

CONFLICT OF INTEREST POLICY

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Table of contents	Pages
1. <i>Definitions</i>	4
2. <i>General Principles</i>	6
2.1. <i>Purpose</i>	6
2.2. <i>Regulatory Framework</i>	6
2.3. <i>Identified Conflicts of Interest</i>	6
2.4. <i>Record-keeping and reporting</i>	8
2.5. <i>Investment and Ancillary Services</i>	9
3. <i>Procedures and measures adopted to manage Conflicts</i>	9
3.1. <i>Confidential information and Chinese walls</i>	9
3.2. <i>Separate supervision</i>	10
3.3. <i>Remuneration policy</i>	10
3.4. <i>Inappropriate influence</i>	10
3.5. <i>Segregation of function</i>	10
3.6. <i>Gifts, entertainment and inducements</i>	11
3.7. <i>Corruption and bribes</i>	12
3.8. <i>Independence</i>	12
3.9. <i>Personal account dealing policy</i>	12
3.10. <i>Watch List and Restricted list</i>	12
3.11. <i>Disclosure</i>	12
3.12. <i>Declining to act</i>	13
3.13. <i>Corporate strategy and underwriting</i>	13
3.14. <i>Outsourcing</i>	14
3.15. <i>Allocation Policy</i>	14
ANNEX 1: "CONNECTED PERSONS"	16
ANNEX 2: INSIDE INFORMATION.....	17
ANNEX 3: LIST OF FINANCIAL INSTRUMENTS	19

Introduction

- 1.1 GPB Financial Services Ltd (“GPBFS” or “the Company”) is authorised by the Cyprus Securities & Exchange Commission (“**CySEC**”) to offer investment services under license 113/10.
- 1.2 Pursuant to the Markets in Financial Instruments Directive (Directive 2014/65/EU) (“MiFID II”) and Regulation 2014/600/EU (“MiFIR”), GPBFS is required to maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps to identify, prevent (where possible), escalate, manage and/or disclose, as a “mean of last resort”, conflicts of interest as part of the Company’s commitment to treat its Clients fairly and act on their best interest at all times.
- 1.3 The Policy sets out the manner according to which the Company will:
- Identify situations where actual (or potential) conflicts of interest may arise and can potentially result in a threat against the best interests of the Client;
 - Adopt adequate procedures, mechanisms and systems to identify and manage such conflicts of interest;
 - Develop procedures and systems to proactively prevent potential damage from any case of conflicts of interest; and
 - Monitor on an on-going basis the effectiveness of the controls and measures established around the identification, prevention disclosure of conflicts of interest.
- 1.4 If you would like further details on the Conflicts of Interest Policy, please contact our Compliance Officer akitros@gpbfs.com.cy at Crystalserve Business Center, 65 Spyrou Kyprianou, 2nd floor, Mesa Gitonia, 4003, Limassol, Cyprus; Tel: +357 25 055000 Fax: +357 25 055101.
- 1.5 It is noted that for the purpose of this Policy, the terms person(s), employees / staff members and members of Board of Directors (“BoD”) shall be always accompanied with the terms persons with close links / relevant persons / connected persons (as defined in Annex 1: “Connected persons”) / person closely associated.
- 1.6 Obligation to manage Conflicts of Interest:

Under MiFID II / MiFIR, the Company is required to establish, implement and maintain an effective Conflicts of Interest Policy set out in writing which is appropriate to the size, organisation, nature, scale and complexity of the Company’s business.

A Conflicts of Interest Policy must specify the procedures to be followed and measures to be adopted in order to manage those conflicts of interest which have been identified by the Company. The Company takes all necessary administrative and organisational measures and establishes the necessary procedures / arrangements in order to prevent the occurrence of conflicts of interest or resolve any existing conflicts of interest between the Company’s various stakeholders,, or between the Company’s employees or Clients themselves.

1. DEFINITIONS

Client - means any natural or legal person to whom GPBFS provides investment or ancillary services.

Close links - means a situation in which two or more natural or legal persons are linked by:

- participation in the form of ownership, direct or by way of control, of at least 20% of the voting rights or capital of an undertaking;
- control which means the relationship between a parent undertaking and a subsidiary, in all the cases referred to in section 148 of Company Law and Article 22 (1) and (2) of Directive 2013/34/EU, or a similar relationship between any natural or legal person (Person) and an undertaking, any subsidiary of a subsidiary undertaking also considered to be a subsidiary of the parent undertaking which is at the head of those undertakings;
- a situation in which two or more natural or legal persons are permanently linked to one and the same person by a control relationship.

