

Hybridan LLP Conflicts of Interest Policy

What does this policy do?

The purpose of this policy is:

- to identify potential conflicts of interest that may arise in the course of our business – by “conflicts of interest”, we mean situations where what is most advantageous for our business or for our employees or for other clients of Hybridan LLP, may potentially be disadvantageous to your interests; and
- to outline the procedures and measures that we have adopted to manage such conflicts with a view to ensuring that your interests are not subject to a material risk of damage.

This policy covers the activities of Hybridan LLP. This policy is subject to annual review and has been approved by the Board of Hybridan LLP and is available to all clients upon request.

What does Hybridan LLP do?

Hybridan’s business consists of the following activities for companies quoted or listed in the UK or overseas and also for unlisted privately-owned businesses:

- Equity research; and
- Undertaking corporate broking activities including general corporate broking and advising and arranging on raising finance.

What conflicts may arise from Hybridan LLP’s business activities?

Because of the range of business activities undertaken by Hybridan LLP, it is possible that conflicts of interest may arise:

- between our interests as a firm and your interests as our client
- between the interests of our employees and your interests as our client
- between your interests and the interests of other clients of the firm

In the attached table, we identify the conflicts of interest that may arise from our business and indicate the means by which we seek to ensure that those conflicts do not result in a material risk of detriment to you as our client. Where the table refers to a policy as the means we use to manage a particular conflict, the purpose and content of that policy is briefly outlined in the next section of this document.

What measures has Hybridan LLP put in place to manage its conflicts of interest?

Within Hybridan LLP, the process of identifying conflicts and determining the measures required to manage them effectively is the responsibility of the Board. In addition, we ensure that all staff are trained in the identification of conflicts and that conflicts issues are considered in the provision of all our services. We undertake regular reviews of data arising from our conflicts management mechanisms in order to assess their on-going effectiveness and the Board periodically reviews the effectiveness of our conflict’s management arrangements.

Among the conflicts management mechanisms referred to in the attached table are a number of in-house policies – these are briefly outlined below:

- **Information Barriers**

From time to time it is likely that Hybridan staff will be in possession of information that cannot be distributed to all members of staff. Where this is the case, all measures possible will be taken to ensure that the information is restricted, with conversations, documents and materials held away from other staff.

- **Equity Research**

Hybridan distributes equity research to institutional investors. Prior to distribution of any research product, a product governance review is undertaken which identifies whether the equity research product is within the minor non-monetary benefit category or paid for by Corporate clients. In the event that the equity research product is not within the minor non-monetary benefit category, the research is

paid for by Hybridan's corporate clients. The Small Cap Breakfast which is distributed each day is of minor non-monetary benefit and is not corporate equity research and not subject to a daily product governance review.

Given the size and non-complex activities of Hybridan and the relatively minor risk of damage to the interests of the corporate client, financial analysts are also involved in the provision of corporate finance and other advice. In order to maintain the objectivity of Hybridan's financial analysts however the following measures are in place:

- Information barriers are in place between the financial analyst and other members of Hybridan who perform different functions. There are different areas of the firm electronically such as Corporate Finance, Sales and Research. Also the Research function has its own dedicated room physically;
- Financial analysts are prohibited from accepting a client order in relation to an equity research product they have been involved in the preparation of, within two weeks of the date of the release of the equity research;
- In order to comply with MiFID II (implementing CDD 2016/2398 Art 37 (2) (f)) the equity research product will not be made available to the issuer, clients, or any other relevant persons prior to it being distributed other than in either the case of an IPO or where the equity research does not include an explicit recommendation or a target price. In such a case this will be a draft copy. Only the financial analyst will submit the draft research note to the client and the financial analyst has final discretion on what is published;
- All equity research will be reviewed by the Compliance Officer to ensure legal compliance;
- The financial analyst will not be involved with any decision as to the pricing or volume of an offer in relation to an issuer who has been the subject of equity research prepared by that financial analyst, unless this is in respect of an IPO research note which is shared with select investors and not published more widely;
- The financial analyst is subject to Hybridan's Remuneration Policy and Gifts and Inducements Policy.

- **Staff dealing policy**

Hybridan LLP has in-house rules which set out the conditions under which its staff may engage in investment activity for their own account. Under those rules:

- staff are not permitted to participate in any placing or offering of new shares being undertaken by a company which is a client of the firm for corporate finance purposes, which includes unlisted companies and companies quoted or listed in the UK or overseas;
- staff are required to seek prior authority to deal in securities of companies which are clients of the firm and are prohibited from dealing in the securities of companies which are clients of the firm where that person is in possession of inside information.

