



TSAF - TSAF OTC

POLICY FOR PREVENTING AND MANAGING CONFLICTS OF INTEREST

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PREAMBLE

In their capacity as Investment Services Providers (ISP), TSAF and TSAF OTC, hereinafter referred to as "Tradition Paris", represented in particular by their employees, are required to act honestly, loyally and professionally, with due skill, care and diligence, in order to serve the best interests of their clients.

Nevertheless, in the course of its business, Tradition Paris may be faced with situations of potential, actual or apparent conflict of interest, in which an employee's discretion or decision-making power is or may be influenced by another individual or professional interest, or by the lobbying power of a third party, which may override the client's interest.

In order to prevent any potential, actual or apparent conflicts of interest, Tradition Paris has put in place an appropriate policy and organisation to manage the risk of conflicts of interest arising, to detect such situations, to manage them in the client's best interests and, as a last resort, to report them immediately to the client(s) concerned, with a duty to abstain where appropriate.

1. OBJECTIVES AND REGULATORY REFERENCES

This Conflicts of Interest Management Policy describes the measures implemented by Tradition Paris to prevent, detect and manage potential, actual or apparent conflicts of interest that could be assimilated to a situation of corruption. It sets out the guiding principles that govern the activities of Tradition Paris employees, the types of potential conflicts of interest that may arise, the organisational measures put in place to prevent such situations, and the rules that apply in the event of a potential, actual or apparent conflict of interest, in application of the following regulatory obligations:

- Articles 313-18 to 313-23 and Articles 315-2 and 315-4 of the AMF General Regulation;
- Article L.533-10, II) of the Monetary and Financial Code ;
- Law 2013-907 of 11 October 2013 on the transparency of public life;
- Art. 16 of Directive 2014/65/EC of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU;
- Articles 33 to 35 of 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 organizational requirements and operating conditions for investment firms and definitions of certain terms for the purposes of that Directive ;
- Law 2016-1691 of 9 December 2016 on transparency, the fight against corruption and the modernization of economic life, known as the "Sapin II Law";
- Practical guide to preventing conflicts of interest in the workplace from the AFA (French Anti-Corruption Agency).

2. SCOPE OF APPLICATION

This Policy applies to TSAF and TSAF OTC, to their subsidiaries and branches, to all business lines and to all employees.

3. DEFINITIONS AND DIFFERENT TYPES OF CONFLICTS OF INTEREST

3.1 DEFINITIONS

Law no. 2013-907 of 11 October 2013 on transparency in public life defines a **conflict of interest** as "any situation of interference between a public interest and public or private interests that is likely to influence or appear to influence the independent, impartial and objective exercise of a function" (article 2, 1°).

For the purposes of Tradition Paris, a Conflict of Interest is defined as a potential, actual or apparent conflict between :

- ✓ On the one hand, the interests of Tradition Paris and/or its employees with those of a client ;
- ✓ On the other hand, the interests of one customer are aligned with those of another.

The existence of a conflict of interest does not in itself constitute an offence. On the other hand, it may be interpreted and characterised as some of the constituent elements of criminal offences such as corruption.

Corruption: Corruption involves two parties, the briber and the bribed. The person who proposes the act of bribery is called the briber, while the person who agrees to carry out the act of bribery is called the bribe-taker. Bribery is a criminal offence.

There are two types of corruption:

- ✓ **Passive bribery** (articles 432-11 and 445-2 of the French Criminal Code) when a person holding a public or private office takes advantage of that office by soliciting or accepting gifts, promises or benefits with a view to performing or refraining from performing an act in that office, that person is referred to as the bribe-taker.
- ✓ **Active bribery** (articles 433-1 and 445-1 of the Criminal Code) when a natural or legal person obtains or tries to obtain, in return for gifts, promises or advantages, from a person exercising a public function, that he or she performs or delays or refrains from performing or delaying an act of his or her function or an act facilitated by him or her; the third party is called the briber.

3.2 THE DIFFERENT TYPES OF CONFLICTS OF INTEREST

A conflict of interest is likely to arise and be detrimental to a client's interests when:

- Tradition Paris or its employee is likely to make a financial gain or avoid a financial loss at the expense of a client;
- Tradition Paris or its associate has an interest in the outcome of a service provided to the client or a transaction carried out on the client's behalf that is different from the client's interest in the outcome;
- Tradition Paris or its employee is induced, for financial or other reasons, to favor the interests of another client or group of clients over the interests of the client to whom the service is provided;
- Tradition Paris or its associate carries on the same professional activity as the customer;
- Tradition Paris or its associate receives or will receive from a person other than the client any benefit in connection with the service provided to the client, in any form whatsoever, other than the commission or fees normally charged for that service.

4. CONFLICT OF INTEREST PREVENTION SYSTEM

Please note that the following activities/services are not carried out or offered by Tradition Paris:

- **Proprietary trading:** Tradition Paris does not engage in proprietary trading. Dealing room operators are not authorized to take positions on behalf of the Company.

