

**Recommendation no. 10.**

**Handling of certain types of conflict of interest**

Adopted by the board of the Norwegian Securities Dealers Association on 8 April 2014.  
Updated 24 September 2019. Updated 03.09.2024

# 1. Introduction

Investment firms are organised according to a business model that has an inherent potential for conflicts of interest. The broader and more diverse the investment firm's operations, the greater the potential for conflicts of interest.

As a result of the abovementioned business model having a potential for conflicts of interest, legislation stipulates requirements concerning the way in which investment firms are organised and operate. There are provisions regarding the identification of conflicts of interest and how conflicts of interest are to be prevented or dealt with, and requirements for how clients are to be informed of conflicts of interest. The main items in these regulations are described in section 2.

Investment firms also have a statutory duty to prepare internal conflict-of-interest guidelines. These are to be adapted to the firm's size and the nature, diversity and complexity of the operations. If the investment firm is part of a group of companies, the guidelines must also take into account the circumstances which may lead to conflicts of interest arising as a result of the operations of other group companies<sup>1</sup>.

In banks<sup>2</sup> that provide investment services, conflicts of interest may arise for instance between credit departments in the corporate segment and the investment services operations, especially the Investment Banking<sup>3</sup> (IB) operations. This may particularly be the case when investment services are provided to loan clients, where the bank may be in the situation that it must safeguard its own and the client's conflicting interests, or the conflicting interests of clients. Conflicts of interest may also arise in those cases where the IB operations assist market players that have purchase, sales or merger interests in the bank's clients. When companies arrange debt-capital financing in the form of negotiable bond loans instead of traditional bank loans, greater attention must generally be paid to the banks' handling of conflicts of interest.

Some of the investment firms in Norway are neither a department of a bank nor a subsidiary of a financial group, they are "independent investment firms". The special issues linked to banks and subsidiaries of financial institutions will be less applicable to these investment firms. On the other hand, independent investment firms can carry out operations that to a certain extent resemble the banks' credit operations, such as securities financing, repo trading, etc.

The objective of this recommendation is to:

- provide directions on how possible conflicts of interest may be identified and prevented or dealt with;
- help investment firms and banks to organise their investment services operations and establish routines in a way that reduces potential conflicts of interest;

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<sup>1</sup> Commission Delegated regulation (EU) 2017/565, hereafter called Regulation 2017/565, art 34 ref Regulation to the securities trading act § 2-2

<sup>2</sup> Below, "bank" is used for banks that provide investment services.

<sup>3</sup> The part of the operations that provides advice and preparations in connection with an enterprise's capital base, both equity and debt capital, as well as advice relating to M&A.

- provide examples of possible conflicts of interest that may arise between a bank's provision of credit and provision of investment services, especially in relation to IB operations, see annex 1.

This will help to strengthen client confidence in investment firms' and banks' overall operations and confidence in the financial market in general.

The Norwegian Securities Dealers Association's standard no. 3 concerning "*Handling of conflicts of interest and content requirements for research, including sustainability information from issuers, and the relationship between the Corporate Finance department and the Research department.*" applies in addition to this recommendation.

## 2. Legal basis

### 2.1 The regulation of conflicts of interest

Investment firms, including banks that provide investment services, are to be structured and organised in such a way as to minimise the risk of conflicts of interest between the firm and its clients or between the firm's clients. In addition, the firm is to implement all suitable measures to identify, and to prevent or deal with, such conflicts of interest, including conflicts resulting from remuneration from parties other than clients (inducement) and bonus schemes<sup>4</sup>.

In order to identify conflicts of interest, an investment firm must assess whether<sup>5</sup>:

- it will probably achieve a financial gain or avoid a financial loss at the client's expense,
- it and the client have different interests concerning the result of the provision of the investment service or execution of the transaction,
- it has financial interests or other grounds to prioritise the interests of one or more other clients ahead of the client's interests
- it conducts the same type of operations as the client.

The same obligation applies in the relationship between an "affected person"<sup>6</sup> and the client.

