# Conflicts of Interest Policy

**Applicability and objectives**

1. This Policy is issued to set out Renaissance Securities (Cyprus) Limited ("RESEC") policy for managing conflicts of interest.
2. The Policy’s objective is to provide guidance on properly identifying and correctly managing actual and potential conflicts of interest that arise within RESEC.

It is the policy of Renaissance Securities (Cyprus) Ltd and of Renaissance Capital at large to maintain high standards of internal governance and a sound system of internal control processes and procedures. This document sets out the control standards and procedures that should exist in relation to this area. It is the responsibility of all departments, including Front Office and Back Office, to achieve the application and objectives of this Policy.

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<tbody>
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</tr>
</tbody>
</table>
## Contents

1. Introduction ........................................................................................................... 4
   1.1 The purpose and scope of this document ....................................................... 4
   1.2 Background and regulatory context ................................................................ 5
   1.3 Ownership / Obligations ................................................................................ 6

2. Conflicts .................................................................................................................. 7
   2.1 What is a conflict of interest? .......................................................................... 7
   2.2 Conflict management principles ..................................................................... 7
      2.2.1 Fair and equal treatment, plus independence ........................................... 7
      2.2.2 Disclosure of an interest to a client .......................................................... 7

3. Confidential Information & Chinese Walls ............................................................. 9
   3.1 Topics in this section ....................................................................................... 9
   3.2 Confidential information ................................................................................. 9
   3.3 Inside information ........................................................................................... 9
   3.4 Chinese Walls ................................................................................................11

3.5 Wall crossings ..................................................................................................... 12
   3.5.1 Request Wall crossing .............................................................................. 12
   3.5.2 Pre-approval .............................................................................................. 12
   3.5.3 Notification ............................................................................................... 13
   3.5.4 Record keeping .......................................................................................... 13
      3.6 Above the Wall ............................................................................................ 13
      3.7 Independence .............................................................................................. 13
      3.8 Monitoring .................................................................................................. 14

4. Sales and Trading ................................................................................................. 15
   4.1 Executing customers orders .......................................................................... 15
   4.2 Allocating customer and Firm orders ............................................................ 15
   4.3 Aggregation and allocation .......................................................................... 15
   4.4 Front-running customer orders .................................................................... 15
   4.5 Research confidentiality ................................................................................ 15

5. Investment Banking and Finance Group (IBF) ...................................................... 16
   5.1 Managing conflicts of interest ...................................................................... 16
   5.2 Research independence ................................................................................. 16
   5.4 Pricing ........................................................................................................... 16
   5.5 Allocation rules .............................................................................................. 16
   5.6 Prohibited activities in allocations ............................................................... 17

6. Research ................................................................................................................ 18

7. Sales and Trading ................................................................................................ 19
   7.1 Executing customer orders .......................................................................... 19
   7.2 Allocating customer and Firm orders ............................................................ 19
   7.3 Aggregation and allocation .......................................................................... 19
   7.4 Front-running customer orders .................................................................... 19
<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.5</td>
<td>Research confidentiality</td>
<td>19</td>
</tr>
<tr>
<td>8.</td>
<td>Gifts and Inducements</td>
<td>20</td>
</tr>
<tr>
<td>8.1</td>
<td>Gifts and Inducements</td>
<td>20</td>
</tr>
<tr>
<td>8.2</td>
<td>Inducements</td>
<td>20</td>
</tr>
<tr>
<td>8.3</td>
<td>Gifts</td>
<td>20</td>
</tr>
<tr>
<td>8.4</td>
<td>Choice of execution venues</td>
<td>21</td>
</tr>
<tr>
<td>9.</td>
<td>Personal Account Trading</td>
<td>22</td>
</tr>
<tr>
<td>10.</td>
<td>Your Responsibilities</td>
<td>23</td>
</tr>
<tr>
<td>10.1</td>
<td>Confidentiality</td>
<td>23</td>
</tr>
<tr>
<td>10.2</td>
<td>Trading on Personal Account</td>
<td>23</td>
</tr>
<tr>
<td>10.3</td>
<td>What you must do if you receive inside information</td>
<td>23</td>
</tr>
<tr>
<td>10.4</td>
<td>Communicating inside information within the private side of RESEC...</td>
<td>23</td>
</tr>
<tr>
<td>10.5</td>
<td>Duty to report suspicious transactions</td>
<td>24</td>
</tr>
<tr>
<td>11.</td>
<td>Further Information</td>
<td>25</td>
</tr>
<tr>
<td>11.1</td>
<td>Senior Management responsibility</td>
<td>25</td>
</tr>
<tr>
<td>11.2</td>
<td>Alternative and additional measures</td>
<td>25</td>
</tr>
<tr>
<td>11.3</td>
<td>Key Definitions</td>
<td>26</td>
</tr>
<tr>
<td>12.</td>
<td>Appendix A</td>
<td>27</td>
</tr>
<tr>
<td>13.</td>
<td>Appendix B</td>
<td>28</td>
</tr>
<tr>
<td>14.</td>
<td>Appendix C</td>
<td>30</td>
</tr>
</tbody>
</table>
1. Introduction

1.1 The purpose and scope of this document

The purpose of this document is to set out the conflicts of interest policy of Renaissance Securities (Cyprus) Limited ("RESEC" or the ‘Company’) and Renaissance Capital at large ("RC" or the “Firm”). References to Renaissance Capital as the “Firm” should be construed as including RESEC as well. This policy applies to all RESEC permanent staff (both full time [direct or seconded or other relevant staff within Renaissance Capital at large]) as well as short-term and long-term contractors.

The release date and version number of this document are recorded on the front page.

The Firm is required to identify and manage the conflicts of interests arising in relation to its business under a comprehensive conflicts of interest policy. This Policy defines conflicts of interest and explains existing methods for control and monitoring. It is not intended to cover all eventualities and all circumstances that may be encountered.

As a multi function financial services company, the Firm provides a wide range of emerging market products and services to a diverse client base. As a result, inherent in its business, the Firm faces a number of potential conflicts of interest. Identifying and managing such conflicts responsibly is an expectation of both our clients and regulators. Failure to manage conflicts may harm the Firm’s reputation and could lead to legal or regulatory action.

As a general rule, staff should always be alert to potential conflicts of interest. Where one is believed to exist, staff should immediately contact their line manager or the Compliance Department (“CD”) for advice. Further, in the case of a conflict of interest, clients should be immediately alerted, prior to the provision of investment service or the execution of the investment activity.

A variety and combination of means may be used to manage a conflict of interest. However, if it is determined that the Firm is unable to manage a conflict of interest using one of the methods contained within this Policy, RESEC may decline to act on behalf of a client. Where circumstances are not covered by this guidance, input should be sought from CD.

