

Contents

1 INTRODUCTION	2
1.1 Purpose.....	2
1.2 Regulatory Context.....	2
1.3 FCA General Principles.....	3
1.4 The Compliance Officer	3
1.5 FCA Authorisation and Approval	4
1.5.1 Appointed Representatives	5
1.5.2 FCA Approved Individuals.....	5

1 INTRODUCTION

1.1 Purpose

This Compliance Manual and associated Appendices (the Manual) is provided to all members of staff and Appointed Representatives (ARs) upon joining the Firm. It is essential that they **read and familiarise themselves with the various chapters of the Manual and abide by it.**

1.2 Regulatory Context

Regulation of financial services in the UK is split between 2 regulatory bodies and from 1 April 2013 replaced the previous structure of one regulator of the Financial Services Authority (FSA). Under ‘twin peaks’ regulation, prudential supervision of large financial institutions including banks etc is carried out by a body called the Prudential Regulation Authority (PRA), and prudential supervision of all other entities including smaller investment firms, and also conduct of business of all authorised entities (including PRA authorised entities) is carried out by the Financial Conduct Authority (FCA).

The Firm is authorised and regulated by the FCA under the [Financial Services and Markets Act 2000 \(FSMA\)](#). Its firm reference number (FRN) is **519772**.

The FCA has the single strategic objective of protecting and enhancing confidence in the UK financial system and 3 operational objectives:

- Securing an appropriate degree of protection for consumers.
- Promoting efficiency and choice in the market for financial services.
- Protecting and enhancing the integrity of the UK financial system.

Under the FCA’s supervision regime, the Firm has been considered a ‘flexible portfolio’ firm. This is perceived as a lower risk category of supervision compared to ‘fixed portfolio’ firms which have more intense supervision.

This Manual reflects the Firm’s regulation by the FCA and does not reflect any requirements of the PRA unless otherwise specified.

UK regulated activities are defined under FSMA by the Regulated Activities Order (RAO) 2001, and also in the EU by the Markets in Financial Instruments Directive (MiFID), first implemented in November 2007 (MiFID 1) and updated in January 2018 (MiFID II). The regulations determine the type of regulated activities that a firm can provide under its scope of permission as detailed in section [1.5](#) of the Manual. They also define the rules that a firm must follow. This includes for firms called ‘common platform’ firms which are firms covered by both MiFID and the EU Capital Requirements Directives (CRD 1-4). The Firm is a common platform firm.

From 22 July 2013, the EU Alternative Investment Fund Managers Directive (AIFMD) was implemented in the UK and the EU. This introduced a new regulated activity of managing an unregulated collective investment vehicle which is defined as an alternative investment fund (AIF). From that date, the Firm also has permission to manage an AIF and is deemed to be a small authorised (sub-threshold) AIF. This means it is only permitted to act as an AIF for aggregate funds under management of €100m or, where certain conditions relating to leverage and redemptions are met by all funds under management, a higher aggregate limit of €500m.

At 11pm on 31 December 2020, the transition period that followed Brexit on 31 January 2020 ended, meaning that the UK was no longer a member of the EU and was no longer subject to EU legislation. Where

relevant, existing EU legislation was 'onshored' and, for example, the above MiFID and AIFMD regulations became 'UK MiFID' and 'UK AIFMD' respectively.

1.3 FCA General Principles

There are **11 Principles** and they are a general statement of the fundamental obligations of all firms under the regulatory system. In substance, the Principles express the main dimensions of the 'fit and proper' standard set for regulated firms. Being ready, willing and organised to comply with the relevant rules and requirements is therefore a critical factor and may call into question whether the Firm is still fit and proper.

The Principles are also designed as a general statement of the regulatory requirements in new or unforeseen situations and in situations in which there are no specific rules or guidance.

1. **Integrity** – a firm must conduct its business with integrity.
2. **Skill, Care and Diligence** – a firm must conduct its business with due skill, care and diligence.
3. **Management and Control** – a firm must take reasonable care to organise and control its affairs responsibly and effectively, with adequate risk management systems.
4. **Financial Prudence** – a firm must maintain adequate financial resources.
5. **Market Conduct** – a firm must observe proper standards of market conduct.
6. **Clients' Interests** – a firm must pay due regard to the interest of its clients and treat them fairly.
7. **Communications with Clients** – a firm must pay due regard to the information needs of its clients and communicate information to them in a way which is clear, fair and not misleading.
8. **Conflicts of Interest** – a firm must manage conflicts of interest fairly, both between itself and its clients, and between one client and another.
9. **Client Relationships of Trust** – a firm must take reasonable care to ensure the suitability of its advice and discretionary decisions for any client who is entitled to rely on its judgement.
10. **Client Assets** – a firm must arrange adequate protection for its clients' assets when it is responsible for them.
11. **Relations with Regulators** – a firm must deal with its regulators in an open and co-operative way and must disclose to the FCA appropriately anything relating to the firm of which the FCA would reasonably expect prompt notice.

The FCA has a detailed Handbook of rules and guidance, setting out exactly how the Firm and its ARs should carry out its business, and with which it must comply. This Manual contains the procedures that will enable the Firm and its ARs to be compliant with various regulatory requirements to which it is subject.

