



**RBCIS (UK)
Information on the Conflicts
Management Policy**

**RBCIS UK
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1. Summary

This document sets out information on the RBC Investor Services UK (“RBCIS” or “the Firm”) Conflicts Management Policy (“the Policy”) and the supporting arrangements RBCIS has in place to manage conflicts that may arise from the business activities it conducts.

The Policy defines a ‘Conflict’ or ‘Conflict of Interest’ as anything that impedes or might be perceived to impede, an individual’s or firm’s ability to act impartially or in the best interests of a client¹. RBCIS is an RBC Financial Group brand name for services it offers to clients. RBCIS services may be provided from any of the following UK regulated entities: RBC Investor Services Trust, London Branch; RBC Investor Services Bank S.A., London Branch.

RBCIS conducts business in varying capacities, and the Firm recognises that Conflicts may arise as a result of this. RBCIS is required to take “all appropriate” steps to identify and to prevent or manage Conflicts between:

- the Firm, including its managers and Employees or any person directly or indirectly linked to them by control, and a client of the firm; or
- one client of the firm and another client.”²

This document is updated (no less than biannually) and published on our website at: <https://www.rbcits.com/en/disclaimers.page>

2. Requirements

RBCIS is required to have appropriate controls in place to identify, and to prevent or manage conflicts of interest within the activities it conducts and must ensure that it maintains and operates effective organisational and administrative arrangements designed to prevent conflicts of interest from adversely affecting the interests of its clients.

2.1 Types of Conflicts and Considerations

The main types of conflicts that RBCIS Employees must be aware of relate to those that might arise between:

- RBCIS and client(s);
- RBCIS Employees and RBCIS;
- RBCIS Employees and client(s); and
- Client and client.

RBCIS will assess whether it or an Employee:

- is likely to make a **financial gain (or avoid a loss)** at the expense of a client;
- has an **interest in the outcome** of a service provided to the client or a transaction carried out on their behalf, which is distinct from the client’s interest;
- has a **financial (or non-financial) incentive** to favour the interest of another client or group of clients over the interests of the client in question;
- carries on the **same activity** or business as the client; or
- receives or is likely to **receive from a person other than the client an inducement** related to a service provided to the client, in the form of monies, goods or services, other than the standard

¹ Client means a potential client, current client, or former client

² FCA Handbook: SYSC 10.1.3

commission or fee for this service.

It is important to note that RBCIS and the entities from which it operates is a member of the Royal Bank of Canada Financial Group and conflicts may arise from the firm or its Employees interactions with other group entities.

2.2 Identification, Prevention and Management

The responsibility for identifying potential (or perceived) conflicts of interest ultimately rests with the 'first line of defence' business unit heads (i.e., the heads of department involved in the day to day running of RBCIS' business, e.g., Sales and Operations). Employees that identify potential or realised conflicts of interest are required to escalate the details of the conflict to their line manager and/or business unit head/Senior Management Function ('SMF') and where appropriate Compliance.

Identified conflicts may be further be escalated to the UK I&TS Operating Committee ("the OC") where the conflict will be tabled for discussion and determination of the appropriate course of action to manage the situation. The OC will engage Compliance and/or other relevant parties to resolve the issue where needed.

All RBCIS Employees in the UK are provided with annual Conflicts Management training along with other supplementary training courses (e.g. RBC Code of Conduct training) to ensure Employees are familiar with the regulatory requirements and process of escalation.

RBCIS business units are required to manage their conflicts on an ongoing basis, however, consideration to conflicts of interest assessments, prevention and management will be reviewed more formally in the following scenarios (non-exhaustive list):

- changes to Firm strategy;
- changes to Firm business model / distribution model / operating model;
- organisational / structural changes;
- personnel changes;
- proposed new products;
- proposed new services; and
- proposed new client types.

2.3 Conflicts Management Framework

The Conflicts Management Policy forms part of a wider conflicts management framework which includes a number of supplementary policies that support specific or more general potential conflicts of interest that have been identified.

The annex to this document outlines potential conflicts of interest and the supplementary policies and processes that are part of the conflicts management framework.

Conflicts applicable to RBCIS' business are in part managed by a number of Policies at the RBC Financial Group level, local level (UK) and underpinned by the RBC Code of Conduct. As a condition of beginning and continuing employment, Employees of RBCIS are required to complete a declaration pursuant to their adherence of the RBC Code of Conduct and all other relevant policies and procedures

2.4 Disclosure of Conflicts

RBCIS will only seek to conduct business with a client when a conflict of interest can be appropriately prevented or managed.

