



## INFORMATION ON THE CONFLICT OF INTEREST POLICY OF KBC CLEARING

**Date: 25<sup>th</sup> October 2007**

KBC Clearing, part of KBC Group N.V. ("Group"), is a multi-service investment firm providing a range of financial services across financial instruments and markets. KBC Clearing is specialized in the delivery of clearing services. KBC Clearing operates its business on the principle that it must manage any conflicts of interest between itself, including employees, and other Group companies, and clients, and between one client and another, in a fair and commercial manner.

This document is designed to provide clients with a high level summary of the underlying conflicts of interest policies and arrangements within KBC Clearing.

KBC Clearing maintains and operates organizational, procedural and administrative arrangements designed to identify and manage actual and potential conflicts. These arrangements form part of the reasonable steps KBC Clearing has taken to prevent conflicts of interest from adversely affecting the interests of clients. For the purposes of conflicts management, clients include existing clients of KBC Clearing and may include potential clients seeking to conduct specific services or activities with KBC Clearing.

Specific conflicts management arrangements include, but are not limited to:

- **Information Barriers:** KBC Clearing has physical arrangements and procedural policies restricting the flow of information ("Chinese Walls") between KBC Clearing and other entities within KBC Group N.V. These Chinese Walls are designed to prevent improper access to client information or other types of sensitive information e.g. Inside Information. The Chinese Walls are also designed to enable KBC Clearing to conduct client business without being influenced by information held within other parts of KBC Group N.V. that could result in a potential conflict of interest.
- **Order Management:** KBC Clearing has a policy in place governing client order priority, whereby all trading on behalf of KBC Clearing, including principal trading and lending, and on behalf of its clients should take place fairly and in due turn so as to avoid a potential conflict of interest.
- **Personal Account Dealing ("PAD") and Outside Business Interests:** Relevant employees of KBC Clearing are subject to KBC Clearing's PAD policy. A key feature of the policy is to ensure that there are no potential conflicts of interest between the employee's PAD and that of KBC Clearing's clients or KBC Clearing itself. KBC Clearing employees are also required to declare certain Outside Business Interests.
- **Record keeping:** KBC Clearing maintains adequate records for actual and/or potential conflicts of interest and other relevant information identified.

There may be circumstances where the arrangements that KBC Clearing has in place with respect to conflicts management are insufficient to entirely cure a particular conflict of interest. In these circumstances KBC Clearing may, in the best interests of the client, disclose the potential or actual conflict of interest to the client. In some situations, KBC Clearing may decline to act where a conflict of interest may damage the interests of a client.