

Euroclear Nederland User Committee Conflicts of Interest Policy

3 November 2017



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1.Scope

Each Euroclear CSD has set up a User Committee for the securities settlement system it operates. Such User Committee is an advisory body that is entitled to advise the Euroclear CSD Board on specific matters. The functioning of the User Committee is detailed in its Terms of Reference.

Each User Committee must, in accordance with its Terms of Reference, put in place a Conflict of Interest Policy.

The objective of the present policy is to set out the requirements and expectations for managing conflicts of interest in the User Committees in line with the requirements of the Central Securities Depository Regulation (CSDR).

This policy also aims at ensuring a consistent and transparent approach to conflicts of interest management within User Committees across the Euroclear CSDs with effective measures to:

- identify potential or actual conflicts of interest;
- manage conflicts of interest; and
- record and disclose conflicts of interest.

User Committee members shall proactively identify and manage conflicts of interest when exercising their mandate in the User Committee as set out in this Policy. The CSD undertakes to provide adequate awareness of and support in the application of this policy to the User Committee members.

2. Conflicts of Interest

2.1 What is a conflict of interest

A conflict of interest (referred to as “actual Conflict of Interest”) is a situation pertaining to a User Committee member:

- where the judgment of a User Committee member concerning one interest may be unduly influenced by a second interest of that User Committee member (or a ‘Connected Person’), and
- creating a risk of damage to the interests of the Euroclear CSD, another User (or one of its clients) or one (or more) of the User’s own clients

A potential conflict of interest (“referred to as “potential Conflict of Interest”) is a situation which could potentially create, or could be perceived to create, an actual Conflict of Interest. A Conflict of Interest refers to an actual Conflict of Interest or a potential Conflict of Interest.

The User Committee member may be conflicted either:

- personally (including via persons directly or indirectly linked to them – see definition of ‘Connected Person’) or
- qualitate qua , i.e. in their capacity of employee or representative of a User.

2.2 Identifying, Managing and Recording Conflicts of Interest at User Committee

2.2.1 Identification and notification of conflicts of interest

As soon as the User Committee member becomes (or should be reasonably) aware of a Conflict of Interest as defined above and impacting his/her role within this committee, he/she should inform both the Committee Secretary and Chair of the Conflict of Interest.

The User Committee member has the duty to consider and disclose any Conflict of Interest both upon receipt of the agenda of the upcoming meeting and during discussions at the meeting.

2.2.2 Managing conflicts of interest

It is the User Committee Chair’s responsibility, assisted by the Committee Secretary and, upon request, by the CSD Compliance Officer, to conclude whether a Conflict of Interest does exist for a User Committee member, or not.

The Chair shall therefore not only assess the Conflict of Interest disclosed by one of the User Committee members but also raise the issue whenever he/she considers that a User Committee

member is facing a possible Conflict of Interest on the basis of the agenda or ongoing discussions at the meeting.

In his/her appraisal, the Chair will consider whether the particular matter does give rise to a Conflict of Interest for a User Committee member, by reference to each of the underlying elements of the definition outlined in 2.1 (existence of two conflicting interests and the risk of damage). Where the Chair of a User Committee determines that a member has a Conflict of Interest in relation to a particular matter, that member shall not be allowed to vote on that matter in application of CSDR art. 28.5.

In case the Chair discloses it has a Conflict of Interest or where a member raises a concern that the Chair may have a Conflict of Interest, the members of the User Committee (except the Chair) shall unanimously designate a member acting as Chair to determine whether or not a Conflict of Interest does exist for the Chair. Where the member acting as Chair concludes that the Chair has a Conflict of Interest in relation to a particular matter, the Chair shall not be allowed to vote on that matter.

2.2.3 Keeping a record of actual and potential conflicts of interest

The Committee Secretary will ensure that disclosures of Conflicts of Interest by User Committee members (and the Chair as the case may be) and decisions relating to Conflicts of Interest, are adequately documented and recorded in the minutes of any relevant meeting.

The Committee Secretary of each Euroclear CSD will record following information in a User Committee Conflicts of Interest Register:

- occurrence ;
- description of the actual or potential Conflict of Interest of User Committee members and;
- the measure prescribed by CSDR art. 28.5.

