

CONFLICT OF INTEREST POLICY

Effective from 15 April, 2019

BrokerCreditService (Cyprus) Limited (herewith “BCS”) shall take all reasonable steps to identify conflicts of interest between BCS, including its managers, directors, employees and tied agents, or any person directly or indirectly linked to them by control and their clients or between one client and another that arise in the course of BCS providing any investment and ancillary services, or combination thereof.

The business segments affected are:

- Brokerage (order reception and transmission and/ or execution),
- Dealing on Own Account,
- Portfolio Management,
- Investment Research (BCS disseminates research produced by Brokercreditservice Ltd),
- 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).

In this light, BCS is expected to make organizational and administrative arrangements to manage conflicts of interest that are sufficient to ensure, with reasonable confidence, that risks of damage to client interest will be prevented in relation to any and all investment and ancillary service BCS provides or will provide to its clients in accordance with its operating license. Effective management of any conflict of interest that may from time to time arise when providing various investment and/or ancillary services shall be performed by adopting reasonable measures to promptly identify and prevent such conflicts from damaging client interests as soon as practically feasible.

CONFLICTS OF INTEREST POTENTIALLY DETRIMENTAL TO THE CLIENT

For the above purposes, 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

- (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

BCS may in its absolute discretion, effect transactions in which it or any other members of the BCS Group has, directly or indirectly, a material interest, or a relationship of any description with another party which may involve a potential conflict with BCS' duty to its client. BCS ensures that such transactions are effected on terms which are not materially less favourable to the client than if the potential conflict had not existed.

BCS Group shall mean all the parent, subsidiary, and affiliate entities which are under the common ownership of the BCS Group, such as, including but not limited to BCS and its affiliate entities BCS Prime Brokerage Ltd , BCS America, Inc., Brokercreditservice Ltd and JSC BCS Bank.

Such potential circumstances of conflicting interests or duties may, inter alia, arise because:

1. BCS and/or any other member of the BCS Group undertakes an investment and/or ancillary activity, which is regulated by a relevant regulator, for other clients including its affiliated entities and the clients of the affiliated entities;
2. BCS or any other member of the BCS Group exercises the same activity as the Client;
3. A Transaction is effected in financial instruments in respect of which BCS may benefit from a commission, fee, or non-monetary benefit payable otherwise than by the Client;
4. BCS 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 the BCS Group;
5. BCS deals in financial instruments as principal with the Client;
6. BCS or any other member of the BCS Group receives remuneration or other benefits by reason of acting in the provision of Investment Research or similar transactions involving an issuer whose financial instruments are held by the Client;
7. BCS has a direct or indirect financial interest in a transaction;
8. BCS acts for a number of Clients who may be competitors in the same sector.
9. BCS invests in financial instruments which have been issued by BCS or other member of the BCS Group either on own account or on behalf of its clients;
10. BCS or other members of the BCS Group may act as advisers, managers or arrangers in an issue of financial instruments by another company member of the BCS Group or are involved as lead or co-managers in placings, new issues, underwriting or offers for sale or otherwise receive remuneration for acting in a corporate finance or similar transaction involving a company being an issuer of financial instruments are held by BCS' clients;

11. BCS or other members of the BCS Group may advise a Client on the issue of financial instruments or may act as managers or arrangers in an issue of financial instruments by a Client or be involved as lead or co-managers in placings, new issues, underwriting or offers for sale of financial instruments issued by a Client, when the proceeds or part of the proceeds will be used to repay, fully or partially, liabilities of the Client to BCS and / or other BCS Group entities;
12. BCS or other members of the BCS Group may publish written research recommendations for clients or the public to act upon.

BCS has specific procedures in place aimed at preventing the making of any financial gain or the avoidance of any loss by the same at the Client's expense due to the aforesaid circumstances that may arise from time to time.

BCS shall ensure, by implementing appropriate internal procedures, that relevant persons engaged in different business activities that may involve a conflict of interest of the kind specified above, or any other kind of conflict of interest that may be identified by BCS as the case may be, carry on those activities at a level of independence appropriate to the size and activities of BCS and in strict accordance with BCS order execution policy. The internal procedures to be followed include but are not limited to:

- (i) effective 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
- (ii) 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
- (iii) 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
- (iv) 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
- (v) 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

In this respect, BCS takes measures to ensure that any report or information which is not an objective or independent explanation of the matters contained therein is treated as a marketing communication for and it is clearly identified as such.

