

ZCL - Conflicts of Interest Policy Summary

1. Introduction

This Conflicts of Interest Policy Summary (the “Conflicts Policy”) applies to Zeus Capital Limited its holding companies and its subsidiaries including Zeus Holdings Limited (ZHL) and Zeus Capital Investment Limited (ZCIL) (collectively referred to as "ZCL").

ZCL is authorised and regulated in the UK by the Financial Conduct Authority (“FCA”) with FRN **224621**.

Conflicts of interest might arise between ZCL or its employees and its clients and from activities conducted by different business areas within ZCL and between one client and another.

This Conflicts Policy seeks to identify the potential conflicts of interest that may arise in ZCL’s businesses and summarises the controls implemented by ZCL to manage any such conflicts of interest.

2. Fair Treatment of Clients

ZCL is committed to maintaining the highest of ethical standards and complying fully with its regulatory and legal obligations. ZCL conducts its business according to the principle that it will manage conflicts of interest fairly, both between itself and its clients, and between one client and another.

Compliance with this Conflicts Policy is a requirement for each of ZCL’s employees and any breach may lead to disciplinary proceedings, up to and including dismissal.

3. Identifying Conflicts

ZCL is required to take all appropriate steps to identify conflicts of interest within the firm, between its clients, and between the interests of different clients, that arise in the provision of services.

The following section details some of the conflicts that can arise and have been identified by ZCL, however ZCL expects its employees to recognise and escalate to the ZCL Compliance Department any actual or potential conflict of interest that they come across. Equally, employees must not put themselves in a position in which their personal interests, financial or otherwise, might influence or give the appearance of influencing any action taken, judgement made, or advice given on behalf of ZCL.

ZCL has in place various policies and procedures designed to manage conflicts of interest, many of which are described in this Conflicts Policy. Such policies and procedures, together with training and internal guidance given by the ZCL Compliance Department, are used to help employees identify circumstances which may give rise to potential conflicts of interest and provide them with the necessary tools to manage any such conflicts. In addition, all employees are made aware of ZCL’s escalation procedures for ensuring senior management consideration of material conflicts issues.

ZCL operates within a monitored conflict management environment and requires all employees to input relevant information that allows ZCL to consider and identify the general conflict circumstances of the firm at Board level at the earliest opportunity.

4. What is a “Conflict of Interest?”

A conflict of interest arises when ZCL, or one of its employees, is providing a service to a client, which competes with the interests of another ZCL client and/or the interests of ZCL’s own account and/or the interest of a ZCL employee who is involved in providing the service to the client. For example, where ZCL or its employee:

- i) could make a financial gain, or avoid a financial loss, at the expense of the client; or
- ii) has an interest in the outcome of a 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; or
- iii) has a financial or other incentive to favor the interest of another client, or group of clients, over the interests of the client; or
- iv) carries on the same business as the client; or
- v) 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.

ZCL is involved in a full range of services including Corporate Finance, Corporate Broking, advising on Securities, Sales, Trading and the production of Research. As such, ZCL has identified the following activities which may lead to conflicts:

- being the financial adviser, nominated adviser or broker to the company whose securities a client is buying or selling, or acting for that company in any takeover bid by or for it;
- recommending or selling securities issued by clients of ZCL;
- providing research in relation to an entity or group to which ZCL is also financial adviser or broker;
- taking positions as a result of warrants or stock received as part of the transaction in an issuer ZCL is advising (ZCL may be in a conflicted position based on security holdings of, Zeus Capital Investments Limited or its affiliates, Zeus Group Limited, Zeus Capital Investments Limited or any holding companies or subsidiaries members of the transaction team or senior management);
- providing services to one client in relation to a security in which another client is entering into transactions;
- having other business relationships, including Corporate Finance relationships, with the company, or a related entity, in relation to whose securities a client is entering into transactions;
- receiving payments or other benefits for giving business to a firm with or through which a client's order is placed;
- being the financial adviser or broker to a company whose securities ZCL is recommending clients buy;
- employee personal account trading and other conflicts between the personal interests of ZCL officers and employees and those of its clients.

This list is not exhaustive and all ZCL staff must consider all services and activities carried out by ZCL in order to identify any conflicts that may arise.

