

## Bank Information of IKB Deutsche Industriebank AG

regarding the provision of investment services  
and ancillary investment services

Applicable from: August 2019

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In order to comply, in particular, with the provisions of Section 63 (2), (7) of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG) in conjunction with Art. 47 of the Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 as well as the Regulation Detailing Rules of Conduct and Organisational Requirements for Investment Firms (Wertpapierdienstleistungs-, Verhaltens- und Organisationsverordnung – WpDVerOV), IKB Deutsche Industriebank AG hereby provides its clients with the following general information about itself as well as its investment services and ancillary investment services that apply irrespective of the type of individual service rendered.

### A. Information about IKB Deutsche Industriebank AG and its services

#### 1. Company name and address

Company name: IKB Deutsche Industriebank AG  
 Legal form: Stock corporation  
 Address: Wilhelm-Böttkes-Str. 1  
 40474 Düsseldorf  
 Phone: +49 211 8221-0  
 Fax: +49 211 8221-3769  
 E-mail: info@ikb.de  
 Website: www.ikb.de

IKB Deutsche Industriebank AG, Düsseldorf (hereinafter referred to as “IKB AG” or the “Bank”) is entered in the commercial register of the Local Court of Düsseldorf under the number HRB 1130. The VAT identification number of IKB AG is DE 121298843.

#### 2. Competent supervisory authority

The competent supervisory authorities are the Federal Financial Supervisory Authority, Graurheindorfer Straße 108, 53117 Bonn and Marie-Curie-Straße 24-28, 60439 Frankfurt am Main (website: [www.bafin.de](http://www.bafin.de)) as well as the European Central Bank, Sonnemannstraße 20, 60314 Frankfurt am Main (website: [www.ecb.europa.eu](http://www.ecb.europa.eu)). The Bank is recorded in the BaFin's register of institutions under the ID 104216.

#### 3. Services

##### a. Investment services and ancillary investment services of IKB AG

In relation to several financial instruments in various fields of activity, IKB AG currently offers to its clients in particular the following investment services and ancillary investment services on the basis of separate agreements:

- Purchase or sale of financial instruments in its own name for third party accounts (principal broking services) or in the name of third parties for third party accounts (contract broking);
- Purchase or sale of financial instruments for its own account as a service for third parties (proprietary trading);
- Brokerage of transactions involving the purchase and sale of financial instruments (investment broking);
- Placement of financial instruments without a firm commitment (placing business);
- Provision of personal recommendations to clients or their agents regarding transactions in certain financial instruments insofar as the recommendation is based on an evaluation of the investor's personal circumstances or is presented as being suitable for the investor and is not provided exclusively via distribution channels or for the general public (investment advice);
- Grant of credits or loans to others for the performance of investment services;
- Production, distribution or communication of information concerning financial instruments or their issuers which directly or indirectly contain a recommendation relating to a specific investment decision;
- Provision of advice to companies on the capital structure and the industrial strategy as well as the provision of advice and services relating to the acquisitions and mergers of undertakings.

This list is not exhaustive. IKB AG does not provide any portfolio management nor safe custody business. IKB AG will provide a list of all offered investment services and ancillary investment services on demand.

##### b. Investment advice and advice-free business

IKB AG renders the investment service of investment advice on the basis of separate agreements with the client. If IKB AG renders the investment service of investment advice, such investment advice is usually limited to specific financial instruments, issuers or types of transactions. In those cases, the range of financial instruments may be limited to such that originate from providers or issuers that are closely connected to IKB AG or to which there is another legal or economic connection that impairs the independence of the invest-

ment advice. If IKB AG provides investment advice with regard to OTC Derivatives, it does not offer any external products, but becomes itself the client's counterparty.

IKB AG does not provide any **independent fee-based investment advice (Honorar-Anlageberatung) according to the German Securities Trading Act** and is thus not subject to the related regulatory provisions. Any benefits from or to third parties that are provided in connection with the investment advice are disclosed to the client according to the statutory provisions. Independent fee-based investment advice according to the German Securities Trading Act is a special form of investment advice for which the client regularly pays a special advice fee. If independent fee-based investment advice is provided, the adviser is subject to certain requirements in the selection of the recommended financial instruments and generally must not accept any inducements (commissions, charges, other cash payments or any non-monetary benefits) from third parties.

IKB AG does not provide its clients with any regular assessment of the suitability of the recommended financial instruments.

