

BCS PRIME BROKERAGE LIMITED - CONFLICT OF INTEREST POLICY

As an FCA regulated firm, BCS UK is required to act with integrity at all times, pay due regard to the interests of its clients, treat them fairly and manage conflicts of interest. BCS UK is required to establish policies and procedure to ensure that conflicts do not adversely affect a client's interests. This policy sets out the arrangements of BCS Prime Brokerage Limited ("BCS UK" or "the Firm") in connection with the identification, documentation, management and escalation of conflicts of interest.

Conflicts can arise when two or more people have competing interests and a duty of care of trust exists between those persons. BCS UK takes all reasonable measures to identify and avoid conflicts of interest between the Firm, its regulated affiliates (together BCS Financial Group), its employees, its' clients and between one client and another.

BCS UK operates organisational and administrative arrangements to manage conflicts of interest and ensure, with reasonable confidence that risks of damage to client interests will be prevented in relation to any and all investment and ancillary service BCS UK provides or will provide to its clients in accordance with its scope of authorisation.

The business segments affected are:

- Brokerage (order reception and transmission and/ or execution).
- Dealing on Own Account, internally on proprietary accounts and externally on PA dealing accounts.
- Investment Research (production and dissemination of research).
- Services related to new issues of securities and M&A business (underwriting and / or placing of financial instruments and/or advice and services related to mergers and the purchase of undertakings) and Services related to corporate finance business (advice to undertakings on capital structure, industrial strategy and related matters and/or services related to underwriting).

What is a conflict of interest?

Conflicts of interest are financial or other types of interest that result when decisions are made which may not be in the best interest of clients. Conflicts may arise in relation to clients when:

- (i) A person is likely to make a financial gain or avoid a financial loss at the expense of the client, or put its own interests before that of the client's.
- (ii) A person has an interest in the outcome of the service provided to the client or of a transaction carried out on behalf of the client which is distinct from the client's interest in that outcome.
- (iii) A person has a financial or other incentive to favour the interest of another client or group of clients over the interests of the client.

- (iv) A person receives or will receive from a person other than the client an incentive in relation to a service provided to the client in the form of monies, goods or services other than the standard commission or fee for that service.

Conflicts of interest covered by this policy include situations where actions or activities give rise to a perception of a conflict of interest, even if no actual conflict of interest has occurred.

Identification of conflicts of interest

Potential circumstances of conflicting interests or duties mentioned above may, inter alia, arise due to the following:

- BCS UK or any other member of BCS Global Markets undertakes the same activity as the client.
- A transaction is effected in financial instruments in respect of which BCS UK may benefit from a commission, fee, or non -monetary benefit payable otherwise than by the client.
- BCS UK acts as agent for the client in relation to transactions in which it is also acting as agent for the account of other clients including members of BCS Global Markets. BCS UK deals in financial instruments as principal with the Client or has a direct or indirect financial interest in a transaction.
- A BCS UK employee is acting on own account and trading in the financial instruments as the client.
- An employee of BCS UK receives a financial or other benefit that is inappropriate for the services provided.
- BCS UK executes trades against another member of BCS Global Markets without due regard for Firm's best execution policy.
- An employee is able to influence decisions made on behalf of BCS UK in a manner that leads to personal gain.
- BCS UK or any other member of BCS Global Markets receives remuneration or other benefits for the provision of Investment Research or similar transactions involving an issuer whose financial instruments are held by the client.
- An employee has a personal relationship with another person or client that could impair their judgement or objectivity, or conflict with their ability to act, or be seen to act, independently and in the best interests of the client.
- BCS UK acts for a number of clients who may be competitors in the same sector.

Management of conflicts of interest

BCS UK has specific procedures in order not to make any financial gain or avoid loss at the client's expense due to the aforesaid circumstances that may arise from time to time.

BCS UK ensures that by implementing appropriate internal procedures, relevant persons engaged in different business activities that may involve a conflict of interest of the kind specified above carry on those activities at a level of independence appropriate to the size and activities of BCS UK and in strict accordance with BCS UK's best execution policy.