The exception to this is with respect to the UK Trustee & Depositary business unit which must disclose potential conflicts of interest to the client where the disclosure will be included in the fund (for which it is acting as Trustee & Depositary) prospectus. The UK Trustee & Depositary team is required to maintain

procedures to ensure the relevant disclosures are made to the Authorised Company Director / Investment Manager in line with the UK implementation of the AIFMD and UCITS Directives, as applicable. RBCIS will be deemed to have prevented or managed its potential conflicts of interest when it can demonstrate that it has taken all appropriate steps to prevent conflicts of interest from adversely affecting the interests of its clients³.

Where these steps do not ensure that risk of damage to the client's interest is prevented, RBCIS will clearly disclose to the client, before undertaking business for the client, the general nature or sources of conflicts of interest, or both; and the steps taken to mitigate those risks.

In line with current regulatory requirements, the disclosure will:

- be made in a durable medium⁴;
- include a specific description of the Conflict that arises in the provision of investment and/or ancillary services taking into account the nature of the client to whom the disclosure is being made. The description shall:
 - explain the general nature and sources of the Conflict, as well as the risks to the client that arise as a result of the Conflict and the steps undertaken to mitigate these risks; and
 - be in sufficient detail to enable that client to take an informed decision with respect to the investment or ancillary service in the context of which the Conflict arises; and
- clearly state that the organisational and administrative arrangements established by the firm to prevent or manage that conflict are not sufficient to ensure, with reasonable confidence, that the risks of damage to the interests of the client will be prevented

RBCIS treats the disclosure of Conflicts as a measure of last resort to be used only where the internal organisational and administrative arrangements established by RBCIS to deal with or manage its Conflicts are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of the client will be prevented.⁵

3. Policy Review Schedule

The RBCIS Conflicts Management Policy is reviewed at least biannually.

³ FCA Handbook, SYSC 10.1.7

⁴ Defined as any instrument (e.g., paper or email) which enables the recipient to store information addressed personally to him in a way accessible for future reference for a period of time adequate for the purposes of the information and which allows the unchanged reproduction of the information stored.

⁵ FCA Handbook: SYSC 10.1.9

Annex – Potential Conflicts of Interest

1. Misuse of Client Information

In the course of their everyday work, officers, directors and Employees may learn of confidential (including inside) or proprietary information pertaining to the business of RBCIS or its clients.

Pursuant to RBCIS policy and the rules of the FCA, no officer, director, or Employee may misuse such information. This policy reflects not only the Principles stated in the RBC Code of Conduct (“the Code of Conduct”), but also the FCA’s Principles, the rules and guidance outlined in the FCA’s Conduct of Business Rules and Code of Market Conduct, and the Non-Investment Products Code.

2. Misuse of Confidential Information

In the course of their everyday work, our Employees may learn of Confidential (including Inside Information) pertaining to the business of RBCIS or our clients; such information must not be misused.

Where appropriate physical and technological Information Barriers are established to further control the flow of such information and promote the separation of the different business activities of RBCIS.

When one or more our business units is in possession of, or may gain access to, Inside Information, Employees are required to comply with the RBCIS (UK) Market Abuse Policy and will have certain restrictions placed on their activities depending on the circumstances of the situation.

3. Inappropriate gifts/entertainment to/from clients & third parties

It is recognised that entertainment and gifts are offered in the normal course of business, but regulators and lawmakers expect all financial services firms to have adequate procedures in place that will prevent any inappropriate gift or entertainment. RBCIS does not permit gifts or entertainment to be given or accepted if they are deemed or appear to constitute an effort to obtain business by improper influences.

Additional requirements are outlined in the Gifts and Entertainment Policy for the provision or acceptance of gifts/hospitality from/to third parties that Employees must also comply with.

RBCIS’s policy for Gifts and Entertainment is published internally and made available to all Employees who must make annual declarations of receipt of the policy and must adhere to the prescriptive requirements in their role, engaging line management or Compliance where appropriate for approvals.

4. Inappropriate Inducements

RBCIS Employees are prohibited from providing or receiving any inducement (including fees, commissions, and non-monetary benefits) in relation to an investment service provided to a Professional client unless the payment is categorized as an acceptable inducement. Employees must comply with the requirements of the RBCIS (UK) Inducements Policy and any relevant supplementary policies where appropriate.

5. Personal Investments

Employees are able to make a variety of personal investments but must comply with RBCIS’s policies and procedures relating to personal account trading, managed accounts and private placements and other types of private investments. With respect to Personal Account Trading in both RBC and third party securities, including private placements, by Employees are to be conducted in accordance with the RBCIS (UK) Personal Account Dealing Policy.

