



# POLICY FOR THE PREVENTION OF MARKET ABUSE

## VERSION CONTROL

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## **I. GENERAL**

1. This Policy (the “Policy”) defines principles and rules for the prevention of market abuse by SKANESTAS INVESTMENTS LIMITED (the “Company”).
2. This policy applies to all directors and employees of the Company and covers the full range of trading activities undertaken by the Company.
3. Pursuant to the Market Abuse Regulation, the market abuse concept encompasses unlawful behaviours in the financial markets, being Insider Dealing; the unlawful disclosure of Inside Information and market manipulation.
4. The objectives of the Policy are to:
  - protect investors/clients, to avoid situations in which information is not available equally to all and prevent certain parties from using information that is not in the public domain to speculate in the markets; and
  - protect the Company from potential liabilities deriving from the conduct of parties under its control.
5. The Policy provides information about the Company’s established arrangements, systems, and procedures for the purposes of detecting, identifying and reporting suspicious orders and transactions and complies with the principles set out in European Union (EU) Regulation No 596/2014, Regulation (EU) No 2016/957, Cyprus Law No 102(I)/2016 and Cyprus Law No 136(I)/2016 as amended, and covers all of the Company’s operations.
6. Market manipulation/market abuse can have a significant negative impact on our clients, the financial markets and our Company as a whole. As such, all business conducted by our employees must be driven by legitimate reasons and must be conducted in a manner that avoids or minimises market disruption.
7. The Company is authorised by the Cyprus Securities and Exchange Commission (the “CySEC”) to provide the following investment and ancillary services:

### **Investment Services:**

- Reception and transmission of orders in relation to one or more financial instruments
- Execution of orders on behalf of clients
- Dealing on Own Account
- Portfolio Management

### **Ancillary Services:**

- Safekeeping and administration of financial instruments, including custodianship and related services
- Granting credits or loans to one or more financial instruments, where the firm granting the credit or loan is involved in the transaction



- Foreign exchange services where these are connected to the provision of investment services
8. The Company offers a variety of investment products to Retail, Professional Clients and Eligible Counterparties (it must be noted that different MiFID categories of clients are permitted various instruments, but this is out of scope of the Policy). This Policy applies with respect to the following products offered by the Company:
- Equities – Shares & Depositary Receipts:
    - Tick size liquidity bands 5 and 6 (from 2000 trades per day)
    - Tick size liquidity bands 3 and 4 (from 80 to 1999 trades per day)
    - Tick size liquidity band 1 and 2 (from 0 to 79 trades per day)
  - Debt instruments:
    - Bonds
    - Money markets instruments
  - Interest rates derivatives:
    - Futures and options admitted to trading on a trading venue
    - Swaps, forwards, and other interest rates derivatives
  - Credit derivatives:
    - Futures and options admitted to trading on a trading venue
    - Other credit derivatives
  - Currency derivatives:
    - Futures and options admitted to trading on a trading venue
    - Swaps, forwards, and other currency derivatives
  - Equity Derivatives:
    - Options and Futures admitted to trading on a trading venue
    - Swaps and other equity derivatives
  - Securitized Derivatives:
    - Warrants and Certificate Derivatives
    - Other securitized derivatives
  - Commodities derivatives and emission allowances Derivatives:
    - Options and Futures admitted to trading on a trading venue
    - Other commodities derivatives and emission allowances derivatives
    - Exchange traded products (Exchange traded funds, exchange traded notes and exchange traded commodities);
  - Other derivatives;
  - Repurchase transactions.
9. In the course of your work at our Company, you may come into possession of material, non-public, price sensitive information or “Inside Information” as defined below. While you are in possession of confidential information, especially Inside information, you are under a duty of confidentiality in respect of the information you receive and may not use or disclose such information without due authorization, and on a need to know basis. Using such information for your personal gain or sharing with others who use it for their personal gain – so called “tipping” – is illegal and prohibited by the Market Abuse Regulation (MAR) and our Company policy.



## II. DEFINITIONS

**‘Financial instruments’** means all types of securities, including but not limited to: shares, bonds or other publicly issued debt instruments, options, futures, derivative instruments and other financial instruments as defined in point (15) of Article 4(1) of Directive 2014/65/EU;

**‘Person’** means a natural or legal person;

**‘Issuer’** means a legal entity governed by private or public law, which issues or proposes to issue financial instruments, the issuer being, in case of depository receipts representing financial instruments, the issuer of the financial instrument represented;

**‘Person professionally arranging or executing transactions’** means a person professionally engaged in the reception and transmission of orders for, or in the execution of transactions in, financial instruments;

**‘Inside information’** means information of a precise nature, which has not been made public, relating, directly or indirectly, to one or more issuers or to one or more financial instruments, and which, if it were made public, would be likely to have a significant effect on the price of those financial instruments or on the price of related derivative financial instruments; For persons charged with the execution of orders concerning financial instruments, such as the Company, it also means information conveyed by a client and relating to the client’s pending orders in financial instruments, which is of a precise nature, relating, directly or indirectly, to one or more issuers or to one or more financial instruments, and which, if it were made public, would be likely to have a significant effect on the prices of those financial instruments, the price of related spot commodity contracts, or on the price of related derivative financial instruments;

**‘Precise Information’** is defined in MAR as information which:

- indicates a set of circumstances that exist or may be “reasonably expected” to come into existence or an event that has occurred or may be reasonably expected to occur; and
- where it is specific enough to enable a conclusion to be drawn as to the possible effect of those circumstances or that event on the prices of the financial instruments or the related derivative financial instrument or related spot commodity contract.

**‘Insider(s)’** means all persons holding Inside Information;

**‘Insider list’** means a list of Company Staff members that are Insiders;

**‘Insider trading’** means buying or selling financial instruments to which one has Inside Information;

**‘Market soundings’** are interactions between a seller of instruments and investor(s), prior to the announcement of a transaction, in order to gauge the interest of potential investors in a possible transaction and the conditions relating to it, such as its potential size or pricing, to one or more potential investors by: (a) an issuer; (b) a secondary offer or of a financial instrument, in such quantity or value that the transaction is distinct from ordinary trading and involves a selling method based on the prior assessment of potential interest from potential investors;

**‘Suspicious transaction and order report’ (STOR)** means the report on suspicious orders and transactions, including any cancellation or modification thereof, that could constitute insider dealing,



market manipulation or attempted insider dealing or market manipulation to be made pursuant to Article 16(1) and (2) of Regulation (EU) No 596/2014.

**'Staff member'** for the purposes of this Policy means all categories of employees regardless of their form of contract, and the members of the Board of Directors of the Company;

**'Electronic means'** are means of electronic equipment for the processing (including digital compression), storage and transmission of data, employing wires, radio, optical technologies, or any other electromagnetic means;

**'Market abuse'** is a statutory offence that covers Insider Dealing, Unlawful Disclosure of Inside Information and Market Manipulation;

**'Order'** means each and every order, including each and every quote, irrespective of whether its purpose is initial submission, modification, update or cancellation of an order and irrespective of its type.



