

Numis

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CONFLICTS OF INTEREST POLICY

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Numis Securities Limited

CONFLICTS OF INTEREST POLICY

3 January 2018

1. OVERVIEW

- 1.1 Both Numis Securities Limited (Reference Number 144822) and Numis Asset Management Limited (Reference Number 612473) (together “**Numis**”) are authorised and regulated by the UK Financial Conduct Authority.
- 1.2 Under the FCA rules and the Markets in Financial Instruments Directive 2014/65/EU (“**MiFID II**”), Numis is under an obligation to identify, manage and monitor any actual or potential conflicts of interest that may arise; and must deal with customer orders promptly, fairly and expeditiously. This includes the following FCA Principles for Businesses:
- (a) **Principle 1:** “A firm must conduct its business with integrity”;
 - (b) **Principle 2:** “A firm must conduct its business with due skill, care and diligence”;
 - (c) **Principle 6:** “A firm must pay due regard to the interests of its customers and treat them fairly”; and
 - (d) **Principle 8:** “A firm must manage conflicts of interests fairly, both between itself and its customers and between a customer and another client”.
- 1.3 Numis is committed to undertaking its business in accordance with high ethical standards and this Conflicts Policy constitutes a summary of the approach Numis uses to identify, manage and prevent potential and actual conflicts of interest between:
- (a) Numis itself and a client. This includes between Numis or a Numis group entity, vis a vis Numis' clients;
 - (b) one Numis client, and another Numis client;
 - (c) a Numis employee and a client. This includes between Numis' managers, employees and any person directly or indirectly linked to Numis by control, vis a vis Numis' clients; and
 - (d) a Numis employee and Numis, a Numis group entity or a service provider.
- 1.4 This Conflicts Policy, and any other documents related to Numis' arrangements to prevent conflicts, are owned by the Numis Compliance Department. Numis reviews its conflict management arrangements and this Policy annually, and monitors the effectiveness of such on an ongoing basis. Therefore, Numis may review or amend this Policy and its conflicts arrangements more frequently. Numis will inform you when it makes any material changes to this Conflicts Policy.
- 1.5 This Conflicts Policy should be read in conjunction with the relevant client agreement between you and Numis. Please speak to your usual Numis contact if you wish to discuss any aspect of this Policy further. Numis will assume your agreement to this Policy unless you communicate the contrary to Numis.

2. SCOPE

- 2.1 This Policy applies whenever Numis provides investment services to its clients (including retail clients, professional clients, eligible counterparties, and corporate clients).

2.2 This Policy covers all securities offerings which are managed by Numis in the UK regardless of where the client is located. They apply to all types of securities and all types of offering.

3. IDENTIFYING AND MANAGING CONFLICTS OF INTEREST

3.1 Conflicts of interest arise when individuals or organisations have interests, of a personal or business nature, that may interfere with, or appear to interfere with, the independent exercise of judgment in business dealings and hinder Numis' obligation to act in the client's best interest. For a conflict to arise, Numis (or its employees) may gain a benefit to the possible disadvantage to a client, or that client to whom Numis owes a duty may make a gain or avoid a loss with a concomitant possible loss to another client.

3.2 How these conflicts are managed is summarised below.

4. NUMIS' APPROACH GENERALLY

4.1 In general, Numis employs a number of techniques to manage and mitigate conflicts of interest on a firm-wide basis. These include the following:

(a) *Policies, procedures and training*

A number of Numis' policies ensure that Numis and its employees act appropriately in situations which may give rise to conflicts of interest.

These policies include a Compliance Manual which applies to all Numis' employees, contractors located at its premises and anyone engaged by Numis (including interns and long-term temporary employees). Certain sections of the Compliance Manual identify circumstances which constitute or may give rise to a conflict of interest, and specify procedures to be followed and measures to be adopted in order to manage such conflicts.

Numis also provides internal guidance and training to relevant employees to raise their awareness of conflicts and how to deal with conflicts when they arise.

(b) *Chinese walls*

Chinese Walls seek to act as an information barrier to prevent sensitive information from being passed between different business areas of Numis. Numis uses physical barriers to segregate the working spaces of employees with access to different information types. Numis also uses information flow barriers, whereby employees are not permitted to access and/or share certain information with employees in certain other business areas. Numis also utilises insider lists and wall crossing procedures. Numis consistently monitors these arrangements to ensure proper functioning of the information barriers.

(c) *Individual responsibility for management, identification, disclosure and reporting of conflicts*

Numis' employees have ultimate responsibility for identification of conflicts of interest. Through the Conflicts Policy and through training, Numis ensures that employees are aware of the extent and nature of the risk that their activities or business area poses in terms of conflicts of interest and are made familiar with the processes that should be followed in the event of a potential conflict arising.

