

Policy for Identification and Management of Conflicts of Interest

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1 Introduction

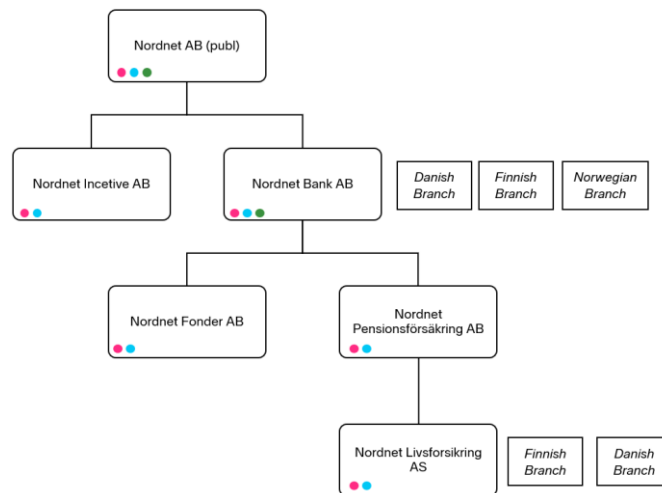
1.1 Background

The Nordnet group provides a range of financial services and products to a variety of end-customers. The Nordnet group consists, inter alia, of a consolidated situation consisting of Nordnet AB (publ) (“Nordnet AB”) and Nordnet Bank AB (“Nordnet Bank”), of which Nordnet AB is the responsible company.

As conflicts of interest (“COI”) may arise in the ordinary course of business, the boards of directors of Nordnet AB and Nordnet Bank, respectively, adopted this policy on a consolidated basis to establish the roles and responsibilities for the identification and management of COI.¹ Any referral to “Nordnet” shall be understood as a referral to the consolidated situation.

This policy also contains examples of significant COI which may affect parts of the group (see *Appendix 1*).

The requirements in this policy shall be interpreted so that the responsibilities of the board of directors and the CEO also refer to the responsibilities of the respective management bodies in Nordnet Bank’s subsidiaries.



Pink: financial conglomerate, blue: insurance group, green: consolidated situation

1.2 Scope

This policy applies to Nordnet’s board members and to all Employees.

1.3 Regulatory basis

This policy has been established in accordance with:

- Lagen (2004:297) om bank- och finansieringsrörelse (LBF)
- Lagen (2007:528) om värdepappersmarknaden (LVM)

¹ EBA Guidelines, p. 108.

- Commission Delegated Regulation (EU) 2017/565 (MiFID II Delegated Regulation)
- Lag (2018:1219) om försäkringsdistribution
- Commission Delegated Regulation (EU) 2017/6229
- Finansinspektionens föreskrifter (FFFS 2017:2) om värdepappersrörelse
- Finansinspektionens föreskrifter (FFFS 2014:1) och allmänna råd om styrning, riskhantering och kontroll i kreditinstitut)
- EBA Guidelines on internal governance under Directive 2013/36/EU (EBA Guidelines)

2 Definitions

Conflicts of Interest (COI)	A situation or circumstance which, with regard to Nordnet's products and services, may pose a significant risk that the interests of one or more customers or other stakeholders will be adversely affected
Closely related person	As defined in the <i>Policy for Personal Account Dealings</i>
Employee	Employees, consultants, tied agents, or contractors participating in the distribution of insurance-based investment products
Group entities	Nordnet Bank AB, Nordnet Pensionsförsäkring AB, Nordnet Livsförsäkring AS, Nordnet Fonder AB
Nordnet	Consolidated situation, consisting of Nordnet AB and Nordnet Bank

3 Categories of COI

3.1 Individual vs. institutional

An individual COI is defined as a conflict which regards to an individual Employee or board member's private interests or professional/personal relationships, such as, for example, secondary employments.

An institutional COI is a conflict which arise in connection with Nordnet's business activities. These can arise with regards to e.g. financial services, customers, roles, functions, business areas, legal entities etc.

