

# Conflicts of Interest Policy

## Introduction

CanDeal Benchmark Administration Services Inc. (“CBAS”) uses the services of multiple parties including investors in its ultimate parent company, CanDeal Group Inc., (“Group”) and parties with which it has commercial relationships (collectively, “related parties”) to generate CanDeal/TMX Term CORRA (“Term CORRA”) and distribute data to a fee-paying customer base that also includes such related parties. The Montreal Exchange, an affiliate of one of the investors in Group, operates the market which generates data used in generating Term CORRA.

CBAS will inevitably face situations that may result in actual or potential conflicts of interest (each a Conflict of Interest) that may be perceived to detract from the integrity or reliability of Term CORRA—that is, inherent to the CBAS business model is the potential risk of a situation where the interests of one party (e.g. a CBAS contributor) conflict, or may be seen to conflict, with the interests of persons who depend on the integrity and reliability of Term CORRA.

All material actual or potential Conflicts of Interest should be identified early and managed appropriately. CBAS’s regulatory status, reputation, as well as the trust and confidence of its benchmark users depend on CBAS to appropriately identify and manage actual or potential Conflicts of Interest. Failure to appropriately identify and manage Conflicts of Interest may lead to significant reputational, regulatory and/or legal liability.

The mandate of the CBAS Compliance Officer is to serve as a compliance resource dedicated to the analysis and oversight of Conflicts of Interest and the integrity and reliability of the Term CORRA benchmark. The Compliance Officer liaises with data contributors, the Oversight Committee, and the Board of Directors of CBAS.

## Definitions used in this policy and not otherwise defined

“Board” The board of directors of CBAS;

“Compliance Officer” The CBAS employee or agent who ensures compliance by CBAS with securities legislation<sup>1</sup>, reports as needed but at least annually to Board and reports non-compliance to Board;

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<sup>1</sup> MI 25-102 s. 6(1) and 6(3)



“Conflict of Interest” A situation where a CBAS employee or agent, when undertaking its business activities, acts or has an incentive to act in a manner which is inconsistent with the obligation or duty to act for the benefit of CBAS or persons who rely on CBAS to safeguard the accuracy and integrity of Term CORRA;

“DBA individual” means an individual who is (a) a director, officer or employee of CBAS, or (b) an agent of CBAS who performs services on behalf of CBAS;

“Oversight Committee” A committee of individuals selected by the Board who are not CBAS directors and who recommend to the Board how Term CORRA benchmark should be overseen<sup>2</sup>, which as a committee oversees Term CORRA, reviews and oversees changes to Term CORRA methodology, recommends remedial action and prepares reports to the Board and, if necessary and appropriate, to securities regulators.

## Identifying known conflicts

### Actual conflicts

CBAS is regulated under Multilateral Instrument 25-102 *Designated Benchmarks and Benchmark Administrators* (MI 25-102). The focus of MI 25-102 is supervising and protecting the integrity of the Term CORRA benchmark and monitoring its efficacy. Conflicts that impede these goals are the key conflicts monitored by the Oversight Committee, Board and the Compliance Officer through the governance structure imposed under MI 25-102.

Material sources of conflict are those that could materially interfere with the way Term CORRA is calculated, compiled, reported or that would affect its reliability. Examples are<sup>3</sup>

- compensation or performance evaluations from which conflicts of interest arise or that otherwise could adversely affect the integrity of the benchmark determination,
- financial interests, relationships or business connections that could adversely affect the integrity of CBAS,
- contributing to a determination of a designated benchmark by way of engaging in bids, offers or trades on a personal basis or on behalf of market participants, except as permitted under the policies and procedures of CBAS, and
- the exchange of information that might affect a designated benchmark with any other DBA individual if that individual is involved in an activity that results in a conflict of interest or a potential conflict of interest, or analogous exchanges of information with a benchmark contributor or any other person or company. In response to these potential sources of conflict, the CBAS compliance system is intended to prevent or avoid such an outcome including:

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<sup>2</sup> MI 25-102 s. 7(4), 7(8), 7(9) and 7(12)

<sup>3</sup> MI 25-102 s. 10(1)(e)



- codes of conduct applicable to DBA individuals prohibiting the acceptance of financial rewards,
- attestations confirming compliance with the code of conduct,
- contributor attestations as to conformity with Term CORRA calculation methodology, and
- compliance officer certifications and, where necessary, reports in aid of remediation to the Oversight Committee, the Board, or securities regulators.

## Potential conflicts of interest

As noted above, the objective of MI 25-102 is supervising and protecting the integrity of the Term CORRA benchmark and monitoring its efficacy.

As changes occur in methodologies, data contributors, key service providers, practices respecting the use cases for Term CORRA and providers of services to CBAS, the Compliance Officer, Oversight Committee and Board will have to be careful to note potential Conflicts of Interest and take appropriate action to modify policies and procedures used by CBAS.

## Personal conflicts of interest

Members of the Board, Oversight Committee and key members of management can have personal conflicts of interest which must be identified and evaluated by persons without the potential conflict to determine whether the conflict need merely be disclosed or whether other restrictions are necessary to address it.

## Determining how conflicts will be handled

### Analysis

In the first instance it is the responsibility of the Compliance Officer and CBAS management through the monitoring of adherence to applicable codes of conduct and the examination of complaints to be vigilant to the existence of potential non-compliance. These codes of conduct and complaints are designed to identify and to produce reports of non-compliance or potential non-compliance.

The Compliance Officer will evaluate information with a view to identifying breaches of established rules or legal requirements as well as issues that cannot readily be categorized that require more attention including instances of conflicts of interest.

In cases of doubt or where a conflict has arisen in apparent violation of the standards and codes of conduct administered by CBAS, the Compliance Officer will appropriately escalate issues to the Oversight Committee, Board, or securities regulators with a view to resolving issues or remediating violations and of creating accurate records of action taken that can appropriately be shared with regulators or made available to outside auditors.



## Escalation of conflict to Oversight Committee

Matters will usually be escalated by the Compliance Officer to the Oversight Committee where:

- the Compliance Officer is in doubt as to how the issue should be analyzed
- a code of conduct has apparently been violated and Oversight Committee confirmation is needed as to violation and remedial action to be taken.

## Acceptance or rejection of conflict

The Oversight Committee will take one or more of the following actions where a matter is escalated for its consideration:

- Decide what action is to be taken and direct the Compliance Officer to implement the decision with appropriate notice to the CBAS management or the Board
- Escalate the matter to the Board with an analysis of the issue and recommendations as to possible methods of addressing it
- Report to regulator with notice to Board after consultation with the Board as to appropriateness of regulatory reporting

## Publication if a conflict is accepted<sup>4</sup>

CBAS will promptly publish on its web site a description of a conflict of interest, or a potential conflict of interest, in respect of the Term CORRA benchmark if a reasonable person would consider the risk of harm to any person or company arising from the conflict of interest, or the potential conflict of interest, is significant. Such a publication would normally have to result from a matter or circumstance that if not disclosed would negatively affect the reliability integrity or public perception of the benchmark.



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<sup>4</sup> Adapt from MI 25-101 s. 10 (3)