

# terms of business

## Sharemark Terms of Business for Approved Intermediaries

**1.** Sharemark is a primary fundraising and periodic auction-based secondary market dealing facility designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. The securities traded on Sharemark may

not be listed. Sharemark is operated by The Share Centre Limited ('TSC'). TSC is a member firm of the London Stock Exchange ('LSE') and is authorised and regulated by the Financial Services Authority ('FSA'). Sharemark is not a Recognised Investment Exchange or a Recognised Clearing House, and is not a Regulated Market within the meaning of the Markets in Financial Instruments Directive.

Sharemark is a Multilateral Trading Facility and you will be placing orders on Sharemark in its capacity as an execution venue. Sharemark and The Share Centre have not conducted due diligence to ensure the truth and accuracy of the statements contained in any information originating from companies traded on Sharemark and provided by Sharemark or TSC.

**2.** Dealings via Sharemark are subject to these terms of business for Approved Intermediaries and the Sharemark Code of Practice and Requirements for Companies, which may be changed by notification on the Sharemark website ([www.sharemark.com](http://www.sharemark.com)). In consideration for placing an order to deal via Sharemark, it is assumed that you have read, understood and accepted these terms of business.

**3.** Sharemark will categorise you as an eligible counterparty. You have the right to request in writing recategorisation as either a retail client or professional client, subject to meeting specific criteria. Whilst TSC and Sharemark will not owe you any duty of best execution in executing your orders, in the event of Sharemark holding monies or assets on your behalf, these will be treated as client assets to be held in accordance with the FSA's rules. As a consequence of being categorised as an eligible counterparty, there will be limitations to the level of applicable regulatory protection. Such limitations will include loss of access to the Financial Ombudsman Service and Financial Services Compensation Scheme. Further details on client categorisations and respective limitations can be obtained from TSC's Compliance and Legal Services Team.

**4.** Your Sharemark Approved Intermediary Account will be operated as a general dealing account and any underlying customers on whose behalf you may be acting are not 'indirect customers' of Sharemark, even if you act as their agent and identify them to us. Any of your underlying customers wishing to deal on Sharemark should be made aware of Sharemark's regulatory status, as summarised in section 1 above. You accept sole responsibility for the discharge of this obligation, which may not be assigned to any other party.

**5.** Secondary market purchase transactions will only be accepted up to the value of your credit limit, allocated by Sharemark. You undertake that no sale transactions will be placed on Sharemark which will knowingly result in a sold short position in the security concerned.

**6.** Dealing instructions in Sharemark investments must be submitted to TSC on a limit price basis. Where the investment is traded only on Sharemark, the dealing instruction will be included within the next scheduled Sharemark dealing session. Where the investment is also traded on another market, the dealing instruction will be tested regularly against the prevailing price on the other market and dealt earlier than the next scheduled Sharemark dealing session wherever possible.

**7.** Sharemark reserves the right to postpone or cancel any auction, for instance, where a significant and exceptional announcement regarding the company, which is likely to materially influence the share price, cannot be sufficiently publicised prior to an auction. Sharemark may also refuse to accept or subsequently delete orders for any valid reason. Where an order has been deleted, you will, where reasonably practicable, be contacted by telephone as soon as possible after order deletion. Otherwise, notification will be sent by post.

**8.** Other users of Sharemark may be retail clients, professional clients or eligible counterparties, based within or outside the UK.

**9.** TSC will act as the settlement and clearing agent for Sharemark. TSC will be the counterparty to all transactions with you and will deal only as agent.

**10.** Unlisted investments are traded on Sharemark. Sharemark will advise you on request where publicly available information about such investments can be obtained.

**11.** With the exception of investments which are also dealt on the LSE, AIM or PLUS Markets, all investments traded on Sharemark are not qualifying investments for the purposes of the FSA's market abuse regime.

**12.** All transactions in Sharemark securities are subject to the FSA's transaction reporting requirements. Transactions in Sharemark securities also dealt on other markets may be subject to that market's trade reporting requirements. The applicable Market Identifier Code ('MIC') for Sharemark for transaction reporting purposes is 'SHAR'.

**13.** You acknowledge that any copyright or other intellectual property rights of whatever nature which subsists or may subsist in relation to Sharemark shall remain the property of TSC.

**14.** In the event of system or operational malfunction, Sharemark has the right to postpone or cancel any auction and to refuse to accept or to subsequently delete your orders.

**15.** Sharemark has the right, only to be used with reasonable grounds, to cancel or suspend your access to Sharemark.

**16.** Trading errors and dealing disputes should be referred initially to the Dealing Manager at TSC. Should the matter not be satisfactorily resolved, it should be escalated to the Compliance and Legal Services Team.

