

PATRON CAPITAL ADVISERS LLP

COMPLIANCE MANUAL

VERSION: February 2020

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PART I - INTRODUCTION TO THE COMPLIANCE MANUAL

Statement from the Chairman

- 1.1 This is the compliance manual ("**Compliance Manual**") for Patron Capital Advisers LLP ("**Patron**"). This Compliance Manual sets out the procedures which the members, employees, secondees, consultants and any other person to whom this compliance manual may apply by virtue of a relevant engagement with Patron ("**Relevant Staff**") must observe to fulfil Patron's internal requirements and to achieve compliance with the relevant laws, rules and regulations by which Patron is regulated. Part II of the Compliance Manual contains an Executive Summary of its contents.
- 1.2 The specific objectives of the manual are:
 - (a) to set out Patron's policies relating to compliance;
 - (b) to explain clearly and simply the compliance obligations of all Relevant Staff;
 - (c) to guide Relevant Staff in the conduct of their day-to-day business and to make them aware of circumstances that require the involvement of the Compliance Officer; and
 - (d) to assist in the training of any new staff.
- 1.3 The Compliance Manual is intended only as a guide. It does not summarise all the relevant legislation, rules or regulations that comprise the UK regulatory system that may be relevant to Patron. Inevitably, situations will arise which are beyond the scope of the Compliance Manual: if you are unclear about anything that may be affected by compliance requirements or if anything is not dealt with comprehensively enough by the Compliance Manual, such matters must be referred to Patron's Compliance Officer. The Compliance Officer is Kendall Langford.
- 1.4 It is the responsibility of all Relevant Staff to observe the spirit as well as the letter of these procedures and to act with high standards of integrity, honesty and fairness. It is a condition of employment or engagement that you do so and failure to do so constitutes serious misconduct.
- 1.5 All Relevant Staff are responsible for reading, understanding and observing all procedures applicable to them. If you do not understand how these procedures apply to you, or what action you should take in any circumstances, you should ask the Compliance Officer immediately. Ignorance or misunderstanding of these procedures will not be accepted as an excuse for your failing to comply with them.
- 1.6 If you think you cannot fully comply in any circumstances, or if you have for any reason failed to observe any of these procedures, you should immediately notify the Compliance Officer who will advise you on what steps to take.
- 1.7 Patron and its Relevant Staff have obligations to customers and counterparties to observe high standards of integrity and fair dealing and to act with due skill, care and diligence, and we expect all Relevant Staff to comply with these standards. You should ensure that there is no conflict between the conduct of your personal affairs and your responsibility to act in the best interests of your customers.

- 1.8 By signing the Compliance Undertaking which is provided to you on entering into employment or engagement with Patron (a copy of which can be found at Schedule 3 of this manual), Relevant Staff are giving a binding undertaking to observe the provisions in the Compliance Manual. Breach of this undertaking will be treated as a serious matter by Patron's senior management and may result in disciplinary action, including in extreme circumstances, dismissal of the individual involved or termination of their engagement.
- 1.9 The Compliance Manual has been drafted to be compliant with current regulatory requirements. As these requirements change and develop, the Compliance Manual will be updated by Patron and new and replacement pages will be distributed for insertion in the Compliance Manual. It is the responsibility of all Relevant Staff holding a Compliance Manual to keep his/her Compliance Manual updated. A checklist is provided at the end of the Compliance Manual to record the insertion of any amendments which will be provided on an ad hoc basis by the Compliance Officer.

Mr Keith M. Breslauer
Chairman
Patron Capital Advisers LLP
February 2020

PART II - EXECUTIVE SUMMARY OF THE COMPLIANCE MANUAL

KEY ISSUES TO REMEMBER

1. **KEY ISSUES TO REMEMBER**
 - 1.1 Clients: If your work seems to involve advising a person you need to consider whether such person needs to be classified as a 'client' or 'customer'. With regard to 'classification issues,' you should always consult with the Compliance Officer.
 - 1.2 TCF: You need to treat all customers fairly. The principles of fair treatment are enshrined in the Code of Ethics and in this manual.
 - 1.3 Financial Promotion: You must not do anything that could be construed as an invitation or inducement to invest in any of the Patron Funds without consulting the Compliance Officer.
 - 1.4 AML: You need to be fully aware at all times of your anti-money-laundering obligations.
 - 1.5 Conflicts: You must not put yourself or Patron into a position of conflict e.g. between Patron and Patron Fund investors, between Patron Funds or otherwise. If such a situation should arise, you need to contact the Compliance Officer.
 - 1.6 Personal Account Dealings: You are not permitted to deal in securities in which a Patron Fund has an actual or potential interest without clearance from the Compliance Officer.
 - 1.7 Market Abuse/Insider Dealings: You must not deal in securities in relation to which you have confidential and price-sensitive information. If you do this you commit a criminal offence.
 - 1.8 Financial Crime: You need to be aware of any suspicious activities that could indicate a criminal offence taking place and you must not engage in any behaviour where there could be a concern over criminal activity.
 - 1.9 Complaints: If you receive a complaint from a client of Patron you should notify the Compliance Officer immediately.
 - 1.10 Conduct Rules: You must be aware of and comply with the Conduct Rules (as applicable to you) at all times.
2. **INTRODUCTION**
 - 2.1 This part of the Compliance Manual is intended to provide you with a summary of the most important compliance obligations with which you must comply when employed by Patron. However, you should read the entire Compliance Manual and familiarise yourself with it. You will see, as you read the manual, that some chapters have been split into two parts:
 - (a) 'Part A' which is directly relevant to you in the ordinary course of your employment or engagement with Patron; and
 - (b) 'Part B' which is relevant to Patron's compliance with applicable rules in Part B. Part B is mainly aimed at the Compliance Officer of Patron. However, it is clearly desirable that you have an understanding of all aspects of Patron's compliance obligations and accordingly you should read the entire Compliance Manual.

- 2.2 The Compliance Manual includes all policies and documents (such as compliance undertakings, client agreement etc.) which are required for the fulfilment of Patron's compliance obligations. These are set out in the Schedules and Appendices to this manual. Policies and other relevant sources of compliance information are set out in the Appendices.
- 2.3 By signing the Compliance Undertaking (see Schedule 3), a copy of which will be provided to you by the Compliance Officer, you agree to comply with the rules and procedures set out below and in the Compliance Manual.
- 2.4 The structure of the Compliance Manual addresses your compliance obligations broadly by reference to the normal day-to-day work that you are likely to be involved with, focussing on the way in which Patron conducts its business and your involvement in this.
- 2.5 In order to understand your compliance obligations it is important that you understand the following core principles of compliance which are dealt with in more detail, principally in Chapter 2:
- (a) Your duties differ depending on who you are dealing with – this will be governed by the FCA Rules on client classification.
 - (b) Your duties differ depending on what service you are providing to a client i.e. the type of regulated business which Patron is undertaking. In the context of Patron the two most important aspects of this are: investment advice and arranging deals in investments.
 - (c) There are various compliance concepts that are 'stand alone' and which you must always have at the back of your mind including: anti-money laundering, personal account dealing, conflicts of interest.

3. **NEW TRANSACTIONS / CLIENTS**

- 3.1 When Patron is advising on or arranging a new transaction (e.g. a new investment), you will need to consider whether any person (such as a co-investor), involved in that transaction should be regarded as a 'client' (rather than e.g. a counterparty) of Patron. This is important as you will need to comply with certain rules when dealing with a person as Patron's client.
- 3.2 Patron's obligations to its clients, and the rules which you must comply with will apply to both UK and overseas persons alike.
- 3.3 **Who is the client?**
- 3.4 There are different types of clients and Patron's duties towards those clients will differ depending on that classification. The General Partners (a "**General Partner**") of each of the funds advised by Patron (together the "**Patron Funds**" and individually a "**Patron Fund**") are clients of Patron. All advice provided by Patron must be reviewed and approved by Keith M. Breslauer although you may be involved in preparing such advice for clients. Patron does the majority of its work for the General Partners. Any other pools of capital advised by Patron, or separate accounts advised by Patron, or other investment vehicles that are advised by Patron, (for the purpose of the Compliance Manual, collectively referred to as "**Pooled Funds**") will also be clients of Patron. Please see Chapters 2 and 9 for more information on when a party will be considered a client of Patron.

- 3.5 Generally speaking, investors are not clients of Patron as Patron is not providing any services to them, but only providing services to the Patron Funds and Pooled Funds into which investors make commitments. However, sometimes investors are classified as clients for the purposes of financial promotion, including a person (who may be an existing investor in a Patron Fund, a consultant or a Patron member or employee or other person who is Relevant Staff) who invests either personally or through an investment vehicle:
- (a) alongside the Patron Funds in one of its investments but without advice having been given (a “**Non-Advised Direct Investor**”). Patron will normally seek to avoid any client falling into this category but there may be exceptions; or
 - (b) acting on advice given by Patron, but directly in investments which may or may not be connected to those of the Patron Funds (an “**Advised Direct Investor**”).
- 3.6 Further, in certain situations the following persons may be clients of Patron but as mentioned above investors are not required to be taken on as “clients” of Patron:
- (a) a person who is Relevant Staff and who participates in or is to be offered participation in Patron’s co-investment opportunities or an investment vehicle (e.g. a trust) used by that person for this purpose (a “**Co-investor**”); or
 - (b) a person who is Relevant Staff and who is a participant in carry or an investment vehicle (e.g. a trust) used by that person for this purpose (a “**Carry Participant**”).
- 3.7 Joint venture partners will typically not be regarded as clients of Patron on the basis that Patron is not providing a service to them. However, each joint venture or similar arrangement must be considered on its facts to determine whether any of the parties involved should be treated as clients of Patron. Client categorisation is covered in more detail in Chapters 2 and 9.
- 3.8 In the majority of circumstances with regard to client dealing, the appropriate Patron Officers will be dealing directly (e.g. on conference calls etc. or indirectly through preparing memoranda etc.) only with General Partners and other established clients of Patron. However, if you think that a person you are dealing with should be classified as a ‘client’ under any of the above categories then you must consult the Compliance Officer before taking any further steps. If you do not do this, you may be acting in a manner which contravenes Patron’s compliance requirements (including, importantly, anti-money laundering requirements) and thereby committing a criminal offence.
4. **ONGOING BUSINESS**
- 4.1 This paragraph summarises the most important ongoing obligations with which Patron must comply in order to comply with the UK regulatory regime.
- 4.2 **Treating customers fairly (“TCF”)**
- 4.3 Patron is required to have regard to the interests of customers and to treat them fairly. This includes not favouring particular customers. Clearly, as Patron does not have many ‘customers’ (e.g. its main clients/customers are the GPs) the application of fair treatment rules is somewhat more limited than e.g. in the context of a firm

that deals with retail clients. Nevertheless, fair treatment is a core element of Patron's ethos which is also reflected in its Code of Ethics (see paragraph 1.29 and Appendix 6). Accordingly, Patron will always make sure that it is fully available to its customers, that it deals with communication effectively and swiftly and that it treats customers equally.

4.4 Patron's internal procedures are designed with TCF in mind, and all staff will receive appropriate training in relation to TCF. Nevertheless, you should bear in mind at all times that Patron is subject to the TCF requirement and if you become aware of any reason why Patron may not be treating its clients fairly, you should inform the Compliance Officer who will consider what action to take. Please also see Chapter 12.

4.5 **Communicating with clients**

4.6 Any communication between Patron and its clients should be clear, fair and not misleading. Some communications may also constitute a 'financial promotion'.

4.7 A financial promotion is broadly an invitation, inducement or communication to make or participate in an investment e.g. a proposal to co-invest as an Advised or Non-Advised Direct Investor in a Patron Fund investment or an invitation to a person who is Relevant Staff to invest by way of co-invest or carry. Whilst Patron intend that all fund raising will be carried out through placement agents, to the extent that Patron communicates any financial promotions, it shall do so in accordance with FCA rules. In the ordinary course of your employment or engagement with Patron you are unlikely to be involved in the communication of financial promotions. However, if you think that you are or will be please consult the Compliance Officer.

4.8 In particular, you should be aware that there is a general prohibition on the promotion of unregulated collective investment schemes. This means that any promotion which relates to the Patron Funds is strictly regulated by the FCA. There are various procedures set out in Chapter 10 of the Compliance Manual which govern this. However, in the first instance if you think that you may be involved in communicating this kind of financial promotion please contact the Compliance Officer.

4.9 In addition, you should be aware that a person to whom a financial promotion is, or is likely to be, communicated or approved by Patron is to be regarded as a "client" of Patron for the purposes of that promotion, even if Patron is not providing any service to that person.

4.10 **Anti-Money Laundering Obligations**

4.11 Patron is required to comply with various anti-money laundering requirements set out in UK legislation. These include but are not limited to:

- (a) a duty to identify and verify the identity of each client Patron takes on (please see above) including scrutiny of the source of a client's funds;
- (b) be vigilant in monitoring transactions undertaken throughout the course of a client's relationship with Patron. Any transactions which are not consistent with Patron's knowledge of the client and his risk profile must be reported to the Money Laundering Reporting Officer ("**MLRO**") and a note must be made on the client's file.

For avoidance of doubt, it is worth noting that the satisfaction by Patron of anti-money laundering requirements does not only apply with respect to its clients, but more generally in relation to its business and activities. You should also be aware that the UK anti-money laundering regime applies to all of Patron's activities wherever they are carried on and to its subsidiary companies. Do not assume less stringent standards apply when you conduct business outside the UK.

In addition, any suspicion of money laundering must be reported to the MLRO. You must not tell the client of your suspicions. This is an obligation which applies not only to Patron but to you as an individual as well. It is very important that you read and understand Chapter 2 and Chapter 11 of the Compliance Manual in this regard. You will also be required to sign a **Money Laundering Undertaking** (Schedule 1). You must also ensure that you attend all anti-money laundering training which is assigned to you.