### III. LEGISLATION

1. The present Policy complies with the following legislation relating to market abuse:
  - Regulation (EU) 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse, which repealed Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC (“Market Abuse Regulation” or “MAR”);
  - Commission Delegated Regulation 2016/957, regarding the appropriate arrangements, systems, and procedures for preventing, detecting and reporting abusive practices or suspicious orders or transactions;
  - European Commission Regulation (EU) 2016/1055 of 29 June 2016 that lays down the implementation of technical standards with regard to the technical means for appropriate public disclosure of inside information and for delaying the public disclosure of inside information;
  - European Commission Delegated Regulation (EU) 2016/960 of 17 May 2016 that complements Regulation (EU) 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the appropriate arrangements, systems and procedures applicable to market participants that disclose information when conducting market soundings;
  - European Commission Implementing Regulation (EU) 2016/959 of 17 May 2016 that lays down the implementation of technical standards for market soundings with regard to the systems and notification templates to be used by market participants that disclose information and the format of the records;
  - European Commission Implementing Regulation (EU) 2016/347 of 10 March 2016 that lays down the implementation of technical standards with regard to the precise format of insider lists and for updating insider lists in accordance with the MAR (“Regulation 2016/347”);
  - European Securities and Markets Authority (ESMA) has published its Guidelines on the delay in the disclosure of inside information under MAR and on persons receiving market soundings under MAR;
  - Cyprus Market Abuse Law L.102(I)/2016;
  - Procedures for the receipt and follow-up of reports of infringement of Regulation (EU) No 596/2014 on market abuse (CySEC CIRCULAR No. 177 dated 03/01/2017).
  - The ESMA Guidelines on Market Abuse Regulation



## **IV. MARKET ABUSE**

### **i. Unlawful Disclosure of Inside Information**

1. Unlawful disclosure of inside information arises where a person possesses inside information and discloses that information to any other person, except where the disclosure is made in the normal exercise of an employment, a profession or duties.
2. Certain disclosures may be legitimate in the performance of an employee's profession or duties. For example, any disclosure a person is required to make by a regulator or by any regulatory rules, or any disclosure made during the course of a market sounding so long as the disclosure complies with the provisions of MAR.
3. All Staff members shall refrain from disclosing inside information unlawfully.

### **ii. Market Manipulation**

1. Market manipulation is one form of market abuse. The risks of market manipulation by the Company or its staff are considered low due to the Company's small size, its strict trading limits and the monitoring of transactions with financial instruments on a continuous basis.
2. Staff Members shall not engage in or attempt to engage in market manipulation.
3. Market manipulation shall comprise the following activities:
  - a) entering into a transaction, placing an order to trade or any other behaviour which:
    - i. gives, or is likely to give, false or misleading signals as to the supply of, demand for, or price of, a financial instrument, a related spot commodity contract or an auctioned product based on emission allowances; or
    - ii. secures, or is likely to secure, the price of one or several financial instruments, a related spot commodity contract or an auctioned product based on emission allowances at an abnormal or artificial level;unless the person entering into a transaction, placing an order to trade or engaging in any other behaviour establishes that such transaction, order or behaviour have been carried out for legitimate reasons, and conform with an accepted market practice, as established in accordance with Article 13 of MAR;
  - b) entering into a transaction, placing an order to trade or any other activity or behaviour which affects or is likely to affect the price of one or several financial instruments, a related spot commodity contract or an auctioned product based on emission allowances, which employs a fictitious device or any other form of deception or contrivance;



- c) disseminating information through the media, including the internet, or by any other means, which gives, or is likely to give, false or misleading signals as to the supply of, demand for, or price of, a financial instrument, a related spot commodity contract or an auctioned product based on emission allowances or secures, or is likely to secure, the price of one or several financial instruments, a related spot commodity contract or an auctioned product based on emission allowances at an abnormal or artificial level, including the dissemination of rumours, where the person who made the dissemination knew, or ought to have known, that the information was false or misleading;
  - d) transmitting false or misleading information or providing false or misleading inputs in relation to a benchmark where the person who made the transmission or provided the input knew or ought to have known that it was false or misleading, or any other behaviour which manipulates the calculation of a benchmark.
4. MAR also captures and prohibits attempting to engage in market manipulation (e.g. where someone tries to manipulate the market without actually trading or does not succeed to manipulate the market as intended, for example, due to a technology failure).
  5. Certain behaviours can mislead and distort the market, giving rise to the offence of market manipulation. Article 12(2) of MAR, included as Appendix C in this Policy, includes an illustrative but non-exhaustive list of behaviours which shall be considered as market manipulation.
  6. Annex I of MAR, included as Appendix D in this Policy, defines non-exhaustive indicators relating to the employment of a fictitious device or any other form of deception or contrivance, and non-exhaustive indicators related to false or misleading signals and to price securing. In addition, Appendix E of this Policy includes other examples/indicators of market abuse.
  7. The Company's Staff Members who are responsible for monitoring the clients' trading activity, in accordance with Section VI below, must take into consideration the red flags/manipulative behaviours included in Appendices C-E of this Policy.
  8. The Company's Staff Members must also take into consideration Annex II of the Commission Delegated Regulation (EU) 2016/522 (Indicators of manipulative behaviour).
  9. Trades may only be agreed over communication lines that are recorded by the Company. Such recordings shall be stored for at least five years. All necessary documentation shall be concluded without undue delay.

### **iii. Insider Dealing**

1. Insider dealing is described in articles 8 and 14 of Regulation 596/2014 on market abuse. Those provisions prohibit any person who possesses inside information to use that information by acquiring or disposing of, for its own account or for the account of a third party, directly or indirectly, financial instruments to which that information relates.





2. A person shall not:
  - (a) engage or attempt to engage in insider dealing;
  - (b) recommend that another person engage in insider dealing or induce another person to engage in insider dealing.
3. Violation of this prohibition is a criminal matter and is punished with fines, imprisonment and being prohibited from pursuing one's profession.
4. This Policy is intended, inter alia, to prevent any violation of the prohibition of insider dealing by Company employees and management.
5. The use of inside information by cancelling or amending an order concerning a financial instrument to which the information relates where the order was placed before the person concerned possessed the inside information, shall also be considered to be insider dealing.
6. Recommending that another person engage in insider dealing, or inducing another person to engage in insider dealing, arises where the person possesses inside information and:
  - recommends, on the basis of that information, that another person acquire or dispose of financial instruments to which that information relates, or induces that person to make such an acquisition or disposal, or
  - recommends, on the basis of that information, that another person cancel or amend an order concerning a financial instrument to which that information relates, or induces that person to make such a cancellation or amendment.

The use of the recommendations or inducements referred to above amounts to insider dealing where the person using the recommendation or inducement knows or ought to know that it is based upon inside information.

7. The provisions/requirements in relation to insider dealing apply to any person who possesses inside information as a result of:
  - being a member of the administrative, management or supervisory bodies of the issuer or emission allowance market participant.
  - having a holding in the capital of the issuer or emission allowance market participant;
  - having access to the information through the exercise of an employment, profession or duties; or
  - being involved in criminal activities.
8. The provisions/requirements also apply to any person who possesses inside information under circumstances other than those referred to above where that person knows or ought to know that it is inside information.



## **V. PREVENTION AND DETECTION OF MARKET ABUSE – GENERAL REQUIREMENTS**

1. The Company is required to establish and maintain effective arrangements, internal systems and procedures that ensure:
  - the effective and ongoing monitoring, for the purpose of detecting and identifying orders and transactions that could constitute insider dealing, market manipulation or attempted insider dealing or market manipulation, of all orders received and transmitted and all transactions executed;
  - the transmission of STORs to CySEC, in accordance with the requirements set out in MAR and using the template set out in Appendix B.
2. The Company shall maintain arrangements, systems, and procedures described above, irrespective of:
  - The capacity in which the order is placed, or the transaction is executed;
  - The types of clients concerned;
  - Whether the orders were placed, or transactions executed on or outside a trading venue.
3. The Company shall also ensure that the arrangements, systems and procedures referred to above:
  - are appropriate and proportionate in relation to the scale, size and nature of its business activity;
  - are regularly assessed, at least through an annually conducted audit and internal review, and updated when necessary;
  - are clearly documented in writing, including any changes or updates to them, and that the documented information is maintained for a period of five years.
4. The arrangements, systems and procedures that the Company shall establish must:
  - allow for the analysis, individually and comparatively, of each and every transaction executed, and order placed, modified, cancelled or rejected in the systems;
  - produce alerts indicating activities requiring further analysis for the purposes of detecting potential insider dealing or market manipulation or attempted insider dealing or market manipulation;
  - cover the full range of trading activities undertaken by the Company;
  - ensure appropriate level of human analysis in the monitoring, detection and identification of transactions and orders that could constitute insider dealing, market manipulation or attempted insider dealing or market manipulation.
5. In considering whether an automated system is necessary and if so, its level of automation, the Company takes into account the following:
  - a) the number of transactions and orders that need to be monitored;
  - b) the type of financial instruments traded;



- c) the frequency and volume of orders and transactions; and
- d) the size, complexity and/or nature of its business.

