

Information about dealing with possible conflicts of interest

As of: 31.12.2024

Solely in the interests of making this document easier to read, neither it nor any documents linked to it contain references to both male and female linguistic forms. The generic masculine is used whereby all personal references are to be viewed as gender-neutral.

In its activities, SIGMA Bank AG focuses on ensuring that the interests of its clients, its owners, its employees and the bank are aligned. However, when supplying a multitude of high quality financial services for its clients, it is impossible to preclude all potential conflicts of interest in their entirety in advance. SIGMA Bank AG has therefore set up a system to manage conflicts of interest with the aim of identifying potential conflicts of interest and preventing or minimizing them proactively to the best of its ability through suitable measures.

1. Identification of possible conflicts of interest

Conflicts of interest may arise in many circumstances between clients, SIGMA Bank AG and its employees as well as service providers and suppliers. Conflicts of interest are also conceivable between SIGMA Bank AG and other financial services companies or within the SIGMA Group. SIGMA Bank AG has therefore identified a series of sources for potential conflicts of interest such as, in particular:

- in the case of trading and financing services through the concurrence of several client orders or of client orders with the bank's trading for its own account (such as gains on own-account trading) or other interests of SIGMA Bank AG, which conflict with clients' interests in connection with a client order
- when preparing financial analyses of securities which are offered to clients for purchase when the bank already has a business relationship with the issuer of the securities
- in the case of distribution activities where the remuneration of employees and brokers is based on their performance
- from relationships between SIGMA Bank AG and issuers of financial instruments, such as the existence of a lending relationship, involvement in issues and in collaborations
- in the case of employees and executive managers having seats on Boards of Directors and Advisory Boards or being engaged in other secondary employment for clients, counterparties or other affiliated companies
- by obtaining information that is not publicly known (insider information) and from employees' private securities transactions
- from close relationships (such as family relationships) between clients and employees or executive managers or between employees or executive managers and collaboration partners.

SIGMA Bank AG will undertake an assessment of conflicts of interests at least once a year.

Conflicts of interest can lead to SIGMA Bank AG or its employees not acting in the best possible interests of its clients and their being disadvantaged. SIGMA Bank AG has implemented a series of measures to avoid possible conflicts of interests proactively.

2. Measures to avoid possible conflicts of interests

2.1. Organizational measures

To avoid services for clients of SIGMA Bank AG, such as financial analysis, the acceptance and transmission of orders or portfolio management services being influenced by extraneous interests, SIGMA Bank AG has organized the distribution of individual tasks, both in terms of process and structure, in several stages. Both its employees and SIGMA Bank AG are committed to high ethical sectoral and professional standards. SIGMA Bank AG is also committed to providing all investment services and ancillary investment services truthfully, honestly, professionally and in the best interests of its clients and to avoiding conflicts of interest as far as possible.

For this purpose, SIGMA Bank AG has implemented a Compliance function that exercises its obligations independently and reports directly to the executive management. It is responsible for identifying, avoiding and managing potential conflicts of interest and taking appropriate measures.

During their work, employees of SIGMA Bank AG adhere to detailed organizational and process descriptions devised by SIGMA Bank AG on the subject of conflicts of interest. For example, when executing client orders, they must comply with its “best execution policy”. Its employees are also subject to instructions with regard to transparency and disclosure of facts, the acceptance of gifts and other benefits that may facilitate conflicts of interest. Finally, its employees’ awareness with regard to acting in compliance with the law is raised and refreshed on an ongoing basis and they are advised and monitored by Compliance and Internal Audit in their work.

2.2. Specific measures

Among others, SIGMA Bank AG takes the following measures to avoid potential conflicts of interest, which are constantly monitored both by the Compliance function and by Internal and External Audit.

- Concurrence of several client orders:
In principle, client orders are executed in the order in which they are received at SIGMA Bank AG. Consolidation may be advantageous or detrimental for a certain order. However, if consolidation of orders is not expected to be detrimental for the client, SIGMA Bank AG reserves the right to execute several orders jointly (block order). Otherwise client orders are executed before any own-account trading.
- Preparation of financial analyses:
There is a “Chinese wall” between the departments that prepare financial analyses and those that distribute financial products to clients. As a result, the department that prepares financial analyses is not aware of financial products that are distributed by the sales department. Furthermore, no financial analyses are prepared for financial products where the bank maintains a business relationship with the issuers thereof.
- Employees’ performance-related remuneration:
The remuneration system used by SIGMA Bank AG provides for employees receiving a substantial portion of their remuneration as fixed remuneration. This means that there is little incentive for employees to incur disproportionate risks for clients in the interests of receiving performance-dependent remuneration.