As stated at the beginning, an investment firm is to have written conflict-of-interest guidelines. These must as a minimum include the identification of possible conflicts of interest that entail a risk of harm to the interests of one or more clients. The guidelines shall also describe the procedures to be followed to prevent or deal with such conflicts<sup>7</sup>.

Investment firms must have a "centralised procedure" for identifying all underwriting and investment transactions (hereafter called corporate assignments) and shall identify all potential conflicts of interest that exist in the investment firm's or group's other operations and prevent

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<sup>4</sup> Sections 9-16 (1) (2) and 10-2 (1) of the Securities Trading Act

<sup>5</sup> Delegated regulation (EU) 2017/565, art 33

<sup>6</sup> An affected person is, for example, a board member, employee of the firm, for further details refer to Delegated regulation (EU) 2017/565, article 2, item 1.

<sup>7</sup> Delegated regulation (EU) 2017/565, article 34.

or deal with these<sup>8</sup>. This provision means an Engagement Committee (EC) must be established, with special responsibility for assessing conflicts of interest relating to potential new corporate assignments and ongoing assignments. Refer to item 3.2.2 for further details.

Membership of the EC may vary depending on the complexity of the operations and the internal organisation. In a bank, the members should represent the bank's affected credit departments as well as persons from the relevant section(s) in the bank's IB Department and Markets Department(s), depending on the assignment in question and the client(s) affected. Compliance should be entitled to attend, and be kept constantly updated on, EC meetings.

It follows from Finanstilsynet's (The Financial Supervisory Authority of Norway) Circular 1/2023 that "*the company's compliance function must monitor the committee's work and have access to all relevant information processed there*". Compliance must therefore have the right to attend meetings and must be kept informed on an ongoing basis about meetings in the EC.

## **2.2 Relationship to the duty of confidentiality**

### **2.2.1 Information to the Engagement Committee**

The legislation governing financial institutions contains duty-of-confidentiality provisions relating to client relationships that are applicable to the financial institution (as such), employees, employee representatives and other facilitators. Common to these duty-of-confidentiality provisions is the fact that they apply in relation to "unauthorised persons".<sup>9</sup> The duty of confidentiality for employees and employee representatives of investment firms, including anyone who performs work for an investment firm without being an employee, and employees of banks' markets departments, applies in relation to anyone<sup>10</sup>, and thus also internally within the investment firm. Information on "the affairs of others" may only be given to persons in the firm that have a reasonable need for information in their work.

The duty-of-confidentiality provisions in the legislation cannot prevent members of the EC from being given the information necessary to fulfil their statutory duties. The objective of the EC's work is to prevent harm to clients' interests, so it must be assumed that relevant confidential information is also to be made available to EC members.

The exchange of information between representatives of two or more different departments of the same investment firm will thus be legitimate when the purpose is to fulfil the statutory requirement of identifying any conflict of interest, and this is done in accordance with adequate routines for the EC, see item 3.2.1 below, and the rules governing the proper handling of information.

### **2.2.2 Further details on the duty of confidentiality and exchange of information<sup>11</sup>**

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<sup>8</sup> Delegated regulation (EU) 2017/565, article 38, item 2

<sup>9</sup> Financial Institutions Act, sections 9-6 and 16-2 and Finanstilsynet's circular 3/2019 item2

<sup>10</sup> Securities Trading Act, section 10-5

<sup>11</sup> Refer also to Finanstilsynet's circular 3/2019

The conflict-of-interest guidelines that investment firms are to have must state the procedures that the investment firm is to follow and the measures that are to be implemented to prevent or deal with such conflicts<sup>12</sup>. The regulations list individual items that are to be included in the description of the procedure/measure. These include effective procedures for preventing or controlling the exchange of information between affected persons taking part in operations that entail a risk of a conflict of interest when the exchange of such information may harm a client's interests.

Below is a more detailed description of the duty-of-confidentiality regulations that apply in the Financial Institutions Act and Securities Trading Act. Compliance with these provisions is the minimum requirement for fulfilling the duty to prevent an exchange of information that may harm a client's interests and ensuring that the operations are carried out with the necessary degree of independence. For the sake of good order, it is pointed out that the description does not apply in relation to the EC, see item 2.2.1 above.