3.2 Persisting vs. one-off

Nordnet shall differentiate between COI that persist and COI that occur unexpectedly due to e.g. a single event, such as a transaction or the selection of a service provider. The latter form may usually be managed with one-off measures.

4 Identifying COI

Nordnet shall have in place effective controls to identify COI. Each Employee is responsible for identifying COI as a part of their daily work and reporting them to their immediate manager.

Nordnet shall maintain a register to document all identified COI. The register shall be kept up-to-date and be reviewed at least annually.

For further details, please refer to the *Conflicts of Interest Instruction*.

5 Managing COI

5.1 Materiality

Nordnet shall assess each COI for materiality purposes before any preventative or mitigating measures are applied. The materiality of a COI is dependent on the risk of detriment which the COI poses to Nordnet or to Nordnet's customers.

If a COI is assessed as material, the COI must be mitigated and Nordnet shall apply managing measures.

5.2 Managing measures

Nordnet shall apply effective managing measures for all material COI, i.e. preventive or mitigating actions. These shall be clearly defined and implemented.

Nordnet shall first assess whether the COI can be fully prevented. If not possible, Nordnet shall apply managing measures to decrease the materiality of the risk.

If it is not possible to assign any managing measures to a material COI, Nordnet shall avoid it entirely. This applies to, for example, situations where persons participate in decisions in which one has a vested interest or in other situations where the applicable regulations present impediments.

Nordnet's measures to manage and/or mitigate COI shall be documented and shall include, among other things:

- An appropriate segregation of duties, e.g. entrusting conflicting activities within the processing of transactions or when providing services to different persons, or entrusting supervisory and reporting responsibilities for conflicting activities to different persons;
- Establishing information barriers, e.g. through the physical separation of certain business lines or units, and hierarchical and organizational separation of different operations and areas of operation
- Establishing a clear organization with clear distribution of responsibilities and mandates
- Ensuring a high level of knowledge among employees and board members regarding the procedures and processes applicable in handling COI,
- Maintaining sound remuneration structures,

- Ensuring confidentiality regarding information about customers or other circumstances, and
- Maintaining independent control functions

In the performance of services on behalf of customers, Nordnet shall, in particular, inform the customer of the nature of any remaining potential or actual COI or its source before Nordnet undertakes to perform the service.

5.3 Acceptance

Nordnet may only accept COI without managing measures if they are non-material.

6 General process

Nordnet must always pay attention to COI that may arise in order to prevent damage to Nordnet or its customers. All COI, potential or actual, shall be documented, assessed, and mitigated, or fully prevented according to the process established by Nordnet's compliance function.

It is the responsibility of Nordnet, closely related parties to Nordnet, all Employees as well as all board members to identify any such COI and manage them in accordance with the procedures set forth in this policy and in the *COI Instruction*.

At least the following situations, which could entail actual or potential COI, shall be considered:

- Economic interests (e.g. shares, other ownership rights and memberships, financial holdings and other economic interests in commercial customers, intellectual property rights, loans granted by the institution to a company owned by staff, membership in a body or ownership of a body or entity with conflicting interests);
- Personal or professional relationships with the owners of qualifying holdings in the institution;
- Personal or professional relationships with staff of the institution or entities included within the scope of prudential consolidation (e.g. family relationships);
- Other employment and previous employment within the recent past (e.g. five years);
- Personal or professional relationships with relevant external stakeholders (e.g. being associated with material suppliers, consultancies or other service providers); and
- Political influence or political relationships.

COI may arise between any the following groups:

- Business areas/product areas/functions/entities
- Shareholders and persons linked to Nordnet by means of control
- Board members and their Closely Related Persons
- Employees and their Closely Related Persons
- Subsidiaries
- Customers

- Vendors, suppliers, tied agents, business partners

For further details on the process, please refer to the *Conflicts of Interest Instruction*.

6.1 Specifically on relationship between the legal entities

Nordnet provides services internally to other companies within the Nordnet group, such as services related to legal, HR, finance, security, corporate communications, and marketing.