Director - means a member of the Board of Directors.

Financial instrument – means those instruments specified in Section C of Annex I of MiFID II. For more details, refer to **Annex 3: “List of Financial Instruments”**.

Inside information – means, in accordance with MAR, information of a precise nature, which has not been made public, relating, directly or indirectly, to one or more issuers 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. For more details, refer to **Annex 2: “Inside Information”**.

Insider dealing – means the misuse of Inside Information for transacting in investments with the aim of obtaining an unfair advantage over others who are unaware of the information.

Market manipulation – means the situations where a Person is acting in a way that gives, or is likely to give false or misleading signals on the supply, demand or price of an investment or secure the price of an investment at an abnormal or artificial level.

Members of the Board of Directors (BoD)– means the Executive Directors and, Non-Executive Directors.

Multilateral Trading Facility (MTF) - means a multilateral system, operated by an investment firm or a market operator, which brings together multiple third-party buying and selling interests in financial instruments – in the system and in accordance with non-discretionary rules – in a way that results in a contract, as described in MiFID II.

Organised Trading Facility (OTF) - means a multilateral system which is not a regulated market or an MTF and in which multiple third-party buying and selling interests in bonds, structured finance products, emission allowances or derivatives are able to interact in the system in a way that results in a contract, as described in MiFID II.

Personal transaction - means a trade in Financial Instruments effected by or on behalf of a Relevant Person, where at least one of the following criteria are met:

- The Relevant Person is acting outside the scope of the activities he carries out in his professional capacity;
- The trade is carried out for the account of any of the following persons:
 - a) The Relevant Person

- b) Any Related Person, or a person with whom he has Close links or is Person closely associated with
- c) A person whose relationship with the Relevant Person is such that the Relevant Person has a direct or indirect material interest in the outcome of the trade, other than a fee or commission for the execution of the trade.

Person closely associated – means, in accordance with MAR:

- a) a spouse, or a partner considered to be equivalent to a spouse in accordance with national law;
- b) a dependent child, in accordance with national law;
- c) a relative who has shared the same household for at least one year on the date of the transaction concerned; or
- d) a legal person, trust or partnership, the managerial responsibilities of which are discharged by a person discharging managerial responsibilities or by a person referred to in point (a), (b) or (c) above, which is directly or indirectly controlled by such a person, which is set up for the benefit of such a person, or the economic interests of which are substantially equivalent to those of such a person.

Relevant person – means, in relation to the Company, any of the following persons:

- A member or secretary of the Board of Directors, manager, auditor, tied agent or manager of any tied agent of the Company;
- Shareholders with a holding of 5% or more of the shares or voting rights of the Company, held either individually or jointly with their Related Persons;
- An employee of the Company or of a tied agent of the Company, as well as any other natural person whose services are placed at the disposal and under the control of the Company or a tied agent of the Company who is involved in the provision by the Company of investment services or/and the performance of investment activities;
- A natural person who is directly involved in the provision of services to the Company or to its tied agent under an outsourcing arrangement for the purpose of the provision by the Company of investment services or/and the performance of investment activities;
- Any person who by virtue of their relation with the Company (e.g. employees, managers, shareholders, associates, members of the Board of Directors) possesses Inside Information while he / she knows, or ought to have known that it is Inside Information.

Suspicious transaction or order (STOR) – means a suspicious transaction or order where there are ‘reasonable grounds’ to suspect it might constitute market abuse, such as insider dealing or market manipulation.

Unlawful disclosure of inside information – means, when a person improperly discloses inside information other than in the normal discharge of the person’s job or professional duties.

2. GENERAL PRINCIPLES

2.1. PURPOSE

GPBFS has adopted a conflicts of interest policy which:

- Identifies circumstances which may give rise to conflicts of interest including risks of material damage to Clients' interests; and
- Sets out mechanisms and systems to be adopted by GPBFS in managing these conflicts.

This document is not intended to cover all eventualities and all circumstances that may be encountered.

