

Type:	Policy
Reference number:	201907-11
Subject:	Conflicts of Interests
Scope:	STOXX Ltd. (Qontigo Index Business)
Approved by:	Management Board ("MB")
Approval date:	15.03.2021
Responsible department:	Governance, Risk and Compliance
Relevant documents:	None
Valid from:	Date of STOXX Recognition (within the meaning of art. 32 Regulation (EU) 2016/1011)
Valid until:	Revocation
Version (Updated):	3.0

1 Background

The regulations of benchmarks in the various jurisdictions and for the various types of regulated entities vary in detail, but the general approach is equivalent in principle. In addition, the various rules and regulations use different language and terminology while content wise being very similar. As such, this Policy uses a harmonized language, which is to be read in conjunction with the specific (national) legal terminology. The most relevant parts of the applicable legislative framework can be summarized as follows:

- Global:

Administrators of benchmarks need to comply with requirements of Principle 3 (Conflicts of Interests for Administrator) of the IOSCO Principles for Financial Benchmarks FRO7/13.

- European Union:

Administrators of benchmarks used in the EU need to comply with the requirements of Regulation (EU) No. 2016/1011 ("EU Benchmark Regulation" or "EU BMR").

- United Kingdom¹:

Administrators of benchmarks used in the UK need to comply with the requirements of Section 3(1) European Union (Withdrawal) Act 2018 (UK) in conjunction with EU BMR ("UK BMR").

This Policy supplements DBG's Policy on Conflicts of Interest (August 2021), in the event of any conflict between this Policy and DBG's Policy on Conflicts of Interest (August 2021), DBG's Policy on Conflicts of Interest (August 2021) prevails.

¹After the Brexit with an effective date of 31 January 2020, STOXX needs to register for recognition by FCA under UK BMR with a new filing by the end of 2025. Until then, UK market access is ensured according to UK BMR transitional provisions which have been extended from originally 31 December 2022 to 31 December 2025

2 Objective and Purpose²

STOXX Ltd., Zug, Switzerland (“STOXX”) is required to take all legitimate steps to identify, prevent and adequately manage existing or potential conflicts of interests involving a material risk of damage to STOXX’s as well as its customers’ and stakeholders’ interests. The aim of this Policy is to set out measures to identify, prevent, manage, avoid and disclose existing and potential conflicts of interests that may arise among employees (including the members of the respective Executive Boards and Management Boards, managers, risk takers, interns, students, temporary staff working for Deutsche Boerse Group (DBG) or any other relevant companies belonging to DBG for more than 30 calendar days, as well as in certain circumstances external service providers. In this context, external service providers (3rd party) as referenced in Section 5 of the DBG’s Policy on Conflicts of Interest (August 2021) shall include natural persons whose services are placed at STOXX’s disposal or under STOXX’s control and who are directly involved in the provision of a benchmark in their relationships with STOXX (including their managers or any persons directly or indirectly linked to them by control), STOXX’s shareholders, contributors³ or its customers to ensure that, where any judgement or discretion in the benchmark determination process is required, it is independently and fairly exercised.

3 Scope

This Policy applies to all benchmarks STOXX administers within the meaning of Art. 3 (1), (5) and (6) EU BMR and any similar or equivalent regime (“STOXX Benchmarks”).

4 Definition of a Conflict of Interest

A ‘conflict of interests’ is defined under Section 4 of DBG’s Policy on Conflicts of Interest (August 2021). Specifically, a conflict of interests arises when STOXX’s own business relationships and corporate interests may lead to business decisions by STOXX that may conflict with interests of STOXX’s stakeholders⁴ or clients.

In addition to the potential sources of conflicts of interests, a conflict of interests may arise, namely but not exclusively, between:

- STOXX’s employees and stakeholders or service providers or contributors or subsidiaries of STOXX; and
- STOXX and entities/subsidiaries of DBAG.

