

BANK OF INDIA JAPAN BRANCHES  
OUTLINE OF CONFLICTS OF INTEREST MANAGEMENT POLICY

## 1. Purpose

With the diversification of services provided by financial groups and the evolvement of financial institutions into global financial conglomerates, the proliferation of mutually competing or conflicting interests at financial institutions or financial groups has increased the potential for conflicts of interest.

This situation requires also to have Bank of India, Japan Branches (hereinafter called as "the Branch") the management of potential conflicts of interest transactions to ensure that customer interests are not unjustly harmed.

The Branch, which constitutes a branch of a foreign bank pursuant to the Banking Act (Law No. 59; enacted 1<sup>st</sup> June, 1981), has established Conflicts of Interest Management Policy (hereinafter called as "the Policy") as required under the Banking Act in connection with the formation and maintenance of conflicts of interest management frameworks.

## 2. Types of potential conflicts of interest transactions and process of identification

### (1) Subject transactions

Potential conflicts of interest transactions under the Policy comprise transactions that may unjustly harm customer interests with respect to transactions performed either by the branch, banking agents of which the Branch is a principal, or the parent financial institution, etc., (defined in Item 3 below ) or subsidiary financial institutions, etc., (defined in Item 3 below ) of the Bank.

Conflicts of interest can arise (i) between, on the one side, the Branch, banking agents of which the Branch is a principal, the parent financial institution, etc., or subsidiary financial institutions, etc., of the Branch, and the customer on the other side; or (ii) between, on the one side, a customer of the Branch, banking agents of which the Branch is a principal, the parent financial institution, etc., or subsidiary financial institutions, etc. of the Branch, and another customer on the other side.

"Customers" means (i) customers in existing transaction relationships or (ii) customers with whom transaction relationships may be entered into, with respect to "bank related business" performed by the Branch, the Bank (excluding the Branch), banking agents of which the Branch is a principal, or subsidiary financial institutions, etc., of the Bank. Excluded are customers of subsidiary financial institutions, etc., not considered related to domestic business (Domestic business means business performed in Japan by the Branch or entities related to the Branch.).

"Bank related business" means "business in which banks are permitted to engage." Specifically, this includes core banking business (deposit taking, lending, and exchange transaction) (Article 10-1 Banking Act), ancillary business (Article 10-2), and business in which banks are generally permitted to engage including other financial instruments and exchange business (Article 11 Banking Act) and other business under provision of other laws (Article 12 Banking Act).

### (2) Categories of potential conflicts of interest transactions and judgment criteria

Potential conflicts of interest transactions can be divided into the following categories. It should be noted, however, that these criteria serve only to identify the presence of a potential conflicts of interest transaction. Applicability need not automatically render a transaction "subject to conflicts of interest." The criteria may be supplemented or revised as necessary in the future.

- Instances where customers reasonably expect the privileged treatment of their interests through counsel or advisory (duty of loyalty).
- Instances where the Branch or an entity related to the Branch may by sacrifice of customer interest be able to gain an economic benefit or avoid an economic loss (duty of loyalty).
- Instances where related to transactions with parties other than with customers incentives in the form of cash, goods, or services are obtainable now or in future in addition to regular fees and expenses (duty of loyalty).
- Instances of transactions where the counterparty is a customer, and as such is to be protected (self representation).
- In instances of transactions on the same side with the counterparty of the customer, who as such is to be protected (representation of both sides).
- Instances of transactions with a counterparty of a customer in competition with that customer, who as such is to be protected (competing transaction).
- Instances of transactions for own benefit using non-public information, etc., of a customer, who as such is to be protected (usage of information).
  
- Instances where a transaction cannot be expect to proceed on normal transaction terms because the Branch or an entity related to the Branch is involved in one and the same transaction in multiple ways

(internalization of transaction).

In judging whether a transaction constitutes conflicts of interest, the Branch needs to consider in a comprehensive manner whether there exist effects on the reputation of the Branch and the Branch group. Actions prohibited under the Banking Act, the Financial Instruments and Exchange Act, and other statutes are not the subject of the Policy.

### (3) Specific examples

The following and similar transactions can be considered examples of "potential conflicts of interest transactions."

- A buy side engagement from a customer regarding a third party to which the Group is a lender and the proceeds from the acquisition will repay the debt.
- The Group has a controlling equity investment in a company, or a seat on the board of the company, that has other shareholders and provides banking services to that company.
- Engagement from two or more customers where there is a conflict between the interests of those customers in relation to the subject matter of the engagements such as:
  - Customer A engages the Group regarding the sale of assets to B and B engages the Group regarding the purchase of those assets from A
  - Customer A and Customer B separately engage the Group regarding the acquisition of C.
- Instances of trading in securities for own account with knowledge of latent customer information relevant to the traded security.
- Instances where employees of the Branch or of an entity related to the Branch accept gifts and entertainment (including non-financial gifts) with potentially conflicting implications for customer interests.

### 3. Scope of entities subject to conflicts of interest management

As explained above in Item 2 (1), Subject Transactions are transactions performed by the Branch, or banking agents of which the Branch is a principal, or the parent financial institution, etc., or subsidiary financial institutions, etc., of the Branch (banking agents of which the Branch is a principal, the parent financial institution, etc., and subsidiary financial institutions, etc., of the Branch are referred to as "Branch Related Parties").

"Parent financial institution, etc.," means with respect to the Branch, (i) the parent corporation, etc.; (ii) a subsidiary, etc., or affiliate, etc., of the parent corporation, etc.; and (iii) with respect to a subsidiary, etc., or affiliate, etc., related to a specified individual shareholder (an individual shareholder holding the majority of all voting rights of a relevant specified financial instruments firm), (a) a financial instruments firm; (b) a bank; (c) an insurance company (including foreign insurance companies, etc.), (d) an intermediary business in the lending and borrowing of money, (e) a securities finance company, (f) an entity in a foreign jurisdiction corresponding to any of financial instruments business, banking business, or insurance business pursuant to the statutes of the foreign jurisdiction.

"Subsidiary financial institutions, etc.," means, with respect to (i) a subsidiary corporation, etc., or (ii) an affiliate corporation, etc., of the Branch, (a) financial instruments firms, (b) banks, (c) insurance companies (including foreign insurance companies, etc.), (d) intermediary businesses in the lending and borrowing of money, (e) securities finance companies, etc., (f) entities in foreign jurisdictions corresponding to any of financial instruments business, banking business, or insurance business under the statutes of such foreign jurisdictions.

The entities listed in the attachment are the parent financial institution, etc., and subsidiary financial institution, etc., of the Branch.

### 4. Methods for the management of potential conflicts of interest transactions

If a potential conflicts of interest transaction has been identified, the Branch takes steps to appropriately protect the affected customer by selecting from the following or other methods, or by way of a combination thereof (The following methods are examples and not necessarily deployed as countermeasures.).

- Separation of the division that performs the subject transaction from the division that transacts with the affected customer.
- Modification of the subject transaction or modification of the transaction terms or method of transaction with the affected customer.
- Termination of the subject transaction or termination of the transaction with the affected customer.
- Appropriate disclosure to the affected customer that the interests of the affected customer may be unjustly harmed in connection with the subject transaction (This method is available only subject to the preservation of the duty of confidentiality of the Branch, or its parent financial institution, etc., or subsidiary financial institution, etc.)

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Bank of India  
Japan Branches