When a function performs services for different companies with different customer collectives, the outsourced operations must always be preceded by careful consideration and adhere to the applicable processes procedures, including Nordnet's *Outsourcing Policy*, to prevent COI from arising between, for example, different customers, customer groups, or companies within the group. Assignment agreements should, for example, always be accompanied by detailed assignment descriptions and an SLA to clarify the scope of the assignment and how it is to be followed-up.

6.2 Specifically on products and services

Nordnet offers its customers various investment and ancillary services. Since the combination of these services can give rise to COI between Nordnet and its customers, Nordnet has ensured that these areas of operations are distinguished organizationally to prevent COI.

Products manufactured or distributed Nordnet must undergo Nordnet's product governance process in accordance with the *Policy for Securities Operations* and underlying instructions, during which potential COI associated with new products are to be identified and handled.

Nordnet's new product approval process (NPAP) also includes requirements on identifying potential COI in the development of new or updated products, services, etc. For further details, please refer to the *New Product Approval Policy*.

6.3 Specifically on stock market launches

Nordnet does not conduct traditional corporate finance activities in the sense that it would act as adviser to issuers in connection with stock market launches (IPOs). However, Nordnet acts as an issuing agent and therefore processes subscription forms, etc. on behalf of issuers. Nordnet also conducts investment activities by marketing IPOs to its investment customers.

Nordnet does not usually participate in decisions on the allocation of shares/subscription rights in an issue and does not participate in the valuation of an issue, reducing the risk of COI.

Nordnet shall also ensure that remuneration paid by the issuer to Nordnet does not contravene the requirements in LVM or other regulations. In addition, Employees working with IPOs are covered by special regulations regarding their trading in accordance with Nordnet's *Policy for Personal Account Dealings*.

6.4 Specifically on proprietary products

Nordnet does not generally provide its own products and usually distributes third party products instead. Where Nordnet does provide products manufactured by Nordnet or products marketed under Nordnets name (proprietary products), Nordnet shall pay particular attention to potential or actual COI that could arise as a result of Nordnet providing such proprietary products.

Nordnet shall, among other measures, prevent such COI by not providing investment advice regarding its proprietary products or investing in those products in connection with investment advisory or portfolio management services.

In addition, Nordnet shall never provide investment advice, make recommendations, or invest in its proprietary products unless that investment advice or those recommendations or investments can be justified based on objective criteria and do not otherwise counteract the customers' interests.

6.5 Specifically on dual employments

Nordnet has Employees with dual employment in Nordnet and in other companies within the group. There may also be cases where Employees/managers hold dual roles in multiple companies within the group, which means that Employee may have responsibility for a particular area in one company as well as for a particular area in another company within the group at the same time.

Above imposes strict demands on how potential COI are managed, particularly where it is conceivable that those who have dual employment in multiple companies within the group or with dual roles may wish to prioritize a certain operation or area over another. To manage these COI, Nordnet shall always ensure that a robust order of priority is established for Employees with joint employment to avoid the operations of one company being prioritized over the operations of another company within the group. Furthermore, dual roles shall be avoided as far as possible.

Where Employees/managers hold dual roles, they shall not make decisions regarding their roles in other companies within the group. Should that situation arise, decisions of that nature should instead be referred to the immediate manager of the person concerned.

6.6 Specifically on remuneration

Nordnet shall design its remuneration system so that COI do not arise between its Employees, Nordnet, and Nordnet's customers. The remuneration system may not be designed in such a way that it causes COI or incentives that could cause employees to favor their own interests or Nordnet's interests at the expense of the customers.

To counteract such possible COI, remuneration levels shall be based on qualitative criteria, such as compliance, fair treatment of customers and the quality of the services provided to customers. For further details, please refer to the *Remuneration Policy*.

6.7 Specifically on Employees' own trading

All Employees must comply with Nordnet's internal rules regarding their own trading as further explained in the *Policy for Personal Account Dealings*.

7 Roles and responsibilities

7.1 Employees

All Employees shall report all identified individual COIs, or changes thereof, to their immediate manager in accordance with set procedures

All Employees shall report any identified institutional COI in accordance with this *COI Policy* and the *COI instruction*.

Employees shall be observant of circumstances and situations that may constitute, or give rise to, COI and shall act in accordance with relevant established processes and procedures.

