

# STIFEL

## STIFEL NICOLAUS EUROPE LIMITED CONFLICTS OF INTEREST POLICY

### 1. Statement of Principle & Objective

Stifel Financial Corp. (“Stifel”) has a group Conflicts of Interest Policy and a group Conflicts of Interest Committee (“Conflicts Committee”) responsible for the Stifel group’s formal risk framework that is applied to potential and perceived conflicts of interest. The group Conflicts of Interest Policy applies to Stifel and any direct and indirect subsidiary thereof, including Stifel Nicolaus Europe Limited (“SNEL”).

Stifel must conduct business according to the principle that conflicts of interest must be managed fairly, both between itself and its clients, and between one client and another and take all reasonable steps to identify conflicts or potential conflicts of interests entailing a material risk of damage to a client’s interests. Stifel must further maintain and operate arrangements to prevent any conflicts from giving rise to a material risk of damage to the interests of clients. Accordingly, this policy specifies the appropriate procedures and measures in place required to comply with rules and guidance.

It is important to note that the existence of a conflict does not necessarily mean that there will be harm to one party’s interests, but rather that potential conflicts of interest exist and need to be properly inventoried, assessed, managed, reported, and disclosed as appropriate given the specific facts and circumstances presented.

### 2. Application

The potential for conflicts of interest to arise is a key consideration for Stifel, and as such this policy applies to all employees, directors and contingent workers (e.g. contractors, secondees, consultants and other non-employees) engaged on a full or part time basis to undertake the group’s business, regardless of location.

This document has been developed in conjunction with Stifel’s group policy and in accordance with the Financial Conduct Authority (“FCA”) requirements. Within this context SNEL’s senior management are responsible for ensuring that SNEL’s systems, controls and procedures adequately satisfy the FCA requirements and are consistent with Stifel’s group Conflicts of Interest Policy.

### 3. Introduction

As a global financial services provider, Stifel may face actual and potential conflicts of interest on a regular basis. The Conflicts Committee is responsible for the Stifel group’s overall systems, controls and procedures in this regard.

The SNEL Board is responsible for the systems, controls and procedures relating to conflicts for SNEL and such systems, controls and procedures developed by SNEL will be developed in coordination with Stifel’s Conflicts Committee. Any significant issues concerning group conflicts must be reviewed by the SNEL Board and escalated to Stifel’s Conflicts Committee as required by the group’s Conflicts of Interest Policy.

Business-specific procedures are in place that address the identification and management of actual and potential conflicts of interest that may arise in the course of SNEL's business. In addition, SNEL's Compliance and Legal departments assist in the identification and monitoring of actual and potential conflicts of interest as does the Conflicts Committee.

#### **4. Identification of Conflicts of Interest**

The Stifel group is involved in a wide range of activities including the provision of corporate advice (for example, corporate broking, corporate finance, equity capital markets and investment banking services), sales and trading of financial instruments, the production of investment research and asset management, and considers conflicts of interest with regard to developing Stifel's business.

Conflicts of interest may arise between:

- Stifel, including its individuals or any person directly or indirectly linked to them by control, and a client; or
- One client and another client.

On an ongoing basis, SNEL individuals are responsible for identifying actual or potential conflicts of interests and are required to notify such conflicts to Compliance. Compliance will then assess the implications of the relevant conflict, including how or whether it may be managed, and escalate the matter to senior management, the SNEL Board, and the Conflicts Committee as appropriate in the circumstances.

When identifying the types of conflicts of interest that arise, SNEL must take into account whether SNEL or its individuals:

- (i) Is likely to make a financial gain, or avoid a financial loss, at the expense of a client;
- (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;
- (iii) Has a financial or other incentive to favour the interests of another client, or group of clients, over the interests of the client;
- (iv) Carries on the same business as the client; and
- (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.

As a result of SNEL's business the following are some examples of potential conflicts which may arise:

- SNEL may provide advice to a corporate client while also (i) acting for investors in that corporate client or (ii) providing ongoing or transactional advice to other corporate clients which operate in the same industry sector.
- SNEL may introduce clients to third parties and receive a fee or commission from those third parties relating to any such introductions.
- SNEL may deal for different investor clients acquiring or disposing of the same security, including in an agency capacity for which we may receive commissions from both clients.

- SNEL may provide investment research on a corporate entity to which it also provides corporate advisory services.
- SNEL may hold own account interests in a company where we (i) also write and disseminate research to clients or (ii) execute client orders in that company, potentially dealing as principal or (iii) provide corporate advice to the company.
- SNEL may disseminate research at differing times to clients, according to their specified requirements.
- Individuals may have personal interests that conflict with their duties or the interests of a client.
- SNEL may have a regulatory obligation, for example when acting as sponsor or nominated adviser, which conflicts with the interests of its client.
- SNEL may be aware of relevant Stifel business activities in other parts of its group, the interests of which could conflict with its duties to its clients.

