

**United Kingdom**  
**Summary of Conflicts of Interest Policy**

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## Summary of Conflicts of Interest Policy

The Bank of Nova Scotia London Branch

### 1. Introduction

- 1.1 The Bank of Nova Scotia is authorised and regulated by the Office of the Superintendent of Financial Institutions in Canada. The Bank of Nova Scotia is authorised by the Prudential Regulation Authority (PRA) and subject to regulation by the Financial Conduct Authority (FCA) and limited regulation by the PRA. Details about the extent of The Bank of Nova Scotia's regulation by the PRA are available from us on request. The Bank of Nova Scotia its subsidiaries and affiliates are referred to throughout as the 'Scotiabank Group'.
- 1.2 The Summary of Conflicts of Interest Policy summarises the Conflicts of Interest Policy that applies to the Bank of Nova Scotia, London Branch ('Scotiabank London'). The Conflicts of Interest Policy and the Scotiabank Guidelines for Business Conduct, together with other relevant Scotiabank policies reference conflicts in detail. Further details of the Conflicts of Interest Policy which applies to Scotiabank London are available on request.
- 1.3 The FCA Handbook and PRA Rulebook (the 'Rules') require investment firms and credit institutions to take all reasonable steps to prevent conflicts of interest from constituting or giving rise to a material risk of damage to the interests of their clients. Firms are expected to establish and maintain organisational and administrative arrangements that facilitate the effective management of conflicts of interest. The Rules require firms to take all reasonable steps to identify conflicts of interest between themselves (including members of their group as well as certain related persons) and their clients, or between one client and another, that arise in the course of providing services to their clients when carrying out any "regulated activities" or providing "ancillary services" which constitute "MiFID business" (all as defined in the Rules).

### 2. Summary of Conflicts of Interest Policy

- 2.1 Scotiabank London has measures in place to identify conflicts that may arise between itself and its clients or between one client and another in the course of providing its services or conducting its activities. Scotiabank London also has measures in place to identify conflicts of interest that may arise as a result of the structure and business activities of other members of the Scotiabank Group.
- 2.2 Scotiabank London is involved in the provision of, among other things, corporate banking, investment banking, advisory and transaction banking services. Scotiabank London also undertakes sales and/or trading activity in debt capital markets, prime services, global equities, fixed income, currencies and commodities.
- 2.3 Scotiabank London acts for entities that are seeking to raise funds in the capital markets and for investors in them. As a result, conflicts may exist between Scotiabank London and its clients, for example:
  - when trading with or for a client, Scotiabank London may do so using positions in securities held on its own book;

- when providing corporate finance advice to a client, Scotiabank London may be providing corporate finance advice to other clients that may be perceived as competitors of the client;
- when Scotiabank London acts for a client, it may also act for other clients in the same financial instrument or sector of financial instruments;
- when Scotiabank London participates in a benchmark or other price setting process.

2.4 Scotiabank London recognises that the above list is not exhaustive and that in the normal course of its business, as in any financial institution, other conflicts of interest that are not detailed in the above list may arise. Additional examples of conflicts of interest that are potentially applicable to Scotiabank London are set out in Appendix to this document.

2.5 Scotiabank London has adopted a number of measures to manage actual or potential conflicts of interest, including employing information barriers to ensure that the flow of information around Scotiabank London and within the Scotiabank Group is appropriately restricted in the interests of clients. For example, employees engaged in dealing activities with clients have no access to information relating to corporate or investment banking activities. Scotiabank London has physical, management and organisational structures in place to support the effective functioning of the information barriers to ensure that information flows are appropriately restricted.

2.6 Where Scotiabank London does not consider that arrangements made by it to manage its conflicts of interest are sufficient to ensure with reasonable confidence that the risk of damage to the interest of a client will be prevented, it may choose to proceed notwithstanding the existence of a conflict but will in such a case clearly disclose the general nature and/or sources of the conflict of interest to the client before undertaking business for or with the client.

### **3. Benchmarks and other Price Setting Processes**

Scotiabank London provides information on its secured and unsecured sterling money market activity to the Bank of England which uses a subset of this data, those which relate to transactions in overnight unsecured money markets, to form the basis of the Sterling Overnight Index Average (“SONIA”) benchmark interest rate.

### **4. Investment Recommendations**

4.1 The Scotiabank Group produces globally branded investment research and non-independent research reports that are distributed in the UK by Scotiabank London. These publications may include investment recommendations that are subject to the EU Market Abuse Regulation (MAR) and the Scotiabank Group makes available appropriate disclosures of any relationship or circumstance that may reasonably be expected to impair the objectivity of the information presented in them, including interests or conflicts of interest of the person producing the investment recommendation, or of a person belonging to the Scotiabank Group, concerning the financial instrument or issuer to whom the investment recommendation, directly or indirectly, relates.

4.2 The Scotiabank Group operates effective physical and electronic information barriers between its Research Department and its Sales and Trading and Investment Banking Departments. The Scotiabank Group operates a central Control Room for the management of non-public information and conflicts of interest.

## **Appendix      Additional Examples of Conflicts of Interest**

**Trading on a Principal Basis:** Scotiabank London undertakes client activities in equities, fixed income, currencies and commodities. For certain asset classes, Scotiabank London trades on a principal basis which may involve the holding of inventory positions. The need to take principal risk could potentially give rise to a conflict between the interest of Scotiabank London and those of its clients, if not identified and managed appropriately. Scotiabank London has in place systems and controls for identifying conflicts, such as monitoring and surveillance.

**Misuse of Confidential Information:** Scotiabank London may receive confidential or sensitive information from customers, including issuers, or from other third parties or information about the Bank's own affairs that is not public. In order to safeguard against the misuse of confidential and

sensitive information and to manage conflicts of interest, Scotiabank London uses information barriers to limit the flow of confidential and sensitive information between different business groups.

**Use of Connected Parties:** When trading with or for a client, Scotiabank London may do so using connected parties (such as affiliates) within the bank. These arrangements could give rise to potential conflicts of interest where the interests of Scotiabank London and / or such connected parties are prioritised over the interest of clients. The use of connected parties by Scotiabank London is subject to internal policies designed to manage potential conflicts.

**Investment Research:** When distributing investment research to a client, Scotiabank London may also be providing investment banking and corporate finance advice and / or capital markets services to the subject issuer of the research and may hold positions in related securities before or after its publication. Scotiabank London has in place internal policies and uses information barriers to manage conflicts of interest in relation to research.

**Non-Independent Research:** When providing clients with marketing communications classified as non-independent research, the Bank could also be providing investment banking and corporate finance advice and/or capital markets services to the subject issuer of the research and may hold positions in related securities before or after its publication. Scotiabank London has in place systems and controls to manage conflicts of interest, such as distribution systems with controlled access.

**Outside Business Activities:** Employees of Scotiabank London may have outside business activities which could at times conflict with their duty to Scotiabank London or its clients. Scotiabank London employees are required to provide an attestation and seek pre-approval prior to undertaking outside business activities.

**Personal Trading:** Employees of Scotiabank London may undertake personal trading relating to securities which are also traded on behalf of clients, which could conflict with the interests of the client or could be undertaken on the basis of confidential or other non-public information. Employees are required to provide an attestation and seek pre-approval prior to undertaking personal trading activities.

**Gifts and Entertainment:** Employees of Scotiabank London will on occasion give or receive gifts and/or entertainment to or from clients. Gifts and entertainment are subject to internal policies and related processes such as declaration and pre-clearance.