

## Brewin Dolphin Conflicts Policy

### Overview

A conflict of interest is a situation in which someone in a position of trust has competing professional or personal interests. Such competing interests can make it difficult to fulfil his or her duties impartially. A conflict of interest may exist even if no unethical or improper act results from it. Brewin Dolphin is committed to identifying, monitoring and managing all actual and potential conflicts of interest that can arise between us and our clients and between clients of all areas of our Group.

Our Group consists of an Investment Services and Investment Banking division. Our Investment Services Division offers investment advice, investment management and dealing services to clients. Our Investment Banking division offers services to our corporate and institutional clients such as listing on the stock market, capital raising, mergers and acquisitions, research and trading. This makes them privy to confidential and price sensitive information and so we enforce a further regime of conflicts management within this area. The purpose of this document is to provide our clients with appropriate information in relation to the policies we have in place to manage conflicts of interest. Below you will find a summary of the principal conflicts that exist in our business and the steps we take to mitigate them. If you have any questions on this policy in the first instance please raise them with your usual contact for your account.

### Employee dealing

It is usual for employees of a financial institutions such as ours to undertake deals on their own behalf. We recognise that this can create a conflict with the duties owed to our clients. Therefore all of our employees and connected parties are required to comply with our Personal Account Dealing Policy which amongst other matters prohibits:

- dealing ahead of client orders; and
- dealing in an investment where they know, or should know, that a written recommendation, or a piece of research or analysis, in respect of that investment or any related investment is due to be published.

### Gifts

On occasion our employees may give gifts or receive them from clients, companies or other institutions in recognition of services provided. We take care through our Gifts Policy to ensure that these gifts are not excessive and do not create an obligation or debt.

### Inducements

We have relationships with many third parties such as product providers who remunerate us via commission. Therefore we have processes in place to ensure that any fees or non monetary benefits provided by third parties do not impair our duty to act in the best interests of you, our client. To eliminate influence from our research our analysts are prohibited from accepting inducements in return for favourable research. Due to the nature of their work our Investment Banking employees are often required to visit the premises of potential and existing corporate clients to satisfy due diligence requirements or for other reasons connected

with the provision of services to corporate clients. Our employees are only permitted to accept or provide minor hospitality to or from potential or existing corporate clients.

### Remuneration

The remuneration of Account Executives within the Investment Services division usually consists of a salary, a performance related bonus and from time to time an incentive based on the discretionary funds under their management. We also have a limited number of account Executives who are remunerated on a commission only basis. Through these schemes we strive to ensure our employees remain motivated whilst at the same time ensuring the remuneration schemes do not encourage inappropriate behaviour or excessive trading. We recognise this conflict and through our monitoring mechanisms remain alert to any potential abuse. The remuneration of Investment Banking analysts is determined solely by the Head of Research and consists of a salary and a discretionary bonus which is linked to the overall profits of the Investment Banking division.

### Dealing for your Account

We would like to draw to your attention that when we make a recommendation to you or deal for you we:

- could be dealing as principal for our own account by selling the investment concerned to you or buying it from you thereby making a profit (or loss) for our own account;
- may match your order with that of another client. We will be acting on their behalf as well as yours and we may receive a commission or other charge from both parties;
- or a connected person, may have positions or options in the securities mentioned in our research or may buy, sell or offer to make a purchase or sale of such securities from time to time;
- may recommend that you buy or sell an investment in which we have a long or short position. The price of the transaction may be different from the bid or offer price. We reserve the right to act as a principal or as agent with regard to the sale or purchase of any security and we are not required to account to you for any income, gain, profit or other advantage arising.

### Investment Services Division Conflicts Policy Business Interests and Suitability

Where we use our discretion to make investment decisions or provide any advice or recommendations we are required to ensure that our actions are suitable for our clients. However, we or some other person connected with us may have an interest, relationship or arrangement that is material to the service, transaction or investment concerned. This may include matters such as:

- the retention of commissions which we receive from a third party;
  - recommending that you buy or sell an investment in which one of our other customers has given instructions to buy or sell;
  - we may be acting in relation to investments where we are involved in a new issue, rights issues, takeovers or similar transactions;
  - we may be acting as financial adviser to the issuer (see section on Investment Banking Conflicts Policy);
- In addition, our employees may have an interest, relationship or arrangement whereby they act as a trustee, hold a power

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A division of Brewin Dolphin Ltd (Details overleaf)

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of attorney on behalf of a client or act as a director of a company. We require our employees to declare any such interests to us. To manage such conflicts, we require our employees to comply with an independence policy obliging them to disregard the interest, relationship or arrangement concerned when acting on your behalf.