5. Managing Conflicts of Interest

ZCL's first priority is to identify potential conflicts of interest inherent in its business model and wherever possible, prevent them, or put in place reasonable steps to mitigate them. In the event that a conflict of interest cannot be prevented, it will be managed. As stated above, ZCL has established a number of internal policies and procedures to manage conflicts of interest. These policies and procedures are the subject of on-going monitoring and review processes and include, but are not limited to:

a. Independence Policy

It is the policy of ZCL that where it and/or its employees are carrying on business activities, ZCL will disregard any material interest which it may have when making recommendations or arranging transactions with or for its clients. This policy ensures that in providing services to clients, ZCL employees act independently of any interest that may conflict with the duties owed to different clients or between ZCL and its clients. This means that all employees must disregard any of the following interests and must not allow the existence of such interests to influence them when dealing with clients or potential clients:

- i) any personal interests which they or members of their family or any of their connected persons may have.

- Where appropriate, a client should be advised of such an interest, notwithstanding this policy;
- ii) any existing, proposed or prospective business relationship between ZCL and any third party;
 - iii) any agreement or transaction which has been, will or may be, entered into by ZCL; or
 - iv) the holding by interest or position of ZCL in any securities issued by the client or any third party.

The above examples are not exhaustive and ZCL and its employees are required at all times to consider the need to act independently of any conflict.

b. Confidential Information and the “Need to Know” Policy

ZCL, in the ordinary course of business, receives non-public information relating to potential and actual clients and other parties. This information must be safeguarded and must not be disclosed to employees who do not have a legitimate need to know the information or to unauthorised third parties. It is ZCL’s policy that all non-public information obtained from a client or potential client or other source which has been provided in the expectation that it will be kept confidential shall be treated as confidential and shall not be shared with any other company or individual. ZCL employees may not disclose any such confidential information to any person who is not an employee unless required by the terms of a transaction or relevant law or regulation. The dissemination of confidential information within ZCL is at all times subject to established Information Barriers (see below).

ZCL operates a “need to know” policy. Under the terms of this policy, confidential information may only be disclosed to those persons who need it to serve the legitimate interests of ZCL and its clients and who can be expected to keep it in confidence in accordance with the policy regarding Information Barriers.

c. Information Barriers

Information Barriers, which are also often referred to as “Chinese Walls”, are a system (which includes rules, procedures and physical segregation and organisational arrangements) designed to ensure that certain information produced or acquired by employees in one part of ZCL’s business is not shared with employees in another part of ZCL. Information Barriers aim to manage conflicts of interest by ensuring that a client’s confidential information is not used for the benefit of others and by ensuring that advice and other services are provided to clients independently of ZCL’s interests.

In general, those employees behind one side of the Information Barrier have no knowledge of confidential information or transactions taking place on the other side of the Information Barrier.

Each set of persons behind an Information Barrier will, therefore, be wholly unaware of, and able properly to operate without regard to, a conflicting interest outside their side of the Information Barrier and inside the other. For example, ZCL’s Information Barriers permit the Sales and Research functions of ZCL to advise on securities and issue research at their discretion, without the need to consider whether there is a conflicting interest on the Corporate Finance side of the Information Barrier. In addition to Information Barriers, ZCL may also establish barriers within an Information Barrier (“Information Boxes” or “Chinese Boxes”) in order to, for example, manage potential conflicts within a specific transaction. Personnel inside an Information Box are segregated in terms of physical location and access to IT systems from persons outside the Information Box in order to properly operate without regard to a conflicting interest outside their Information Box.

d. Personal Account Dealing

All personal securities transactions on behalf of ZCL employees and their connected persons (e.g. spouse, children under 18, members of their household etc.) must be pre-approved where required by ZCL policies and procedures, and be in compliance with all ZCL policies and procedures, including without limitation, those regarding Inside and Confidential Information, Information Barriers, Stop List, holding periods and conflicts of interest. ZCL’s policy prohibits staff dealings under the following circumstances:

- i) dealings for an employee's own account on behalf of a client who has requested the employee purchase shares through his own account;
- ii) dealings which amount to market abuse or insider dealing;
- iii) dealings in circumstances where an employee knows ZCL intends to publish a written recommendation (or a piece of research or analysis in respect of an investment);
- iv) dealings at a time, or in a manner which an employee knows or should know is likely to have an adverse effect on or otherwise conflicts or may conflict with the interests of any client of ZCL. If the employee knows that a customer order has been accepted, or is likely to be accepted, he or she must not deal the same way in advance of that order being executed;
- v) selling short, writing options;
- vi) transactions in bearer shares; and
- vii) trading in securities issued by corporate clients of ZCL other than sales of such securities acquired prior to the change in Personal Account Dealing policy in January 2015.

In addition, ZCL employees may not deal in the securities of any company which is a corporate client of ZCL. Where ZCL has published investment research, ZCL employees may not deal in the securities of such company for a period of two business days following the date of publication.

