

Conflicts of Interest Policy

Novum Securities Ltd

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1. Introduction and purpose

It is important to identify and effectively manage conflicts of interest which arise or may arise in the course of providing a service and carrying out regulated activities, as their existence may lead to material risk of damage to a client's interests. This document sets out the Policy of Novum Securities Ltd (hereafter "Novum" or the "Firm") for the management of such conflicts of interest.

This Policy applies to Novum and all of its employees with the unique goal of identifying, preventing and managing situations of conflicts of interest which the Firm, its employees, associates and consultants, and its clients are involved in, so as to protect and preserve priority for clients' interests.

This Policy does not intend to create third party rights or duties or form part of any contractual agreement between Novum and any client. This Policy may be amended and updated at any time if any material change occurs and will be reviewed on at least an annual basis.

If at any time you are in doubt as to how to act in a given situation where you are faced with an actual or potential conflict of interest, you should contact the Compliance Officer.

2. FCA Rules

The Financial Conduct Authority ("FCA") sets out obligations in SYSC 10, COBS 12 and Principle 8 to which this document is prepared.

Whilst the FCA rules are important to be adhered to by all of Novum's staff, they are non-exhaustive, and certain other additional rules may apply to readers who are members of professional associations, or by virtue of their job role.

Failure to follow any of the rules whether by express breach, or failure to follow any of the spirit of identifying, mitigating and managing conflicts of interest may also be a breach of an employment contract. Disciplinary action may be taken by Novum, or in serious cases by the FCA.

3. Conflicts of Interest

These services that Novum provides to its clients could potentially give rise to conflicts of interest entailing a material risk of damage to the interests of one or more clients. This document aims to set out these potential conflicts and the procedures that are in place to be followed and measures to be adopted in order to manage such conflicts.

The three main identified categories of potential conflicts are as follows:

- Conflicts involving several clients, for instance when Novum, in offering its services to two clients, may favour one of them;
- Conflicts involving the Firm and its clients, for example when Novum offers a service that would be more profitable to offer it without taking into account the client's requirements/needs;
- Conflicts involving the Firm's employees, for example when Novum employees carry out transactions on their own behalf to the detriment of their clients.

Treating Customers Fairly is central to the core values of Novum. There is an embedded culture that

understands what acceptable, and unacceptable behaviour is. As such, conflicts of interest and the identification/management/mitigation thereof are central to this philosophy and culture.

Definition

An actual or potential conflict may arise when, in the exercise of its activities and services, the interests of:

- Novum (including its Executive Directors, managers, employees and appointed representatives or any person directly or indirectly linked to them by the control, as applicable); or
- its associates;

and the interest of its clients, are directly or indirectly in competition, and which could significantly prejudice the client's interests.

4. Identifying situations where a conflict may arise

Conflicts of interest could prejudice a client in various ways, whether or not Novum suffers any financial loss and independently of whether the actions or the motivations of the employees involved are intentional. For the purposes of identifying the types of conflicts of interest that arise, or may arise, Novum must take into account, as a minimum, whether the Firm, a relevant person (e.g. an Executive Director, employee or an appointed representative or a director, partner or employee of an appointed representative or a person who is directly involved in the provision of services to the Firm or its appointed representative under an outsourcing agreements, as applicable) or a person directly or indirectly linked by control to the Firm:

- Is likely to make a financial gain, or avoid a financial loss, at the expense of the client;
- Has an interest in the outcome of a service provided to a client, or a transaction carried out on behalf of a client, which is distinct from the client's interest in that outcome;
- Has a financial or other incentive to favour the interest of a client (or group of clients) over the interests of another client;
- Carries on the same or similar business as the client;
- Receives or will receive an inducement from a third party in relation to a service provided to the client, in the form of monies, goods or services, other than the standard commission or fee for that service;
- Has a financial or other incentive to favour the sale of a particular product or service to a client which is not in the best interest of the client.

Generic Conflicts

Novum has identified the following circumstances in which general types of potential conflicts of interest may arise:

- The Firm or an associate undertakes designated investment business for other clients including its associates (and the clients of its associates);
- An Executive Director or employee of Novum, or of an associate, is a director or partner of, holds or deals in securities of, or is otherwise interested in any company whose securities are held or dealt in on behalf of a client;
- An Executive Director or employee of Novum, or of an associate, is involved in the management of any company whose securities are held or dealt in on behalf of a client;
- A transaction is carried out in units or shares of a fund or company of which Novum or an associate is the manager, operator or adviser;
- A transaction is carried out in securities in respect of which the Firm or a director or employee of the Firm or an associate, is contemporaneously trading or has traded on their own account;
- The Firm may, when acting on behalf of a client, match an order of the client with an order of another client for whom it also acts on his/her behalf.

