



*LEADING WITH CONVICTION AND INTEGRITY*

<b>EMEA-APAC CONFLICTS OF INTEREST POLICY SUMMARY</b>	Issued By:	International Compliance
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## PURPOSE AND SCOPE

The purpose of this document is to set out a summary of the processes in place at the CME Group organization for purposes of identifying, monitoring and managing conflicts of interest (the “Conflicts of Interest Compliance Program”) as it relates to the following regulated CME Group entities in the EMEA and APAC regions (hereafter “Regulated Entities”):

- BrokerTec Europe Limited (*UK*)
- NEX SEF Limited (*UK*)
- CME Group Benchmark Administration Limited (*UK*)
- CME Amsterdam B.V. (*Netherlands*)
- CME Investment Firm B.V. (*Netherlands*)
- TriOptima AB (*Sweden*)

This summary sets out key information regarding the Conflicts of Interest Compliance Program to allow clients or potential clients to understand the measures that the Regulated Entities undertake to safeguard the interests of their clients in accordance with applicable regulatory requirements (including, but not limited to, Article 34 of the MiFID organisational requirements Delegated Regulation<sup>1</sup> and Article 4 of the Benchmarks Regulation<sup>2</sup> applicable to CME Group Benchmark Administration Limited as a benchmarks administrator).

<sup>1</sup> COMMISSION DELEGATED REGULATION (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive

<sup>2</sup> REGULATION (EU) 2016/1011 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014

## CONFLICTS OF INTEREST POLICY

CME Group has adopted a [Code of Conduct](#). Our Code of Conduct builds on our business principle of *leading with conviction and integrity* by setting the tone for a culture of compliance, ethical conduct and accountability and providing greater detail about the behavior we expect from our colleagues. It applies to all companies in the CME Group organization, including those entities where CME Group is not the sole owner but has control of the entity. All CME Group employees, internal consultants and temporary personnel resources (referred to as “colleagues”) must follow the Code of Conduct and its related policies.

As part of the Conflicts of Interests Compliance Program, CME Group has adopted a separate Conflicts of Interest Policy. The Conflicts of Interest Policy aligns with the Code of Conduct and sets forth the process for identifying, monitoring and managing actual and potential conflicts of interest. CME Group seeks to ensure that a conflict of interest does not adversely affect the interests of its organization, its clients, its shareholders or other stakeholders. All colleagues have an obligation to always do what is best for the company and must make sure the interests of our clients are always prioritized over any of our personal interests.

The Conflicts of Interest Compliance Program seeks to:

- identify circumstances which may give rise to conflicts of interest, entailing any risk of damage to customers’ interests, where CME Group undertakes various investment activities such as the reception and transmission of orders, and the execution of orders on behalf of clients, as well as the operation of regulated markets and multiple MTFs;
- identify circumstances which may give rise to conflicts of interest, entailing any risk to clients’ interests where CME Group acts as a benchmark administrator. In particular,
  - ensure the confidentiality of information contributed to or produced by the administrator, subject to the disclosure and transparency obligations under the regulations; and
  - specifically mitigate conflicts of interest due to the administrator's ownership or control, or due to other interests in the administrator's group or as a result of other persons that may exercise influence or control over the administrator in relation to determining the benchmark;
- establish appropriate mechanisms and systems to manage conflicts of interest;
- maintain systems and controls designed to prevent actual damage to customers’ interests through the identified conflicts; and
- where these systems and controls are not sufficient to ensure, with reasonable confidence, that the risks of damage to clients’ interest will be prevented, CME Group, as a last resort, will ensure it discloses the relevant conflict in sufficient detail to its client(s).

## DEFINITION OF CONFLICT OF INTEREST

A conflict of interest typically arises when two or more persons have competing interests and a duty of care or trust exists between those persons.

CME Group has sought to identify conflicts of interests that exist in its business and has put in place measures it considers appropriate to the relevant conflict in an effort to monitor, manage and control the potential impact of those conflicts. Conflicts of interest relevant to CME Group may include those that arise between:

- customers with competing interests;
- customers and the CME Group of Companies where their respective interests in a particular outcome may be different;
- the personal interests of staff of CME Group and the interests of CME Group or its customers where those interests may be different;
- individual functions or business divisions of CME Group;
- CME Group entities; and
- a third-party service provider and CME Group or CME Group's customers.

There may be a conflict involving a customer where CME Group (or anyone connected to CME Group including another CME Group affiliate):

- is likely to make a financial gain (or avoid a loss) at the expense of its customer;
- is interested in the outcome of the service provided to its customer where the interests of CME Group is distinct from that of the customer;
- has a financial or other incentive to favor the interests of one customer over another;
- carries on the same business as a customer;
- receives money, goods or services from a third party in relation to services provided to a customer other than standard fees or commissions.

## POLICIES AND PROCEDURES

As previously described, CME Group has a Code of Conduct, Conflicts of Interest Policy and associated procedures in order to manage conflicts of interests. These policies and procedures are subject to CME Group's normal monitoring and review processes and include:

### INTEGRITY AND STANDARDS OF CONDUCT

CME Group insists that in its dealings with customers all colleagues must always use the highest standard of integrity in their actions. The compliance induction program, training & competency procedures and monitoring program at CME Group are designed to ensure that all relevant staff are familiar with and observe, inter alia, the relevant MIFID II or benchmark regulation requirement.

