

# **MARKET ABUSE POLICY**

**RED MARS CAPITAL LTD.**

**CIF Licence No. 396/21**

*(Regulated by the Cyprus Securities & Exchange Commission)*

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## 1. Introduction

Market Abuse is a concept, which encompasses unlawful behaviour in the Financial Markets and, for the purpose of this policy, it should be understood to consist of Insider Dealing, Unlawful Disclosure of Inside Information and Market Manipulation. Under national laws in it is a criminal offence to unlawfully disclose Inside Information or to engage in Insider Trading.

The EU's Market Abuse Regulation<sup>1</sup> (hereinafter “**MAR**”) sets out the types of behaviour, which can amount to market abuse, when trading in financial instruments on EU trading venues (including regulated markets and multilateral trading facilities (“**MTFs**”). In addition to criminal and civil sanctions, association with market abuse has the potential to have a serious and adverse effect on the reputation of Red Mars Capital Ltd. (hereinafter the “**Company**”) and its Staff Members.

The Company takes its legal obligations seriously. Full adherence to this policy is of utmost importance, since failure to do so, can lead to fines or criminal charges against any Staff Member and/or the Company.

## 2. Purpose

This policy has been adopted to ensure the Company's compliance with all applicable legislation, including, but not limited to, the EU MAR. Furthermore, this policy aims to secure a high standard of ethical behaviour by all Staff Members, who are responsible for reading, understanding, and following this policy.

The purpose of this Policy is to help Staff Members of the Company understand their responsibilities relative to the disclosure of Inside Information to other persons and to their personal Trades with the Company, as well as handling Inside Information and preventing Market Abuse, so as to ensure, that the Company adheres to appropriate standards, when handling inside information and preventing markets manipulation. The Policy complies with the principles set out in current MAR.

The standards described in this policy should be observed by all Staff Members, whenever they trade in financial instruments, which are listed on public markets or in their related derivative instruments.

Violations of this policy can lead to disciplinary action up to and including termination of employment. Certain breaches can also constitute a crime and made lead to fines or imprisonment.

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<sup>1</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014R0596&from=EN> Regulations (EU) No 596/2014 of the European Parliament and of the Council”, that establishes a common regulatory framework on insider dealing, the unlawful disclosure of inside information and market manipulation (Market Abuse).

### 3. Definitions

“**Financial Instruments**” means all types of securities, including but not limited to: shares, notes, bonds or other publicly issued debt instruments, options, futures and other derivative 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;

“**Insider(s)**” means all persons holding Inside Information;

“**Insider List**” means a list of all Company’s Staff Members, who are Insiders;

“**Insider Trading**” Insider trading means, buying or selling financial instruments, to which one has Inside Information;

“**Issuer**” means a legal entity governed by private or public law, which issues or proposes to issue financial instruments;

“**MAR**” means Regulation (EU)596/2014 of the European Parliament and of the Council on market abuse (Market Abuse Regulation) and repealing 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 Sounding**” 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 offeror of a financial instrument, in such quantity or value, which the transaction is distinct from ordinary trading and involves a selling method based on the prior assessment of potential interest from potential investors; (c) an emission allowance market participant; or (d) a third party acting on behalf or on the account of a person referred to in point (a), (b) or (c);

“**Registrar**” Means a Staff member, who has been designated to keep and update The Insider List(s).

“**Staff member**” For the purposes of this Policy “Staff member” means all categories of employees regardless of their form of contract, including consultants and other types of contractual employees and the members of the Board of Directors.

### 4. Inside Information and Disclosure

No inside information may be publicly disclosed by other means than official press releases in accordance with the rules. Disclosing inside information by means of sharing such information with other people, such as but not limited to: journalists, analysts, shareholders, employees or other similar persons is strictly prohibited and can constitute a crime. Inside information can only be shared with persons, who need access to such information in order to fulfil their professional duties, and as long as they are bound by a duty of confidentiality and are included in the relevant Insider List.

When a Staff Member informs its Manager or the Board of Directors, that the information to be received or that is received constitutes Inside Information, the Company shall immediately establish an Insider List and add all Staff Members, who are involved in the processing of the transaction, to whom the Inside Information is made available.

