



# Inducements Policy

**Bankinter Luxembourg S.A.**

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## **1. Policy Purpose and Definitions**

### **1.1. Purpose of the Policy**

This document comprises the Inducements Policy (hereinafter referred as "the Policy") that governs Bankinter Luxembourg S.A. (hereinafter referred as "Bankinter" or "the Bank") in the provision of investment services to its Customers.

The content of this Policy takes into account the legal and regulatory framework applicable to the Inducements regime, notably Directive 2014/65/EU on markets in financial instruments and implementing regulations<sup>1</sup> (hereinafter referred as "MiFID II") as well as the Luxembourg Law of 5 April 1993, as amended, the Luxembourg Law of 30 May 2018 on markets in financial instruments and the Grand Ducal Regulation of 30 May 2018 on the protection of financial instruments and funds belonging to clients, product governance obligations and the rules applicable to the provision or reception of fees, commissions or any monetary or non-monetary benefits, as amended.

Therefore, the purpose of this Policy is:

- To define the principles established by Bankinter for the identification of Inducements and the analysis of their respective nature; and
- To define the general principles to be applied by the Bank for the treatment and disclosure to Customers of the Inducements perceived and/or paid.

The present Policy complements the Conflicts of Interest Policy of Bankinter for the provision of investment services.

### **1.2. Definition of Inducement**

An inducement corresponds to any fee, commission or non-monetary benefit paid or received by Bankinter from Customers or third parties for the provision of investment services, auxiliary services or a combination of both.

Under applicable legal and regulatory framework, fees, commissions or any other benefit are not allowed, whether monetary or not, received or paid in relation to the provision of an investment or auxiliary service, to or from a third party that is not the Customer or the person that acts on behalf

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<sup>1</sup> In particular Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU

of the Customer, unless the payment or benefit complies with the requirements set out in section 3.2. of the present Policy ".

Therefore, the Bank will understand as Inducements the fees, commissions or any other monetary or non-monetary benefits received/paid by the Bank from/to a third-party for the provision of investment and/or auxiliary services involving financial instruments that fall under the scope of application of the MIFID II directive.

It is a general principle of this Policy that Bankinter will guarantee that, in its business relationships and, in particular, for any services that may be affected by the prohibitions set out in this Policy, no fees or commissions will be charged or paid, and no non-monetary benefits will be received or given that may prevent the Bank from acting in the best interest of its Customers.

## **2. Scope**

### **2.1 Subjective scope**

This Policy fully applies to Bankinter and must be complied with by it, as an entity authorised to provide investment and/or auxiliary services, as well as by all the professionals and employees who work for it and perform activities, directly or indirectly, relating to the provision of investment and/or auxiliary services, including agents and partners. Therefore, all Bankinter staff and related parties must be familiar with, comply with and apply the present Policy.

### **2.2 Objective scope**

For the purpose of this Policy, an Inducement is considered as the payment or collection of fees, commissions and/or other monetary or non-monetary benefits in relation to the provision of an investment or auxiliary service to or from a third party, other than the Customer or a person acting on behalf of the Customer.

Therefore, and for the provision of an investment service, it will not be considered as an Inducement:

- Payments or fees charged to the Customer or on behalf of the Customer;
- Any payments or benefits that allow or are necessary for the provision of investment activities and services, such as custodian fees, settlement and exchange fees, regulatory charges or legal costs and that, by nature, do not impair compliance with the Bank's obligation to act honestly, fairly and professionally, in the best interests of its Customers.

- Any payments or benefits that are considered as minor non-monetary benefits, and therefore acceptable, pursuant to the provisions of this Policy.

### 3. Bankinter Inducements scheme

#### 3.1 Prohibited Inducements

As a general rule, all inducements are prohibited unless specific regulatory requirements, further detailed in this Policy, are duly met. Nonetheless, the acceptance and retention of any fees, commissions or other monetary and non-monetary benefits by third parties is expressly prohibited, without exception, when providing independent advisory<sup>2</sup> and discretionary portfolio management services.

#### 3.2 Permitted Inducements

Except for the above cases expressly prohibited, Bankinter may not receive and retain inducements unless:

- A. The payment or benefit has been designed to enhance the quality of the relevant service to be provided to the Customer.

An inducement shall be considered to be designed to **enhance the quality of the relevant service** to the Customer if it meets all of the following conditions:

- ✓ It is justified by the provision of an additional or high-level service to the relevant client, proportional to the level of inducements received, such as:
  1. The provision of non-independent investment advice on and access to a wide range of suitable financial instruments including an appropriate number of instruments from third party product providers having no close links with the investment firm;
  2. The provision of non-independent investment advice combined with either: an offer to the Customer, at least on an annual basis, to assess the continuing suitability of the financial instruments in which the Customer has invested; or with another ongoing service that is likely to be of value to the Customer, such as advice about the suggested optimal asset allocation of the Customer;
  3. The provision of access, at a competitive price, to a wide range of financial instruments that are likely to meet the needs of the Customer, including an appropriate number of

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<sup>2</sup> Bankinter Luxembourg provides the investment advisory service on a non-independent basis.

instruments from third party products providers having no close links with the investment firm, together with either the provision of added-value tools, such as objective information tools helping the relevant Customer to take the decisions or enabling the relevant Customer to monitor, model and adjust the range of financial instruments in which they have invested, or providing periodic reports of the performance and costs and charges associated with the financial instruments.

