

## FOCUS

# MARKETS 360™

STRATEGY & ECONOMICS

## European derivatives: Tariff wars: Opportunity knocks

BNP PARIBAS GLOBAL MARKETS APP:

SCAN THE QR CODE TO READ OUR PUBLICATIONS ON OUR NEW MOBILE APP



### KEY MESSAGES

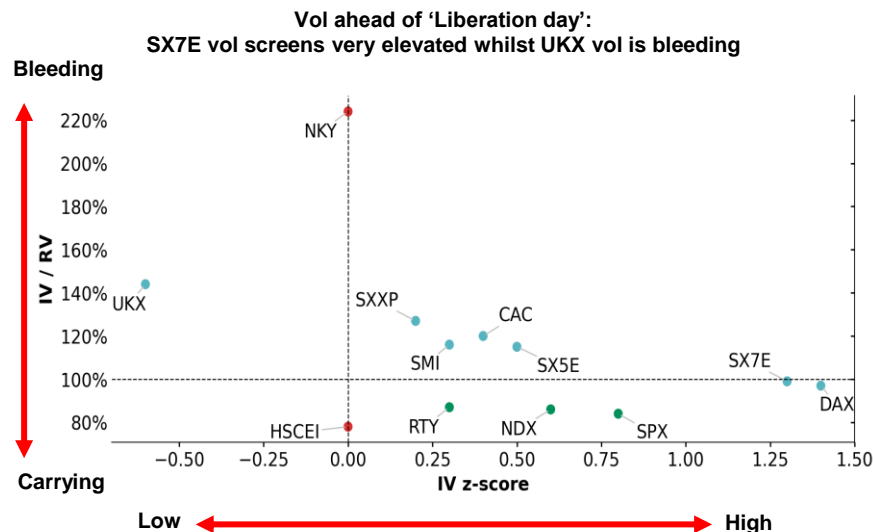
**‘Liberation day’:** While Trump surprised the market overnight with a 25% tariffs on car imports, the idea of 2 April as a landmark day for US tariff policy has been flagged for some time. We think the market is pricing the event well on indices such as SX5E or the DAX but see some opportunity to own some cheap gamma on the SMI index.

**Most vulnerable:** Our analysis shows that the SMI is the most vulnerable index to tariffs given its high revenue exposure to the US and significant weighting to pharmaceuticals - labeled as a strategic sector by US administration officials. Sector-wise, in addition to pharma, we think US-exposed industries like consumer products, food and beverages, autos and media are the most vulnerable to tariffs.

**Least vulnerable:** The MDAX, IBEX and UKX appear to be the least vulnerable to tariff risks. This reinforces our bullish view on the MDAX. We position via a UKX versus SMI call switch on Sep expiry. We see some upside for the IBEX.

**Vol selectivity:** With elevated jump risk and lingering uncertainty beyond 2 April, vols are likely to stay floored near current levels, we think. Investors should be selective while shorting vol. The SX7E versus SX5E vols spread looks stretched, presenting an opportunity to position for normalisation.

**Market pricing:** We think a large part of the tariff impact may already be priced into the market in Europe, with the relative performance of the BNPP EU Tariffs Winners/Losers baskets back to post-election highs.





# Trade war risk - Index level

Table. 1 : FTSE 100, IBEX and MDAX least vulnerable, SMI most vulnerable based on exports data