2.2. REGULATORY FRAMEWORK

The Policy has been prepared in accordance with the following laws, regulations, directives and guidelines:

- Law which provides for the provision of Investment Services, the Exercise of Investment Activities, the Operation of Regulated Markets and other related matters (L. 87(I)/2017)
- Regulation (EU) No 600/2014 of the European Parliament and of the Council, of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 (MIFIR);
- Directive 2014/65/EU of the European Parliament and of the Council, of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (MIFID II);
- Other laws, directives and circulars issued by CySEC from time to time.

2.3. IDENTIFIED CONFLICTS OF INTEREST

2.3.1. GPBFS has identified the following main types of conflict of interest applicable to them, in relation to the different areas the Company operates in:

- Acting for own account when dealing with a Client;
- Conflicts in agency dealings;
- Conflicts in dealing in any capacity;
- Conflicts associated with holding confidential information;
- Conflicts in corporate finance and capital markets;
- Conflicts arising out of the group structure;
- Conflicts arising out of the charges for fees and commissions;
- Conflicts arising in relation to inducements; and
- Conflicts arising from personal account dealing.

2.3.2. Under MIFID II, a conflict of interest may arise, where there is a conflict:

- between the interests of the Company, certain persons connected to it or a member of the Company's group and the interests of a Client;
- between the interests of two or more of the Company's Clients, to each of whom the Company owes a duty, where the conflict of interest might damage or adversely affect either of their respective interests.
- between the Company's employees, or between the Company and its employees;
- between the Company and a member of its Board of Directors (BoD) or the Company and a member of its Senior Management
- between the Company and its Clients as a result of the various activities and roles of the Company in its capacity as a lender, provider of investment and ancillary services as well as proprietary trader

2.3.3. Particular examples of Conflicts of Interest may include:

2.3.3.1. Between the Company and its employees or between the Company's employees

- an employee simultaneously performs executive and controlling functions which might allow performing functions with the purpose of deriving a personal benefit;
- an employee's interest in the outcome of a particular activity or endeavour differs from the Company's interest;
- an employee simultaneously takes a position at the Company, at the Company's Client (when the Company provides its products or services) or at the Company's counterparty (when the Company purchases goods, works or services);
- an employee exceeds his / her functions as set out by his / her employment agreement with the purpose of deriving personal or any other benefit;
- an employee receives a financial or other significant benefit as a result of the employee's position at the Company that is inappropriate in nature.
- Interests of a certain employee that could impair his or her judgment or objectivity in carrying out his / her duties and responsibilities to the Company;
- an employee interferes with the due and timely performance by another employee of his/her functions with the purpose of deriving personal benefit.
- an employee promotes delivery of services which are no longer in the best interests of the Company with the purpose of deriving personal benefit.

2.3.3.2. Between the Company or its employees with the Company's Clients

- Interests of a certain Client are preferred to those of another Client with the purpose of deriving personal benefit by an employee;
- Interests of a certain employee are preferred to those of a Client with the purpose of deriving personal benefit by such employee;
- A monetary or non-monetary inducement is received from a person other than the Client in relation to a service provided to a Client;

- The Company wishing to make investment for its own account in financial instruments in which Clients/counterparties are also seeking to invest;
- The Company is trading for own account in an instrument which is issued by a Client.

2.3.4. According to the provisions of this Policy, for the purpose of identifying the types of conflict of interest that arise or may arise, in the course of providing a service, the existence of which may pose a material risk of damage to the interests of a Client, the Company is required to take into account whether the Company or a person:

- 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 the Client or of a transaction carried out on behalf of the 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 business as the Client;
- receives or will receive from a person other than the Client an inducement in relation to a service provided to the Client, in the form of monies, goods or services, other than the standard commission or fee for that service.
- has a financial or other incentive to favour the sale of a particular product or service to the Client which is not in the best interest of the Client;
- engages or attempts to engage in insider dealing and misuse of inside information, recommends that another person engages in insider dealing or induces another person to engage in insider dealing and market manipulation with the purpose of deriving personal benefit or benefit of the Company or a Client/ third party.

2.3.5. In addition to the above-mentioned types of conflicts of interest, a non-exhaustive list of the types of situations where conflicts may arise, including conflicts in relation to the provision of investment and ancillary services the Company may provide and the Company's employees need to be aware of, are listed below:

- Extension of credit to directors, members of the BoD, employees which could jeopardize the financial status or otherwise the confidence in the Company's operations;
- Personal business interests and private investments of heads of the departments, members of the BoD, other employees;
- Provision to the Company of goods and services by heads of the departments, members of the BoD, other employees;
- Where the Company provides or may provide different services to the same Client;
- Where as a result of excessive or lavish gifts or entertainment provided to an employee, such employee's judgment is improperly influenced, or the employee engages in improper conduct;

2.4. RECORD-KEEPING AND REPORTING

The Company shall maintain and regularly update a record of the kinds of investment or ancillary service or investment activity carried out by or on behalf of the Company, 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.