6. Outside Business Activities/ Interests

To ensure that the personal interests of Employees do not conflict or appear to conflict with the interests of RBCIS or its clients, Employees are prohibited from outside employment, compensation or other

business activities, unless they obtain express written permission from RBCIS as detailed in the RBCIS (UK) Outside Business Activity Policy.

7. Personal Relationships

In accordance with the RBC Code of Conduct, it is possible for personal relationships to have an effect on our Employees work at RBCIS. Employees are required to be aware of the actual or perceived Conflicts that such personal relationships can have in order to avoid situations that would reflect negatively on RBC.

Scenarios in which, our loyalties may become conflicted include, non-business relationships with other RBC colleagues, and friends or family members working for the firm's regulators, auditors, or a company that does or seeks to do business with RBC as an RBC client, competitor, or supplier.

If Employees are aware of any such relationship that may present an actual or perceived Conflict, then Employees are required escalate to their line manager or Compliance.

8. RBCIS Employee and Client Conflicts

RBCIS Employees are required to ensure that they are not placed in a position which conflicts with the duty they owe to a client and/or RBCIS. Accordingly Employees are required to:

- not take a direct/indirect personal interest in client matters unless strictly in accordance with the policies and procedures outlined and referred to in this document; and
- in accordance with the Code of Conduct and the FCA's Conduct of Business rules, not advise and/or take actions intended to improperly maximise variable compensation.

9. Client and Client Conflicts

RBCIS Employees must ensure that when dealing with clients they do not seek to favour one client over the other. Accordingly Employees should ensure:

- Adherence and awareness of the Treating Customers Fairly ('TCF') Policy;
- Deal with each client in a manner that is fair and consistent; and
- They do not seek to give an unfair advantage for one client at the detriment of another.

Use of client assets

RBCIS may hold clients assets in omnibus accounts in the course of its duties as a custodian to its clients. When doing so it may not deliberately use one client's assets to settle the obligations of another unless it has permission to do so. This is particularly relevant to the Securities Lending desk.

Client Order Handling

RBCIS provides dealing services to clients in relation to collective investment schemes. When doing so it must ensure that client orders are processed in the sequence they are received and not seek to place one client in front of another in order to provide that client an advantage or avoid a disadvantage in line with the RBCIS (UK) Client Order and Transaction Management Policy.

10. RBC Intragroup Relationships

RBCIS has business interactions with other parts of the RBC Financial Group in terms of operating globally integrated businesses and cross selling RBC products. These interactions may give rise to potential Conflicts.

Transmission of orders to affiliates

Where FX client orders⁶ are passed to RBCIS affiliates, such orders must be executed in accordance with RBCIS's Order Execution Policy, and will be subject to regular monitoring to ensure adherence thereto.

Securities lending to affiliates and of affiliates' assets

Where the SL desk are lending assets to RBC affiliates, or lending RBC affiliates' assets contained within the general lending pool, the SL desk must ensure that such transactions are conducted on an arms' length basis to avoid any preferential treatment of RBC affiliates – i.e. lending to RBC affiliates must be at market prevailing rates and adequate controls need to be in place to ensure the fair and equitable distribution of assets, whether they belong to RBC affiliates or clients.

RBC contracting entities for I&TS client business

The RBC contracting entities for new clients/deals are proposed and reviewed by Client Coverage and other key business stakeholders as part of internal Prospect and Deal Review Committees. The respective client contracting entity used will be based on the operating models for each I&TS product.

Any specific client requests that differ to the standard models will be assessed on a case-by-case basis by the respective business stakeholders.

11. Anti-Competition

RBCIS seeks to ensure fair business practices are followed wherever we do business. Many countries where we do business have laws to promote fair competition and reduce monopolistic (or anti-competitive) activity. At RBCIS, each of us has a responsibility to know and comply with applicable competition and anti-trust law as outlined in the RBC Enterprise Anti-Trust and Competition Law Policy.

12. Submission to and Manipulation of a Financial Benchmark/Reference Price

All information submitted by RBC I&TS in connection with a financial market benchmark must represent an honest and accurate assessment of the rate and be free from any undue or improper influence.

Conflicts in relation to Financial Benchmarks are reviewed by the relevant executive committees, such as the European Trading Risk Management Committee ("ETRMC"), the LIBOR Steering Committee, and the FX Operating Committee ("FXOC").

⁶ Client Orders in this context will include the following situations: executing an order by dealing as agent for a Client; executing an order by dealing as a riskless principal on behalf of a Client, i.e. RBCIS does not assume any price risk because it has simultaneously executed a matching 'back to back' trade in the market; and 'working an order' on a Client's behalf, i.e. a Client has given RBCIS authority to exercise discretion to deal on their behalf. It excludes business conducted with eligible counterparties.