

***Cowen Execution Services
Limited***

BRIBERY ACT

POLICY

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Cowen Execution Services Limited

BRIBERY ACT – POLICY

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SECTION 1: GENERAL INTRODUCTION

Introduction

The UK's Bribery Act 2010 (the Act) came into effect on 1st July 2011, following publication of relevant guidance by the Ministry of Justice. The scope of the Act includes all firms that conduct business in and/or manage it from the UK. Cowen Execution Services Limited (the "CESL") has produced this policy and procedures manual to demonstrate its intention to be compliant with the Bribery Act all times.

This policy is reviewed at least annually and updated as appropriate. The Bribery Act Policy is part of CESL's (and its affiliates) broader effort to combat corruption globally.

Unlike other legislation that is relevant to CESL, the Act does not provide for a regulator to have compliance oversight responsibility; compliance responsibility rests with the senior management of the CESL. Currently, on behalf of the senior management of CESL, Peter Simai holds prime responsibility, in parallel with other responsibilities, specifically the Compliance Officer and Money Laundering Reporting Officer (MLRO). Any matters relating to the Act, to CESL's policy and procedures for compliance with its obligations under the Act or any other matters arising relating to the Act should be referred in the first instance to Peter Simai ("the Compliance Officer") for advice and guidance as appropriate.

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SECTION 2: COWEN EXECUTION SERVICES LIMITED’S POLICY

Introduction

The Act embraces four distinct offences, including the failure of CESL to have in place adequate arrangements to prevent and detect bribery. The Guidance¹ issued by the Ministry of Justice indicates the need for all firms to have a clear policy on the prevention of bribery as part of its arrangements for preventing and detecting bribery.

Cowen Execution Services Limited’s Policy

CESL insists on honesty, integrity and fairness in all aspects of its business.

CESL’s reputation is built on values as a firm, the values of our employees and our collective commitment to acting with integrity throughout our organisation. CESL condemns corruption in all its forms and will not tolerate it in its business or in those with whom CESL does business. The direct or indirect offer of payment, soliciting or acceptance of bribes is unacceptable.

CESL expects all Personnel to read, understand and comply with this Policy. The policy also available to all employees in the firm’s “CESL Compliance Manual for Employees”.

Cowen Execution Holdco LLC (“Group”) Core Values and Business Principles and CESL’s Conduct Risk & Culture frame work forms a pivotal role in ensuring that CESL’s conducts its business by applying the highest ethical and professional standards at all times.

CESL requires Personnel to certify compliance with this Policy via its annual attestation of CESL’s policies and procedures.

If convicted of a bribery offence, CESL risks a significant fine and lasting reputational damage. If any individual is convicted of a bribery offence, that person risks facing up to ten years in prison in addition to the consequences of CESL’s disciplinary procedures being activated.

Anyone having any questions about anything set out in this Policy statement, or who needs to discuss any issue arising from it, please contact CESL’s Compliance Officer. Refer all requests by external third parties for a copy of our Bribery Act Policy to the Compliance Officer.

¹ Available at <http://www.justice.gov.uk/downloads/legislation/bribery-act-2010-guidance.pdf>

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SECTION 3: THE OFFENCES

Introduction

The Act provides for four offences. These can be considered as:

- Offering a bribe
- Receiving a bribe
- Bribing a foreign government official
- Failure by a firm to put in place adequate and effective arrangements for the prevention and detection of bribery.

The Guidance issued by the Ministry of Justice focuses specifically on the fourth of the offences.

Offences can be committed by simply attempting to bribe another person or seeking to receive a bribe.

Bribes can take the form of money or any other form that can represent value and benefit to the recipient.

More specifically, for CESL's, the three material bribery risks that have been identified are:

- A bribery payment in relation to a client relationship
- A bribery receipt in relation to a broker relationship
- A bribery receipt in relation to a vendor relationship.

Note: The contractual relationship may be with a Group company but the purpose of the arrangement is to provide a service to CESL.

Who can commit the offences?

The first three offences can all be committed by any person associated with CESL ("Associated Persons"). Associated Persons includes all personnel and anyone else holding themselves out to be acting in the name of CESL or otherwise acting on CESL's behalf.

All three of these offences can be committed anywhere in the World; in that respect the Act has "extra-territorial" applicability. The offences do not have to have been committed in the UK to be prosecuted in the UK. Furthermore, the offences can be committed without the knowledge or permission of CESL's management. In these cases, CESL can be liable if it cannot demonstrate the reasonableness and adequacy of the preventative arrangements that have been put in place.

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SECTION 4: WHAT CONSTITUTES BRIBERY?

Introduction

Bribery can be viewed from either the side of the person offering the bribe or from the side of the person receiving the bribe. A bribe is any inducement of value to the recipient to fail to perform their own job properly so that the provider of the bribe (or their firm) gains an advantage that would not otherwise have been the case. The recipient of a bribe does not themselves have to fail to perform their job properly if they are in a position to provoke someone else to bring about the advantage by failing to perform their job properly at the instigation of the recipient of the bribe.

Gifts, hospitality and entertainment

The concepts of gifts, hospitality and entertainment are all recognised as having potential to be used or construed as bribes. The Guidance makes clear that the Act is not intended to prevent the provision of gifts, hospitality and entertainment in the normal course of business, provided it is not excessive when considered in the circumstances of each individual case.