- **Gifts and Inducements policy**

Hybridan LLP has in-house rules which limit the gifts and hospitality that members of staff may accept from third parties whose products/services are used in the course of undertaking business for clients. In particular restrictions are placed upon:

- the type and cumulative value of gifts/entertainment that staff can accept from a single source; and
- gifts/entertainment that are made available to individuals not employed by the firm, e.g. staff members' family and friends

Under its inducements policy, Hybridan LLP must not pay to or accept from a third party any fee, commission or other benefit in relation to business undertaken for a client. However, such payments are permitted where:

- they do not impact upon the firm's ability to act in the client's best interests; and
- they are designed to enhance the quality of the service provided to the client; and
- they are clearly disclosed to the client.

- **Order allocation policy and Best Execution**

In the course of executing transactions for clients, Hybridan LLP may aggregate one client's orders with those of another client. Our allocation policy sets out:

- the circumstances in which client orders can be aggregated;
- the disclosures that are to be made to clients when aggregation is undertaken; and
- the arrangements we have in place to ensure that aggregated transactions are fairly allocated between all relevant clients.

Hybridan LLP has a best execution policy which sets out its arrangements for ensuring that the best possible results are achieved when executing orders for clients. The policy identifies the venues (i.e. exchanges and trading facilities operated by investment firms) that we use to execute client orders and the factors that we consider when deciding which venue to use.

- **Remuneration / Incentive Policy**

Hybridan LLP ensures that the remuneration of staff is structured to ensure that there is no incentive for a member of staff to act in a way that is against the interests of the client.

As required by the FCA's Remuneration Code, Hybridan LLP has a remuneration policy that covers all aspects of employee remuneration that could have a bearing on the overall risk management of its business. As well as following industry good practice on remuneration and corporate governance, we also have arrangements in place to ensure that the application and on-going operation of our policy is overseen by the Board.

Hybridan use from time to time specialist HR advisory to implement best practice.

- **External Directorships**

Hybridan LLP recognises that a member of staff being a director of a quoted company may potentially be a conflict of interest between the firm, the employee or other clients of the firm, and the quoted company.

If a member of staff wishes to become a director of a company, they are required to seek prior approval from the Managing Partner and should discuss any potential directorship roles prior to entering into discussions with the company.

Staff are not encouraged to become directors of other companies, other than private limited company directorships relevant to their private lives (for example, housing associations or educational establishments) and any such directorships must be limited to no more than two. Staff should not become directors of quoted or traded companies which may potentially present a conflict of interest.

What happens in scenarios where Hybridan LLP is unable to adequately manage its conflicts of interest?

In the unlikely event that the conflicts management mechanisms that we have put in place are not sufficient to prevent risk of damage to our clients' interests, we will provide information to relevant clients about the nature and sources of such conflicts so that they can make informed decisions about whether they wish to continue with the business involved.

In some very rare instances, we may decide that neither conflicts management nor disclosure mechanisms are sufficient to counter the risk of material damage to client interests and may, as a result, decide not to proceed with a particular transaction or business activity.

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Hybridan LLP: table of potential conflicts and mitigating measures

A conflict may arise between ...	because	which is managed by use of the following mechanisms
Hybridan LLP and its clients	Hybridan LLP in its capacity as a broker executing client trades may receive payments for order flow from market makers	<ul style="list-style-type: none"> • Inducements policy
Hybridan LLP and its clients	Hybridan LLP may provide from time to time equity research to investment manager firms	<ul style="list-style-type: none"> • Equity research is either paid for by corporates or fits into the minor non-monetary benefit category see conflicts policy. • Product Governance policy (para 13.5).
Hybridan LLP and its clients	Hybridan LLP from time to time advises clients in respect of pricing of an offering including book building	<ul style="list-style-type: none"> • Order execution / allocation policy. • Hybridan ensures that the pricing of any offer does not promote the interests of itself or any other client in a way that conflicts with the client. • Hybridan engages with the client in respect of the pricing of any offering keeping the client informed as to the basis for the determination of any pricing recommendation and any developments in respect to pricing.
Hybridan LLP, Its employees and its clients	Hybridan LLP has a remuneration/incentive structure in place for its staff based on performance (i.e. fee income) which could result in poorly advising clients	<ul style="list-style-type: none"> • Remuneration/incentive policies • Pay structures that take account of non-financial factors (e.g. client retention/ satisfaction, staff meeting professional standards on training, behaviour etc) • Reviews of quality of advice

Employees of Hybridan LLP and its clients	Employees are provided with gifts/entertainment by third parties whose products/services are used in the course of Hybridan LLP undertaking business for clients	<ul style="list-style-type: none"> • Gifts policy
Employees of Hybridan LLP and its clients	Employees may trade in securities in relation to which the firm produces research	<ul style="list-style-type: none"> • Staff dealing policy
Employees of Hybridan LLP and its clients	An employee may have external directorships or business interests which conflict with activities undertaken by the firm on behalf of clients	<ul style="list-style-type: none"> • Employees are required to seek permission for external directorships/ business interests.