A summary of this policy is provided in the Customer Documents Pack. This document should be read in conjunction with other RESEC and Capital policies, including, but not limited to:

- Employee Handbook;
- Code of Conduct;
- RESEC Communications Policy;
- Restricted Securities List Policy;
- RESEC Investment Banking Manual;
- RESEC Research Manual;
- RESEC Best Execution Policy; and
- RESEC Personal Account Trading Policy.
1.2 Background and regulatory context

According to Section 18(2) (b) of Law 144(I)/2007, a Cyprus Investment Firm (“CIF”) is under an obligation to “maintain and operate effective organizational and administrative arrangements with a view to taking all reasonable steps designed to prevent conflicts of interest from adversely affecting the interests of its clients”.

According to Section 29(1) of Law 144(I)/2007, a CIF must take “all reasonable steps to identify conflicts of interest between itself, including its managers and employees, tied agents or other relevant persons as well as 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 providing any investment and ancillary services or combinations thereof”.

Section 29(2) of Law 144(I)/2007 further provides that “where the organizational or administrative arrangements made by a CIF are not sufficient to ensure, with reasonable confidence that risks of damage to client interest will be prevented, the CIF shall clearly disclose the general nature and/or sources of conflict of interest to the client before undertaking business on its behalf”.

Paragraph 23 (1) of Directive DI 144-2007-01 of the Cyprus Securities and Exchange Commission for the Authorization and Operating Conditions of the Cyprus Investment Firms (DI 144-2007-01), provides that a CIF “is required to establish, implement and maintain an effective conflicts of interest policy set out in writing and appropriate to the size and organization of the Cyprus Investment Firm and the nature, scale and complexity of its business”.

Paragraph 15 (1) of DI 144-2007-01 provides inter alia that CIF are required to establish, implement and maintain adequate arrangements aimed at preventing entry into personal transactions which involve the misuse or improper disclosure of confidential information, or advising or procuring another person to enter into such a prohibited transaction or disclosing information to a second person which the former person knows or ought to know would cause the second person to enter into such a transaction or advise or procure a third person to enter into such a transaction.

Paragraph 15 (2) of DI 144-2007-01 provides that the arrangements of paragraph 15(1) must be designed to ensure that each relevant person is aware of the restrictions on personal transactions and of the measures established by the CIF in connection with personal transactions and disclosure, and that the CIF is informed promptly of any such personal transaction or by other procedures enabling the CIF to identify such transactions.

The Law on Insider Dealing and Market Manipulation of 2005 (N. 116(I)/2005) (“Market Abuse Law”) provides for rules against certain conduct by persons who have in their possession “inside information” (this includes a prohibition against “front running”), rules in relation to the responsibility for disclosure of interest and conflicts of interest when producing recommendations and obligations of persons who professionally arrange transactions.

The above legislation shall collectively be referred to as “the Rules”.

This document summarises the policies (together the “Policy”) adopted by RESEC to ensure conformity with the requirements regarding the management of conflicts of interest.

This Policy has been prepared to ensure the Firm is compliant with the requirements of the Rules. It is not intended to create third party rights or duties that would not exist in the absence of the Policy. Also, it does not form part of any contract between RESEC and any client.

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1 Research or other information recommending or suggesting an investment strategy, explicitly or implicitly, concerning one or several financial instruments or the issuers of financial instruments, including any opinion as to the present or future value or price of such instruments, intended for distribution channels or for the public.
1.3 Ownership / Obligations

The ownership and maintenance of this Policy is the responsibility of the Compliance Department. It will be reviewed at least every 12 months with the next revision date being January 2014, or as necessary to keep pace with any changes. When reissued, changes will be highlighted so that staff is aware of the amendments.

Where policy changes are made in the interim, these will be either:

- Edited within the body of the guidance document; or
- If significant, added into the appendices of the guidance document as per existing processes and the body of the document will be edited to refer to the relevant appendix in order to make changes clear. These appendices will then be consolidated into this guidance, where appropriate, when it is reviewed.

Any queries about this Policy’s application in relation to any aspect of conflicts of interest should be directed to CD.
2. Conflicts

2.1 What is a conflict of interest?

The Firm defines a conflict of interest as any situation where either the Firm or an individual is in a position to exploit a professional or official capacity in some way for either corporate or personal benefit. For example, a conflict of interest is present if there is a potential for the personal interests of an employee to clash with fiduciary duties. A conflict of interest may exist even if no unethical or improper act results, but there is the potential for the appearance of impropriety, which can undermine confidence in the Firm. It is not possible to set out in one Policy all the potential conflicts of interest that may arise.

Conflicts can occur in a number of situations, for example:

- Between clients and individual employees of the Firm, e.g. where an employee has a personal holding in a security of a company and is involved in executing client orders or advising clients in relation to the same company.
- Between the Firm and its employees, e.g. where the employee has an interest in a security of a company and the employee is involved in the Firm’s publication of research on the company or is part of the Firm’s team advising a client on a transaction in relation to the same company.
- The company or a relevant person is likely to make a financial gain, or avoid a financial loss, at the expense of the client.
- The Company or a relevant person 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 clients interest in that outcome.
- The Company or a relevant person has a financial or other incentive to favour the interest of another client or group of clients over the interests of the client.
- The Company or a relevant person carries on the same business as the client.
- The Company or a relevant person receives or will receive from a person other than the client an inducement in relation to a service provided to the client.

2.2 Conflict management principles

2.2.1 Fair and equal treatment, plus independence

The Firm must always aim to treat clients fairly and equally when either advising them or dealing on their behalf. The Firm’s staff must always act with independence. In particular, where an employee is aware that they or the Firm have a material interest, which could influence their dealings with or advice to the client, that interest must be disregarded and the employee must act in the interests of the client. Further, if the conflict of interest cannot be avoided, the Company shall inform the client accordingly prior to the provision of the service in relation to which the conflict may arise.

2.2.2 Disclosure of an interest to a client

Disclosure of conflicts of interest will not exempt the Firm from the obligation to maintain and operate effective organisational and administrative arrangements. Employees must not place an over-reliance on a conflict of interest disclosure, but should also consider more broadly how the conflict can be appropriately managed.

Prior to undertaking business for a client, the Firm must disclose any actual or potential conflict of interest where the Firm is not reasonably confident that its procedures and measures for managing the conflict or potential conflict will prevent the risk of damage to the client’s interests.

Where a disclosure is made, it must be made in sufficient time, in a durable medium, and include sufficient detail to enable the client to make an informed decision regarding the Firm’s service in the context of which the conflict of interest arises.