Employees, officers and persons with determinative influence in an investment firm have a duty of confidentiality regarding any information about the affairs of others which comes to their knowledge in the course of their work, except as otherwise prescribed by legislation or in regulations issued pursuant to legislation. The same applies to anyone that performs work for the investment firm, even if the person concerned is not employed by the firm<sup>13</sup>.

The duty-of-confidentiality rules for financial institutions (banks) are slightly different to those for investment firms:

Firstly, there is a provision aimed at employees and employee representatives of a financial institution<sup>14</sup>. These are obliged to prevent unauthorised persons from gaining access to or knowledge of information about the personal or business circumstances of others to which they may become privy in the course of their work or duties. The same applies to anyone who performs assignments for a financial institution, even if he or she is not employed by the institution. The duty of confidentiality does not apply if, according to legislation or regulations issued pursuant to legislation, they either have a duty to provide information or have been given a right to provide information that is otherwise subject to a duty of confidentiality.

Secondly, there is a provision that applies to financial institutions (banks) as such<sup>15</sup>. The wording of the provision concerning a duty of confidentiality for the institution is identical to the provision applicable to the individual employee. A separate provision has also been included, making it clear that there is nothing to prevent employees who are subject to a duty of confidentiality from being given the information on clients' affairs that the employee or employee representative requires in order to carry out his/her work for the financial institution.

For banks that are licensed investment firms, and thus have a markets department, the duty-of-confidentiality rules mean that their employees and the bank as such must comply with two different sets of duty-of-confidentiality regulations. For the markets department, the duty-of-confidentiality provision in the Securities Trading Act will apply to the investment services operations, while the duty-of-confidentiality provision in the Financial Institutions Act will apply to the bank's other operations. The duty of confidentiality is slightly broader for an

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<sup>12</sup> Delegated regulation (EU) 2017/565, article 34, item 2b

<sup>13</sup> Securities Trading Act, section 10-5

<sup>14</sup> Financial Institutions Act, section 9-6

<sup>15</sup> Financial Institutions Act, section 16-2

investment firm than it is for a financial institution in that it covers a more general knowledge of other parties' circumstances.

The duty of confidentiality pursuant to the provisions of the Financial Institutions Act applies to any party outside the bank, but not within the bank. However, this does not mean that information may be freely exchanged between the bank's various departments. To ensure the necessary independence between their different departments, banks must have routines for preventing or controlling the "exchange of information between affected persons that take part in operations which entail a risk of a conflict of interest, and where the exchange of the aforementioned information may harm one or more clients"<sup>16</sup>.

In those cases where there is inside information, the persons in an investment firm or bank (as such) that possess such information shall not disclose it to unauthorised persons. When dealing with inside information, they must demonstrate due care so that the information does not come into the possession of unauthorised persons and is not misused. Since investment firms and banks are regularly in possession of inside information, they must have routines for the secure handling of such information<sup>17</sup>.

If inside information is exchanged, the investment firm or bank must ensure that recipients of such information are added to a list of insiders in a correct manner, and it must also be documented that the recipients have been made aware of the duties and responsibilities this entails, as well as of the criminal liability associated with the misuse or unwarranted distribution of such information<sup>18</sup>.

For banks, for example, there will be the issue of who is to be regarded as unauthorised regarding the information possessed by the bank's credit departments and markets department. This will depend on the bank's overall need to share information between different departments in order to comply with regulatory obligations, including in relation to the capital adequacy regulations and securities trading legislation.

For example, in the case of the sale of products where banks take a credit risk in relation to clients, such as in derivative trading and other FX business, there will often be a need for access to the bank's internal rating of the client in question in order to ensure the correct pricing of the credit risk and thus a satisfactory return on the bank's capital. Such an exchange of information between the bank's credit department and the relevant derivatives and FX brokers is not to be regarded as a breach of the duty of confidentiality or other information barriers provided the purpose of the exchange of information is to ensure the correct pricing of the credit risk and the bank has established and complies with adequate internal routines.