#### **Aggregation and Allocation**

We may combine ("aggregate") a transaction for you with our own orders and orders of other clients. The effect of aggregation may on some occasions work to your disadvantage. If we make an application on your behalf, for a new issue you should be aware that if the allocation is scaled back it will be applied pro rata across all clients. Therefore clients who have, as a result, been allocated a holding with a value of less than £1000 may be removed from the aggregated order and their allocation added back to the pool for redistribution amongst the remaining applicants. We will monitor the effectiveness and fairness of the operation of this mechanism and we reserve the right to alter the £1000 limit. Employees and connected parties are not permitted take part in securities offerings where we are acting for the issuer.

#### **Research**

Research analysts are forbidden from managing investments on behalf of clients and they report to a senior manager who does not have responsibility for managing clients' investments. Research analysts in the Investment Services division are prohibited from managing their own accounts although they may hold stock in the companies they research as a result of the decisions of the Account Executives to whom they have delegated the management of their portfolio or for historical reasons.

#### **Investment Banking Division**

##### **Conflicts Policy**

##### **Accepting engagements**

Before we accept a new corporate client we undertake a thorough vetting process to determine whether to proceed in providing services to them. This process includes ascertaining whether an unmanageable conflict of interest may arise.

##### **Chinese Walls**

We use strict physical and procedural controls ("Chinese Walls") to ensure that where we provide Corporate Finance/Broking advice and services to a corporate client the individuals working in other areas of the business such as Institutional Sales and Research and the Account Executives of the Investment Services Division are restricted from receiving confidential or non-public information. These arrangements ensure that individuals who need to know information in order to perform their duties are allowed access to the information only when strictly necessary.

##### **Offering securities for subscription**

When acting for a corporate client who is offering securities for subscription, the Corporate Finance or Corporate Broking employees advising that client are required to act solely in the interests of that corporate client and not in the interests of any other client. Investment Banking analysts are not permitted to participate in direct marketing of the securities of a corporate client. We have procedures in place to ensure such offerings are managed in accordance with all applicable requirements. A list of corporate clients to whom we provide Investment Banking services and a list of transactions where we have acted as

lead manager or co lead manager are displayed on our Investment Banking division website at:  
[http://www.corporatefinance.brewin.co.uk/trak\\_client.asp](http://www.corporatefinance.brewin.co.uk/trak_client.asp)

#### **Investment Banking - Research**

The Investment Banking division are committed to producing quality research. However, this research does not meet the FSA's definition of "investment research", as it does not comply with all the independence requirements. This material will be clearly marked as a marketing communication. In some instances, we may have, or be seeking, a business relationship with the company which is the subject of our research. A notification is included on this research that Brewin Dolphin may have an actual or potential conflict of interest that may affect the objectivity of the research report. Editorial control of research lies with the Investment Banking analysts producing the research. They are prohibited from giving editorial control to anyone whose role may conflict with the interests of the investment clients to whom the research will be distributed. We will disclose on our research where we hold in excess of 5% of the issued share capital (other than on behalf of clients) of a company which is the subject of a research report or where a company which is the subject of the research may hold in excess of 5% of the issued share capital of Brewin Dolphin Holdings Plc. Published equity research is sent electronically at the same time to clients of the Investment Banking division, to the Equity Sales and Trading team and to our Account Executives. Whilst we would not intentionally give preferential treatment to one investment client over another it may not always be possible to ensure that all clients receive our published research simultaneously. When Investment Banking analysts have decided to write a research recommendation they are prohibited from discussing the timing or content of the research prior to publication. The company, employees and connected parties are prohibited from dealing in the securities which are the subject of any research until this has been published to clients via our usual distribution channel and allowing for any appropriate embargo period.

#### **Interests in corporate client companies**

Investment Banking employees are prohibited from trading in the securities of connected and covered companies. However, for historical reasons some employees may hold such securities. Should Investment Banking employees wish to sell these holdings then they must abide by strict criteria and where it is an analyst's holding the sale must not be against the analyst's current research recommendation, unless this is to meet a pressing financial obligation and with the consent of the Compliance Director or his delegate. Some analysts may have portfolios that are managed by a discretionary fund manager. Such portfolios may contain holdings in connected or covered companies for historical reasons or resulting from the investment decisions of the discretionary fund manager. The relevant account manager is not restricted from dealing in any companies within the portfolio as a result of his/her own investment decision which has been made without any prior communication with the analyst.