The Company is committed to full transparency in its activities and in doing so, logs all relevant failures in the processes and perceived / potential / actual Conflicts of Interest, are recorded on the Company's Conflicts of Interest Register.

It is the responsibility of the Compliance Officer to prepare and distribute to the Company's Senior Management a written report referring to the record of services or activities giving rise to detrimental conflicts of interest, on an ad-hoc basis and at least annually. The Conflicts of Interest Register is also maintained by the Compliance Officer.

2.5. INVESTMENT AND ANCILLARY SERVICES

2.5.1. Conflicts of interest might arise as a result of the offering of investment and ancillary services to Clients by the Company and acting, in parallel, as proprietary trader. The Company employs a number of measures in an attempt to mitigate any conflicts of interest that could arise from the provision of the following investment services and ensure that the requisite degree of independence is maintained:

- Reception and Transmission of orders related to one or more financial instruments
- Order execution on behalf of Clients
- Dealing on own account
- Underwriting financial instruments and/or placing financial instruments on a firm commitment basis or on a non-commitment basis
- Placing of financial instruments on a non-firm commitment basis

2.5.2. In addition to the direct investment services listed above, GPBFS is also permitted to perform the following ancillary financial services:

- Safekeeping and administration of financial instruments, including custodianship and related services
- Granting credits or loans to one or more financial instruments, where the Company granting the credit or loan is involved in the transaction
- Advice to undertakings on capital structure, industrial strategy and related matters and advice and services relating to mergers and the purchase of undertakings
- Foreign exchange services when related to the provision of investment services
- Services related to underwriting

2.5.3. The Company does not offer, at present, the services of Investment Advice, Portfolio Management, and does not intend to operate a Multilateral Trading Facility (MTF) or an Organised Trading Facility (OTF).

3. PROCEDURES AND MEASURES ADOPTED TO MANAGE CONFLICTS

3.1. CONFIDENTIAL INFORMATION AND CHINESE WALLS

3.1.1. GPBFS' employees are under a general duty to respect the confidentiality of Client information and not pass it on or use it inappropriately. In certain particularly sensitive areas, GPBFS has adopted more specific procedures (commonly known as "Chinese walls") to prevent or control the exchange of information between relevant persons engaged in activities involving a risk of conflict of interest where the exchange of that information may harm the interests of one or more Clients.

3.1.2. GPBFS has implemented Chinese walls around the following business areas:

- Reception and transmission and execution of Client orders;
- Dealing on Own Account;
- Underwriting financial instruments and/or placing financial instruments on a firm commitment basis;
- Safekeeping and administration of financial instruments, including custodianship and related services;
- Advice to undertakings on capital structure, industrial strategy and related matters and advice and services relating to mergers and the purchase of undertakings.

3.1.3. Persons located within a Chinese wall are prohibited from inappropriately passing information to those outside the wall, except with the approval of GPBFS's Compliance Officer where it is appropriate to the service being provided to the Client. Persons located outside a Chinese wall are not permitted access to information held within the Chinese wall, other than in exceptional cases.

3.2. SEPARATE SUPERVISION

3.2.1. Where appropriate, 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 Company, may be subject to separate supervision.

3.3. REMUNERATION POLICY

3.3.1. The Company recognises that remuneration is a factor that may influence the conduct of its employees. In this respect, the Company has established remuneration policies and procedures which set out appropriate governance to prevent remuneration structures which may incentivise an employee to act contrary to his/her responsibilities, regulatory requirements, or the Company's code of business conduct and ethics.

3.3.2. GPBFS's remuneration policies seek to ensure 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.

3.3.3. Remuneration (including bonuses) may, however, be calculated by reference to the profitability of

- i. the department or other business unit for which the employee works or
- ii. the GPBFS group as a whole.

3.4. INAPPROPRIATE INFLUENCE

3.4.1. GPBFS has adopted a general policy that no employee may exert or threaten to exert inappropriate influence over another employee whether or not that other person works within the same business area.

