

# DZ BANK AG

23.10.2019

## Allocation Policy

### 1. Introduction

This policy and procedures describes the process that DZ BANK AG follows to treat investors fairly and consistently when DZ BANK AG is the book runner on a new issue and allocates securities. The below policy applies to primary transactions, in which DZ BANK AG takes an active role in pricing and allocation as book runner. In transactions where DZ BANK AG participates without an active role, DZ BANK AG does not have any obligations in terms of allocation recommendation to the issuer.

### 2. General Objective

The objective of this policy is to provide guidance on how to conduct the allocation process effectively and efficiently within the parameters of the relevant rules and regulations. The allocation process must be conducted on the basis of objective criteria in the interests of fairness and transparency taking into account the management of potential conflicts of interest.

### 3. General Principles

The general primary market approach used by DZ BANK AG is that of book-building, as this has become standard market practice with most market participants in the European primary markets for fixed income.

The allocation process must be conducted fairly, transparent and comprehensively.

DZ BANK AG has an obligation to satisfy the following conditions throughout the transaction:

- Ensure that orders received on behalf of investors are promptly and accurately recorded in the book
- Investors are allocated slots for Investor Meetings and Lender Presentations in a fair and justifiable manner
- Due consideration is given as to which investors to include in a Market Sounding, if necessary
- An orderly market is maintained
- All external communication during and after primary transactions must be fair, true and devoid of misleading information
- Management of conflicts of interest

Before and during the primary market process, DZ BANK AG will assist the issuer in addressing specific investors or groups of investors subject to prevailing regulations. DZ BANK AG will only issue external communication in explicit agreement with the issuer and the other members of the group. The external communication must be fair, true and not misleading.

As per ICMA guidelines, book updates should include disclosure of orders placed by book runners for their own books. DZ BANK AG may place orders for own departments and affiliates that may include trading, investment or warehousing interests. However, there are Chinese Walls between other sales or trading department within DZ BANK AG or its affiliates. DZ BANK AG will clearly indicate which particular interests are behind such orders and will treat such orders in line with other orders of the same type in the book unless otherwise agreed with the issuer.

DZ BANK AG is committed to manage potential conflicts of interest according to regulatory requirements, the highest degree of market rules and professional integrity in order to safeguard the interest of issuers and investors. DZ BANK AG must take every effort to manage conflicts of interest that may arise in such a way to ensure that clients are treated fairly and that DZ BANK AG is conducting its business with integrity and according to proper standards of market conduct. Investor clients and issuer clients have different interests with respect to the pricing and allocation of securities being distributed. However, the final arbitrator of the book is the issuer.

## a. Allocation Principles

DZ BANK AG will only provide the issuer with an allocation proposal. **The issuer will have the final decision on the allocation.** In determining the allocation proposal, DZ BANK AG typically considers the following key factors:

- Specific issuer objectives, preferences and requirements
- Relationship with shareholder, issuer, borrower, or sponsor
- Target market (by region and/or investor type)
- Size of order
- Timeliness of order
- Investor track record / past behaviour
- Investor commitment (i.e. order limitations)
- Investor pre-deal engagement (e.g. road show participation, early indication of interest, etc.)
- KYC concerns and restrictions
- Selling or other legal/regulatory restrictions

## b. Forbidden Practices according to the Delegated Regulation (EU) 2017/565 (the list is not exhaustive)

Within the allocation process and making the allocation proposal to the issuer, DZ BANK AG will not allocate securities in exchange for certain trade-offs. Such trade-offs can be:

- a. an allocation made to incentivise the payment of disproportionately high fees for unrelated services provided by the investment firm ('laddering'), such as disproportionately high fees or commissions paid by an investment client, or

- disproportionately high volumes of business at normal levels of commission provided by the investment client as a compensation for receiving an allocation of the issue;
- b. an allocation made to a senior executive or a corporate officer of an existing or potential issuer client, in consideration for the future or past award of corporate finance business ('spinning');
  - c. an allocation that is expressly or implicitly conditional on the receipt of future orders or the purchase of any other service from the investment firm by an investment client, or any entity of which the investor is a corporate officer.

## 4. Documentation

DZ BANK AG will keep records in accordance with the latest statutory regulations of final allocations and their justification in line with the ESMA Questions and Answers on MiFID II and MiFIR investor protection and intermediaries topics and this allocation policy to be provided to our regulator on request. This procedure is designed to ensure fair and transparent treatment of all eligible investors under this policy including its potential modifications by the issuer. Records of DZ BANK AG allocations decisions will include the following as described by ESMA in the Questions and Answers on MiFID II Investor Protection Topics:

- a. Overarching allocation policy of DZ BANK AG in force at the time of the commencement of the service;
- b. Initial discussion of DZ BANK AG with the issuer client and the agreed proposed allocation per type of investment client;
- c. The content and time of allocation that has been requested by the investment client with an indication of their type;
- d. Further information on allocation process, where relevant e.g. preferences, instructions, further discussions by the issuer client or by DZ BANK AG, including any emerging in light of allocation requests received from investment clients;
- e. The final allocations registered in each individual investment client's account.

## 5. Final Note

This summary of our allocation policy is not intended to be comprehensive and may be subject to subsequent updates. In the meantime, DZ BANK AG will be happy to discuss any further detail with the issuer. A copy of the most current version of our allocation policy is available on our company website:

[https://www.dzbank.de/content/dzbank\\_com/en/home/service/mifid/DZAllocationPolicy.html](https://www.dzbank.de/content/dzbank_com/en/home/service/mifid/DZAllocationPolicy.html)