

# CANTOR FITZGERALD

# CONFLICTS OF INTEREST POLICY STATEMENT

## 1. Introduction

Regulators throughout the world require investment and brokerage firms to implement policies and procedures and a conflicts management framework in handling and managing conflicts of interest. This document is a policy statement on “conflicts of interest” which explains the requirements and obligations of employees to identify potential and actual conflicts of interest that could arise while employed at Cantor Fitzgerald, L.P., or any of its subsidiaries and/or affiliates (collectively, “Cantor” or the “Firm”).

## 2. Scope

Cantor is committed to treating its customers fairly by identifying, preventing, monitoring and managing all actual and potential conflicts of interest that could arise during the course of our business with you. The Firm’s *Conflicts of Interest Policy* applies to all employees, businesses and functions across the Cantor organization and also applies to any third parties or contractors who act on Cantor’s behalf.

## 3. What is a conflict of interest?

A conflict of interest can be described as a situation in which someone in a position of trust has competing professional and/or personal interests which make it difficult to fulfill their duties fairly. Potential and actual conflicts of interest may arise between:

- Cantor and the interests of one or more clients;
- Cantor employees and the interests of one or more clients;
- Any of the Cantor affiliated entities and one or more clients; and/or
- Two or more Cantor clients.

As a minimum, when identifying the types of potential and actual conflicts of interest that could arise, the Firm must take into account whether Cantor, its subsidiaries or affiliates, its employees, a client or persons linked to it by control:

- Is likely to make a financial gain, or avoid a financial loss, at your expense;
- Has an interest in the outcome of a service provided to you or of a transaction carried out on your behalf, which is distinct from your interest in that outcome;

- Has a financial or other incentive to favor the interests of another client or group of clients over your interests;
- Carries on the same business as you do; or
- Receives or will receive from a person other than yourself an inducement in relation to a service provided to you, in the form of either a monetary or non-monetary benefit or service.

#### **4. Identifying conflicts of Interest**

Cantor requires all employees to notify the Compliance Department if they suspect a conflict of interest may arise or has arisen during the course of transacting business with you. Employees are aware of the types of conflicts of interest that may arise and are required to be vigilant as to where and when new conflicts of interest may occur. In addition, the Firm has a number of procedures in place which are designed to facilitate the identification of conflicts of interest.

#### **5. Managing conflicts of Interest**

Applicable securities laws, rules and regulations (“Regulations”) require that conflicts of interest are managed where possible by administrative and organizational measures rather than by means of a disclosure of the conflict to the relevant parties. The Firm has put in place arrangements to manage specific types of conflicts of interest including those arising in the following areas described below.

##### **Corporate Finance**

The Corporate Finance Department (“Corporate Finance”) is in possession of sensitive inside and confidential information (“material information”) about actual and potential corporate clients and their proposed transactions. A conflict of interest would arise if this information were to be made generally available to the public side of the business (e.g., to the Firm’s market makers or traders). To prevent this, the Firm has implemented information barriers on employees working in Corporate Finance, thereby, restricting the flow of material information being disseminated from Corporate Finance to the public side of Cantor’s business.

##### **Research**

Potential conflicts of interest could arise in connection with the Firm’s research activities:

- Due to pressure from subject companies to make content more positive or less negative;
- Cantor dealing ahead of research; and
- The selective distribution of research to preferred clients.

With regard to research content, the Firm has put in place internal review processes and any draft research provided to issuers for review should not include any recommendations or price targets. Dealing ahead of research is strictly prohibited by the Firm's procedures and is subject to monitoring by the Compliance Department. The research distribution process and other controls should prevent the selective distribution of research.

## **Remuneration**

Remuneration arrangements could influence employees to act against your interests. In order to address this risk, the Firm's remuneration framework is structured in a manner that encourages behavior which is in the best interests of clients and which promotes sound risk management practices.