Country	Sector of exports	USDbn	Index	%Index Revenue from US	%Index weight	Export to	Export	Import
Germany	Cars, Motor vehicles; Parts and Accessories	243	DAX	25%	6%	US	157	95
	Packaged Medicaments	66			5%	France	118	
	Vaccines, Blood, Antisera, Toxins and Cultures	44				Netherlands	108	
	Spacecraft	24			11%	China	104	
	<b>TOTAL</b>	<b>377</b>			<b>22%</b>	Italy	95	
France	Planes, Helicopters, and/or Spacecraft	34	CAC	22%	12%	Germany	73	
	Cars, Motor vehicles; Parts and Accessories	44			2%	Italy	56	
	Packaged Medicaments	27			7%	US	51	Not in top 5
	Gas Turbines	19			9%	Belgium	49	
	<b>TOTAL</b>	<b>124</b>			<b>29%</b>	Spain	43	
UK	Cars	35	UKX	26%	-	US	60	78
	Gold	33			-	China	35	
	Gas Turbines	29			-	Germany	35	
	Packaged Medicaments	16			13%	Netherlands	30	
	Crude Petroleum	16			11%	Ireland	29	
	<b>TOTAL</b>	<b>129</b>			<b>24%</b>			
Swiss	Gold	109	SMI	33%	-	Germany	54	
	Packaged Medicaments	40			37%	China	48	
	Vaccines, Blood, Antisera, Toxins and Cultures	39			-	US	45	33
	Nitrogen Heterocyclic Compounds	20			6%	Italy	19	
	Base Metal Watches	20				Türkiye	19	
	<b>TOTAL</b>	<b>228</b>			<b>44%</b>			
Spain	<b>TOTAL</b>					US		Not in top 5

Sources: BNP Paribas, OEC

**'Liberation Day' won't end market uncertainty:** Since US President Donald Trump took office, markets have been news flow driven, with the focus now shifting to 2 April – dubbed 'Liberation Day' – when a fresh raft of tariff plans are expected. We do not think this should be seen as a potential end to market uncertainty. Instead, with Europe ranking high in our BNPP tariff risk index ([Page 6](#)) uncertainty is likely to persist as we await retaliatory measures and negotiations.

**SMI gamma:** Given 2 April has been well flagged, the surprise factor is low and hence we might see a contained one-day market reaction on most indices, with the price action playing over a longer period. The SMI is not pricing in much risk, with Apr-25 101% vol trading at 11%, we think owning some SMI gamma offers a good risk reward.

**SMI most vulnerable; IBEX, MDAX and UKX least vulnerable:** Our analysis shows the UKX, IBEX and MDAX as least vulnerable to tariff risks. The UK has a trade deficit versus the US, the FTSE 100 has some cushion coming from FX in times of crisis and the sector allocation is less tilted towards trade-sensitive sectors. Spain also has very little exposure to strategic trade sectors and the US is not one of its top five exporting countries, this should provide some tailwind for the IBEX. The SMI with its large weighting towards pharma and its high revenue exposure to the US may be more vulnerable to trade headlines.

Table. 2 : SMI most exposed to US trade strategic sectors

	Autos	Semis	Pharma	Total
SMI	0%	0%	37%	37%
SX5E	4%	8%	8%	20%
CAC	2%	1%	18%	20%
DAX	6%	3%	6%	15%
UKX	0%	0%	13%	13%
MDAX	3%	0%	2%	6%
IBEX	0%	0%	1%	1%

Sources: BNP Paribas, OEC

Table.3 : SMI most negatively correlated to our L/S trade basket, SX7E and MDAX most positively correlated