## **5. Managing and Monitoring Conflicts**

Should a conflict of interest arise, it must be managed promptly and fairly. SNEL has in place arrangements designed to prevent any conflict from giving rise to a material risk of damage to its clients. These include:

- Information barriers (sometimes called “Chinese walls”) and management supervision structures in place, to restrict the flow of information and prevent individuals performing a role across different departments, with the aim of preventing inappropriate influence over business activities where a conflict of interest may arise, or the perception of such a conflict. Individuals carrying out different business activities should have a sufficient level of independence to protect the interests of their own clients. For example, confidential and inside information from corporate advisory business areas will not be generally available to individuals who undertake sales and trading activities on behalf of SNEL.
- SNEL utilises insider lists and well defined “barrier crossing” or “wall crossing” procedures when information may be shared across an information barrier.
- SNEL must respect the confidentiality of information it receives about its clients and operates a “need to know” approach with respect to the handling of information. Access to confidential information is restricted to those who have a legitimate requirement for the information consistent with the interests of a client or the proper performance of their role. Stifel has in place secure and confidential systems maintained within its Global Control Room to record material information to assist in the identification and management of potential conflicts of interest across the group.
- A corporate advisory conflict clearance process is in place whereby SNEL requires that potential business is logged at the earliest possible time, for example prior to signing a confidentiality letter or mandate or making a commitment, verbal or written to act for a client. Additional procedures are in place to cover specific regulatory conflicts requirements dependent on the nature of the role.
- Policies are in place to disclose to clients any kind of fee, commission or non-monetary benefit resulting from introductions to or from any third party with which SNEL has an arrangement.
- A list of restricted financial instruments is maintained where SNEL is acting for a client in an announced transaction. Activities such as proprietary trading, solicitation and research may be prohibited depending on the nature of the transaction.

- Conflicts management procedures are in place around the production and dissemination of research by research analysts. SNEL has appropriate procedures to ensure that investment research is impartial, independent and clear, fair and not misleading, together with the inclusion of appropriate conflicts disclosures.
- Best execution, order management and aggregation policies and procedures apply to our sales and trading departments and their activities, where applicable.
- Central policies and procedures applicable to Stifel individuals, including SNEL individuals, are in place, including:
  - (i) A formal conflicts management framework – that is applied to potential, perceived and actual conflicts of interest. This is documented in the group Conflicts of Interest Policy and this document, and overseen by the Stifel Conflicts Committee and the SNEL Board respectively.
  - (ii) Personal account dealing restrictions – restrictions include but are not limited to pre-trade approval, minimum holding periods and operation of individual trading- windows for investment in Stifel Financial Corp.;
  - (iii) Outside interests – individuals may not undertake any activity which conflicts directly or indirectly with the interests of Stifel or its clients, without prior approval from senior management and Compliance;
  - (iv) Remuneration policies – Stifel’s compensation arrangements must include measures to avoid conflicts of interest and provide that there is no direct link between remuneration of persons engaged in one area of the business and revenues of another area;
  - (v) Anti-bribery, corruption and fraud policies – Stifel strictly prohibits the involvement by any Stifel individual or associated person in offering or accepting anything of value (whether directly or indirectly) for the purpose of improperly obtaining or retaining business or otherwise securing a business advantage (a bribe), whether for the benefit of an individual, for Stifel or its clients. Furthermore, all individuals should be aware of the risks of fraud;
  - (vi) Inducements and gifts and entertainment policies – Stifel individuals are not permitted to accept any form of inducement and approvals are required for gifts and entertainment, given or received, over certain limits. In addition, there are further restrictions in place regarding gifts and entertainment; and
  - (vii) Individuals’ responsibility for management, identification and reporting of conflicts – Stifel individuals must not put themselves in a position where their personal interests may, or may appear to, conflict with their duties and those of the firm. Stifel individuals are continually responsible for identifying actual or potential conflicts of interests and are required to notify Compliance of these. If there are any queries with regards to conflicts, Compliance should be consulted.

## **6. Disclosure and Declining to Act**

Where SNEL does not consider that arrangements are sufficient to manage a conflict, the firm may choose to disclose specific conflicts to clients before undertaking any business, and to ask for their informed consent to act, notwithstanding the existence of any such conflict. Disclosure will be made of the general nature and/or sources of the conflict to enable the client to make an informed decision.

However, SNEL may decline to act if arrangements are not sufficient to ensure with reasonable confidence that a material risk of damage to the interests of a client can be avoided.

Decisions as to whether to disclose or decline to act will be made in accordance with this policy and the Stifel group's Conflicts of Interest Policy.

## **7. Recording Conflicts and Further Information**

The Stifel group's Conflicts Committee has documented a formal risk management framework that is applied to potential, perceived and actual conflicts of interest.

SNEL keeps and regularly updates a record of the types of business activities carried out by or on its behalf in which conflicts of interest have arisen or, in the case of an ongoing business service or activity, may arise.

In addition to the Conflicts Committee, SNEL monitors and regularly evaluates the adequacy and effectiveness of this policy and takes appropriate measures to address any deficiencies that are identified. Training on conflicts of interest is given to all individuals.

Further information on SNEL's conflict management procedures is available on request by clients from Compliance.

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