

# Summary conflicts of interest policy (November 2023 edition)

## 1. Introduction

ZKB Securities (UK) Ltd ("**ZKBUK**") is incorporated in England & Wales as a private company limited by shares under the Companies Act 2006 with its registered office at Mutual House, 70 Conduit Street, London W1S 2GF, United Kingdom. ZKBUK is authorised and regulated by the Financial Conduct Authority ("FCA") with firm reference number 922650.

ZKBUK provides securities brokerage, research services and transaction arrangement services to its clients. In accordance with requirements under MiFID II and the Financial Conduct Authority Handbook, ZKBUK is required to establish, implement and maintain a Conflicts of Interest Policy. This document provides a summary of the ZKBUK Conflicts of Interest Policy.

## 2. Types of conflicts of interests

Conflicts may arise where ZKBUK, an employee, director, contractor, temporary staff member or secondee of ZKBUK (each a "**relevant person**"), or a person directly or indirectly linked by control to ZKBUK:

- (a) is likely to make a financial gain, or avoid a financial loss, at the expense of the client;
- (b) has an interest in the outcome of a service provided to the client or of a transaction carried out for the client, which is distinct from the client's interest in that outcome;
- (c) has a financial or other incentive to favour the interest of another client or group of clients over the interests of the client;
- (d) carries on the same business as the client; or
- (e) 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 monetary or non-monetary benefits or services.

Conflicts can occur between two or more groups of people. These groups can be broadly categorised as follows:

- (a) ZKBUK and a client;
- (b) one client and another client;
- (c) a relevant person and a client;
- (d) a relevant person and ZKBUK; and
- (e) one relevant person and another relevant person.

Given the nature of ZKBUK's business, there are a number of ways in which conflicts could arise, including:

- (a) favourable research – there may exist conflicts which could create incentives to us producing favourable research regarding particular industries, issuers or other topics;
- (b) distribution of research – there is the potential risk for the advanced or selective distribution of research to certain clients;
- (c) positions of clients – clients may take different or opposite positions on the same kind of investment or risk;
- (d) misuse of inside information – there is a risk that relevant persons come into possession of inside information, the improper use of which may result in a conflict between ZKBUK and its client;
- (e) personal account dealing – where a relevant person engages in the trading of financial instruments for their own account, this may put them in conflict with one or more of ZKBUK's clients. For example, a ZKBUK employee may have a personal investment in an issuer of securities and provide investment advice to ZKBUK's clients on the same issuer;
- (f) inducements – the receipt or giving of gifts may create the appearance of a lack of impartiality and potentially lead to a conflict between the donor and donee of the gift/entertainment, or ZKBUK may receive inducements such as sales commissions, up-front fees or other non-monetary inducements, where permitted by applicable laws;
- (g) outside business interests – relevant persons may hold outside business interests which could cause

a conflict between the personal interest of the relevant person and ZKBUK's clients;

- (h) own positions of ZKBUK or its affiliates – ZKBUK or its affiliates may hold or take positions opposite to those of their clients or may seek to take positions for its own account in securities in which its clients are also seeking to invest;
- (i) affiliate underwriting – where ZKBUK affiliates sell securities for an issuer as underwriter, a conflict may arise between the duty owed to the issuer client by the ZKBUK affiliate underwriter and the duty owed to potential buyers of the securities being issued (which may also be clients of ZKBUK); and
- (j) multiple involvement – ZKBUK's affiliates may act in multiple roles in situations where different clients have competing interests, such as a trustee to certain investors, as an underwriter on debt issuances, as a lender or in the capacity of an adviser to a client on a transaction.

### 3. Management of conflicts of interest

ZKBUK has a number of structures in place which are designed to identify and eliminate conflicts of interest.

These include, but are not limited to:

- (a) prohibiting research analysts from accepting inducements from those with a material interest in the research;
- (b) the establishment and maintenance of insider trading lists;
- (c) the requirement for personal account dealing to be pre-approved;
- (d) the disclosure of ZKBUK's own positions to its clients;
- (e) ensuring employees of ZKBUK undertake compliance training on an annual basis in which the subject matter of conflicts of interest is covered;
- (f) providing guidance to all ZKBUK employees on how to identify and report possible conflicts of interest to ZKBUK's Compliance Officer;
- (g) prohibiting the acceptance of gifts or entertainment above a specified value;
- (h) preventing the exchange of information between relevant persons engaged in activities involving a risk of a conflict of interest; and
- (i) the disclosure of conflicts of interest to clients where it is deemed necessary.

In addition, ZKBUK also maintains a record of all actual or potential conflicts in a conflicts register. The register includes details of the service or activity carried out by or on behalf of the firm in which a conflict of interest entailing a material risk of damage to the interests of one or more clients has arisen or, in the case of an ongoing service or activity, may arise.

### 4. Disclosure of conflicts

This document should be treated by clients as disclosing the kinds of conflicts mentioned in it. If the arrangements made by ZKBUK to manage conflicts of interest and the disclosures in this policy are insufficient to ensure, with reasonable confidence, that risks of damage to the interests of a client will be prevented, ZKBUK may take additional steps disclose the general nature and source of the conflict of interest to the client before undertaking business for the client. Where conflicts cannot be sufficiently managed or mitigated to its satisfaction, ZKBUK may decline to act for the client or in respect of a particular transaction.