The Manual does not replace or attempt to replicate the FCA Handbook, which, as mentioned above, has explicit application to the Firm according to its status under relevant regulations. The Manual makes frequent reference to the FCA Handbook in order to direct the user, when an issue arises, back to the source of rules and regulations for further clarification. The [FCA Handbook](#) can be found on the FCA's website.

1.4 The Compliance Officer

Gillian Gallacher is the Firm's Compliance Officer. Staff members with any queries or concerns in respect of regulatory matters or compliance issues, should consult the Compliance Officer, failing which another partner or alternatively Emma Jones as Deputy Compliance Officer.

The Compliance Officer is responsible for ensuring that the Manual is kept up to date and abreast of any new or amended rules or regulations. **Should staff members be in doubt about the application of any rules, whether it is imposed by the Firm or necessary under the FCA's rules, they should consult the**

Compliance Officer immediately. The Firm will treat any instances of non-compliance very seriously and this can ultimately lead to the dismissal of members of staff or withdrawal of an individual's FCA approval (where relevant).

1.5 FCA Authorisation and Approval

The FCA's Scope of Permission Notice (SOPN) (see below) sets out the regulated activities that the Firm is authorised to conduct, together with the specific investments in relation to those specific activities. The SOPN will also set out the type of clients that the Firm can deal with (Professional Clients and Eligible Counterparties). It will also set out any limitations to which the Firm is subject. **It is essential that if anyone is unclear as to whether they are permitted to carry out a particular activity, they must consult the Compliance Officer prior to carrying out that activity.**

The Firm's Scope of Permission

The Firm is currently authorised as a MiFID investment manager and a sub-threshold alternative investment fund manager with the following scope of permission:

- Dealing in investments as agent.
- Arranging (bringing about) deals in investments.
- Making arrangements with a view to transactions in investments.
- Advising on investments (except pension transfers and pension opt-outs).
- Establishing, operating or winding up a collective investment scheme.
- Managing an unauthorised AIF.
- Managing investments.
- Agreeing to carry on a regulated activity (within the Firm's scope of permission).

The Firm can undertake these activities in relation to the following client types:

- Eligible Counterparties.
- Professional Clients.

The Firm can undertake these activities in relation to the following specified investments:

- Certificates representing certain security.
- Commodity future.
- Commodity option and option on commodity future.
- Contract for differences (excluding a spread bet and a rolling spot forex contract).
- Debenture.
- Future (excluding a commodity future and a rolling spot forex contract).
- Government and public security.
- Option (excluding a commodity option and an option on a commodity future).
- Rights to or interests in investments (contractually based investments).
- Rights to or interests in investments (security).
- Rolling spot forex contract.
- Share.
- Unit.
- Warrant.

The Firm is **NOT** permitted to:

- Act for Retail Clients.
- Hold client money or assets.

- Deal as principal.

Due to Brexit, from 31 December 2020, the Firm does not currently have permission to provide regulated investment activities in any country outside of the UK. As part of automatic Brexit transition, it does have a MiFID passport for certain services in Gibraltar but at present has not exercised these rights. Otherwise, should the Firm's geographical scope change, unless some form of 'equivalence' agreement formally exists between the UK and a relevant country, it is anticipated that the Firm would need to become directly regulated in the non-UK country in question. This includes EU member states and the US.

1.5.1 Appointed Representatives

From time to time, the Firm may have arrangements in place with other legal entities for such firms to be ARs of the Firm. Such firms are not authorised firms under the FSMA. However, they are exempt from authorisation where an authorised firm takes responsibility for their actions and omissions. The authorised firm is deemed to be the principal under such an arrangement.

For the avoidance of doubt, this Manual applies to each and every AR of the Firm and also any member of staff (whether permanent or temporary) and anyone acting on behalf of that AR. The Firm has a documented AR contract in place with any such entities which outlines roles and responsibilities, obligations and duties. Any AR must always act within this agreement and also within the Firm's own scope of permission otherwise it will breach the provisions of the FSMA and incur potential sanctions on both the AR and the principal (i.e. the Firm).

In relation to regulated activities, the type of activities an AR can carry out under its arrangement with the Firm include advising on and arranging deals in investments. However, it **excludes** managing investments (including an AIF) as this is not a permitted activity under the Appointed Representative Regulations.

No firm can act as an AR of the Firm until it has been added to the FCA register entry for the Firm. An application for such approval (along with the Approved Person applications for relevant AR staff) by the FCA will be submitted by or on behalf of the Compliance Officer following appropriate due diligence checks and internal/Firm approval of the AR and relevant individuals.

The list of entities which are currently ARs for the Firm at any given time can be checked against the Firm's FCA register entry, and the AR section. This also lists previous ARs under 'previously attached to'.

List of the Firm's ARs

1.5.2 FCA Approved Individuals

There are currently 2 regimes for FCA approval of individuals conducting certain functions within the regulatory perimeter, which staff members need to be aware of:

1. The Senior Managers and Certification Regime (SM&CR): this regime came into force for all solo-regulated, directly authorised firms on 9 December 2019. As such, the Firm is in scope of the SM&CR but this regime does not currently apply to ARs.
2. The Approved Persons regime: this regime continues to apply to ARs.

The regimes, and the functions that are most likely to apply to the Firm and its ARs, are covered in more detail in Chapter 5A and 5B. It is important for all staff members to note that **where a function does apply, advance FCA approval must be obtained before an individual carries out the function(s) in question.**