- ✓ It does not directly benefit the receiving company, its shareholders or employees without a tangible benefit to the relevant Customer; and
- ✓ It is justified by the provision of an ongoing benefit to the Customer in relation to an ongoing inducement;

For the purposes of the abovementioned points 1. and 3., and following criteria defined by Bankinter Group, an appropriate number of instruments from third party providers will be considered when it is offered, at least, two third party alternatives in each category of funds that are marketed and when, at least, twenty-five per cent of the products offered are from third parties.

- B.** It does not impair compliance with the Bank's obligation to act honestly, fairly and professionally, in the best interests of its Customers.
- C.** The existence, nature and amount of payments or benefits, and the method by which they are calculated, must be clearly disclosed to the Customer, in a full, precise and understandable manner, before the related investment or auxiliary service is provided.

The inducements perceived by Bankinter in relation to the provision of investment services are detailed in a specific register maintained by the Compliance Department.

### **3.3 Minor non-monetary benefits**

Without prejudice of the provisions of section 3.1. "Prohibited Inducements", Bankinter will not accept any non-monetary benefits for the provision of the independent advisory or discretionary portfolio management services that cannot be considered as minor non-monetary benefits.

In this context, the following benefits will be considered as acceptable minor non-monetary benefits, only if they consist in:

- a) Information or documentation relating to a financial instrument or investment service, generic in nature or personalised to reflect the circumstances of an individual Customer;
- b) Written materials from a third party that is commissioned and paid for by a corporate issuer or potential issuer to promote a new issuance by a company, or where the third party firm is contractually engaged and paid by the issuer to produce such material on an ongoing basis, provided that the relationship is clearly disclosed in the material and that the material is made available at the same time to any investment firms wishing to receive it or to the general public;
- c) Participation in conferences, seminars and other training events on the benefits and features of a specific financial instrument or an investment advice;
- d) Hospitality of a reasonable de minimis value, such as food and drink during a business meeting or a conference, seminar or other training events mentioned under point c); and
- e) Other minor non-monetary benefits deemed capable of enhancing the quality of the service provided to a Customer and, having regard to the total level of benefits provided by one entity or group of entities, are of a scale and nature that are unlikely to impair compliance with the Bank's duty to act in the best interest of the Customer;

Acceptable minor non-monetary benefits will be reasonable and proportionate and on a scale that makes them highly unlikely to influence the Bank's behaviour in any way that is detrimental to the interests of the relevant Customer.

The disclosure of minor non-monetary benefits will be made prior the provision of the relevant investment or ancillary services to Customers.

### **3.4 Inducements in relation to Research**

The provision of research by third parties to Bankinter shall not be considered as an inducement if it is received in return for either of the following:

- a) Direct payments made by the Bank out of its own resources;
- b) Payments from a separate research payment account controlled by the Bank, provided that:
  - such account is funded by a specific research charge to the Customer, agreed with him;
  - the Bank defines and regularly assesses a research budget;
  - the Bank is held responsible for the research payment account;
  - the Bank regularly assesses the quality of the research received, using robust quality criteria, and its ability to contribute to better investment decisions.

#### **4. Information towards Customers**

In relation to any payment or benefit received from or paid to third parties, the Bank must disclose the following information to the Customer:

- a) Prior to the provision of the relevant investment or ancillary service, the Bank will disclose to the Customer the inducements through the appropriate pre-contractual or contractual information. Minor non-monetary benefits may be described in a generic way;
- b) If the Bank has not been able to ascertain on an ex-ante basis the amount of any payment or benefit to be received or paid, and has instead disclosed to the Customer the method for calculating such amount, the Bank must also provide its Customers with information relating to the exact amount of the payment or benefit received or paid on an ex-post basis;
- c) Annually, and as long as Bankinter is receiving (ongoing) inducements in relation to the investment services provided to the relevant Customers, it will inform its Customers, on an individual basis, about the actual amount of payments or benefits received or paid. Minor non-monetary benefits may be described in a generic way.

Where applicable, the Bank will also inform Customers about the mechanisms for transferring to them the commissions or monetary and non-monetary benefits received for the provision of the investment or the auxiliary services.

#### **5. Measures to identify, register and justify Inducements**

The responsible person for the investment service and/or financial instrument by which the inducement is generated will be responsible for identifying it within the approval process for new products and services, as set out in Bankinter Product Governance Policy.

The analysis of each type of inducement must consider its justification, taking into consideration that inducements only be permitted when they have been designed to enhance the quality of the relevant service provided to the Customer and they do not impair compliance with the Bank's obligation to act honestly, fairly and professionally, in the best interests of its Customers.

Bankinter Products Committee will validate and approve the characteristics, terms and conditions and justification for each type of inducement (monetary and non-monetary).



The inducements approved will be recorded in a dedicated inducements' register, which is populated and maintained by the Compliance Department. Such register will contain the following information:

- a) An internal list of all the fees, commissions and non-monetary benefits received by the Bank from third parties, in relation to the provision of investment or auxiliary services;
- b) The explanation on how such fees, commissions and non-monetary benefits received by the Bank enhance the quality of the relevant services provided to the Customer and the demonstration that the value-added provided to the Customer is proportional to the level of inducements received;
- c) The measures adopted by Bankinter in order not to impair compliance of the Bank's obligation to act honestly, fairly and professionally in accordance with the best interests of its Customers.

## **6. Revision**

The Compliance department of the Bank will review the present policy annually or whenever a material change occurs.

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