## **VI. ARRANGEMENTS, SYSTEMS AND PROCEDURES TO IDENTIFY AND DETECT MARKET ABUSE**

### **i. Pre-Trade and Post-Trade Controls**

1. The Company has established the following procedures/controls, in order to identify and detect market abuse:
  - Brokerage Department/Portfolio Management Department/Middle Office trade and transaction monitoring;
  - Compliance monitoring;
  - Red Flag procedures
  - Internal reporting procedures and STOR reporting procedures
  - Staff Training (please refer to Section XI of this Policy)
2. In addition, the Company has in place the below pre-trade and post-trade controls:
  - **High risk clients:** clients categorised at on boarding stage as high risk are subject to ongoing enhanced monitoring;
  - **Watchlist:** clients on the Watchlist are subject to enhanced ongoing monitoring;
  - **Training:** The Dealing Room/Brokerage Department/Portfolio Management Department/Middle Office employees receive regular red flag training regarding market abuse and ISTORs.
3. The Company has the following post trade controls in place to mitigate future risks posed by clients identified as having traded suspiciously in the past:

#### Post STOR procedures:

- Carrying out enhanced due diligence on a client and/or enhanced monitoring of a client's or employee's trading activity;
- Restricting the client's access to particular markets or instruments;
- Restricting services provided to the client;
- Restricting the amount of leverage the firm is willing to provide to the client;
- Taking disciplinary action against an employee;
- Ultimately terminating the client or employee relationship.

### **ii. Dealing /Brokerage and Middle Office**

1. The Dealing /Brokerage Department team has the following specific obligations in respect to the identification and detection of Market Abuse:
  - Undertaking trade monitoring and surveillance to detect possible market abuse **pre-trade**. This is conducted via:



- daily routine monitoring of client trading activity undertaken as part of managing risk/exposure; and
  - daily routine monitoring when taking client orders.
  - Submitting an Internal Suspicious Transaction or Order Report (ISTOR) to the Compliance department, without delay, where a reasonable suspicion has been formed that market abuse is taking place i.e. transaction investigated and deemed suspicious; an ISTOR must be submitted to Compliance in relation all suspicious orders/transactions;
  - Submitting an internal Non-Suspicious Transaction or Order Report (INSTOR/ ISTOR) to Compliance, without delay, where they have carried out an investigation of trades, but have determined that the transactions/ orders are not suspicious, by also stating the reasons for ruling the transactions/orders out as non-suspicious;
  - Investigating trades referred by Compliance Team and provide a view on whether these are suspicious and present documents to support that view, i.e. news, rumours, price action, charts etc.
2. Middle Office Department team has the following specific obligations in respect to the identification and detection of Market Abuse:
- Undertaking trade monitoring and surveillance to detect possible market abuse **post-trade**. This is conducted via:
    - Investigating trades that are flagged by the moving markets report and any other potentially suspicious trading/activity identified;
  - Submitting an Internal Suspicious Transaction or Order Report (ISTOR) to the Compliance department, without delay, where a reasonable suspicion has been formed that market abuse is taking place i.e. transaction investigated and deemed suspicious; an ISTOR must be submitted to Compliance in relation all suspicious orders/transactions;
  - Submitting an internal Non-Suspicious Transaction or Order Report (INSTOR/ ISTOR) to Compliance, without delay, where they have carried out an investigation of trades, but have determined that the transactions/ orders are not suspicious, by also stating the reasons for ruling the transactions/orders out as non-suspicious;
  - Investigating trades referred by Compliance Team and provide a view on whether these are suspicious and present documents to support that view, e.g. news, rumours, price action, charts etc.
3. It is noted that, in accordance with the relevant requirements under MAR, transaction and trade monitoring conducted by the Company's employees shall cover each and every transaction executed, and order placed, modified, cancelled or rejected in the Company's systems, irrespective of the size, nature or account holder.

### iii. ISTORs/ INSTORs

1. Suspicious activity may be referred to Compliance by the employees for review as follows:
- a) **Transactions escalated by Dealing Room/Brokerage Department/Middle Office as suspicious:** An order, transaction, series of transactions or red flag behaviours may be escalated



by the Dealing Room/Brokerage Department/Middle Office via email, or in writing. When escalating suspicious transactions staff will state the reasons for suspicion and attach/provide sources substantiating their suspicion (e.g. links to market events that followed a transaction, links to blogs, snapshot of trading venue charts or bid-offers indicating manipulative behavior and etc.).

- b) Moving markets report transactions escalated by the Middle Office as suspicious:** The Middle Office Department employees receive a daily automated Moving Market report as it is extracted from the database. This report will flag trading activity, how long a position was held, when the specific trading activity took place and profit made). The report flags any price movement on assets that is larger than then 20%. The persons responsible will review the report and can either confirm that they detect no suspicious activity, by submitting an Internal Non-Suspicious Transaction or Order Report (INSTOR) to the Compliance team, or they will submit an Internal Suspicious Trading Report (ISTOR) to the Compliance team for review. The Compliance conduct a second review of the reports as the second line of defense.
2. Employees must use the template found in Appendix F of this Policy when submitting an Internal Suspicious Trading Report (ISTOR) to the Compliance team. ISTORs may be submitted to Compliance via email or in writing. The report must be submitted to the Compliance team as soon as possible after the suspicion is formed, and in any case within 48 hours.
  3. The Dealing Room/Brokerage Department/Middle Office employees are also required to submit an Internal Non-Suspicious Transaction or Order Report (INSTOR) where they have carried out an investigation of trades, but have determined that the transactions/ orders are not suspicious. Internal Non-Suspicious Transactions and Orders Reports must be submitted to Compliance, by using the template in Appendix G.
  4. The Compliance Team then reviews and investigates these reports.
  5. If two people or more independently identify the need to report on the same issue from either the same or different parts of the business, each individual should make a report.
  6. All ISTORs and INSTORs are documented and recorded electronically by the Compliance Team.
  7. Compliance will investigate transactions as soon as practicable from the referral for review. In order to ensure a holistic view is taken in investigating an escalated transaction, Compliance will:
    - 1) Identify the transaction;
    - 2) Create a timeline to understand the market context in relation to the transaction;
    - 3) Consider client information held by the Company and conduct media searches;
    - 4) Consider client trading history and trading patterns;
    - 5) Escalate the assessment to the Executive Directors, where necessary.



8. Compliance will investigate transactions as soon as possible and in any event, within 48 hours of referral for review, with a view to determining whether to complete a STOR in relation to a transaction or to record the results of the investigation as a “near-miss” or “closed investigation”, in accordance with Section IX below.
9. An assessment of whether suspicious activity is suspicious, a near miss, or should be closed as not suspicious should be based on whether the information gathered gives an impression that there are ‘reasonable grounds’ to suspect it might constitute market abuse.

### **The Compliance team:**

- Is reviewing escalations of suspicious activity (ISTORs) and INSTORs from the Dealing Room/Brokerage Department/Middle Office or from any other department for example Back Office/ Front Office/ Risk Manager;
- Is requesting further information as necessary, in order to perform an adequate assessment;
- Undertaking a second review of the clients with trades that are flagged by the reports produced for monitoring purposes;
- Submitting STORs to the CySEC or recording the results of an investigation as not reportable (as applicable);
- Maintaining the Company’s STORs log and records of all STORs and “near misses” (investigated, but deemed non-reportable), by using the template in Appendix H of this Policy;
- Maintaining the Company’s Watchlist for enhanced monitoring of clients identified through routine monitoring and escalations from the Departments staff that require additional review, exceptions, in-depth analysis and ongoing monitoring (template is found in Appendix I);
- The Compliance Team investigate transactions as soon as practicable from the time of referral for review with a view to report the factual assessment to the Senior Management;
- It should be noted that the factual assessment, whether they are passed onto the relevant authorities or not, must be recorded.

