

United Kingdom
Summary of Conflicts of Interest Policy

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Summary of Conflicts of Interest Policy

Scotiabank Europe plc
The Bank of Nova Scotia London Branch

1. Introduction

- 1.1 The Bank of Nova Scotia is authorised and regulated by the Office of the Superintendent of Financial Institutions in Canada. The Bank of Nova Scotia is authorised by the Prudential Regulation Authority (PRA) and subject to regulation by the Financial Conduct Authority (FCA) and limited regulation by the PRA. Details about the extent of The Bank of Nova Scotia's regulation by the PRA are available from us on request. Scotiabank Europe plc is authorised by the PRA and regulated by the FCA and the PRA. The Bank of Nova Scotia its subsidiaries and affiliates are referred to throughout as the 'Scotiabank Group'.
- 1.2 The Summary of Conflicts of Interest Policy summarises the Conflicts of Interest Policy that applies to the Bank of Nova Scotia, London Branch and Scotiabank Europe plc (together 'Scotiabank London'). The Conflicts of Interest Policy, the Scotiabank Guidelines for Business Conduct, Wholesale Compliance Polices (WCP) and the WCP UK Supplement reference conflicts in details.. Further details of the Conflicts of Interest Policy which applies to Scotiabank London are available on request.
- 1.3 The FCA Handbook and PRA Rulebook (the 'Rules') require investment firms and credit institutions to take all reasonable steps to prevent conflicts of interest from constituting or giving rise to a material risk of damage to the interests of their clients. Firms are expected to establish and maintain organisational and administrative arrangements that facilitate the effective management of conflicts of interest. The Rules require firms to take all reasonable steps to identify conflicts of interest between themselves (including members of their group as well as certain related persons) and their clients, or between one client and another, that arise in the course of providing services to their clients when carrying out any "regulated activities" or providing "ancillary services" which constitute "MiFID business" (all as defined in the Rules).

2. Summary of Conflicts of Interest Policy

- 2.1 Scotiabank London has measures in place to identify conflicts that may arise between itself and its clients or between one client and another in the course of providing its services or conducting its activities. Scotiabank London also has measures in place to identify conflicts of interest that may arise as a result of the structure and business activities of other members of the Scotiabank Group.
- 2.2 Scotiabank London is involved in the provision of, among other things, corporate banking, investment banking, advisory and transaction banking services. Scotiabank London also undertakes sales and/or trading activity in debt capital markets, prime services, global equities, fixed income, currencies and commodities.
- 2.3 Scotiabank London acts for entities that are seeking to raise funds in the capital markets and for investors in them. As a result, conflicts may exist between Scotiabank London and its clients, for example:

- when trading with or for a client, Scotiabank London may do so using positions in securities held on its own book;
- when trading with or for a client, Scotiabank London may do so using connected parties (such as affiliates) within the Scotiabank Group;
- when providing investment research and non-independent research which may include investment recommendations to a client, Scotiabank London may also be providing corporate finance and/or capital markets services to the object of that investment recommendation;
- when providing corporate finance advice to a client, Scotiabank London may be providing corporate finance advice to other clients that may be perceived as competitors of the client;
- when Scotiabank London acts for a client, it may also act for other clients in the same financial instrument or sector of financial instruments;
- when Scotiabank London participates in a benchmark or other price setting process.

2.4 Scotiabank London recognises that the above list is not exhaustive and that in the normal course of its business, as in any financial institution, other conflicts of interest that are not detailed in the above list may arise.

2.5 Scotiabank London has adopted a number of measures to manage actual or potential conflicts of interest, including employing information barriers to ensure that the flow of information around Scotiabank London and within the Scotiabank Group is appropriately restricted in the interests of clients. For example, employees engaged in dealing activities with clients have no access to information relating to corporate or investment banking activities. Scotiabank London has physical, management and organisational structures in place to support the effective functioning of the information barriers to ensure that information flows are appropriately restricted.

2.6 Where Scotiabank London does not consider that arrangements made by it to manage its conflicts of interest are sufficient to ensure with reasonable confidence that the risk of damage to the interest of a client will be prevented, it may choose to proceed notwithstanding the existence of a conflict but will in such a case clearly disclose the general nature and/or sources of the conflict of interest to the client before undertaking business for or with the client.

3. Benchmarks and other Price Setting Processes

3.1 The Bank of Nova Scotia, London Branch participates in the LBMA Silver Price (LSP) and LBMA Gold Price (LGP) which may give rise to actual, potential or perceived conflicts of interest arising out of:

- the management of both client and internal orders in the LSP and LGP; and
- participating in the LSP or LGP and transacting with, or for, clients and counterparties in products that reference the LSP or LGP.

- 3.2 In its capacity as a Gilt-edged Market Maker (GEMM) in UK debt, Scotiabank Europe Plc (SBE) participates in the closing price setting process. SBE may also accept orders from clients to be based on the closing price.
- 3.3 SBE provides information on its secured and unsecured sterling money market activity to the Bank of England which uses a subset of this data, those which relate to transactions in overnight unsecured money markets, to form the basis of the Sterling Overnight Index Average (“SONIA”) benchmark interest rate.

4. Investment Recommendations

- 4.1 The Scotiabank Group produces globally branded investment research and non-independent research reports that are distributed throughout the EU by SBE. These publications may include investment recommendations that are subject to the EU Market Abuse Regulation (MAR) and the Scotiabank Group makes available appropriate disclosures of any relationship or circumstance that may reasonably be expected to impair the objectivity of the information presented in them, including interests or conflicts of interest of the person producing the investment recommendation, or of a person belonging to the Scotiabank Group, concerning the financial instrument or issuer to whom the investment recommendation, directly or indirectly, relates.
- 4.2 The Scotiabank Group operates effective physical and electronic information barriers between its Research Department and its Sales and Trading and Investment Banking Departments. The Scotiabank Group operates a central Control Room for the management of non-public information and conflicts of interest.

5. Disclosure of Conflicts of Interest

- 5.1 Scotia Capital Inc. (SCI) is used an executing broker for Scotiabank London. SCI is a shareholder in TMX Group Limited (TMX) (formerly Maple Group Acquisition Corporation). In addition, SCI has a nominee director serving on the TMX Group’s Board of Directors. As such, SCI may be considered to have an economic interest in TMX which creates the potential for conflicts of interest between SCI and TMX and the marketplaces or entities owned and operated by it: TSX, TSX Venture, Alpha Exchange and related Alpha entities, Clearing and Depository Services Inc., Canadian Derivatives Clearing Corporation, Montreal Exchange Inc. and the services and products each provides.
- 5.2 SBE uses introducing brokers in South Korea for Base Metals activity with South Korean clients, in accordance with local regulatory requirements. These introducing brokers have the ability to trade on their own account as well as on behalf of the client which could potentially cause a conflict of interest between the introducing broker and the client.