4.12 **Conflicts of Interest**

4.13 When conducting business with a client you must comply with Patron's **Conflicts Policy** (found at Appendix 7 to the Compliance Manual).

4.14 If you identify a potential conflict of interest (e.g. between the Patron Fund and an Advised or Non-Advised Direct Investor) you must report this to the Compliance Officer who will keep a record of the conflict, will seek to resolve the conflict with you and provide you with guidance on how to manage the conflict.

4.15 **Personal Account Dealing (PAD)**

4.16 You (and your family members, companies you have an interest in and/or other associates) must not enter into personal transactions in investments:

- (a) which are considered by Patron as an investment opportunity for any of Patron's clients;
- (b) which are subject to Patron due diligence;
- (c) in relation to which Patron is in contractual negotiation; or
- (d) on which Patron intends to conduct any background research,

other than as permitted by Patron's **Personal Account Dealing Rules** (found at Chapter 3 of the Compliance Manual).

4.17 Adherence to the PAD Rules is particularly important in relation to securities that are listed. If you wish to enter into a personal transaction you must complete a **Personal Account Dealing Approval Form** (Schedule 4) and before entering into the transaction submit it to the Compliance Officer. You may only enter into the personal transaction once you have received approval from the Compliance Officer to do so. A contravention of the PAD rules could contribute to a criminal offence and could also result in disciplinary proceedings including termination of your employment or engagement.

4.18 Patron's Personal Account Dealing Rules do not apply to your participation in Patron's co-investment or carry opportunities.

4.19 **Market Abuse and Insider Dealing**

4.20 You must familiarise yourself with Chapter 4 of the Compliance Manual. During the course of your employment or engagement you may come into contact with

confidential and price-sensitive information about various shares or other securities. This is most likely to occur when Patron is involved in a transaction with a listed company.

4.21 In order to prevent misuse of information of this kind, the UK has criminal and civil legislation to punish those who engage in market abuse or insider dealing. Broadly, you must not:

- (a) deal in investments in relation to which you have inside information;
- (b) impart inside information other than in the proper course of your employment or engagement; or
- (c) use inside information for improper purposes e.g. to manipulate transactions or to give a false impression of the market in a particular security.

If you engage in any of these activities you may be subject to a fine, imprisonment or other sanctions or you may be prevented from working in the financial services industry.

4.22 **Financial Crime**

4.23 Patron operates a zero tolerance policy towards any form of criminal activity and will investigate any instances of alleged criminal offences. You need to be aware of any circumstances that could indicate the involvement of criminal activity. You must not engage in any behaviour that could comprise an offence and you must not assist anyone else (including by your own inaction) in committing an offence.

4.24 Whilst Patron will not tolerate any criminal activities, Appendix 13 provides particular instances of financial crime in respect of bribery and tax evasion. You need to familiarise yourself with Appendix 13 in order to ensure that you properly understand your responsibilities.

4.25 If you have any concerns, you must contact the Compliance Officer (or the Finance Director to the extent those concerns relate to tax matters).

4.26 **Complaints**

4.27 You may, in the course of the business which Patron undertakes, receive a complaint from a client of Patron. You should:

- (a) be able to identify a complaint (please see Chapter 7 of the Compliance Manual); and
- (b) notify the Compliance Officer of any complaint received. The Compliance Officer will make a record of the complaint. In addition, the Compliance Officer will provide you with guidance on how to handle the complaint.

5. **Conduct Rules**

5.1 All staff who are Senior Managers, Certification Staff and Conduct Staff are required to comply, at all times, with the FCA's Individual Conduct Rules, as set out in Appendix 3.

5.2 Senior Managers are required to comply with the FCA's Senior Manager Conduct Rules which are also set out in Appendix 3 in addition to the FCA's Individual Conduct Rules.

5.3 Breaches of either the Individual Conduct Rules or the Senior Manager Conduct Rules may need to be reported to the FCA.

6. **TRAINING**

6.1 Patron will ensure that you receive adequate training in relation to the compliance issues which you are likely to encounter during the course of your employment or engagement by or with Patron. Patron maintains a written record of all money laundering training completed by its officers and employees.

7. **KEY ISSUES TO REMEMBER**

- Clients
- TCF
- Financial Promotion
- AML
- Conflicts
- Personal Account Dealings
- Market Abuse/Insider Dealings
- Financial Crime
- Complaints
- Conduct Rules applicable to you

PART III COMPLIANCE MANUAL

CHAPTER 1

PATRON'S POSITION AS A REGULATED ENTITY

This Chapter of the Compliance Manual is relevant to all Relevant Staff. Please ensure that you have read and understood its content and how this applies to your employment or engagement with Patron.

1.1 The role of the FCA

1.2 The Financial Services and Markets Act 2000 (the “**FSMA**”) established a single statutory framework for the regulation of financial services in the UK in which the Financial Conduct Authority (the “**FCA**”) is the regulator for a wide variety of banking, insurance and investment businesses. In addition, the Prudential Regulation Authority is the prudential regulator of banks, insurers and major investment firms.

1.3 Patron is solely regulated by the FCA. The FCA is contactable at 25 The North Colonnade, Canary Wharf, London E14 5HS. The FCA's central switchboard number is 020 7066 1000 and the address for its website is www.fca.gov.uk.

1.4 The FSMA prohibits the conduct of regulated activities by anyone who is not either authorised by the FCA (or another competent authority) or exempt.

1.5 The FCA also issues rules and principles which are binding on regulated firms and with which Patron must comply when doing regulated business.

1.6 Patron's regulated activities

1.7 Patron is authorised by the FCA to carry on the regulated activities of:

- (a) the provision of investment advice; and
- (b) arranging deals in investments,

and as such is subject to the provisions of the FCA Handbook. A copy of Patron's FCA permission, which lists the regulated activities which it is permitted to conduct, is at Appendix 1. Together, the FSMA and the FCA Handbook (the “**FCA Rules**”) cover all aspects of Patron's regulated activities. Patron and all Relevant Staff must comply with the FCA Rules and not engage in any activity that would lead to Patron breaching any of its obligations thereunder. Patron is authorised to provide investment advice to and arrange deals for professional clients and eligible counterparties only. It does not have permission to carry out these activities for retail clients. Under its current scope of permission, Patron is required to hold (the sterling equivalent of) €50,000 as regulatory capital.

1.8 The majority of the regulated activities which Patron conducts are with or for the General Partners of the Patron Funds. This regulated business comprises the provision of investment advice and the arrangement of deals in investments for the General Partners in relation to investment activity by the Patron Funds.

- 1.9 However, there are broadly three other circumstances in which Patron will be conducting regulated activities:
- (a) when providing advice to and arranging deals for individual investors investing directly in investments either alongside the Patron Funds or in investments which are not connected to those of the Patron Funds;
 - (b) when arranging deals and participation in investments for a person who is Relevant Staff who participates in or is to be offered participation in Patron's co-investment opportunities; or
 - (c) when arranging participation in carry for a person who is Relevant Staff.

1.10 **Permitted Business**

1.11 Conducting investment business which is outside of Patron's authorisation will be a breach of the FCA Rules. You therefore must not hold Patron out as carrying on any activities of a type that the FCA does not permit it to carry on. For example, Patron is not permitted to conduct investment management for clients and so must not give clients the impression that it is permitted to conduct this activity.

1.12 If you are unsure whether Patron has the correct permission to do a particular activity, you must ask the Compliance Officer for advice before doing anything. Any activities carried out outside Patron's permission must be reported to the FCA.

1.13 **Markets in Financial Instruments Directive ("MiFID") and passporting**

1.14 MiFID provides a legal framework governing requirements that apply to investment firms operating in the EU. These requirements are implemented through the rules of the FCA. Covering topics such as best execution, client categorisation, investment research, conflicts of interest, and outsourcing, MiFID was designed to foster competition and a level playing field and to ensure appropriate levels of protection for investors and consumers of investment services across Europe.

1.15 MiFID is one of the European Directives which enables firms that are regulated within a member state to provide cross-border services or open a branch in other EEA member states without requiring separate authorisation; this is known as passporting. At present, Patron may passport (i.e. provide cross-border services) into the following member states: Czech Republic; France; Germany; Gibraltar; Italy; Luxembourg; Netherlands; Poland; Slovakia and Spain. The full list of EEA member states is set out in Appendix 15.

1.16 **Senior Managers and Certification Regime ("SMCR")**

1.17 The SMCR replaced the FCA approved persons regime as of 9 December 2019. The SMCR introduces certain new categories of personnel, namely, Senior Managers, Certification Staff, Conduct Staff and Ancillary Staff. For the purposes of the SMCR, Patron is classified as a **Core Firm**. The Compliance Officer is responsible, in conjunction with HR for notifying personnel of their status under SMCR and what this means for them.

Senior Managers

1.18 In addition to Patron being authorised by the FCA, certain senior people in the firm are identified as **Senior Managers** under the SMCR, being those people who: (i)

were already approved persons under the previous regime; and/or (ii) those who, within their roles at Patron (being an FCA-regulated firm) could be considered as potentially having the greatest impact should they breach their obligations. Senior Managers need to be approved by the FCA to perform their roles, which are known as **Senior Management Functions**.

- 1.19 Each Senior Manager needs a document called a **Statement of Responsibility**, which sets out the Senior Manager’s role and responsibilities, a template for which can be found at Appendix 2, Part 1. Every Senior Manager will have a duty of responsibility. This means that if a firm breaches one of the FCA’s requirements, the Senior Manager for that area could be held accountable if they did not take reasonable steps to prevent the breach. However, the burden of proof lies with the FCA to show that the Senior Manager did not take the steps a person in their position could reasonably be expected to take to avoid the breach occurring.
- 1.20 Senior Managers are subject to the **Senior Manager Conduct Rules** and the **Individual Conduct Rules** (see Appendix 3).
- 1.21 Patron must declare if a Senior Manager has a criminal record (to the maximum extent allowed by law). Firms must also undertake a criminal records check as part of an application for approval for an individual to perform a Senior Management Function.
- 1.22 Although the FCA must approve Senior Managers (unless they were approved persons under the previous regime) before they take up their position, Patron must also undertake an annual assessment to satisfy itself that the relevant Senior Manager remains fit and proper. A template Senior Manager fitness and propriety assessment is contained in Appendix 2, Part 3.
- 1.23 As at 9 December 2019, the following individuals will be Patron’s Senior Managers

Name of Individual	Status	Senior Management Function
Keith Breslauer	Active	SMF 27 (Partner)
Shane Law	Active	SMF 27 (Partner)
Kendall Langford	Active	SMF 16 (Compliance Oversight) SMF 17 (Money Laundering Reporting Officer)
Mark Parnell	Active	SMF 27 (Partner)

- 1.24 Patron must also allocate certain **Prescribed Responsibilities** (set out in Appendix 3) to Senior Managers. The following **Prescribed Responsibilities** relate to Patron and the Compliance Officer maintains a list of the individuals to whom the Prescribed Responsibilities have been allocated:
 - (a) performance by Patron of its obligations under the Senior Managers Regime, including implementation and oversight;

- (b) performance by Patron of its obligations under the Certification Regime;
- (c) performance by Patron of its obligations in respect of notifications and training of the Conduct Rules; and
- (d) responsibility for Patron's policies and procedures for countering the risk that Patron might be used to further financial crime.

Certification Staff

1.25 The Certification Regime covers specific functions that are not Senior Management Functions but can have a significant impact on customers, Patron and/or market integrity. The following Certification Functions are relevant to Patron's business.

Certification Function	Overview
The client dealing function	<p>This function is expanded from the previous CF30 function to apply to any person dealing in or arranging investments with clients, including retail and professional clients and eligible counterparties.</p> <p>The client dealing function is broader than the previous CF30 function. Therefore, although in practice the process will stay the same whereby Keith Breslauer signs-off on all dealings with the client/investors, the client dealing function will also capture staff that are involved in the process of dealing or arranging deals in investments.</p>
Significant Management Function	<p>This includes individuals with significant responsibility for a business unit. These important roles can seriously impact the way the firm conducts its business and are not limited to revenue-generating business areas.</p>
Anyone who supervises or manages a Certified Function (directly or indirectly) but is not a Senior Manager	<p>This will make sure that people who supervise certified employees are held to the same standard of accountability. It also makes sure a clear chain of accountability between junior certified employees and the Senior Manager ultimately responsible for that area.</p>

1.26 These **Certification Staff** are approved by Patron as fit and proper to perform certain roles on joining the firm but also on an annual basis by undertaking an assessment and issuing a certificate. A template fit and proper certificate can be found at Appendix 2, Part 2. A list of Certification Staff is held separately by the Compliance Officer.

1.27 In addition to the Compliance Officer maintaining an internal list of Certification Staff, Patron must provide the FCA with a list of Certification Staff by 9 December 2020 (the first anniversary of SMCR coming into force) using the Directory Persons Connect Form.

- 1.28 After 9 December 2020, Patron must notify the FCA of any change to the list within seven (7) business days of the change occurring. If there have been no changes to the list within the space of a year, Patron must confirm to the FCA, via Connect, that the list remains accurate and up-to-date. This is covered in more detail at paragraph 14.13 and Appendix 12.

Fitness and propriety assessments (Senior Managers and Certification Staff)

- 1.29 In assessing whether an individual has satisfied the fit and proper test, regard will be had to the following criteria:

- (a) personal characteristics such as competence, efficiency, honesty, reputation and financial integrity;
- (b) personal abilities such as:
 - (i) experience and training in relevant regulated investment business;
 - (ii) successful completion of any relevant approved examinations specified by FCA rules;
 - (iii) integrity and fair dealing in the performance of permitted business activities;
 - (iv) consideration of the requirements of customers or eligible counterparties in the performance of permitted business activities;
 - (v) observation of codes of practice not legally enforceable but generally accepted to apply to the conduct of investment business; and
 - (vi) compliance with Patron's rules and procedures designed to ensure that the requirements of FSMA and other legislation are enforced.