5 Identifying, Managing and Reporting Conflicts

5.1 General guidance

STOXX has established a conflict of interests framework and measures that seek to mitigate existing or potential conflicts of interests. To this end, this framework:

- a. Includes measures to avoid, mitigate or disclose conflicts of interests that may exist as defined under section 4, and
- b. Provides that STOXX publishes potential conflict situations with this policy.

² Cases or situations not covered by this policy will be covered by processes in the respective STOXX or DAX Index Guides.

³ A natural or legal person providing input data not readily available to STOXX, or to another person for the purposes of passing to STOXX, that is required in connection with the determination of a benchmark, and is provided for that purpose (as defined in the EU Benchmark Regulation and/or any similar or equivalent regime).

⁴ A Stakeholder means (a) persons or entities that purchase benchmark determination services from STOXX/DBAG regarding a benchmark administered by STOXX and/or (b) persons or entities who have an index license with STOXX/DBAG regarding a benchmark administered by STOXX (Subscriber) and/or as far as STOXX is reasonable aware (c) persons or entities and/or third parties who own contracts or financial instruments that reference a benchmark administered by STOXX.

5.2 Sources and Identification of Conflicts of Interests

As set out in Section 5. of DBG's Policy of Conflicts of Interest (August 2021) it is critical for employees of an organisation (on group and on legal entity level) to understand and be able to identify the relationships, interests, activities or actions that may create Conflicts of Interest for the organisation, so the effective, fair and legal practices followed by making or analyzing business decisions can be ensured.

For Benchmark Administrators like STOXX, Conflicts of Interest can arise within their organisations including their managers, employees, contributors, users or any person closely associated by control.

STOXX as an organisation and its employees need to consider any circumstances which may give rise to a Conflict of Interest. These conflicts may arise on the level of an employee, as well as on the level of the legal entity.

Corporate Conflicts of Interest may arise between STOXX and DBG (either one or more of its group entities), including its employees, members of the Governing Bodies or persons closely associated, and STOXX customers or their Customers respectively. They can likewise result from relationships at entity or group level, e.g.:

- Inter-Group relationships with different areas/ entities following different mandates and strategies,
- Inter-Group fee arrangements with respect to services provided by one Group Entity to another (e.g. in the context of outsourcing arrangements),
- Services to Customers, in which DBG takes up different roles,
- New business relations (strategies, services, products) that DBG enters into,
- Employment related conflicts, e.g. inappropriate rewards and bonuses, inappropriate hiring procedures on professional/behavioural requirements.

In case of a specific identified conflict, the interests of the third parties shall prevail at all times in the absence of disclosure and acceptance of the Conflict of Interest by the relevant Third Parties.

A personal Interest can originate from a source beyond the employee's professional obligations (outside business interest) and might interfere with his or her objectivity to make decisions or to participate in decision making processes, which he or she has to make in the course of his or her professional obligations in the interest of STOXX or its customers.

In this context, a relationship of an employee, as well as of persons closely associated with him/her, or with a third party can lead to a Conflict of Interest, if the interests of this third party are affected by decisions of STOXX, and if this third party's interests have an influence on the interests of an employee. Such impact can be assumed for example, if the employee:

- holds a mandate (external or STOXX-internal) or conducts a secondary employment with the third party concerned or within STOXX,
- acts for or on behalf of the third party concerned or STOXX in a managerial position,
- has a financial interest in a third party,
- makes a financial gain or avoids a financial loss to the detriment of the third party or STOXX,

- has a material interest in the outcome of a service provided to the third party or STOXX, or of a transaction carried out on behalf of the third party or STOXX, which, with respect to the specific decisions, is distinct from the third party's or STOXX's interest in that outcome,
- has a (close) relationship with a third party

These examples are non-exhaustive, as these are situations in which Conflicts of Interest may arise. In addition, employees need also take into consideration that such situations may not only arise for themselves, but also for others, particularly persons closely associated with them.

The following specific conflict situation can possibly arise within STOXX due to its business model.