Failure to comply with ZCL's personal account policy or procedures may be grounds for disciplinary action, including termination of employment.

e. Outside Business Interests

ZCL requires that employees do not engage in any practice or pursue private interests that may conflict with the interests of ZCL or its clients. ZCL employees are required to disclose their outside interests to the Compliance Department who will determine whether there is a conflict of interest. An outside business interest may include (but is not limited to) any:

- i) material beneficial holding (in a personal capacity or through a connected person) in any entity that competes or is deemed to compete with the business interests of ZCL and/or its client(s);
- ii) or appointment as a Director (Executive or Non-Executive) or Trustee of any entity connected to, or competing with ZCL and/or its client(s).

Employees must notify the Compliance Department immediately if they have or obtain any material holding which might give rise to a potential conflict of interest. All potential appointments as a Director or Trustee falling within ZCL's policy on outside business interests must be approved in advance by Compliance and for Non-Executive Directorships, the Board of Directors.

f. Gifts and Entertainment

ZCL has adopted a Gifts & Entertainment policy that is designed to ensure it has adequate procedures in place to comply with the FCA requirements for firms to ensure they neither offer nor receive inducements that are likely to create a significant conflict of interest. In managing conflicts ZCL needs to consider whether any gift or inducement given or received by it or any of its employees may cause, or be perceived as causing, a conflict with the proper performance of its duties or with the interests of ZCL or its clients. Bona fide hospitality and promotional or other business expenditure which seek to improve the image of ZCL, better present its services or cement or establish good relations, is recognised as an established and important part of doing business.

However, employees are always expected to use common sense when making decisions related to business entertainment and must bear in mind that their actions at all times reflect on ZCL as well as themselves.

ZCL has monetary limits in place that employees must comply with when offering or receiving gifts or entertainment. In addition, employees are required to consider the following matters in such situations:

- i) is there a material conflict or a perceived material conflict?
- ii) will offering or receiving the proposed gifts or entertainment impair ZCL's duty to act in the best interests of the client? and

iii) might the proposed gift or entertainment be seen as a bribe?

In the case of any doubt, employees are required to seek the advice of the Compliance Department before offering or accepting the relevant gift or entertainment. Separately, the ZCL Compliance Department keeps a register of all gifts or entertainment given or received above £250 which would also require pre-approval before giving or accepting such a gift or entertainment.

g. Reporting Lines and Remuneration

Reporting lines are designed to avoid any conflicts arising. Where appropriate, ZCL has in place separate supervision or functional or physical segregation arrangements designed to prevent the simultaneous involvement of an employee in separate services or activities where such involvement may impair the proper management of conflicts. Remuneration, commission, and bonus structures are designed so as not to create an incentive for an employee to act contrary to a client's best interests.

h. Disclosure

ZCL uses reasonable efforts to manage any conflict of interest, but if those efforts are not sufficient to ensure, with reasonable confidence, that the risk of damage to the interests of a client will be prevented, ZCL shall, where appropriate, clearly disclose the general nature and/or source of the conflict of interest in writing to the client before undertaking business for the client. When considering whether it is appropriate to disclose a conflict of interest to a client, ZCL shall take into account the status of a particular client and whether it is likely to understand the risks involved if it continues to deal with ZCL. Any disclosure shall contain sufficient information about the general nature or sources of conflict of interest, or both; and the steps taken to mitigate those risks, to allow the client to make an informed decision. It is ZCL's policy to disclose all material interests or conflicts of interest to the client whether generally through its standard Terms of Business or Engagement Letters or in relation to a specific transaction before it deals on behalf of a client. This disclosure is made even where ZCL has employed other measures to manage conflicts and those measures have the effect that the risk of damage to a client's interests is low.

i. Declining to Act

In the event that ZCL determines that it is unable to manage a conflict of interest using one or more of the methods described in this Conflicts Policy, it may decline to act on behalf of a client.

6. Research

Investment research is a document (other than a personal recommendation) recommending or suggesting an investment strategy concerning financial instruments or the issuer of financial instruments, including an opinion as to the present or future value or price of such instruments, intended for distribution channels or for the public which:

- i) is labelled or described as investment research or in similar terms or is otherwise presented as an objective or independent explanation of the matters contained in the recommendation; and
- ii) if the recommendation were made by an investment firm to a client it would not constitute the provision of a personal recommendation.

For the purposes of UK regulation, ZCL produces research which is a marketing communication under FCA Conduct of Business Rules and is not prepared in accordance with legal requirements designed to promote the independence of investment research, nor is it subject to any prohibition on dealing ahead of the dissemination of investment research.

It is recommended adding that this policy will be reviewed periodically, and at least annually, and appropriate measures to address any deficiencies will be taken.

Should you have any questions in relation to this Policy, please contact Zeus at compliance@zeuscapital.co.uk