Moreover, BCS within the scope of the conflicts of interest policy shall at all times identify and monitor personal transactions of relevant persons, that is, any trade in a financial instrument effected by or on behalf of a relevant person, where at least one of the following criteria is met:

- (i) that relevant person is acting outside the scope of the activities he carries out in that capacity
- (ii) the trade is carried out for the account of any of the following persons
 - a. the relevant person
 - b. any person with whom he has a family relationship, or with whom he has close links

- c. a person whose relationship with the relevant person is such that the relevant person has a direct or indirect material interest in the outcome of the trade, other than a fee or commission for the execution of the trade

Furthermore, BCS shall establish, implement and maintain adequate arrangements aimed at preventing any activities in the case of any relevant person who is involved in activities that may give rise to a conflict of interest, or has access to inside or other confidential information relating to clients or transactions with or for clients by virtue of an activity carried out by him on behalf of BCS including but not limited to the following:

- (i) entering into a personal transaction which meets at least one of the following criteria:
 - a. that person is prohibited from entering into it under the laws of Cyprus or the internal rules of BCS on personal account dealing
 - b. it involves the misuse or improper disclosure of that confidential information
 - c. it conflicts or is likely to conflict with an obligation of BCS under the laws of Cyprus
- (ii) advising or procuring, other than in the proper course of his employment or contract for services, any other person to enter into a transaction in financial instruments which, if a personal transaction of the relevant person, would be covered by Article 33-43 Commission Delegated Regulation 2017/565 issued by the European Commission.
- (iii) without prejudice to the provisions of the applicable law, disclosing, other than in the normal course of his employment or contract for services, any information or opinion to any other person if the relevant person knows, or reasonably ought to know, that as a result of that disclosure that other person will or would be likely to take either of the following steps
 - a. to enter into a transaction in financial instruments which, if a personal transaction of the relevant person, would be covered by paragraph Article 33-43 Commission Delegated Regulation 2017/565 issued by the European Commission.
 - b. to advise or procure another person to enter into such a transaction.

The arrangements to be made by BCS are in particular designed to ensure that:

- (i) each BCS relevant person is aware of the restrictions on personal transactions, and of the measures established by BCS in connection with personal transactions and
- (ii) BCS is informed promptly of any personal transaction entered into by a relevant person, either by notification of that transaction or by other internal procedures enabling BCS to identify such transactions; In the case of outsourcing arrangements, BCS shall ensure that the company to which the activity is outsourced maintains a record of personal transactions entered into by any relevant person and provides that information to BCS promptly upon request
- (iii) a record is kept of personal transactions either notified to or identified by BCS, including any authorisation or prohibition in connection with such transactions.

Measures adopted by BCS to ensure proper monitoring and prevent the occurrence of any damage to client interests as a result of personal transactions shall extend to personal transactions effected under a discretionary portfolio management service, to ensure that there is no prior communication in connection with the transaction between the portfolio manager and the relevant person or other person for whose account the transaction is executed.

In cases where despite BCS's reasonable efforts the risk of damage of client interests cannot be prevented by BCS acting in good faith and in the best interests of the client, BCS 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.

BCS 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 in which a conflict of interest 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.

BCS employs rules and organizational arrangements in accordance with the aforementioned, in order to manage conflicts of interests, which may arise from the production and/or dissemination of investment research to Clients by the BCS Group.

BCS ensures that its affiliated entities undertake all measures for managing Conflicts of Interest in relation to the financial analysts employed by them and involved in the production and/or dissemination of the investment research and other relevant persons whose responsibilities or business interests may conflict with the interests of the persons to whom the investment research is disseminated.