## **Personal Employee Trading and Account ("PA") Dealing**

Potential conflicts of interest can arise in relation to personal employee trading and account dealing if employees trade or deal against your interests. Cantor has in place a *PA Dealing Policy* that includes procedures reasonably designed to prevent conflicts arising from PA Dealing. The *PA Dealing Policy* places restrictions on employee trading or dealing, including not trading or dealing ahead of research recommendations and not front running client orders. All trades or deals, subject to the *PA Dealing Policy*, are required to be reported by executing brokers to Cantor's Compliance Department. Furthermore, all employees must consent to the *PA Dealing Policy*, the provisions of which also include the requirement not to infringe upon or violate any market abuse prohibitions.

## **Inducements, gifts and entertainment**

Cantor has established a *Gifts, Entertainment and Expenses Policy* setting out the limited circumstances in which inducements, or small gifts and minor hospitality, from third parties are acceptable. Controls are also in place governing the offering of gifts and entertainment (and other related expenses) to third parties to induce those persons or entities, including prospective clients or the Firm's existing clients to conduct or transact business with Cantor. The main purpose of the Firm's gifts and entertainment policy is to reasonably ensure that inducements, gifts and entertainment (and other related expenses) are not accepted or provided where there is a risk of damage to a client's interests.

## **Order handling and front running**

Conflicts of Interest arise if clients or Cantor itself are given preference over other clients in the allocation of available stock where there is insufficient stock to settle all open trades. A conflict may also arise if any of Cantor's affiliates trade or deal ahead of our clients' orders. The Firm strictly prohibits such unfair practices. The Firm's Compliance Department, therefore, monitors for trading or dealing ahead of client orders and will take appropriate action in relation to any instances of abuse, which may include disciplinary action and making a report to the appropriate Regulators (e.g., FINRA).

## 6. Disclosure of Conflicts of Interest

If the administrative and organizational arrangements put in place by the Firm to manage conflicts of interest are insufficient to ensure, with reasonable confidence, that risks of damage to your interests will be prevented, Cantor will consider either:

- Making a disclosure of the conflict of interest to you before undertaking business with you; or
- Declining to act for you in relation to the proposed business.

Applicable Regulations state that firms should not place overreliance on disclosure to address conflicts of interest and that disclosure must not become the default option in relation to the management and resolution of conflicts of interest. Where the Firm deems disclosure to be an appropriate means of managing conflicts, Cantor will disclose to you the following information:

- A statement that the administrative and organizational measures to manage or prevent conflicts of interest are insufficient to ensure that your interests will not be damaged;
- The general nature or sources of the conflict of interest, or both;
- A specific description of the conflict of interest that arises in the provision of the services to you;
- The risks or potential risks arising to you from the conflict of interest; and
- The steps taken by us to mitigate that conflict and the associated risks to you.

## 7. Declining to act

If Cantor considers that a conflict of interest cannot be managed or prevented to ensure that you will be treated fairly, the Firm will decline to act on your behalf. This could occur if the Firm was already engaged by another client to carry out specific business and you approached us to act for you in relation to the same business (e.g., Cantor would not be able to act in an advisory capacity for both the offeror and the offeree in a takeover bid).

## 8. Review of conflicts of interest

The Compliance Department will review the Firm's *Conflicts of Interest Policy*, at least annually, to ensure that the administrative and organizational measures are reasonably designed to identify, manage, control and prevent conflicts of interest. Compliance will also review whether the policy is sufficiently appropriate in achieving compliance with regulatory requirements and preventing risk or damage to your interests. If the Firm makes a material change to its *Conflicts of Interest Policy*, Cantor will publish a revised policy statement on the Firm's website.

## 9. Recordkeeping

The Firm maintains its books and records as required by applicable Regulations in relation to conflicts of interest including Cantor's *Conflicts of Interest Policy*.

## 10. Enquiries about conflicts of interest

If you have any questions or require further clarification concerning conflicts, please contact and raise those issues with your usual Compliance contact.

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