- **Shareholdings in issuers:** Tradition Paris does not hold any shareholdings in issuers whose securities are admitted to trading.

4.1 ORGANISATIONAL RULES

4.1.1 ORGANISATION

Separation of supervision functions

The organization of departments and the reporting relationships of employees take into account the potential risk of conflicts of interest. For example, an employee cannot report directly to a manager who is also in charge of employees whose activities could potentially give rise to conflicts of interest with that employee.

Organisation of premises

In addition to hierarchical separation, the organization of premises, particularly the physical and logical access, aims to prevent potential situations of conflict of interest and undue circulation of information to prevent any undue transmission of confidential or even privileged information (information barrier procedures commonly known as the "Chinese Wall").

4.1.2 SPECIFIC RULES RELATING TO ISSUER SERVICES

The Tradition Paris teams carry out the following activities:

- Advising and assisting issuers with financing ("origination");
- The provision of an investment research service (as defined in art. L.544-1 of the French Monetary and Financial Code);
- Market making (liquidity contract) ;
- Share buy-backs,
- Market surveys and investments ;
- Financial communication services for companies.

The conduct of these activities has its own characteristics, requiring specific rules to be put in place, particularly in relation to the management of the flow of information.

⇒ *Physical barrier to information*

The sensitive, and sometimes privileged, nature of the information processed requires a specific system to ensure that this information is not permeable to other activities.

Inside information is defined by the Tradition Paris Code of Ethics as specific information that has not been made public, that relates directly or indirectly to one or more issuers, or to one or more financial instruments, and that, if it were made public, would be likely to have a material effect on the price of the financial instruments concerned or on the price of related derivative financial instruments.

Tradition Paris has set up a system for identifying, managing and circulating information, enabling it to identify and manage this information, and to identify employees who have knowledge of the information or who need to be informed of it in the course of their work.

Tradition Paris employees in charge of these activities are subject to specific procedures to prevent any conflict of interest between the various activities carried out, in particular ordinary client transactions, and the performance of these specific activities.

Checks carried out by the Compliance Department ensure that the system is effective.

4.1.3 SPECIFIC RULES RELATING TO THE OPERATION OF MARKET INFRASTRUCTURE (OTF AND MTF)

Tradition Paris operates platforms ("SMN TRAD-X" and "OTF TSAF OTC") whose operating rules have been approved by the AMF Board.

4.1.3.1 *Express customer agreement*

Tradition Paris' organization is designed to ensure that the interests of its clients are paramount, whether they are clients of an investment service provided on behalf of a third party (reception, transmission and/or execution of orders on behalf of a third party) or clients who are members of its platforms.

4.1.3.2 *Conflicts of interest between trading platforms*

Tradition Paris operates two (2) platforms, SMN TRAD-X and OTF TSAF OTC.

Conflicts of interest may arise and adversely affect a client's interests when:

- The platforms are direct competitors,
- The platforms share human resources.

Tradition Paris has set up a special system to ensure that:

- That orders from clients who are not clients of these platforms are not executed on the platforms operated by Tradition Paris, except with their express consent;
- Orders from clients wishing to be executed on platforms operated by Tradition Paris are executed exclusively on these platforms, unless the client expressly consents otherwise.

4.1.4 COMPETITION BETWEEN PLATFORMS

The two platforms are in no way direct competitors. Their customer bases are distinct and the products exchanged are specific to each platform:

	SMN Trad-X	OTF TSAF OTC
Type of customer	<ul style="list-style-type: none"> • Third-party banks 2 • Asset managers • Pension funds 	<ul style="list-style-type: none"> • Banks • Asset Managers • Pension funds • Commodity traders
Traded products	<ul style="list-style-type: none"> • Interest rate swaps 	<ul style="list-style-type: none"> • Credit derivatives • Inflation derivatives • Emerging markets • Bonds • Interest rate derivatives • Rate options • Foreign exchange derivatives • Equity derivatives • Money market Commodities

4.2 COMMITTEES

4.2.1 BOARD OF DIRECTORS

The terms of reference of Tradition Paris' Board of Directors set out its obligations with regard to managing conflicts of interest.

Board members must ensure that business decisions are not affected by conflicts of interest and must therefore :

- proactively identify and disclose conflicts of interest arising from their position on the Board of Directors,
- refrain from any action that could be detrimental to Tradition Paris.

A member of the Board of Directors must not be involved in any activity that competes with Tradition Paris without the prior approval of the Board of Directors.

A member of the Board of Directors may not represent Tradition Paris in its dealings with himself or with a third party he represents, unless such representation is authorized on the basis of a consent granted (e.g. resolution of the Board of Directors).

4.2.2 COMMITTEE GOVERNANCE

Each committee has terms of reference. These terms of reference include the obligation for committee members to consider potential conflicts of interest prior to their appointment to a committee, taking into account the duties and responsibilities of that committee.