### **3. Identification of conflicts of interest**

#### **3.1 Identification**

As stated above, investment firms, including banks' markets departments, must have a centralised process (EC) that is to identify all potential conflicts of interest linked to corporate

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<sup>16</sup> Delegated regulation (EU) 2017/565, article 34, item 3 a)

<sup>17</sup> Market abuse regulation (MAR) article 10 Securities Trading Act, section 3-1

<sup>18</sup> MAR article 18

assignments. Although the provision is linked to "underwriting and investment transactions",<sup>19</sup> it is our opinion that the EC must also identify potential conflicts of interest linked to other types of corporate assignments, such as the acquisition and sale of companies, mergers, etc.

Investment firms must have a list, hereafter called an assignment list, showing all completed corporate assignments and all potential new assignments.

The EC must attempt to identify conflicts of interest through preliminary investigations as early as possible in the process, for example by the following:

- checking against the assignment list;
- investigating potential clients/transactions based on publicly available information and knowledge about the client, for example from previous projects;
- checking with potential clients whether there are any conflicts of interest relating to the firm, associated persons or owners;
- checking if there are any conflicts in the corporate department by asking one or more managers who know about other activities taking place in the corporate department about any conflicts;
- checking if there are conflicts with a bank's other departments, for example by asking the account executive, provided this complies with the proper handling of information. Such a conflict check will especially be natural if the assignment is initiated by the account executive. Typical questions to ask account executives are whether there has been a breach of covenants or loan agreements, whether the bank has stipulated that the funds must be used to repay debt to the bank, whether there is a conflict between the client and the bank, etc. In some cases, it will be necessary to involve several of the bank's departments in order to satisfactorily identify possible conflicts of interest.

## **3.2 Handling of conflicts of interest<sup>20</sup>**

### **3.2.1 Exchange of information**

If conflicts of interest are identified, the person(s) responsible for deciding on the relevant assignment must ensure that it is considered how to prevent or deal with these and that the follow-up activities which are agreed on are documented.

In order to identify any further conflicts of interest between the investment firm's various operations, it must be possible for these operations to exchange information regarding clients and the nature of assignments, etc. This may also entail a need to exchange sensitive information between the various affected departments, i.e. between relevant persons within the investment firm/bank. Such an exchange of information may take place provided it is to relevant persons on a "need to know" basis and in accordance with more detailed routines.

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<sup>19</sup> Delegated regulation (EU) 2017/565, article 38, item 2

<sup>20</sup> Ref Finanstilsynet 's circular 1/2023 item 3

The EC and its members must be viewed as “relevant” as regards receiving the sensitive information, including inside information.

Conflict checks that have been carried out must be documented in so far as possible. The presentation of the issue, proposal and decision to prevent or deal with identified possible conflicts of interest must therefore be documented.

Should some time elapse between the preliminary check and the materialisation of the assignment, for example if there are postponements due to market conditions, it should be routinely assessed whether there is a need to conduct a new check of any conflicts of interest and whether changes have taken place that may affect the execution of the assignment.

### **3.2.2 The EC’s organisation and tasks**

The individual investment firm should establish an internal routine for what is to be presented to an EC. All commercial assignments linked to possible transactions that may entail a conflict of interest must be dealt with by the EC before the firm binds itself legally or in any other way, and normally at the latest before a draft mandate agreement is sent out. Should the nature of a transaction or assignment change so that it is significantly different to that which was submitted to the EC, this information should be submitted to the EC for a new assessment before the investment firm binds itself in relation to the client in question as regards the changed project. This is among other things in order to identify any new conflicts of interest.

The EC should thus, in so far as this is in accordance with other instructions applicable to the investment firm:

- assess the client or clients in question;
- assess the individual assignment and the obligations that the investment firm is to undertake, including any reputational considerations;
- assess any payment and any commercial risks linked to the assignment;
- assess any market, counterparty or credit risks that may result from the assignment and decide whether it can recommend that the investment firm assumes such risks (based on the handling of conflicts of interest);
- ensure that no conflicts of interest exist or may arise and, if this is unavoidable, decide how such conflicts of interest should be dealt with. Compliance should be consulted in such an assessment;
- ensure that all relevant companies/financial instruments are registered in the investment firm's “watch list” for the continuous follow-up of conflicts of interest, at least when the transaction means that the investment firm has or may in future have price-sensitive information in its possession.