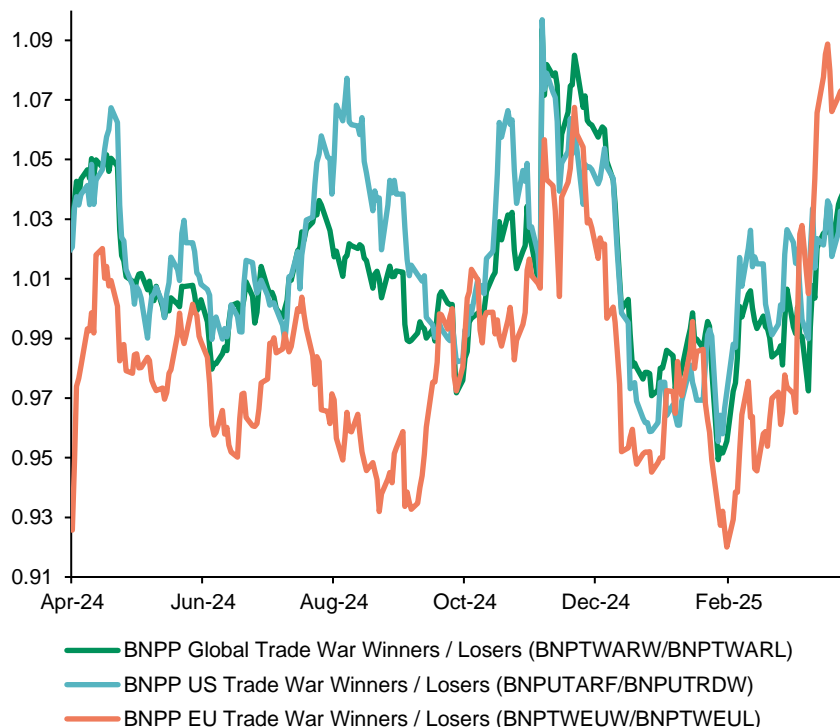
	Correlation since 2024
SX7E	27.2%
MDAX	24.1%
IBEX	18.8%
UKX	16.6%
DAX	0.4%
SX5E	-3.8%
CAC	-8.1%
SMI	-21.7%

BNPP EU Trade War Winners / Losers  
Sources: BNP Paribas, OEC



# Thematic & Sectors: A large part of negative news may be in the price

Fig 1: Thematic baskets on tariffs suggests a large part of negative news is priced-in



Sources: Bloomberg, BNP Paribas

Fig 2: Correlation with our BNPP EU Tariffs Winners/Losers baskets (since Sep 2024)

Ticker	Name	Correlation with our EU Tariffs Winners/Losers baskets (since Sep 2024)
SXEP Index	Oil & Gas	47.7%
SXPP Index	Basic Resources	40.1%
SXOP Index	Construction & Materials	36.9%
SXNP Index	Industrial Good & Services	25.6%
SX7E Index	Banks	23.8%
SXIP Index	Insurance	19.0%
SXKP Index	Telcomm	12.3%
SXFP Index	Financials	5.7%
SX6P Index	Utilities	3.1%
SX8P Index	Technology	1.1%
SX4P Index	Chemicals	-3.6%
SXRP Index	Retail	-4.7%
SX86P Index	Real Estate	-14.3%
S600PDP Index	Personal Care	-19.0%
SXMP Index	Media	-19.1%
SXTP Index	Travel & Leisure	-24.4%
SXDP Index	HealthCare	-26.7%
SXAP Index	Auto&Parts	-32.4%
SX3P Index	Food & Beverage	-33.3%
SXQP Index	Consumer Prod & Services	-55.2%

Sources: Bloomberg, BNP Paribas

**US exposure under pressure:** US-exposed sectors have been the most negatively impacted by Trump's recent tariff announcements, this is further confirmed by our analysis of the most correlated indices and sectors in our EU Tariffs Winners/Losers baskets, with Consumer Prod (SXQP), Food & Bev (SX3P), Autos (SXAP), Healthcare (SXDP) and Media (SXMP) the most under pressure (Figure 2).

**How much is priced-in?** Ahead of 'Liberation Day', we think that a large part of the tariff news could be in the price. This is heavily implied, in our view, by the ratio of our BNPP EU Tariffs Winners/Losers baskets, which has been mean-reverting over the past year, returning to post-election levels (Figure 1).

**Tariffs baskets:** We have a range of thematic baskets designed to assist investors looking to position for the theme: Global Trade War Winners/Losers (BNPTWARW/BNPTWARL); US Trade War Winners/Losers (BNPUTARF/BNPUTRDW), and; EU Trade War Winners/Losers (BNPTWEUW/BNPTWEUL).



# EU and China stand out as most at risk

Credit to our FX team work: [Tariff showdown](#), dated 24 March.