The following are examples of material interests or conflicts of interest that may require disclosure:

- Dealing as principal when trading with a client;
- A significant proprietary position in securities that the Firm is providing a recommendation to buy or sell.
A relevant disclosure must be made where it may reasonably expected that a relationship or circumstance may impair the objectivity of any recommendation made in particular where a relevant person may have a significant financial interest in one or more financial instruments which are the subject of the recommendation or a significant conflict of interest with respect to an issuer to which the recommendation relates.

The Firm must disclose clearly and prominently on all of its recommendations the following:

- Major shareholding existing between the Firm or any related legal person on the one hand and the issuer on the other
- Other significant financial interests held by the Firm or any related legal person in relation to the issuer
- Where applicable, a statement that the Firm or any related legal person is a market maker or liquidity provider in relation to financial instruments of the issuer
- Where applicable, a statement that the Firm or any related legal person has been lead manager or co-manager over the previous twelve months of any publicly disclosed offer of financial instruments of the issuer
- Where applicable, a statement that the Firm or any related legal person is party to any other agreement with the issuer relating to the provision of investment banking services, provided that this would not entail the disclosure of any confidential commercial information and that the agreement has been in effect over the previous twelve months or has given rise during the same period to the payment of a compensation or the promise to get paid
- Where applicable a statement that the Firm or any related legal person is a party to an agreement with which the issuer relating to the production of the recommendation. Where appropriate, disclosures must be made in the Firm’s publications including research reports; transaction specific documents; Terms of Business; and Investment Banking Finance (“IBF”) prospectuses. Any disclosures that are made to clients should be clear, fair, and not misleading
3. Confidential Information & Chinese Walls

3.1. Topics in this section

Chinese Walls, confidential information, inside information, and conflicts of interest are closely interconnected in the sense that confidential information can on occasion constitute inside information. In addition, having access to either confidential or inside information can lead to acting or giving the appearance of acting in the presence of a conflict of interest. While Chinese Walls help control the circulation of confidential and inside information, they also help to manage both real and potential conflicts of interest.

3.2. Confidential information

Confidential information is non-public information provided by an external source (such as a client or other third party) with the expectation that the information will be kept confidential and used solely for the purpose it was provided. Examples include personal information; client orders/trades/positions; restructuring plans; etc. Confidential information can be in various forms; including oral; written; electronic; computer files; etc.

The Firm’s management must ensure that the key principles for the dissemination of confidential information are communicated to all employees. These key principles include the ‘need to know’ principle and respect for any confidentiality agreement signed with a client.

All RESEC employees must understand that they should treat confidential information with due care and that they have a duty to safeguard confidential information, whether obtained from those with whom the Firm does business or from within the Firm. All such information must only be used for its intended purpose and must not be used for any personal employee benefit or the Firm’s general benefit.

Confidential information must only be used for the specific purpose or transaction for which it was given and must be circulated on a strict ‘need to know’ basis. When giving information, the recipient(s) should be clearly informed about the nature of the information.

‘Need to know’ means that communication of confidential information shall not take place unless strictly required for the proper discharge of the employee’s function, and not contrary to the terms of any confidentiality agreement, unless disclosure is required by law. The ‘need to know’ principle applies to both sides of the Chinese Wall and every employee whether an insider or not.

Operations & IT systems must also be constrained to reflect these key principles. Additionally, to help preserve confidential information, measures such as a clear desk policy and safe storage systems must be observed. Further measures include a requirement for all consultants and contractors to sign a confidentiality agreement.

Records must be kept in relation to any personal transactions involving misuse or improper disclosure of confidential information which are notified to RESEC or identified by it, including any authorisation or prohibition in connection with such a transaction.

3.3. Inside information

All the responsibilities regarding confidential information detailed in section 3.2 above also apply to inside information.

Inside information is a certain type of confidential information and is both material and highly sensitive. Section 5 of the Market Abuse Law defines inside information as information of a precise nature which has not been made public relating directly or indirectly, to one or more financial instruments and which, if it were made public, would be likely to have in the opinion of the Commission, a significant effect on the prices of those financial instruments or on the price of related derivative financial instruments. The benchmark is whether the reasonable investor would be likely to take this information into account in making his investment decision. In relation to derivatives on commodities, "inside information" shall mean information of a precise nature which has not been made public, relating, directly or indirectly, to one or more of such derivatives and which users of markets on which such derivatives are traded would expect to receive in accordance with accepted market practices on those markets.

For the purposes of applying the present provision, it is deemed that users of markets on which derivatives on commodities are traded, expect to receive information relating, directly or indirectly, to one or more such derivatives which is:

- Routinely made available to the users of those markets, or,
• Required to be disclosed in accordance with legal or regulatory provisions, market rules, contracts or customs on the relevant underlying commodity market or commodity derivatives market.

For persons charged with the execution of orders concerning financial instruments, "inside information" shall also mean information conveyed by a client and related to the client's pending orders, which is of a precise nature, which relates directly or indirectly to one or more issuers of financial instruments or to one or more financial instruments, and which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments or on the price of related derivative financial instruments.

Information shall be deemed as having been "made public" when there occurs one, or more of the following situations:

• In any way comes into the knowledge of the investors, inside or outside the Republic of Cyprus, or it may be easily and legally obtained;

• It is included in archives or other documents by statute available to the public for inspection;

• It has been derived from information that has been made public even if it may be obtained on the basis of information made public only by persons exercising special diligence or expertise or it may be obtained on the basis of information made public only

Information shall be deemed to be of a precise nature if it indicates a set of circumstances which exists or may reasonably be expected to come into existence or an event which has occurred or may reasonably be expected to do so and if it is specific enough to enable a conclusion to be drawn as to the possible effect of that set of circumstances or event on the prices of financial instruments or related derivative financial instruments.

Through this Policy, employees are expected to know what action to take when they are – or think they are – in possession of inside information. This includes a requirement to inform CD when they are in receipt of inside information.
Examples of inside information include:

- A takeover bid is planned (i.e. board decisions);
- New shares are to be issued;
- The company’s creditors plan to foreclose loans (i.e. events uncontrolled by the company);
- The Chief Executive of a small company has had a heart attack;
- Regulatory approval is/isn’t to be given for a critical business product, e.g. a new medicine; and
- A change of 10% or more in annual sales (i.e. sales and earnings information).

There are prescribed methods for companies to publish inside information. According to the Market Abuse Law where there is an obligation of public disclosures by issuers, which must be made in one of the three following ways:

- By announcement to the Cyprus Stock Exchange which lists it immediately on its Internet site;
- By announcement to the Cyprus Securities and Exchange Commission; or
- By announcement to the Internet site of the issuer of financial instruments that are admitted to trading on a regulated market, provided the issuer maintains an Internet site.