7.2 Board of directors

The board of directors is accountable for establishing, approving, and overseeing the implementation and maintenance of effective policies to identify, assess, manage and mitigate or prevent actual and potential COI at both individual and institutional level.

The board of directors shall have a clear understanding of the group's respective governance arrangements. They shall have a clear understanding of their roles and responsibilities, their entities' structure, and any actual or potential COI that may arise therefrom.

Actual or potential COI at board level which could adversely influence the performance of their duties and responsibilities, shall be adequately communicated and assessed, mitigated, or prevented, and documented.

A board member shall specifically:

- Report other assignments or services to the chairman of the board and avoid assignments that could cause COI.
- continuously inform the chairman of the board of any circumstances that could or have entailed a COI for the individual board member, and
- refrain from participating in decisions or deciding on matters where the objectivity of the board member could be brought into question.

For further details on the Management Body's management of COI, refer to the *Syrelsens arbetsordning*.

If the CEO is prevented from making decisions due to a COI, those decisions shall be referred to the chairman of the board to be forwarded to the board in accordance with Nordnets *VD-instruktion*.

8 COI in the context of loans and other transactions

Nordnet shall not grant loans or enter into other transactions (e.g. factoring, leasing, property transactions etc.) on terms which are not commercially determined or that favor any of the following:

1. A board member,
2. An Employee in a leading position who, alone or together with another, may decide on credit matters that should otherwise be determined by the board of directors,
3. An Employee in a leading position within Nordnet,
4. A shareholder other than the central government with a holding corresponding to at least 3 percent of Nordnet's entire capital,
5. Spouse or cohabitant of someone referred to under 1–4, or
6. Legal entity in which a person referred to under 1–5 holds a significant financial interest as a shareholder or member.

The board of directors shall address matters relating to services affected by the above and shall maintain a list of data regarding agreements that have been reached and that are covered by the above requirements.

For further details, please refer to Nordnet's *Credit Policy* as well as Nordnet's Related Party Transactions policy,

9 Disclosure to customers

Nordnet shall take all reasonable steps to identify, prevent and manage COI that may arise in Nordnet's operations.

If the managing measures undertaken by Nordnet are insufficient to prevent the interests of customers or other stakeholders from being adversely affected, Nordnet shall disclose the nature or source of these COIs to before undertaking to provide a product or service.

The disclosure must be made in a written format on a durable medium and shall include a detailed description of COI arising in providing the service or product and shall consider whether the customer is a professional or non-professional customer. The description shall explain in detail the general nature and sources of COI, as well as the risks to the client caused by those COIs and the measures taken to mitigate those risks, enabling the customer to make a well-founded decision regarding the service or product.

10 Training

All employees are covered by this policy and shall receive training on issues including ethics and COI.

Nordnet shall hold an annual workshop on COIs in its operations. This workshop should discuss and assess potential and real COI that could arise, or have arisen, within Nordnet. The compliance function is responsible for ensuring that such an annual workshop is held.

11 Reporting

A COI identified by an employee shall be reported, without undue delay, to the employee's immediate manager. If uncertain of whether a situation may represent a COI, the compliance function shall always be consulted for advice.

On a regular basis and at least once annually, the compliance function shall, by means of an updated list in accordance with [Appendix 1](#) to this policy, report to the board of directors on significant COI that may demand measures by the board.

12 Disclosure obligation

12.1 Internal disclosure obligation

Any Employee discovering a deviation from this policy shall inform the compliance function without undue delay. Board members shall inform the chairman of the Board.

12.2 External disclosure obligation

If Nordnet's systems and processes to identify and manage COI are, with reasonable certainty, insufficient to the extent that there is a risk that customers' interests are harmed, Nordnet shall, where applicable, inform the customer of the general nature or source of those COI in good time before an agreement is reached.

Appendix 1 – Significant COI

Below follows a list of Nordnet's significant identified COI.

The risk assessment of a COI takes into account mitigating measures. Consequently, only COI which are still deemed significant *after* having been subject to mitigating activities are documented below.