Each person who is registered as a recipient of Inside Information, is responsible for ensuring, that all persons to whom the Inside Information is disclosed, are added to the Insider List or that the recipient is registered on the Insider List before sharing the Inside Information.

The number of people involved in processing a transaction where Inside Information is disclosed, shall be kept to a minimum. The existence of the transactions shall not be disclosed to persons, who are not registered on the Deal-specific Insider list.

All Inside Information must be handled with care and strict confidentiality in order to avoid a breach.

A Staff Member may receive Inside Information relating to Issuers, which are Company's counterparties.

#### **4.1. Prohibited actions for a Staff Member:**

- a) engage or attempt to engage in Insider Trading;
- b) advise another person to engage in Insider Trading;
- c) unlawfully disclose Inside Information to any person.

The prohibition against abuse of Inside Information applies to anybody, who possesses Inside Information, regardless of how they have received or become aware of such information (i.e. regardless of whether or not, the person has been added to an Insider List) and whether or not it relates to the Company or any of its counterparties as Issuers of Financial Instruments, investor in Financial Instruments or as a lender. The prohibitions listed above remain until the Inside Information has been made public. Therefore, each Staff member must be aware of the basic rules regarding Insider Trading and must know what to do if s/he would come into possession of Inside Information.

In accordance with the Company's policies and practices, it is prohibited to utilize Insider Information for personal enrichment.

Any Staff Member who suspects a violation of this policy must speak up and raise the issue to their immediate manager or to the Board of Directors. The existence of inside information must always be reported as soon as possible.

#### **4.2. Examples of what could constitute Inside Information include:**

- a) Information relating to M&A deals;
- b) Co-operations or joint ventures;
- c) Material disputes or decisions by authorities;
- d) Material changes in revenue or profits;

### 4.3. How to manage inside information?

When disclosing Inside Information, whether externally or to other parts of the Company, all Staff Members:

- a) Must always consider whether the disclosure of Inside Information is appropriate in the normal exercise of an employment, a profession or duties; The recipient needs to have a relevant, well-founded need for the information.
- b) A Staff Member who proposes to disclose Inside Information to any person for the first time, has a personal obligation to inform first his/her Manager, responsible for the project or event, to which the Inside Information relates, of:
  - i. The name of the recipient and the reason for the disclosure; and
  - ii. The date and time the Inside Information is disclosed to that person.
- c) The Manager is responsible for:
  - i. Registering that person in the Insider List; and
  - ii. Immediately inform that person of the duties and responsibilities, entailed by the receipt of Inside Information, and the sanctions that attaches to the misuse or unwarranted distribution of such information.
- d) The following practices should be applied when Inside Information is circulated:
  - i. As few people as possible should have access to the information, as late as is practically possible;
  - ii. Use project names and codes (this will also be the name of the Temporary Insider List);
  - iii. Secure e-mail content using e-mail encryption and e-mail sensitivity settings;
  - iv. Limit the use of e-mail attachments by using hyperlinks to a restricted digital environment, where the relevant documents can be retrieved;
- e) A Staff Member who knows or suspects that he/she received or has access to Inside Information must first ensure, that he or she does not communicate the information to any other person, unless that person has been identified as an Insider for that specific Inside Information;
- f) If in doubt, the information should be treated as Inside Information and the Board of Directors and Compliance should be consulted to determine, whether Inside Information has been received;
- g) Once it has been established, that the information qualifies as Inside Information, the Staff Member will become an Insider under this Policy;

### 4.4. Selective disclosure

Non-public information about the Company`s investment strategies and holdings may not be shared with third parties, except as is necessary to implement investment decisions and conduct other legitimate business. Staff Members must never disclose proposed or pending deals or other sensitive information to any third party, without the prior approval of the Compliance Officer. Doing so, may be considered a violation of the fiduciary duty, which the Company owes to its clients.

If Inside Information relating to a borrower/originator or an issuer of Financial Instruments is shared with the Board of Directors, the members of the Board, who receives the Inside Information, shall be added to the Insider List and the Registrar shall include those Board member/s, who receive Insider Information to the Insider List. A Board member who receives Inside Information shall not disclose the Inside Information. If, however, a Board member would need to share the Inside Information with a third person to fulfil his/her duties, that person will then be put on the Insider List.