Anybody with access to inside information is unable to directly or indirectly:

- Use that information by acquiring or disposing of, or by trying to acquire or dispose of, for their own account or for the account of third parties, or through persons closely associated to them, either directly or indirectly, financial instruments to which the information relates;
- Disclose inside information to any other person, unless such disclosure is made in the normal course of the exercise of their employment, profession or duties; or
- To recommend or induce another person, on the basis of inside information, to acquire or dispose of financial instruments to which that information relates, irrespective of whether or not that person knew that information.

Further, what is known as “front running” is prohibited. According to the Market Abuse Law, “front running” occurs in the case where a person, knowing the orders for disposal or acquisition of third parties that are about to be executed, draws up corresponding transactions before this takes place, or in parallel to their execution. It is also possible to draw up opposite transactions from those of the third parties.

3.4. Chinese Walls

Information barriers and conflict clearance procedures help to ensure proper management of certain types of conflicts. The Firm has therefore established procedures known as ‘Chinese Walls’, to ensure 1) the integrity of various business areas, and 2) potential conflicts of interest are properly managed and clients’ interests are preserved at all times.

It is essential that all employees are aware of the existence of information barriers and the requirement to maintain Chinese Walls. Failure to maintain Chinese Walls may breach regulations and jeopardise RESEC’s and the Firm’s reputation and business.

In particular, the following Chinese walls exist within the Firm:

- **Private Side.** On the private side of a Chinese Wall, it is assumed that all staff have access to inside information. All staff will therefore be deemed ‘insiders’ as anyone within the Chinese Wall may have access to files, attend meetings, or overhear conversations that include references to the inside information. As a result, all IBF transactions must remain confidential to IBF unless the transaction has been either publicly announced or deemed not to be inside information. Inside information should only be communicated within the private side of the Firm on a strict ‘need to know’ basis, i.e. information regarding transactions may be shared among members of a specific deal team, including to a public side that has been brought ‘over the Wall’ (see section 3.5 below). Inside information regarding transactions must not be shared generally with other employees in the same department who are not members of that specific deal team, unless a legitimate business ‘need to know’ reason exists.
Conflicts of Interest Policy

- **Public Side.** The Firm’s Chinese Walls allow the public side of the Firm (e.g. Sales, Trading and Research) to continue to trade and make recommendations even when the private side (e.g. IBF) possess inside information.

- In addition, Chinese Walls do not preclude the flow of public information from Research, Sales and Trading areas to inside areas of the Firm, but extreme caution must be exercised to prevent an ‘accidental’ Wall crossing. If there is any concern this may have occurred, the CD Control Group must be contacted immediately.

In some circumstances, public side confidential information may be deemed to be inside information. For this reason, the work of the Research Department, in particular impending research publications, must remain confidential at all times. It is a breach of this Policy for employees of any Renaissance company outside of the Research Department to be informed of any impending research, unless this forms part of their management duties or they have been specifically brought ‘over the Wall’ (see section 3.5 below).

To maintain permanent and effective Chinese Walls the following methods may be used:

- Inside information is restricted to specific locations within the building;
- The habitual use of code words to refer to price sensitive transactions;
- Records are maintained of the staff who require access to inside information for the proper discharge of their function;
- Staff trades in companies for which inside information is held within Chinese Walls are monitored;
- All staff with access to inside information are adequately supervised, and suitably trained to understand and fulfil their obligations with regard to Chinese Walls;
- All information is treated as confidential and the ‘need to know’ principle applies at all times.

### 3.5. Wall crossings

In some circumstances, it may be necessary to involve an employee from the public side of the Firm to facilitate on a private side transaction. This is known as ‘Wall crossing’ or being brought ‘over the Wall’.

The Wall Crossing procedure comprises several steps co-ordinated through the CD Control Group. Communication must not take place prior to obtaining CD Control Group approval.

In some cases, the request to provide inside information to a public sider is received from a third party directly to the individual to be Wall crossed. In this situation, the potential Wall Crosser, i.e. the public sider, should liaise with the Control Group **before** agreeing to receive any information.

#### 3.5.1. Request Wall crossing

Prior to Wall Crossing, the Control Group must be contacted either by telephone or via e-mail by the private side individual requesting to provide an individual from a different Chinese Wall area with inside information. (If the private side individual is not a senior manager or deal team leader, the private sider must obtain approval from their senior manager/deal team leader prior to contacting the Control Group.) Appendix A outlines the information the Control Group generally require.

Note: Where the request to provide inside information to a public sider is received from a third party directly to the individual to be Wall Crossed, the potential Wall Crosser, i.e. the public sider, should liaise with the Control Group before agreeing to receive any information.

#### 3.5.2. Pre-approval

The Control Group perform conflicts checks and obtain the necessary approvals for the Wall crossing, passing on only the minimum information required. Factored into the approval will be the anticipated nature and extent of the communication, which generally must not contaminate the public sider beyond public announcement of the transaction.

Generally, it is sufficient to seek only approval from the Above the Wall individual (see section 3.6 below) to whom the Wall Crossee reports. On occasion, more in depth discussion will be required, for example consultation with other members of the CD.
3.5.3. Notification

Once authorization has been obtained, the Control Group will e-mail the Wall Crosssee notifying them of 1) the approval has been given for them to receive information; and 2) their obligations following receipt of inside information (see Appendix B). The notice is copied to both the approver(s) and requestor(s) to confirm that the approval process has been completed and the requestor may now contact the Wall Crosssee.

3.5.4. Record keeping

The Wall Crosssee is recorded as an insider on the Wall Crossing List. This list is maintained by the Control Group, and generally forms a sub-set of the Watch List. In these circumstances, the Wall Crossing record is attached to the relevant Watch List entry and the only information to be logged is the name of the Wall Crosssee.

Where the Wall crossing has occurred as a result of a third party, additional information will be recorded detailing the information received and from whom.

Following either public announcement of the inside information received, or a period of six months since insider information was last received, it is assumed the Wall Crossing has ended/expired and the Control Group will send out an e-mail to the Wall Crosssee, copied to the approver and requestor, informing the Wall Crosssee that they are no longer considered insiders.

3.6. Above the Wall

As a result of their seniority and management function, certain employees are treated as ‘Above the Wall’. These individuals are assumed to have access to inside information from departments separated by Chinese Walls.

Above the Wall individuals may have management, compliance or risk responsibilities and are not solely client facing. They are permitted to communicate above the Wall on a ‘need to know’ basis in order to adequately perform their duties. Two or more Above the Wall staff may communicate inside information to one another without adhering to the Wall Crossing procedures. To avoid contamination, such conversations generally must be held away from other staff.