- 1.30 If any Senior Manager or member of Patron's Certification Staff becomes aware that they may no longer satisfy all of these criteria they must inform the Compliance Officer immediately so that Patron can consider whether this is the case. Examples of relevant circumstances would include any conviction (other than for minor motoring offences), financial embarrassment or potential litigation against the approved person. Failure to notify the Compliance Officer of any such circumstances is likely to be regarded as demonstrating that an employee does not satisfy the criteria.

- 1.31 If an individual is found not to be fit and proper, this will be communicated to them in writing along with the steps Patron intends to take as a result and the reasons for those steps. Any further action will be handled in accordance with Patron's Staff Handbook and Members Handbook. Misconduct by any individual who is a Senior Manager or Certification Staff may also lead to disciplinary action against him and could result in the withdrawal of his approval or in a fine or other action by the FCA.

Regulatory references

- 1.32 Patron must request a regulatory reference from all previous employers in the past 6 years for individuals applying to be a Senior Manager or Certification Staff. In this respect, Patron must request that the previous employer(s) disclose all information of which those employers are aware that might reasonably be considered to be

relevant to Patron's assessment of the relevant person's fitness and propriety. Where Patron is requesting a regulatory reference from an FCA-regulated firm, Patron must request that the standard template at Appendix 2, Part 4 is completed by the previous employer.

- 1.33 Patron must also disclose certain information going back 6 years on request in relation to former employees who are joining other FCA regulated firms (this includes details of any disciplinary action taken due to breaches of the Conduct Rules and any findings that the person was not fit and proper). This information must be disclosed to prospective employers of the former Patron employees. In addition, Patron must disclose any other information relevant to assessing whether a candidate is fit and proper, covering the previous 6 years (unless it relates to serious misconduct, in which case there is no time limit). Under the FCA Rules, this information must be provided as soon as reasonably practicable following the receipt by Patron of a request for the relevant information.
- 1.34 Patron is required to retain records of disciplinary and fit and proper findings going back 6 years. The firm must not enter into arrangements that conflict with Patron's disclosure obligations, for example, entering into non-disclosure agreements with employees.

The Conduct Rules and breach reporting¹

- 1.35 All Patron staff who are not Senior Managers or Certification Staff are Conduct Staff (except Ancillary Staff). Senior Managers, Certification Staff and Conduct Staff are subject to the **Individual Conduct Rules** (see Appendix 3).
- 1.36 If you reasonably suspect that there has been a breach of a Conduct Rule, you must report this to the Compliance Officer immediately.
- 1.37 There are certain circumstances in which a Conduct Rule breach will need to be reported to the FCA:
- (a) Where there is a significant breach of a Conduct Rule, this will need to be reported to the FCA immediately upon the Compliance Officer: (a) becoming aware of the breach; or (b) receiving information which reasonably suggests that a Conduct Rule breach which is significant has occurred or may occur.

Whether a breach is 'significant' will be determined by the Compliance Officer by reference to such factors as potential financial losses to customers or to Patron, frequency of the breach, implications for Patron's systems and controls and whether there have been delays in identifying or rectifying the Conduct Rule breach.

- (b) When there is a Conduct Rule breach which leads to disciplinary action. For the purposes of Conduct Rule breach reporting, "disciplinary action" means:
- (i) issuing of a formal written warning;

¹ Please also see Chapter 14, paragraph 14.6 and Appendix 12.

- (ii) suspension or dismissal of a person; or
- (iii) reduction or recovery of remuneration (clawback).

1.38 If there has been a breach of a Conduct Rule which has resulted in disciplinary action, the timing for Conduct Rule breach notifications to the FCA is:

- (a) for Senior Managers, within 7 business days of concluding disciplinary action using Form D (or Form C where the individual will no longer be approved); and
- (b) for all other individuals, on an annual basis as part of the annual notification (REP008) to the FCA filed via GABRIEL.

1.39 Patron will be required to make an annual notification to the FCA using the REP008 even if there are no Conduct Rule breaches to report, in which case the notification will confirm that there have been no Conduct Rule breaches.

1.40 **Importance of compliance**

Failure to comply with the FCA Rules may have serious consequences for Patron and its Relevant Staff, as follows:

- (a) clients who allege that failure to comply has caused them loss will be able to sue Patron for damages;
- (b) transactions may be rendered unenforceable;
- (c) a criminal offence may be committed (potentially resulting in a fine or imprisonment);
- (d) Patron and its Relevant Staff may be subject to disciplinary procedures (including fines) and adverse publicity;
- (e) the authority of Patron, through its Relevant Staff, to conduct certain investment business may be revoked or suspended by the FCA; and
- (f) the Relevant Staff may be the subject of in-house disciplinary procedures and may be dismissed.

In addition, breaches of other applicable regulations such as the statutory restrictions on insider dealing, or money laundering, may also lead to criminal penalties including fines and or imprisonment for the individuals concerned.

1.41 As such, compliance with the UK regulatory system is taken extremely seriously by Patron's management. If you have any doubts about the meaning or effect of the FCA Rules or any other applicable regulation, you should contact the Compliance Officer, or in his or her absence, Keith Breslauer. It is the Compliance Officer's role to assist in interpreting the FCA Rules and generally to ensure compliance with them by you and by Patron. You must attend all training requirements allocated to you by the Compliance Officer, including training on SMCR. The Compliance Officer will indicate whether physical presence at such training is required, or whether attendance over the phone or through video recording of the session may be permissible. This will vary on a case by case basis.

1.42 It is, however, ultimately your responsibility to comply with the FCA Rules. Relevant Staff are required to sign the Compliance Undertaking (see Schedule 3). Contravention of the FCA Rules may result in the individual being the subject of disciplinary action by the FCA including but not limited to a private or public reprimand, a fine, the assessment of costs against the individual and, ultimately, for Senior Managers, the withdrawal of approval which may preclude that individual from performing Senior Management Functions for Patron.

1.43 Patron has a separate **Disaster Recovery Plan**. A copy of this can be found at Appendix 4.

1.44 **The Principles for Business**

1.45 As a regulated firm, Patron is subject to the high level Principles for Business issued by the FCA. The Principles are a general statement of the fundamental obligations of regulated firms under the UK regulatory system.

1.46 Broadly, the Principles for Business which are most relevant to Patron's business require a Patron to:

- (a) conduct its business with integrity;
- (b) conduct its business with due care, skill and diligence;
- (c) have adequate systems and controls;
- (d) manage its financial risk by having in place adequate financial resources;
- (e) observe proper standards of market conduct;
- (f) treat customers fairly and consider their interests;
- (g) manage conflicts of interest fairly;
- (h) take reasonable care to ensure the suitability of advice for clients; and
- (i) be open and co-operate with the FCA.

1.47 A copy of the full version of the FCA's **Principles for Business** is set out in Appendix 5.

1.48 **Patron's Code of Ethics**

Patron has in place a Code of Ethics which it adheres to when conducting its business. A copy of Patron's Code of Ethics can be found at Appendix 6. This Code of Ethics forms part of your contract of employment or engagement with Patron. You must have regard to this code when performing your professional obligations for Patron.

Documents referred to in this Chapter	Where found in Manual	Ring Binder Reference
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Template Statement of Responsibility	Appendix 2, Part 1	N/A
Template Certification Staff Fitness and Propriety Certificate	Appendix 2, Part 2	N/A
Template Senior Manager Fitness and Propriety Assessment	Appendix 2, Part 3	N/A
Template regulatory reference	Appendix 2, Part 4	N/A
Conduct Rules (Senior Manager Conduct Rules and Individual Conduct Rules)	Appendix 3	N/A
Patron's Disaster Recovery Plan	Appendix 4	N/A
The FCA's Principles for Business	Appendix 5	N/A
Patron's Code of Ethics	Appendix 6	N/A

CHAPTER 2

CONDUCT OF BUSINESS

This Chapter of the Compliance Manual is divided into two parts:

- (a) Part A: for all Patron Relevant Staff. This part is intended to provide an overview of the key compliance issues relevant to all Relevant Staff; and
- (b) Part B: for Patron's Compliance Function. This part is intended to provide more detailed guidance on particular compliance policies and procedures.

PART A: STAFF INFORMATION

2.1 Application of the FCA Rules

The application of the FCA Rules differs according to the activities being conducted and the type of client i.e. retail client, professional client or eligible counterparty. If you are in any doubt as to which of the FCA Rules apply to you in relation to any part of Patron's business which you are conducting you should consult the Compliance Officer for guidance.

2.2 Relationships with clients

2.3 When Patron is advising on or arranging a new transaction you will need to consider whether any person involved in that transaction should be regarded as a "client" of Patron (rather than e.g. a transaction counterparty of Patron or a joint venture partner (but see 2.6 below)).

2.4 It is important to identify whether you are dealing with a client of Patron because if you are, Patron will need to fulfil its obligations to that client in accordance with the FCA Rules. Under the FCA Rules, a "client" is anyone with or for whom Patron carries on or intends to carry on any investment business or other business carried on in connection with it. Investors in the Patron Funds or the Pooled Funds are not usually clients.

2.5 Patron's obligations to its clients and the rules which you must comply with when taking on clients will apply to both UK and overseas persons alike.

2.6 Joint venture partners will typically not be regarded as clients of Patron on the basis that Patron is not providing a service to them within the meaning of the FCA Rules. Joint venture partners are expected to obtain their own financial and professional advice in relation to a particular transaction. Patron does not act on their behalf. However, particularly when dealing with joint venture partners who are taking minority stakes in a particular investment and/or who are natural persons, it should be made clear to these partners that Patron is not treating them as a client and in particular is not providing them with advice in relation to the transaction and that they should seek independent advice from a third party professional adviser.

2.7 Typical types of client

2.8 The General Partners (a "**General Partner**") of each of the funds advised by Patron (together the "**Patron Funds**" and individually a "**Patron Fund**") are clients of

Patron. Patron does the majority of its work for the General Partners. Any other Pooled Funds will also be clients of Patron.

- 2.9 Generally speaking, investors are not clients of Patron as they are not providing any services to them, but only providing services to the Patron Funds or the Pooled Funds into which investors make commitments. However sometimes investors are classified as clients for the purposes of financial promotion, including a person (who may be an existing investor in a Patron Fund, a consultant or a Patron member or employee or other person who is Relevant Staff) who invests either personally or through an investment vehicle:
- (a) alongside the Patron Funds or the Pooled Funds in one of its investments but without advice having been given (a “**Non-Advised Direct Investor**”). Patron will normally seek to avoid any client falling into this category but there may be exceptions; or
 - (b) acting on advice given by Patron, but directly in investments which may or may not be connected to those of the Patron Funds or the Pooled Funds (an “**Advised Direct Investor**”)
- 2.10 Further, in certain situations the following persons may be clients of Patron but as mentioned above investors are not required to be taken on as “clients” of Patron:
- (a) a person who is Relevant Staff and who participates in or is to be offered participation in Patron’s co-investment opportunities or an investment vehicle (e.g. a trust) used by that person for this purpose (a “**Co-investor**”); or
 - (b) a person who is Relevant Staff and who is a participant in carry or an investment vehicle (e.g. a trust) used by that person for this purpose (a “**Carry Participant**”).
- 2.11 Client categorisation should be considered in two scenarios: one where Patron is providing services and another where Patron is making financial promotions.
- 2.12 Co-investors and Carry Participants are investors in Patron Funds but are not receiving any investment services from Patron. Accordingly they are not required to be treated as clients.
- 2.13 Financial promotions may be made to Co-investors and Carry Participants even if they are not clients of Patron. However whenever Patron makes any financial promotions, the recipients must receive the same treatment as Patron would have given to them as if they were clients of Patron. Where Co-investors and Carry Participants do not qualify as professional clients the rules relating to promotions to retail clients must be followed when promotions are made to them (which are more onerous than those relating to promotions to professional clients). Accordingly they must be classified as professional clients wherever possible so that the rules relating to promotion to retail clients need not be followed. Where this is not possible, promotions may still be made to Co-investors and Carry Participants as Patron is allowed to promote the Patron Funds to current and former employees of Patron or of its group companies (but the rules relating to promotion to retail clients need to be followed in this case).

- 2.14 In addition, when a person who participates in or is to be offered participation in Patron's co-investment opportunities or an investment vehicle (e.g. a trust) used by that person for this purpose, or is a participant in carry or an investment vehicle (e.g. a trust) used by that person for this purpose, does not qualify as a professional client, consideration needs to be given to the effect of the rules which relate to packaged retail and insurance-based investment products summarised below.
- 2.15 **PRIIPs**
- 2.16 Under the PRIIPs Regulation (Regulation 1286/2014), fund managers must provide a pre-contractual disclosure document (a key information document or KID) for retail investors when they are considering buying a PRIIP. Due to the broad definition, a PRIIP will include all types of private equity funds, and potentially co-investment and carried interest funds, that are "made available" to retail investors. Generally investors in the Patron Funds will be classified as professional clients and therefore the requirements for a KID will not apply.
- 2.17 Patron staff members and family which invest in carried interest or co-investment funds may not always be classified as professional clients. This will occur where an investor has not been 'opted-up', or does not satisfy the opt-up criteria, to be treated as an elective professional client. However, where the member of staff or family member is classified as a retail client but is not required to make a payment to invest in the fund, or is only required to make a nominal payment to join a partnership (i.e. there is neither an initial payment nor any risk of future financial commitments by the staff member), there is not considered to be an investment for the purposes of the PRIIPs Regulation and therefore, a KID is not required to be produced.
- 2.18 Patron must ensure that, to the extent that any investors cannot be classified as professional clients, those investors are not accepted into the Patron Funds or any other Pooled Funds. Accordingly, Patron does not maintain systems and controls to ensure that the requirements to produce a KID are met. Therefore, you must consult the Compliance Officer immediately if you are aware of any situation in which a KID may be required.
- 2.19 Chapter 9 deals with 'client categorisation' in more detail.
- 2.20 **Taking on new clients**
- 2.21 In the majority of circumstances you will be dealing with the General Partners and other established clients of Patron. However, if you think that a person you are dealing with should be regarded as a client then you must consult the Compliance Officer before taking any further steps or providing services to the person in question.
- 2.22 The Compliance Officer will need to follow Patron's client take-on procedures, in order to comply with anti-money laundering requirements and the FCA Rules, before you can provide services to the new clients. If you would like more information on the procedures which the Compliance Officer must comply with in

this regard, then please refer to Chapters 9 and 11 of this Manual which set out Patron's client take-on procedures.

