



Conflicts of Interest

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1. Introduction

The Financial Conduct Authority (“FCA”) requires firms that provide investment services to clients to identify, record, monitor and manage conflicts of interest that arise from its business activities. These procedures – which summarise the rules as they apply to PrimaryBid - are owned by the Compliance Officer and have been approved by the Board. This policy is consistent with principle 8 of the principles of business which states that “*a firm must manage conflicts of interest fairly, both between itself and its customers and between customers and another client.*”

These procedures apply to all activities undertaken by us. The staff should familiarise themselves not only with the contents of this document but also with other in-house policies describing how specific conflicts of interest are managed – see Annex A for further information.

It is vital to note some key principles with regards to conflicts of interest:-

- The status of the client we are dealing with does not matter, whether that is retail or an eligible counterparty, the rules still apply;
- If in doubt then ask, usually if you think there is a conflict of interest there is;
- Identification of a conflict does not mean we cannot deal, it just means we have to deal with the situation in a particular way.

A description of this policy should be provided to the firm’s clients or potential clients in good time before the provision of investment or ancillary services to them. The firm must also provide further details of this conflicts of interest policy, at the request of the client(COBS 6.1ZA.5 EU).

2. Identifying conflicts

2.1 What is a conflict of interest?

Conflicts of interest arise where there is a mismatch between:

- the interests of PrimaryBid and those of a client;
- the interests of a director, manager or employee of PrimaryBid, or any person directly or indirectly linked to them by control, and those of a client;
- the interests of one client and those of another client;

and in any such case, where damage to the interests of a client may arise. It is important to note that the previous test of "material risk of damage" has been removed by MiFID II, and the test is now damage "may arise." This is a weaker test and accordingly we need to be very alive to the potential for conflicts of interest and their management.

Conflicts may be evident at the beginning of our relationship with a client or may arise over time. As a result identifying conflicts is an ongoing process.

In the process of identifying conflicts, the FCA requires us to take at least the following matters into account, namely whether:

- we are likely to make a financial gain or avoid a financial loss at the expense of a client;
- we have an interest in the outcome of a service/transaction undertaken for a client which is distinct from the client’s interest in that outcome;
- we have a financial or other incentive to favour the interest of one client or group of clients, over another;
- we carry on the same business as a client;
- in relation to a service provided to a client, we will receive any form of inducement (in the form of monies, goods or services) from a third party, other than the standard commission or fee for that service.

2.2 Identifying, recording and monitoring

PrimaryBid identifies circumstances which may or may potentially give rise to a conflict of interest through a review of PrimaryBid's business by the Compliance Officer in conjunction with relevant staff.

These conflicts and the mechanisms that have been put in place to manage them are recorded in a Conflicts Management Register in Annex B which also identifies specific Regulatory Risks to the business. This document forms the operational basis of the firm's arrangements for reviewing and monitoring its conflicts management processes and is subject to ongoing review. The Conflicts Management Register should be presented to the Board at least annually as part of the Compliance Officer's annual report to the Board.

In addition to the above, the firm must keep and regularly update a record of the kinds of service or activity carried out by or on behalf of the firm in which a conflict of interest entailing a 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. This record-keeping requirement is in addition to the firms' general obligations to keep appropriate records so as to demonstrate compliance with the conflicts of interest requirements, such as the Conflicts Management Register in Annex B.

Periodic reviews ensure that our understanding and management of the conflicts of interest to which our business gives rise are kept relevant. These reviews are undertaken by the Compliance Officer in conjunction with relevant staff on at least an annual basis. This process includes checks of the:

- relevance of identified conflicts
- adequacy of the mechanisms in place to manage them
- changes to business activities/processes/relationships that may give rise to new conflicts
- need for new/revised conflicts management mechanisms

Staff have an ongoing responsibility to remain alert to the possibility of the firm's business giving rise to conflicts that have the potential to be disadvantageous for clients.

If you believe that such a situation has arisen, you should notify the Compliance Officer, providing as much information as you can about the nature of the actual/potential conflicts and the client/s affected together with any evidence that you may have about any detriment that has already arisen for one or more of the firm's clients.