## **4 Examples of possible ways to deal with conflicts of interest**

A general starting point is that the centralised process (EC) is to identify conflicts of interest and find suitable ways to deal with these. If the investment firm **cannot** deal with conflicts of interest by “applying appropriate procedures”, it shall not take part in the transaction<sup>21</sup>. For example, an investment firm may have accepted an assignment to carry out a major share issue

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<sup>21</sup> Delegated regulation (EU) 2017/565, article 38, item 2



for a company. Shortly afterwards, the investment firm receives an inquiry from another company that is also planning to carry out a major share issue at around the same time. If, for example, market conditions are such that it will be impossible to carry out both share issues without one or both issuers being harmed, the firm must refrain from accepting the last-received inquiry regarding an issue assignment.

Another general starting point is that the duty to inform a client individually about a conflict of interest that has arisen and which the firm cannot deal with without the risk of harm to the client's interests is to be the **last resort**<sup>22</sup>. The firm's organisation and administrative systems are presumed to be such that conflicts of interest with the potential to harm a client do not arise.

The examples provided below must be read based on the two abovementioned starting points.

#### **4.1 Consent from the client(s)**

Provided the investment firm can inform the client(s) of a possible or existing conflict of interest without clashing with the duty-of-confidentiality provisions, the conflict of interest may be remedied by the clients involved expressly consenting to the execution of the assignments. Such consent requires the client(s) to be informed in sufficient detail to be able to make a well-informed decision based on their own abilities. The information must thus take the client's level of professionalism into account.

The information to the client can be used to deal with both conflicts of interest that are transaction-specific and conflicts related to the investment firm's general operations. This means that if the investment firm has identified a general conflict of interest that cannot be prevented or dealt with without harming a client's interests, the client is to be notified of this in advance and before the situation arises.

The investment firm may not provide investment services or associated services until the client has received such information<sup>23</sup>. The information is to be provided on a permanent medium - verbal information is insufficient unless it is given in a recorded telephone call.

Should special conflicts of interest of a more significant nature arise in connection with a transaction and the client has not previously been informed that his or her interests cannot be safeguarded in a satisfactory manner, the client must be notified separately before the investment firm carries out the transaction in question. The objective of the duty to provide information is to enable the client to understand the nature of the risk linked to the possible conflict of interest, so that the client can make an informed decision on whether he or she nonetheless wants the assignment to be carried out by the investment firm or bank in question. General wording stating that there may be possible conflicts of interest will not fulfil the duty to provide information.

#### **4.2 Separate deal team**

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<sup>22</sup> Delegated regulation (EU) 2017/565, article 34, item 4

<sup>23</sup> Securities Trading Act, section 10-2 (2)

In those cases where the investment firm takes on competing assignments, IB should create separate deal teams<sup>24</sup>. A clear and documentable division should be established between the different teams, for example in the form of:

- physical separation – the teams are to be located in different premises with strict access controls, including in connection with attending external and internal meetings;
- technical separation – the teams are completely excluded from each other's IT systems, documentation and other internal and external communication;
- organisational separation – the various teams report solely to IB's senior management;
- routines and internal controls.

### **4.3 Statement of roles and interests in documentation**

In those cases where the investment firm/bank has several roles or interests linked to an assignment, the investment firm's/bank's different roles must, in so far as possible, be stated in relevant information to potential investors.

If for example the IB department in a bank is the lead manager for share issues where all or some of the issue proceeds are to be used to repay debt to the bank, the bank must ensure that this circumstance is properly reported in relevant information to potential investors.

Reference is also made to the fact that the legislation contains a separate requirement of due care for this type of case<sup>25</sup>.