2.2.4 Disclosure requirements regarding conflicts of interest

Euroclear group CSDs must on an annual basis provide their competent authority with information concerning all identified actual Conflicts of Interest, including a description of the measures and controls put in place to manage conflicts identified. This report, which will be based on the User Committee Conflicts of Interest Register, will be verified by the CSD Compliance Officer who will report to the CSD's Board on the compliance of conflicts of interest cases identified or disclosed over the last year prior to disclosure to the authorities.

3. Policy Implementation

3.1 Creating awareness of this policy

The Committee Secretary is responsible for creating awareness regarding this Policy (including with third parties as required) and ensuring User Committee members, including the Chair, are informed

of their responsibilities relating to conflicts of interest and the policies and procedures in place in the CSD.

The Committee Secretary is available to answer any questions that arise in relation to this Policy and its practical application.

3.2 Oversight of this policy

The content of this policy and all changes thereto will be submitted for approval to the relevant Euroclear CSD Board, subject to the right of the User Committee to request amendments to the Policy, to the extent permitted by the Euroclear CSD's applicable laws.

The Committee Secretary is accountable for overseeing the first line implementation of this policy with Compliance and Ethics responsible for ensuring compliance from a second line point of view. Together they will:

- review this policy at least once a year;
- report any material findings to the Boards; and
- recommend amendments or additions, where appropriate.

3.3 Breach of Policy

Breach by any User Committee member of its duties under this Policy may result in his/her removal as a member of the User Committee pursuant to its Terms of Reference.

3.4 Roles and Responsibilities

A description of the roles and responsibilities in relation to conflicts of interest in this Policy are set out in Annex [1].

3.5 Definitions

Board (of Directors) means the board of directors of the Euroclear CSD to which this Policy applies.

(Chief) Compliance Officer means the individual whose name has been provided to the CSD regulator as accountable for the Compliance and Ethics function of the Euroclear CSD , and his/her representative

A **Connected Person** means, for a natural person, all cases of the immediate family, such as:

- spouse or legal partner;
- parents and grandparents, and their spouses or legal partners;
- children and grandchildren, and their spouses or legal partners; and
- siblings and their spouse or legal partners.

It also includes any person having the same domicile or habitual residence as the User committee member.

A legal person will be considered to be directly or indirectly linked to a natural person when that natural person directly or indirectly has legal or *de facto* control over the legal person.

Committee Secretary means the individual duly appointed by the CSD to act as the committee secretary

User means a natural or legal person that uses or benefits from the services provided by one of the Euroclear CSDs to which this Policy applies, including participants in the settlement system, other users of services and issuers.

User Committee member means any person duly appointed to the User Committee in accordance with the User Committee Terms of Reference.

3.6 Reference information

Policy Owner	Corporate Secretariat
Key contact(s)	Committee Secretary Compliance Officer
Approved by and date of approval (all Euroclear CSDs)	Euroclear Bank Board - Day Month Year Euroclear UK & Ireland Board - Day Month Year Euroclear France Board - Day Month Year Euroclear Nederland Board - Day Month Year Euroclear Belgium Board - Day Month Year Euroclear Finland Board - Day Month Year Euroclear Sweden Board - Day Month Year

Annex 1

Roles and Responsibilities

The roles and responsibilities in relation to conflicts of interest in this policy are as follows:

Function	Roles and responsibilities
Board	The Board has overall responsibility for ensuring there are effective policies, processes and procedures in place for the management of conflicts of interest in the Company; including identification and management of conflicts of interests that relate to User committee members.
User Committee members	Every User committee member is responsible for identifying any Conflict of Interest arising in respect of their own User committee membership and for acting in accordance with this Policy and the general legal and regulatory provisions on conflicts of interest
Senior Management	Senior Management is responsible to ensure that the User Committee puts in place and ensure the effective implementation of a Conflicts of Interest Policy
Committee Secretary	<p>The Committee Secretary is responsible for:</p> <ul style="list-style-type: none"> • Supporting the processes and procedures for the identification and management of Conflicts of Interests including making this Policy available to all User Committee members and ensuring due awareness on how the policy applies to User committee members; • Minuting and recording the Conflict of Interest and the measures taken in the Register •
Compliance Officer	<p>The Compliance Officer will:</p> <ul style="list-style-type: none"> • Monitor the effectiveness of Conflict of Interests measures and controls; • Report to the Board on an annual basis on the overall compliance with this Policy;
Internal Audit	This Policy will be part of the independent audit and review of the effectiveness of the Conflict of Interest policies, processes and procedures to be carried out by Internal Audit in the CSDs