### **iv. Compliance Monitoring\***

1. Routine monitoring is also undertaken by the Compliance Team to detect market abuse (such reports are primarily responsibility of the function holders/ process owners – e.g. dealing department/brokerage department/middle office/front office/back office and risk manager). This consists of monitoring of all active clients via the following surveillance reports (the frequency of monitoring is set out below also):
  - High risk client and Clients on Watchlist monitoring - **Monthly**
  - Trading patterns – large daily volume variance by asset - **Monthly**
  - Large deposits variance per client - **Monthly**
  - Moving market report - **Monthly**
  - Withdrawals exceeding deposits report - **Monthly**
  - Call monitoring – **Quarterly\*\***





\*As the second line of defence, the Compliance Team undertakes a second review on the clients detected as suspicious. This review is undertaken separately and as a standalone review to the first review by function holders/ process owners.

\*\*The monitoring is conducted on a sample basis for clients on the watchlist, where all calls are monitored.

2. The details of each STOR submitted to the CySEC will be reported to the Board.

## VII. RESPONSIBILITIES

1. In all cases it is prohibited for a Company and its Staff Member to:
  - engage or attempt to engage in Insider Trading;
  - advise another person to engage in Insider Trading;
  - unlawfully disclose Inside Information to any person.
2. LIST OF PERSONS WITH ACCESS TO THE INSIDE INFORMATION  
**Since the Company is not an Issuer or a person acting on its behalf or on its account** SKANESTAS INVESTMENTS LIMITED is not under the duty to draw up a list of all persons who have access to inside information under Article 18 of Regulation (EU) No 596/2014 on market abuse (market abuse regulation).
3. However, staff members, who are obliged to report internally all suspicious transactions and who has access to the transaction/client database/transaction monitoring, have the following responsibilities:

Department/ Officer	Responsibilities
Directors	Notify Compliance Officer (CO) in the event if Client's activity/ transactions may be considered as suspicious or related to market abuse.
Front Office	Inform clients about Company's policy for the prevention of Market Abuse.
	Notify CO in the event if Client's behaviour may be considered as suspicious or related to market abuse.
Middle Office and Brokerage	Transaction monitoring of all trade orders received by clients, comparing them to normal, and reasonable account activity of the customers.
	Notify CO in the event if Client's activity/transactions may be considered as suspicious or related to market abuse.
	Notify CO in the event if Client's activity/transactions may be considered as suspicious or related to market abuse.
Portfolio Management	Notify CO in the event if Client's/Counterparty's activity or behaviour may be considered as suspicious or related to market abuse.



CO	To make sure the Company performs trading transaction monitoring; To make sure Company employees don't use any information for personal gain; To maintain files where results of customers' accounts monitoring are kept.
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4. The transaction team members are responsible for the recording of the information in the Company's conventional databases.
5. If you violate this Policy or any relevant laws governing market abuse, or know of any such violation by any employee, member of the Executive Management Team, you must report the violation immediately to the Compliance Officer.
6. If the Compliance Officer does not reply to the notification of the transaction, this does not mean that the Compliance Officer approves the transaction.
7. Effective monitoring must also include comprehensive training genuinely dedicated to monitoring, detecting and reporting suspicions of market abuse or attempted market abuse. Such training should take place on a regular basis.

## **VIII. PROCEDURES FOR THE RECEIPT AND FOLLOW-UP OF REPORTS OF INFRINGEMENT OF MAR**

1. CySEC has the following communication channels for receiving and following-up the reports of infringement and for contacting the dedicated staff members of the competent department:
  - a. Phone line: +357 22 506 750. When using this phone line the conversations are recorded only with the consent of the reporting person.
  - b. Electronic [address: whistleblowing@cysec.gov.cy](mailto:whistleblowing@cysec.gov.cy).
  - c. Postal address: Diagorou 27, 1097 Nicosia, Cyprus, for the attention of Market Surveillance and Investigations Department.
2. Reports of infringement can also be submitted either by name or anonymously.
3. The reporting persons may submit written reports of infringement by completing the "Whistleblowing External Disclosure Form" (Appendix A).
4. CySEC upon receipt of a report of infringement should inform the reporting person within how many days will be notified about the results of the inquiry to his postal or electronic address, if such has been provided, and ensure that the relevant notification will be send within the timeframe set.
5. Notwithstanding the provisions of any law or oral or written agreement the reporting person cannot be subject to any discrimination due to the submission of a report of infringement.

## **IX. STORs**

1. The scope of the STOR regime includes suspicious orders as well as suspicious transactions. The COMMISSION DELEGATED REGULATION (EU) 2016/957 of 9 March 2016 sets out the





procedures that the above mentioned persons and entities shall establish, the cases that shall be reported and also it defines the template of the STOR.

2. Persons professionally arranging or executing transactions shall establish and maintain arrangements, systems and procedures that ensure:
  - (a) effective and ongoing monitoring, for the purposes of detecting and identifying orders and transactions that could constitute insider dealing, market manipulation or attempted insider dealing or market manipulation, of all orders received and transmitted and all transactions executed;
  - (b) the transmission of STORs to competent authorities in accordance with the requirements set out in this Regulation and using the template set out in the Annex B.
3. Following escalation of suspicious activity by the Dealing Room/Brokerage Department or identification of suspicious activity by the Compliance Team, an investigation is conducted.
4. The investigation must be documented in writing. Specifically, the Company's STOR investigation procedure involves the following steps:
  - Review of the ISTOR and supporting documentation (if applicable): namely, price action and news around the trading (Example of main source: Bloomberg)
  - Review of the transaction data
  - Review of the client data (CRM etc.)
  - Repeat Review against Sanction lists/ PEPs/ Law Enforcement lists
  - Preparation of a timeline (including market context) and summary of corresponding red flags (sources: Reporting calendar, Bloomberg)
  - Additional Media searches
  - Client account and trade history review
  - An assessment of whether previous ISTORs/STORs have been raised against this client
5. **Closing an investigation:** After concluding an investigation, Compliance may take one of the following actions:
  - 1) **Close the investigation:** where an alert report was triggered (transaction appeared on a surveillance report), but the trading behaviour can be explained in market context or as normal practice (having regard to objective factors; such as previous ISTORs/STORs).
    - Where an investigation is closed, the reasons why the transaction was not considered suspicious are kept in record.
  - 2) **Near miss:** Activity investigated which does not merit a STOR, where there is not enough evidence for the transaction to be considered suspicious should fall within "near misses".
    - All transactions considered near miss must be kept in record along with information gathered and reasons why the transaction was not considered suspicious.
  - 3) **STOR report:** a STOR report is submitted by the Compliance team to CySEC where activity is found to be suspicious.



6. Submitting a STOR:

- The analysis as to whether or not a given order or transaction is to be considered suspicious should be based on facts, not speculation or presumption, taking into account all information available to the Company, and should be carried out as quickly as practicable.
- The practice of delaying the submission of a report in order to incorporate further suspicious orders or transactions is irreconcilable with the obligation to act without delay, where a reasonable suspicion has already been formed.
- In any case, the submission of a STOR should be assessed on a case-by-case basis to determine if several orders and transactions could be reported in a single STOR.
- There is also the possibility to report STORs in relation to transactions and orders which occurred in the past, where suspicion has arisen in the light of subsequent events or information.
- Before submitting the STOR, the Compliance Officer should assess on a case-by-case basis whether there is reasonable ground for suspicion. It is noted that the Company should **not** notify all orders received or transactions conducted that have triggered an internal alert. Such a requirement would be inconsistent with the requirement to assess on a case-by-case basis whether there are reasonable grounds for suspicion.
- 
- The Company shall submit to CySEC any relevant additional information which it becomes aware of after the STOR has been originally submitted, and shall provide any information or document requested by CySEC.

