

CALYON'S SUMMARY POLICY FOR MANAGING CONFLICTS OF INTEREST

1. EXECUTIVE SUMMARY

Calyon ("the Firm"), as a multi-service firm and part of the Credit Agricole Group, is likely to find itself in situations where the interests of one client may compete with (i) those of another client; or (ii) the interests of the Firm (or the Group to which it belongs) and one of its employees.

In accordance with the requirements imposed upon the Firm by the Markets in Financial Instruments European Directive ("MiFID"), the purpose of this summary document is to set out the Firm's approach to identifying and managing conflicts of interest which may arise during the course of its business activities.

2. WHAT ARE CONFLICTS OF INTEREST?

There are a number of instances where a conflict of interest may arise during the course of banking or financial business activities. Typically, a conflict is considered to exist in a situation where the interest of a client is adversely affected. The three main categories of potential conflicts involve:

- i) those arising between a customer and another client;
- ii) the Firm (or the Group to which it belongs) and its clients;
- iii) the Firm's employees and the Firm itself or the interests of its clients.

3. IDENTIFICATION OF CONFLICTS OF INTEREST

The Firm has appropriate internal controls (including a periodic review of business activities and specific transactions) to identify circumstances which give rise to a conflict of interest. The Firm has an ongoing management reporting process for potential and existing conflicts of interest. The Firm's policy is to maintain a record of the types of services and activities it carries out in which a conflict of interest entailing a material risk of damage to the interests of one or more clients has arisen or may arise.

4. CONFLICT MANAGEMENT ARRANGEMENTS

The Firm maintains and operates effective organisational and administrative arrangements to manage the conflicts of interest it has identified. It also undertakes ongoing monitoring of business activities to ensure that internal controls are adequate. The following are examples of measures and controls adopted by the Firm in order to manage conflicts of interest:

- Internal Conflicts of Interest Policy (internal guidelines for employees, related to identification, prevention and management of conflicts of interest)
- Personal Account Dealing policy
- Information Barriers (physical separation, electronic segregation, and wall crossing procedures)
- Escalation procedures to senior management
- Investment Research policy
- Gifts and inducements policy
- Training adapted to employees concerned

Where the Firm does not deem, with reasonable confidence, its organisational and administrative arrangements to be sufficient to prevent the risks of damage to a client, it will endeavour to disclose the general nature and/or source of conflicts of interest to the client before undertaking business on its behalf. In exceptional cases, the Firm may decline to act.

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