



**CARL KLIEM S.A.**  
INTERBANK AND SECURITIES BROKER

## **CARL KLIEM S.A. LUXEMBOURG**

### **Conflict of Interest Policy**

Under the Markets in Financial Instruments Directive (MiFID) CARL KLIEM is required to maintain and operate effective organizational and administrative arrangements with a view to taking all reasonable steps to identify, monitor and manage conflicts of interest. CARL KLIEM has put in place a policy to meet this obligation. Below is a summary of that policy and the key information that is needed by clients and counterparties to understand the measures CARL KLIEM is taking to safeguard the interests of its customers.

What is a conflict of interest?

A conflict of interest as defined under MiFID is a conflict that arises in any area of CARL KLIEM's business in the course of providing its customers with a service which may benefit CARL KLIEM (or another customer for whom CARL KLIEM is acting) whilst potentially materially damaging another customer where CARL KLIEM owes a duty to the customer. There may be a conflict where CARL KLIEM

1. is likely to make a financial gain (or avoid a loss) at the expense of its customer;
2. is interested in the outcome of the service provided to its customer where the interest of CARL KLIEM is distinct from that of the customer;
3. has a financial or other incentive to favour the interests of one customer over another;
4. carries on the same business as a customer;
5. receives money, goods or services from a third party in relation to services provided to a customer other than standard fees or commissions.

CARL KLIEM has sought to identify conflicts of interest that exist in its business and has put in place measures it considers appropriate to the relevant conflict in an effort to monitor, manage and control the potential impact of those conflicts on its customers.

The conflicts identified include:

1. those between customers with competing interests;
2. those between customers and CARL KLIEM where their respective interests in a particular outcome may be different; and
3. those between the personal interests of staff of CARL KLIEM and the interests of CARL KLIEM or its customers where those interests may be different.



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CARL KLIEM has made provision in order to manage recognized conflicts of interests. This will be subject to CARL KLIEM's normal monitoring and review processes and include:

Integrity and Standards of Conduct

CARL KLIEM insists that in its dealings with customers its staff must use the highest standard of integrity in their actions at all times.

Customer Orders

In order to ensure as fair treatment as possible for customers, the CARL KLIEM Execution Policy requires CARL KLIEM to take all reasonable steps to achieve the best overall trading result for customers; to exercise consistent standards; and operate the same processes across all markets, clients and financial instruments in which it operates.

No undue preference should be given to any customer when trades are aggregated. Re-allocation to any individual customer may only be made to correct an error or to adjust an uneconomic initial allocation e.g. on a partial fill of an order.

There may be occasions when customer orders may have a material affect on a relevant securities price. In order to ensure that a broker does not take advantage of the situation by dealing on his/her own account or encouraging a third party to deal, CARL KLIEM has prohibited specifically "front running" as an unethical practice of trading.

In order to ensure a fair and orderly dealing environment with the market, CARL KLIEM further ensures that its staff comply with the revised ACI Code of Conduct reflecting the aims to prevent market abuse, insider trading, the misuse of information and market manipulation.

Personal Account Dealing

CARL KLIEM staff is not allowed to execute personal transactions, neither transactions on behalf of the trader's family or other members of personnel. In no case private trading on an electronic platform is tolerated as it might affect the interests of CARL KLIEM, CARL KLIEM's clients or counterparties.



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## Confidentiality and Information barriers

CARL KLIEM insists on strict customer confidentiality to ensure that information is disclosed only to those entitled to receive it.

## Inducement to Employees from customers

Staff is not allowed to accept inducements from customers to benefit the customer above the interests of others when conducting investment business. An example would be: two customers giving similar orders where one customer agrees to pay more commission and that customer's order is executed first or at a better price than the other customer's order.

## Remuneration Policy

All relevant staff who are open to a conflict of interest are paid a basic salary including those in key support areas such as Compliance, Finance and Operations. This salary is not dependent on company performance. A bonus structure does exist which is linked to company performance, team performance or the individual's performance. It is at the discretion of the senior management and notified only on payment.

## Disclosure

Where there is no other means of managing the conflict or where the measures in place do not sufficiently protect the interests of customers, the conflict of interest will be disclosed to customers to enable an informed decision to be made by the customer as to whether they wish to continue doing business with CARL KLIEM in that particular situation.

## Declining to act

Finally, where CARL KLIEM considers it is not able to manage the conflict of interest in any other way it may decline to act for a customer.

## Promptly information

Where staff members are or have been faced with a conflict of interest, they shall promptly inform their senior manager on their own initiative. Where the senior manager notes that the conflict of interest is acceptable in view of this policy, he shall



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authorize it under the terms and conditions provided for in this policy. The conflicts of interest shall be reported to the authorized management and authorized by it.

Abstention in the decision-making process

The members of the authorized management and the board of directors, who are subject to a conflict of interest, shall promptly inform the authorized management or the board of directors, respectively, on their own initiative. These members shall abstain from participating in the decision-making processes, where they may have a conflict of interest or which prevent them from deciding with full objectivity and independence.

Responsibilities of the internal control functions

The internal control functions are in charge of identifying and managing conflicts of interest. They shall ensure that conflicts of interest are minimized and controlled.

Specific requirements with related parties

The business relationships with related parties are subject to the board of directors' approval where they have or may have a significant or negative impact on the risk profile of CARL KLIEM. The rule shall also apply where, in the absence of any significant impact on each individual transaction, the influence is significant for all transactions with related parties.

Reference is made to Circular CSSF 12/552.