The status of Above the Wall staff is documented and monitored. Above the Wall staff is subject to restrictions on their personal investment transactions that accurately reflect their enhanced access to inside information.

3.7. Independence

Each department and its staff should act independently so far as the interests of their respective clients, as well as their own, are concerned. Only the client’s interests are to be considered when assessing the appropriateness of any advice given to, or transaction taken on behalf of a client. When giving advice to a client, any interest or potential interest of the Firm or of any other client should be disregarded.

In accordance with the above the removal of any direct link between the remuneration of relevant persons or departments principally engaged in one activity, and the remuneration of different relevant persons principally engaged in another activity, must be sought.

In some cases the above may not be sufficient. If an employee has information which is confidential to customer A, it may be difficult, if not impossible, to ignore that information when advising customer B. In addition, the employee may as a matter of law breach their duty to customer B if they ignore that information. For this reason, staff brought ‘over the Wall’, may not continue with their normal public side activities in relation to the issuers on which inside information has been received.

Equally there may be occasions when the conflict between two interests is so acute that it is impossible to disregard it. Such conflicts can only be resolved by either (1) obtaining specific informed consent of the parties concerned (which may be impracticable), or (2) declining one or both transactions. In the event of any doubt, CD Control Group should be consulted.

In cases where relevant persons whose principal functions involve the carrying out of activities on behalf of or providing services to clients whose interests may conflict, including with those of the Firm; such persons will be supervised to the extent of preventing the compromise of the interests of the client in a negative manner.

Finally the Firm will enforce 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 (e.g. name dropping).
3.8. Monitoring

The Firm is committed to restricting information flows within the Firm’s Chinese Walls by having procedures in place and a programme to monitor and test their operation.

The CD Control Group will conduct monitoring of Firm and employee trading, and research activity against various control lists for potential breaches of the Chinese Wall.

RESEC information systems have been designed to ensure that any information protected by a Chinese Wall and held on the Firm’s IT systems is accessible only to those within the relevant area. When a new IT system is either purchased or developed, CD must be contacted to examine whether it will impact the operation of the Chinese Walls.

In addition, in certain jurisdictions, the regulators or exchanges may monitor trading activity, as for example in Cyprus, CySEC. Trading activity made at sensitive times, e.g. in the lead up to a public announcement, are actively investigated by CySEC. To this effect if a request for information is received from a regulator or an exchange, this must be forwarded to CD. All such enquiries must be handled by CD.
In addition to the general standards of conduct set out in the Code of Conduct, there are additional standards, policies, and procedures that apply to all RESEC Sales and Trading staff. In particular, the following procedures outline the management of conflicts of interests between own account trading activities and client/customer orders. For more information, please refer to the RESEC Order Execution Policy.

If RESEC determines it is unable to manage a conflict of interest it should decline to act on behalf of the customer.

4.1. Executing customers orders

When executing a customer order we must provide best execution. Nevertheless, whenever there is a specific instruction from the client, the Company shall execute the order following the specific instruction. At all times RESEC will abide by its Terms of Business with regard to best execution.

The initial reference point for executing customer orders in exchange traded securities should be the relevant exchange order book/quotation system. Client orders should only be filled from RESEC inventory positions where the terms offered to the customer (price, size, immediacy of execution) are equal to or better than those available on-exchange.

4.2. Allocating customer and Firm orders

All customer orders must be treated fairly and in due turn. This means that no preference should be given to RESEC’s execution ahead of customer executions and that in all instances, a customer’s order should be put ahead of an own account order, i.e. a principal/proprietary (“prop”) order, unless:

- The prop order was placed/initiated prior to the receipt of the customer order. In such cases, the customer should be informed that there is a prop order in front;
- The terms of a customer’s order cannot be met but RESEC’s can be. In such cases, the customer should be offered the opportunity to participate on the terms applicable to the prop order, and only if the customer declines can RESEC execution proceed; or
- The prop order has been routed to the relevant market for execution through automatic trading/order execution systems. In such cases, it is expected that these orders are separately generated and executed, and that IT security operates between such prop trading and those handling customer orders.

4.3. Aggregation and allocation

RESEC’s Terms of Business permit RESEC to aggregate a customer order with an own account order, or with an order from an eligible counterparty (ECP) (i.e. market counterparty), or with another customer order provided it is likely that the aggregation will not work to the disadvantage of the customer, and in the event of a shortfall, it allocates stock fairly to all.

4.4 Front–running customer orders

It is generally forbidden to trade with the purpose of moving market prices. While it is accepted that this may sometimes be an unintentional effect (e.g. large/block trades), it is forbidden for a trader to initiate prop transactions where such trading could potentially influence the share price if that trader is either working on or has knowledge of customer order flow.

4.5. Research confidentiality

Facilitation of anticipated customer orders by pre-positioning trading books prior to the publication of research is not permitted anywhere.

Knowledge of draft or impending research publications is strictly confidential to the Research Department. Accordingly, any Trader, Sales Trader or Salesperson who becomes aware of draft or impending research, must inform the CD Control Group immediately. Under no circumstances can this information be used to facilitate sales or trading.
5. Investment Banking and Finance Group (IBF)

In addition to the general standards of conduct set out in the Code of Conduct, there are additional standards, policies, and procedures that apply to all RESEC IBF staff. In particular, for the purpose of managing potential conflicts, IBF staff must comply with the New Business procedures set out in the RESEC Investment Banking and Finance Manual.

5.1. Managing conflicts of interest

The CySEC’s principles and rules as regards the need to manage potential conflicts of interest are especially relevant and important to RESEC’s IBF business. In particular:

- When carrying out a mandate to manage a securities offering, RESEC in general, and IBF employees in particular, owe responsibilities to the IBF client (i.e. the issuer/seller of the securities);
- At the same time the Sales and Trading division still owe a responsibility and duty of care to the Firm’s investment clients. To this end it is essential that the interests of the investment clients are served properly in connection with any IBF transaction.

5.2. Research independence

All IBF employees must comply fully with the rules, policies and procedures as regards the independence of research as those standards are set out in the RESEC Research Manual. The latter manual is designed to ensure that a proper segregation of interests is maintained at all times between IBF clients and activities on the one hand, and investment clients interests on the other.

5.3. Securities offerings

In considering/pitching for business, IBF employees must at an early stage seek to discuss, disclose, and if possible agree with the IBF client, relevant aspects of the offering process. These might include:

- The process the Firm proposes to follow in order to determine what recommendations it will make about allocations for the offering;
- Details of how the target investor group, to whom it is planned to offer the securities, will be identified;
- The process through which recommendations on allocation and pricing are prepared, and by whom; and
- That IBF may recommend placing securities with (inter alia) an investment client of RESEC for whom the Firm provides other services; or with a RESEC proprietary book; and that this represents a potential conflict of interest.

