
**BY-LAWS OF CONFLICT OF INTEREST
MANAGEMENT AT RBS BANK (POLSKA) S.A.**

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I. GENERAL PROVISIONS

These By-laws of Conflict of Interest management at RBS Bank (Polska) S.A., hereafter known as: **'the By-Laws'**, arose pursuant to:

- a) The provisions of the Trading in Financial Instruments Act of 29 July 2005 (Journal of Laws 2005 No. 183 item 1538 with subsequent amendments) and with relation to
- b) The resolution of the Minister of Finance of 20 November 2009 the procedures and conditions of the behaviour of investment firms and banks as referred to in Art.70 para.2 of the Trading in Financial Instruments Act and trust banks and
- c) The resolution of the Minister of Finance of 23 November 2009 definition of detailed technical and organizational conditions for investment companies, trust banks and the conditions of estimation of external capital by a brokerage house.

II. AIM

1. RBS Bank (Polska) S.A., hereafter known as: **'the Bank'**, within the operations it performs, undertakes activities aim at protecting its Clients, Employees and Shareholders by the effective identification, prevention and management of conflicts of interest, which may have a detrimental effect on their legitimate business.
2. The primary goal of these By-laws is to ensure a professional, diligent and honest provision of services by the Bank with respect to financial instruments pursuant to Directive 2004/39/EC of the European Parliament and Council on Markets in Financial Instruments, hereafter known as: **'MiFID'**, and the best interests of its Clients.
3. The By-laws in particular describe:
 - a) The circumstances which may lead to a conflict between the interests of the Bank, persons related to the Bank and the duties of the Bank to act in the best interests of the Client:
 - b) The methods and procedures of managing conflicts of interest adapted to the extent and type of activity performed by the Bank and
 - c) The method of proceeding by the Bank with respect to identifying management methods and disclosing conflicts of interest, that is adapted to the extent and type of activity performed by the Bank and to the external organizational.

III. DEFINITIONS

1. **RBS Group** – indicates the group in which shares are held by The Royal Bank of Scotland Group plc or other companies related organizationally or by equity with The Royal Bank of Scotland N.V.

2. **Client** – indicates a corporate or non-corporate unit, on whose behalf the Bank will provide a service.
3. **Conflict of Interests** – are circumstances which may lead to a conflict between the interests of the Bank, persons related to the Bank and the best interests of the Client and the duties of the Bank to act in a diligent and honest way with respect to the best interests of the Client, as well as any circumstances known to the Bank that could lead to the conflict of these interests.
4. **Related Person** – indicates:
 - a) A person included in the statutory organ of the Bank;
 - b) A person connected to the Bank by employment, contract or other legal relationship of similar character;
 - c) An individual performing activities indicated by the Bank;
 - d) A businessman that the Bank has contracted to perform activities relating to Banking activity;
 - e) Spouse or other person cohabiting with an Employee.
5. **Employee** - indicates employees of the Bank employed under a contract of employment by the Bank, persons employed under civil agreements and also Employees of other units of RBS Group, delegated to work in another unit. Furthermore, persons employed by other entities providing services on behalf of the Bank.

IV. SOURCES OF CONFLICTS OF INTEREST

1. The Bank's activities may give rise to situations that cause both potential and actual conflicts of interest.
2. A conflict of interest may arise in relations between:
 - a) The interests of the Bank and the interests of a Client or Clients of the Bank;
 - b) The interests of a Client or Clients of the Bank and the interests of another Client or Clients of the Bank;
 - c) The interests of the Bank or its Clients and the interests of an Employee or several employees;
 - d) The interests of a Client of the Bank and a person related to the Bank.
3. The following situations in particular are sources of potential conflicts of interest:
 - a) The probability of the Bank or Related Person achieving a gain or avoiding a loss as a result of a Client or several Clients taking a loss or failing to achieve a gain;

- b) The interest of the Bank or Related Person in achieving a specific result of a service or transaction conducted in the Client's name in a manner contrary to the interests of the Client;
- c) Behaviour of the Bank that favours one Client at the cost of other Clients;
- d) There is a convergence of the business activity of the Bank or Related Person with that of a Client;
- e) The Bank or Related Person receives a material benefit other than standard commissions and fees ('inducements') from a Third party other than a Client of the Bank, with regard to a service provided for the Client.

V. EXAMPLES OF CONFLICT OF INTEREST SITUATIONS

Potential conflicts can arise as a result of prohibited exchange or transfer of information regarding the Clients of the Bank or unauthorised movement of Employees within the confines of RBS Group or, in certain circumstances, personal actions outside the Bank, including:

- a) Accepting or offering gifts or discounts from or to the Bank's Clients or suppliers, which may influence behaviour being in conflict with the interests of the Bank's Clients;
- b) Performing additional commercial operations outside the Bank (even if this has been granted the appropriate consent) or maintaining personal relations, which could potentially be damaging to the Bank's Clients;
- c) Performing transactions on the financial instruments of the Clients or potential Clients of RBS Group.

