



**RBC Capital Markets**

**Information on the RBCCM Europe  
Conflicts Management Policy**

**RBC Capital Markets, Europe  
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## 1.0 PURPOSE OF THIS DOCUMENT

This document sets out information on the Conflicts Management Policy (“the Policy”) and arrangements utilised in respect of the identification and management of conflicts of interest (“Conflicts”), as required by the Markets in Financial Instruments Directive 2014/65/EU (“MiFID II”) for the following legal entities operating in the European Economic Area (“EEA”): Royal Bank of Canada, London Branch; and RBC Europe Limited together referred to as “RBCCM”, “we”, “us” or “the firm”.

This document is published and updated as necessary on our website at:

<https://www.rbccm.com/assets/rbccm/docs/legal/information-on-the-rbccm-conflicts-management-policy.pdf>.

## 2.0 POLICY REQUIREMENTS

Where we conduct business in varying capacities, it is recognised that Conflicts may arise. We are required to take all appropriate steps to identify Conflicts between:

- us, including our managers, employees and appointed representatives (or where applicable agents), or any person directly or indirectly linked to us by control, and you; or
- you and another client.

Additionally, we must maintain and operate effective organizational and administrative arrangements with a view to taking all reasonable steps to prevent Conflicts from adversely affecting your interests.

Finally, where arrangements made by us to manage Conflicts are not sufficient to ensure, with reasonable confidence, that risks of damage to your interests will be prevented, then we shall clearly disclose the general nature or sources of Conflicts, or both, and the steps taken to mitigate those risks before undertaking business on your behalf.

## 3.0 WHAT IS A CONFLICT OF INTEREST?

The Policy defines a “**Conflict of Interest**” or “**Conflict**” as “any situation where we or our employees, when undertaking our business activities, act or have an incentive to act in a manner which is inconsistent with the obligation or duty to act for the benefit of our clients.”

Conflicts may arise in various scenarios including new transactions, business proposals, and initiatives where we, or our employees:

- are likely to make a financial gain (or avoid a loss) at your expense;
- have an interest in the outcome of a service provided to you or a transaction carried out on your behalf, which is distinct from your interest;
- have a financial (or non-financial) incentive to favour the interest of another client or group of clients over your interests;
- carry on the same activity or business as you; or
- receive or are likely to receive from a person other than you an inducement related to a service provided to you, in the form of monetary or non-monetary benefits or services .

## 4.0 TYPES OF CONFLICTS

The main Conflicts that might arise include Conflicts between:

- RBCCM and our Client(s);
- RBCCM and our employee(s); and
- Our employee(s) and our Client(s).

In addition, as we are a member of the Royal Bank of Canada Financial Group (“the Group”), Conflicts may arise as a result of the structure and business activities of other members of the Group.

The Annex to this document provide examples of the types of Conflicts which have been identified as potentially applicable to RBCCM.

## 5.0 IDENTIFICATION AND ESCALATION OF CONFLICTS

It is of paramount importance that all of our employees are familiar with the types of Conflicts which may exist across RBCCM and consider the applicability of these Conflicts to their particular business area.

Where a potential Conflict is identified by an employee, that employee is required to escalate details of the Conflict to the applicable business management and Compliance whereupon the Conflict will be assessed. Conflicts may be further escalated to Senior Management or forums such as the Reputation and Compliance Committee (“RACC”) and Reputation Risk Oversight Committee (“RROC”) for consideration.

Our employees are also made aware that should they wish they can escalate an actual or potential Conflict in accordance with our Whistleblowing procedures.

## 6.0 MANAGEMENT OF CONFLICTS

We will only conduct business when a Conflict can be prevented or appropriately managed. This will occur when we have reasonable confidence that the risk of damage to your interests will be prevented by the steps that have been implemented to mitigate the identified Conflict.

## 7.0 POLICY FRAMEWORK

Conflicts applicable to our business are managed by a number of Policies both on a RBC Financial Group and RBCCM level, underpinned by the RBC Code of Conduct.

## 8.0 DISCLOSURE OF CONFLICTS

As part of the Conflict assessment process, senior business management alongside Compliance and Legal are required to determine whether it is appropriate to disclose the relevant Conflict to you. When required, we shall clearly disclose the following to you before undertaking business on your behalf:

- the general nature or sources of the Conflicts, or both; and
- the steps taken to mitigate the risks of those Conflicts.