5.4. Pricing

IBF must also consider what arrangements will be established to ensure that the Firm will give unbiased and full advice to the IBF client about the valuation and pricing for an offering.

While Sales and Trading staff may provide input via the Capital Markets team to IBF regarding likely investor interest, all recommendations to IBF clients on pricing must be made by IBF staff.

5.5. Allocation rules

With regard to the allocation process, IBF must ensure that appropriate conflict management controls and procedures are established. Specifically, this means:

- Objectives for allocation and pricing should be discussed in advance with the IBF client;
- The IBF client should be invited to participate in the allocation process;
- Disclosing to the issuer, after completion of the transaction, details of the allocations that were actually made; and
Any allocations made to the Firm’s proprietary trading accounts must be justifiable in terms of the objectives of the allocation policy, and should be consistent with the process for developing allocation recommendations as disclosed by RESEC at the outset.

5.6. Prohibited activities in allocations

It is a breach of the CySEC’s rules to:

- Offer or make an allocation as an inducement in return for unjustifiable other benefits, e.g. excessive commission on other trades, or an unjustifiable increase in volumes of orders;
- Offer or make an allocation to any individual/company in consideration for the future or past award if IBF business; and
- Offer or make an allocation that is expressly or implicitly conditional upon the receipt of orders or the purchase of any other service from the Firm by the investor.

CD will periodically conduct reviews of IBF transactions, documentation, and allocations.
In addition to the general standards of conduct set out in the Code of Conduct, there are additional standards, policies, and procedures that apply to all RESEC Research staff. In particular, for the purpose of managing potential conflicts, Research staff must comply with the procedures set out in the RESEC Research Manual.

Maintaining the independence of the Research function is an integral part of RESEC’s conflict management procedures. Research must always be produced for the benefit of the Firm’s clients. It must be distributed fairly. It must never be used for the Firm’s benefit ahead of clients. Research is independent from IBF.

Non-Research personnel must never attempt to influence the content of a research report or the activities of Research personnel for the purposes of obtaining or retaining the Firm’s business, including but not limited to investment banking business. If any employee becomes aware of such attempts to influence research reports or research-related activities, whether by the Firm’s personnel or a third party, the incident must be immediately reported to CD.
7. Sales and Trading

In addition to the general standards of conduct set out in the Code of Conduct, there are additional standards, policies, and procedures that apply to all RESEC Sales and Trading staff. In particular, the following procedures outline the management of conflicts of interests between own account trading activities and client/customer orders. For more information, please refer to the RESEC Order Execution Policy.

If RESEC determines it is unable to manage a conflict of interest it should decline to act on behalf of the customer.

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Knowledge of draft or impending research publications is strictly confidential to the Research Department. Accordingly, any Trader, Sales Trader or Salesperson who becomes aware of draft or impending research, must inform the CD Control Group immediately. Under no circumstances can this information be used to facilitate sales or trading.
8. Gifts and Inducements

8.1. Gifts and Inducements

Employees are prohibited from offering, giving, soliciting, or accepting an inducement or gift if it is likely to materially conflict with any duty that the employee or the Firm owes to its clients. No inducement or gift should be given if public disclosure of the circumstances of the inducement or gift would embarrass either the employee or the Firm.

All possible inducements or gifts must be reported to and approved by CD, who will record the information in the Gifts Register. To avoid the appearance of an inducement or gift, the existence, nature, and amount of a fee, commission, or benefit must be disclosed to the relevant client.

8.2. Inducements

An inducement is a reward for a specific behaviour, designed to encourage that behaviour. It may take the form of a financial or non-monetary incentive that is paid / provided to or by RESEC in relation to the provision of an investment or ancillary service to a client.

Within RESEC no inducements are permitted other than:

- Proper fees;
- A benefit designed to enhance the quality of the service to the client; or
- An incentive provided to or by either a client or a third party if:
  - It does not impair compliance with the Firm’s duty to act in the best interests of the client and, in relation to MiFID business; and
  - The existence, nature, and amount of the fee/commission/benefit, or the method of calculating that amount, is clearly disclosed to the client prior to the provision of the service.

8.3. Gifts

A gift is when the Firm or an employee of the Firm gives/receives a benefit from/to a client without receiving fair compensation. The giving or receiving of gifts may result in the opportunity for financial advantage, e.g. to make, receive, or increase any gain or revenue; to avoid or reduce any loss or expense.

Under no circumstances may money or cash convertible gifts be offered or accepted. Gifts may also take the form of credit; property; or any service, facility, system, or information (this list is not exhaustive).

Normal business courtesies, such as lunch and dinner invitations, or entry to (including reasonable hospitality at) an artistic, social or sporting event, do not require approval provided the RESEC host is present. Repeated and lavish entertainment or hospitality is not acceptable. In addition:

- Entertainment where no employee is present is not permitted;
- You are not permitted to pay the air fares or hotel bills of clients/counterparties without written approval from CD;
- Marketing gifts must not be engraved with the recipient’s individual name and where possible should have limited intrinsic value, e.g. a tombstone; and
- Gifts in excess of US$200 (US$100 if the employee is in the US), or currency equivalent, should be approved and recorded by CD.

Moderation and common sense must be used in this context. If an employee has any doubts about the acceptability of an activity or entertainment, they must ensure that advance approval is obtained from CD.
8.4. Choice of execution venues

When determining execution venues, it is RESEC policy to ensure that the structure of the Firm’s charges and commissions will not influence the selection of execution venues. Please refer to the RESEC Order Execution Policy for further details.
9. Personal Account Trading

The Firm expects everyone to exercise sound judgment and to avoid investments that may be inappropriate, incur reputational risk or conflict, or present the appearance of a conflict with the interests of the Firm or its clients. Employees are expected to trade responsibly and reasonably in their personal capacity. While there are certain types of activity that are clearly in contravention of the applicable legal provisions, it is not always possible to compile a comprehensive list of permitted or prohibited activities.

The following principles are guidelines to assist in understanding what is and is not acceptable conduct. A number of prohibited activities are also listed in this section, but this should not be taken as a comprehensive or definitive list. If an employee is ever in doubt as to whether a particular transaction or type of activity is acceptable, advice must be sought from CD.

Failure to comply with the principles or general standards of good conduct may be regarded as a disciplinary offence.

The Firm encourages long-term investment, and discourages excessive speculative trading. During office hours, an employee’s priority is to fulfil their professional duties, not personal investment.

- Clients come first, the Firm second, personal interests third. Employees should avoid any personal transactions that may place them in conflict with the interests of either clients or the Firm. If in doubt, advice should be sought from line managers and CD. Personal accounts must NEVER be combined with clients.