5. Prevention and management

Novum has identified specific potential conflicts of interest which may arise in relation to its activities. The general nature and/or source of these conflicts will be disclosed to clients before undertaking business in sufficient detail to enable the client to make an informed decision about the service in the context in which the conflict has arisen. For each potential situation, Novum must analyse whether or not the risk is actual or potential for one or more of its clients.

In general, Novum has set up the following procedures and controls to identify and manage any potential conflicts of interest:

- effective procedures to prevent or control the exchange of information between the relevant persons where the exchange of such information may harm the interests of one or more clients.
- separate supervision of relevant persons whose principal functions involve carrying out such 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.
- 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 may arise in relation to those activities.
- measures to prevent or limit any person from exercising inappropriate influence over the way in which a relevant person carries out regulated activities.
- measures to prevent or control the simultaneous or sequential involvement of a relevant person in separate corporate finance, investment or ancillary services or other activities where such involvement may impair the proper management of conflicts of interest.
- segregation of duties that could give rise to conflicts if carried out by the same individual.
- establishment of a “four-eyes principle” in relation to the supervision of the Firm’s activities.

If Novum considers developing new products or services or making other changes to its business model or operations, the Senior Management will consider whether any additional potential conflicts of interest arise.

The Compliance Officer will update the Conflicts of Interest Policy and Register of Potential Conflicts of Interest as necessary on an ongoing basis and formally consider the continued adequacy of the arrangements annually.

Senior Managers will receive written reports on the Firm’s conflicts of interest records on an annual basis.

Inducements including gifts and hospitality

Novum maintains business relationships with third parties who may remunerate the Firm in the form of management and performance fees which can constitute monetary or non-monetary benefits thereby impairing Novum’s fiduciary duties to the client. The FCA Rules classify these as inducements. Further details are included in the Compliance Manual.

Gifts and hospitality could lead to potential conflicts of interest. No employee may accept from, or give to, any person any gift or other benefit that cannot properly be regarded as justifiable in all circumstances. Policies and procedures have been implemented to ensure that staff and their connected persons do not offer or accept gifts or inducements which may give the perception that decisions or actions are not impartial. These include the requirement for gifts or hospitality, received or given, amounting to less than £50 to be notified to the Compliance Officer and, where the amount is above £50, written approval must be obtained from the Compliance Officer. Further details on this are set out in the Compliance Manual. All employees must act with the highest standards of integrity to avoid any allegations of conflicts of interest.

A record is kept by the Compliance Officer of any gifts or hospitality received or given.

Where an invitation to a hospitality event, for example, could be construed as being a business inducement, it must be declined, and the Compliance Officer must be informed.

Personal account dealing

Employees may only undertake personal investment activities that do not breach applicable law or regulation, do not unduly distract from their employment responsibilities and do not create an unacceptable risk to Novum's reputation. Transactions should also be free from business and ethical conflicts of interest. Employees must never misuse proprietary or client confidential information in their personal dealings and must ensure that clients are never disadvantaged as a result of their dealings. Failure to comply with this could lead to a breach of the employment contract.

Novum's Personal Account Dealing Policy has been established to ensure that personal account dealing by members of staff comply with this policy. This includes a requirement for pre-deal approval from the Compliance Officer. Novum must also ensure that all employees are aware that personal account dealings might result in losses.

Novum's Personal Account Dealing Policy is set out in the Compliance Manual.

Outside employment and business interests

No employee may engage in any additional occupation without the consent of the Firm. In certain circumstances, consent may be withheld.

Employees must not accept personal fiduciary appointments (such as trusteeships or executorships other than those resulting from family relationships) without first obtaining written approval from the Compliance Officer.

Training and Review

All Novum employees are required to attend training on how to be aware of conflicts of interest and how to report any new or future conflicts.

Aggregation of orders

Where Novum aggregates the orders of clients, it must ensure that this does not work to the overall disadvantage of any clients whose order is to be aggregated. Novum has established an Order Aggregation and Allocation Policy which sets out the details of the Firm's policy.

Disclosure

In certain cases, and always as a measure of last resort, Novum will disclose the general nature and/or source of potential or actual conflicts to its client in writing before undertaking business on its behalf so that the client can decide whether or not to accept these potential conflicts.