3. Managing conflicts

We are required to have arrangements in place which result in our taking all reasonable steps to prevent conflicts of interest that arise from our business adversely affecting our clients' interests.

PrimaryBid procedures provide more granular detail about how we manage conflicts in each area of the business.

3.1 Mechanisms for managing conflict

We have put in place mechanisms to manage conflicts and thereby ensure that they do not have an adverse impact our clients' interests.

The detailed operational aspects of our conflicts management arrangements are covered in our Conflicts Management Register as updated from time to time.

As and when new areas of potential conflict are identified, they will be assessed by the Compliance Officer in conjunction with relevant staff. In each case, a judgement will be made as to:

- whether existing control mechanisms are sufficient to mitigate the conflict identified, or failing that
- whether new/additional controls specific to the identified conflict are required, or failing that
- if our arrangements are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of the client will be prevented, whether the conflict should be disclosed to relevant clients so that they are able to take an informed decision as regards the service in relation to which the conflict arises.

3.2 Disclosure as a mechanism for managing conflict

In circumstances where the conflicts management mechanisms put in place by PrimaryBid are not sufficient to prevent, with reasonable confidence, risk of damage to clients' interests, we must disclose to the relevant client/s the general nature and/or sources of such conflicts and the steps taken to mitigate those risks. We must do this before we undertake business for the client, and must:-

- be in a durable medium (for PrimaryBid purposes this means by pdf, letter or email);
- clearly state that our organisational or administrative arrangements are not sufficient to ensure, with reasonable confidence, that the risks of damage to the interests of the client will be prevented;
- include a specific description of the conflicts of interest which arise in the performance of our services;
- explain the risks to the client which arise as a result of the conflict;
- include sufficient detail to enable the client to make an informed decision with respect to the service in the context of the conflict.

The FCA makes clear that disclosure of conflicts should not be seen as an alternative to managing/mitigating conflicts – specifically, an over-reliance on disclosure without adequate consideration as to how conflicts may appropriately be managed is not permitted. Disclosure of conflicts as a means of managing them should be used as a measure of last resort only where organisational and administrative arrangements are not sufficient to ensure, with reasonable confidence, that the risks of damage to the interests of our clients will be prevented.

The drafting of such disclosures must be checked with and approved by the Compliance Officer before being used.

3. Conflicts of Interest Policy

The FCA requires us to have a written policy setting out how we comply with its requirements regarding conflicts of interest.

Our Conflicts of Interest Policy identifies:

- circumstances which do or may give rise to a conflict of interest entailing a material risk of damage to a client's interests; and
- the procedures/measures that we have adopted to manage such conflicts.

The Policy is to be provided to clients irrespective of classification, on request.

More specifically, where individuals acting on behalf of PrimaryBid are engaged in different business activities that give rise to a conflict involving risk of damage to clients, the FCA requires that the firm's procedures/measures are designed to ensure that such activities are conducted at a level of independence that is appropriate to both the size and activities of the firm and the degree of potential risk to client interests. PrimaryBid procedures separate out how we tackle conflicts of interest in each business activity. We have also established procedures governing the possession and passing of material non-public price sensitive information to manage the conflicts existing within the business. All employees involved must familiarise themselves with the procedures that apply to them and receive specific training in this respect.

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 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 material risk of damage.

This policy covers the activities of PrimaryBid Limited and has been approved by the Board of Directors. The policy is available to all clients upon request.

What does PrimaryBid do?

PrimaryBid's business consists of arranging deals in investments by making placings of shares by companies admitted to a number of different markets available to retail and other investors on an execution only basis. PrimaryBid does not provide advice in respect of such investments and neither does it exercise any discretion on behalf of any investor.

What conflicts may arise from PrimaryBid's business activities?

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 directors or employees and your interests as our client;
- between your interests and the interests of other clients of the firm.

In the table below, 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.