Organization and decision-making

Name	Description	Management
Prioritization between fund-related work vs. other daily tasks	The Clearing & Settlement team within Securities Brokerage manages fund reconciliation, which may give rise to a conflict in prioritization between completing fund related work and other daily task in relation to securities.	The fund settlement work will be part of daily tasks for the C&S team and will be reflected in the routines, with proper oversight and controls, include requirements for adequate staffing to cover required daily tasks.
Information to analysts and investors	Risk of analysts and investors being treated differently from an information perspective.	At significant events of large interest to the invest relations community, Nordnet shall develop a communication strategy, a Q&A and a designated spokesperson.

Secondary employment

Name	Description	Management
Employees with secondary assignments	<p>There is a risk that a COI arises if an employee has a secondary assignment that affects the performance of his/her employment at Nordnet or his/her impartiality towards Nordnet and its customers.</p> <p>There is also a risk that the decision to approve secondary assignments (which are given by HR and the employee's manager) is based on different circumstances or depending on who has assessed the case, and not on objective and uniform criteria.</p>	<p>Assignments or other activities must be notified in writing by the employee and approved by his or her immediate manager. In connection with the conclusion of the employment, all employees must state any side assignments or secondary employments, which must be approved and documented by the hiring manager and HR.</p> <p>During the employment, prior approval must be obtained from the immediate manager before an assignment or secondary employment begins.</p> <p>When assessing whether a secondary employment/assignment can be accepted, consideration must be given to whether it can adversely affect the employee's opportunities to fulfill his or her work at Nordnet or whether it can affect confidence in Nordnet's operations.</p>

Products & services

Name	Description	Management
Pricing of active and passive funds	<p>Nordnet has (because of competition and market harmonization) changed the platform fee for mutual funds so that customers pay 29bps for active funds and 19bps for passive funds (and 9bps for money market funds). This gives Nordnet the incentives to push customers to active funds because the company earns more money on this.</p>	<p>The Nordnet price-list states clearly pricing for the different fund types so it is clear to the customers.</p> <p>Furthermore communication and sales in Nordnet should be balanced and point to pros and cons with all investments on the Nordnet platform and ultimately it is up to the customers to decide.</p>
Incentives for sales	<p>There is a risk that Nordnet's sales management, i.e. the list over services which Nordnet offers, lead to employees that highlight products and services that are most profitable for Nordnet without it being in the best interest of the customer (note that no investment advice is provided within Sales Sweden).</p> <p>For example, Customer Service establishes priority lists over products and services which provide the best earnings or which otherwise should be highlighted, such as pension solutions, private banking, mortgages etc. Employees within Customer Service thereafter provide tips and leads to customers regarding these products and services. Employees do not have any commission-based compensation, but those who provide most 'leads' receive positive attention.</p>	<p>Customer Service is not a sales channel, but can answer questions from customers if those answers do not risk being perceived as investment advice, insurance distribution etc. Insofar as speech scripts etc. contain information about Nordnet's service offerings, such scripts should be designed in a way that does not lead to customers being recommended services solely based on Nordnet's earnings.</p>
Nordnet's own products	<p>Nordnet, as a financial institution, generates revenue through various channels, including its own products. This situation can potentially create a COI, as the institution may be inclined to promote its in-house offerings over other.</p>	<p>Clear Pricing Disclosure: Nordnet addresses the potential conflict by providing transparent and easily accessible pricing information for its different fund types. The Nordnet price-list clearly outlines the costs associated with each fund, making it explicit to customers.</p> <p>Balanced Communication and Sales: Nordnet places a strong emphasis on balanced communication and sales practices. This means that when promoting its own products, as well as third-party offerings, Nordnet ensures that the pros and cons of each investment are presented objectively. This approach empowers customers to make informed decisions based on their financial goals and risk tolerance.</p> <p>Customer Autonomy: Nordnet firmly believes in upholding the principle of customer autonomy.</p>

		<p>While the institution provides information and general recommendations, it ultimately leaves the decision-making in the hands of its clients. By respecting the independence of its customers, Nordnet ensures that they have the freedom to choose investments that align with their individual preferences and objectives.</p>
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Customer cases