The disclosure will be made via email, and it will include sufficient detail, taking into account the nature of the client, to enable the client to make an informed decision with respect to the service. The disclosure will state that the organisational and administrative arrangements established by Novum to prevent or manage that conflict are not sufficient to ensure, with reasonable confidence, that the risk of damage to the interest of the client will be prevented. The description will explain the general nature and sources of conflicts of interest, as well as the risk to the client that arises as a result of the conflict and the steps taken to mitigate that risk.

Novum is aware that as per SYSC 10.1.9 over-reliance on disclosure is not permitted and the Firm will use it as a measure of last resort.

If it is not possible to avoid or manage a conflict of interest, Novum may have no choice but to decline

to provide the service requested.

Transparency

The operational framework of the Firm is grounded in principles of trust and transparency in its dealings with clients. In the course of delivering the Firm's services, it is customary as part of the business process for staff to consider co-investing with the end client (investor). In all such instances, full disclosure and acceptance by the end client (investor) and issuer must be obtained.

Segregation of Duties

Segregation of duties is a basic building block of sustainable risk management and internal controls for a business. The underlying reason is to ensure that no individual should have excessive system access that enables them, for example, to execute transactions across an entire business process without checks and balances.

There are several distinct tasks within the Corporate Broking and Corporate Finance business that could lead to potential conflicts of interest that are mitigated by them being segregated from the individuals directly involved in the task.

Novum believes in setting up clear roles and responsibilities for each job. By doing so, this gives employees a thorough list of what they are expected to do, when they are to do it, and who will be reviewing their work. Accountability is a crucial aspect in the segregation of duties. Without various levels of review, even the best internal control procedures can be rendered meaningless. By having proper checks and balances in place, a business can catch errors and fraud immediately.

Information barriers

Novum maintains appropriate policies detailing Insider Lists and Information Barriers often known as Chinese Walls so as to limit or withhold the use of information that is price-sensitive, confidential, and could give rise to market abuse, restrictions on dealing, conflicts of interest, or any other improper or unethical activities.

It is not always possible to prevent actual conflicts of interest from arising. As such and in order to mitigate and manage such conflicts, Novum has also established Chinese Walls to segregate the Corporate Finance team, the Corporate Broking team and the Trading and Execution team, restricting the flow of confidential and inside information within the Firm and departments. In particular, each department has its own physical office within the building which is accessible only to the team having respective key tokens. In addition, each physical office is equipped with locking file cabinets, a printer and a shredder to prevent the leakage of any confidential and inside information.

Novum also made arrangements for each department to have its own separate space on the server for record-keeping and no one outside of that department can access it. Access is restricted to the personnel of each department. In order to mitigate and manage conflicts of interest, in certain circumstances, Novum may have to decline to take on a new client.

Novum maintains and periodically updates the Restricted Lists of financial instruments that are prohibited or restricted from investment as a result of a conflict of interest or inside information.

The Compliance Officer monitors along with the relevant business line managers the effectiveness of these Information Barriers. In some circumstances, staff may be taken "across the wall." Where this happens the Compliance Officer must be notified, and a record made thereof, along with updating of the Restricted List.

Remuneration and Oversight

The management oversight and determination of appropriate remuneration of members of staff is conducted by Novum's Senior Management. Novum must ensure that it does not remunerate or assess the performance of its staff in a way that conflicts with its duty to act in the best interests of its client(s).

Staff are subject to appropriate management and supervision to ensure that Novum is able to demonstrate that it has appropriate and effective arrangements in place to ensure that conflicts of interest are properly managed.

6. Record Keeping

Novum keeps and regularly updates an electronic record of the kinds of activities carried out by or on behalf of the Firm in which a conflict of interest entailing a material risk of damage to the interests of one or more clients has arisen or, in the case of an ongoing service or activity, may arise. These records will be held for a minimum of five years from the date of creation and are maintained on an ongoing basis by the Compliance Officer.

7. Reporting & Whistleblowing

Conflicts of Interest situations or potential conflicts situations should be reported to the Compliance Officer immediately. The Firm upholds a non-retaliation policy and is committed to safeguarding employees who report conflicts of interest or potential conflict of interest situations. Any employee reporting such concerns will be protected against retaliation. The Firm actively encourages employees to report any concerns regarding conflicts of interest to the FCA through the following channels:

email: firm.queries@fca.org.uk

call: 0300 500 0597 from the UK, +44 207 066 1000 from abroad