3.5. SEGREGATION OF FUNCTION

3.5.1. Where appropriate, GPBFS takes steps to prevent and control the simultaneous or sequential involvement of a relevant person in separate investment or ancillary services or activities where such involvement may impair the proper management of conflicts of interest.

3.6. GIFTS, ENTERTAINMENT AND INDUCEMENTS

- 3.6.1. A conflict of interest may arise where an employee receives or offers a gift or entertainment that constitutes an inappropriate incentive. It is the Company's policy not to permit the offering or acceptance of gifts or entertainment by an employee unless it is reasonable, proportionate and for a legitimate business purpose.
- 3.6.2. Where applicable, employees must obtain the Compliance Officer's pre-approval for gifts and entertainment, whereas an approval will not be granted in case such gifts and entertainment is seen to give rise to an actual or potential conflict of interest, or it is inappropriate in nature or otherwise breaches any of the Company's policies / procedures.
- 3.6.3. Employees are prohibited from offering, giving, soliciting or accepting an inducement, gift or benefit if it is likely to materially conflict with any duty that the employee or GPBFS owe to its Clients. Relevant inducements include inducements received by GPBFS or its employees from Clients and third parties as well as inducements given by GPBFS or its employees to other GPBFS's employees, Clients and third parties.
- 3.6.4. Systems, controls and procedures are in place to identify and manage the conflicts of interest that arise when providing investment service to an investment Client to participate in a new issue, where the Company receives commissions, fees or any monetary or non-monetary benefits in relation to arranging the issuance.
- 3.6.5. It shall be ensured that the provision of research by third parties to the Company shall not be regarded as an inducement if it is received in return for either of the following:
- a) direct payments by the Company out of its own resources;
 - b) payments from a separate research payment account controlled by the Company, provided the following conditions relating to the operation of the account are met:
 - the research payment account is funded by a specific research charge to the Client;
 - as part of establishing a research payment account and agreeing the research charge with their Clients, Companies set and regularly assess a research budget as an internal administrative measure;
 - the Company is held responsible for the research payment account;
 - the Company regularly assesses the quality of the research purchased based on robust quality criteria and its ability to contribute to better investment decisions.
 - c) With regard to point (b) above, where a Company makes use of the research payment account, it shall provide the following information to Clients:
 - before the provision of an investment service to Clients, information about the budgeted amount for research and the amount of the estimated research charge for each of them;
 - annual information on the total costs that each of them has incurred for third party research.
- 3.6.6. Any commissions, fees or monetary or non-monetary benefits have to comply with the inducements requirements as laid down in MiFID II (Article 24(9)), i.e. the payment or benefit:
- should be designed to enhance the quality of the relevant service to the Client; and
 - should not impair compliance with GPBFS's duty to act honestly, fairly and professionally in accordance with the best interest of its Clients.

These are documented in this Policy and reflected in the inducements arrangements.

- 3.6.7. Any inducement over EURO 200 or equivalent shall be registered in the Register of Gifts and Inducements maintained by the Compliance Officer of GPBFS.

3.7. CORRUPTION AND BRIBES

- 3.7.1. A bribe could create a conflict of interest where the payment or receipt of the bribe would distract the Company from its obligations to serve the best interests of its Client.

3.8. INDEPENDENCE

- 3.8.1. GPBFS adopted a policy of independence which authorises and requires GPBFS and its employees carrying on investment business to act in the best interests of the Client at all times and to ignore any conflicting interest of GPBFS or of the relevant employees to the extent that the same would conflict with such duty to the Client.

3.9. PERSONAL ACCOUNT DEALING POLICY

- 3.9.1. All employees of GPBFS are subject to a personal account dealing policy, which imposes certain restrictions, approval procedures and reporting requirements in relation to personal account dealing. The personal account dealing policy requires employees to disclose all personal dealing and in some cases receive prior approval for personal account transactions. Employees are required to avoid any personal account transactions that may place them in conflict with the interests of either Clients or GPBFS.

3.10. WATCH LIST AND RESTRICTED LIST

- 3.10.1. Where GPBFS is providing services to a particular person (e.g. a proposed acquirer of a Company) or in relation to a particular person (e.g. the company proposed to be acquired), it may be appropriate that dealings in securities issued by one or more of such persons need to be restricted (in a Restricted List) or maintained in a Watch List.

