's orders to a particular trading venue or execution venue;
  - 81.2. If the provision of the relevant services to the Client is biased or distorted as a result of the Inducement.
- 82. The Bank may accept and retain the Inducements from the third parties in the events when the following conditions are satisfied:
  - 82.1. The Inducement is intended to improve the quality of the service provided to the Client and the Inducement does not impair the Bank's compliance with its duty to act honestly, fairly and professionally in the best interests of the Client;
  - 82.2. the Inducement is minor non-monetary benefit which is reasonable, proportionate and of such a scale that it will not influence the conduct of the Bank in a manner that would be detrimental to the interests of the relevant Client.
- 83. In assessing compliance of the Inducement with the Policy, the Bank documents how the relevant Inducement enhances the quality of the service provided to relevant Clients



and the steps taken to not adversely affect the Bank's duty to act honestly, fairly and professionally in accordance with the Client's interests.

84. Within the meaning of the Policy, Inducements are not the payments or benefits which:
  - 84.1. Are necessary to provide the relevant Investment Services or Ancillary Services, for instance, financial instruments custody costs, settlement and exchange fees, regulatory levies or legal and financial fees;
  - 84.2. Cannot, by their nature, give rise to conflicts with the Bank's duty to act honestly, fairly and professionally in accordance with the interests of its Clients.
85. Inducements are deemed to be designed to enhance the quality of the service provided to the Client if the below conditions are met:
  - 85.1. it is justified by the provision of an additional or higher-level service to the relevant Client in proportion to the level of the Inducements received, including:
    - 85.1.1. Providing investment advice on a wide range of suitable financial instruments and access to such financial instruments, including an appropriate number of financial instruments offered by third party product providers having no close links with the Bank;
    - 85.1.2. Providing investment advice combined with a stand-alone service that may be of value to the Client, for instance, an offer to the Client on an annual basis to assess the continuing suitability of the financial instruments in which the Client has invested;
    - 85.1.3. Providing access, at a competitive price, to a wide range of financial instruments that are likely to meet the Client's needs, including an appropriate number of financial instruments offered by third party product providers having no close links with the Bank;
  - 85.2. It does not directly benefit the Bank, its shareholders, members or Employees without tangible benefit to the relevant Client;
  - 85.3. It is justified by the provision of an on-going benefit to the relevant Client in relation to an on-going Inducement.

#### **XV.-2 Information Disclosure to Clients about Inducements**

86. Prior to the provision of the Investment or Ancillary Service, the Bank discloses to the Client information about the Inducement received from or paid to third parties.
87. If the Bank was unable to estimate the amount of the Inducement on an ex-ante basis, the Bank discloses the method of calculating the amount and information on the actual amount of the Inducement received or paid on an ex-post basis prior to providing the Investment or Ancillary Service.
88. If the Bank receives on-going Inducements, it, at least once a year, informs its Clients about the amount of Inducements actually received or paid.
89. Information on minor non-monetary benefits is disclosed to Clients prior to the provision of the relevant Investment Service or Ancillary Service.
90. The Bank informs about minor non-monetary benefits by describing them in a general way on the Bank's website.



### **XV.-3 Inducements in respect of Investment Advice on an Independent Basis or Portfolio Management Services**

91. Providing investment advice on an independent basis or portfolio management services:
  - 91.1. monetary benefits received from third parties in relation to the independent investment advice and portfolio management provided may not be retained. If such monetary benefits are received, they are respectfully allocated and transferred to Clients in full and the Clients are informed about the monetary benefits transferred to them;
  - 91.2. non-monetary benefits that do not qualify as acceptable minor non-monetary benefits are not accepted.

### **XVI. Tasks of the Bank's Management and Structural Units**

92. The Supervisory Board of the Bank:
  - 92.1. Approves the Policy and monitor its implementation and improvement;
  - 92.2. Is responsible for the management of Conflicts of Interest in its activities;
  - 92.3. Participates in the establishment of the Group structure to ensure that the Group has a structure capable of implementing the principles set out in the Policy and effectively managing Conflict of Interest situations;
  - 92.4. Determine the procedures for the exchange of information between the Management Board and the Supervisory Board of the Bank, and between the Bank and other Group companies on the management of Conflict-of-Interest situations.
93. The Management Board of the Bank:
  - 93.1. Ensures the implementation and timely review of the Policy established by the Supervisory Board of the Bank;
  - 93.2. Ensures the implementation and development of an effective system for the prevention of Conflicts of Interest, including the establishment of an organizational structure and remuneration system to prevent Conflicts of Interest;
  - 93.3. Prevents Conflicts of Interest in its activities and report to the Supervisory Board of the Bank and the CCO on Conflicts of Interest arising in the performance of the duties of the members of the Management Board of the Bank;
  - 93.4. Reviews information on Conflicts of Interest and determine corrective / preventive measures to prevent them, identifying the responsible structural units or Employees.
94. CCO:
  - 94.1. Organizes the establishment of the Conflict-of-Interest prevention system and control its implementation in the Bank;
  - 94.2. Organizes the coordination of the management of Conflict-of-Interest situations at the Group level, including the establishment of information exchange procedures in the field of Conflict-of-Interest management;



- 94.3. Organizes the collecting, storage and analysis of information on Conflicts of Interest;
- 94.4. Provides the Management Board and Supervisory Board of the Bank with information on Conflicts of Interest within the framework of compliance risk management in accordance with the procedures set out in the Bank's internal regulatory documents.
95. Head of General Compliance Department:
  - 95.1. Establishes a Conflicts of Interest prevention system at the Bank;
  - 95.2. Coordinates the management of Conflict-of-Interest situations on a Group-level basis, including cooperation with Group companies to ensure the exchange of information on the management of Conflict-of-Interest situations;
  - 95.3. Collects, stores and analyses information on Conflicts of Interest;
  - 95.4. Provides information on Conflicts of Interest to the CCO.
96. Employees:
  - 96.1. Prevent Conflicts of Interest from arising in the course of their activities and report Conflicts of Interest to their direct manager and the Head of General Compliance Department and to the relevant Committee if the Conflict of Interest arises in their capacity as a member;
  - 96.2. Provide information to the Human Resources Manager of the Bank on their holdings and positions in other legal entities or other organizations by completing the Economic Interests Questionnaire (Annex 1) in accordance with the procedure and within the deadlines set out in the Bank's internal regulatory documents;
  - 96.3. Obtain the Bank's permission before taking up any position outside the Bank;
  - 96.4. Make recommendations for necessary corrective / preventive measures to improve the Conflict-of-Interest prevention system.
97. The Bank's Internal Audit shall, within the framework of its work plan, independently monitor the Conflict-of-Interest process, as well as carry out and ensure the reporting of Conflict-of-Interest disclosures within the framework of the audit.

## **XVII. Related Internal Regulatory Documents**

1. "Personal Transactions Monitoring Procedure".
2. "Whistleblowing Procedure".

## **XVIII. Applicable External Regulations**

1. [Credit Institution Law](#).
2. [Financial Instrument Market Law](#).
3. [European Parliament and Council Directive 2014/65/EU](#).
4. [European Commission Delegated Directive \(EU\) 2017/593](#).
5. [Commission Delegation Regulation \(EU\) 2017/565](#)

## **XIX. Annexes**

1. "Economic Interests Questionnaire" (Restricted access information after completion).

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