

Conflict of Interest - Citco Bank Nederland N.V.

Introduction

Citco Bank Nederland N.V. ("CBN") commits to maintaining the highest professional standards and principles in providing services to its clients. As part of this commitment CBN has established various policies and procedures in order to manage any potential conflicts of interest which may arise in the execution of orders, when providing services to its clients, so as to safeguard its clients' interests.

To control situations where a conflict of interest exists or may arise, CBN:

- takes all reasonable steps to identify any conflicts of interest between both CBN and its clients and between one client and another client;
- maintains a regularly updated record of conflicts that may arise in each business area;
- establishes effective organisational and administrative arrangements to prevent and manage conflicts of interest;
- ensures that potential damage to a clients' interests is prevented in the event that the arrangements described above are not sufficient; and
- clearly discloses the general nature and/or sources of a conflict.

Conflicts of Interest

Conflicts of interest cannot be avoided and may arise in any area of CBN's business between CBN and its clients. The determining factor in such potential conflicts of interest is the likelihood of CBN making a financial gain (or avoiding a loss) at its clients' expense. In addition conflicts of interest may also arise between different clients of CBN themselves.

Examples of situations where such conflicts of interest may arise can include, but are not limited to, the following situations whereby CBN:

- has an interest in the outcome of a service provided to a client or of a transaction carried out on behalf of a client, where CBN's interest differs from the client's interest;
- acts for two clients in a transaction, where the interest of one client may differ or might be in conflict with the interest of the other client;
- receives money, goods or services from a third party, other than standard fees or commissions, in relation to services provided to that third party;
- holds confidential information on certain clients that may be relevant for the services offered to another client if CBN had disclosed this information or when it was used by CBN; and
- is involved in the same business as its client.

Policies and Procedures

In order to manage and control any potential conflict of interest, CBN has established various internal policies and procedures. These policies and procedures are designed to ensure, as far as possible, that CBN acts independently when a conflict of interest arises. An overview of such policies and procedures, include, but are not limited to, the following:

Information Barriers

At all times, CBN employees respect the confidentiality of client and market data and do not disclose or use this data inappropriately. All employees sign CBN's "handling confidential and sensitive information" policy on an annual basis, which also covers client confidentiality;

Segregation of Duties

CBN has arranged, where appropriate, for the supervision and/or functional segregation of its employees and/or parts of its business carrying out activities for clients whose interests may conflict, or where the interests of its clients may potentially conflict with its own;

Personal Account Dealing

To prevent conflicts arising from the use of confidential information obtained from clients and market abuse in general, all employees sign The Citco Group of Companies' "handling confidential and sensitive information" policy on an annual basis, which also covers insider dealing, constraints on use of information and Chinese walls;

Inducements

Inducements from third parties in relation to the services that CBN provides to its clients are acceptable to CBN only in those instances whereby; (1) the inducement is disclosed to its client; and (2) CBN requires the payment of a normal fee or commission to continue the quality of its services to its client. Any inducement must not impair CBN's duty to act in its client's best interests;

Disclosure

Where there is no other way of managing a conflict, or where the measures in place do not sufficiently protect a client's interests, the conflict will be disclosed to the client to enable the client to make an informed decision on whether to continue using CBN's service for this specific situation;

Declining to Act

CBN may decline to act for a client in cases where it is believed that the conflict of interest cannot be managed in any other way;

Escalation Procedures

CBN has procedures in place so that any potential conflict of interest is immediately escalated for further review by CBN's Senior Management team; and

Training

CBN has a training schedule in place for all employees to ensure that they are aware of the policies and procedures to control and manage conflict of interest situations.

Review and Monitoring

CBN's policies and procedures governing conflict of interest situations are subject to ongoing review and monitoring. Any updates to this Policy will be posted under the Banking Policies section on CBN's website:

http://www.citco.com/Divisions_Banking_Custody_Policies.jsp

Note: despite, having various procedures and policies in place for the identification and management of potential conflicts of interest, CBN may not be aware of all potential conflicts since it may not be familiar with all of the interests of its clients.
