Liquidnet EU Limited (“Liquidnet” or the "Firm") Arrangements for Managing Conflicts of Interest

CONFLICTS OF INTEREST

1.1 GENERAL PROVISIONS

This Policy is issued pursuant to, and in compliance with Markets in Financial Instruments Directive 2014/65/EC; Commission Delegated Regulation (EU) 2017/565; Statutory Instrument No. 375 of 2017 (European Union (Markets in Financial Instruments) Regulations 2017); and any other applicable law, guidance, code or regulatory technical standards issued by any relevant authority (together "MiFID II") that apply to Liquidnet where it carries out its roles and functions as agency broker. This Policy is a supplement to Liquidnet’s overall general obligation to act with integrity and fairness, both towards its clients and its counterparties.

Liquidnet will ensure that all conflicts of interest are adequately identified, prevented, managed and disclosed. Liquidnet will take all appropriate steps to identify conflicts of interest between:

- the Firm, including its directors, approved persons and employees, or any person directly linked to them by control, and a client of Liquidnet; or
- one Liquidnet client and another Liquidnet client.

For the purposes of identifying the types of conflict that arise, or may arise, in the course of providing a service to a client and whose existence may entail a material risk of damage to the interests of a client, Liquidnet will take into account whether the Firm or its directors, approved persons or employees:

- is likely to make a financial gain, or avoid a financial loss, at the expense of a Liquidnet 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 interest or other incentive to favour the interest of another Liquidnet client or group of clients over the interests of the client;
- carries on the same business as the client; or
- 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 fee or commission for that service.
Liquidnet will 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 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.

In identifying circumstances which constitute or may give rise to a conflict of interest entailing a material risk of damage to the interests of one or more clients, it is important to note for the purposes of the Firm's policy that Liquidnet and its affiliates do not engage in the activities of investment advice, proprietary trading, portfolio management and corporate finance business, including underwriting or advising on mergers and acquisitions. This means, inter alia, that Liquidnet will not have a proprietary trading position that could conflict with a client's.

Where conflicts are identified, the Chief Executive Officer will determine how the conflict will be prevented or managed. If procedures are deemed by the Chief Executive Officer to be not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of a client will be prevented, Liquidnet will disclose the general nature and/or sources of conflicts of interest to the client before undertaking business for the client.

1.2 SPECIFIC DISCLOSURE – CLIENT TRADES WITH THEIR AFFILIATES

One area identified by Liquidnet as a potential conflict of interest with clients is on those occasions upon which a client executes a trade with one of its affiliates that is also a client of Liquidnet or one of Liquidnet’s affiliates. This may happen in situations where the client has traded anonymously under the rules of Liquidnet’s multilateral trading facility or where the client is otherwise unaware of the counterparty until after execution and at or after the time of settlement of the transaction. This poses a potential conflict of interest between Liquidnet and the client should the client not wish to incur the transactional cost of executing a trade with its own affiliate through Liquidnet.

Liquidnet clients have, or are as part of “on boarding”, notified that, in the event that the client wishes to restrict its trades executed through Liquidnet to not permit the execution of trades with the client’s affiliated firm or entity, the client should provide its request to Liquidnet in writing together with a list of the affiliated firms or entities which are also member firms with Liquidnet or its affiliates.

1.3 EXECUTION OF CLIENT ORDERS

Liquidnet treats all clients fairly and provides equal priority for the execution of orders irrespective of client classification and type in relation to execution venues, including the Liquidnet MTF.

2. PERSONAL CONFLICTS

A particular activity or situation may be found to involve a conflict of interest even though it does not result in any financial loss to Liquidnet or clients of Liquidnet, irrespective of the motivations of the employee or consultant involved.

2.1 OTHER ROLES
Employees must avoid other employment or business activities, including personal investments that interfere with their duties to Liquidnet, divide their loyalty, or create or appear to create a conflict of interest. Each employee has an obligation to report promptly any situation or transaction involving an actual or potential conflict of interest to the Compliance Officer. The Compliance Officer’s determination as to whether a conflict exists or is harmful shall be conclusive. Any conflict that the Compliance Officer determines is harmful to the interests or reputation of Liquidnet will be terminated. Liquidnet requires an annual attestation to be completed by each employee confirming their adherence to this policy.

2.2 INTERESTS IN COMPETITORS, MEMBERS OR SUPPLIERS

Except with the prior written approval of Liquidnet's Chief Executive Officer or Compliance Officer, no employee or member of his or her immediate family shall serve as an employee, officer, director, or trustee of, or have any substantial interest in or business relationship with, a competitor, member, or supplier of Liquidnet that could create a divided loyalty or the appearance of one.

2.3 RECEIPT OF GIFTS, ENTERTAINMENT, LOANS ETC

Additionally, all employees are bound by the Gifts and Hospitality Policy which does not allow the employee to solicit or accept any gift or inducement which may influence their independence or create a conflict with the duty owed by Liquidnet to its clients.

Specifically, no employee or member of his/her immediate family shall solicit or accept from any outside concern that does business or competes with Liquidnet any compensation, gift of cash (or equivalent), significant gift, loan, lavish entertainment, or any other substantial favour for his or her personal benefit. This section shall not prohibit employees or members of their immediate families from obtaining services on terms that are available generally to the public.

Employees or officers may provide gifts or hospitality, including meals and entertainment, to Liquidnet clients or third parties in connection with Liquidnet business, if such hospitality and entertainment are customary and commonly accepted business courtesies; in good taste and not excessive in value; not contrary to the client’s or third party’s own conflicts of interest and inducement policies; and given and accepted without an express or implied understanding that the client or third party is in any way obligated to Liquidnet by the acceptance of the gift by the client or its employees and subject to relevant restrictions required by any relevant applicable law.

The Compliance Office will, in his or her discretion, determine how this policy is applied in respect of gifts.

2.4 INTERESTS IN TRANSACTIONS

No employee or a member of his immediate family shall engage in any transaction involving Liquidnet if the employee or member of his immediate family has a substantial interest in the transaction or can benefit directly or indirectly from the transaction (other than through the employee’s normal compensation), except as specifically authorised in writing by the Compliance Officer.
All employees are bound by the Personal Account Dealing Policy and transactions undertaken by employees are actively monitored. Specifically, no employee shall acquire or derive personal gain or profit from any business opportunity or investment that comes to his or her attention as a result of his or her association with Liquidnet and in which he or she knows Liquidnet might reasonably be expected to participate or have an interest, without first disclosing in writing all relevant facts to Liquidnet, offering the opportunity to Liquidnet and receiving specific written authorisation from the Compliance Officer. All directors and staff are required to notify the Compliance Officer of any outside business interests.

2.5 INFORMATION

Information barriers are used in relation to Liquidnet's business where appropriate to ensure that conflicts of interest are not passed between different areas of the business. Liquidnet also uses information flow barriers, whereby employees are not permitted to access and/or share certain information with employees in certain other business areas.

Further, all employees and directors have a duty of care to protect confidential information received or obtained during the course of their employment, whether the information is subject to a Confidentiality / Non-Disclosure Agreement (NDAs) or not.

2.6 INDUCEMENTS

Liquidnet and its employees and directors will not pay, provide, accept or receive any inducement to or from a client or third party in relation to the investment services provided by Liquidnet to clients, save for if permitted by relevant applicable law and in accordance with Liquidnet' Holdings Inc. Code of Business Conduct and Ethics.

With effect from 1 April 2019.