

The safety of financial activities at Crédit Mutuel Arkéa

One ambition, to inspire confidence

For that, the rules of good conduct to be observed, and in particular that of ensuring the supervision of the risk of market abuse.

How ?

Particularly by implementing a comprehensive policy for the prevention, detection and reporting of suspicious transactions by clients and employees of the group.

What is market abuse?

As a banking institution, Crédit Mutuel Arkéa is an active participant in the fight against market abuse

Market abuse consists of **prohibited transactions that may threaten investor confidence and the integrity of financial markets**. Taking various forms, they aim to obtain an undue advantage at the expense of the investor community and are governed by Regulation (EU) No 596/2014 of 16 April 2014 on market abuse (known as the 'MAR Regulation') which came into effect in July 2016.

Market abuse practices can be of three kinds:

- Insider dealing:

Insider dealing occurs when a person holds and uses inside information by acquiring or disposing, for their own account or for the account of a third party, directly or indirectly, of financial instruments to which that information relates.

The use of inside information to cancel or amend an order in respect of a financial instrument to which the information relates, where the order was made before the person concerned held inside information, is also deemed to be an insider trade.

The act of recommending one or more transactions in financial instruments to which the inside information relates, or of encouraging such transactions on the basis of this inside information, is also prohibited.

- Market manipulation:

Market manipulation brings together suspicions of price manipulation, the dissemination of false information and the manipulation of indices.

- Price manipulation is the act by any person or financial actor of carrying out a transaction, placing an order or engaging in conduct that gives or is likely to give misleading indications about the supply, demand and price of a financial instrument. These transactions may also set the price of a financial instrument at an abnormal and artificial level.
- The dissemination of false information is the act, by any person or financial actor, of disseminating by all possible means, information that may give false indications about the situation of an issuer or about the offer, demand or price of a financial instrument. These actions can also set the price of a financial instrument at an abnormal and artificial level. .
- The manipulation of indices is the act, by any person or financial actor, of transmitting false or misleading information to calculate a benchmark index in order to distort the price of a financial instrument to which it is linked.

- The unlawful disclosure of privileged information is the act, by a person in possession of privileged information, of disclosing this information to a third party, outside the normal context of the exercise of his profession or duties.

The measures implemented by Crédit Mutuel Arkéa

Crédit Mutuel Arkéa ensures the implementation of a **comprehensive policy for the prevention, detection and reporting of market abuse** that could be committed by its clients or by persons within the group. Thus, the group has increased its vigilance regarding the fight against market abuse, cooperates with the AMF for the detection of these abuses, notifies it of suspicious transaction reports and can go as far as closing client accounts in case of presumed market abuse.

This policy is based on an exhaustive analysis of its exposure to market abuse risks allowing **the optimal identification and mapping of these risks**.

Prevention is based in particular on a regular **training and awareness-raising system** adapted to the activity of each stakeholder. The system aims in particular to set out the rules applicable to market abuse, to remind everyone of their roles/responsibilities in preventing and detecting market abuse, and to remind them of the internal organisation put in place.

In addition, employees are trained **to detect market abuse** through the knowledge of **warning signals** and are required to **report suspicious situations** to the compliance verification manager.

The detection of market abuse is also ensured in an automated way **via a specific tool** generating alerts according to pre-established signals and scenarios.

The holder of the professional card of Responsable de la Conformité des 5 Services d'Investissement (RCSI) transmits suspicious market abuse reports confidentially to the Autorité des Marchés Financiers.

Moreover, some employees are identified as concerned persons or permanent initiates due to the sensitive nature of the activities they carry out and are therefore subject to special supervision.

Thus, **permanent insiders** are people who, due to the nature of their duties within the Crédit Mutuel Arkéa group, have permanent access to all the privileged information concerning Crédit Mutuel Arkéa as an issuer and are thus exposed to a risk of market abuse. **The regular census** of these people is carried out

Where the existence of privileged information is identified, a **list** of persons likely to have access to it shall be drawn up..

Similarly, Crédit Mutuel Arkéa maintains an up-to-date **list of securities subject to trading bans**. Unless otherwise provided for under certain conditions, any insider must refrain from trading in the issuer's securities as soon as he is in possession of inside information and until such time as the relevant information is published. Crédit Mutuel Arkéa **systematically verifies compliance with the prohibitions** on transactions carried out by permanent insiders.

The persons concerned are persons who may hold privileged information on issuing companies other than Crédit Mutuel Arkéa in the course of their duties. Crédit Mutuel Arkéa exercises particular vigilance over privileged and/or confidential information that may circulate within it.

After analyzing the activities carried out and the organization, Crédit Mutuel Arkéa establishes **a mapping of organizational structures likely to generate conflicts of interest and/or privileged information** within the meaning of the regulations relating to market abuse.

Crédit Mutuel Arkéa describes the organization to be implemented leading to the separation (**Chinese walls**) of certain structures. Depending on the risks, the separation can be geographical, by business line, procedural or IT.. The walls of China are physical, procedural or computer barriers that allow information to be partitioned and control the circulation of privileged information, both within and outside a group and within the different activities of the same company. 'independent'. Furthermore, each person holding privileged information is identified on a **watchlist**.

In order to prevent any breach, **prohibitions on operating on the market** are defined in case of holding privileged information: these prohibitions concern transactions that could be carried out, directly or indirectly, by sensitive persons.

The prohibition to operate on the market is coupled with the **prohibition to communicate privileged and/or confidential** information to a third party (whether inside or outside the group) outside the normal exercise of his profession or duties. The detection and reporting device is the same as that used for customers.

Depending on the level of exposure specific to each employee and whether or not they hold a financial instrument account with one of the Investment Service Providers (ISP) of the Crédit Mutuel Arkéa group, surveillance is reinforced by **systematic monitoring** of transactions carried out by the persons concerned or on a random sample of persons concerned. At annual frequency, a compliance check is carried out on a random sample of the transactions of the persons concerned.

Controlled internal procedures

The system for detecting and reporting suspicious transactions of Crédit Mutuel Arkéa is subject to the internal control system of Crédit Mutuel Arkéa Group defined in the internal control charter and is subject to permanent and periodic controls.