VI. CONFLICT OF INTEREST MANAGEMENT

1. The Bank undertakes activities aimed at preventing conflicts of interest and maintaining and operating effective processes aimed at identifying and managing conflicts of interest. A key role in this is played by the Bank's Market Conduct and Conflict of Interest at Bank (being Attachment No 2 to this By-laws), as well as the relevant organizational and procedural solutions in this respect.
2. All Bank Employees, in the fulfilment of their professional duties, should act in an honest and ethical manner and be guided by diligence, judgement and reliability in the best interests of the Bank, themselves and the Bank's Clients.

A. DISCLOSURE AND IDENTIFICATION

Since the circumstances giving rise to conflicts of interest may not be obvious, all potential conflicts of interest should be disclosed and reported to an Employee of the Regulatory Risk and Compliance Section.

B. INFORMATION RESPONSIBILITIES

1. The Bank is responsible for informing the Client of a potential or real instance of a conflict of interest.
2. The duty to inform relates to a situation where a conflict of interest has been confirmed before the signing of an agreement with the Bank, and to conflicts that arise after the signing of an agreement. Furthermore, it covers the situation in which the impossibility of effective management of conflicts of interest by the Bank has been identified.
3. The information provided to the Client should include data regarding the conflict of interest, so as to enable the Client to take an informed investment decision and to avoid the risk of the infringement of his interests. The range of information is modified to the Client category to which the Client belongs.
4. Despite the confirmation of a conflict of interest, services shall continue to be provided to the Client, on condition that the Client confirms the receipt of notification of the conflict of interest, and expresses the intention to enter into or continue an agreement with the Bank. In conflicts arising after the signing of an agreement, until such time as the Bank receives a declaration from the Client on continuing or terminating the agreement, the Bank should refrain from acting.
5. The Client's declaration should be submitted in writing or by the use of electronic data carriers.

C. METHODS OF CONFLICT OF INTEREST MANAGEMENT

In order to prevent situations which could allow to conflicts of interest to arise, the Bank guarantees appropriate organizational and procedural solutions, in particular:

- 1) Undertaking activities preventing the flow of confidential information or trade secrets from uncontrolled flow within the Bank (**'Chinese walls'**). Attachment No1 to these By-laws *Breach of Chinese Walls form*;
- 2) By laws regarding the protection of the flow of confidential information or trade secrets;
- 3) Principles of investment by Related Persons and procedures regarding transactions performed on 'own account';
- 4) Principles for dealing with presents and relating to participation in special events;
- 5) Observance by Employees of the ban on competition, including an Employee's undertaking to notify the commencement of independent commercial activity, providing services on behalf of other parties, and also fulfilling the tasks in management or supervisory bodies in other companies;
- 6) Ensuring the appropriate level of independence of the Bank's organizational units;
- 7) Monitoring and periodic inspection of the adequacy of the Bank's systems and mechanisms;

- 8) Preparation of procedures regarding Market Conduct and Conflict of Interest Procedure in the Bank, being Attachment No 2 to these By-laws.

D. TYPES OF ACTIVITIES REGISTER

1. The Bank keeps a register of activities with respect to which a conflict of interest related to the essential risk of infringement of the Client's interests has arisen or could arise.
2. The register is kept by the Regulatory Risk and Compliance Section.

E. ACTIONS UNDERTAKEN IN THE EVENT OF CONFLICTS OF INTEREST

1. Every Bank Employee or Related Person with knowledge of a conflict of interests is obliged to inform his superior, who then notifies an Employee of the Regulatory Risk and Compliance Section.
2. On receipt of the information, the Employee of the Regulatory Risk and Compliance Section is obliged to take the proper steps aimed at clarifying the situation arising and assessing whether a conflict of interests has actually arisen.
3. In the event of a confirmation of an actual conflict of interest, the Employee of the Regulatory Risk and Compliance Section notifies the Management Board of the Bank without delay.
4. If the conflict has arisen as a result of the infringement of these By-laws by an Employee of the Bank, and his guilt is indisputably proven, then this Employee may be liable to disciplinary action.

VII. FINAL PROVISIONS

1. The conflict of interest management By-laws are subject to periodic review.
2. The Bank is entitled to change the By-laws at any time.
3. Information on any changes and the current version of these By-laws are posted on the Bank's website www.rbsbank.pl or are delivered to the Client on his request by way of a fixed data carrier.