### **4.4 Competing assignments**

If the bank is, at the same time or within a short period, asked to take on lead manager assignments for several clients within the same industry and it will be natural to focus on the same investor group, there may be a potential conflict of interest in that some clients may be unfairly preferred. This will especially be the case if one assignment has a higher fee structure than the other(s).

In such cases, the bank must clarify the situation with the affected clients.

### **4.5 Rejection of assignments**

If a conflict of interest cannot be dealt with without the risk of one or more clients being harmed and the matter cannot be remedied through the duty to provide information, the investment firm must refrain from accepting the assignment in question.

In such cases, the investment firm should inform the potential client as quickly as possible and return any information it has received on the assignment in question without being asked to do so.

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<sup>24</sup> In these cases, situations may arise in which conflicts of interest must be stated, refer to item 4.3 below.

<sup>25</sup> Delegated regulation (EU) 2017/565, article 42

Investment firms are advised to identify and prevent or deal with possible conflicts of interest before they undertake any legal or other obligations to the client in question. The investment firm should not normally sign mandate agreements until the conflict-of-interest issue has been clarified. The investment firm must nonetheless be able to receive the information on a potential assignment that is necessary for clarifying if there are any conflicts of interest provided the potential client is informed that any assignment will be conditional on internal approval.

**Annex 1: Examples of conflicts of interest**

This annex provides examples of possible conflicts of interest that may arise.

The examples are not exhaustive and any employee of the bank must be aware of possible conflicts of interest that may exist or arise in connection with the assignment in question, and must address these in accordance with the bank's internal routines.

**a. A loan client is in breach of financial covenants/IB is arranging a bond loan for the same company**

<b>Situation:</b>	<ul style="list-style-type: none"> <li>- The bank is a lender to a company that is in breach of financial covenants.</li> <li>- The bank wants the company to raise new debt capital in order to cover all or some of the loan commitment.</li> <li>- The company has asked IB to arrange a new bond loan.</li> </ul>
<b>Conflict of interest:</b>	<ul style="list-style-type: none"> <li>- The bank has a self-interest in the bond issue that may conflict with the bondholders' interests.</li> </ul>

**b. IB acts as a financial advisor on an equity issue or bond issue where all or some of the proceeds are to be used to repay debt to the bank**

<b>Situation:</b>	<ul style="list-style-type: none"> <li>- IB acts as a financial advisor on an equity issue or bond issue.</li> <li>- All or some of the proceeds of the issue are to be used to repay debt to the bank.</li> </ul>
<b>Conflict of interest:</b>	<ul style="list-style-type: none"> <li>- The bank's interests as a lender may conflict with the interests of the issuer of and/or subscribers to the issue, depending on how much of the issue proceeds are to be used to reduce the debt and whether the issuer is in a possible default situation.</li> </ul>

**c. A loan client is possibly in default/IB accepts a sales mandate for the same company**

<b>Situation:</b>	<ul style="list-style-type: none"> <li>- The bank is a lender to a company that is possibly in default on its borrowing commitments.</li> <li>- The bank wants the company to be sold so that all or some of the bank's loan commitment is covered.</li> <li>- The company's board/shareholders have asked IB to assist in the sale of the company.</li> </ul>
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<b>Conflict of interest:</b>	<ul style="list-style-type: none"> <li>- The bank is interested in a quick sale irrespective of the price as long as the sale covers or reduces the loan commitment.</li> <li>- IB has an obligation to its client(s) to achieve the highest possible price for the company, but this may conflict with the bank's interests.</li> </ul>
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**d. A loan client is possibly in default/IB accepts a purchase mandate for the same company**

<b>Situation:</b>	<ul style="list-style-type: none"> <li>- The bank is a lender to a company that is possibly in default on its borrowing commitments.</li> <li>- The bank wants the company to be sold so that the bank's loan commitment is covered.</li> <li>- A potential client has asked IB to assist in the purchase of the company.</li> </ul>
<b>Conflict of interest:</b>	<ul style="list-style-type: none"> <li>- The bank is interested in a quick sale at a price that covers its loan commitment.</li> <li>- IB has an obligation to its client to obtain the lowest possible price for the company, and this may conflict with the bank's interests.</li> </ul>