7. For the purposes of STOR, the attached template should be filled by the Compliance Officer and submitted in Conjunction with any supported documentation to Cyprus Securities and Exchange Commission to the e-mail address [stor@cysec.gov.cy](mailto:stor@cysec.gov.cy)

8. The STOR should include clearly presented and accurate information, sufficient to enable the relevant competent authority to promptly assess the validity of the suspicion and to initiate a follow up investigation where appropriate.

9. All STORs submitted by the Compliance Officer to CySEC must be reported to the Board.

**Watchlist and post-STOR monitoring**

1. Compliance will maintain a Watchlist of clients, by using the template found in Appendix I, which will include clients who have had:
  - Recent near misses;
  - STORs reported against their transactions.
2. The Watchlist is subject to weekly review. Compliance shall escalate “repeat offenders” to Senior Management on a monthly basis.



3. Following submission of a STOR to CySEC, the Company shall formally review the client relationship and consider the seriousness of the potential market abuse and the likelihood of it continuing. If following this review it is determined that keeping the client relationship will mean that the firm is taking any material regulatory or reputational risk, the account/s will be terminated and the client will be blacklisted.
4. If the outcome of the review is to maintain the relationship, enhanced due diligence and monitoring of the client's trading activity is undertaken.
5. In order to manage the ongoing relationship with clients who are deemed to be high risk in relation to committing market abuse, the Company shall carry out enhanced due diligence on a client and enhanced monitoring of a client's or employee's trading activity.
6. The Company may:
  - Impose additional pre-trade checks;
  - Limit the amount of leverage the firm is willing to provide to the client;
  - Restrict services provided to the client e.g. access to particular markets or instruments;
  - Terminate the client relationship.
7. In accordance with Section XII below, all employees shall have the following obligations, once a STOR has been submitted:
  - Do not tell the client that a report has been made to the CySEC or anything that may harm any subsequent investigation;
  - Follow the instructions issued by the Compliance Team as to how to proceed with the client post-reporting;
  - Do not end the relationship with the client without obtaining prior clearance from the Compliance Team;
  - Ensure further reports are made in relation to any future transaction or activity that is suspicious from the client they have made a report in connection with; and
  - Continue to deal with the client in a normal "business as usual" manner in order to avoid rousing their suspicion and leading to a possible "tipping off" offence (unless advised otherwise by the Compliance Team);
  - In order to reduce the risk of tipping off the client, business areas and individual employees MUST NOT keep a copy of any internal reports they submit.
8. If the reporting individual is of the view that colleagues should be told about the existence of the STOR, they should seek advice from the Compliance Team.

## **X. EMPLOYEES' PERSONAL TRANSACTIONS**

1. The Company monitors employees' trading activities via periodic personal account dealing reviews.



2. In the event that an employee is found to have gone over the wall, this may result in disciplinary sanctions, including suspension or termination of employment.
3. More information regarding the Company's arrangements and procedures in relation to employees' personal transactions can be found in the Company's Personal Transactions Policy.

## **XI. COMPLIANCE OFFICER & TRAINING**

1. Staff Members may consult the Compliance Officer in any Inside Information issue or any other related matter on a confidential basis.
2. CO shall oversee that staff are trained in market abuse and market manipulation matters. Effective training should be provided to all relevant staff. The training programmes should ensure that staff, including front office staff, are mindful of behaviours, which could constitute attempted market abuse.
3. Training of greater detail is provided to those employees in roles involving market abuse monitoring tasks or involved with heightened market abuse risks to ensure an understanding of their obligations and so they may appropriately identify and action market abuse risks, as well as to the Compliance Team and Senior Management.
4. The Compliance Department maintains the Annual Training Plan. Records of attendance are maintained by the Compliance Department to ensure all relevant employees have attended effective training.
5. CO shall regularly check that the rules described in this Policy are complied with by the relevant Company departments. In case of investigations carried out by CySEC, CO shall be Company's point of contact for the authority. This Policy and the Company's arrangements/systems for the identification, detection and reporting of market abuse shall be reviewed on at least an annual basis, as well as on an ad-hoc basis, whenever there are changes in the applicable regulatory framework or when deemed necessary.
6. The Company's arrangements and procedures for the detection and reporting of market abuse shall also be subject to an annual independent audit review/ part of the Annual Internal Audit Plan.
7. Board of Directors and Senior Management are responsible for this Policy, by ensuring that appropriate policies and procedures are in place to prevent and detect market abuse and adequate resources are devoted included training for the procedures to remain effective.

## **XII. TIPPING OFF**

1. The Company's Compliance Officer, as well as the persons involved in the analysis of suspicious activities, are not allowed to inform the person in respect of which the STOR was submitted or



anyone who is not required to know about the submission of a STOR (by virtue of their function or position within the Company) of the fact that a STOR has been or will or is intended to be submitted to CySEC.

2. This is crucial for not endangering the investigation that CySEC may initiate on the basis of the STOR received.

### **XIII. AMENDMENTS**

1. The provisions of this policy may be amended as per Section XI above and supplemented by a resolution of the Management Board.

### **XIV. GOVERNING LAW**

1. This policy is governed by Cyprus law.

### **XV. RECORD KEEPING**

1. The Company should document any changes or updates to the policies, arrangements and procedures aimed at identifying and preventing market abuse, and ensure that the information is maintained for a period at least of five years.
2. As part of these procedures, entities should keep record of every INSTOR/ISTOR and every STOR submitted to the competent authority, including all the information considered in the preparation and notification of the STOR, for a period of 5 years from the relevant transaction.
3. The Company shall also keep for five years the records of details of, and the analysis carried out with regard to, suspicious orders and transactions which have been examined but not reported to CySEC (e.g. "near misses"), together with a summary of the reasons for not submitting a STOR.
4. In accordance with ESMA's Final Report on Draft technical standards on the Market Abuse Regulation, the Company shall not be required to have procedures to document and keep records of every alert, but only of those that were analysed and examined as being potentially suspicious of being sufficiently abusive to warrant a notification, even if later they were discarded as such.
5. All the records kept by the CIF in accordance with this Section are kept by the Company's Compliance Officer. Access to the reports for future reference is also provided to Senior Management.
6. The Company must ensure that the records of the STOR reports are kept confidential.

### WHISTLEBLOWING EXTERNAL DISCLOSURE FORM

The completed form must be submitted in electronic or paper format to the Department of Market Surveillance and Investigations of Cyprus Securities and Exchange Commission ("CySEC") to the following electronic or postal addresses respectively:

- Electronic [address: whistleblowing@cysec.gov.cy](mailto:whistleblowing@cysec.gov.cy)
- Postal address: 27 Diagorou Str. 1097, Nicosia, Cyprus for the attention of the Department of Market Surveillance and Investigations

Have you made an internal disclosure within your organisation regarding this infringement? Yes

Why are you making this disclosure to CySEC? (*you must choose at least one of the below*)

1. No information given on internal disclosure made.
2. No action taken on internal disclosure made.

No  please state the reason (*you must choose at least one of the below*)

1. Members of the board of directors or senior management of the organisation are or may be involved.
2. Justified by the significance and urgency of the infringement.
3. Reasonable suspicion of discrimination.
4. Likely that evidence will disappear or be concealed or destroyed.
5. Other exceptional circumstances (*if yes, please provide details*).

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Please provide the following information regarding each infringement in your organization.

