



CONFLICT OF INTEREST POLICY

Market in Financial Instruments Directive (MiFID)

March 2009

Conflicts of Interest Policy

Background

This document sets out the conflicts of interest policy ("Policy"), established in accordance with the Markets in Financial Instruments Directive ("MiFID") of Lombard Odier Darier Hentsch Group ("Lombard Odier"), which includes in particular the following subsidiaries:

- Lombard Odier Darier Hentsch & Cie (Nederland) N.V., the Netherlands
- Lombard Odier Darier Hentsch & Cie (España) S.V., S.A., Spain
- Lombard Odier Darier Hentsch & Cie (Belgium) S.A., Belgium
- Lombard Odier Darier Hentsch Private Bank Ltd, Gibraltar
- Lombard Odier Darier Hentsch (UK) Limited, United Kingdom
- Lombard Odier Darier Hentsch & Cie (France), France
- Lombard Odier Darier Hentsch Gestion, France

This policy is issued pursuant to, and reflects compliance with, the rules on the management of conflicts of interest adopted under the Markets in Financial Instruments Directive. This policy supplements Lombard Odier's overarching commitment to act with integrity and fairness towards its clients at all times.

In practical terms, Lombard Odier's employees are required to comply with our In-House Regulatory Code and any specific internal instructions relating to conflicts of interest.

General Principle

Lombard Odier endeavours always to act professionally and independently with the client's best interests in mind, and takes all reasonable steps to identify and prevent conflicts of interest that may arise in the course of providing investment and / or ancillary services. Such conflicts of interest may arise between:

- Lombard Odier (either as a single entity or as a result of the interaction between different Lombard Odier group entities) and a client of Lombard Odier;
- Lombard Odier staff, its representatives or any person directly or indirectly linked to Lombard Odier by control and a client of Lombard Odier;
- One client of Lombard Odier and another.

Where appropriate internal measures designed to manage conflicts of interest are considered insufficient to mitigate, with reasonable confidence, risks of damage to a client's interests, Lombard Odier will disclose the general or specific nature of these conflicts of interest openly to the client or clients concerned. We recognise that any conflict of interest may damage a client's interest and that conflicts of interest are not premised on an assessment of materiality.

Application

- I. **Identification of conflicts of interest:** Lombard Odier has implemented organisational measures to identify generic conflicts of interest that may occur, as described above. In addition, employees are responsible for identifying and reporting specific conflicts of interest to senior management.

To determine whether a conflict of interest may arise, Lombard Odier employees are required to consider the following circumstances:

- Lombard Odier or one of the persons referred to in the "General principle" section above is likely to make a financial gain, or avoid a financial loss, at the expense of a client;
- Lombard Odier or one of the persons referred to in the "General principle" section above has an interest in the outcome of a service provided to a client or a transaction carried out on behalf of a client which is distinct from the client's interest in that outcome;
- Lombard Odier or one of the persons referred to in the "General principle" section above has a financial or other incentive to favour the interests of one client or group of clients over the interests of another client;
- Lombard Odier or one of the persons referred to in the "General principle" section above carries out the same business as a client;
- Lombard Odier or one of the persons referred to in the "General principle" section above receives or will receive from a firm or individual other than the client concerned an inducement in relation to a service provided to the client, in the form of monies, goods or services, other than the standard commission or fee for that service.

- II. **Process for preventing and managing conflicts of interest:** Lombard Odier also maintains and operates effective organisational and administrative measures designed to ensure that all reasonable steps are taken to prevent conflicts of interest from adversely affecting its clients. These arrangements take into account any circumstances which may give rise to a conflict of interest arising from Lombard Odier's organisational structure and potential conflicting activities of Lombard Odier.

The following are the main ways in which Lombard Odier manages conflicts of interest:

- **Segregation of duties:** Key activities which, by their nature, can give rise to conflicts of interest are segregated within the organization. In addition, adequate internal procedures regulate the processes and restrict the flow of information among, and within, business units so that activities are carried out with an appropriate level of independence and conflicts of interest that may harm the interests of one or more clients are avoided.
 - **Proprietary trading:** Lombard Odier has implemented measures to adequately mitigate potential conflicts of interest created by its own proprietary trading activities, if any. The execution of client orders may be delegated, where necessary, to other Group entities with equivalent measures.
 - **Staff matters:** The following are the main measures taken by Lombard Odier in relation to its managers and employees:
 - **Remuneration:** The compensation package is based on a basic salary and a discretionary bonus which is related to performance against staff objectives and performance of Lombard Odier as a whole. It is not directly linked to specific transactions;
 - **Personal securities dealing:** Internal rules are established regarding staff dealing, in particular with regard to investment professionals and financial analysts. Compliance performs periodic monitoring of personal deals to ensure that said internal rules are complied with at all times;
 - **Gifts and personal advantages:** Internal rules cover the receiving and giving of gifts and other personal advantages. They are designed to ensure that employees do not use their positions within Lombard Odier for significant personal gain for themselves, their families or any other persons. All gifts above a designated value must be approved by Compliance prior to acceptance;
 - **Secondary activities and external appointments:** Employees are required to work exclusively for Lombard Odier for the duration of their employment. Employees are not permitted to perform any paid or unpaid work for a third party. No employee may accept an appointment as a board member of a company or other commercial entity, nor any post entailing financial risk, unless an exemption has been duly approved by Lombard Odier.
 - **Internal guidance and training:** It is not possible to predict all the possible conflicts of interest that may arise in the course of business operations and staff must therefore be alert to the possibility that conflicts of interest can occur. Relevant employees and managers receive training to ensure awareness and sensitivity to this matter, and also to ensure that they can deal effectively with conflicts of interest should they arise.
- III. **Governance:** Senior management is responsible for ensuring that this policy and the In-House Regulatory Code are issued and revised on a regular basis. It also ensures that the Compliance department monitors compliance with the In-House Regulatory Code and any internal instructions relating to conflicts of interest. Any breach is reported to senior management and Lombard Odier reserves the right to take any measures it deems necessary.
- IV. **Documentation and disclosure:** Lombard Odier maintains records, for a period of five years, of the services and activities performed in which a conflict of interest entailing a material risk of damage to the interests of one or more clients has arisen.

Important notice: This policy does not form part of any contract between Lombard Odier and any of its clients or prospective clients and is simply a statement of policy issued in accordance with Lombard Odier's regulatory obligations.

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