

## Conflicts of Interest Policy

### 1 Introduction

Principle for Business number 8 (Conflicts of interest) requires Novum Securities Limited (Novum Securities) to pay due regard to the interests of each customer and to manage any conflicts of interest fairly, both between itself and its customers and between a customer and another client. The specific rules for dealing with conflicts of interest can be found under the Senior Management Systems and Controls (SYSC) rules which can be found at [SYSC 10.1](#) onwards.

### 2 Conflicts of Interest

Conflicts of Interest appear in situations where Novum Securities:

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 or services.

We must not knowingly advise, or deal in the exercise of discretion, in relation to that transaction unless we take reasonable steps to ensure fair treatment for the customer.

This is normally achieved by managing the conflict of interest by taking reasonable steps in one or more of the following ways:

1. managing the conflicts internally; or
2. establishing special arrangements such as a Chinese wall; or
3. disclosing our interest to the customer;
4. declining to act for a customer.

### 3 Managing Conflicts

Novum Securities may be able to demonstrate that it has taken reasonable steps to ensure fair treatment for its customers by relying on this Conflicts of Interest policy. In such cases, relevant employees are required to disregard any material interest or conflict of interest when advising a customer. If considered appropriate by the directors, Novum Securities may, at its discretion disclose its material interest or conflict of interest to its customer.

The FCA requires firms to identify all known conflicts within this policy (see Annex A) along with the method of dealing with the conflict. The Firm should pay special attention to the activities of investment research and advice, proprietary trading, portfolio management and corporate finance business, including underwriting or selling in an offering of securities and advising on mergers and acquisitions. In particular, such special attention is appropriate where Novum Securities or a person directly or indirectly linked by control to the firm performs a combination of two or more of those activities.

The measures for dealing with conflicts will be designed to ensure that relevant persons engaged in different business activities involving a conflict of interest carry on those activities at a level of independence, appropriate to the size and activities of the firm and of any group to which it belongs and to the materiality of the risk of damage to the interests of clients.

## Examples of types of procedures for managing conflicts

1. effective procedures to prevent or control the exchange of information between relevant persons engaged in activities involving a risk of a conflict of interest where the exchange of that information may harm the interests of one or more clients;
2. the separate supervision of relevant persons whose principal functions involve carrying out activities on behalf of, or providing services to, clients whose interests may conflict, or who otherwise represent different interests that may conflict, including those of the firm;
3. the removal of any direct link between the remuneration of relevant persons principally engaged in one activity and the remuneration of, or revenues generated by, different relevant persons principally engaged in another activity, where a conflict of interest may arise in relation to those activities;
4. measures to prevent or limit any person from exercising inappropriate influence over the way in which a relevant person carries out services or activities; and
5. measures to prevent or control the simultaneous or sequential involvement of a relevant person in separate services or activities where such involvement may impair the proper management of conflicts of interest.

## **4 Chinese Walls**

Another method by which Novum Securities can manage conflicts of interest is to establish and maintain internal arrangements restricting the movement of information within the firm. This requires information held by a person in the course of carrying on one part of our business to be withheld from, or not to be used by, persons with or for whom we act in the course of carrying on another part of our business. Such an arrangement is referred to as a Chinese Wall.

The FCA's rules with regard to Chinese Walls are set out in SYSC 10.2. Novum Securities has adopted these rules in determining its own policies with regard to Chinese Walls which is as follows:

1. when Novum Securities establishes and maintains a Chinese wall it may:
  - a. withhold or not use the information held; and
  - b. for that purpose, permit persons employed in the first part of its business to withhold the information held from those employed in that other part of the business; but only to the extent that the business of one of those parts involves the carrying on of regulated activities or ancillary activities.
2. information may also be withheld or not used by the firm when this is required by an established arrangement maintained between different parts of the business (of any kind) in the same group. This provision does not affect any requirement to transmit or use information that may arise apart from the rules in COBS.
3. for the purpose of this rule, "maintains" includes taking reasonable steps to ensure that the arrangements remain effective and are adequately monitored and must be interpreted accordingly.

Novum currently operates a Chinese Wall in order to separate its Corporate Finance business from the Firm's trading floor.