Misuse of Information:

- Market abuse: Misuse or improper disclosure of compliance-relevant (inside or sensitive) information, particularly by employees having access to compliance-relevant information as part of their professional duties by way of personal account dealing or other transactions
- Manipulation of benchmarks: Employees manipulating a benchmark in the interest of a customer or other third party to the detriment of other market users (Customers, banks)
- Insourcing: misusing information deriving from a position in STOXX to the detriment of STOXX and to the advantage of another Group Entity that provides services to STOXX as an insourcer due to the employee's participation or a personal interest in this other Group Entity

Misuse of Relationships

- Close personal or business relationships: Misuse of close personal or business relationships to the detriment of STOXX or other market participants, e.g. the spouse/partner of (or another person closely associated with) an employee being in a managerial position of a third party
- Mandates, secondary employments and managerial positions in other entities: Mandates, (secondary) employments or managerial positions in other entities of DBG may impede the ability to take objective and impartial decisions that aim to fulfil the best interests of STOXX

5.3 Organizational and Operational Management of Conflicts of Interests

The internal controls framework of STOXX ensures that:

- Existing or potential conflicts of interests do not inappropriately influence benchmark determinations;
- Personal interests and connections or business connections do not compromise STOXX's performance of its functions;
- Segregation of reporting lines within STOXX exist, where appropriate, to clearly define responsibilities and prevent unnecessary or undisclosed conflicts of interests or the perception of such conflicts;
- Adequate supervision and sign-off by the competent governance bodies and by the authorized or qualified employees had existed prior to releasing benchmark determinations;
- The confidentiality of data, information and other inputs submitted to, received by or produced by STOXX is maintained, subject to the disclosure obligations of STOXX;
- Effective procedures exist to control the exchange of information between employees engaged in activities involving a risk of conflict of interests or between employees and third parties, where that information may reasonably affect any benchmark determinations; and

- Adequate remuneration governance is maintained to ensure all employees who participate in the benchmark determination are not directly rewarded or incentivized by the levels of the benchmark. The variable remuneration component shall depend only to a limited extent on the overall STOXX financial performance.

Conflicts of interests can be largely avoided by ensuring the following rules of behavior:

- Index Guide and internal guidelines are strictly followed, when applicable;
- Exceptions, e.g. in case of corporate actions not being described accordingly in the Index Guide, are submitted to the competent internal Governance Committees;
- Professional secrecy is maintained with regard to external stakeholders, e.g. customers;
- All information within STOXX is shared on a “need-to-know” basis;
- Applicable Deutsche Börse Group Compliance policies approved by STOXX are strictly followed

All employees of STOXX are required to apply and support the above rules of behavior.

Professional decisions of STOXX employees must always be guided by principles of objectivity and integrity and be made in the best interests of STOXX, its customers and stakeholders. To this end, all efforts must be made to avoid or resolve conflicts of interests.

The following organizational measures have been adopted by STOXX to prevent conflicts of interests:

- Units with exposure to customers (Sales and Product Development) are organizationally and physically separated from Operations;
- Within Operations, different activities are segregated into different teams: the Index Review Team, the Surveillance & Monitoring Team and the Corporate Actions Team, reporting to the Head of Index Operations;
- Operations and Product Development are supervised by internal committees that report to the MB;
- A whistleblowing mechanism has been put in place in April 2018.

All employees of STOXX are required to support and observe the above measures.

5.4 Potential Business Conflicts of Interests

Pursuant to Section 6 of DBG’s Policy on Conflicts of Interest (August 2021), Management and employees of STOXX are responsible for:

- Identifying and managing conflicts of interests in accordance with legal requirements and this Policy and even the appearance thereof – including the consideration, if a situation could arise to become a potential source of conflicts of interest;
- Escalating any conflicts of interests or potential conflicts of interests to their managers or other designated persons, as appropriate; and
- Disclosing such conflicts of interests to the parties that may be affected by the (potential) conflicts of interests, if necessary.