Numis employees are required to disclose any potential or actual personal conflicts of interest that result as a consequence of their employment. Equally, employees must not put themselves in a position in which their personal interests (financial or otherwise) may influence any action conducted on behalf of Numis.

(d) *Disclosure of conflicts to clients and declining to act*

As a last resort, Numis may disclose to its clients in a durable medium the nature and source of a particular conflict of interest it has identified if, for example, if it feels that its arrangements are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of the client would be prevented. This is to allow the client to make an informed decision about the impact of the conflict. In some instances, bearing in mind the risks involved, Numis may decline to act for one or more of its current and/or potential clients.

5. PERSONAL CONFLICTS

5.1 A personal conflict of interest occurs when a Numis employee(s) has a personal, financial or other interest which conflicts with their employment duties and which could possibly result in Numis not being able to act in the client's best interest.

5.2 Some examples of personal conflicts and how Numis manages these are provided below.

(a) *Personal account dealing*

Personal account trading refers to the personal share trading activities of a Numis employee, or a person connected to a Numis employee (for example family and business associates). Numis has a Personal Account Dealing Policy that prevents employees from engaging in certain activities in order to avoid actual or potential conflicts of interest. The Account Dealing Policy requires employees to:

- (i) disclose any existing trading accounts and obtain pre-approval for new trades they wish to place;
- (ii) only engage in personal account trading in a manner that is in compliance with all applicable laws and regulations, and which avoids conflicts of interests; and
- (iii) maintain their personal trading account at the employee's designated broker.

In addition to the above, Numis prohibits inappropriate use of confidential and/or inside information by employees, and directors may be subject to more restrictive business requirements.

(b) *Gifts and entertainment*

A conflict of interest may arise where a Numis employee receives or offers a gift or entertainment that constitutes as improper incentive for an employee and may induce them to act in a way that may not be ethical or in the best interests of the client.

Employees must follow the Gifts and Entertainment Policy at all times, and obtaining approval for receiving a gift or entertainment that exceeds a certain value prior to receipt.

(c) *Outside business interests and activities*

A conflict of interest may arise in respect of outside business interests. Numis' Outside Business Interests and Activities Policy requires employees to disclose and obtain pre-approval from the Compliance and HR departments before accepting or participating in outside business interests and employment. Outside business interests and employment which require such approval include: accepting an external directorship, including non-executive directorships (e.g. charities, building service companies, or family businesses) whether paid or unpaid; part-time work or consultancy; acting as a trustee; having a partnership interest; or owning more than 3% of any company (whether as a director or not).

In addition to the above, special rules apply to lecturing, writing articles and giving interviews, whether on a one-off or an ongoing basis. Approval must be obtained for such activities from both Senior Management and Compliance.

6. BUSINESS CONFLICTS

6.1 Business conflicts may arise where the interests of Numis or Numis' clients conflict with, or may conflict with, the interests of other clients, other entities within the Numis group, service providers or business segments.

6.2 Examples of conflicts that are relevant to Numis' business are provided below.

(a) *Execution and order handling*

A conflict of interest may arise when Numis trades with a client using positions which it holds on its own book.

To mitigate this risk, Numis has in place an Order Execution Policy which, in accordance with MiFID II, requires Numis to take all sufficient steps to obtain, when executing orders, the best possible result for its clients taking into account the execution factors. See the Order Execution Policy for further details.

(b) *Inducements*

An inducement could create a conflict of interest where the payment or receipt of the inducement would hinder Numis' obligations to act in the client's best interest.

Numis does not pay or receive any fee or commission or non-monetary benefit in relation to the provision of a service to a client, unless such payment or receipt falls within an exception.

(c) *Remuneration*

Numis recognises that remuneration may influence the conduct of its employees. Numis has a Remuneration Policy which sets out appropriate governance that is intended to ensure that Numis' employees are not incentivised to engage in poor practice or breach regulatory requirements to act in the client's best interest.

(d) *Research*

The arrangements which Numis has in place to manage conflicts that may arise when providing investment research services to clients are detailed in the "Research Conflicts Policy". Please contact your usual Numis contact if you would like a copy of this document.

(e) *Underwriting and placing and block trading*

The arrangements which Numis has in place to manage conflicts that may arise when acting on behalf of a corporate client in regards to a fundraising, or an investment client in regards to a secondary block trade are detailed in the "Allocations Policy". Please contact your usual Numis contact if you would like a copy of this document.