In addition, the Terms of Reference require Committee members to disclose potential conflicts of interest on an ongoing basis to the Head of the Committee and for the Head of the Committee to take appropriate steps to resolve such conflicts of interest.

4.2.3 COMPLIANCE FUNCTION

The Compliance function, as the second line of defense, is responsible for implementing this policy, developing policies and procedures and verifying the controls implemented by Tradition Paris.

4.2.4 THE HUMAN RESOURCES FUNCTION

The Human Resources function is responsible for identifying conflicts of interest relating to candidates and new employees. Human resources policies and procedures include the necessary elements to detect existing and potential conflicts of interest during the recruitment process.

4.3 GENERAL RULES OF THE CODE OF ETHICS

Personal Transactions

Tradition Paris has established a Personal Transactions procedure that defines the principles and conditions under which its employees may engage in transactions outside their professional functions, in order to prevent potential or apparent conflicts of interest.

Every personal transaction must be reported to the Compliance Department within 24 hours of the transaction taking place, using a specific form.

External activities and mandates

Tradition Paris employees are required to notify the Compliance Department if they wish to hold an external office or engage in an activity outside their employment contract. This request is analyzed with regard to the potential conflicts of interest it may generate, in order to determine the conditions under which a favorable response may be given.

Remuneration policy

Employee remuneration is based both on quantitative criteria, particularly for Front Office functions, and on objective criteria relating to compliance with internal rules, in particular failure to attend training sessions and non-compliance with internal policies and procedures.

Procedure for gifts, invitations and business meals

Gifts and other benefits (invitations, business meals), which are by their very nature tokens of thanks, must not give rise to a feeling of gratitude or indebtedness towards the giver, creating a situation of conflict of interest, or even a situation akin to corruption.

Tradition Paris has drawn up a Procedure for Business Gifts, Invitations and Meals, which defines the principles and conditions under which these benefits are authorized.

Staff training and information policy

Tradition Paris maintains a policy of regular training for its staff, which aims to ensure that a presentation of the compliance rules governing the conduct of business is made when new staff arrive, and that a training plan is drawn up annually to provide regular reminders of the rules in force.

4.4 MAPPING CONFLICTS OF INTEREST

Tradition Paris has drawn a map of potential conflicts of interest that may arise in the conduct of its business. This mapping is a tool for managing and preventing the risk of conflicts of interest.

This conflict of interest map is reviewed annually. It is used to identify various conflict of interest situations that could have an impact on Tradition Paris' business.

It also enables relevant checks to be carried out to ensure that the system is effective.

4.5 WATCHLIST AND BLACKLIST

Watch lists, restricted lists and issuer lists are drawn up to ensure that information is properly circulated, and complement this management system.

5 CONFLICT OF INTEREST MANAGEMENT SYSTEM

o **Compliance identification and capture process**

When a situation of conflict of interest is identified, it must be declared immediately to the Compliance Department, which will be responsible for managing the situation. The declaration is made by completing a dedicated form.

Compliance will take into account all the elements of the declared conflict, ensuring that the interests of the customer(s) are safeguarded.

o **Customer information**

When all these measures are not sufficient to guarantee that there is no risk of harm to their client's interests, Tradition Paris is obliged to inform their client clearly of the risks before any transaction or service.

The communication must clearly indicate that the organizational and administrative measures taken by Tradition Paris to prevent or manage this conflict are not sufficient to guarantee, with reasonable certainty, that the risk of harm to the client's interests will be avoided. The communication shall include a specific description of the conflict of interest arising in connection with the provision of investment services, taking into account the nature of the client to whom the communication is addressed. The description shall explain the general nature and sources of the conflict of interest, as well as the risks incurred by the client as a result of the conflicts of interest and the steps taken to mitigate those risks, in sufficient detail to enable the client to make an informed decision about the investment or ancillary service in the context of which the conflict of interest arises.

A formal agreement from the client(s) is required prior to the execution of the proposed transaction or the performance of the investment service concerned. If necessary, Tradition Paris may refuse the transaction.

- **Keeping a register of conflicts of interest**

Declared conflicts of interest are recorded on an ongoing basis in a dedicated register, together with the procedures for managing and implementing them.

- **Reporting (Board of Directors)**

All situations of conflict of interest must be declared to the Board of Directors within one quarter of the conflict arising.

6 CONTROL DEVICE

Tradition Paris establishes regularly updates and implements an investment services compliance monitoring plan to ensure the effectiveness and compliance of its employees with the provisions designed to prevent conflicts of interest. This control system ensures that the employees concerned comply with regulatory obligations.

In addition, in connection with Personal Transactions, mandates and other external activities, Tradition Paris asks all its employees to sign an annual declaration certifying that they have complied with the internal rules set out in the Code of Ethics with regard to the two aforementioned issues.

All these systems and procedures are regularly updated in line with regulatory changes and business developments, and apply to all categories of customer.