2.23 **Advised Business**

2.24 **"Advised Business"** means providing clients with advice on the merits of their buying, selling or subscribing for investments. Advised Business is most likely to be relevant to the business which Patron conducts with the General Partners or with Advised Direct Investors.

2.25 Only a person who is certified as fit and proper to perform the client dealing function may conduct Advised Business with clients of Patron. However, all advice provided by Patron must be reviewed and approved by Keith Breslauer. Please see Chapter 1 above for further details.

2.26 Patron conducts Advised Business with the General Partners and Advised Direct Investors in a limited number of circumstances:

(a) by providing those clients with written Investment Origination Memoranda in relation to particular investment opportunities. These Investment Origination Memoranda must only be signed off by the Chairman (Keith Breslauer) who is the only person who is permitted to sign off an Investment Origination Memorandum;

(b) by providing financial models to these clients which may contain investment advice.

2.27 You must take care that any communications which may constitute the provision of investment advice and which are communicated to clients of Patron (see Chapter 10 for further details) do not contain any statements that could amount to advice unless the communication has been signed off by the person who has been certified by Patron as fit and proper to perform the client dealing function.

2.28 Where Patron conducts Advised Business with/for a client, Patron must assess the suitability of that advice for the client. Patron's compliance function can provide you with more detail in relation to this or you can refer to Part B of this Chapter 2.

2.29 In addition to Advised Business you should also be aware that the carrying out of certain activities will be classified as 'designated investment business' which is governed by special rules, a detailed treatment of which is beyond the scope of this manual.

2.30 However, chiefly "Designated investment business" (or "DIB") is the carrying on of certain regulated activities which often only amount to DIB if they are carried on in relation to certain defined investments; others constitute DIB in their own right.

2.31 Making arrangements with a view to transactions in investments and advising on investments amount to DIB only if they relate to certain investments. The investments in question are securities or contractually-based investments of the following types: life policy; long-term care insurance contract which is a pure protection contract; share; debenture (for example, a bond), government and public security; warrant; certificate representing certain securities; unit; stakeholder pension scheme; option; future; contract for differences; and rights to or interests in any of these (apart from a long-term care insurance contract).

2.32 The activities which amount to designated investment business in their own right are: sending dematerialised instructions (or causing them to be sent); establishing, operating or winding up a collective investment scheme; acting as trustee of an authorised unit trust scheme; acting as the depositary or sole director of an open-ended investment company; establishing, operating or winding up a stakeholder pension scheme; providing basic advice on a stakeholder product; and agreeing to carry on certain of these activities or those below. Patron does not have permission to conduct any of these activities currently.

2.33 If in doubt as to whether something amounts to DIB, you should contact the Compliance Officer.

2.34 **Fair, honest and professional treatment**

Patron is under a general regulatory obligation to “pay due regard to the interests of its customers and treat them fairly” (Principle 6 of the FCA’s Principles for Business). Specific Conduct of Business (“**COBS**”) rules which articulate this requirement are:

(a) Patron must act honestly, fairly and professionally and in the best interests of its clients (COBS 2.1.1R) – this is particularly important to comply with when Patron is conducting Advised Business with/for a client or any business with a retail client; and

(b) Patron must not limit or exclude liability for its obligations or liabilities to a client which arise under the regulatory system (COBS 2.1.2R). When conducting business with/for a retail client Patron must not limit or exclude liability for its obligations or liabilities to a retail client which arise other than under the regulatory system (COBS 2.1.3R).

2.35 With regard to dealings with clients, these rules are often referred to as ‘Treating Customers Fairly’ (“**TCF**”). Patron’s internal procedures are designed with TCF in mind, and all staff will receive appropriate training in relation to TCF. Nevertheless, you should bear in mind at all times that Patron is subject to the TCF requirement.

2.36 In particular, any communication with a client, however communicated, should be clear, fair and not misleading in accordance with the FCA’s Principles for Business set out at paragraph 1.44 above.

2.37 Note also that, certain communications could amount to a Financial Promotion (see below at Chapter 10 for more detail on this) and if you become aware of any reason why Patron may not be treating its clients fairly, you should inform the Compliance Officer who will consider what action to take.

2.38 **Anti-Money Laundering Obligations**

2.39 Money laundering is the process by which criminals try to conceal the true origins and ownership of the proceeds of their criminal activities by passing them through the legitimate banking and financial services systems. If undertaken successfully, money laundering allows criminals to maintain control over the proceeds of crime, and ultimately to provide a legitimate cover for the source of their income.

2.40 It is a criminal offence:

- (a) to assist anyone whom you know or suspect to be laundering money generated by any crime;
- (b) to acquire, possess, or use the proceeds of money laundering;
- (c) where you know or suspect that a transaction is related to any crime, if you fail to report it. **This applies even though the transaction may have nothing to do with you.** e.g. where the transaction is being managed by a colleague. If you obtain information in the course of Patron's business, which gives rise to reasonable grounds for knowing or suspecting money laundering, you will commit an offence if you fail to make the required disclosure as soon as is practicable. You must report any suspicion to the Compliance Officer who is also the MLRO. There is an obligation to report even where you do not actually suspect money laundering if reasonable grounds for suspicion exist. This objective test for establishing liability means that a person will commit an offence if a court holds (or a jury finds) that a hypothetical reasonable person in the same circumstances would have suspected money laundering; and
- (d) to disclose information to another which is likely to prejudice an investigation or proposed investigation into money laundering (the tipping off offence). Note that if you are making a report on knowledge or suspicion of money laundering, the law protects you against being sued by customers for breach of confidentiality. This overrides the normal duty of confidentiality owed to customers.

2.41 Money laundering transactions do not need to involve physical cash or the placement of the proceeds of crime into the financial system. Patron may be involved at the stage where a money launderer will seek to enter into transactions with us and to use illegal funds which have previously been deposited in a bank account to finance those transactions, with a view to disguising the source of his Funds.

2.42 Your main obligation under the law is to be alert to the possibility of criminal money being laundered through Patron, to be vigilant, to use your common sense and to report anything which you believe is suspicious to the MLRO. Please be aware that the proceeds of crime would include the proceeds of any tax evasion/crime. As noted above, at 2.40, if you suspect money laundering, you must not tell the potential offender of your suspicions. If you do so this may constitute the criminal offence of "tipping off". However, if you come across any transaction which you consider as suspicious you must report it to the MLRO. These money laundering obligations apply at all times throughout the life cycle of the client relationship and go beyond collecting identity documents from the customer at client take on.

2.43 You will have been provided when you started your employment or engagement with Patron, with a copy of the Money Laundering Undertaking at Schedule 1 to this Compliance Manual which confirms and sets out your obligations. This undertaking should have been signed and returned to the MLRO.

2.44 Patron is under a duty to verify the identity of new clients and, in addition, to verify identities again at appropriate times on a risk sensitive basis, for example, when changes occur to the identity of, or relationship with, the client (including changes to the purpose of the client relationship) and any relevant matters in Patron's money laundering risk assessment. Please refer to paragraph 11.23 below. In this context,

a client includes any “business relationship”. This would cover anyone to whom Patron is providing services including the General Partners, Direct Investors, Co-investors and Carry Participants. Further information is provided in paragraph 11.5 below. While advised and Non-Advised joint venture partners are not generally customers or clients of Patron bearing in mind the wide definition of “business relationship” you should still be aware of your general duty to monitor for any suspicions of money laundering at all times as set out above and report if you have any concerns. For avoidance of doubt, it is worth noting that the satisfaction by Patron of anti-money laundering requirements does not only apply in relation to its clients, but more generally with respect to its business and activities. You should also be aware that the UK anti-money laundering regime applies to all of Patron’s activities wherever they are carried on and to its subsidiary companies. Do not assume less stringent standards apply when you conduct business outside the UK.

2.45 The golden rule is: if in doubt, report to the MLRO. For further information on reporting procedures, see Chapter 11 of the Compliance Manual.

2.46 Information disclosure

2.47 Before conducting business with/for a client, Patron must give that client information about:

- (a) Patron and its services;
- (b) the financial instruments in respect of which it will provide such services and the proposed investment strategies;
- (c) appropriate warnings regarding the risk associated with such investments; and
- (d) any costs or charges for the client.

2.48 Patron must provide this information in a comprehensible form in such a manner that a client is reasonably able to understand the nature and risks of the investment service and of the specific type of financial instrument that is being offered and, consequently, to take investment decisions on an informed basis.

2.49 Certain clients will be entitled to protection under the Financial Services and Compensation Scheme in the event that Patron fails (for example, if it is wound up). Patron must provide to its clients information about the compensation scheme and its cover. On request, Patron must provide to such clients the conditions and formalities relevant to any claim for compensation (COBS 6.1ZA.2.18). This information is available from the Compliance Officer.

2.50 This information will be provided in the investment advisory agreement with the relevant General Partner.

2.51 Risk warnings

2.52 When Patron is conducting Advised Business with/for any client, Patron must provide the client with appropriate risk warnings in accordance with COBS 14.3A which provide:

- (a) appropriate guidance on, and warnings of, the risks associated with investments in financial instruments or in respect of particular investment strategies; and
- (b) information on whether a particular financial instrument is intended for retail or professional clients, taking account of the identified target market in accordance with the rules in PROD 3 of the FCA Rules.

2.53 This information must be provided in a comprehensible form in such a manner that the client is reasonably able to understand the nature and risks of the investment service and of the specific type of financial instrument that is being offered and, consequently, to take investment decisions on an informed basis.

2.54 Patron must provide clients or potential clients in good time before the provision of services with a general description of the nature and risks of financial instruments, taking into account, in particular, the client's categorisation as either a retail client, professional client or eligible counterparty. That description shall explain the nature of the specific type of instrument concerned, the functioning and performance of the financial instrument in different market conditions, including both positive and negative conditions, as well as the risks particular to that specific type of instrument in sufficient detail to enable the client to take investment decisions on an informed basis.

2.55 The description of risks shall include, where relevant to the specific type of instrument concerned and the status and level of knowledge of the client, the following elements:

- (a) the risks associated with that type of financial instrument including an explanation of leverage and its effects and the risk of losing the entire investment including the risks associated with insolvency of the issuer or related events, such as bail in;
- (b) the volatility of the price of such instruments and any limitations on the available market for such instruments;
- (c) information on impediments or restrictions for disinvestment, for example as may be the case for illiquid financial instruments or financial instruments with a fixed investment term, including an illustration of the possible exit methods and consequences of any exit, possible constraints and the estimated time frame for the sale of the financial instrument before recovering the initial costs of the transaction in that type of financial instruments;
- (d) the fact that an investor might assume, as a result of transactions in such instruments, financial commitments and other additional obligations,

including contingent liabilities, additional to the cost of acquiring the instruments; and

- (e) any margin requirements or similar obligations, applicable to instruments of that type.
- 2.56 Where a financial instrument is composed of two or more different financial instruments or services, Patron shall provide an adequate description of the legal nature of the financial instrument, the components of that instrument and the way in which the interaction between the components affects the risks of the investment.
- 2.57 In the case of financial instruments that incorporate a guarantee or capital protection, Patron shall provide a client or a potential client with information about the scope and nature of such guarantee or capital protection. When the guarantee is provided by a third party, information about the guarantee shall include sufficient detail about the guarantor and the guarantee to enable the client or potential client to make a fair assessment of the guarantee.
- 2.58 Patron must provide a client with adequate reports on the service provided in a durable medium. The reports must include:
- (a) periodic communications to the client, taking into account the type and the complexity of the financial instruments involved and the nature of the service provided to the client; and
 - (b) where applicable, the costs associated with the transactions and services undertaken on behalf of the client.
- 2.59 This information will be provided in the investment advisory agreement with the relevant General Partner.
- 2.60 **Product governance**
- 2.61 Patron must comply with product governance requirements when selling and promoting the Patron Funds. As part of the product governance requirements, Patron must assess the target investors for the Patron Funds. The target investors for the Patron Funds will always be professional and institutional investors.
- 2.62 Patron must obtain from the General Partners of the Patron Funds sufficient information regarding the Patron Funds to ensure that Patron sells and promotes the Patron Funds in accordance with the needs, characteristics and objectives of the target investors. Target investors are all investment professionals and institutional investors. Information regarding the target investors will be included in the private placement memorandum for the Patron Funds. Due to Patron's role as investment adviser in respect of the Patron Funds together with Patron representatives sitting on Patron Fund investment committees and investment vehicle boards and committees, it has a detailed understanding of the Patron Funds.
- 2.63 Patron must report to its members regarding compliance with the MiFID product governance requirements annually. Compliance reports must include information about the Patron Funds sold by Patron. This is provided for in Appendix 11 (*Template for Compliance Officer's Report to the Members of Patron*). In particular, compliance reports should confirm that no investment advice has been provided to

investors to recommend investment in the Patron Funds. These reports must be made available to the FCA on request.