#### **4.5. No manipulation of information**

It is prohibited to engage or attempt to engage in Market Manipulation by disseminating information through the media, including the internet, or by any other means, which:

- a) Gives, or is likely to give, false or misleading signals as to the supply of, demand for, or price of, a Financial Instrument, or secures; or
- b) Is likely to secure the price of one or several Financial Instruments at an abnormal 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;

#### **4.6. No manipulation of transactions**

It is prohibited to engage or attempt to engage in Market Manipulation by entering into a transaction, placing an order to trade or any other behaviours which:

- a) Gives, or is likely to give, false or misleading signals as to the supply of, demand for, or price of a Financial Instrument; or
- b) Secures, or is likely to secure, the price of one or several Financial Instruments at an abnormal or artificial level

The prohibition does not apply, if the transaction, order or other behavior has been carried out for legitimate reasons, and conforms with an accepted market practice

#### **4.7. No manipulation of benchmarks**

It is prohibited to engage or attempt to engage in Market Manipulation by 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.

### **5. Insider Lists**

In order to ensure, that the management of Inside Information is systematized, the Company shall establish Insider Lists containing Staff Members, who are in possession of Inside Information. Such lists shall be established only for the period the relevant information is Inside Information and shall not be permanent in nature.

All Staff Members coming into possession of Inside Information are required to ensure, that the Registrar is informed both as to the fact, that Inside Information has come into the possession of that Staff Member and promptly upon such information ceasing to be Inside Information.

The Insider List contains information with respect to which persons have received inside information, at what time and what exactly Inside Information they possess (please refer to Appendix I). Each person who is entered in an Insider List is subject to the general prohibition against trading, while having access to inside information.

The names of all persons who have received Inside Information, related to the processing of the transaction, shall be listed together with the date and time when the information has been disclosed to the person. The Registrar shall also be added to the Insider Lists.

### **5.1. The Insider List shall contain at least the following information (please refer to Appendix I):**

- ✓ Code name of the Inside Information;
- ✓ Date and time of creation of the Insider List and initially requested by whom;
- ✓ Name of originator and person(s) submitting the Inside Information;
- ✓ Date and time of last update;
- ✓ First name, surname and date of birth of the Insider(s);
- ✓ The Insider(s) professional telephone number, company name and email address;
- ✓ Time, date, month and year as well as time zone when the individual obtained the Inside Information; and
- ✓ Time, date, month and year as well as time zone when the Inside Information became public and ceased to be Inside Information.

The Registrar must make all entries in the Insider List without undue delay. The Insider List must be maintained, so that the contents and entries can be verified at a later stage and stored for at least five (5) years. Only the Registrar may make entries to the Insider List.

Those registered in the Insider List shall be notified in writing, that they have been entered into the Insider List and informed of their obligations, which arise as a result of such registration. The recipient is requested to acknowledge his/her receipt of the notice and his/her status as an Insider.

All transaction documents related to the processing of a transaction, including Inside Information may not be circulated, filed or in any other way be accessible to persons, who are not on the Insider List. The information shall be transferred through channels, with access restricted to persons, who have been entered into the Insider List. The documents shall have a clear text stating, that the document may not be circulated to any person, who is not on the Insider List. All printed information must be stored at a secure place, so that others than those who have been included in the Insider List cannot access it.

Reference to the transaction may only be made by using the code name.

An Insider List may be terminated by the Company, when the information is no longer Inside Information.

## **6. Insider trading**

Insider Trading, also known as Insider Dealing, refers to a situation where a person in possession of Insider Information uses that information by acquiring or disposing of, for its own account or for the account of a third party, directly or indirectly securities or financial instruments. The use of inside information by cancelling or amending an order concerning securities or financial instruments, where the order was placed before the person concerned possessed the inside information, is also considered to be Insider Trading.

All persons with access to inside information regardless of how such information was obtained, are prohibited from engaging or attempting to engage in Insider Trading. This also includes recommending that another person engage in Insider Trading or inducing another person to engage in Insider Trading. Doing so is a criminal offence.



All persons discharging managerial responsibilities within the Company are subject to certain trading restrictions in accordance with Article 19 of MAR. These restrictions also apply to persons, natural and legal, closely associated with them.