**Reporting person's contact information**

*(This section may be left blank if the reporting persons wishes to remain anonymous.)*

1. Name and Surname:
2. Organisation:
3. Position:
4. Contact number:
5. E-Mail address:

**Reported person's information**

1. Name and Surname:
2. Position:
3. Organisation:
4. Contact number:
5. E-Mail address:

**Witness(es) information (if any)**

*(If there are more than three witnesses, give their details on separate pages)*

1. Name and Surname:
2. Position:
3. Organisation:
4. Contact number:
5. E-Mail address:
  
1. Name and Surname:
2. Position:
3. Organisation:
4. Contact number:
5. E-Mail address:
  
6. Name and Surname:
7. Position:
8. Organisation:
9. Contact number:
10. E-Mail address:

**Disclosure of infringement**

*Briefly describe the infringement and how you came to know about it. If there is more than one infringement, number each infringement and use as many pages as necessary.*

1. Describe the infringement:

2. Who committed the infringement?

3. When did it happen and when did you notice it?

4. Where did it happen?



5. Is there any evidence that you can provide?

*You should not attempt to obtain evidence for which you do not have a right of access since reporting persons are disclosing parties and not investigators.*

<p>6. Other persons involved other than the reported person(s) stated above:</p>
<p>7. Any other details or information which would assist in the investigation:</p>
<p>8. Additional comments:</p>

**Date:**

**Signature:**  
*(optional)*

*For official use only*

**Department of Market Surveillance and Investigations**

**Disclosure number:**

Received by:	Received on:
	Acknowledged on:
External disclosure appropriate: Yes <input type="checkbox"/> No <input type="checkbox"/> (please state reasons below)	
Decision notified on:	
Investigation carried out by:	
Investigation carried out by:	
Actions taken/Conclusion:	
Referral to other authorities (if necessary):	

**Signature:**

## APPENDIX B

### TEMPLATE FOR REPORTING SUSPICIOUS ORDERS AND TRANSACTIONS (STOR)

**Remark:** On the following template, replace the instructions of the right column with the reporting information.

#### SECTION 1 – IDENTITY OF ENTITY/PERSON SUBMITTING THE STOR

Persons professionally arranging or executing transactions / Market operators and investment firms that operate a trading venue — Specify in each case:

Name of the natural person	<i>[First name(s) and surname(s) of the natural person in charge of the submission of the STOR within the submitting entity.]</i>
Position within the reporting entity	<i>[Position of the natural person in charge of the submission of the STOR within the submitting entity.]</i>
Name of the reporting entity	<i>[Full name of the reporting entity, including for legal persons:</i> <ul style="list-style-type: none"><li><i>the legal form as provided for in the register of the country pursuant to the law of which it is incorporated, where applicable, and</i></li><li><i>the Legal Entity Identifier (LEI) code in accordance with ISO 17442 LEI code, where applicable.]</i></li></ul>
Address of the reporting entity	<i>[Full address (e.g. street, street number, postal code, city, state/province) and country.]</i>
Acting capacity of entity with respect to the orders or transactions that could constitute insider dealing, market manipulation or attempted insider dealing or market manipulation	<i>[Description of the capacity in which the reporting entity was acting with regards to the order(s) or transaction(s) that could constitute insider dealing, market manipulation or attempted insider dealing or market manipulation, e.g. executing orders on behalf of clients, dealing on own account, operating a trading venue, systematic internaliser.]</i>
Type of trading activity (market making, arbitrage etc.) and type of instrument traded (securities, derivatives, etc.) by the reporting entity	<i>(If available)</i>
Relationship with the person in respect of which the STOR is submitted	<i>[Description of any corporate, contractual or organisational arrangements or circumstances or relationships]</i>
Contact for additional request for information	<i>[Person to be contacted within the reporting entity for additional request for information relating to this report (e.g. compliance officer) and relevant contact details:</i> <ul style="list-style-type: none"><li><i>first name(s) and surname(s),</i></li><li><i>position of the contact person within the reporting entity,</i></li><li><i>professional e-mail address.]</i></li></ul>

#### SECTION 2 – TRANSACTION/ORDER

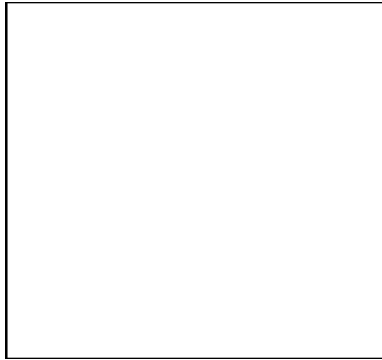
Description of the financial instrument:	<i>[Describe the financial instrument which is the subject of the STOR, specifying:</i>
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	<ul style="list-style-type: none"> <li>• the full name or description of the financial instrument,</li> <li>• the instrument identifier code as defined in a Commission Delegated Regulation adopted under Article 26 of Regulation (EU) No 600/2014, when applicable, or other codes,</li> <li>• the type of financial instrument according to the taxonomy used to classify the financial instrument and the associated code (ISO 10962 CFI code).]</li> </ul> <p>[Additional elements for orders and transactions relating to OTC derivatives (The list of data below is not exhaustive)]</p> <ul style="list-style-type: none"> <li>• Identify the type of OTC derivative (e.g. contracts for difference (CFD), swaps, credit default swaps (CDS) and over-the-counter (OTC) options) using the types referred to in Article 4(3)(b) of Commission Implementing Regulation (EU) No 1247/2012.</li> <li>• Describe the characteristics of the OTC derivative including at least, where relevant to the particular derivative type, the following: <ul style="list-style-type: none"> <li>○ nominal amount (face value),</li> <li>○ currency of the price denomination,</li> <li>○ maturity date,</li> <li>○ premium (price),</li> <li>○ interest rate.</li> </ul> </li> <li>• Describe at the least the following, where relevant for the particular type of OTC derivative: <ul style="list-style-type: none"> <li>○ Margin, up-front payment and nominal size or value of the underlying financial instrument,</li> <li>○ Transaction terms such as the strike price, the contract terms (e.g. spread bet gain or loss per tick move).</li> </ul> </li> <li>• Describe the underlying financial instrument of the OTC derivative specifying: <ul style="list-style-type: none"> <li>○ The full name of the underlying financial instrument or description of the financial instrument,</li> <li>○ The instrument identifier code as defined under Commission Delegated Regulation to be adopted under Article 26 of Regulation (EU) No 600/2014 when applicable, or other codes,</li> <li>○ The type of financial instrument according to the taxonomy used to classify the financial instrument and the associated code (ISO 10962 CFI code).]</li> </ul> </li> </ul>
<p><i>Date and time of transactions or orders that could constitute insider dealing, market manipulation or attempted insider dealing or market manipulation</i></p>	<p>[Indicate the date(s) and time(s) of the order(s) or transaction(s) specifying the time zone.]</p>
<p><i>Market where order or transaction occurred</i></p>	<p>[Specify:</p> <ul style="list-style-type: none"> <li>• name and code to identify the trading venue, the systematic internaliser or the organised trading platform outside the Union where the order was placed and the transaction was executed as defined under Commission Delegated Regulation adopted under Article 26 of Regulation (EU) No 600/2014, or,</li> <li>• if the order was not placed or transaction was not executed on any of the abovementioned venues, please mention 'outside a trading venue'.]</li> </ul>
<p><i>Location (country)</i></p>	<p>[Full name of the country and the ISO 3166-1 two-character country code.] [Specify:</p> <ul style="list-style-type: none"> <li>• where the order is given (if available),</li> </ul>