2.64 Patron must regularly review the Patron Funds and any investment services provided by Patron when selling or promoting the Patron Funds. Regular reviews are only required during fund raising and should also be carried out prior to closing a new Patron Fund. Reviews must take into account any event that could materially affect the potential risk to the identified target market of investors. This could include changes to market conditions or events such as Brexit.

2.65 **Inducements**

2.66 *Fees and benefits received by Patron*

Patron must not:

- (a) pay to or accept from any party (other than the client or a person on behalf of the client) any fee or commission in connection with the provision of an investment service/ancillary service to its clients (i.e. the General Partner of the Patron Funds); or
- (b) provide to or receive from any party (other than the client or a person on behalf of the client) any non-monetary benefit in connection with the provision of an investment service/ancillary service to its clients.

2.67 This does not apply to a fee, commission or non-monetary benefit which: (i) is designed to enhance the quality of the relevant service to the client; and (ii) does not impair compliance with Patron's duty to act honestly, fairly and professionally in the best interests of the client (COBS 2.3A.5). A fee, commission or non-monetary benefit is designed to enhance the quality of the relevant service to a client only if it meets certain specific criteria, and therefore any payment or benefit of this type must be discussed with the Compliance Officer as soon as possible.

2.68 You must inform the Compliance Officer of any offer, suggestion, arrangement or other matter or proposal of which you become aware which you consider is or may be an inducement which is not allowed under the FCA Rules, or which may be viewed or construed as such. The Compliance Officer should be consulted at the earliest opportunity in the event of any doubt.

2.69 Where applicable, Patron will inform a client of the mechanisms for transferring to the client the fee, commission, monetary or non-monetary benefit received in relation to the provision of the relevant service such as through periodic reporting statements.

2.70 Fees payable to Patron in a deal context where Patron provides services to portfolio companies and where those portfolio companies would otherwise need to appoint (more expensive) third parties to perform those services are not captured by the inducements rules. This on the basis that such fees are not received by Patron in relation to the provision of advisory services to the General Partners of the Patron Funds. This means that Patron can continue to receive these fees.

2.71 Any non-monetary benefits may only be accepted in line with paragraph 2.67 above. This will impact, for example, entertainment provided by service providers in the context of the work done for the General Partners. Non-monetary benefits

which are likely to be acceptable are (at a high level) those which are capable of enhancing the quality of service to the client (i.e. the General Partner); are of a scale and nature that they could not be judged to impair Patron's compliance with its duty to act honestly, fairly and professionally in the best interests of its client; and are reasonable, proportionate and of a scale that is unlikely to influence Patron's behaviour in any way that is detrimental to the interests of the client. For example, types of permissible benefit might be attendance at/participation in conferences, seminars and other training events, hospitality of a de minimis value. Any proposals regarding non-monetary benefits which may be accepted by Patron must be discussed with the Compliance Officer.

2.72 Fees and benefits provided by Patron

2.73 In relation to fees, commissions and non-monetary benefits provided by Patron to third parties, these payments must be designed to enhance the quality of the relevant service to the client; and not impair compliance with Patron's duty to act honestly, fairly and professionally in the best interests of the client.

2.74 For all such fees, commissions and benefits, Patron must assess and record the reasons why each payment made or benefit provided meets the above requirements.

2.75 Disclosure

2.76 Where Patron either accepts or retains an acceptable minor non-monetary benefit; or pays or provides a fee, commission or non-monetary benefit, Patron must clearly disclose to the relevant General Partner the existence and nature of the payment or benefit; and the amount of the payment or benefit or, where the amount cannot be ascertained, the method for calculating that amount. This will be included in the investment advisory agreement with the relevant General Partners.

2.77 Research

2.78 Any research sent to Patron will be deemed to be an inducement unless it is paid for by Patron or the General Partners of the Patron Funds.

2.79 If research will be paid for by the General Partners of the Patron Funds, Patron must agree the budget with each respective General Partner, put in place a budgeting process and a quality assessment process and a research policy. Patron will also need to report in relation to the money spent on research on an annual basis and this must be reported to the Compliance Officer.

2.80 Research is defined for these purposes as research material or services:

- (a) concerning one or several financial instruments or other assets; or
- (b) the issuers or potential issuers of financial instruments; or
- (c) closely related to a specific industry or market such that it informs views on financial instruments, assets or issuers within that sector,

and which explicitly or implicitly recommends or suggests an investment strategy and provides a substantiated opinion as to the present or future value or price of such instruments or assets, or otherwise contains analysis and original insights and reaches conclusions based on new or existing information that could be used to

inform an investment strategy and be relevant and capable of adding value to Patron's advice on behalf of clients being charged for that research.

2.81 Due diligence on a potential investment will not constitute research. However, if Patron receives other investment materials that will constitute research these must be paid for by Patron or the General Partners in accordance with the requirements above. If any staff is sent research which has not been paid for in this way, you must notify the Compliance Officer immediately.

2.82 **Client money**

Patron is **not** authorised to hold client money on behalf of clients. Patron should not, therefore, hold money on behalf of or receive money from clients or from a third party on behalf of the client.

Documents referred to in this Chapter	Where found in Manual	Ring Binder Reference
Money Laundering Undertaking	Schedule 1	Employee Compliance folder

PART B: COMPLIANCE FUNCTION INFORMATION

2.83 This Part B of Chapter 2 of the Compliance Manual sets out some of the more detailed conduct of business obligations with which Patron must comply. The numbers in brackets refer to the rule reference in the FCA Conduct of Business Sourcebook (“**COBS**”).

2.84 Suitability

2.85 Where Patron conducts Advised Business with/for a client in relation to a designated investment, it must take reasonable steps to ensure that any personal recommendation given in the course of that Advised Business is suitable for that client, in accordance with the client’s risk tolerance and ability to bear losses (COBS 9A.2.1R).

2.86 In practical terms this means that Patron must assess the suitability of the advice communicated to clients in Investment Origination Memoranda, Investment Memoranda or financial models for each client to whom this advice is communicated. This is the case whether or not the advice is expressly addressed to a particular client. If Patron has initially addressed the advice to one set of clients (and assessed the suitability of that advice for those clients) but then passes that same advice on to another group of clients, Patron must assess the suitability of that advice for the second group of clients before communicating it to them. This is particularly relevant where documents prepared for a General Partner are also being provided, say, to a co-investor.

2.87 The assessment of suitability involves obtaining information about the client’s:

- (a) knowledge and experience in the investment field relevant to the specific type of financial instrument or service;
- (b) investment objectives (including his risk tolerance); and
- (c) financial situation (including his ability to bear losses),

in order to enable Patron to make a suitable recommendation or decision in relation to those facts (COBS 9A.2.1R).

2.88 Information gathering for the assessment of suitability

2.89 Patron is required to determine the extent of the information to be collected from clients in light of all the features of the investment advice to be provided to those clients. This will be information as is necessary for Patron to understand the essential facts about the client and to have a reasonable basis for determining, giving due consideration to the nature and extent of the service provided, that the specific transaction to be recommended satisfies the following criteria:

- (a) it meets the investment objectives of the client in question, including the client’s risk tolerance;
- (b) it is such that the client is able financially to bear any related investment risks consistent with his investment objectives; and
- (c) it is such that the client has the necessary experience and knowledge in order to understand the risks involved in the transaction.

- 2.90 The information regarding a client's knowledge and experience in the investment field includes, to the extent appropriate to the nature of the client, the nature and extent of the advice to be provided and the type of product or transaction envisaged, including their complexity and the risks involved, information on:
- (a) the types of service, transaction and designated investment with which the client is familiar;
 - (b) the nature, volume, frequency of the client's transactions in designated investments and the period over which they have been carried out; and
 - (c) the level of education, profession or relevant former profession of the client (COBS 9A.2.6R).
- 2.91 The information regarding the financial situation of the client should include, where relevant, information on the source and extent of regular income, assets, including liquid assets, investments and real property, and regular financial commitments.
- 2.92 The information regarding the investment objectives of the client should include, where relevant, information on the length of time for which the client wishes to hold the investment, preferences regarding risk taking, risk profile, and the purposes of the investment.
- 2.93 Information for suitability is provided to Patron by virtue of the Limited Partnership Agreement and private placement memorandum for the Patron Funds.
- 2.94 Where the client has been categorised as professional client, Patron is entitled to assume that the client has the appropriate level of knowledge and experience (COBS 9A.2.5). This means that when conducting Advised Business with/for any of the Direct Investors who have been successfully re-categorised as professional clients or the General Partners of the Patron Funds Patron can assume that they have the requisite knowledge and experience. In addition, because the General Partners are per se professional clients Patron can assume that they are able to bear the financial risks of the investment. Patron does not have permission to advise retail clients currently.
- 2.95 If Patron is unable to obtain sufficient information from the client to adequately assess the suitability of a transaction for the client, then Patron must not provide investment advice to the client (COBS 9A.2.13R). (See the Suitability Assessment Form - Schedule 2)
- 2.96 **When to assess suitability**
- 2.97 The assessment of suitability must be conducted for each client with/for whom Patron conducts Advised Business on a transaction by transaction basis. This means that in relation to each transaction on which Patron advises the client, Patron must conduct a suitability assessment before providing the advice. However, Patron is not required to provide the client with a suitability report (COBS 9A.3.2 and COBS 9A.3.6).
- 2.98 Therefore, prior to each transaction (and before providing advice in relation to that transaction), the Suitability Assessment Form (as set out in Schedule 2) must be completed and returned to the Compliance Officer. Assuming that the Suitability Assessment Form has been completed satisfactorily, the Suitability Assessment

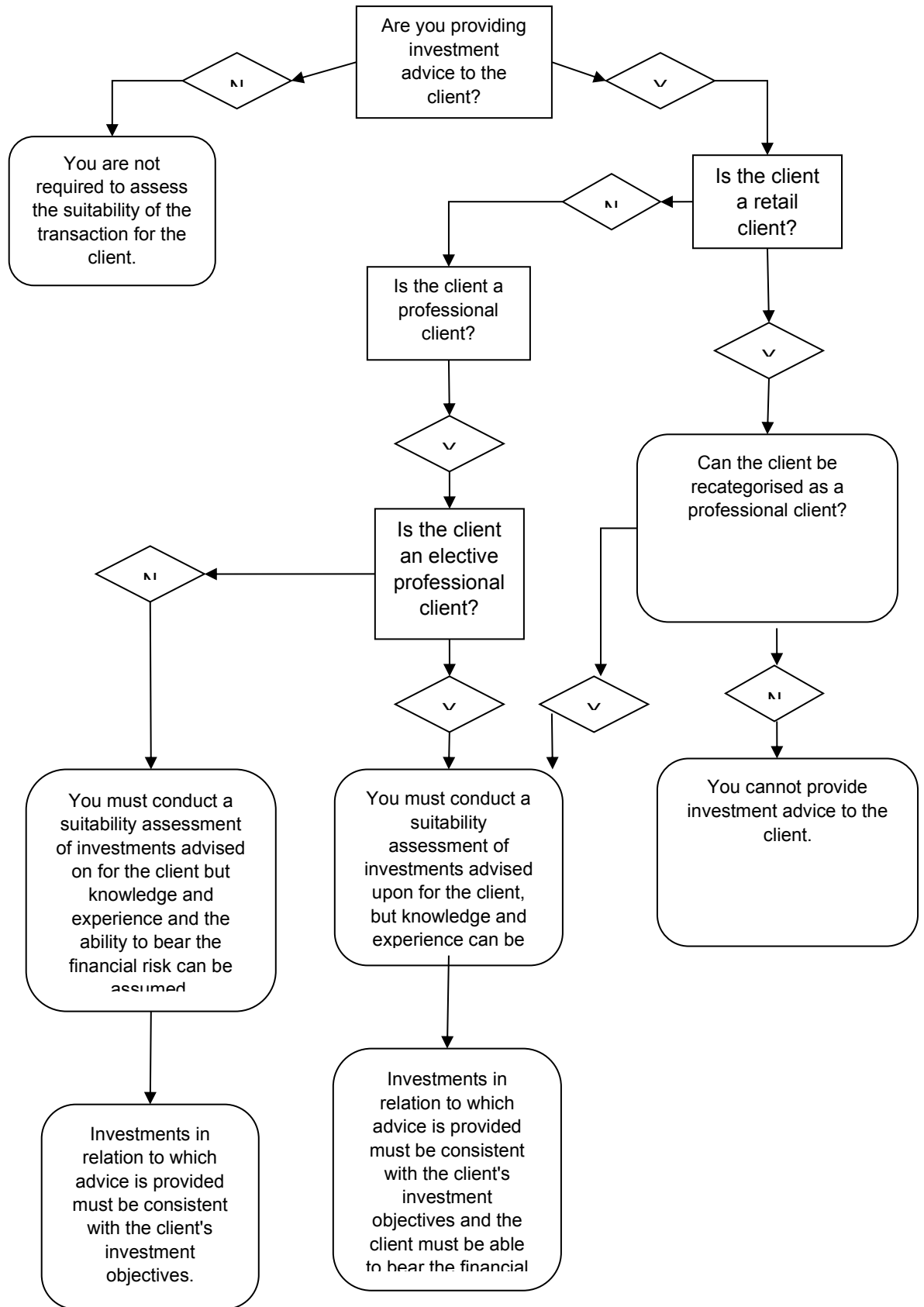
Form will then be reviewed and signed by the Compliance Officer, following which it will be reviewed and signed by the Chairman.