This disclosure will:

- be made in a durable medium;<sup>1</sup> and
- include a specific description of the Conflict that arises in the provision of investment and/or ancillary services, taking into account the nature of your business. The description shall:
  - explain the general nature and sources of the Conflict, as well as the risks to you that arise as a result of the Conflict and the steps undertaken to mitigate these risks; and
  - be in sufficient detail to enable you to take an informed decision with respect to the investment or ancillary service in the context of which the Conflict arises; and

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<sup>1</sup> Defined as any instrument (e.g. paper or email) which enables the recipient to store information addressed personally to him in a way accessible for future reference for a period of time adequate for the purposes of the information and which allows the unchanged reproduction of the information stored.



- state the organizational arrangements established by RBCCM to prevent or manage that Conflict (and where appropriate, clearly state that these arrangements are not sufficient to ensure, with reasonable confidence, that the risk of damage to your interests will be prevented).

Examples of our disclosures made to you include our Terms of Business, term sheets, and transaction specific letters.

## **9.0 OWNERSHIP AND RESPONSIBILITY FOR THE POLICY**

The Policy is co-owned by the European Heads of Sales and Trading, Corporate Banking, Investment Banking, and Compliance.

## **10.0 POLICY REVIEW**

We conduct an annual review of the Policy or more frequently if required.

## **11.0 CLIENT ENQUIRIES**

Should you have any enquiries in relation to this document or the Policy please contact your usual business contact.

## ANNEX - POTENTIAL CONFLICTS

The following are examples of potential Conflicts which may exist between us, our employees, and our clients.

### 1.1 Misuse of Confidential Information

In the course of their everyday work, our employees may learn of Confidential (including Inside Information) pertaining to the business of RBCCM or our clients; such information must not be misused.

Where appropriate physical and technological Information Barriers are established to further control the flow of such information and promote the separation of the different business activities of RBCCM.

When one or more our business units is in possession of, or may gain access to, Inside Information in relation to a transaction which has not been publicly announced, we may restrict research, sales and trading in order to avoid the possible appearance of misusing the information by placing it on the Restricted List.

### 1.2 Misleading a Client

We have a duty to ensure that any information provided to you is accurate and truthful. Information provided to you should also be presented in a manner that is fair, clear, and not misleading. Our employees are reminded that it can be considered to be market abuse if the information provided by us gives, or is likely to give, a misleading impression as to the supply of, or demand for, or the price of one or more financial instruments.

### 1.3 “Suitability” of Products and Services

Firms providing personal recommendations or investment advice tailored to the specific needs of clients (including Professional clients and Eligible Counterparties) need to assess the “suitability” of the investment advice given. RBCCM employees are not permitted to provide investment advice to you, as we deal with clients on a non-advised, execution-only basis and do not act in the capacity of investment adviser or as a fiduciary to our clients.

### 1.4 Inappropriate Gifts/Entertainment to/from Clients & Third Parties

It is recognised that gifts and entertainment are offered in the normal course of business; however, we do 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.

### 1.5 Inappropriate Inducements to/from Clients & Third Parties

Our employees are prohibited from providing or receiving any inducement (including fees, commissions, and non-monetary benefits) in relation to an investment service provided to a Professional client unless the payment is categorized as an acceptable inducement.

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

### 1.6 Payment for Order Flow (“PFOF”)

PFOF is the practice of an investment firm that executes client orders (typically a broker) receiving a fee/commission not only from the client originating the order but also from the counterparty with whom the trade is then executed (typically a market maker) and no genuine service to the other counterparty is being provided or nor would it be seen to be acting on such counterparty's behalf.

Our employees are strictly prohibited from the practice of offering or accepting such payments. For the avoidance of doubt, PFOF is not permitted even where we are dealing with Eligible Counterparties.

## 1.7 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 clients. Specific policies exist to address the duties and responsibilities of our Research Analysts and to promote the production of independent analysis.

## 1.8 Allocation and Pricing of Securities

We have in place systems, controls, and procedures for identifying and managing Conflicts in relation to offerings of securities managed by the firm.