## Attribution of knowledge

When any of the rules of COB, COBS or CASS apply to Novum Securities when it acts with knowledge, the firm will not be taken to act with knowledge for the purposes of that rule if none of the relevant individuals involved on behalf of the firm acts with that knowledge as a result of arrangements established under SYSC 10.2.2 R.

Where Novum Securities establishes and maintains a Chinese Wall, individuals on the “other side of the wall” will not be regarded as being in possession of knowledge denied to them as a result of the Chinese Wall.

Acting as outlined above does not amount to market abuse, making misleading statements or engaging in misleading practices.

## **5 Segregation of Duties**

Novum Securities strives to ensure that the performance of multiple functions by its relevant persons does not and is not likely to prevent those persons from discharging any particular functions soundly, honestly and professionally. Our policies concerning the segregation of duties within the firm and the prevention of conflicts of interest are laid out below.

Novum Securities is aware that effective segregation of duties is an important element in the internal controls of a firm in the prudential context. In particular, it helps to ensure that no one individual is completely free to commit the firm’s assets or incur liabilities on its behalf. Segregation also help to ensure that the firm’s governing body receives objective and accurate information on financial performance, the risks faced by the firm and the adequacy of its systems.

Novum Securities ensures that, in general, no single individual has unrestricted authority to do all of the following:

1. initiate a transaction;
2. bind the firm;
3. make payments; and
4. account for it.

Where Novum Securities is unable to ensure the complete segregation of duties due to its limited employee base, it has adequate compensating controls in place including the frequent review of an area by relevant senior managers.

The firm ensures that its relevant persons are aware of the procedures which must be followed for the proper discharge of their responsibilities.

The firm monitors and, on a regular basis, evaluates the adequacy and effectiveness of its systems, internal control mechanisms and arrangements in relation to conflicts of interest and will take appropriate measures to address any deficiencies.

## 6 Disclosing an Interest

1. If arrangements made by Novum Securities to manage conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of a client will be prevented, Novum Securities will clearly disclose the general nature and/or sources of conflicts of interest to the client before undertaking business for the client.
2. The disclosure must:
  - a. be made in a durable medium; and
  - b. include sufficient detail, taking into account the nature of the client, to enable that client to take an informed decision with respect to the service in the context of which the conflict of interest arises.

Disclosing an interest to a customer would normally be required where the firm has an interest in a transaction on which it is advising or where the firm derives, or will derive, consultancy, non-executive director or other fees from customers involved in a transaction.

Disclosure of a material interest or conflict of interest to a customer must be made in writing. Oral disclosure is to be avoided. Disclosure must be made before we advise our customer on a transaction and we must be able to demonstrate that we have taken reasonable steps to ensure that the customer does not object to our material interest or conflict of interest.

## 7 Declining to Act

If Novum Securities determines that it is unable to manage a conflict of interest using one of the methods described above, we should decline to act on behalf of the customer concerned.

## 8 Gifts and Inducements

Clients, for a variety of reasons, may offer gifts to employees such as for annual celebrations or to commemorate the completion of a large and/or complicated transaction. Often, it would be considered impolite to refuse. Care must be taken to ensure that such gifts cannot be construed as an inducement to provide a service more favourably to that client ahead of another.

Our rules with regard to gifts and inducements are as follows:

- Gifts with a value of less than £50.00 need not be declared
- Gifts with a value greater than £50.00 must be notified to the Compliance Officer for inclusion in the Gifts and Inducements register (see Annex B)
- If a client offers more than one gift in a twelve-month period, with a cumulative value of more than £50.00, these must also be declared to the Compliance Officer as well (see Annex B)
- The Compliance Officer will send out a memorandum for all gifts to be declared on an annual basis. This memorandum will include a list of all gifts already declared. Any gifts not already declared which have a value greater than £50.00 must be included on this memorandum.

## Annex A (List of Conflicts)

Identified Conflict	Procedures for Dealing with this Conflict e.g. Disclosure, Chinese Walls, specific Internal Procedures

## Annex B (Gifts Register)

Name	Source of Gift	Gift	Estimated Value