2.99 Whilst other Relevant Staff and any other persons of Patron to whom this Compliance Manual applies may be involved in the process of gathering information with regard to the assessment of suitability for a client and completing the Suitability Assessment Form, it will be the duty of the Compliance Officer and the Chairman to make a final decision as to the suitability of a particular investment for a client. As set out above it is only the Chairman who may approve the advice to be provided to the client in the form of an Investment Memorandum or a financial model.

2.100 **Record-Keeping**

2.101 Although Patron is not required to provide clients with a suitability report, Patron must retain a record of the assessment of suitability which it undertakes for each client in relation to each transaction. The Compliance Officer will retain these records. If you are involved in assisting the Compliance Officer with the task of assessing the suitability of an investment for a client you must assist the Compliance Officer with their record-keeping obligations which are set out in Chapter 15.

Suitability Flowchart



2.102 **Best Execution**

Although Patron has permission for arranging deals in investments, it is Patron's policy not to execute or transmit orders for its clients. This means that following any investment recommendations to the General Partners of the Patron Funds or any Pooled Funds or other clients, Patron must ensure that its involvement in a transaction does not require it to directly execute an order for the Patron Funds, Pooled Funds or other clients, or place an order for the Patron Funds, Pooled Funds or other clients, with another entity for execution. Consequently, a duty of best execution will not be applicable to Patron. In the event that Patron does execute transactions, it will need to update its procedures to ensure it complies with obligations regarding best execution and also, transaction reporting.

CHAPTER 3 PERSONAL ACCOUNT DEALING

This Chapter of the Compliance Manual is relevant to all Relevant Staff. Please ensure that you have read and understood its content and how this applies to your employment or engagement with Patron.

- 3.1 You must not enter into personal transactions in investments other than as permitted by Patron's Personal Account Dealing Rules (the "**PAD Rules**") set out below. When you enter into employment or engagement with Patron you will have been provided with a copy of the **Compliance Undertaking** at Schedule 3 of this Compliance Manual which confirms and sets out your obligations with regard to personal account dealing. This undertaking should have been signed and returned to the Compliance Officer.
- 3.2 A personal transaction is defined as any trade in a designated investment which is outside the regular course or scope of your employment or engagement with Patron or a trade carried out for yourself or for the account of your associates. As Patron is not authorised by the FCA to trade in any designated investments this will include any trade which you enter into.
- 3.3 An associate includes any person, including members of your family, companies or partnerships in which you have any interest whether as a shareholder or as a director whose business or domestic relationship with you would give rise to a community of interest between you or any person in respect of whom you have a direct or indirect material interest in the outcome of the trade, other than obtaining a fee or commission for the execution of the trade.
- 3.4 If you wish to enter into any personal transaction (other than those listed at paragraph 3.5 below) you must complete a **Personal Account Dealing Approval Form** and before entering into the transaction, submit it to the Compliance Officer. A copy of the Personal Account Dealing Approval Form can be found at Schedule 4 of this Manual. You may only enter into the personal transaction once you have received written approval from the Compliance Officer to do so. The Compliance Officer will keep a register of personal transactions entered into by employees.
- 3.5 You are not required to submit a Personal Account Dealing Approval Form to the Compliance Officer in relation to personal transactions:
 - (a) effected under a discretionary portfolio management service where there is no prior communication in connection with the transaction between you or any other person for whose account the transaction is executed and the portfolio manager; and
 - (b) personal transactions in undertakings for collective investments in transferable securities (UCITS) or AIFs that are subject to supervision under the law of an EU Member State which requires an equivalent level of risk spreading in their assets, where you and any other person for whose account the transactions are effected are not involved in the management of that undertaking.

- 3.6 Broadly the PAD Rules are designed to prevent you from entering into a personal transaction either for your own account or for an associate which meets any of the following criteria:
- (a) that you are prohibited from entering into under market abuse legislation – please see Chapter 4 for further details;
 - (b) if it involves the misuse or improper disclosure of that confidential information; and/or
 - (c) it conflicts or is likely to conflict with an obligation of Patron to a client under the regulatory system or any other regulatory obligation of Patron.
- 3.7 The PAD Rules do not apply to your participation in Patron’s co-investment or carry opportunities. The PAD Rules are most likely to be relevant to you where Patron is acting in conjunction with a listed entity – either in the capacity of a joint venture partner, a co-investor – or where Patron is arranging a deal for a client where the target is a listed entity. However, the PAD Rules may also apply in other circumstances. If you are in any doubt please consult the Compliance Officer.
- 3.8 When you submit a Personal Account Dealing Approval Form to the Compliance Officer, he will only approve your personal transaction where he is satisfied that the personal transaction is unlikely to result in a conflict of interest with Patron’s duties to its clients, joint venture partners or counterparties.
- 3.9 These PAD Rules also govern your dealings:
- (a) as a personal representative or trustee of an estate or trust if you have a significant personal or family interest (directly or indirectly) under an estate or trust;
 - (b) as a personal representative or trustee even if 3.9(a) does not apply unless you are relying entirely on professional advice; or
 - (c) for any other third party.
- 3.10 These PAD Rules also govern dealings which:
- (a) you advise, recommend or procure someone else to undertake; or
 - (b) you know, or have reason to believe, someone else will undertake, or advise or procure someone else to, as a result of any information or opinion you have given or expressed to him,
- so you must not get, or encourage, others to do what you could not.
- 3.11 You must also not disclose, other than in the normal course of your employment any information or opinion to any other person where you know, or reasonably ought to know, that as a result of that disclosure that other person will or would be likely to take either of the following steps:
- (a) to enter into a transaction, which if it were a personal transaction of yours would be prohibited by this policy; or
 - (b) to advise or procure another person to enter into such a transaction.

- 3.12 You also may not enter into a personal transaction with a client of Patron. In addition, you must not enter into a personal transaction against any client's interests.
- 3.13 You must not deal in an investment which is considered by Patron as an investment opportunity for any of Patron's clients, on which Patron carries out due diligence, in relation to which Patron is in contractual negotiation, nor in any related investment (for example, shares of a different class of the same company, or traded options over the investment).
- 3.14 You must not take a gift, bribe or any other hospitality which might create a conflict of interest with any client's interest or with the interests of Patron. Please refer to the Gifts and Corporate Hospitality Policy at Appendix 14 for detail on Patron's policy on gifts, bribes and hospitality.
- 3.15 In addition, you must not breach the insider dealing legislation, that is, Part V of the Criminal Justice Act 1993. Please see Chapter 4 of this Compliance Manual for further details. If you have any questions regarding the insider dealing legislation and how it applies to you or to any one else for whom you may deal in investments, you should contact the Compliance Officer.

Documents referred to in this Chapter	Where found in Manual	Ring Binder Reference
Compliance Undertaking	Schedule 3	Employee Compliance folder
Personal Account Dealing Approval Form	Schedule 4	Employee Compliance folder
Gifts and Corporate Hospitality Policy	Appendix 14	N/A

CHAPTER 4
MARKET ABUSE, CRIMINAL OFFENCES AND PATRON'S WHISTLEBLOWING POLICY

This Chapter of the Compliance Manual is relevant to all Relevant Staff. Please ensure that you have read and understood its content and how this applies to your employment or engagement with Patron.

- 4.1 The European Market Abuse Directive ("EU MAD"), which was intended to assist in the harmonisation of rules for market abuse throughout the EU, was published on 12 April 2003 and had to be implemented by member states by 12 October 2004. EU MAD was repealed and replaced with the Market Abuse Regulation ("MAR") on 3 July 2016 and introduces an updated and strengthened EU market abuse regime. Post-3 July 2016, the UK's civil market abuse regime is contained in MAR rather than section 118 of FSMA.
- 4.2 The criminal market abuse regime under the Criminal Justice Act 1993 remains unchanged as the UK government opted not to implement the Directive on Criminal Sanctions for Market Abuse.
- 4.3 **The civil offence of "market abuse"**
- 4.4 MAR sets out four types of behaviour that constitute market abuse:
- (a) engaging or attempting to engage in insider dealing;
 - (b) recommending that another person engages in insider dealing, or inducing another person to engage in insider dealing;
 - (c) unlawfully disclosing inside information; and
 - (d) engaging or attempting to engage in market manipulation.
- 4.5 Market abuse can be committed by anyone, not just authorised persons such as Patron. In order to amount to market abuse, the behaviour must fall into one of the above four types of behaviour, and it must fall within the 'scope' of MAR. This means that the behaviour must relate to the types of investments that MAR applies to.
- 4.6 The scope of MAR is very wide. For all four types of behaviours, the types of investments that MAR applies to include financial instruments (as defined by MiFID, which includes transferable securities, money market instruments, units in collective investment undertakings and most derivatives and any other instrument admitted to trading on a regulated market) that are:
- (a) admitted to trading on a regulated market or for which a request for admission to trading on a regulated market has been made;
 - (b) traded on a multilateral trading facility, admitted to trading on a multilateral trading facility or for which a request for admission to trading on a multilateral trading facility has been made; and/or
 - (c) not listed above, but the price or value of which depends on or has an effect on the price or value of a financial instrument that is listed above. By way

of example, this would capture credit default swaps and contracts for difference.

4.7 For the fourth type of behaviour (engaging or attempting to engage in market manipulation), the following investments are also within the scope of MAR:

- (a) certain spot commodity contracts;
- (b) certain financial instruments linked to spot commodity contracts; and
- (c) behaviour in relation to benchmarks.

4.8 **Insider dealing**

4.9 Two of the four civil market abuse offences relate to insider dealing. Insider dealing occurs when a person possesses inside information and uses 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. In essence, "inside information" is precise information that:

- (a) has not been made public;
- (b) relates directly or indirectly to one or more issuers or one or more financial instruments; and
- (c) would, if it were made public, be likely to have a significant effect on the price of those financial instruments or on the price of related derivative financial instruments.

4.10 Information is precise if it:

- (a) indicates circumstances that exist or may reasonably be expected to come into existence, or an event has occurred or may reasonably be expected to occur; and
- (b) is specific enough to enable a conclusion to be drawn as to the possible effect of those circumstances or that event on the price of the financial instruments, related derivative financial instruments or related spot commodity contracts.

4.11 There is a rebuttable presumption that a person who deals whilst in possession of inside information uses that information. However, there are certain circumstances where it will not be deemed from the mere fact that a person had inside information that they did use it. These circumstances include:

- (a) where a person possesses inside information and is authorised to execute orders on behalf of third parties, carrying out those third party orders legitimately in the normal course of business; and
- (b) where a person possesses inside information and conducts a transaction in good faith and in discharge of an obligation that had become due in good faith, and not in order to circumvent the prohibition on insider dealing.

4.12 When considering whether to deal on the basis of information, some good rules of thumb to consider are:

- (a) how would this look, if judged with hindsight?
- (b) the “counterparty test” – What would a counterparty think of your actions? Would they raise suspicion in their mind?
- (c) the “immediate instinct test” – if you are considering whether or not you should deal that indicates doubt that information is not inside information.
- (d) the “unfair advantage test” – would I be securing an unfair advantage to a counterparty’s corresponding unjust detriment?

4.13 The following unpublished information may amount to inside information:

- (a) details of profits or losses;
- (b) details of proposed mergers or take-overs;
- (c) details of the purchase or sale of significant assets;
- (d) knowledge of changes in the nature of the business or the board of directors or the capital structure of the company;
- (e) information about a company (‘A’) which would have an impact on another company (‘B’);
- (f) information about a company sector which may have an impact upon some or all companies active in that or a related sector.

4.14 These examples are given by way of illustration only and are not exhaustive. If you are in any doubt as to whether information is inside information, you should seek guidance from the Compliance Officer.

4.15 **Unlawful disclosure of inside information**

4.16 Unlawful disclosure of inside information occurs 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 their employment, profession or duties.

4.17 Any material non-public information, including inside information (which would include price sensitive information relating to issuers on the restricted list (being the list of issuers in whose shares employees cannot trade)), should only be shared with staff who have good reason to receive that information. This means that such information should only be communicated on a strict “need-to-know” basis, for example, in the course of discussion with the Compliance Officer.

4.18 **Market manipulation**

4.19 It is an offence to engage or attempt to engage in market manipulation. There are four types of market manipulation:

- (a) entering into a transaction, placing an order to trade or any other behaviour which gives or is likely to give false or misleading signals as to the supply of, demand for, or price of a financial instrument or related spot commodity contract, or to secure the price at an abnormal or artificial level, unless the behaviour is carried out for a legitimate reason and conforms with certain accepted market practices;

- (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 or a related spot commodity contract, which employs a fictitious device or any other form of deception or contrivance;
- (c) disseminating information through any 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 product, or which secures the price of a financial instrument or related spot commodity contract at an abnormal or artificial level. This includes the dissemination of rumours where the person making the dissemination knew or ought to have known that the information was false or misleading; and
- (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.

4.20 Under the civil regime, the FCA may impose one or more of the following penalties:

- (a) an unlimited fine;
- (b) issue a public statement;
- (c) apply to the court to seek an injunction or restitution order; or
- (d) disciplinary proceedings, which could result in withdrawal of a Senior Manager's approval where that Senior Manager is guilty of market abuse as they will also be guilty of a breach of the FCA's Principles.

4.21 Further guidance on the market abuse regime is available at the Market Conduct (or "**MAR**") section of the FCA Handbook available on the FCA's website.

4.22 The above information is a brief summary only and is not a comprehensive guide to the law on market abuse. If you become aware of an activity being carried on by anyone in Patron which may amount to market abuse, you must notify the Compliance Officer immediately. Patron considers any breach of the market abuse regime as a serious disciplinary matter which may result in suspension and/or dismissal in addition to the penalties set out above.