The rules, which are applicable to the relevant persons of affiliated entities involved in the production and/or dissemination of the investment research (e.g. Financial Analysts, Research Analysts) and other relevant persons whose responsibilities or business interests may conflict with the interests of the persons to whom the investment research is disseminated, are the following:

- Supervision of financial analysts involved in investment research.
 - It is prohibited for all members of affiliated entities involved in investment research, including BCS and the affiliated entities themselves to undertake transactions in financial instruments to which the investment research might relate until after the results of the research are made public, other than:
 - + as market makers acting in good faith and
 - + in the ordinary course of market making or
 - + in the execution of an unsolicited client order,
 - a physical separation exists between the financial analysts involved in the production of investment research and other relevant persons whose responsibilities or business interests may conflict with the interests of the persons to whom the investment research is disseminated
 - Brokercreditservice Ltd prohibits research analysts from receiving any inducement in respect of their publication of research.
 - Brokercreditservice Ltd is committed to establish procedures, to prohibit financial analysts from accepting any remuneration or other benefits from an issuer of a product, financial instrument or service, or any other party in respect of the publication of research and from offering or accepting any inducement for the publication of favourable research.
 - Brokercreditservice Ltd prohibits research analysts to promise to any issuer of financial instruments that they will publish a favourable research on its behalf.
 - Brokercreditservice Ltd prohibits all members involved in the production of investment research to undertake transactions in any financial instrument, which are contrary to the results and the recommendations of the said research.

- Brokercreditservice Ltd prohibits all members involved in investment research to undertake personal transactions in financial instruments related to the investment research, which are opposite to the results and the recommendations of the specific research.
- Brokercreditservice Ltd prohibits to all members involved in the production of investment research to expose or reveal for review to any unauthorized viewer, including issuers of financial instruments, relevant persons other than the financial analysts, or any other persons, of a draft investment research before its disclosure.

The above mentioned rules do not apply, in cases, where investment research, conducted by other persons or institutions, is being published, under the following conditions:

- The person who has conducted the investment research has no relationship with the BCS Group;
- The recommendations of the specific research have not been modified by the BCS Group;
- BCS and/or the BCS Group do not appear to be the producer of the investment research;
- Prior to publishing the research, BCS Group has verified that the person or institution which has conducted the research applies the same or similar compliance rules as the BCS Group.

The processes that BCS has in place related to the research of financial instruments, underwriting and placement, participation in Initial Public Offering and private placements are geared at preventing situations which could result in unfair trade execution or allocation across clients' accounts of investment opportunities and trades being executed in priority or to the favour of one or more clients at the disadvantage of other client(s).

BCS generally seeks to aggregate orders for more than one clients in circumstances, which it reasonably believes, will result in a more favourable overall execution and outcome for certain clients.

For participation on behalf of clients in initial public offerings, private placements, underwriting and placement cases, the procedures similarly require pre-allocation of participation in such investment opportunities.

In cases where BCS provides advice on corporate finance strategy and provides services of underwriting or placing of financial instruments, before accepting a mandate to manage the offering, BCS has arrangements in place so as to inform the issuer client of the following:

- The various financing alternatives available with BCS, and an indication of the amount of transaction fees associated with each alternative;
- The timing and the process with regard to the corporate finance advice on pricing of the offer;
- The timing and the process with regard to the corporate finance advice on placing of the offering;
- Details of the targeted investors, to whom BCS intends to offer the financial instruments;
- The job titles and departments of the relevant individuals involved in the provision of corporate finance advice on the price and allotment of financial instruments; and
- BCS's arrangements to prevent or manage conflicts of interest that may arise where BCS places the relevant financial instruments with its investment clients or with its own proprietary book.

BCS has also established arrangements to prevent conflicts of interest that may arise due to the fact that the Company provides execution and research services coupled with underwriting and placing activities.

Additionally, when it comes to BCS placing financial instruments, the following practices are explicitly prohibited within the Company:



- An allocation made to incentivise the payment of disproportionately high fees for unrelated services provided by BCS ('laddering'), such as disproportionately high fees or commissions paid by a client, or disproportionately high volumes of business at normal levels of commission provided by the investment client as a compensation for receiving an allocation of the issue;
- An allocation made to a senior executive or a corporate officer of an existing or potential issuer client, in consideration for the future or past award of corporate finance business ('spinning');
- An allocation that is expressly or implicitly conditional on the receipt of future orders or the purchase of any other service from BCS by a client, or any entity of which the investor is a corporate officer.

In cases of placing, BCS shall involve the issuer client in discussions about the placing process in order for BCS to be able to understand and take into account the client's interests and objectives.