There may be occasions when a conflict is not addressed by this or the applicable policies of STOXX’s shareholders or is potentially significant with respect to not only the employee’s individual business area, but to STOXX as a whole. In those situations, the conflict must be referred to STOXX’s Compliance Officer.

5.5 Restrictions

According to Section 6 of DBG's Policy on Conflicts of Interest (August 2021) STOXX Members of the Executive Board are not permitted to take any decisions:

- in their own interests, or
- in the interest of third parties, other Group Entities or persons closely associated to members of Governing Bodies or employees, where such decisions are not in line or in violation with the regulatory requirements for or the interests of STOXX.

The same applies to any other employee, particularly in the context of his or her professional obligations.

Furthermore, all employees shall in particular abstain:

- from any activities that are competing with activities of STOXX,
- from grasping any business opportunities to the detriment of STOXX as well as,
- from any kind of insider dealing or misuse of sensitive, non-public information obtained in the course of their professional responsibilities.

5.6 Reporting Conflicts of Interests

If an employee becomes aware of an actual or potential conflict of interest or is unsure whether such a conflict of interest actually exists, he or she must approach STOXX's Compliance Officer who will advise and propose appropriate measures.

If a (potential) Conflict of Interest is identified, employees need to disclose to the Group Compliance Department of DBG, e.g. via the Employee Compliance Portal ("ECP") prior to entering into the conflict situation (pre-approval process for outside business interests, such as secondary employments and other related external mandates, managerial positions, e.g.: employees engage in certain activities such as serving on another Management Body).

DB Group Compliance will assess on a case-by-case basis whether a Conflict of Interest is given considering inputs from GRC and which actions shall be taken in order to settle or mitigate the conflict. GRC also reserves the right, acting in cooperation with DB Group Compliance as needed, to prohibit in certain cases to enter into the Conflict of Interest situation, e.g. when there are no other appropriate mitigating measures available, or when it may violate legal or regulatory requirements, or when it may cause a large reputational risk. Group Compliance also gives guidance on who should be informed within STOXX and/or DBG regarding the particular Conflict of Interest situation.

Members of the MB should disclose any actual or potential conflict of interest to the Chief Executive Officer (CEO) who will determine the appropriate resolution and who may consult STOXX's Compliance Officer. The CEO should disclose any conflicts in a memorandum to the Board of Directors of STOXX. All members of the MB and STOXX Governance Committees must excuse themselves from any Board or Committee discussion or decision affecting their personal, business or professional interests. Members of the MB are required to obtain written approval of transactions involving themselves or persons and entities related to themselves, and STOXX.

In accordance with section 7.4.1 of the DBG Policy on Conflicts of Interest (August 2021), a Conflict of Interest Matrix is maintained by the STOXX Compliance Function stating the following information regarding each identified potential conflict situation:

- the parties of the (potential) conflict of interests,
- the service or mandate in relation to which the (potential) conflict of interests might arise,

- the mitigating measures established,
- the impacted DBG entity / entities.
- The information gathered in a Conflict of Interest Matrix allows for the efficient identification and mitigation of potential/actual Conflicts of Interest. The Matrix is reviewed and updated on an annual as well as on an ad hoc basis, if necessary, by STOXX Compliance with advisory support of DB Group Compliance. At least on an annual basis the Conflict of Interest Matrix is transmitted to the Index Governance Committee for review and approval.

6 Sanctions

A violation against the provisions of this Policy could constitute a violation of the employment contract and may entail appropriate sanctions, including dismissal.

7 Review Process

This Policy will be reviewed in accordance with the GDB Policy on Creation and Update of Policies and updated as necessary. As the policy considers conflict situations stated in the STOXX Ltd. Conflict of Interest Matrix which is reviewed at least on an annual basis (see above) the review should be aligned accordingly.

Version	Date	Comment
3.0	15.03.2021	Fundamental Revision
3.0	14.02.2022	Annual Review: Footnote 1 changed, reference to newest DBG policy updated (August 2021), editorial changes