Name	Description	Management
<p>Know-your-customer and risk of "jäv"</p>	<p>There is a risk that employees avoid asking questions regarding money laundering and financing of terrorism regarding customers that are acquaintances. Similar problems exist in relation to Nordnet taking on customers with large assets – there is an incentive to take on such customers even if from a risk perspective should not be done, alternatively that the customer's risk classification entails a lot of administrative work. There is also a risk in employees advising customers on how to respond in their KYC to avoid becoming high-risk customers.</p>	<p>Employees shall not handle customer cases if they are acquaintances. Nordnet's internal rules on AML and CTF shall always be complied with, which means that Nordnet may not enter into a business relationship with customers where the risk of money laundering and financing of terrorism is considered unacceptable. When making a decision in Nordnet's Customer Committee, the decision-making member must "jáva ut sig" in cases where the committee deals with an acquaintance of the member, which is also recorded in the decision.</p>
<p>Providing credit to relatives or acquaintances</p>	<p>Employees could potentially have incentives to grant credits on better terms, larger credits or otherwise benefit relatives or persons with whom they have a relationship</p>	<p>The COI is managed by Nordnet ensuring duality through the management of the transaction chain and in the credit assessment process. For personnel loans specifically, loans are provided at a pre-determined interest rate based on the government loan interest rate + number of percent and that these credits are decided by the credit committee. Employees at the function are obliged to follow internal rules and routines and thereby report if a potential COI arises and shall not handle credit processes for close relatives or persons with whom the employee feels they have a special relationship.</p>
<p>Credits to related parties</p>	<p>Risk that Nordnet Bank's employees or board members will be granted credit on arbitrary grounds due to their position in the company.</p>	<p>Nordnet has established routines for handling non-performing loans. In the bank, decisions in the event of a credit default must be made by the board. Credit may not be granted on terms other than those that the bank normally applies to regular customers, for employees of the bank. However, it is possible with staff discount on the interest rate when granting credit in accordance with the bank's ordinary rules for</p>

		<p>staff loans. For employees in the Group other than those who that are closely related parties, a decision on credit must be made in the credit committee. The same applies to decisions on credit to a natural person in which such persons have such an assassinations that they, according to the bank's rules for co-limitation stated in the Credit Policy, are to be regarded as a limit group, as well as decisions on credit to spouse / spouse or cohabitant of such persons and for whom co-limitation are required.</p>
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Marketing

Name	Description	Management
Marketing of products and services	<p>Nordnet may choose to market and make certain products or services (for example its own or products with the best earnings) available to the customer or in another way highlight these over other products.</p>	<p>Nordnet must always follow the Marketing Policy, Instruction as well as Guidelines. These describe in total how we secure compliance and internal rules.</p>
Marketing prioritization	<p>Nordnet can choose to market and make certain products (e.g. Nordnet's own or those with highest profitability) more visible in its channels. Nordnet can target certain customer groups through e.g. email.</p>	<p>Nordnet shall at all times follow internal policy and instructions for product governance and marketing.</p> <p>Instruments cannot be marketed to customers outside the instrument's target market.</p> <p>Products such as Guidance does not take into account if the suggested products are produced by Nordnet or not but are based solely on external factors such as Morningstar rating and cost.</p>
Nordnet Markets	<p>As of August 2022, Nordnet works with Nordea to co-manufacture instruments listed under Nordnet Markets. Nordnet may participate in a potential COI if Nordnet promotes products that may be beneficial to the trading books of Nordea and at the detriment of the end customer.</p>	<p>Nordnet and Nordea have established a forum to discuss and address product governance requirements around co-manufacturing, one of which is management of COI.</p> <p>Nordnet itself does not have a trading book and therefore no conflict arises in issuance of products.</p> <p>Nordea's trading book is proprietary knowledge to Nordea and unknown to Nordnet. As part of co-manufacturing will design products based on the end customer needs and investment</p>

		<p>objectives and cannot take into account Nordea's trading book.</p> <p>This will be regularly reviewed in the forum.</p>
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