Persons discharging managerial responsibilities are:

- ✓ Board of Directors
- ✓ CEO
- ✓ Head of Portfolio Management

Each Persons discharging managerial responsibilities must inform their respective closely associated persons, that they are considered to be such in writing. An email is considered to be written notice.

A closely associated persons is:

- ✓ A spouse, partner, or person considered to be equivalent to a spouse
- ✓ A dependent child
- ✓ A relative who has shared the same household for at least on year of the date of transaction concerned
- ✓ Legal entities in which the Persons discharging managerial responsibilities or closely associated persons hold managerial responsibilities, and in which they hold at least 10% the ownership interest or voting rights.

All Persons discharging managerial responsibilities and closely associated persons must report all personal transactions, and no later than three business days after the date of the transaction report. This is only applicable if the transaction exceeds €5,000 during each calendar year.

*Staff Members are permitted to trade, as long as trading does not rely on information, which is not publicly available. If an order or transaction becomes subject to scrutiny, it will be viewed after the fact with the benefit of observation and may expose a Staff Member to the risk, that the trade violated Market Abuse regulations.*

*Before engaging in any transaction, Staff Members should carefully consider how the transaction may be construed with the benefit of hindsight.*

## **7. No conflicts between business and personal interests**

Staff Members will give careful consideration to business information, to which they have access and will avoid any potential conflicts between business and personal interests.

When a real or perceived conflict of interest arises or exists, the Staff Member will notify his/her manager and both will ensure, that such conflicts are properly identified and managed.

## **8. Legitimate Behaviors**

The prohibition of Insider Trading does not apply to a Staff Member, who is in possession of Inside Information, if the transaction is carried out in the discharge of an obligation, which has become due in good faith (and not to circumvent the prohibition against Insider Tradnig), whereby:

- a) That obligation results from an order placed or an agreement concluded, before the person concerned possessed Inside Information; or

- b) The transaction is carried out to satisfy a legal or regulatory obligation, which arose, before the person concerned possessed Inside Information; or
- c) After Compliance Officer`s approval with the reason for trading being appropriately justified;

## 9. Market Manipulation

Market manipulation is one form of market abuse. The risks of market manipulation by the Company or its Staff Members are considerably low due to the Company`s small size, its strict trading limits and the approved/limited types of trading instruments, which are monitored on a continuous basis by the dealer/RTO and the Head of Portfolio Management Department.

There is no such possibility for the Company or any of its Staff Members to abuse the market. Due to its small size and capital, as well as lack of high-tech IT systems (algorithmic trading), the Company is not in a position to influence in any way the market or its prices or offering. Moreover the Company invests in the most traded products, such as Dow-Jones index or gold price, which are traded by millions of people around the world, so it does not possess any inside market information and it conducts its investments based only on publicly available information and price charts.

Staff Members shall not engage in or attempt to engage in market manipulation. Trades may only be agreed over communication lines, which are recorded by the Company. Such recordings shall be stored for at least (5) five years. All necessary documentation shall be concluded without undue delay.

Spreading false or misleading information is prohibited.

## 10. Real-time and post-trade monitoring

The Company undertakes its compliance monitoring on a risk-weighted basis. Market Abuse monitoring includes a focus on the possibility of receiving inside information through all aspects of the investment process and the steps taken to manage this risk.

Due to the limited volume of trading activity at present, trade surveillance is able to be performed manually on a trade-by-trade basis by establishing the pre-trade rationale for trading activity. This manual testing typically has a 100% coverage of portfolio transactions.

As part of the daily checks, Compliance reviews the previous day`s trading activity in order to monitor for suspicious transactions.

## 11. The Role of the Compliance officer

Staff Members may consult the Compliance Officer in any Inside Information issue on a confidential basis. The Compliance Officer staff member shall be included on the Insider List, if s/he receives Inside Information.

Compliance Officer shall oversee, that staff are trained in Inside Information, Insider Trading, market abuse and market manipulation matters. The Compliance Officer will also regularly check that the rules described in this Policy are complied with by the relevant Company`s departments.

In case of investigations carried out by national authorities, the Compliance Officer shall be the Company's point of contact for the National Authority.