If investment services are rendered to one or more authorised representatives of a client, the knowledge and experience of such representative who acts as the contact for IKB AG is relevant to the appropriateness and/or suitability test with regard to the conclusion of the specific transaction. In such cases, the client is generally obliged to provide related information on the so-called WpHG form upon demand. With regard to legal persons (companies), the knowledge and experience of the authorised representative is the determining factor. If persons with varying knowledge and experience are authorised to represent legal persons or a group, the authorised representative with the lowest level of experience and knowledge is relevant with regard to the information of the client in the WpHG form. As long as IKB AG is not otherwise informed of any changes by the client, IKB AG may, as separately agreed with the client, reasonably assume going forward that all authorised representatives of the client named to IKB AG have at least the knowledge and experience as provided in the WpHG form. If, in individual cases, another authorised representative deals with IKB AG, the client shall, where required, supply information regarding the authorised representative's scope of knowledge and experience that deviate from the original information given in the WpHG form.

If investment advice is given to retail clients, IKB AG will provide the client with a declaration on the suitability of the transaction (declaration of suitability) before the transaction is executed.

#### **4. Product approval process**

As a so-called "manufacturing and distributing company" (Konzipierende und Vertriebsunternehmen), IKB AG is legally obliged to carry out a product approval process for each financial instrument. The purpose of the related regulatory provisions is to protect the client's interest as early as possible. In the product approval process, the target market and the sales strategy are set for each financial instrument, and the risks, costs as well as any potential conflicts of interest are identified. The results of the product approval process are disclosed to the clients. Professional clients and retail clients are informed on demand about the defined target market before the transaction is concluded.

#### **5. Financial instruments and (ancillary) investment services**

Clients should not enter into transactions in financial instruments unless they are able to understand and assess the nature and type of the financial instruments and the risks related to it.

Although financial instruments can also be used for risk management purposes, certain financial instruments may be unsuitable for certain clients. Financial instruments contain various risks. Clients should deal with such risks before making an investment decision.

IKB AG provides its clients with appropriate information in accordance with their knowledge and experience, particularly on the relevant financial instruments and (ancillary) investment services.

This includes both the characteristics and functionality of the financial instrument and the related risks.

As a rule, IKB AG will provide information on financial instruments to its retail clients in the form of a brochure "Basic information on securities and further investments" or "Basic information on financial derivatives".

In transactions with professional clients, IKB AG can usually assume that the client has the necessary knowledge and experience. If required, in individual cases and in the opinion of IKB AG with regard to the specific client, transaction or financial instrument, IKB AG will provide information on the relevant financial instruments and/or (ancillary) investment services.

In addition, IKB AG will provide the client with the necessary information from the product approval process in accordance with regulatory provisions and, where applicable, with the relevant key information document and/or product information document.

**Product packages:** If IKB AG offers investment services jointly with other services or other products as a package or if it offers investment services in a way that the provision of the investment service, the other services or the transactions on the other products are the precondition for the performance of the other elements or the conclusion of the other agreements, IKB AG shall take this into account in the presentation of the information, particularly the costs and fees, and, in case of retail clients, in the presentation of the risks.

#### **6. Protection of financial instruments or funds in custody and existence of a deposit guarantee scheme**

In case of taking custody of financial instruments and funds for clients, IKB AG will comply with all relevant regulatory requirements. As a rule, domestic securities are kept in the custody of the securities depository bank Clearstream Banking Frankfurt. Foreign securities are, as a rule, kept in custody in the home market of the security in question or in the country in which the purchase was made. The Chief Compliance Officer of IKB AG is tasked with ensuring that IKB AG meets its obligations with regard to the protection of financial instruments and funds of clients.

IKB AG is a member of the deposit guarantee fund (Einlagen-sicherungsfonds) of the Federal Association of German Banks (Bundesverband deutscher Banken e.V.). The scope of the liabilities protected by the Deposit Guarantee Fund is described in detail in the general terms and conditions of IKB AG, available for download at [www.ikb.de](http://www.ikb.de).

#### **7. Reports on business transactions and client orders**

Each transaction within the framework of the client relationship separately agreed with the client is confirmed to the client without delay upon execution. This information contains the essential details of the execution of the order.

IKB AG will issue such information to the client no later than the first business day after execution of the order. If IKB AG receives the confirmation of execution from a third party, information in writing concerning the execution of the order will be sent no later than the first business day upon receipt of confirmation from the third party.

IKB AG will provide its clients with information on the status of the orders on demand.

#### **8. Costs and ancillary costs**

As separately agreed with the client, costs and ancillary costs are incurred within the normal scope of trade.

In individual cases, expenses or income may accrue if clients wish to cancel a product prior to the end of the agreed term and agree on early termination with IKB AG. IKB AG reserves the right, as separately agreed with the clients, to charge a fee for complex services in exceptional cases, the requirement and amount of which will be arranged with its clients in advance.