A conflict may arise between ...	because	which is managed by use of the following mechanisms
Directors or Employees of PrimaryBid and its clients	Individuals are provided with gifts/entertainment by third parties whose products/services are used in the course of PrimaryBid undertaking business for clients.	• Gifts and Entertainment Policy
Directors or Employees of PrimaryBid and its clients	Individuals may not trade in securities of its corporate finance contracts.	• Personal Dealing Policy
Directors or Employees of PrimaryBid and its clients	Individuals may have external directorships or business interests which conflict with activities undertaken by the firm on behalf of clients.	• Individuals are required to seek permission from the Compliance Officer for external directorships/business interests

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

Within PrimaryBid, the process of identifying conflicts and determining the measures required to manage them effectively is the responsibility of the Compliance Officer. All our staff are aware of these procedures and understand their obligation to report any conflicts, or potential conflicts as soon as they become aware of them.

PrimaryBid's conflicts management mechanisms are periodically reviewed by the Compliance Officer to assess their ongoing effectiveness. The Compliance Officer reports to the Board on an ad hoc basis should that be required and at least annually on the potential conflicts to which we are subject and the actual conflicts we have encountered.

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

- **Chinese Walls**

A Chinese Wall is an arrangement that requires information held by employees engaged in one aspect of the firm's business to be withheld from those involved in another aspect of the firm's business (i.e. both employees and the clients they act for). Given the increasing size of PrimaryBid, PrimaryBid is implementing barriers to the flow of information between the different departments of the business so that the latter is only disclosed on a "need to know" basis. The following measures constitute the Chinese Walls that are in place to manage the flow of information between separate areas:

- a) Restrictive access control to certain areas;
- b) Separate IT systems and IT folders;
- c) IT access control policy;
- d) Clean desk policy.

- **Staff dealing Policy**

PrimaryBid 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 may be prohibited from dealing in the securities of companies which are corporate finance contracts or investee companies of the firm.

- **Gifts and Entertainment Policy**

PrimaryBid 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 reason, type and value of gifts/entertainment that staff can accept.

- **Remuneration**

PrimaryBid has put in place incentive arrangements that are structured so as to ensure that individuals are not influenced to act in ways contrary to the interests of our clients.

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

In the unlikely event that our organisational and administrative 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.

Annex A Conflicts Register

The Compliance Officer in conjunction with relevant staff has reviewed the business activities of PrimaryBid and identified the conflicts that could arise between PrimaryBid and its clients, between PrimaryBid's directors/employees and clients and between different clients. The table below outlines these conflicts and will be reviewed periodically.

No	Conflict	Controls
IN RELATION TO MARKET DEALING AND GENERAL BUSINESS ACTIVITIES		
1	Inappropriate exchange of information that may harm the interest of clients	<p>PrimaryBid maintains confidentiality of its clients' interests by entering into Non-Disclosure Agreements with each staff, both employees and contractors of the firm.</p> <p>The firm receives price sensitive information relating to its corporate finance contacts. Therefore, in instances where the firm becomes an insider, the firm has implemented and circulated a written policy & procedure that sets out what an individual should do if they 'go inside'. A list is maintained by the Insider List Focal Point of instances where the firm has decided to go inside and this is recorded in the Insider Lists of the firm.</p> <p>Where shares are traded on a regulated market, the firm can receive non-public information. The firm has implemented a Personal Account Dealing Policy that prohibits dealing in shares by employees that are on the Insider List.</p> <p>The firm does not sell research and therefore no conflict can arise in relation to its clients. To the extent that the firm provides material in relation to its business activities to certain clients and to 3rd parties for onward transmission (viz. by news broadcast), the content of that material is reviewed by Compliance to ensure that it meets financial promotion tests of being "true, fair and not misleading" and meets the financial promotion rules.</p>
2	Structures to prevent or control inappropriate influence	The firm runs a policy whereby any gift given or received above £100 requires the recipient within the firm to report this to the firm.
3	Simultaneous or sequential involvement of a person in a separate investment or ancillary service	The firm maintains a robust Personal Account Dealing Policy for all directors and staff along with any connected persons such that any conflicted or potentially conflicted trade requires the pre-authorisation of the Compliance Officer.
4	Acceptance of fees or inducements from persons other than the client	<p>COBS 2.3A.5 requires that a firm must not accept from any party (other than the client or a person of the client) any fee or commission in connection with the provision of an investment service.</p> <p>COBS 2.3A.6 provides circumstances when the rule in COBS 2.3A.5 does not apply, namely when the fee or commission is designed to enhance the quality of the relevant service provided to the client and it does not impair compliance with the firm's duty to act honestly, fairly and professionally in the best interests of the client.</p> <p>In addition, where the firm accepts or receives a fee or commission falling within the above paragraph, the firm must clearly disclose to the client the existence and nature of the payment or benefit and, in PrimaryBid's case (as the amount cannot be ascertained) the method for calculating the amount.</p> <p>Under COBS 2.3A.7, a firm which fails to comply with the above is to be regarded as not fulfilling its obligations in relation to conflicts of interests and acting honestly, fairly and professionally in the best interests of the client.</p> <p>Having taken legal advice, PrimaryBid does consider that receiving a fee or commission from the companies which use PrimaryBid's</p>

