

Singer Capital Markets Allocation Policy



1. Purpose and Objective

- 1.1 This document sets out the allocation policy adopted by Singer Capital Markets Limited and its subsidiaries' ("**Singer Capital Markets**" or the "**Firm**") ("**this "Policy**") for underwriting, placing, pricing or allocation of either debt, derivative or equity securities (a "**Transaction**").
- 1.2 The key objective of this Policy is to produce an appropriate spread of investors for the particular issuer and type of securities concerned, with a view to achieving an orderly aftermarket with sufficient liquidity and reasonable price stability.
- 1.3 This Policy outlines how the Firm achieves this compliantly with Commission Delegated Regulation (EU) 2017/565 (which is part of UK law by virtue of the European Union (Withdrawal) Act 2018):
 - Articles 38(2) and 38(3) – to ensure that there are adequate controls to manage any *potential conflicts of interest*, whether between the Firm and a client, or between two clients; and
 - Article 39(1) – to ensure that *the offering is correctly priced*. In particular: (a) that the pricing of the offer does not promote the interests of other clients or the Firm's own interests, in a way that may conflict with the interests of the issuing corporate client (the "**Corporate Client**"), and (b) the prevention or management of a situation where persons responsible for providing services to the Firm's investment clients are directly involved in decisions about corporate finance advice on pricing provided to the Corporate Client.

2. Scope

- 2.1 This Policy covers any Transaction that is conducted by employees, contractors or appointed representatives of Singer Capital Markets ("**Staff**"), where Singer Capital Markets has been engaged on a Transaction (for the avoidance of doubt, including as bookrunner, placing agent or broker) by a Corporate Client. This Policy is owned by the Head of Investment Banking, and is applicable predominantly to the Investment Banking ("**IB**") team who are involved in the marketing, pricing, allocation and distribution of a securities offering for a Corporate Client.
- 2.2 This Policy is applicable to both primary and secondary offerings.

3. Process Requirements

- 3.1 Each Transaction will be reviewed on a case-by-case basis to ensure that the IB team:

- a) Understand and act upon the Corporate Client's allocations and pricing objectives;
 - b) Obtain the Corporate Client's agreement to the proposed pricing and allocations;
 - c) Ensure that documentation is created and stored in line with the Firm's record keeping requirements; and
 - d) Manage any conflicts between the Corporate Client and investors (the "**Institutional Clients**") wishing to participate in a Transaction in accordance with the Firm's Conflicts of Interest Policy.
- 3.2 When providing allocation and pricing advice to the Corporate Client, IB Staff will take into consideration:
- a) The size and price of the Institutional Client's expressed interest;
 - b) The historic investment or demand in the Corporate Client's securities, and the reputation, historic general market behaviour and investment objectives of the Institutional Client;
 - c) Indications of the Institutional Client's holding and strategic plans, with regard to the Corporate Client's securities;
 - d) The best price the Transaction can be completed at. This may be the highest price which provides full coverage of the amount being raised, or may be a lower price taking into consideration the potential impact Institutional Client's behaviour may create; and
 - e) Selling or purchasing restrictions that may be put upon the Institutional Client given the jurisdiction in which they are domiciled or type of investor they are.

However, if any of the above considerations directly conflict with the Corporate Client's allocations objectives, the Corporate Client's objectives will take precedence.

- 3.3 To ensure that conflicts of interest are managed, in addition to acting within Singer Capital Markets' Conflicts of Interest Policy, the IB team must:
- a) Send the Corporate Client their suggested pricing and allocations; Note that Singer Capital Markets' Sales or other public-side Staff should not be involved in these communications to a Corporate Client;
 - b) Discuss the allocations process and Singer Capital Markets' draft allocation list with the Corporate Client, explaining our recommendations;

- c) Show all demand for the shares to the Corporate Client so that any Institutional Clients who have been scaled back or eliminated from the draft allocation list are clearly visible;
 - d) Enact any changes to the draft allocation list that the Corporate Client requests and only finalise the allocation list upon the Corporate Client's confirmation.
- 3.4 Where Singer Capital Markets is joint broker, joint bookrunner or joint placing agent on a Transaction, Singer Capital Markets reserves the right to approve the allocation list prior to the finalisation of the Transaction.
- 3.5 Documents evidencing that this Policy has been followed must be saved within the Transaction file and should include:
- a) The Corporate Client's allocation objectives, should they differ from wanting to raise a set amount, at the best price possible whilst ensuring a broad range of investors and an orderly aftermarket;
 - b) The interest expressed by Institutional Clients (number of units of the security and price);
 - c) The final allocations and pricing including justification for price and scale-back;
 - d) Where potential conflicts of interest have been identified, how this has been managed and a file note giving clarity of the potential conflict and why it did not influence the allocations.

4. General Conflicts Disclosures

- 4.1 It is likely that most of the demand will come from Institutional Clients of Singer Capital Markets' Sales team, and that allocations will therefore be made to those Institutional Clients. This is because Singer Capital Markets has relationships with most of the large, blue-chip fund managers. We believe that we can use these relationships to our Corporate Client's advantage because they enable us to place shares with blue-chip institutions which should provide a stable base of long-term shareholders. Furthermore, given the nature of our Sales team's Institutional Client base, we believe that in most cases, allocations to those Institutional Clients should not undermine the interests of our Corporate Client. We are nevertheless mindful that our relationships with those Institutional Clients could generate a conflict of interest, and we will not recommend any allocations that we believe to be inconsistent with the Corporate Client's interests.
- 4.2 Singer Capital Markets has a number of Corporate Clients who are also financial institutions, investors or have the capability to invest in Transactions ("**Dual Clients**"). These Dual Clients will potentially be considered as investors for a Transaction and may participate. The IB team will ensure that any potential conflict is appropriately managed, and that it would be a disservice to

Corporate Client to ignore these Dual Clients; but they should be considered on their own merits in line with all other Institutional Clients.

- 4.3 We believe that it is often in our Corporate Client's interest for some shares in the offering to be allocated to Singer Capital Markets' market makers as this helps to provide liquidity in the market, so that sharp fluctuations in the share price can be avoided. There is, nevertheless, a risk of a conflict of interest because Singer Capital Markets' market makers may be able to make a profit from the shares that are allocated to them. However, the IB team will take care in managing this to: (a) to ensure that the allocation to Singer Capital Markets' market makers is not more than is required to optimise liquidity in the aftermarket, and (b) to ensure that Singer Capital Markets' market makers are not able to influence the pricing discussion in order to increase profits they may make from selling shares in the after-market.

5. Prohibitions

- 5.1 Singer Capital Markets requires its Staff to treat customers fairly. To provide comfort that this is being done, it should be noted that Singer Capital Markets does not permit its Staff to:
- a) Charge excessive or inappropriate fees;
 - b) Engage in any conditional agreements for the purchase of additional securities for which a Transaction is in regard to, or other securities;
 - c) Take any regard of what commissions or other income an Institutional Client may give to the Firm; or
 - d) Use the participation in a Transaction as a historic or future reward.

6. Policy Governance

- 6.1 This Policy has been approved on 28 June 2021 by the Board.
- 6.2 This Policy is subject to review at least annually, or more frequently should there be a change in regulation, FCA issued guidance or other commercial need.



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