IKB AG will provide its clients with information on costs and ancillary costs both prior to the provision of an investment service (“ex ante”) and periodically during the business relationship (“ex post”) in accordance with the statutory provisions. This includes information regarding costs and ancillary costs for the relevant (ancillary) investment services and financial instruments, advisory costs, payment options of the clients and any payments by third parties. If a deviating agreement is made with the client, information will only be provided according to the agreed regulations.

#### 9. Report on risk of loss

To the extent that IKB AG manages retail client accounts that include items of financial instruments co-funded by credit-financed instruments or transaction involving contingent liabilities, it will notify the client if the initial value of the financial instrument concerned falls by 10% and subsequently upon every loss in value in 10% increments. Unless otherwise agreed with the client, the notification is made individually for each financial instrument no later than at the end of the business day on which the threshold value is exceeded or, if the threshold value is exceeded on a non-business day, at the end of the business day thereafter.

#### 10. Published securities prospectuses

If a prospectus has been published for a security issued by IKB AG and publicly offered or listed on a securities exchange or trading platform in accordance with Directive 2003/71/EC (e.g. under the Luxembourg Prospectus Act of 10 July 2015 or the German Securities Prospectus Act (Wertpapierprospektgesetz – WpPG), such prospectus will be kept available for issue, free of charge, at IKB AG, Wilhelm-Bötches-Str. 1, 40474 Düsseldorf. The prospectus may also be downloaded free of charge at [www.ikb.de](http://www.ikb.de).

Prospectuses published pursuant to the Securities Prospectus Act or prospectus acts under foreign law for other publicly offered securities not issued by IKB AG in respect of which an investment service or ancillary investment service is provided by IKB AG, are available from the respective issuer or via IKB AG.

#### 11. Financial instruments that contain guarantees by third parties

In the case of financial instruments that include a third-party guarantee and in respect of which IKB AG renders investment services or ancillary investment services, IKB AG will disclose all material information regarding the guarantee and the guarantor as part of the client relationship separately agreed with the client.

#### B. Client letter with confirmation and declaration of consent

IKB AG shall provide to retail and professional clients a letter containing information in connection with the provision of investment services and ancillary investment services by IKB AG including a confirmation and declaration of consent of the client. IKB AG kindly requests that you sign the confirmation and the declaration of consent and return them to us.

#### C. Dealing with conflicts of interest

Conflicts of interest are possible in the case of any business activity and this also applies to IKB AG. In order to prevent such potential conflicts of interest from having an adverse impact on our clients' interests, IKB AG has identified and taken precautionary and organisational measures to mitigate situations which may result in such conflicts of interest.

##### 1. Conflicts of interest

IKB AG offers different types of investment services and ancillary investment services.

Accordingly, IKB AG has taken various precautionary measures at various stages to identify and prevent and/or overcome conflicts of interest or any combination thereof when rendering investment services and ancillary investment services.

In order to prevent an impairment of client interests, IKB AG has defined in writing appropriate principles for dealing with conflicts of interests corresponding to its size and organisation as well as the

type, scale and complexity of its business activities and has implemented and maintained such principles. In these principles, it is defined in what circumstances conflicts of interest may arise when rendering investment services or ancillary investment services that can substantially harm the clients' interests. In addition, information is provided on what procedures need to be followed and what measures need to be taken to prevent or overcome such conflicts of interest.

The principles for dealing with conflicts of interest are defined so that the activities within IKB AG can be carried out with a certain degree of independence taking into consideration IKB AG's and the IKB Group's scope of activities and the level of risk of harm to clients' interests.

##### a. Groups of persons affected

Conflicts of interest may arise between IKB AG, its management bodies and/or employees and its clients. Conflicts of interest may also arise between companies with which IKB AG maintains a direct or indirect control relationship and with clients or between individual clients and/or client groups.

##### b. Inherent conflict potential within affected interest groups

On the one hand, there could be potential conflicts of interest with regard to relationships between relevant persons (management bodies, employees or associated persons) and issuers of financial instruments (such as involvement in a supervisory board) or vice versa (where the issuer is a client of IKB AG).

On the other hand, these are relationships between IKB AG and issuers of financial instruments (IKB AG being the parent company of or having some other form of stake in an issuer).

In principle, any type of conflict of interest is possible between IKB AG, its management bodies or employees or persons associated with them and its clients. Employees of IKB AG receive performance-based remuneration as part of their salary. Conflicts of interest may also arise between IKB AG and companies with which IKB AG maintains a direct or indirect control relationship and which are clients of IKB AG.

