

# Novum Securities Limited

## Conflicts of Interest Policy

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### Outline

The purpose of this Policy is to set out the requirements for Novum Securities Limited (the “**Firm**”) in relation to any conflicts of interest and is designed to give guidance on what is expected in relation to any conflicts that could arise. This Policy should be read in conjunction with the following to have a comprehensive understanding of the requirements:

- Principles of Business (PRIN), FCA Handbook;
- Statements of Principles (APER), FCA Handbook;
- the Firm’s Anti-Bribery Policy;
- the Firm’s Personal Account Dealing Policy;
- the Firm’s Gifts & Entertainment Policy,
- the Firm’s Compliance Manual; and
- any other relevant applicable laws, rules, regulations and professional Code of Conduct.

### Scope

This Policy applies to all directors, officers, employees, contractors and secondees (collectively, “**Personnel**” or “**Staff**”). The Firm respects all Personnel’s right to privacy and therefore would not normally take an interest in their conduct outside work. However, there could be a potential conflict between an individual’s personal conduct and their professional duties towards the Firm which should be resolved satisfactorily.

All Personnel are reminded that they should always treat the Firm’s clients, counterparties, brokers and other third parties fairly, professionally and with integrity.

### Identifying Conflicts

As a regulated entity, the Firm must take all reasonable steps to identify conflicts of interest between the Firm and a client of the Firm or one client of the Firm and another client of the Firm.

When identifying a conflict of interest that may have a material risk of damage to the interests of a client, as a minimum, the Firm will consider, amongst other things, whether the Firm, its Personnel, or any other relevant person:

1. is likely to make a financial gain, or avoid a financial loss, at the expense of the client;
2. 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;
3. has a financial or other incentive to favour the interest of another client or group of clients over the interests of the client;
4. carries on the same business as the client; or
5. 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, services or other tangible benefit, other than the standard commission or fee for that service.

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## Managing Conflicts of Interest

Conflict of interest or potential conflicts of interest must be managed promptly and fairly. The Firm has put in place a proactive monitoring mechanism to manage potential conflicts:-

- **Compliance Reviews:** reviews are undertaken on a formal basis, having been developed in-house with advice from external advisers.
- **Compliance Manual:** all members of Personnel are required to declare that they have read and understood the Firm's Compliance Manual. The Manual provides detailed policy statements, instructions and procedures (with forms) for considerations.
- **Compliance Forms:** the use of forms for Personnel to confirm personal responsibilities. These cover knowledge of the Firm's conflict policy, awareness of instances of conflict within the Firm, adherence to the Firm's code of conduct and ethical standards.
- **Compliance Training:** training programs are provided for Personnel, with ongoing refreshers and other more informal methods to raise Staff awareness of the Firm's policies and procedures, legal requirements and expectations in relation to ethics and code of conduct.
- Access to information will be controlled and will be on a 'need to know' basis. The Firm will put in place information barriers (see below for more information) to control information flows coming into the Firm, within the Firm and leaving the Firm.
- Separate supervision of relevant persons whose principal functions involve carrying out activities on behalf of, or providing services to, clients whose interests may conflict, or who otherwise represent different interests that may conflict, including those of the Firm.
- Limit on any person from exercising inappropriate influence over the way in which a relevant person carries out investment or ancillary services or activities.
- The Personal Account Dealing Policy specifies the rules and procedures on personal account dealing by Staff.
- The Gifts & Entertainment Policy detailing the Firm's rules on the acceptance and offering of gifts and entertainment.
- Order Execution Policy governing how the Firm deals with client orders to achieve the best result with their interest in mind.
- All Personnel will receive training on their duties and obligations regarding financial crime including but not limited to anti-money laundering, anti-bribery and corruption and market abuse.
- Relevant Personnel holding controlled functions will be suitably trained and competent and approved by the FCA.

## Information Barriers

The Firm has in place information barriers (also known as "**Chinese Walls**") to control the flow of information on a 'need to know' basis whereby information known to persons in one part of the business is not available (directly or indirectly) to those involved in another part of the business.

Access to confidential information is restricted to those who have a proper requirement for the information consistent with the legitimate interest of a client or the Firm. The purpose is for decisions in one part of the business to be taken without reference to any interest which any other part or any person in any such part of the business may have in the matter.

It is essential that all Personnel are aware of and respect these information barriers so that the Firm cannot at any time be accused of misusing any confidential information whether it

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has been entrusted to the Firm by clients, or relates to the operations of a particular business area within the Firm.

Personnel who are in any doubt regarding the status or position of information which they have in their possession, or have access to, should consult with Compliance.

In order to complement the use of information barriers, all Personnel should utilise the following good practices:

- use project names or code words when talking in public areas or non-secure areas in the Firm;
- use meeting rooms to discuss confidential or inside information;
- refer all potential conflicts of interest to the Compliance Officer;
- inform Compliance immediately if you believe that you are or may be in possession of inside information, even if received inadvertently;
- obtain prior consent from a client if confidential information received is to be shared or used for purposes different to the capacity in which it was given;
- notify Compliance of others you wish to make an 'insider';
- consider if another member of Personnel's position will be compromised by his/her unwittingly becoming an insider;
- keep confidential and inside information secure;
- be aware of how long the inside information is likely to remain so, since holding it for a long period may only unduly restrict you or others in conducting other business; or
- educate clients about the Firm's Chinese Walls procedures, including disclosing those staff who should be contacted for specific reasons.

Personnel should be careful of the following prohibited practices:

- bringing people over the Chinese Wall unnecessarily or without their consent;
- disclosing confidential information to anyone who does not have legitimate business need to know;
- disclosing confidential information to third parties without prior written consent;
- breaching client confidentiality, even internally;
- using confidential information or inside information to assist you in dealing with other clients in the same sector; or
- using confidential or inside information for personal gain.

## **Potential Conflicts**

Personnel needs to be aware of the potential conflicts the Firm could be faced with and consider new events in the light of possible conflicts, and especially:

### **Personnel conflicts:**

- where the personal interests of any Personnel conflict with the interests of the Firm itself or with a counterparty of the Firm;

### **Counterparty conflicts:**

- where the interests of the Firm and its counterparties either directly conflict or are more generally incompatible; or
- where the interests of two or more counterparties either directly conflict or are generally incompatible;

### **Internal conflicts:**

- where the interests between the Firm's internal units conflict; or
- where the interests between Firm and other Group entities conflict.

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Personnel should report to Compliance any actual or potential conflicts of interest. Compliance will in the first instance investigate the issue.

Compliance will record the raised conflict of interest, the action taken and the reasoning behind the actions taken. It is imperative that Personnel report any potential conflicts so they can be managed promptly and successfully.

Compliance maintains a register of identified conflicts of interests. Please contact Compliance if you require additional guidance.

## **Disclosure of Conflicts**

Where the Firm considers the arrangements in place to manage potential and/or actual conflicts of interest are not sufficient to avoid material risk of damage to a client's interest, the Firm will disclose the general nature and/or sources of the conflict of interest to the client before undertaking any business for the client.

## **Declining to Act**

Where disclosure is not considered adequate in light of the risks of damage to the interests of a client, the Firm will assess whether it would be appropriate for it to decline to act for the client.

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## Appendix 1 Register of Conflicts of Interest

Identified Conflict	Mitigation	Date of Conflict	Brief Description
Gifts and entertainment			
Personal account dealing			
Outside business interests			
Dealing with multiple clients			
Remuneration			
Group activities			
Proprietary trading			
Investment research			
Advisory services, portfolio management services and execution services			