#### **Information on the Royal Bank of Canada Capital Markets**[[1]](#footnote-1) **(“RBCCM”) Conflicts Management Policy**

# **1. Introduction**

RBCCM’s Conflicts Management Policy (“the Policy”) outlines RBCCM European management’s accountability for ensuring that RBCCM has and maintains appropriate systems and controls to identify and manage the conflicts of interest (“Conflicts”) inherent in the business it conducts, in accordance with the applicable FCA rules and guidance. Effective identification and management of Conflicts involves senior management actively contributing to mitigating such Conflicts, the provision of relevant management information and the use of robust controls to manage such Conflicts.

**2. Identification of Conflicts**

RBCCM has established procedures for the purpose of identifying Conflicts that may entail a material risk of damage to the interests of a client. The main Conflicts that Employees must be aware of relate to those that might arise between:

* RBC and Client(s) (see ***Section 3***);
* Employee(s) and RBC (see ***Section 4***); and
* Employee(s) and Client(s) (see ***Section 5***).

The Policy also addresses those Conflicts that may arise as a result of the structure and business activities of other members of the RBC Financial Group (see ***Section 6***).

**3 RBC and Client(s) conflicts**

The RBCCM Conflicts Management Policy details a number of potential Conflicts:

***3.1 Misuse of client information***

It is RBCCM’s policy that no officer, director, or Employee may misuse confidential (including inside) or proprietary information. Thus, no officer, director or Employee may trade or give advice on the basis of Material Non-Public Information (“MNPI”), “tip” others with respect to any such information, or front run customer orders or trades.

More detailed Policies, including the RBC Code of Conduct, outline the procedures for the appropriate handling of information within RBCCM. These Policies are supplemented by training and guidance on the Market Abuse regime and other related topics.

RBCCM’s Information Barrier procedures are designed to prevent and detect the misuse of confidential information and to prevent individuals at RBCCM, particularly Public Side Employees, from gaining access to Confidential Information that may have been acquired on the Private Side of RBCCM. RBCCM’s procedures include the use of Watch and Restricted lists.

***3.2 Specific products or services giving rise to conflicts***

The Conflicts Management Policy identifies particular products or services that may give rise to Conflicts. In determining the types of Conflicts that may arise, RBCCM will take account of whether it:

* is likely to make a financial gain, or avoid a financial loss, at the expense of the client;
* has an interest in the outcome of a service provided to the client or of a transaction carried out on behalf of the client, which is distinct from the client’s interest in that outcome;
* has a financial or other incentive to favour the interest of another client or group of clients over the interests of the client;
* carries on the same business as the client; or
* receives or will receive from a person other than the client 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.

***3.3 Inappropriate gifts/entertainment to/from clients & third parties***

RBCCM does not permit gifts or entertainment to be given or accepted if they are, or appear to constitute an effort to obtain business by improper influence. Employees are required to follow various limits and approval processes for the giving and receiving of gifts and entertainment.

***3.4 Inappropriate inducements to/from clients & third parties***

RBCCM employees are prohibited from making or accepting any payment (which includes fees, commissions and non-monetary benefits) in relation to an investment service provided to a (professional or retail) client unless the payment falls within one of the three categories of acceptable inducements.

The over-arching principle when accepting or providing inducements to or from clients and third parties is that RBCCM should ensure that it acts honestly, fairly and professionally, in the best interests of the client and manages any potential Conflicts arising from the paying or accepting of the inducement.

***3.5 Inappropriate research analysis or inappropriate use or disclosure of research***

The credibility and integrity of RBCCM Research is a cornerstone of our business model and the goal of the Research Department is to produce high quality analysis that adds value to investors. Specific policies exist to address the duties and responsibilities of the RBCCM Research Analysts and to promote the production of independent analysis.

***3.6 Allocation and pricing of securities***

RBCCM’s maintains policies for managing Conflicts in relation to the allocation and pricing of security offerings.

***3.7 Best Execution***

RBCCM owes an obligation to take all reasonable steps to obtain best execution when executing orders on behalf of Clients. The RBCCM Order Execution Policy sets out the arrangements that have been established to enable the bank to be able to comply with the FCA’s implementation of the best execution obligations that are set out in the Markets in Financial Instruments Directive (“MiFID”).

**4 Employee(s) and RBC conflicts**

The Conflicts Management Policy summarizes those key Conflicts which may arise between Employees own interests and the interests of RBC and its clients. In particular:

***4.1 Personal Investments***

Employees are able to make a variety of personal investments, but must comply with RBCCM’s policies and procedures relating to personal account dealing, managed accounts and private placements/investments.

***4.2 Outside business interests***

To ensure that the personal interests of Employees do not conflict or appear to conflict with the interests of RBCCM or its clients, Employees are prohibited from outside employment, compensation or other business activities, unless they obtain express written permission from RBCCM.

***4.3 Benchmark submissions (including LIBOR)***

RBCCM is committed to principles supporting the fair, efficient and competitive capital markets that protect investors from unfair, improper or fraudulent practices. All information submitted by RBCCM in connection with a financial market benchmark must represent an honest and accurate assessment of the rate and be free from any undue or improper influence.

**5 Employee(s) and Client(s) Conflicts**

Employees must ensure that they are not placed in a position which conflicts with the duty they owe to a client. Accordingly Employees must:

* not take a direct/indirect personal interest in client matters unless strictly in accordance with the policies and procedures outlined in the RBCCM Conflicts Management Policy; and
* not advise and/or take actions intended to improperly maximize variable compensation.

**6 Intra-group Relationships**

RBCCM has business interactions with other parts of the RBC Financial Group in terms of operating globally integrated businesses and cross selling RBC products.

The RBCCM Conflicts Management Policy sets out those interactions which may give rise to Conflicts, and the controls in place to manage such Conflicts.

**7 Management of Conflicts**

***7.1 Policy Framework***

As set out above, Conflicts are managed by a number of policies both on a RBC enterprise-wide level and at an RBCCM level, underpinned by the RBC Code of Conduct.

***7.2 RBC Code of Conduct***

Shareholders, Regulators and management demand that RBCCM consistently maintains the highest possible standards of honest and ethical behaviour. In keeping with this objective, RBC has five Values that express these high standards which form the foundation of the Code of Conduct.

***7.3 Reputation and Compliance Committee***

In the UK, RBCCM operates a Reputation and Compliance Committee to assist with the identification and management of conflicts across all RBC UK businesses on an ongoing basis.

***7.4 Reputation Risk Oversight Committee***

The Reputation Risk Oversight Committee exists to ensure transactions that expose RBC to potential reputational, legal, regulatory, accounting or tax risk are subject to sufficiently broad and senior level review to fully consider all risks associated with the transaction.

1. RBC Capital Markets is the trading name of the following legal entities that are registered in the EEA: RBC Europe Limited and Royal Bank of Canada, London Branch [↑](#footnote-ref-1)