3.10.2. Watch List

GPBFS maintains a Watch List, which enables the Risk Management Department to monitor the business activities and cancel or amend any orders concerning a financial instrument of companies / issuers on the Watch List. Regardless of whether a Financial Instrument is placed on the Watch List, the Chinese Walls procedures must be strictly observed until either the "inside" information has been disclosed publicly by the Company or broadly disseminated

3.10.3. Restricted List

GPBFS also maintains a Restricted List. Unlike the Watch List, the Restricted List provides the mechanism to communicate and apply any restrictions that may relate to certain business activities.

Except where GPBFS receives an unsolicited agency order in securities on the restricted list, no member of staff may, either for the Company's account, a Client's account or their own personal account deal in any security included on the restricted list.

3.11. DISCLOSURE

- 3.11.1. GPB shall ensure that disclosure of conflicts to Clients is used only as "means of a last resort", where the organisational or administrative arrangements made by GPBFS to manage conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to Client interests will be prevented, GPBFS will clearly disclose the general nature and/or sources of conflicts of interest to the Client before undertaking business on its behalf.

- 3.11.2. The disclosure to Clients shall be made in a durable medium and include sufficient detail and a specific description of the conflicts of interest that arise in the provision of investment and/or ancillary services, taking into account the nature of the Client to whom the disclosure is being made. The description shall explain the general nature and sources of conflicts of interest, as well as the risks to the Client that arise as a result of the conflicts of interest and the steps undertaken to mitigate these risks. The disclosure shall also clearly state that the organisational or administrative arrangements made by GPBFS to manage conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to Client interests will be prevented. This is to enable that Client to take an informed decision with respect to the service in the context of which the conflict of interest arises.
- 3.11.3. As mentioned above, the notification / disclosure shall also include the steps taken by the Company to mitigate those risks before undertaking business on its behalf. Such mitigation procedures may indicatively include:
- Full investigation as well as any remedial or disciplinary actions;
 - Four-eye principle supervision; or
 - Investigation by an external supervising body
- 3.11.4. Over-reliance on disclosure of conflicts of interest are considered a deficiency under MiFID II and appropriate controls and measures are followed to identify the conflicts prior to disclosure. Measures in place include of information barriers or physical separation of certain departments.

Specifically, in relation to conflicts of interest, the rules on underwriting and placing require that: GPBFS shall identify all potential conflicts of interest arising from other activities of the Company, or group, and implement appropriate management procedure.

In cases where the Company cannot manage a conflict of interest by way of implementing appropriate procedures, the Company shall not engage in the operation. While GPBFS provides execution services as well as carrying out underwriting and placing activities, the Company shall ensure adequate controls are in place to manage any potential conflicts of interest between these activities and between their different Clients receiving those services.

3.12. DECLINING TO ACT

- 3.12.1. GPBFS may decline to act where it believes that there is no other practicable way of ensuring that the Client would be treated fairly.

3.13. CORPORATE STRATEGY AND UNDERWRITING

- 3.13.1. When the Company provides advice on corporate finance strategy and the service of underwriting or placing of financial instruments, shall, before accepting a mandate to manage the offering, have arrangements in place to inform the issuer Client of the following:
- the various financing alternatives available with the Company, and an indication of the amount of transaction fees associated with each alternative;
 - the timing and the process with regards to the corporate finance advice on pricing of the offer;
 - details of the targeted investors, to whom the Company intends to offer the financial instruments;
 - the job titles and departments of the relevant persons individuals involved in the provision of corporate finance advice on the price and allotment;
 - Company's arrangements to prevent or manage conflicts of interest that may arise where the Company places the relevant financial instruments with its investment Clients or with its own proprietary book.

3.14. *OUTSOURCING*

- GPBFS is currently outsourcing the Underwriting and Services Relating to Underwriting.

3.14.1. The following information/relevant documentation is relevant in relation to Gazprombank Moscow, as the group entity to whom the services are being outsourced:

- Information about how the recommendation as to the price of the offering and the timings involved is determined.
- Information send to the issuer Client about any hedging or stabilization strategies the Company intends to undertake with respect to the offering, including how these strategies may impact the issuer Clients' interests.
- Evidence confirming that during the offering process, that all reasonable steps were taken, in order to keep the issuer Client informed about developments with respect to the pricing of the issue.
- More specifically, the Company should be provided with the required supporting evidence, for example email communication between the group entity and the issuer Client based on which the latter was being informed about developments with respect to the pricing of the issue.
- When placing financial instruments, the Company shall establish, implement and maintain effective arrangements to prevent recommendations on placing from being inappropriately influenced by any existing or future relationships.