**17.** You acknowledge that Sharemark and TSC may share your personal details with any company with securities traded on Sharemark where this is necessary to allow the company to act in accordance with its Articles of Association (for instance, where it may refuse to register the transfer of shares to a particular person).

**18.** HM Revenue and Customs may challenge any purchase or sale prices in less liquid investments for open market valuation purposes. When assessing tax liabilities arising from a transaction on Sharemark, you should seek independent tax advice, and should not necessarily rely upon any Sharemark price as evidence of an open market value.

**19.** There may be occasions where a conflict of interest develops between you and TSC or between you and another customer. TSC has taken all reasonable steps to identify such conflicts of interest and has a Conflicts of Interest Policy in place, designed to prevent conflicts of interest from adversely affecting the interests of its customers. A summary version of this Policy is set out within Schedule 1 of these terms of business.

**20.** Save in respect of death or personal injury, TSC shall not be liable for any failure or delay in the performance or non-performance of its obligations under this Agreement or for any claims or losses of any nature, arising directly or indirectly from these terms of business.

**21.** If any provision of these terms of business is held by a competent authority to be invalid or unenforceable in whole or in part, the validity of the other provisions of this Agreement and the remainder of the provision in question shall not be affected thereby.

**22.** These terms of business shall be governed by and construed in accordance with English law and the parties agree to submit to the exclusive jurisdiction of the English courts.

**23.** The Contracts (Rights of Third Parties) Act 1999 will not apply to this Agreement.

## Schedule 1

### Conflicts of Interest Policy – Summary Version

TSC aims to identify and prevent conflicts of interest which may arise between itself and its customers, and between one customer and another, in order to avoid any adverse effect on its customers. This Policy sets out procedures, practices and controls in place to achieve this.

The avoidance of potential conflicts of interest is a key consideration, so operational structures and procedures, password-controlled systems, data hierarchy, and the clear segregation of roles and responsibilities are all designed to work preventing any conflicts arising in the first place.

This Policy applies to all officers (whether Executive or Non-Executive), employees and any persons directly or indirectly linked to the Share plc group of companies ("the Group") and refers to all interactions with all customers of the Group.

### Scope

Types of conflict which may carry a material risk of damage to the interests of a customer include, but are not limited to, the following.

Where the Group or any person directly or indirectly linked to the Group:

- Is likely to make a financial gain or avoid a financial loss at the expense of the customer;

- Has an interest in the outcome of a service provided to, or of a transaction carried out on behalf of, the customer which is distinct from that customer's interest in that outcome;

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- Has a financial or other incentive to favour the interest of another customer or group of customers over the interests of the customer;
- Carries on the same business as the customer;
- Receives, or will receive, from a person other than the customer an inducement in relation to the service provided to the customer in the form of monies, goods or services, other than the standard commission or fee for that service;
- Designs, markets or recommends a product or service without properly considering all the Group's other products and services and the interest of their customers.

#### **Guarding against conflicts of interest**

A number of different safeguard systems and processes are in place in order that the potential for conflicts of interest is minimised:

- Personal account dealing requirements upon all officers, employees and certain associates of TSC in relation to their own investments;
- An Investment Research Policy covering the production and dissemination of investment research by TSC;
- A Register of Information logging receipt and use of any 'inside information' by TSC;
- Chinese Walls restricting the flow of price sensitive information within TSC;

- A Gifts and Inducements Log registering the solicitation, offer or receipt of certain benefits;
  - External business interests conflicting with TSC's interests are prohibited for TSC's officers and employees, unless Board approval is provided;
  - Job roles and system access is subject to appropriate segregation of duties considerations, detailed within a separate Policy;
  - Remuneration packages within TSC are structured to minimise any link with levels of business generated with retail customers;
  - Corporate governance requirements are followed as appropriate to the size and nature of Share plc;
  - Legal and regulatory record keeping requirements are followed, including the maintenance of a Privacy Policy for Internet users;
  - A Public Interest Disclosure Policy ("whistleblowing") is in place for TSC employees;
  - Where a conflict of interest arises, TSC will, if known, disclose it to a customer prior to undertaking investment business for that customer.
- A full version of the Conflicts of Interest Policy is available on request from TSC's Compliance and Legal Services Team.

**Sharemark** is administered by The Share Centre Limited

PO Box 2000, Aylesbury, Bucks HP21 8ZB. **01296 439 432**  
Internet: [www.sharemark.com](http://www.sharemark.com) E-mail: [info@sharemark.co.uk](mailto:info@sharemark.co.uk)

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