##### c. Other fields of conflicts of interest

Conflicts of interest may also occur in the following situations:

- In providing investment advice out of IKB AG's own interest in the sales and distribution of financial instruments, particularly in the assessment of the suitability and appropriateness of the investment decision;
- When receiving or granting of inducements from or to third parties in connection with investment services or ancillary investment services;
- From other business activities of IKB AG, especially relating to IKB AG dealing on its own account in financial instruments within its proprietary business;
- In the preparation of information on financial instruments or issuers of financial instruments which through their publication could be a basis for a client's decision concerning an investment (e.g. determination of target market);
- Regarding remuneration or other incentive structures;
- Upon obtaining non-public information from clients or third parties.

Situations in which IKB AG is involved which are also prone to conflict

- participates in an issue of financial instruments by another issuer (e.g. underwriting of issues or the placing of financial instruments on a non-firm commitment basis);
- within the scope of an issue of financial instruments, is the lender/guarantor of such financial instruments;
- makes payments to or receives payments from issuers or clients within the scope of the issue of financial instruments or a transaction involving such instruments;
- maintains a business or cooperative relationship with issuers or clients in the case of an issue of financial instruments or a transaction involving such instruments;

- in the event of an issue of financial instruments or a transaction involving such instruments participates jointly with the issuer or clients directly or indirectly in companies.

Finally, conflicts of interest are possible where relevant persons of IKB AG are in receipt of information which is not publicly known to the clients of IKB AG at the time of the transaction, or if there are incentives to give preference to a certain financial instrument in the course of advice, recommendations or execution of orders.

## **2. Precautions taken to mitigate the risk of conflicts of interest**

IKB AG has checked to what extent

- IKB AG itself, its employees or persons or companies who are directly or indirectly associated with it through control, could derive a financial benefit or avoid a loss on account of the rendering of investment services or ancillary investment services at the clients' expense;
- it has an interest in the result of the service rendered or transaction conducted for clients that does not correspond with the client's interest in such result;
- it has a financial or other incentive to place the interests of a client or client group above the interests of other clients;
- it conducts the same business as clients;
- it receives or might in the future receive an inducement from a third party as contemplated by Section 70 (2) of the Securities Trading Act in connection with a service rendered to a client beyond the usual commission or fee otherwise payable.

The principles for dealing with conflicts of interest stipulate that, unless the precautionary measures taken are sufficient to exclude the risk of impairment to clients' interests with sufficient certainty, IKB AG will disclose the existence of a conflict of interest to its clients as a last resort prior to the execution of the transactions in accordance with the statutory provisions in order to enable its clients to make an informed decision on the (ancillary) investment services in connection with which the conflict of interest occurs.

IKB AG is bound by various legal provisions. Its compliance with such regulations is monitored by the Federal Financial Supervisory Authority. The management bodies and employees are obliged to render investment services and ancillary investment services honestly, with integrity and in a professional manner with the best interests of the clients in mind and to the extent possible to avoid any conflicts of interest.

IKB AG has set up a permanent Compliance function that, notwithstanding any instructions given, supervises compliance with statutory or other regulatory provisions and other measures and processes irrespective of whether they are external in nature (e.g. legislation, publications by the supervisory authority) or bank-related (for example organisational directives, service agreements). In addition, the Compliance function strives to ensure that any deficiencies are eliminated. It supports and advises the relevant persons in charge of investment services or ancillary investment services concerning compliance with their statutory or other regulatory obligations.

Suitable organisational measures to avoid conflicts of interest include the setting up of barriers to restrict the internal information flow (confidential areas, also referred to as Chinese walls), e.g. by the

- functional or spatial separation of confidential areas;
- creation of access restrictions; and
- restriction of access authorisations.

Additional protective measures are

- imposing an obligation on the relevant employees to disclose all transactions relating to financial instruments within the statutory framework;
- maintaining watch and restricted lists as well as an insider list;
- ongoing transaction controls;

- the compliance with instructions of the client and/or the Execution Policy;
- rules relating to gifts and other benefits and/or incentives received by employees;
- the implementation of an approval procedure for new products;
- the monitoring and governance of issues and the placing of financial instruments without a firm commitment basis;
- the regular training of the relevant persons;
- the identification, management and disclosure of conflicts of interest; and
- the governance and monitoring of the remuneration structure and the sales guidelines.

In order to maintain and/or improve the standard achieved and to account for future developments, the principles on dealing with conflicts of interest are assessed and reviewed at least once a year. Where required, training sessions are provided to employees and management bodies. All reasonable measures required to eliminate deficiencies are taken.