	BNPP tariff risk index	Tariff differential (pp)	Non-tariff trade barriers ranking	Standard VAT (%)	US trade balance all goods (USD bn)	US trade balance in selected strategic goods (USD mn):					Change in US trade balance all goods (USD bn)	Chinese value-add in exports to US (% of total)	Placement on US Treasury FX monitoring list	FDI to US (% of GDP)	Defence spending (% of GDP)
						Autos	Pharmas	Semis	Copper	Forestry					
DM															
EU	0.45	0.50	7.84	21.30	-225.6	-3,177.5	-8,456.8	-147.7	-93.0	-187.4	-14.8	2.80	Yes	21.3	2.0
China	0.44	0.10	5.40	10.40	-285.0	-741.3	22.1	670.1	-14.7	-62.1	31.3	N/A	Yes	0.2	
UK	0.19	1.10	7.06	20.00	9.8	-792.1	-200.2	17.4	-3.8	137.8	1.4	2.00	No	20.7	2.3
Switzerland	0.12	0.00	6.86	8.10	-22.4	4.4	-1,550.7	-2.3	0.3	-1.8	-1.1	2.00	No	47.3	
Weight		12.5%	12.5%	12.5%	12.5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Source	BNPP	WTO (2023)	Fraser Institute (2024)	OECD (2023)	Census Bureau (latest)	Census Bureau (latest)					Census Bureau (latest)	Asian Development Bank (2023)	US Department of Treasury (2024)	BEA (2023)	World Bank (2023)

**Methodology box:** Other than tariff differentials, we look at the data the US administration has raised concerns about. With that, we build an index that aims to identify which countries may be more severely targeted than others by US tariffs. This is not to say, however, that if a country ranks low on our index, that country is relatively shielded from US protectionism from a macroeconomic perspective.

We z-score each indicator across the sample of countries and then standardise from 0 to 1, where 0=least at risk and 1=most at risk.

We reverse-standardise z-scores for FDI, defence spending, trade balance (level and change) and non-tariff trade barriers ranking, given that a lower value indicates a higher risk of being targeted by US tariffs.

For defence spending and trade balance (level and change), not only does the value relative to the sample matters, but also the outright level (i.e. whether defence spending is above or below target, and whether the trade balance is in surplus or deficit and has been decreasing or increasing). For this reason, we z-score and standardise only countries with below-target defence spending and a trade surplus (or an improved trade balance since 2019) with the US. Otherwise, we attribute a value of 0. The rationale here is that Trump is likely to focus on standout US imbalances and non-tariff barriers (red cells), without differentiating between what looks more or less in order (white cells).

To compute our aggregate index, we attribute subjective weights to each of our components and include defence spending only for NATO countries and Asian allies.

This document or where relevant the document/communication to which this notice relates (all references in this notice to a document or communication shall be construed as referring to this document or such document/communication related to this notice, as appropriate) has been written by our Strategist and Economist teams within the BNP Paribas group of companies (collectively “BNPP”); it does not purport to be an exhaustive analysis, and may be subject to conflicts of interest resulting from their interaction with sales and trading which could affect the objectivity of this report. This document is non-independent research for the purpose of the UK Financial Conduct Authority rules. For the purposes of the recast Markets in Financial Instruments Directive (2014/65/EU) (MiFID II), non-independent research constitutes a marketing communication. This document is not investment research for the purposes of MiFID II. It has not been prepared in accordance with legal requirements designed to provide the independence of investment research, and is not subject to any prohibition on dealing ahead of the dissemination of investment research.

The content in this document/communication may also contain “Research” as defined under the MiFID II unbundling rules. If the document/communication contains Research, it is intended for those firms who are either in scope of the MiFID II unbundling rules and have signed up to one of the BNPP Global Markets Research packages, or firms that are out of scope of the MiFID II unbundling rules and therefore not required to pay for Research under MiFID II. Please note that it is your firm’s responsibility to ensure that you do not view or use the Research content in this document if your firm has not signed up to one of the BNPP Global Markets Research packages, except where your firm is out of scope of the MiFID II unbundling rules.