4.23 **Criminal offences**

4.24 In addition to the civil offences of market abuse (as set out above), there are a number of criminal offences that you need to be aware of, in particular:

- (a) **Insider dealing under the Criminal Justice Act 1993**

There are separate provisions concerning insider dealing contained in Part V of the Criminal Justice Act 1993 (the "**CJA**").

The CJA applies to all securities traded on a regulated market (which currently includes all EEA stock exchanges and NASDAQ) and to warrants and derivatives (including index options and futures) relating to these

securities even if these warrants and derivatives are only “over the counter” traded.

In broad terms, and subject certain defences, it is a criminal offence, with a maximum penalty of seven years imprisonment and an unlimited fine, for an individual who has non-public information (an insider) to:

- (i) deal in price-affected securities (including warrants or derivatives relating to them) on a regulated market;
- (ii) encourage another to deal in price-affected securities when in possession of inside information; or
- (iii) disclose inside information otherwise than in the proper performance of his employment, office or profession.

Securities are “price affected” if the inside information, were it made public, is likely to have a significant effect on the price of the securities. This applies to all companies’ securities affected by the information, whether directly or indirectly (for example, competitors of a company about to launch a new product).

The CJA applies whether you deal as part of your employment or engagement, or on your own account. It also covers information obtained directly or indirectly from an insider, whether or not in the course of your employment or engagement (for example, through social contacts).

(b) **False or misleading statements and impressions**

Under section 89 of the Financial Services Act 2012 (the “**FS Act**”), a person who knowingly, or recklessly (dishonestly or otherwise) makes a statement which is “false or misleading in a material respect” or “dishonestly conceals any material facts whether in connection with a statement, made by him or otherwise” is guilty of an offence if he or she does so for the purpose of inducing, or is reckless as to whether it may induce, another person (whether or not the person to whom the statement is made) to either:

- (i) enter or offer to enter into or refrain from entering or offering to enter into a relevant agreement²; or
- (ii) exercise or refrain from exercising any rights conferred by a relevant investment³.

4.25 In addition, under section 90 of the FS Act, any person who does anything which creates a false or misleading impression of the market or price or value of any

² “Relevant agreement” in this context means an agreement, the entering into or performance of which by either party constitutes an “activity of a specified kind” (as defined in the Financial Services Act 2012 (Misleading Statements and Impressions) Order 2013/637 - this includes certain regulated activities, such as managing an alternative investment fund (AIF)). It must also relate to a relevant investment (see below).

³ “Relevant investment” means a “controlled investment” specified in the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005/1529. This includes debentures, bonds and options.

relevant investment is guilty of an offence if he or she does so to influence the behaviour of another person in respect of that investment.

4.26 The following are examples of conduct that would amount to a misleading statement and/or impression:

- (a) entering into a transaction without a legitimate economic justification - such as entering into it for the sole purpose of raising or lowering the price of a security; and
- (b) circulating false information in the market regarding a financial instrument or trading activity in that instrument.

4.27 The maximum penalty is seven years' imprisonment or an unlimited fine or both.

4.28 This Chapter is only a brief summary of the law on market abuse, insider dealing and other criminal offences. Many of the terms used in the market abuse regime have detailed statutory meanings which have not been extracted above. **If you are in any doubt, you must consult the Compliance Officer.**

4.29 **Whistleblowing Policy**

4.30 The Public Interest Disclosure Act 1998 ("**PIDA**") protects employees who "blow the whistle" about wrongdoing in the workplace. The purpose of PIDA is to protect employees from being subject to a detriment by their employer should they blow the whistle on their employer. Detriment includes not only dismissal but also denial of promotion, facilities or training opportunities.

4.31 The effect of PIDA is to enable any employee within Patron to make a disclosure without the fear of detriment, if they have a reasonable belief that one or more of the following has been or is likely to be committed:

- (a) a criminal offence;
- (b) a failure to comply with any legal obligation;
- (c) a miscarriage of justice;
- (d) the putting of the health and safety of an individual in danger;
- (e) damage to the environment; or
- (f) deliberate concealment relating to any of (a) to (e).

4.32 If you blow the whistle in relation to any of these activities, provided that you act in good faith, you will be protected under PIDA.

4.33 Patron does not support any illegal or dangerous practices including those listed above and positively encourages you to bring any of these practices to the attention of:

- (a) in the first instance, your Line Manager;
- (b) in the second instance, Kendall Langford as General Counsel or Shane Law; and

- (c) where these practices relate to tax matters, Mark Parnell as Finance Director.

Any of these practices could result not only in a breach of law or regulation by Patron, but some could result in a threat to personal safety. In addition, these practices could tarnish Patron's reputation within the financial sector. It is for these reasons that we encourage escalation where appropriate in accordance with this policy.

- 4.34 If you do not feel able to raise your concerns directly with Patron, you may be able to share them with an appropriate third party, for example the FCA, and still receive the protection of PIDA. However, Patron would strongly encourage you to raise your concerns internally before sharing them with a third party.
- 4.35 If you raise a concern which is covered by PIDA about any aspect of Patron's business, in accordance with paragraph 4.15 (a) to (f) above, Patron will not terminate your contract, subject you to victimisation or damage your career prospects in any way. However, if you abuse the process by making false or malicious allegations this will be regarded as serious misconduct. If you believe that you have suffered detriment as a result of making a disclosure, please contact Shane Law.
- 4.36 If you wish, Patron will keep confidential any report which you might make in accordance with this policy. If you make a report covered by PIDA you will be supported by Patron and protected from any reprisals within the workplace.
- 4.37 Please speak to the Compliance Officer if you require further guidance. If you feel unable to contact the Compliance Officer, you may obtain further advice from Public Concern at Work, an independent charity. Their contact details are:

Public Concern at Work
CAN Mezzanine
7-14 Great Dover Street
London
SE1 4YR
Tel: 020 7404 6609
Email: whistle@pcaw.org.uk
Website: www.pcaw.co.uk

CHAPTER 5
RECORDING OF TELEPHONE CONVERSATIONS AND OTHER ELECTRONIC COMMUNICATIONS
AND MONITORING POLICY

This Chapter of the Compliance Manual is divided into two parts:

- (a) Part A: for all Patron staff who have been notified by Compliance that they are subject to recording obligations; and
- (b) Part B: for Patron's Compliance Function which is responsible for Patron's recording policy. This is in order to provide further guidance for monitoring and retaining records of relevant communications.

PART A: STAFF INFORMATION

5.

- 5.1 As a MiFID firm, Patron is required to record telephone conversations (e.g. landlines, mobiles, Skype) and other electronic communications (e.g. email, chat rooms, WhatsApp) where it carries on the regulated activity of arranging (bringing about) deals in investments. "Investments" for these purposes includes financial instruments (i.e. shares, bonds and derivatives). It does not include direct investments in real estate or loans. It will therefore capture any corporate transactions.
- 5.2 As an adviser-arranger firm, Patron must record communications where it negotiates investments on behalf of the Patron Funds and also when Patron negotiates investments by investors into the Patron Funds.
- 5.3 In the deal context, the FCA has confirmed that the focus of the recording (i.e. telephone and/or other electronic communications) requirement is on the end of the process leading to a transaction where the transaction is agreed or there is a reasonable prospect of the transaction being agreed (i.e. final deal negotiations). Therefore, it is only the final deal calls between the counterparties that will need to be recorded, not the whole deal process.
- 5.4 The individuals within Patron whose communications must be recorded, are those individuals who negotiate transactions and/or investments for and on behalf of the Patron Funds. This is typically persons who are Certification Staff certified by Patron as fit and proper to perform the client dealing function. Therefore, if such an individual is going to undertake a phone call where there will be a negotiation of transactions and/or investments which is likely to lead to a transaction, or there is a reasonable prospect of a transaction being agreed, that individual must opt to record that phone call. In addition, it is Patron's policy for the Chairman to attend all calls which must be recorded and the relevant individual must ensure that the Chairman attends the relevant phone call.
- 5.5 In addition to the telephone recording obligation, face-to-face conversations with the General Partners of the Patron Funds during which client instructions are received must also be recorded, although these communications may be recorded

by using written minutes or notes. These notes should include at least the following information:

- date and time of the meeting;
 - location of the meeting;
 - initiator of the meeting;
 - identity of the attendees; and
 - relevant information about the instructions given by the General Partner.
- 5.6 The retention period for these records is 6 years, although the FCA has the ability to require a firm to retain these records for a further year. In respect of emails and other electronic communications within scope of the regime, Patron will need to ensure that these are securely stored for a period of 6 years. As most communications within the scope of the recording obligation is done by email, it is important that such emails are appropriately retained. In respect to retention of emails, this should include all investment transaction related correspondence which should be archived and not deleted.
- 5.7 Patron must ensure that all new and existing clients are notified that telephone communications or conversations between Patron and its clients will be recorded. In practice, this requirement will be met by providing for this notification in the investment advisory agreement entered into between Patron and the relevant General Partner of the Patron Funds.
- 5.8 All staff will be required to sign a Compliance Undertaking (see Schedule 3) confirming agreement to comply with Patron's recording policy.

PART B: COMPLIANCE FUNCTION INFORMATION

- 5.9 **Identifying and notifying staff subject to the recording obligation**
- 5.10 The Compliance Function must maintain an up to date list of staff who are subject to the recording obligation. Patron must ensure that all relevant staff are notified of this status and provided with training regarding Patron's recording policy.
- 5.11 **Monitoring**
- 5.12 Compliance shall periodically monitor the records of transactions which have been recorded.
- 5.13 **Record Keeping**
- 5.14 For all staff subject to the recording obligation, the Compliance Function must maintain a record of all individuals that hold Patron issued devices and those that use private devices approved for use by Patron. Appendix 16 includes a pro-forma schedule.
- 5.15 Patron is required to keep records of all communications (including calls, email, written notes) which are within the scope of the recording obligation for a period of five years from when the record was created, although the FCA has the power to

require a firm to retain these records for a further two years. Records of devices held by staff subject to this recording obligation shall also be retained for this period.

5.16 **Oversight**

5.17 The Compliance Officer is responsible for implementation of Patron's recording policy and for reporting to the Board regarding its implementation, effectiveness and any breaches of the policy.

5.18 **Review**

5.19 The Compliance Function shall review the effectiveness of this policy on an annual basis or more frequently in the event of any change to Patron's business practices.

CHAPTER 6
CONFLICTS OF INTEREST

This Chapter of the Compliance Manual is divided into two parts:

- (a) Part A: for all Patron Relevant Staff. This part is intended to provide an overview of the key compliance issues relevant to all Relevant Staff; and
- (b) Part B: for Patron's Compliance Function. This part is intended to provide more detailed guidance on particular compliance policies and procedures.

PART A: STAFF INFORMATION

6.

6.1 Patron is required by the FCA Rules to identify and to prevent or manage conflicts of interest which may arise in the course of Patron providing investment services to clients. Where Patron has, or may have, a conflict of interest between Patron and the client, or between one client and another, Patron should pay due regard to the interests of each customer and manage or prevent the conflicts of interest.

6.1 When you are conducting investment business with clients you should refer to Patron's conflicts of interest policy (attached at Appendix 7 to this Compliance Manual) and consider any potential conflicts of interest which might arise. For example, you will need to consider whether a proposed client investment conflicts with an existing investment of another client. Within the context of Patron's business a conflict of this kind could arise between the different Patron Funds.

6.2 In the event that a potential or actual conflict of interest is identified:

- (a) you must promptly notify the Compliance Officer;
- (b) you should act consistently with the requirements set out in the conflicts policy for the particular type of conflict;
- (c) you should make a record of the conflict which has arisen; and
- (d) a note of the conflict should be made in the Conflicts Log held by the Compliance Officer (a copy of which can be found at Appendix 8).

PART B: COMPLIANCE FUNCTION INFORMATION

6.3 Patron is required by the FCA Rules to establish, implement and maintain a conflicts of interest policy. Patron's conflicts of interest policy sets out the types of actual or potential conflicts of interest which affect the Manager and the way in which Patron will manage or prevent conflicts which arise. A copy of Patron's conflicts of interest policy can be found at Appendix 7 to this Compliance Manual.

Documents referred to in this Chapter	Where found in Manual	Ring Binder Reference
Patron's Conflicts Policy	Appendix 7	N/A
Patron's Conflicts Log	Appendix 8	Internal Compliance UK Reporting folder

CHAPTER 7 COMPLAINTS

This Chapter of the Compliance Manual is divided into two parts:

- (a) Part A: for all Patron Relevant Staff. This part is intended to provide an overview of the key compliance issues relevant to all Relevant Staff; and
- (b) Part B: for Patron's Compliance Function. This part is intended to provide more detailed guidance on particular compliance policies and procedures.

PART A: STAFF INFORMATION

7.

7.1 Identifying a Complaint

7.2 Patron takes complaints very seriously and must deal with them fairly, promptly and consistently. If complaints are not resolved quickly, they can tarnish Patron's reputation, as well as give rise to adverse regulatory consequences and/or litigation.

7.3 A complaint means any expression of dissatisfaction, whether oral or written, and whether justified or not, from or on behalf of a client about Patron's provision of, or failure to provide, a financial service.

7.4 Complaints Handling

7.5 You must not seek to resolve a client complaint directly without the approval of the Compliance Officer. The FCA Rules require that any complaint must be properly investigated and must be handled in accordance with predetermined procedures. Any failure to follow those procedures is likely to amount to a breach of the FCA Rules.

7.6 You **must**, on receiving a complaint, notify the Compliance Officer immediately. You must make a record of the complaint using the **Complaints Recording Form**, a copy of which can be found at Schedule 5 to this Compliance Manual. You must

not take any further steps in relation to the complaint unless the Compliance Officer instructs you to do so.