## 12. Inspection by National Authorities

National Authorities may carry out investigations concerning financial or criminal matters. In order to carry out such investigations, the investigating authority is entitled to obtain information concerning the contents of a project register and Insider Lists held by the Company, subject to the Board of Directors' approval to lift the Company's privileges and immunities.

National Authorities may include financial supervisory authorities, judicial and economic crime authorities, and listing authorities, among others.

## 13. Record keeping

All records in relation to Inside Information and record keeping shall be stored by the Company's Registrar in a secure place for at least five (5) years.

Moreover, phone calls are recorded, along with emails and other electronic messages of Staff Members. The Compliance Officer will monitor a sample of phone calls, emails and other electronic messages on a periodic basis.

## 14. Personal data and privacy

All personal data included in the Insider List is processed and used in accordance with Regulation (EU) 2016/679 - General Data Protection Regulation (GDPR).

### 14.1. Purpose of data processing

The Company is the data controller with regard to the processing of personal data, which will be included in the Insider List and may only use these data in accordance with applicable laws and regulation, and for the following purposes:

- a) Keeping the list in accordance with this policy;
- b) Complying with legal obligations, including the European MAR;
- c) Controlling the flow of Inside Information, thereby managing Company's confidentiality legal duties;
- d) Informing Staff Members of which other persons, are in the same section of the Insider List; and
- e) Holding or commissioning an inquiry into transactions conducted by or on behalf of a Staff Member or a closely associated person with a persons discharging managerial positions;

Staff Members who are informed of their registration on an Insider List, must acknowledge in writing that he/she is aware of the duties and responsibilities as set forth in this policy and that his/her personal data is possessed by the Company.

## 14.2. Data processed by the Company

The Company's Insider List includes the date and time the list was drawn up, and last updated. With regard to persons who have access to Inside Information, it includes the following details (please refer to appendix I):

- a) First name(s) and surname(s), as well as birth surname(s);
- b) Business telephone number(s);
- c) Company name and address;
- d) Function and reason for being an Insider;
- e) Date and time at which a person obtained access to Inside Information, or, in relation to Aegon Permanent
- f) Insiders, date and time at which a person was included in the Permanent Insider section;
- g) Date and time at which a person ceased to have access to Inside Information;
- h) Date of birth;
- i) National identification number;
- j) Personal telephone numbers; and
- k) Personal full home address.

## 14.3. Confidentiality

To ensure the confidentiality of information included in the Insider List, the Compliance Officer shall restrict access to clearly identified persons, who need unlimited or limited access due to the nature of their function or position.

The completeness, integrity and confidentiality of the data is monitored by the Compliance Officer along with the Registrar.

## 14.4. Data requests

The Company may provide information from the Insider List to Competent Authorities upon their request. Information of the Insider List will not be supplied to other parties, except when required or allowed by law or if a legitimate interest of the Company requires this. The Company will always balance its legitimate interest against the right on privacy of a person.

Persons included in the Insider List are entitled to review the personal data processed by the Company and request necessary amendments.

## 14.5. Data retention

The Company will retain the Insider List for a period of at least five (5) years after it is drawn up or updated. If such data is necessary for an internal or external investigation, the resolution of a dispute or in connection with legal proceedings, the Company will retain the relevant data until the relevant investigation, dispute or legal proceeding has ended.

## 15. Procedure for raising concerns under this policy

If you are concerned about any form of malpractice covered by this policy, you should normally first raise the issue with your manager. If, for whatever reason, you feel you cannot tell your manager, you should raise the issue with the Board of Directors.

Concerns can be raised orally or in writing.

When raising the concern, you may choose to either include your identity or remain anonymous. You may wish to discuss your concern with a colleague before you formally raise it under this policy. However, remember that once you have raised your concern (alone or with your colleague), in the interests of everyone involved, **this is a confidential process.**

## Appendix I

| No. | Code name of the Inside Information | Date/time of creation; Requested by? | Name of borrower/originator and person(s) submitting the Inside Information | Full name and date of birth of the Insider | National Identification No./ID,Passport No. | Insider's phone No., company's name, email, address | Date & time of last update | Time/date/ month and year as well as time zone when the Inside Information became public |
|-----|-------------------------------------|--------------------------------------|---|--|---|---|----------------------------|--|
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