Please note any reference to EU legislation or requirements herein or in the document should be read as a reference to the relevant EU legislation or requirement and/or its UK equivalent legislation or requirement, as appropriate, where applicable, and as the context requires. For example references to “MiFID II” means Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU. and/or such directive as implemented in UK law through the relevant UK legislation and PRA and FCA rules as may give effect to Directive 2014/65/EU, as appropriate, where applicable, and as the context requires.

STEER™ is a trade mark of BNPP.

MARKETS 360 is a trade mark of BNP Paribas

This document constitutes a marketing communication and has been prepared by BNPP for, and is directed at, (a) Professional Clients and Eligible Counterparties as defined by the recast Markets in Financial Instruments Directive (2014/65/EU) (MiFID II), and (b) where relevant, persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, and at other persons to whom it may lawfully be communicated (together “Relevant Persons”) under the regulations of any relevant jurisdiction. Any investment or investment activity to which this document relates is available only to and will be engaged in only with Relevant Persons. Any person who is not a Relevant Person should not act or rely on this document or its content.

Securities described herein or in the document may not be eligible for sale in all jurisdictions or to certain categories of investors.

The information and opinions contained in this document have been obtained from, or are based on, public sources believed to be reliable, but there is no guarantee of the accuracy, completeness or fitness for any particular purpose of such information and such information may not have been independently verified by BNPP or by any person. None of BNPP, any of its subsidiary undertakings or affiliates or its members, directors, officers, agents or employees accepts any responsibility or liability whatsoever or makes any representation or warranty, express or implied, as to the accuracy and completeness of the information or any opinions based thereon and contained in this document and it should not be relied upon as such.

This document does not constitute or form any part of any offer to sell or issue and is not a solicitation of any offer to purchase any financial instrument, nor shall it or any part of it nor the fact of its distribution form the basis of, or be relied on, in connection with any contract or investment decision. To the extent that any transaction is subsequently entered into between the recipient and BNPP, such transaction will be entered into upon such terms as may be agreed by the parties in the relevant documentation.

Information and opinions contained in this document are published for the information of recipients, but are not to be relied upon as authoritative or taken in substitution for the exercise of judgment by any recipient, are subject to change without notice and not intended to provide the sole basis of any evaluation of the instruments discussed herein or in the document. In providing this document, BNPP does not offer investment, financial, legal, tax or any other type of advice to, nor has any fiduciary duties towards, recipients. Any reference to past performance is not indicative of future performance, which may be better or worse than prior results. Any hypothetical, past performance simulations are the result of estimates made by BNPP, as of a given moment, on the basis of parameters, market conditions, and historical data selected by BNPP, and should not be used as guidance, in any way, of future performance. To the fullest extent permitted by law, no BNPP group company accepts any liability whatsoever (including in negligence) for any direct or consequential loss arising from any use of or reliance on material contained in this document even where advised of the possibility of such losses. All estimates and opinions included in this document are made as of the date of this document. Unless otherwise indicated in this document there is no intention to update this document.

BNPP may make a market in, or may, as principal or agent, buy or sell securities of any issuer or person mentioned in this document or derivatives thereon. Prices, yields and other similar information included in this document are included for information purposes however numerous factors will affect market pricing at any particular time, such information may be subject to rapid change and there is no certainty that transactions could be executed at any specified price.

BNPP may have a financial interest in any issuer or person mentioned in this document, including a long or short position in their securities and/or options, futures or other derivative instruments based thereon, or vice versa. BNPP, including its officers and employees may serve or have served as an officer, director or in an advisory capacity for any person mentioned in this document. BNPP may, from time to time, solicit, perform or have performed investment banking, underwriting or other services (including acting as adviser, manager, underwriter or lender) within the last 12 months for any person referred to in this document. BNPP may be a party to an agreement with any person relating to the production of this document. BNPP may to the extent permitted by law, have acted upon or used the information contained herein or in the document, or the analysis on which it was based, before the document was published. BNPP may receive or intend to seek compensation for investment banking services in the next three months from or in relation to any person mentioned in this document. Any person mentioned in this document may have been provided with relevant sections of this document prior to its publication in order to verify its factual accuracy.

