

Extract of
“Corporate Model for the management of conflicts of interest and inside and confidential information concerning the clients”

Introduction

Intesa Sanpaolo S.p.A. (“ISP” or “the Bank”), parent company of the Intesa Sanpaolo Banking Group (“ISP Group”) has implemented a Corporate Model who provides principles and rules for the management of conflicts of interest and inside and confidential information, acquired in the execution of services provided to the clients.

This Model:

- identify the circumstances that generate or could generate conflicts of interest that may harm the interests of one or more clients;
- describe the procedures and measures adopted to manage such conflicts of interest, including, on the one hand, organisational and procedural arrangements, and, on the other hand, measures for the active management and prevention of conflicts of interest;
- identify measures aimed to guarantee a controlled and traceable circulation of inside and confidential information of the clients, within the ISP Group.

The Model is based on two pillars, which are summarized below.

1. Information barriers

Information barriers (sometimes called “Chinese Walls”), consist of a general level and valid all over the ISP Group, the highest level functional and logistic separation of organisational units – including the segregation between relevant personnel allocated to them - that provide corporate finance services and activities to clients (“Corporate side”) and organisational units that provide investment services to investors or financial markets (“Market side”) and also certain ancillary services as the editing of research report (“Research”), to ensure that:

- units on the Market side or Research do not learn of inside information or confidential information or other reserved information held by the Corporate side, so as to prevent the former from being influenced by such information in their day-to-day trading and Research activities;
- units on the Market side or Research and those on the Corporate side do not report to each other in the organisational hierarchy and cannot learn of each other’s operations or activities, so that each may operate independently and without reciprocal influence, thereby preventing market abuse and conflicts of interest that are damaging to clients;
- units on the Market side are separate from Research, so as to prevent conflicts of interest that are damaging to clients.

Regarding the measures of organizational separation between the Corporate side, the Market side and the structures responsible for Research, ISP Group adopted, also taken into consideration the necessity to prevent and manage situation of potential conflict of interest and, where compatible with the service model, corporate and/or division specialisation, whereby certain areas of business are concentrated in specific companies and/or divisions with organisational independence, decision-making powers and specialist structures for the market segment identified.

The presence of Information Barriers usually means that no ISP Department and no other organisational unit directly reporting hierarchically to the person in charge of managing the company (Managing Director and/or General Manager) of other Group Companies may concurrently carry out activities on the Corporate side, Market side and in Research.

Without prejudice to the measures of separation aforementioned, contacts between the different sides of the information barriers are possible, limited to the cases in which it is necessary for carrying out the activities conducted with customers (so-called "need to know" principle), after completion of a specific procedure for the crossing of the information barriers, which must take place according to specific procedures provided by the Bank's internal regulations that ensure adequate traceability of the activities performed and the supervision of the Compliance function.

2. Active conflict management and information tracking mechanism

The Bank has adopted a registration mechanism ("Watch List") and a preliminary analysis of some categories of transactions referring to clients (so-called Sensitive situation) which allows an ex-ante detection of operating situations that may rise to situations of conflicts of interest and to identify any precautions or operational limitations aimed at mitigating such conflicts of interest.

Regarding the Sensitive situations recorded in the Watch List, the Compliance function evaluates, on a case by case basis and in accordance with the provisions of the law and regulations in force, the suitability of the measures ordinarily adopted for the management of conflicts of interest and disposes, in the appropriate cases: i) the adoption of potential conflict management measures and procedures, in addition to the ordinary procedures and / or ii) the application of operating restrictions, included in the Restricted List and / or iii) the reporting to customers of existing conflicts of interest (so-called "disclosure").

In order to identify Sensitive situations that may constitute or give the access to, even from a potential point of view, on the part of the Bank's personnel to inside or confidential information, the Bank has adopted a mechanism that provides for the activation, on the basis of the reports received in the Watch List, of two separate registers, the first one established pursuant to European legislation on market abuse (Insider List) and the second one activated on a voluntary basis (Limited Information List).

The aforementioned registers are divided into sections, relating to specific operations, information or events, in which company representatives, employees and persons external to the Bank and / or the ISP Group who have access insider and confidential information of the clients, are registered; the subjects registered in the registers are subject to restrictions on personal operations and operations carried out in the interest of the Bank.