3.15. *ALLOCATION POLICY*

3.15.1. The policy, which is not currently held as a separate document, ensures that allocations made as part of its placing process do not result in the Company's interests being placed ahead of the interests of the issuer Client, by setting out the process for developing allocation recommendations. The policy aid in preventing:

- Conflicts of interests that arise where persons responsible for providing services to its Clients are directly involved in decisions about recommendations to the issuer Client on allocation
- Recommendations on placing from being inappropriately influenced by any existing or future relationships.

3.15.2. During the placing process, conflicts of interest may arise between the Company's own interests and the interests of the issuer Client or the Company's investment Clients. For example:

- in cases where there is more demand for shares than supply in an offering, it may be in the interests of the Company to allocate securities to its own proprietary trading group or its own asset management arm (or those of group companies), before allocating securities to its investment Clients;
- The Company may pursue its own interests in how it facilitates the distribution of the offering. For example, the Company may favour investment Clients that are likely to conduct future trading business with the Company over other investment Clients, or by allotting securities to existing investment Clients to increase the chance of securing future investment banking mandates;
- the Company may favour its own interests over those of its investment Clients by being selective or unclear in the information it provides about the issue, for example to control the demand for a placing to the benefit of the Company; or
- GPBFS might allocate financial instruments to investment Clients that are known to be active traders and might be expected to generate substantial future trading commissions for the Company, to the detriment of the issuer Client's interest in having a stable base of long-term shareholders.

- 3.15.3. It is also important that the issuer Client understands the process the Company takes when determining the placing and the timings involved. GPBFS should invite the issuer Client to participate in the placing process so that its interests can be taken into account. One way to do this could be for the Company to obtain the issuer Client's agreement to its proposed allocation policy for the transaction.
- 3.15.4. The policy sets out the process for developing allocation recommendations and is provided to the issuer Client before agreeing to undertake any placing services and evidence of this should be maintained in the Company's records. The policy shall set out relevant information that is available at that stage, about the proposed allocation methodology for the issue.
- 3.15.5. GPBFS shall involve the issuer Client in discussions about the placing process in order for the Company to be able to understand and take into account the Client's interests and objectives. The Company shall obtain the issuer Client's agreement to its proposed allocation per type of Client for the transaction in accordance with the allocation policy and evidence of this should be maintained in the Company's records.
- 3.15.6. In addition to the above, GPBFS should have a process to record allocation decisions at material stages in the allocation process. In particular, the final allocation made to each investment Client shall be clearly justified and recorded. The complete audit trail of all steps in the underwriting and placing process should be made available upon CySEC's request.
- 3.15.7. Records of allocations decisions should include:
- a) The overarching allocation policy of GPBFS in force at the time of the commencement of the service;
 - b) The Company's initial discussion with the issuer Client and the agreed proposed allocation per type of investment Client;
 - c) The content and timing of allocation requests received from each investment Client with an indication of their type;
 - d) Where relevant, any further discussion and instructions or preferences provided by the issuer Client, or GPBFS itself, on the allocation process, including any emerging in light of allocation requests received from investment Clients;
 - e) The final allocations registered in each individual investment Client's account.
- 3.15.8. GPBFS shall provide a justification for the final allocation made to each investment Client. For this purpose, a justification should explicitly provide detailed reasoning behind the final allocation unless the Company can evidence that such detail has been provided through records maintained at stages (a-e) in the allocation process above. Particular care should be given to justifications to any investment Clients that appear in either of the following two rankings of the final allocation:
- 3.15.9. Particular care should be given to justifications to any investment Clients that appear in either of the following two rankings of the final allocation:
- investors that receive a final allocation in the top 20% of the total allocation ranked by investor in descending order of size of allocation to each investor; or
 - investors that receive a final allocation in the top 20% of the total allocation ranked by investor in descending order of the percentage allocation granted to each investor divided by the percentage bid by each investor (i.e. the relative extent to which each investor has their order reduced in the final allocation).

ANNEX 1: “CONNECTED PERSONS”.