- Employees must NEVER use confidential or inside information obtained in the course of their professional activities for personal benefit.

Employees should refer to the RESEC Personal Account Trading Policy for full details of the restrictions and exemptions that apply.
10. Your Responsibilities

10.1. Confidentiality

The first and main responsibility for staff is to respect the confidentiality of the information within the Chinese Walls. Client confidentiality is a standard always maintained at RESEC and is therefore already a part of the culture whether the information to hand is ‘confidential’ or ‘inside information’ or otherwise.

Additionally, RESEC and individual employees are obliged by regulation and the law not to disclose any inside information or encourage others to trade on it. As well as being a part of the Chinese Walls procedures this forms a part of the terms of your employment. Ultimate legal sanctions for insider trading are severe (including potential criminal liability, i.e., a fine and imprisonment of up to ten years, prohibition of trading for up to five years, potential civil liability i.e. an unlimited fine and the tortuous liability to compensate any third party who has suffered a loss or loss of profit).

If staff has inside information, however received, they need to be extremely careful not to either signal or indicate or make reference to such information to other employees in the course of their normal communications. This could be considered to be ‘tipping off’ and may constitute a breach of insider dealing law.

If discussion of sensitive issues is inevitable, use the assigned codeword/project name. Do not discuss sensitive issues outside of the Chinese Walls; avoid taking part in any discussions that arise relating to subjects that are currently sensitive.

If you obtain insider information other than via RESEC this must also be placed upon the Wall Crossing List maintained by CD Control Group.

Note: Staff duty to maintain client confidentiality may only be waived when it conflicts with legal or regulatory requirements, for example making a Suspicious Transactions Report to CySEC. Such disclosures should only be made via the correct CD channels.

10.2. Trading on Personal Account

The Personal Account Trading Policy exists to meet the requirements of regulatory authorities, to protect the Firm’s reputation by preventing conflicts and the appearance of conflicts, and to promote fair dealing with clients. You must therefore obtain permission prior to trading for your Personal Account in securities identified as being in potential conflict with the business of the Firm. CD will maintain a log of requests made and permissions given/denied. Please refer to the Personal Account Trading Policy for further information.

10.3. What you must do if you receive inside information

You must inform the CD Control Group immediately in the following cases:

- If you work on the public side of a Chinese Wall and you receive inside information from any source; or
- If you work on the private side of a Chinese Wall and you receive inside information under circumstances not in the ordinary course of your business.

10.4. Communicating inside information within the private side of RESEC

Inside information should only be communicated within the private side of RESEC on a strict ‘need to know’ basis. Specifically, information regarding transactions may be shared among members of a specific deal team, but must not be shared generally with other employees unless a legitimate business ‘need to know’ reason exists.
10.5. Duty to report suspicious transactions

Any person professionally arranging transactions in financial instruments who reasonably suspects that a transaction or orders to trade might constitute insider dealing or market manipulation is under an obligation to notify CySEC of this without delay. As a person professionally arranging transactions, RESEC must submit such a report to CySEC, and this report should contain the following information:

- A description of the transactions or the orders for trading, including the type of order, such as a limit order, market order or other characteristic of the order and the type of trading market such as a block trade;
- The reasons for suspicion that the transaction or the orders for trading might constitute market abuse;
- The means for identification of the persons on behalf of whom the transactions have been carried out, or the orders have been given, and of other persons involved in the relevant transactions or orders;
- The capacity in which the person subject to the notification obligations operates, such as for own account or on behalf of third parties; and
- Any other information which may have significance in reviewing the suspicious transactions or the orders to trade.

Where information is not available at the time of notification, the notification shall include at least the reasons why the notifying persons suspect that the transactions or the orders for trading might constitute insider trading or market manipulation. If the report is to be made in written form then please use the form provided for such purposes in Appendix C.

Any notification to CySEC can be done by mail, electronic mail, facsimile or telephone, provided that in the latter case a written confirmation is provided upon CySEC’s request. **Records of such reports should be kept** by any person submitting a report. The records should not be kept in any folder to which any other person and the suspect in particular may have access.

Notifications to CySEC should generally be handled through a member of CD.
11. Further Information

11.1. Senior Management responsibility

RESEC Senior Management together with CD are responsible for the effective update, execution, and supervision of this Policy and the policies and procedures developed pursuant to this Policy that are relevant to each business unit. In addition, Senior Management within each business unit is responsible on a day-to-day basis for fostering an environment such that employees under their control understand and comply with this Policy.

While Senior Management may delegate the development of local and business line policies as well as the implementation and monitoring thereof to departments such as CD and Audit, Senior Management remains ultimately responsible.

Senior Management responsibilities

- The CySEC's 'principles based' approach to regulation places significant responsibility on the Senior Management within RESEC to maintain an on-going review of this Policy, the areas of potential conflict within RESEC, and the procedure for management of conflicts that arise.
- RESEC will provide training programmes designed to communicate the rules relating to conflicts of interest. The programme explains the principles and the requirements of the Policy to those who have roles and responsibilities under the programme and policies, through communications directed throughout RESEC or to particular areas of RESEC, and through training as appropriate.
- This Policy will be reviewed by Senior Management to reflect regulatory changes or changes in the business environment to ensure its content continues to be appropriate to the activities carried on within each of RESEC’s business units, and that potential areas of conflict within the business are identified with appropriate measures in place to manage such conflicts. You will be notified if this Policy is updated or amended to reflect regulatory changes or such changes in the business environment, and a revised copy will be made available to all employees.
- Senior management are required to put in place procedures and processes to maintain a record of current conflicts in their area. This is required to be maintained in line with any business changes and periodically reported to CD.
- Departments and business units are required to take note of this Policy in the development of inter-departmental and business unit procedures. This includes the adoption of procedures to ensure that the sequential use of the same persons which in turn may impair the proper management of conflicts of interest is controlled. Specific procedures adopted include the review of major transactions (either in ISG or IBF) by senior management within the Department, the approval of contracts and the operation of large pools of executives who share different roles and responsibilities in the same transaction.

CD Responsibilities

In accordance with MiFID, CD is responsible for periodically reviewing and maintaining the Conflicts Register, a consolidated report of all types of conflicts that may occur during the course of the Firm’s business.

As part of this review process, the Compliance Monitoring and Testing programme will be updated, where necessary, to reflect any additional conflicts that have been identified.