This document is for information purposes only and there is no assurance that a transaction(s) will be entered into on such indicative terms. Any indicative price(s) contained herein or in the document have been prepared in good faith in accordance with BNPP’s own internal models and calculation methods and/or are based on or use available price sources where considered relevant. Indicative price(s) based on different models or assumptions may yield different results. Numerous factors may affect the price(s), which may or may not be taken into account. Therefore, these indicative price(s) may vary significantly from indicative price(s) obtained from other sources or market participants. BNPP expressly disclaims any responsibility for the accuracy or completeness of its own internal models or calculation methods, the accuracy or reliability of any price sources used, any errors or omissions in computing or disseminating these indicative price(s), and for any use you make of the price(s) provided. The indicative price(s) do not represent (i) the actual terms on which a new transaction could be entered into, (ii) the actual terms on which any existing transactions could be unwound, (iii) the calculation or estimate of an amount that would be payable following an early termination of the transactions or (iv) the price(s) given to the transactions by BNPP in its own books of account for financial reporting, credit or risk management purposes. As an investment bank with a wide range of activities, BNPP may face conflicts of interest, which are resolved under applicable legal provisions and internal guidelines. You should be aware, however, that BNPP may engage in transactions in a manner inconsistent with the views expressed in this document, either for its own account or for the account of its clients.

This document may contain certain performance data based on back-testing, i.e. simulations of performance of a strategy, index or assets as if it had actually existed during a defined period of time. To the extent any such performance data is included, the scenarios, simulations, development expectations and forecasts contained in this document are for illustrative purposes only. All estimates and opinions included in this document constitute the judgment of BNPP and its affiliates as of the date of the document and may be subject to change without notice. This type of information has inherent limitations which recipients must consider carefully. While the information has been prepared in good faith in accordance with BNPP’s own internal models and other relevant sources, an analysis based on different models or assumptions may yield different results. Unlike actual performance records, simulated performance returns or scenarios may not necessarily reflect certain market factors such as liquidity constraints, fees and transactions costs. Actual historical or back tested past performance does not constitute an indication of future results or performance.

This document is only intended to generate discussion regarding particular products and investments and is subject to change or may be discontinued. We are willing to discuss it with you on the understanding that you have sufficient knowledge, experience and professional advice to understand and make your own independent evaluation of the merits and risk of the information and any proposed structures. The information contained herein or in the document is not and under no circumstances is to be construed as, a prospectus, an advertisement, a public offering, an offer to sell securities described herein or in the document, or solicitation of an offer to buy securities described herein or in the document, in Canada, the U.S. or any other province or territory nor shall it be deemed to provide investment, tax, accounting or other advice. Transactions involving the product(s) described in this document may involve a high degree of risk and the value of such transactions may be highly volatile. Such risks include, without limitation, risk of adverse or unanticipated market developments, risk of counterparty or issuer default, risk of adverse events involving any underlying reference obligation or entity and risk of illiquidity. In certain transactions, counterparties may lose their entire investment or incur an unlimited loss.



The information relating to performance contained in this document is illustrative and no assurance is given that any indicated returns, performance or results will be achieved. Moreover, past performance is not indicative of future results. Information herein or in the document is believed reliable but BNPP and its affiliates do not warrant or guarantee its completeness or accuracy. All information, terms and pricing set forth herein or in the document reflect our judgment at the date and time hereof and are subject to change without notice. In the event that we were to enter into a transaction with you, we will do so as principal (and not as agent or in any other capacity, including, without limitation, as your fiduciary, advisor or otherwise). Only in the event of a potential transaction will an offering document be prepared, in which case, you should refer to the prospectus or offering document relating to the above potential transaction which includes important information, including risk factors that relate to an investment in the product(s) described herein or in the document.