In accordance with the “Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms” a “group of connected persons” means:

- a) Two or more natural or legal persons who, unless it is shown otherwise, constitute a single risk because one of them, directly or indirectly, has control over the other or others; or
- b) Two or more natural or legal persons between whom there is no relationship of control as described in point (a) but who are to be regarded as constituting a single risk because they are so interconnected that, if one of them were to experience financial problems, in particular funding or repayment difficulties, the other or all of the others would also be likely to encounter funding or repayment difficulties.

The interests of the persons listed below are connected in such a manner that they are considered as one person and constitute a single risk. These cases should not be considered as exhaustive:

- a) An individual borrower / director of GPBFS and/or his/her spouse and minors,
- b) An individual borrower / director of GPBFS and a partnership or joint venture or other business association or enterprise in which the individual borrower / director of GPBFS or his/her spouse and minors is a partner or a member or director or has control in any other way,
- c) An individual borrower / director of GPBFS and a company in which the individual borrower / director of GPBFS is a manager or has a material interest either on his/her own or together with his/her spouse and minors or together with any partners,
- d) A borrower being a legal entity and its holding company, their subsidiaries or fellow subsidiaries or associated companies or other entities, which have a material interest in the said borrower.

ANNEX 2: INSIDE INFORMATION

According to Market Abuse Regulation 596/2014 ("MAR"), inside information means information which:

- i. relates, directly or indirectly, to particular instruments or issuers;
- ii. is of precise nature;
- iii. has not been made public; and
- iv. if it were made public, would be likely to have a significant effect of those instruments.

Precise nature:

Information shall be deemed to be of a precise nature if it indicates:

- a set of circumstances which exists or which may reasonably be expected to come into existence, or
- an event which has occurred or which may reasonably be expected to occur.

The information must be 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 the financial instruments or the related derivative financial instrument, the related spot commodity contracts, or the auctioned products based on the emission allowances.

In this respect in the case of a protracted process that is intended to bring about, or that results in, particular circumstances or a particular event, those future circumstances or that future event, and also the intermediate steps of that process which are connected with bringing about or resulting in those future circumstances or that future event, may be deemed to be precise information.

An intermediate step in a protracted process shall be deemed to be inside information if, by itself, it satisfies the criteria of inside information as referred to in this Section.

Public information:

Information which, if it were made public, would be likely to have a significant effect on the prices of financial instruments, derivative financial instruments, related spot commodity contracts, or auctioned products based on emission allowances (if applicable) shall mean information a reasonable investor would be likely to use as part of the basis of his or her investment decisions.

Inside information in relation to the execution of orders concerning financial instruments:

Inside information shall comprise the following types of information:

- information of a precise nature, which has not been made public, relating, directly or indirectly, to one or more issuers 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;
- for persons charged with the execution of orders concerning financial instruments, it also means information conveyed by a Client and relating to the Client's pending orders in financial instruments, which is of a precise nature, relating, directly or indirectly, to one or more issuers 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, the price of related spot commodity contracts, or on the price of related derivative financial instruments;

- in relation to emission allowances or auctioned products based thereon, information of a precise nature, which has not been made public, relating, directly or indirectly, to one or more such instruments, and which, if it were made public, would be likely to have a significant effect on the prices of such instruments or on the prices of related derivative financial instruments.

ANNEX 3: LIST OF FINANCIAL INSTRUMENTS

Financial instruments according to Section C of Annex I of MiFID II

1. Transferable securities;
2. Money-market instruments;
3. Units in collective investment undertakings;
4. Options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, emission allowances or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash;
5. Options, futures, swaps, forward rate agreements and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of a default or other termination event;
6. Options, futures, swaps, and any other derivative contract relating to commodities, that can be physically settled provided that they are traded on a regulated market, a MTF, or and OTF, except for wholesale energy products traded on an OTF that must be physically settled;
7. Options, futures, swaps, forwards and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned in paragraph 6 of this Part and not being for commercial purposes, which have the characteristics of other derivative financial instruments;
8. Derivative instruments for the transfer of credit risk;
9. Financial contracts for differences;
10. Options, futures, swaps, forward rate agreements and any other derivative contracts relating to climatic variables, freight rates or inflation rates or other official economic statistics that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event, as well as any other derivative contract relating to assets, rights, obligations, indices and measures not otherwise mentioned in this Part, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are traded on a regulated market, OTF or an MTF;
11. Emission allowances consisting of any units recognised for compliance with the requirements of Directive 2003/87/EC.