11.2. Alternative and additional measures

As stated above, Senior Management together with CD are responsible for the effective update, execution, and supervision of this Policy; where Senior Management and / or CD consider that the measures and / or procedures adopted as a result of this Policy do not ensure the requisite degree of independence, alternative measures and procedures as may be deemed necessary and appropriate should be identified, analysed and implemented. The timeframe of implementation of such new measures should be such as to ensure that the new measures prevent the conflict of interest from arising.
11.3. Key Definitions

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>CySEC or Commission</td>
<td>Cyprus Securities and Exchange Commission</td>
</tr>
<tr>
<td>Firm</td>
<td>All Renaissance Capital Companies and their subsidiaries</td>
</tr>
<tr>
<td>CD</td>
<td>Compliance Department</td>
</tr>
<tr>
<td>CD Control Group</td>
<td>Compliance Department Control Group</td>
</tr>
<tr>
<td>RESEC</td>
<td>Renaissance Securities (Cyprus) Limited</td>
</tr>
</tbody>
</table>
Wall Crossing requests should be made to the CD Control Group providing the following information:

<table>
<thead>
<tr>
<th>Transaction project name or details:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Probability of success?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name of individual(s) to be Wall crossed, i.e. the Wall Crossee(s):</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Reasons for bringing the individual(s) over the Wall:</th>
</tr>
</thead>
<tbody>
<tr>
<td>What inside information will you be revealing to the contact person?</td>
</tr>
<tr>
<td>Is it non public information that will have a life beyond the deal, e.g. projections?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>What is the information that you need from the Wall Crossee?</th>
</tr>
</thead>
<tbody>
<tr>
<td>What added value will the Wall Crossee give?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Can this be achieved on a conceptual, no names basis?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Can this information be obtained elsewhere?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>The Wall Crossee's expertise in relation to each of the companies involved in the transaction:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research: does the Wall Crossee cover the company?</td>
</tr>
<tr>
<td>Trading: does the Wall Crossee trade the company’s securities?</td>
</tr>
<tr>
<td>Sales: does the Wall Crossee provide customer advice re the company’s securities?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Is the Wall Crossee the only/best person to assist you on your transaction?</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Who will be able to cover the Wall Crossee while they are prohibited from continuing their normal activities in relation to the company?</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Will there be an impact on other names the Wall Crossee covers/trades/provides advice?</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Timing of the transaction:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Does the person have to be brought over the Wall now?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>How long will the Wall Crossee be over the Wall, i.e. when do you expect the transaction to be publicly announced?</th>
</tr>
</thead>
</table>
The below information is sent by e-mail to a Wall Crossee prior to them receiving inside information:

**KEY INFORMATION**

Authorisation has been granted for you to be contacted by:

in relation to transaction:

This has been approved by:

If you have any questions or concerns please do not hesitate to contact the Control Group.

**FOR THE RECORD**

When you are contacted by the above, if you consent to enter into discussion the following must be noted:

You will be recorded by the Control Group as having been taken over the Chinese Wall as of the time of this e-mail unless you inform the Control Group otherwise.

**Becoming an Insider**

You may be given sensitive information, which may potentially be unpublished price sensitive information (UPSI), making you an ‘insider’ on this transaction. By virtue of receipt of this information you may be subject to legislation on insider dealing; market abuse; anti-manipulation; and misleading markets. Regardless of legal obligations, reputational risk exists.

**Conflicts of Interests**

Even if you do not receive inside information during the course of this transaction, by the nature of your participation in this transaction it is necessary to record you as Wall Crossed and taken ‘offside’ as your involvement with the transaction on the private side of the Chinese Wall is inconsistent with the maintenance of your objectivity and the independence of your research.

**Prohibitions**

While you are Wall Crossed and in possession of inside information, you are prohibited from disclosing the inside information to anyone else (unless in accordance with guidance from the Control Group). As it is not deemed possible to build a Chinese Wall in your head, you are also prohibited from continuing your normal activities in relation to the company/companies or related/affected securities connected to this transaction. You may not therefore:

- Provide research coverage (unless in accordance with the below offering related guidance).
- Provide verbal or written advice or recommendations or take any action that may encourage someone else to deal.
- Enter into trades or transactions either for your own or someone else’s benefit
  - Note: The confidentiality of sales and trading clients must be protected. The trading activities of the Firm’s clients generally may not be disclosed to insiders.
- Draw attention to the fact you have been Wall Crossed to either your colleagues or clients.
  - Ideally, pass any queries on to a colleague covering the issuer for you.
  - As way of explanation, you may want to say that you are currently busy looking at other issuers, so your colleague will be able to provide the enquirer with a quicker response.
  - On occasions, it may be unavoidable to answer a factual question. Note: Answering factual questions may also expose you to risk. For example, it could be argued that to say that our “current rating is X” is not correct if you have inside information and know that this is no longer your current rating view. It would be more accurate to say that our “current published rating is X”.
  - In extreme circumstances, it may be necessary to not answer the telephone to avoid placing yourself in a difficult situation.

**Appendix B**
Rationale

When speaking to or writing for clients you must not withhold information that may be to their benefit. If you have inside information as a result of being Wall Crossed, you would be obliged to reveal this information. Even if you do not have inside information, there is a perception risk that you will have inside information. The above prohibitions must therefore be observed because it is not deemed possible to build a Chinese Wall in your head.

With regard to other companies and securities not involved in this transaction, you may continue to work in your normal area of operation.

Duration of Wall Crossing

You will be bound by the above restrictions until 1) the information is made public (i.e. the transaction is announced to the market), or 2) the information you receive is deemed to be stale (usually after six months). For this reason, it is important you do not receive more information than is necessary for you to perform the required task. These procedures are for your own protection as well as the Firm's.
## 14. Appendix C

Form for reporting a suspicious transaction

<table>
<thead>
<tr>
<th>Date of report</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee name*</td>
</tr>
<tr>
<td>Suspect name</td>
</tr>
<tr>
<td>a. A description of the transactions or the orders for trading, including the type of order, such as a limit order, market order or other characteristic of the order and the type of trading market such as a block trade;</td>
</tr>
<tr>
<td>b. The reasons for suspicion that the transaction or the orders for trading might constitute market abuse;</td>
</tr>
<tr>
<td>c. The means for identification of the persons on behalf of whom the transactions have been carried out, or the orders have been given, and of other persons involved in the relevant transactions or orders;</td>
</tr>
<tr>
<td>d. Capacity in which the person subject to the notification obligations operates, such as for own account or on behalf of third parties</td>
</tr>
<tr>
<td>e. Other information which may have significance in reviewing the suspicious transactions or the orders to trade.</td>
</tr>
</tbody>
</table>

* Please note that under the provisions of the Market Abuse Law, CYSEC does not disclose to any person the identity of the person having notified these transactions, or the orders to trade if disclosure would, or would be likely to harm the person having notified the transactions.