Prior to transacting, you should ensure that you fully understand (either on your own or through the use of independent expert advisors) the terms of the transaction and any legal, tax and accounting considerations applicable to them. You should also consult with independent advisors and consultants (including, without limitation, legal counsel) to determine whether entering into any securities transactions contemplated herein or in the document would be contrary to local laws. Unless the information contained herein or document/communication to which this notice relates is made publicly available by BNPP, it is provided to you on a strictly confidential basis and where it is provided to you on a strictly confidential basis you agree that it may not be copied, reproduced or otherwise distributed by you, whether in whole or in part (other than to your professional advisers), without our prior written consent.. Neither we, nor any of our affiliates, nor any of their respective directors, partners, officers, employees or representatives accepts any liability whatsoever for any direct or consequential loss arising from any use of this document or its content; and any of the foregoing may from time to time act as manager, co-manager or underwriter of a public offering or otherwise, in the capacity of principal or agent, deal in, hold or act as market makers or advisors, brokers or commercial and/or investment bankers in relation to the securities or related derivatives that are discussed herein or in the document. BNPP and its affiliates may (or may in the future) hold a position or act as a market maker in the financial instruments discussed, or act as an advisor, manager, underwriter or lender to such issuer. In no circumstances shall BNPP or its affiliates be obliged to disclose any information that it has received on a confidential basis or to disclose the existence thereof.

The information presented herein or in the document does not comprise a prospectus of securities for the purposes of EU Regulation (EU) 2017/1129 (as amended from time to time).

This document was produced by a BNPP group company. This document is for the use of intended recipients and may not be reproduced (in whole or in part) or delivered or transmitted to any other person without the prior written consent of BNPP. By accepting or accessing this document you agree to this.

**For country-specific disclaimers** (United States, Canada, United Kingdom, France, Germany, Belgium, Ireland, Italy, Netherlands, Portugal, Spain, Switzerland, Brazil, Turkey, Israel, Bahrain, South Africa, Australia, China, Hong Kong, India, Indonesia, Japan, Malaysia, Singapore, South Korea, Taiwan, Thailand, Vietnam) please type the following URL to access our legal notices:

[https://globalmarkets.bnpparibas.com/gm/home/Markets\\_360\\_Country\\_Specific\\_Notices.pdf](https://globalmarkets.bnpparibas.com/gm/home/Markets_360_Country_Specific_Notices.pdf)

Some or all of the information contained in this document may already have been published on [MARKETS 360™ Portal](#)

Please click [here](#) to refer to our Data Protection Notice.

© BNPP (2025). All rights reserved.

#### **IMPORTANT DISCLOSURES by producers and disseminators of investment recommendations for the purposes of the Market Abuse Regulation:**

Although the disclosures provided herein or in the document have been prepared on the basis of information we believe to be accurate, we do not guarantee the accuracy, completeness or reasonableness of any such disclosures. The disclosures provided herein or in the document have been prepared in good faith and are based on internal calculations, which may include, without limitation, rounding and approximations.

BNPP and/or its affiliates may be a market maker or liquidity provider in financial instruments of the issuer mentioned in the recommendation.

BNPP and/or its affiliates may provide such services as described in Sections A and B of Annex I of MiFID II (Directive 2014/65/EU), to the Issuer to which this investment recommendation relates. However, BNPP is unable to disclose specific relationships/agreements due to client confidentiality obligations.

Section A and B services include A. Investment services and activities: (1) Reception and transmission of orders in relation to one or more financial instruments; (2) Execution of orders on behalf of clients; (3) Dealing on own account; (4) Portfolio management; (5) Investment advice; (6) Underwriting of financial instruments and/or placing of financial instruments on a firm commitment basis; (7) Placing of financial instruments without a firm commitment basis; (8) Operation of an MTF; and (9) Operation of an OTF. B. Ancillary services: (1) Safekeeping and administration of financial instruments for the account of clients, including custodianship and related services such as cash/collateral management and excluding maintaining securities accounts at the top tier level; (2) Granting credits or loans to an investor to allow him to carry out a transaction in one or more financial instruments, where the firm granting the credit or loan is involved in the transaction; (3) Advice to undertakings on capital structure, industrial strategy and related matters and advice and services relating to mergers and the purchase of undertakings; (4) Foreign exchange services where these are connected to the provision of investment services; (5) Investment research and financial analysis or other forms of general recommendation relating to transactions in financial instruments; (6) Services related to underwriting; and (7) Investment services and activities as well as ancillary services of the type included under Section A or B of Annex 1 related to the underlying of the derivatives included under points (5), (6), (7) and (10) of Section C (detailing the MiFID II Financial Instruments) where these are connected to the provision of investment or ancillary services.