BCS shall establish appropriate criteria for determining the general types of conflict of interest whose existence may damage the interests of BCS clients or potential clients. In particular, BCS in identifying the existence of any conflict of interests shall address the question as to whether any BCS relevant person or a person directly or indirectly linked by control to BCS is in any of the following situations, where as a result of providing by BCS investment and/or ancillary services:

- (i) That person is likely to make a financial gain or avoid a financial loss at the expense of the client.
- (ii) That person has an interest in the outcome of the service provided to the client or of a transaction carried out on behalf of the client which is distinct from the client's interest in that outcome.
- (iii) That person has a financial or other incentive to favour the interest of another client or group of clients over the interests of the client.
- (iv) That person carries on the same business as the client for own account.
- (v) That person receives or will receive from a person other than the client an inducement in relation to a service provided to the client in the form of monies, goods or services other than the standard commission or fee for that service.

The internal procedures include but are not limited to:

- The promotion by senior management of a culture which focuses on the importance of ethical treatment of clients and fair handling of conflicts of interest.
- Senior management engagement in the implementation of policies, procedures and controls to identify and prevent conflicts occurring. Effective and clearly communicated procedures to prevent or control the exchange of information between relevant persons engaged in activities involving a risk of a conflict of interest where the exchange of that information may harm the interests of one or more clients.
- The separate supervision of relevant persons whose principal functions involve carrying out activities on behalf of, or providing services to, clients whose interests may conflict, or who otherwise represent different interests that may conflict, including those of BCS UK. Measures to prevent or control the simultaneous or sequential involvement of a relevant person in separate investment or ancillary services or activities where such involvement may impair the proper management of conflicts of interest.

- Information barriers to ensure information is available only on a need to know basis and to restrict the flow of information between different business areas. The management of confidential and sensitive information by Compliance using watch lists and restricted lists against which client and staff trading can be monitored.
- The removal of any direct link between the remuneration of relevant persons principally engaged in one activity and the remuneration of, or revenues generated by, different relevant persons principally engaged in another activity, where a conflict of interest may arise in relation to those activities. Measures to prevent or limit any person from exercising inappropriate influence over the way in which a relevant person carries out investment or ancillary services or activities.
- The requirement for all staff to act honestly, fairly and professionally when receiving, transmitting or executing an order on behalf of a client and to prevent inappropriate and improper behaviour such as front-running; procedures requiring staff to disclose all personal dealing accounts and obtain pre-approval for all transactions, regardless of whether the transaction is for their own account or those of a connected person; the requirement for all staff to disclose to Compliance all outside business interests that could give rise to conflicts of interest.
- Implementing robust procedures governing the giving and receiving by staff of gifts and/or entertainment which could be seen to give rise to a potential or actual conflict of interest. Systems and controls to document, track and manage conflict risk and review the effectiveness of such systems and controls on a regular basis.
- Ensure regular training to ensure staff are able to identify and escalate conflicts and are aware of all procedures operated by BCS UK to identify and manage conflicts on a day to day basis.

Disclosure of conflicts of interest

In cases where BCS UK determines that the risk of damage of client interests cannot be prevented and BCS UK cannot act in the best interests of the client, BCS UK shall disclose the general nature and/or source of conflicts of interest to the client before undertaking business on its behalf. Any such disclosure shall be made in a durable medium and include sufficient detail, taking into account the nature of the client, to enable that client to take an informed decision with respect to the investment or ancillary service in the context of which the conflict of interest arises.

Declining to act

If BCS UK decides that a conflict of interest cannot be managed effectively by disclosing the conflict of interest to the client, the Firm will consider declining to act for that client.

BCS UK shall keep and update on a regular basis a record of the kinds of investment and ancillary service or investment activity carried out by or on behalf of BCS UK in which a conflict of interest

March 2021

entailing a material risk of damage to the interests of one or more clients has arisen or, in the case of an ongoing service or activity, may be expected to arise.

Reporting conflicts of interest

In the event of any relevant person identifying any relationship or interest that may give rise to a conflicts, they are required to report conflicts or potential conflicts to the Chief Regulatory Officer who will consider whether the Firm is required to disclose the conflict prior to acting for the client concerned.

In addition to the Firm's above escalation procedure, BCS UK operates a Whistleblowing Policy to enable employees to report any concerns or suspicions of potential conflict breaches.