- Relationships between SIGMA Bank AG and issuers:
With regard to issuers, the bank refrains from offering certain services or, by separating the flow of information (“Chinese walls”) between departments and employees, it ensures that circumstances that might lead to a conflict of interests are avoided.
- Involvement in Boards of Directors and Advisory Boards:
Financial instruments associated with issuers where employees or executive managers of SIGMA Bank AG hold seats are not included in the lists of recommended products.
- Secondary employment by employees and executive managers:
Employees and executive managers must report secondary employment outside the SIGMA Group to the Compliance function.
- Insider information and private securities transactions conducted by employees and executive managers:
SIGMA Bank AG has issued an instruction for all employees and executive managers detailing how insider information and private securities transactions are dealt with. All employees (including executive management) where conflicts of interest could arise as part of their work in securities business are identified by the Compliance function and obliged to disclose all their transactions involving financial instruments. Following internal disclosure, the Compliance function will compare the relevant private securities transactions with securities orders executed for clients on a random basis to identify any conflicts of interest.
- Close relationships of employees or executive managers:
SIGMA Bank AG has issued an instruction for all employees and executive managers detailing how close relationships with clients, collaboration partners or other employees are dealt with in such a way that conflicts of interest are identified, disclosed and avoided.

3. Disclosure of unavoidable conflicts of interest

Despite the measures to avoid conflicts of interest outlined above, the bank is not able to guarantee with absolute certainty that no conflicts of interest that might be detrimental to clients may arise.

Should a conflict of interest actually arise despite all measures and it cannot be entirely remedied as far as clients are concerned, it will be immediately and fully disclosed to clients.

4. Dealing with inducements granted by or to third parties

4.1. Receipt of an inducement from third parties

When selling securities, SIGMA Bank AG usually receives inducements (retrocessions) from fund companies and securities issuers. It may also be granted acquisition commissions such as issue and redemption surcharges.

Specifically, SIGMA Bank AG receives the following inducements:

- Retrocessions if certain securities are held in its clients' portfolios.

If client orders are accepted and transmitted, SIGMA Bank AG may accept benefits from third parties that it has received for the specific sales service within the framework of the applicable legal requirements. SIGMA Bank AG either uses the received inducements to improve the quality of the services it offers to its clients or the inducements are immediately passed directly and in their entirety to the clients they are connected to. Retrocessions are allocated to clients in line with the size of their investments in financial instruments for which retrocessions were granted. Clients are informed of the actual amount of retrocessions retained or passed on in the annual cost information.

Retrocessions may not be disclosed before securities are purchased as the amount thereof depends on the holdings of the respective financial instruments in the client's securities account and is therefore unknown at this point.

If clients receive **portfolio management services**, SIGMA Bank AG will pass on the retrocessions received in this connection to its clients in every case. In addition to retrocessions, SIGMA Bank AG receives minor non-monetary benefits in connection with securities business, such as generic information about financial instruments, training, conferences and hospitality of acceptable de minimis value from third parties.

4.2. Granting of inducements to third parties

In some cases, SIGMA Bank AG pays fees or other inducements to third parties (such as intermediaries) that have helped SIGMA Bank AG fulfill contracts. This may be the case, for example, if a trustee has introduced clients to SIGMA Bank AG or it advises them on their investment services. SIGMA Bank AG grants the third party a share of the charges raised from their clients for support as remuneration.

Fees paid by SIGMA Bank AG to third parties must be disclosed and help improve the quality of the service for its clients. SIGMA Bank AG has agreed with third parties to which it pays fees (collaboration partners) by contract that they will be responsible for disclosing the fees in accordance with the law. This means that collaboration partners inform joint clients about the agreement on fees with SIGMA Bank AG before the service is supplied and also report retrospectively on fees actually received from SIGMA Bank AG.

Note

If you have any queries regarding the principles described in this document or in the case of any further questions, please do not hesitate to contact SIGMA Bank AG at any time.