BNPP and/or its affiliates do not, as a matter of policy, permit pre-arrangements with issuers to produce recommendations. BNPP and/or its affiliates as a matter of policy do not permit issuers to review or see unpublished recommendations. BNPP and/or its affiliates acknowledge the importance of conflicts of interest prevention and have established robust policies and procedures and maintain effective organisational structure to prevent and avoid conflicts of interest that could impair the objectivity of this recommendation including, but not limited to, information barriers, personal account dealing restrictions and management of inside information.

BNPP and/or its affiliates understand the importance of protecting confidential information and maintain a "need to know" approach when dealing with any confidential information. Information barriers are a key arrangement we have in place in this regard. Such arrangements, along with embedded policies and procedures, provide that information held in the course of carrying on one part of its business to be withheld from and not to be used in the course of carrying on another part of its business. It is a way of managing conflicts of interest whereby the business of the bank is separated by physical and non-physical information barriers. The Control Room manages this information flow between different areas of the bank where confidential information including inside information and proprietary information is safeguarded. There is also a conflict clearance process before getting involved in a deal or transaction.

In addition, there is a mitigation measure to manage conflicts of interest for each transaction with controls put in place to restrict the information flow, involvement of personnel and handling of client relations between each transaction in such a way that the different interests are appropriately protected. Gifts and Entertainment policy is to monitor physical gifts, benefits and invitation to events that is in line with the firm policy and Anti-Bribery regulations. BNPP maintains several policies with respect to conflicts of interest including our Personal Account Dealing and Outside Business Interests policies which sit alongside our general Conflicts of Interest Policy, along with several policies that the firm has in place to prevent and avoid conflicts of interest.

The remuneration of the individual producer of the investment recommendation may be linked to trading or any other fees in relation to their global business line received by BNPP and/or affiliates.

#### **IMPORTANT DISCLOSURES by disseminators of investment recommendations for the purposes of the Market Abuse Regulation:**

Where relevant, the BNPP disseminator of the investment recommendation is identified in the document/communication including information regarding the relevant competent authorities which regulate the disseminator. The name of the individual producer within BNPP or an affiliate and the legal entity the individual producer is associated with is identified where relevant, in the document/communication. The date and time of the first dissemination of this investment recommendation by BNPP or an affiliate is addressed where relevant, in the document/communication. Where this investment recommendation is communicated by Bloomberg chat or by email by an individual within BNPP or an affiliate, the date and time of the dissemination by the relevant individual is contained, where relevant, in the communication by that individual disseminator.

The disseminator and producer of the investment recommendations are part of the same group, i.e. the BNPP group. The relevant Market Abuse Regulation disclosures required to be made by producers and disseminators of investment recommendations are provided by the producer for and on behalf of the BNPP Group legal entities disseminating those recommendations and the same disclosures also apply to the disseminator.

If an investment recommendation is disseminated by an individual within BNPP or an affiliate via Bloomberg chat or email, the disseminator's job title is available in their Bloomberg profile or bio. If an investment recommendation is disseminated by an individual within BNPP or an affiliate via email, the individual disseminator's job title is available in their email signature.

For further details on the basis of recommendation specific disclosures available at this link (e.g. valuations or methodologies, and the underlying assumptions, used to evaluate financial instruments or issuers, interests or conflicts that could impair objectivity recommendations or to 12 month history of recommendations history) are available at [MARKETS 360™ Portal](#). If you are unable to access the website please contact your BNPP representative for a copy of this document.



**BNP PARIBAS**

The bank for a changing world