	<ul style="list-style-type: none"> <li>• where the order is executed.]</li> </ul>
Description of the order or transaction	<p><i>[Describe at least the following characteristics of the order(s) or the transaction(s) reported:</i></p> <ul style="list-style-type: none"> <li>• transaction reference number/ order; reference number (where applicable),</li> <li>• settlement date and time,</li> <li>• purchase price/ sale price,</li> <li>• volume/ quantity of financial instruments.</li> </ul> <p><i>[Where there are multiple orders or transactions that could constitute insider dealing, market manipulation or attempted insider dealing or market manipulation, the details on the prices and volumes of such orders and transactions can be provided to the competent authority in an Annex to the STOR.]</i></p> <ul style="list-style-type: none"> <li>• information on the order submission, including at least the following: <ul style="list-style-type: none"> <li>○ type of order (e.g. 'buy with limit EUR x'),</li> <li>○ the way the order was placed (e.g. electronic order book),</li> <li>○ the timing when the order was placed,</li> <li>○ the person that actually placed the order,</li> <li>○ the person that actually received the order,</li> <li>○ the means by which the order is transmitted.</li> </ul> </li> <li>• Information on the order cancellation or alteration (where applicable): <ul style="list-style-type: none"> <li>○ the time of the alteration or cancellation,</li> <li>○ the person who altered or cancelled the order,</li> <li>○ the nature of the alteration (e.g. change in price or quantity) and the extent of the alteration <i>[Where there are multiple orders or transactions that could constitute insider dealing, market manipulation or attempted insider dealing or market manipulation, the details on the prices and volumes of such orders and transactions can be provided to the competent authority in an Annex to the STOR.]</i></li> <li>○ the means to alter the order (e.g. via e-mail, phone, etc.).]</li> </ul> </li> </ul>

### SECTION 3 – DESCRIPTION OF THE NATURE OF THE SUSPICION

Nature of the suspicion	<p><i>[Specify the type of breach the reported orders or transactions could constitute:</i></p> <ul style="list-style-type: none"> <li>• market manipulation,</li> <li>• insider dealing,</li> <li>• attempted market manipulation,</li> <li>• attempted insider dealing.]</li> </ul>
Reasons for the suspicion	<p><i>[Description of the activity (transactions and orders, way of placing the orders or executing the transaction and characteristics of the orders and transactions that make them suspicious) and how the matter came to the attention of the reporting person, and specify the reasons for suspicion.</i></p>



As non-exhaustive guiding criteria, the description may include:

- for financial instruments admitted to trading on/traded on a trading venue, a description of the nature of the order book interaction/transactions that could constitute insider dealing, market manipulation or attempted insider dealing or market manipulation,
- for OTC derivatives, details concerning transactions or orders placed in the underlying asset and information on any possible link between dealings in the cash market of the underlying asset and the reported dealings in the OTC derivative.]

## SECTION 4 — IDENTITY OF PERSON THE ORDERS OR TRANSACTIONS OF WHICH COULD CONSTITUTE INSIDER DEALING, MARKET MANIPULATION OR ATTEMPTED INSIDER DEALING OR MARKET MANIPULATION ('SUSPECTED PERSON')

Name	<i>For natural persons: the first name(s) and the last name(s).] [For legal persons: full name including legal form as provided for in the register of the country pursuant to the laws of which it is incorporated, if applicable, and Legal Entity Identifier (LEI) code in accordance with ISO 17442, where applicable.]</i>
Date of birth	<i>[For natural persons only.] [yyyy-mm-dd]</i>
National Identification Number (where applicable)	<i>[Where applicable in the concerned Member State.] [Number and/or text]</i>
Address	<i>[Full address (e.g. street, street number, postal code, city, state/province) and country.]</i>
Information about the employment: <ul style="list-style-type: none"><li>• Place</li><li>• Position</li></ul>	<i>[Information about the employment of the suspected person, from information sources available internally to the reporting entity (e.g. account documentation in case of clients, staff information system in case of an employee of the reporting entity).]</i>
Account number(s)	<i>[Numbers of the cash and securities account(s), any joint accounts or any Powers of Attorney on the account the suspected entity/person holds.]</i>
Client identifier under transaction reporting pursuant to Regulation (EU) No 600/2014 on markets in financial instruments (or any other code of identification)	<i>[In case the suspected person is a client of the reporting entity.]</i>
Relationship with the issuer of the financial instruments concerned (where applicable and where known)	<i>[Description of any corporate, contractual or organisational arrangements or circumstances or relationships]</i>

## SECTION 5 — ADDITIONAL INFORMATION

Background or any other information considered by the reporting entity relevant to the report [The following list is not exhaustive.

- The position of the suspected person (e.g. retail client, institutions).

- The nature of the suspected entity's/person's intervention (on own account, on behalf of a client, other).
- The size of the suspected entity's/person's portfolio.
- The date on which the business relationship with the client started if the suspected entity/person is a client of the reporting person/entity.
- The type of activity of the trading desk, if available, of the suspected entity.
- Trading patterns of the suspected entity/person. For guidance, the following are examples of information that may be useful:
  - trading habits of the suspected entity/person in terms of use of leverage and short selling, and frequency of use,
  - comparability of the size of the reported order/transaction with the average size of the orders submitted/transac- tions carried out by the suspected entity/person for the past 12 months,
  - habits of the suspected entity/person in terms of the issuers whose securities it has traded or types of financial instruments traded for the past 12 months, in particular whether the reported order/transaction relates to an issuer whose securities have been traded by the suspected entity/person for the past year.
- Other entities/persons known to be involved in the orders or transactions of which could constitute insider dealing, market manipulation or attempted insider dealing or market manipulation:
  - Names,
  - Activity (e.g. executing orders on behalf of clients, dealing on own account, operating a trading venue, systematic internaliser, etc.).]

## SECTION 6 – DOCUMENTATION ATTACHED

[List the supporting attachments and material together provided with this STOR.

Examples of such documentation are e-mails, recordings of conversations, order/transaction records, confirmations, broker reports, Powers of Attorney documents, and media comment where relevant.

Where the detailed information about the orders/transactions referred to in Section 2 of this template is provided in a separate annex, indicate the title of that annex.]



## **APPENDIX C – Misleading Behaviour and Distortion**

Below is an illustrative but non-exhaustive list of behaviours which shall be considered as market manipulation and which should trigger an alert:

- a) The conduct by a person, or persons acting in collaboration, to secure a dominant position over the supply of or demand for a financial instrument or related spot commodity contract which has, or is likely to have, the effect of fixing, directly or indirectly, purchase or sale prices or creates, or is likely to create, other unfair trading conditions;
- b) The buying or selling of financial instruments at the opening or closing of the market, which has, or is likely to have, the effect of misleading investors acting on the basis of the prices displayed, including the opening or closing prices.
- c) The placing of orders to a trading venue, including any cancellation or modification thereof, by any available means of trading, including by electronic means such as algorithmic and high-frequency trading strategies, and which has one of the effects referred to in paragraph a) or b) by:
  - i. Disrupting or delaying the functioning of the trading system of the trading venue, or being likely to do so;
  - ii. Making it more difficult for other persons to identify genuine orders on the trading system of the trading venue, or being likely to do so, including by entering orders which result in the overloading or destabilisation of the order book; or
  - iii. Creating, or being likely to create, a false or misleading signal about the supply of, or demand for, or price of, a financial instrument, in particular by entering orders to initiate or exacerbate a trend.
- d) The taking advantage of occasional or regular access to the traditional or electronic media by voicing an opinion about a financial instrument or related spot commodity (or indirectly about its issuer) while having previously taken positions on that financial instrument or a related spot commodity contract and profiting subsequently from the impact of the opinions voiced on the price of that instrument or related spot commodity contract, without having simultaneously disclosed that conflict of interest to the public in a proper and effective way.