**e. Several bidders have asked IB to assist them in an acquisition**

<b>Situation:</b>	<ul style="list-style-type: none"> <li>- IB assists a potential buyer of a company.</li> <li>- IB is asked to assist another potential buyer of the same company.</li> </ul>
<b>Conflict of interest:</b>	<ul style="list-style-type: none"> <li>- There is a conflict between the interests of the two potential buyers.</li> </ul>

**f. Several issuers in the same sector have asked IB to act as the lead manager of equity issues or bond issues**

<b>Situation:</b>	<ul style="list-style-type: none"> <li>- IB acts as the lead manager of several equity and/or bond issues for several issuers in the same sector.</li> <li>- The issues are planned to be carried out at the same time (same period of time) and are aimed at the same type of investor.</li> </ul>
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<b>Conflict of interest:</b>	<ul style="list-style-type: none"> <li>- There is a conflict between the interests of the various issuers.</li> </ul>
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**g. IB provides assistance to a potential bidder/the bank or IB offers financing to the same potential bidder**

<b>Situation:</b>	<ul style="list-style-type: none"> <li>- IB assists a potential buyer of a company.</li> <li>- The bank/IB offers financing to the same potential buyer.</li> </ul>
<b>Conflict of interest:</b>	<ul style="list-style-type: none"> <li>- IB and the bank/IB represent a conflict of interest in the sense that IB's client is interested in accessing acquisition-friendly financing in the market, while the bank/IB is interested in offering bank-friendly financing.</li> </ul>

**h. IB provides assistance to a potential seller of a company/ the bank or IB offers financing to one or more bidders**

<b>Situation:</b>	<ul style="list-style-type: none"> <li>- IB assists a potential seller of a company.</li> <li>- The bank/IB offers financing to one or more potential buyers of the company.</li> </ul>
<b>Conflict of interest:</b>	<ul style="list-style-type: none"> <li>- The seller and buyers have conflicting interests (counterparties).</li> <li>- There is a conflict between the seller's interest in selling on as sales-friendly terms as possible and the bank's/IB's interest in one of the buyers winning the auction on as buyer-friendly terms as possible.</li> </ul>

**i. IB provides assistance to a potential buyer of a company/the bank or IB offers financing to one or several competing bidders**

<b>Situation:</b>	<ul style="list-style-type: none"> <li>- IB assists a potential buyer of a company.</li> <li>- The bank/IB offers financing to one or more competing buyers of the company.</li> </ul>
<b>Conflict of interest:</b>	<ul style="list-style-type: none"> <li>- IB is assisting a potential buyer and the bank/IB is financing one or more competing buyers, so several interested parties are being represented at the same time.</li> <li>- The bank is representing several buyers with conflicting interests at the same time.</li> </ul>

**j. The bank/IB offers financing to several bidders**

<b>Situation:</b>	- The bank/IB offers financing to several potential buyers of the same company.
<b>Conflict of interest:</b>	- There is a conflict between the interests of the potential buyers.

**k. IB arranges a bond loan and the bank/IB offers bank financing to the same client**

<b>Situation:</b>	<ul style="list-style-type: none"> <li>- IB arranges a bond loan for a client.</li> <li>- The bank/IB offers bank financing to the same client.</li> <li>- Both the financing arrangements are part of the same financial structure, and are possibly also part of the same security package.</li> </ul>
<b>Conflict of interest:</b>	- IB and the bank/IB represent a potential conflict of interest since the bank is acting as both a counterparty in the bank financing and an advisor on the bond loan.

**l. IB is a financial advisor/lead manager in a rights issue/the bank owns shares in the same issuer or has exposure on the issuer's shares**

<b>Situation:</b>	<ul style="list-style-type: none"> <li>- IB is a financial advisor/lead manager in a share issue.</li> <li>- The bank owns shares in the same issuer or has exposure on the issuer's shares.</li> </ul>
<b>Conflict of interest:</b>	- The bank's ownership or exposure comprises an interest in the issue that does not necessarily agree with the issuer's interests.

