

January 2011

## **Principles of Close Brothers Seydler Bank AG for proper handling of Potential Conflicts of Interests (Information to Clients)**

Compliance with all relevant laws and market standards, accuracy, integrity, professionalism, confidentiality, and acting in the clients' best interests are obligations which we take seriously in our business relationship with all our clients.

In order to fulfil these obligations, it is important to know, that given the diversity of business operations conducted with our clients, conflicts of interests can potentially occur. These circumstances, without appropriate organizational precautionary measures, could potentially lead to disadvantages for our clients.

They can arise in particular as a result of conflicting interests between Close Brothers Seydler Bank AG, its employees, its management, our clients, or between our clients. Conflicts of interests can arise for example in the provision of services such as

- the purchase and sale of financial instruments,
- the brokering of financial instruments,
- placement business,
- Close Brothers Seydler Bank AG's own trading activities relating to financial instruments,
- designated sponsoring,
- market making and
- floor trading ("Skontroführung").

In order to avoid conflicts of interests, Close Brothers Seydler Bank AG has taken a wide range of precautionary measures for the protection of our clients, both organizational and relating to labour law. The most important measures in this context are:

- the creation of areas of confidentiality ("Chinese walls"),
- strict division of responsibilities, and
- the obligation of all our employees to comply with codes of conduct in transactions with clients, in transactions for Close Brothers Seydler Bank AG's own account, and in private transactions in financial instruments.

Our employees may only accept or provide gifts or other advantages if such acceptance or provision follows the common understanding of politeness, the gift is not excessive, and there is no risk of our employees being improperly influenced. Detailed directives on this matter are fixed in a set of internal rules which are binding for all our employees.

In connection with our business activities we receive benefits from third parties or grant such benefits to third parties ("Inducements"). This includes, inter alia, commissions, charges or other cash benefits as well as non-cash benefits (e.g. financial analyses, information materials or professional trainings). The assessment basis for such Inducements is usually the value of the relevant transaction.

In this regard we would like to especially point out that issuers and holders of major securities positions grant to us placement commissions for securities which are subscribed for or bought by our customers. As a rule those placement commissions are paid on a one-time basis upon the distribution of the securities and – depending on market conditions - may amount between 3.0 and 6.0 percent of the volume placed by us. Some issuers or holders of major securities positions, as the case may be, grant to us a discount on the issue or selling price in a similar range.

We strictly monitor that Inducements do not influence the services rendered for our customers. The purpose of the Inducements is in fact to render our services on the high quality level required by our customers and to continuously improve such services. We use the Inducements, inter alia, for the provision, the operation and the maintenance of an efficient and high quality infrastructure for the purchase, the deposit and the sale of financial instruments. Upon request by our customers we are happy to expand on further details as to type and amount of the Inducements concerned.

Compliance with all codes of conduct is supervised by our compliance departments which is acting independently and is in possession of the necessary competences. In addition to this, the propriety of our investment service business is verified, in addition to internal audits and Group audits, on an annual basis by external auditors under the statutory rules (e.g. during year-end audits).

In the event that our precautionary measures should fail to prevent potential disadvantage to your interests, we will notify you of the underlying conflict of interests in advance in order to enable you to make a decision on a transparent and informed basis.

In case you need further information, Close Brothers Seydler Bank AG can comment on more detailed information on potential conflicts of interests in connection with the services supplied as well as the precautionary measures taken for your protection.

Frankfurt am Main, January 2011

Close Brothers Seydler Bank AG

Management Board