



# SANTANDER ASSET MANAGEMENT LUXEMBOURG “CONFLICTS OF INTEREST POLICY”

December 2013

## INTRODUCTION

This document contains the General Conflicts of Interest Policy of Santander Asset Management Luxembourg S.A. (“SAM Lux”) (the “Conflicts of Interest Policy”).

Since most of its content and principles are already dealt with in other instruments containing different internal regulations for specific cases, much of the Conflicts of Interest Policy is based on references to such documents.

SAM Lux relies on internal Codes of Grupo Santander which contain the criteria to deal with different types of potential conflicts:

- General Code of Conduct of Santander Group
- Code of Conduct in Securities Markets
- Voting Policy
- Group- linked trades control system

The combination of all of the aforementioned codes will henceforth be referred to as the “Internal Codes”. Whenever capitalised terms defined in the Internal Codes are used in this document, they will have the same meaning as that used in such Codes.

## SUBJECTIVE SCOPE

The regulations on conflicts of interest contained in each of the Internal Codes will apply, in each case, to the persons subject to such Codes under their own terms. All persons subject to the rules concerning conflicts of interest in application of the Internal Codes will henceforth be referred to as the “Affected Persons”.

## OBJECTIVE SCOPE

“Conflict of Interest” is understood as a situation in which:

- i. Santander Asset Management Luxembourg or another institution belonging to Santander Group (the “Subject Institutions”), or
- ii. Any Affected Person (together with the “Subject Institutions”, the “Subject Parties”), is in any of the following situations:
  - a. SAM Lux or a Subject Party is likely to make a financial gain or avoid a financial loss at the expense of the UCI.
  - b. SAM Lux or a Subject Party has an interest in the outcome of a service or an activity provided to the UCI or another client or of a transaction



# SANTANDER ASSET MANAGEMENT LUXEMBOURG “CONFLICTS OF INTEREST POLICY”

December 2013

carried out on behalf of the UCI or another client, which is distinct from the UCI's interest in that outcome.

- c. SAM Lux or a Subject Party has a financial or other incentive to favour the interests of another client or group of clients over the interests of the UCI.
- d. SAM Lux or a Subject Party receives or will receive from a person other than the UCI an inducement in relation to collective portfolio management activities provided to the UCI in the form of monies, goods, or services, other than the standard commission or fee for that service.

## **PURPOSE**

The purpose of the Conflicts of Interest Policy covers the following:

- i. To establish mechanisms and procedures permitting the identification of potential Conflicts of Interest.
- ii. To determine the way of managing conflicts of interest that cannot be avoided,

## **SAM LUX RESPONSIBILITIES**

- i. Ensure a sufficient level of independence of the Affected Persons to ensure the carry out of their activities in an appropriate manner.
- ii. Evaluating, at least once per year, the Conflicts of Interest Policy and proposing the measures it considers necessary to improve it.
- iii. Clarifying any doubts that may arise with respect to the Conflicts of Interest Policy and ensuring that all Affected Persons have been duly informed.
- iv. Keeping the necessary registers for the appropriate documentation of the management and application of the Conflicts of Interest Policy.

## **SPECIALLY SENSITIVE AREAS**

The Code of Conduct in Securities Markets establishes detailed regulations on different aspects relating to Conflicts of Interest or closely connected matters with respect to areas that are especially sensitive owing to their relation with the markets, including:



# SANTANDER ASSET MANAGEMENT LUXEMBOURG “CONFLICTS OF INTEREST POLICY”

December 2013

- i. Specific regulation on Conflicts of Interest, contained in sections 12 and 15, which includes the applicable rules for resolving them and a series of mechanisms (e.g., statement of personal situations) for the detecting and control of such situations.
- ii. Detailed ruling on the use of Sensitive Information (Confidential, Material and Insider Information), aimed at preventing the possession of such information from creating Conflicts of Interest (sections 16 to 18, 24 and 25).
- iii. Detailed regulations concerning Separated Areas, Chinese Walls, the procedure to be applied when crossing Chinese Walls and existing units or bodies above them, as well as the flow of information to such units and bodies (sections 19 to 23, 29 and 30).
- iv. A series of rules applicable to the handling of orders to buy or sell securities, aimed at preventing action that is prejudicial to customers (section 32).
- v. Own account trading or personal trading rules (Chapter II) and specificities applying to Affected Persons having a close link with the market.
- vi. SAM Lux will refer to the Voting Policy for the follow up of any corporate event and will act in the best interest of the UCI and the unitholders/shareholders.

## **RELATED PARTY TRANSACTIONS WITHIN THE GROUP**

SAM Lux has developed a control system in order to avoid any Conflict of Interest that might arise resulting from the activities carried out by other members of the Group, Subject Institutions.

Every Related-party transactions on behalf of an UCI under management would have to comply with the following requirements:

- done in the sole interest of the UCI
- at price market or in similar or better conditions than market conditions
- and follow the requirements established on the specific procedure.



# SANTANDER ASSET MANAGEMENT LUXEMBOURG “CONFLICTS OF INTEREST POLICY”

December 2013

## **PROCEDURE**

Whenever a situation of a possible conflict of interest is identified, the person identifying it should notify the Compliance Officer (in the case of an Area where one exists) or otherwise the officer responsible for the unit to which such person belongs.

In the event of any doubt as to the actual existence of the conflict, the Compliance Officer or officer responsible for the unit will bring the matter to the attention of Compliance Management, who will decide whether or not a conflict exists.

Whenever the existence of a conflict is established:

- i. It will be resolved following the model established in article 15 of the Code of Conduct in Securities Markets and by the appropriate body according to the latter.
- ii. The different stages of the process will be duly documented, as stated in section 9 below.
- iii. Appropriate notification will be made to the customers, as stated in section 8 below.

## **DISCLOSURE OF CONFLICTS OF INTERESTS TO CUSTOMERS**

General availability of the policy: The Conflicts of Interest Policy should be made available to customers on SAM's Website [www.santanderassetmanagement.com](http://www.santanderassetmanagement.com) and at any time upon request.

In case the measures adopted would not be sufficient to solve a conflict of interest, investors would be informed through a durable medium of the reasons of the decision taken.

## **REGISTER OF CONFLICTS OF INTEREST**

Regulatory Compliance Management should keep and duly update a register of the types of investment services in which a possible conflict of interest has arisen, giving a brief description of the situation leading to the conflict, the business areas involved and the decision adopted.

Generally speaking, votes will be cast using remote means, whether physical or electronic, unless there are good reasons in the opinion of the Voting Committee making another action advisable.