## **3. Inevitability of conflicts of interest**

In individual cases, conflicts of interest cannot be avoided despite the above-mentioned precautions and compliance organisational mitigation measures. If IKB AG identifies unavoidable conflicts of interest, it will notify its clients of such conflicts prior to the execution of the transaction and will waive, where applicable, the assessment, advice or recommendation regarding a certain financial instrument in the interests of its clients. In certain cases, it may not be possible for IKB AG to render the (ancillary) investment services due to a conflict of interest on grounds established by law.

Further details on such conflicts of interest will be provided upon the client's request.

## **4. Inducements**

Within the scope of the client relationship separately agreed with the client, IKB AG will provide the client with a summary of the essential elements of agreements on inducements according to the German Securities Trading Act if IKB AG receives from a third party any fee, commission, other cash payment or non-monetary benefit in connection with the provision of the (ancillary) investment services for such client or if it grants any such inducement to a third party in this connection. This shall not apply if the third party is a person acting on behalf of the client. It shall also not apply to any necessary fees and payments that make the provision of (ancillary) investment services possible in the first place.

Within the scope of the client relationship separately agreed with the client, IKB AG will accept or grant any inducement only if it is intended to improve the quality of the service rendered to the client, it is not in conflict with the proper provision of the service in the client's best interest and disclosure of the inducement is made.

The provision of (financial) analyses by third parties to IKB AG does not constitute an inducement if it is the consideration for a direct payment of IKB AG from its own funds or if it is the consideration from payments from a separate analytical account at IKB AG. IKB AG does not usually obtain or use financial analyses of third parties in connection with the provision of (ancillary) investment services. Should IKB AG nevertheless receive any analyses of third parties, it will use them in consideration of the supervisory requirements.

## **D. Information on the Execution Policy**

IKB AG has established an Execution Policy. Where relevant, the Execution Policy is provided to professional clients and retail clients prior to the conclusion of transactions in financial instruments.

**Note:** IKB AG usually carries out purchase and sale orders for financial instruments only on the basis of explicit instructions from clients.

#### **E. Dealing with client orders**

IKB AG has adopted internal measures for dealing with client orders so as to ensure immediate and proper processing of client orders in relation to other client orders or own trading interests. These measures enable otherwise comparable client orders to be executed in accordance with the time of receipt by IKB AG. Please note that any consolidation of orders may be disadvantageous. IKB AG will bundle orders placed by its clients with those of other clients or with orders for IKB AG's own account only if any disadvantage for the clients affected due to such bundling appears to be unlikely. Reference is made to the Execution Policy.

#### **F. Dealing with orders in relation to third-party issues**

IKB AG provides services in relation to a client's issuance of financial instruments (for example debt securities). During the subscription period, IKB AG also generally accepts orders from investors. Allocation procedures concerning the financial instruments according to the internal rules are in consideration of supervisory requirements.

#### **G. Addressing client complaints**

IKB AG has taken internal measures to ensure appropriate and immediate processing of client complaints. If clients have any complaints, they should contact the Complaints Office established by IKB AG. It can be contacted at the e-mail address: [Beschwerdemanagement@ikb.de](mailto:Beschwerdemanagement@ikb.de). Detailed information on dealing with client complaints can be found in the "Complaints Management Principles of IKB Deutsche Industriebank AG", which may be sent on demand or accessed online at [www.ikb.de](http://www.ikb.de).

#### **H. Recording of phone conversations and e-communications**

The German Securities Trading Act (WpHG) stipulates the obligation of the Bank to record phone conversations and electronic communications (such as e-mail) with clients that deal with the provision of investment services and refer to the acceptance, transmission and execution of client orders. The Bank is also obliged to make records if the phone conversation or the electronic communication does not result in the provision of an investment service.

Such recordings shall guarantee, amongst others, that the conditions of an order issued by the client and its compliance with the transaction executed by the Bank can be proven. This shall increase the legal certainty in the interest of the client and the Bank. The obligation to record also extends to phone conversations and electronic communication of the Bank with authorised agents of the clients, so please inform the persons authorised by you about the recording. The Bank will inform the receiver of the recording at the beginning of each phone conversation.

At the beginning of each telephone conversation the client will be informed about the recording obligation. If a client or agent does not give its consent to the recording, it cannot make use of any of the Bank's investment services via phone or e-communication. However, they can still make use of investment services of the Bank in personal meetings. A conversation note will be made in such cases.

The client may request from IKB AG a copy of the record within five years and/or, if instructed by the competent regulatory authority, within seven years as from the phone conversation or electronic communication.

#### **If you have any queries, please contact:**

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