## **APPENDIX D - Indicators of manipulative behaviour**

### **A. Indicators of manipulative behaviour relating to false or misleading signals and to price securing**

The following non-exhaustive indicators shall not necessarily be deemed, in themselves, to constitute market manipulation, but shall be taken into account when transactions or orders to trade are examined by the Company:

- a) the extent to which orders to trade given or transactions undertaken represent a significant proportion of the daily volume of transactions in the relevant financial instrument, related spot commodity contract, or auctioned product based on emission allowances, in particular when those activities lead to a significant change in their prices;
- b) the extent to which orders to trade given or transactions undertaken by persons with a significant buying or selling position in a financial instrument, a related spot commodity contract, or an auctioned product based on emission allowances, lead to significant changes in the price of that financial instrument or related spot commodity contract, or auctioned product based on emission allowances;
- c) whether transactions undertaken lead to no change in beneficial ownership of a financial instrument, a related spot commodity contract, or an auctioned product based on emission allowances.
- d) the extent to which orders to trade given or transactions undertaken or orders cancelled include position reversals in a short period and represent a significant proportion of the daily volume of transactions in the relevant financial instrument, a related spot commodity contract, or an auctioned product based on emission allowances, and might be associated with significant changes in the price of a financial instrument, a related spot commodity contract, or an auctioned product based on emission allowances;
- e) the extent to which orders to trade given or transactions undertaken are concentrated within a short time span in the trading session and lead to a price change which is subsequently reversed.
- f) the extent to which orders to trade given change the representation of the best bid or offer prices in a financial instrument, a related spot commodity contract, or an auctioned product based on emission allowances, or more generally the

representation of the order book available to market participants, and are removed before they are executed; and

- g) the extent to which orders to trade are given or transactions are undertaken at or around a specific time when reference prices, settlement prices and valuations are calculated and lead to price changes which have an effect on such prices and valuations.

**B. Indicators of manipulative behaviour relating to the employment of a fictitious device or any other form of deception or contrivance**

The following non-exhaustive indicators shall not necessarily be deemed, in themselves, to constitute market manipulation, but shall be taken into account where transactions or orders to trade are examined by the Company:

- a) whether orders to trade given or transactions undertaken by persons are preceded or followed by dissemination of false or misleading information by the same persons or by persons linked to them; and
- b) whether orders to trade are given or transactions are undertaken by persons before or after the same persons or persons linked to them produce or disseminate investment recommendations which are erroneous, biased, or demonstrably influenced by material interest.

## **APPENDIX E – Other Examples/Indicators of Market Abuse**

### **1. Transactions or orders giving a false or misleading signal:**

- a) Entering into arrangements for the sale or purchase of financial instruments where there is no change in beneficial ownership or market risk or where the transfer of a beneficial interest or market risk is only between parties acting in concert or collusion (other than repo transactions and securities lending).
- b) After institutions have been allocated financial instruments in the primary offering, they purchase these instruments in the secondary market in order to push up the price in order, and, in so doing, to be able to sell the financial instruments obtained in the primary offering and in the secondary market to third parties at a higher price.
- c) The purchase or sale of financial instruments at the close of the market in order to affect the closing price of the financial instrument concerned.
- d) The entry of an order or orders with a higher or lower price than the previous order with no intention of execution. The purpose of the orders is to give a misleading impression of demand for or supply of the specific financial instrument. The orders are subsequently canceled before they are executed.
- e) Pretending there is the market activity by conducting transactions shown on a public trading facility in order to give the impression of activity or price movement in a financial instrument.

### **2. Transactions or orders designed to bring or maintain a price to an artificial level:**

- a) Large-scale buying or selling of a financial instrument on the expiration date of a related derivative.
- b) Large-scale buying or selling of a financial instrument on the date when an index is reweighted while already holding a short or long position in order to profit from the reweighting or change in the composition of an index.
- c) Taking actions to achieve an artificial price level at which other market participants are forced to make delivery, accept delivery or request deferral of delivery in order to meet their obligations in relation to a financial instrument. Such actions are taken by a market participant with a position in a financial instrument that thus has a significant influence on the supply of, demand for, or delivery conditions for that financial instrument or a derivative of that financial instrument.

- d) Trading in financial instruments with a view to improperly influence the price of the same or a related financial instrument in another market. This involves influencing the price of correlated financial instruments.
- e) The consistent prevention of a fall in prices in order to satisfy a credit assessment, bank agreement or other hedge-related purposes.
- f) The quotation of illogical, excessive or inconsistent bid or offer prices through an intermediary in order to profit from a lack of competition or liquidity.
- g) The obtaining of a position of power with regard to the demand for or supply of a financial instrument so that unreasonable transaction conditions can be imposed either directly or indirectly for the same or a related financial instrument.

3. Transactions or orders designed to deceive or mislead:

- a) Actions designed to conceal the actual beneficial interest so that any kind of reporting requirement is evaded, avoided or no actual information is otherwise disclosed regarding the underlying position in the financial instrument.
- b) The taking of a long or short position and the subsequent dissemination of a false or misleading positive or negative message with a view to then closing the position.
- c) Entering into a position for which a reporting requirement exists in order to cancel the position immediately after it is reported.
- d) Taking advantage of access to the media by disseminating an opinion regarding a financial instrument or institution while previously having taken positions in this financial instrument in order to affect the price of the financial instrument by expressing this opinion without revealing that one has a conflict of interest.

4. Insider Dealing and other suspicious activities:

- a) A new client opens an account and immediately gives an order (possibly a market order) for a large transaction in a specific financial instrument – especially if the client insists that the order is executed very quickly or must be executed by a time the client has specified. Especially if a press release appears shortly afterward that relates to the issuer of the financial instrument after the time specified.
- b) The intended transaction or the client's investment behaviour is not consistent with their previous behaviour (for example, in terms of the type of financial

instrument, the size of the order, the amount to be invested, or the length of time a position is held).

- c) The client demands immediate execution of an order at any price (this example assumes more than simply the placement by the client of order at the market).
- d) Large-scale buying or selling by major shareholders or other insiders prior to the announcement of important events by the company concerned.
- e) Notable trading activity in the financial instruments of a company prior to the announcement of price-sensitive information in relation to the company; or transactions leading to sudden and significant changes in the volume of orders and prices prior to public announcements with respect to the financial instruments concerned.
- f) Transactions (and related orders) by employees for their own account occurring immediately prior to transactions or related orders from clients in the same financial instrument.
- g) A customer saying that he has made an investment gain due to a good tip.
- h) A new account with a specific focus on a single instrument.
- i) Significant change in percentage/ proportion of successful trades.
- j) There is unusual trading in the shares of a company by a client just before the announcement of price sensitive information relating to the company.
- k) The client is unwilling to provide an explanation for unusual activity.
- l) The client seems unusually interested in the Company's internal procedures regarding reporting suspicious matters.
- m) Client is insistent on trade being placed straight away with urgency.
- n) Client offering to make a large deposit immediately to ensure sufficient margin ahead of trading; i.e. demonstrating a willingness to do anything to ensure an order is executed.

# APPENDIX F – Internal Suspicious Transaction Or Order Reporting Form (ISTOR)

Please complete this form in as much detail as possible and submit it to the Compliance team as soon as possible and in any event within 48 hours of your concerns.

**UNDER NO CIRCUMSTANCES MUST A COPY OF THIS REPORT BE KEPT ON THE CLIENT FILE**

<b>Name of Reporting Member of Staff</b>	
<b>Position</b>	
<b>Email</b>	
<b>Telephone</b>	

<p><b>Client Being reported</b> (fill in as much detail as possible)</p>
<p><b>Suspicion</b></p> <p>Transaction, activity or situation that has aroused your suspicion:</p> <p>Reason for suspicion:</p> <p>Where possible, attach as much of the following supporting documentation:</p> <ul style="list-style-type: none"> <li>▪ <i>Client's trade history relevant to the transaction.</i></li> <li>▪ <i>A media announcement which can be related to the transaction (if relevant);</i></li> <li>▪ <i>Client's trading statement and cash journal for the suspicious period in question.</i></li> <li>▪ <i>Any charts which demonstrate the transacted asset's price movement;</i></li> <li>▪ <i>Further information which may be of significance, such as other clients who known to be involved in the transaction (if relevant, please provide accompanying material).</i></li> </ul>

Reporter's signature.....

Date.....

**TIPPING OFF: DO NOT TELL THE CLIENT OR ANYONE ELSE THAT YOU HAVE  
MADE A REPORT**

For COMPLIANCE TEAM use

Date received.....Time received.....

Ref.....





Reporter's signature.....

Date.....

**TIPPING OFF: DO NOT TELL THE CLIENT OR ANYONE ELSE THAT YOU HAVE  
MADE A REPORT**

**For compliance use**

Date received.....Time received.....

Ref.....