**m. IB is a financial advisor/lead manager in an assignment/an employee or employee representative of the bank owns shares in the same issuer**

<b>Situation:</b>	<ul style="list-style-type: none"> <li>- IB is a financial advisor/lead manager in a share issue.</li> <li>- An employee or employee representative of the bank owns shares in the same issuer.</li> <li>- IB is a financial advisor/lead manager in a share issue.</li> <li>- The management of IB/decision-makers for the mandate/members of the project team/other senior employees involved in executing the mandate have ownership interests or hold board positions.</li> </ul>
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<b>Conflict of interest:</b>	<b>of</b>	<ul style="list-style-type: none"> <li>- An employee's or employee representative's ownership comprises an interest in the share issue that does not necessarily agree with the issuer's interests.</li> <li>- The ownership/exposure comprises an interest in the share issue that does not necessarily agree with the issuer's and/or investors' interests.</li> <li>- The same assessment can also be applied to ownership positions belonging to related parties.</li> </ul>
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**n. Allocation between the bank's clients in an oversubscribed share/bond issue**

<b>Situation:</b>	<b>of</b>	<ul style="list-style-type: none"> <li>- IB has been hired as the book runner/arranger of a share or bond issue.</li> <li>- The issue is oversubscribed by, among others, the bank's clients.</li> </ul>
<b>Conflict of interest:</b>	<b>of</b>	<ul style="list-style-type: none"> <li>- The bank may have a self-interest in prioritising some clients over others, or its own clients over other subscribers.</li> </ul>

**o. Assignment for bondholders in a situation where an issuer asks for "waivers" from the terms and conditions of the (bond) loan agreement at the same time as the bank is a lender to the issuer**

<b>Situation:</b>	<b>of</b>	<ul style="list-style-type: none"> <li>- Bondholders ask IB for advice in negotiations with an issuer that has asked for "waivers" from the terms and conditions of the loan agreement.</li> <li>- The bank is at the same time a lender to the issuer.</li> </ul>
<b>Conflict of interest:</b>	<b>of</b>	<ul style="list-style-type: none"> <li>- The bank's interests as a lender may conflict with the bondholders' interests that IB must safeguard.</li> </ul>



## Annex 2: Example of a decision proposal

<b>Date:</b>	
<b>Project name:</b>	
<b>Type of transaction:</b>	[Private / Public M&A, IPO, Private placement, etc]
<b>Client:</b>	
<b>Target company (if relevant):</b>	
<b>Importance for any listed financial instruments:</b>	None, or indicate a possible effect resulting from the transaction – important for an insider assessment
<b>Further details</b>	
<b>Description of the client:</b>	Including owners, etc – important for an extra check of the reputation risk and KYC
<b>Description of the transaction:</b>	
<b>Expected size of the transaction:</b>	
<b>Proposed fee:</b>	
<b>Expected timeframe:</b>	
<b>Current status:</b>	
<b>Other participation by the firm:</b>	
<b>Guarantees or similar commitments:</b>	
<b>Syndicate structure:</b>	Role – joint or lead, etc
<b>Any involvement of analysis and share/bond personnel:</b>	Need for wall crossing etc – new analysis?
<b>Offer to retail client:</b>	Yes/no
<b>Expected market interest – marketing plan:</b>	Presounding, etc

<b>Settlement:</b>	How a settlement is to be carried out – standard DVP, etc, loan of instruments – stabilisation, etc
<b>RISK ASSESSMENT</b>	
<b>Documentation, due diligence, etc:</b>	
<b>Conflicts of interest:</b>	Known conflicts of interest – known client relationships that may be affected, etc
<b>Client or reputation risk:</b>	
<b>Other risks:</b>	
<b>ASSIGNMENT TEAM</b>	
<b>Responsible for the transaction:</b>	
<b>Project manager:</b>	
<b>Team:</b>	
<b>Internal legal:</b>	
<b>OTHER</b>	
<b>Other factors that may be relevant and should be taken into consideration:</b>	Other factors of significant importance that are not covered above