In this respect, the Guidance can be seen as being consistent with the obligations in the FCA's Conduct of Business Rules; CESL judges compliance with the latter to achieve compliance with the spirit of the Guidance on this matter.

Personnel who are in any way uncertain on such issues must seek appropriate guidance and authority from the Compliance Officer before entering into any potentially relevant commitment.

Personnel should familiarise themselves with the Group's/CESL's Travel & Expenses Policy as well as the Gifts and Entertainment section in CESL's Compliance Manual for Employees

"Red Flags"

In addition the above, these "red flags" can help to serve as guidance for personnel which may be considered as having potential to be used or construed as bribes:

- Unusually large commission, retainer, or other fee
- Reputation and integrity of the person is in question
- Negative information is developed as a part of due diligence
- High-risk country involved
- Unusual payment method
- Family or business relationship to a government official
- Person lacks adequate facilities, ability, or expertise to provide the services required
- Person refers to "political contributions" or "charitable donations"
- Arrangement is prohibited under local law
- Facilitator to help close the deal?

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SECTION 5: THE SIX PRINCIPLES

Introduction

The Guidance records six principles by which the adequacy and effectiveness of CESL's anti-bribery arrangements can be assessed. These six principles are summarised as:

- Adopting a risk based approach
- Top level commitment
- Proportionate procedures
- Communication (including training)
- Due diligence
- Monitoring and review

A risk-based approach

The Guidance recognises that firms falling into the Act's scope cover all sorts of business activities, are of all sizes from one-man businesses to multi-national conglomerates, and that different types of business activity generate different levels of risk potential. Consequently no 'one size fits all' approach to compliance can be appropriate. Instead, the expectation is that firms will adopt a proportionate approach to the compliance and preventative arrangements.

On the basis of the CESL's bribery risk assessment Senior management at CESL judge CESL's bribery risk potential to be LOW and that no additional, substantive arrangements for compliance are required beyond those already in place and driven by compliance obligations in respect of FCA rules relating to the conduct of business.

Top level commitment

CESL's senior management are fully committed to compliance with the obligations of the Act. This commitment is not compromised by the LOW risk of bribery by CESL as has been assessed by management.

Proportionate procedures

CESL's status as a compliant FCA regulated firm has provided a regime of controls and procedures that are broadly sufficient to provide an ongoing compliant regime under the Act.

Communication (including training)

CESL's Personnel are made aware of the Act and its implications, both for CESL and for them as individuals. Awareness is communicated to all Personnel at the time of joining and refreshed at intervals thereafter. For operational convenience, communication on Bribery Act matters will be dealt with at the same time as anti-money laundering training is delivered. Any relevant, specific job training needs that may be identified from time to time will be addressed on an arising basis.

Due diligence

Due diligence in the context of the Act does not share the same definition as "customer due diligence" (CDD) from the Money Laundering Regulations 2007 (here also referred to as "client"). Nevertheless, serving the one obligation can assist in fulfilling the other and vice versa. Insofar as bribery issues are concerned, there is an ongoing obligation on all associated with CESL to be alert to any possible infringement of the Act and to promptly report any such situations to the MLRO by filing an Incident Report. The obligation to be satisfied as to the integrity of third parties prior to entering into business with them, be their clients or otherwise, means that when satisfaction is gained as a result of undertaking CDD, that can contribute to the satisfaction required for the prevention of bribery.

In this regard, the Group's/CESL's AML/KYC Policies and Procedures provides for a robust set of CDD requirements, which must be performed prior to onboarding a client. These requirements are risk based, providing for additional CDD measures for prospective Medium and High Risk clients. In addition, all prospects must undergo screening against all major sanctions lists, as well as regulatory and news databases. In most cases (also based on a risk based approach), the prospects' control persons are also screened. If the risks associated with High Risk prospects exceed certain risk levels they will be rejected by CESL. Any prospect identified as having a possible history of bribery/corruption (whether linked to the entity itself, or one of its control persons) will receive additional scrutiny, to determine whether the prospect will be allowed to be onboarded as a client. Brokers and vendors are subject to the same screening process.

Where it is determined that a client, broker or vendor may present CESL with a heightened exposure to bribery related risks, and the client, broker or vendor relationship is not rejected/terminated, the assessment underlying that determination will be communicated internally and kept on file.

Monitoring and review

No special or additional measures have been required to augment established arrangements for authorising, monitoring and accounting for disbursements through the settlement of invoices, expenses claims or any other means.

All Personnel know that the law requires that they be constantly alert to any knowledge or suspicion of bribery and the requirement that such knowledge or suspicion be brought to the attention of the Compliance Officer immediately.

CESL aims to satisfy itself there is a reasonable commercial rationale for relationships that CESL is engaged in, including sample checking of expenses for entertainment, gifts and other payments as relevant. When warranted, reporting knowledge or suspicion internally can be dealt with in accordance with the Group's and CESL established "whistle blowing" arrangements and thereby will be within the protections offered by the Public Interest Disclosure Act 1998. In addition, the Group's/CESL's Suspicious Activity Reporting procedures (under its AML/KYC Policies and Procedures) also require that all employees who become aware of acts of bribery, report them to CESL's MLRO, as well as the Global AML Compliance Officer.