## 1.9 Best Execution

We owe an obligation to take all appropriate steps to obtain the best possible result for our Clients, taking into account price, costs, speed, likelihood of execution and settlement, size, nature and/or any other consideration relevant to the execution of an order or any other scenario where Clients place legitimate reliance on us to protect their interests. For further information, please refer to Information on the RBCCM Europe Best Execution Policy which is published at:

<https://www.rbccm.com/assets/rbccm/docs/legal/information-on-the-rbccm-best-execution-policy.pdf>

## 1.10 Anti-Competition and Anti-Trust

RBCCM seeks to ensure fair business practices are followed wherever we do business. Many countries where we do business have laws to promote fair competition and reduce monopolistic (or anti-competitive) activity. At RBCCM, our employees are required to comply with applicable competition and anti-trust laws.

## 1.11 Submission to and Manipulation of a Financial Benchmark/Reference Price

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.

The London Funding and Liquidity (“F&L”) desk has responsibility for submitting LIBOR rates on behalf of Royal Bank of Canada. The requirements that control the actions of RBC’s LIBOR submitters are set out in the LIBOR submission governance framework document.

Conflicts in relation to Financial Benchmarks are reviewed by the relevant executive committee such as the European Trading Risk Management Committee (“ETRMC”), the LIBOR Steering Committee, and the FX Operating Committee (“FXOC”).

## 1.12 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, private placements and other types of private investments.

### 1.12.1 Personal Account Dealing

Dealing in both RBC and third party securities by employees is to be conducted in accordance with the RBC Code of Conduct and RBCCM Global Policy on Personal Trading.

### 1.12.2 Private Investments/Placements

All Private Investments or Private Placements must be conducted in accordance with the RBCCM Global Private Investments Policy. A Private Placement or Private Investment includes any investment in securities which is not executed through a securities market such as a stock exchange, automated quotation system or over-the-counter market, and includes any securities obtained by prospectus exception, including tax shelter private

investments, hedge funds, limited partnership investments or closely held corporations. For the avoidance of doubt, a Private Investment will include a share or any other form of ownership in any entity or partnership, including a limited liability partnership.

### **1.13 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.

### **1.14 Other Personal Relationships**

Employees are made aware that it is possible for other personal relationships to have an effect on their work at RBC. For example, non-business relationships with other RBC colleagues, and friends or family members working for the firm's regulators, auditors, or a company that does or seeks to do business with RBC as an RBC client, competitor, or supplier. Employees are required to escalate any such relationship that may present an actual or perceived Conflict to their supervisor or Compliance for review.

### **1.15 Hiring Practices/Recruitment**

Employees are required to conduct all hiring and recruitment of employees and contractors in a transparent and fair way, and no decision should be made to on-board an employee or contractor with the intention of obtaining a benefit in return for example, securing a business opportunity for RBC.

Procedures have been established to identify, during on-boarding, whether a candidate is connected/related to a client. Caution should be applied where a connection has been identified, and where necessary discussed with Compliance to ensure there are no Conflicts or bribery and/or corruption concerns.

### **1.16 Inappropriate System Access**

RBCCM has a framework in place to prevent RBCCM employees abusing inappropriate access to RBC systems, applications, trading books and information for the purposes of facilitating market abuse and unauthorized trading.

### **1.17 Investment Banking Activities**

RBCCM has policies and procedures in place to identify and manage potential or perceived conflicts of interest that may arise as a result of activities undertaken by RBCCM's Global Investment Banking division.

### **1.18 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. These interactions may give rise to potential Conflicts as outlined in the examples below.

#### **1.18.1 RBCCM Relationship with Wealth Management**

RBCCM distributes certain products through Wealth Management ("WM"), for example, structured notes sold to WM retail clients. RBCCM's use of WM as a distribution channel creates potential Conflicts as RBCCM may be incentivized to provide beneficial treatment to WM to the detriment of other clients. Arrangements are in place to manage such risks.

#### **1.18.2 Transmission of Orders to Affiliates**

Where client orders are passed to RBCCM affiliates in other locations, such orders must be executed in accordance with the RBCCM Europe Best Execution Policy and the RBCCM Europe Order and Transaction





Management Policy in order to ensure no preferential treatment is given to RBCCM affiliates to the detriment of clients.

**End of document**