## CLIENT ORDERS

In order to ensure as fair treatment as possible for customers when executing orders on their behalf, those Regulated Entities subject to MIFID are required to take all sufficient steps to achieve the best overall trading result for customers taking into account all relevant factors on a consistent basis. There may be occasions when client orders may have a material effect on the price of a relevant instrument. In order to ensure that a colleague does not take advantage of the situation by dealing on his/her own account or encouraging a third party to deal, CME Group requires relevant colleagues to comply with its Personal Trading Policy and the EU Market Abuse Regulation<sup>3</sup>, which prohibits insider dealing, the unlawful disclosure of inside information and market manipulation.

## PERSONAL ACCOUNT DEALING (“PAD”)

CME Group has a policy on PAD which is subject to certification by all colleagues. This policy:

- Establishes policies and procedures, designed to ensure the integrity of CME Group’s markets and to comply with all legal and regulatory requirements involving the trading of its own and other securities, derivatives and other financial instruments;
- Demonstrates that personal trading activity and investments are free from conflicts of interest; and
- Assists the company in avoiding even the appearance of improper conduct relating to personal trading by anyone associated with CME Group.

As part of this policy, certain colleagues by virtue of their job functions relating to the Regulated Entities, and the information to which they may have access to or be presumed to have access to, are subject to additional disclosure and pre-clearance procedures relating to certain investments.

## CONFIDENTIALITY AND INFORMATION BARRIERS

CME Group is committed to protecting its proprietary, confidential and personal information, including information relating to its business, customers, vendors, strategic partners, employees and other third parties. In accordance with its [Confidentiality and Data Protection Policy](#), CME Group has put in place procedures to control or prevent the flow of information between CME Group business units and entities where the interests of customers of one business unit or entity may conflict with the interests of customers of another CME Group business unit or entity or with CME Group’s own interests. Furthermore, CME Group insists on strict client confidentiality to ensure that information is disclosed only to those entitled to receive it or otherwise with the prior approval per established procedures.

## INDUCEMENTS TO EMPLOYEES FROM CUSTOMERS

Colleagues are not allowed to accept gifts, entertainment (or anything else that might inappropriately influence their decisions) from any person which might benefit one customer at

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<sup>3</sup> REGULATION (EU) No 596/2014 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 16 April 2014 on market abuse (Market Abuse Regulation)

the expense of other when conducting business. Colleagues are not allowed to place undue pressure upon customers to persuade the customer to trade through the firm to the extent that this might give rise to a conflict of interest between that customer and its own underlying customers.

## GROUP COMPANIES

Where the services of another CME Group business are recommended to an existing customer, the colleague must inform the customer of the relationship with CME Group.

## REMUNERATION POLICY

All relevant staff who are open to a conflict of interest are paid a fixed salary including those in key support areas such as Compliance, Finance and Operations. This salary is not dependent on company performance. A bonus and equity structure does exist, which is funded by overall Group company performance, rather than the business performance of each Regulated Entity. Any bonus or equity grant is then awarded based on the individual's performance and at the discretion of the senior management and notified only on payment. Where additional national remuneration regulations apply to Regulated Entities due to their country of operation, additional arrangements are in place to ensure compliance.

The (variable) remuneration of staff who are involved in the provision of services to clients is structured in such a way that it encourages responsible business conduct, fair treatment of clients and avoids conflicts of interest in the relationship with clients.

## SEPARATE SUPERVISION AND SEGREGATION OF FUNCTIONS

Where appropriate, CME Group has arranged for the separate supervision of those carrying out functions for customers whose interests may conflict, or where the interests of customers and CME Group may conflict and has taken steps to prevent the simultaneous or sequential involvement of a relevant person in separate services or activities where such involvement may impair the proper management of conflicts of interest.

## OVERSIGHT OF ACTIVITIES BY OTHER CME GROUP ENTITIES

Some activities within the Regulated Entities are carried out by personnel from other CME Group entities. Where this is the case, there are outsourcing agreements in place which, inter alia, dictate and control access to client data and set out service level agreements.

## COMPLIANCE MONITORING PROGRAM

The CME Group Governance, Risk and Compliance department has an established and documented compliance monitoring program of which part of this program focuses on conflicts of interest and recognizing where there may be a potential conflict. The program includes an established process for monitoring for compliance with its pre-clearance requirements. Compliance also is a key participant in the establishment and performance monitoring of any important or critical outsourcing arrangements.

## DISCLOSURE

As a last resort, where there is no other means of managing the conflict or where the measures in place do not, in the view of CME Group, sufficiently protect the interests of customers, the conflict of interest will be disclosed to customers to enable an informed decision to be made by the customer as to whether they wish to continue doing business with CME Group in that particular situation.

## DECLINING TO ACT

Finally, where CME Group considers it is not able to manage the conflict of interest in any other way, it may decline to act for a customer.

## BENCHMARKS CONTRIBUTOR

As a contributor of data to various third-party benchmarks, CME Group has established effective controls to manage conflicts of interest between the parts of the business responsible for the benchmark submission or contribution of data and those parts of the business who may use, or have an interest in, the benchmark rate. CME Group has also established effective measures to prevent or limit any person from exercising inappropriate influence over the benchmark submission or contribution of data.

## BENCHMARK ADMINISTRATOR

As an administrator of various benchmarks, sourced from internal and third-party contributors, CME Group has established controls to manage conflicts of interest between parts of the business that receive or contribute the data, from those that calculate the benchmark and those that distribute the benchmark. In addition, the benchmark methodology in place for each benchmark helps to prevent any person from exercising any influence over the resulting benchmark.

Any queries on the above should be directed to [InternationalCompliance@cmegroup.com](mailto:InternationalCompliance@cmegroup.com).