		<p>platform to enhance the quality of the relevant service provided to the client on the basis that:-</p> <ul style="list-style-type: none"> • Companies who seek funds from investors in placings on markets expect to pay a commission to the party raising the funds. If PrimaryBid was to make its clients pay, they would lose the economic benefit for which the platform is designed, namely to provide retail investors to placings at prices usually only available to institutions. This provides a tangible benefit to the client (namely the client has access to placings without having to pay for the service) and attracts investors to the platform, on the basis they do not have to pay. As more investors are attracted so the number of companies using the platform will increase, in turn offering more variety to investors using the platform; • The service provided to the client is not biased or distorted as a result of the fee or commission being paid to PrimaryBid. The platform is an execution-only platform and investors make their own decisions as to which companies they invest in. While it would be possible for PrimaryBid to “flex” which companies it attracts or uses to use the platform, the view is that if a nominated adviser continues to believe that a company is suitable for AIM, then PrimaryBid will not charge different rates of commission to companies to attract them to use the platform. While certain companies may be charged less (in the case of reputation enhancing company users), companies which are considered to be higher risk are not charged a higher commission to use the platform. The ongoing suitability requirement of the AIM Rules and the nominated adviser’s obligation to monitor that under the AIM Rules provides a flattening of the risk profile; • It should be noted that the alternative to the existing structure is that PrimaryBid elects that the companies seeking investment should be the PrimaryBid client with the retail investor treated as a corporate finance contact. This would make very little difference to the PrimaryBid operations, albeit clients would lose the benefit of certain protections they currently enjoy; • PrimaryBid does not believe that receipt of a fee or commission affects its obligation to act honestly, fairly and professionally in the best interests of the client, on the basis that it provides an execution only service in respect of a public market with disclosure and transparency requirements. As mentioned above, PrimaryBid would be open to “flex” its commission if it believed that the risk to it was significant to merit a higher commission, but it does not do so, since it operates within a commission range.
5	Employee Participation on PrimaryBid Offers	<p>Under the Personal Account Dealing Policy, employees are permitted to participate in PrimaryBid Offers subject to a cap of 20,000£ per investment and a 3-month holding period.</p> <p>Where an order is oversubscribed, employees will get scaled back on the same level granted to the rest of the subscribers of the same tranche. The firm shall ensure that no director, senior manager, or member of staff of PrimaryBid will be given favourable treatment during allocations.</p> <p>The mere fact that employees have access and visibility of the PrimaryBid order book, due to the nature of their duties, does not constitute inside information since the offer of securities has already been announced to the public by the issuer, via the regulatory news announcements, and is a piece of information that if it was made public, would not be likely to have a significant effect on the prices of those financial instruments or on the price of related derivative financial instruments.</p>
6	External directorships or business interests	All directors and employees are obliged to disclose any external directorships to the firm on an ongoing basis.

		<p>In addition, if the firm is proposing to enter into a transaction or arrangement, and a director has a direct or indirect interest in that transaction or arrangement, he must declare that interest to the board. The declaration must detail the nature and extent of the director's interest and it must be made before the company enters into the transaction. No declaration is required if the director is either not aware of his interest or is not aware of the company's transaction or arrangement. Nor is a declaration needed if the interest is not reasonably likely to give rise to a conflict, or if the other directors are already aware of the interest.</p> <p>The firm keeps accurate minutes of board meetings where directors' conflicts are properly considered and recorded, as well as clear resolutions authorising any conflicts.</p>
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