- 7.7 If the Compliance Officer is not available or if the complaint relates to the Compliance Officer then the complaint must be brought to the attention of the Chairman.

PART B: COMPLIANCE FUNCTION INFORMATION

7.8 Complaints Handling Procedures

- 7.9 The complaint will be handled by the Compliance Officer (or the Chairman if appropriate) in accordance with the Complaints Handling Procedures set out in Appendix 9.

7.10 Record Keeping

The Compliance Officer shall complete the Complaint Recording Form detailing all actions taken and retain all relevant correspondence in the Complaints File.

7.11 Reporting to FCA

- 7.12 Patron is required to report details of all complaints received to the FCA on a bi-annual basis.

Documents referred to in this Chapter	Where found in Manual	Ring Binder Reference
Complaint Recording Form	Schedule 5	Internal Compliance UK Reporting folder
Complaints Handling Procedure	Appendix 9	N/A

CHAPTER 8 TRAINING AND COMPETENCE

This Chapter of the Compliance Manual is divided into two parts:

- (a) Part A: for all Patron Relevant Staff. This part is intended to provide an overview of the key compliance issues relevant to all Relevant Staff; and
- (b) Part B: for Patron's Compliance Function. This part is intended to provide more detailed guidance on particular compliance policies and procedures.

PART A: STAFF INFORMATION

8.

- 8.1 Patron is required to ensure that all of its Relevant Staff and any other person of Patron to whom this Compliance Manual may apply and who carry out regulated investment business are properly supervised, have adequate training and are deemed to be competent to carry out the functions for which they have responsibilities.
- 8.2 A record is kept by the Compliance Officer of all training activities and you must report any external training or conferences which you attend promptly after having attended to the Compliance Officer. The **Training Notification Form** at Schedule 6 to this Compliance Manual should be used for this.

PART B: COMPLIANCE FUNCTION INFORMATION

- 8.3 Patron should have in place steps to ensure it meets the high level "commitments" to training and competence for all Relevant Staff. This is to ensure that:
 - (a) its Relevant Staff are competent;
 - (b) its Relevant Staff remain competent for the work they do;
 - (c) its Relevant Staff are appropriately supervised;
 - (d) its Relevant Staff's competence is regularly reviewed; and
 - (e) the level of competence is appropriate for the nature of the business.
- 8.4 All levels of staff must be aware of the relevant regulatory requirements and of what is necessary to secure compliance with those requirements. Patron's obligations in relation to training will be met by:
 - (a) regular in-house training sessions, educational presentations given by Patron advisers, circulation of relevant articles and research;
 - (b) external training where appropriate including away days where appropriate;
 - (c) regular updates to this Compliance Manual; and

- (d) other training or updates as the Members may determine are necessary for Relevant Staff.

Documents referred to in this Chapter	Where found in Manual	Ring Binder Reference
Training Notification Form	Schedule 6	Internal Compliance UK Reporting folder

CHAPTER 9 CLIENT CATEGORISATION

This Chapter of the Compliance Manual is divided into two parts:

- (e) Part A: for all Patron Relevant Staff. This part is intended to provide an overview of the key compliance issues relevant to all Relevant Staff; and
- (b) Part B: for Patron's Compliance Function. This part is intended to provide more detailed guidance on particular compliance policies and procedures.

PART A: STAFF INFORMATION

9.

- 9.1 In the ordinary course of Patron's business, Relevant Staff and any other persons of Patron other than the Compliance Officer will not be required to categorise clients. As noted above in Chapter 2, if you think that Patron may be providing services to a person who is not a client of Patron, you must notify the Compliance Officer who will ensure compliance with Patron's client take-on procedures. If you wish to know more about these procedures please see further in this Chapter 9 and Chapter 11 of this Compliance Manual.

PART B: COMPLIANCE FUNCTION INFORMATION

- 9.2 Patron must categorise a client as one of the following:

(a) **a retail client**

The default position is that a client is a retail client. Generally speaking, an authorised person will owe more obligations to a retail client than to a professional client or an eligible counterparty.

(b) **a professional client**

Professional clients will either be "elective professional clients" or "per se professional clients". A per se professional client is a client who falls automatically within the category of professional client, whilst an elective professional client elects to be treated as a professional client because the client fulfils particular criteria set out in the FCA Rules.

Per se professional clients include:

- (i) banks, building societies and other credit institutions;
- (ii) investment firms and any other authorised or regulated financial institution;
- (iii) insurance companies;
- (iv) collective investment schemes and their managers;
- (v) pension funds;

- (vi) other institutional investors; and
- (vii) large undertakings⁴.

(b) an eligible counterparty

In order to be an eligible counterparty the client must satisfy certain requirements.⁵ In addition, it is only possible to be an eligible counterparty in relation to eligible counterparty business which comprises:

- (i) dealing on own account, execution of orders on behalf of clients or reception and transmission of orders; or
- (ii) any ancillary service directly related to a service or activity referred to in (a); or
- (iii) arranging deals in relation to business which is not MiFID or equivalent third country firm business.

Even if Patron's clients satisfy the criteria to be eligible counterparties it is unlikely that Patron will be doing eligible counterparty business for them.

9.3 When to categorise

Clients must be categorised before Patron conducts any designated investment business with them so that Patron can notify them of their categorisation in accordance with the FCA Rules and treat them in accordance with their categorisation.

⁴ Whether or not a particular client will qualify as a large undertaking will depend on whether Patron is conducting Advised or Non-advised Business with the client.

In relation to Advised Business in order to be a large undertaking an entity must meet two of the following size requirements on a company basis: a balance sheet total of €20,000,000, net turnover of €40,000,000 or own funds of €2,000,000.

In relation to Non-advised Business a large undertaking is: a body corporate (including a limited liability partnership) which has called up share capital or net assets of at least £5 million, an undertaking that meets two of the following tests: a balance sheet total of €12,500,000, a net turnover of €25,000,000 or an average number of employees during the year of 250, a partnership or unincorporated association which net assets of at least £5 million, a trustee of a trust (other than a pension scheme) which has assets of at least £10 million, a trustee of a pension scheme with at least 50 members and assets under management of at least £10 million or (until 3 January 2018) a local authority or public authority.

A local public authority or municipality which (in either case) does not manage public debt must be treated as a retail client, unless Patron is permitted to treat it as an elective professional client by satisfying the bespoke opt up criteria for local public authorities set out at section 9.12 below.

⁵ An eligible counterparty is either a per se eligible counterparty or an elective professional counterparty. Per se eligible counterparties include:

- (a) investment firms, credit institutions, insurance companies and other financial institutions regulated in the EEA;
- (b) UCITS schemes;
- (c) pension funds;
- (d) national governments;
- (e) central banks; and
- (f) supranational organisations.

9.4 **Categorising Patron's clients**

The General Partners are Patron's clients and are categorised within the terms of the Investment Advisory Agreements as per se professional clients under the FCA Rules.

9.5 Investors who receive Patron's advice are also clients of Patron.

9.6 Any Pooled Funds will also be clients of Patron.

9.7 Non-Advised Direct Investors, Co-investors and Carry Participants are not required to be treated as clients of Patron. They may be categorised as clients for the purposes of making financial promotions.

9.8 Investors, Co-investors and Carry Participants:

- (a) if natural persons will be, by default, retail clients under the FCA Rules;
- (b) if investment vehicles, are likely to be retail clients but you will need to check whether they fall within any of the categories of per se professional client summarised above.

9.9 Local public authority or municipality clients "**LPA clients**" will automatically be categorised as retail clients unless Patron can re-categorise them as elective professional clients according to bespoke opt up criteria for LPA clients set out in section 9.12 below.

9.10 **Re-categorising Retail Clients**

9.11 Where clients are by default retail clients e.g. most Advised or Non-Advised Direct Investors, Co-investors and Carry Participants, Patron should assess whether the client can be re-categorised as a professional client. If a client can be re-categorised as a professional client this will mean that Patron will owe fewer obligations to the client under the FCA Rules when conducting business with that client. In addition, it is easier for Patron to promote investment opportunities to the client if it is a professional client. **If a client cannot be re-categorised as a professional client, Patron must not provide regulated services to them.** Patron does not currently have permission to provide such services to retail clients.

9.12 If a client is re-categorised as a professional client, it must be made aware of the lesser degree of investor protection from which it will benefit and must agree to its treatment as a professional client. The Elective Professional Client Assessment forms are designed to comply with the FCA Rules in this regard and can be used to re-categorise retail clients as professional clients:

- (a) for **Advised Business**⁶ - obtain a copy of the **Elective Professional Client Assessment Forms for Advised Business** and their guidance notes from the Compliance Officer (a copy can also be found at Schedule 7 to this Compliance Manual).

⁶ "Advised Business" means providing clients with advice on the merits of their buying, selling or subscribing for investments. Advised Business is most likely to be relevant to the business which Patron conducts with the General Partners or with Direct Investors.

This procedure must be followed to ensure that Patron complies with the FCA requirements to undertake an adequate assessment of the expertise, experience and knowledge of the client that gives reasonable assurance, in light of the nature of the transactions or services envisaged, that the client is capable of making his own investment decisions and understanding the risks involved (the “**Qualitative Test**”); or

- (b) **for Non-Advised Business**⁷ - obtain a copy of the **Elective Professional Client Assessment Forms for Non-Advised Business** and their guidance notes from the Compliance Officer (a copy can also be found at Schedule 8 for non-LPA clients and Schedule 9 for UK LPA clients to this Compliance Manual). These forms must then be completed and submitted to the Compliance Officer. For any non-UK LPA clients – seek assistance from the Compliance Officer as the information required will vary according to local law requirements.

For Advised Business, Patron must ensure that clients satisfy:

- (i) the Qualitative Test; and
- (ii) **at least two** of the following criteria:
 - (1) the client has carried out transactions in significant size, on the relevant market at an average frequency of 10 per quarter over the previous four quarters;
 - (2) the size of the client’s financial instrument portfolio, defined as including cash deposits and financial instruments, exceeds €500,000;
 - (3) the client works or has worked in the financial sector for at least one year in a professional position, which requires knowledge of the transactions or services envisaged (the “**Quantitative Test**”).

The Elective Professional Client Forms for Advised Business are designed to determine whether or not a client satisfies both the Qualitative Test and the Quantitative Test.

For UK LPA clients (whether Advised or Non-Advised Business), Patron must ensure that clients satisfy:

- (i) the Qualitative Test;
- (ii) and the following criteria:
 - (1) that the size of the client’s financial instrument portfolio, defined as including cash deposits and financial instruments, exceeds £10,000,000; and

⁷ "Non-Advised Business" means business conducted with clients in relation to which Patron does not provide advice on the merits of their buying, selling or subscribing for investments.

- (2) **at least one** of the following criteria:
- i. the client has carried out transactions, in significant size, on the relevant markets at an average frequency of 10 per quarter over the previous four quarters; or
 - ii. the person authorised to carry out transactions on behalf of the client works or has worked in the financial sector for at least one year in a professional position, which requires knowledge of the provision of services envisaged; or
 - iii. the client is an administering authority of the Local Government Pension Scheme within the meaning of the version of Schedule 3 of the Local Government Pension Scheme Regulations 2013, or (in relation to Scotland) within the meaning of the version of Schedule 3 of the Local Government Pension Scheme (Scotland) Regulations 2014 in force at 1 January 2018, and acting in that capacity (the “**Alternative Quantitative Test**”).

The Elective Professional Client Forms for UK LPA Clients are designed to determine whether or not the client satisfies both the Qualitative Test and the Alternative Quantitative Test for UK LPA Clients.

For the purposes of this test, Patron must categorise the LPA according to the capacity in which it is acting (i.e. as treasury manager or pension fund administrator). The opt up criteria for LPAs should be applied to the relevant capacity of the LPA. This means that where a LPA is acting in capacity as pension fund administrator, only the assets of the pension fund should be taken into account when considering the Alternative Quantitative Test.

- 9.13 You must ensure that the forms have been properly completed and submit them to the Compliance Officer for approval in accordance with the guidance notes which accompany the forms.
- 9.14 In addition to completing the **Elective Professional Client Assessment Verification Forms** you must obtain, from the client, documentary evidence to support the client’s categorisation as a professional client. Such evidence may include, but is not limited to:
- (a) recent bank statements;
 - (b) recent investment account statements;
 - (c) recent tax returns; and
 - (d) for LPA clients, information regarding decision making, governance and expertise of the LPA.
- 9.15 If you want to use some other form of documentary evidence please consult the Compliance Officer.

- 9.16 You must give the client a clear written warning of the protections he may lose as a result of re-categorisation – in order to satisfy this requirement you must provide the client with a copy of the Loss of Protections Warning contained in the **Elective Professional Client Assessment Forms** and the client must state in writing that he understands the consequences of losing such protections and that it wishes to be treated as a professional client – you must obtain from the client a completed and signed copy of the Client Instruction and Acknowledgement Form contained in the **Elective Professional Client Assessment Forms** to satisfy this requirement.
- 9.17 This completed and signed form must then be filed with the other parts of the completed **Elective Professional Client Assessment Forms**.

9.18 **Co-investors and Carry Participants**

Where invitations are communicated to Relevant Staff to participate in co-invest or carry, they should be sent a letter of invitation clearly dictating that they shall not be advised on such investment. Co-investors and Carry Participants are not usually clients but may be categorised as clients for the purposes of financial promotions (see Chapter 10). If the Co-investors and Carry Participants are not qualified to be categorised as professional clients, Patron may still make financial promotions to them under the “eligible employees” exemption in the FCA rules⁸. This applies to current or former officers or employees of Patron or its group companies, as well as immediate family members of such persons, when their participation is to facilitate their co-investment with one or more of Patron’s group companies or one or more of Patron’s clients.

9.19 **Indirect clients (agents and principals)**

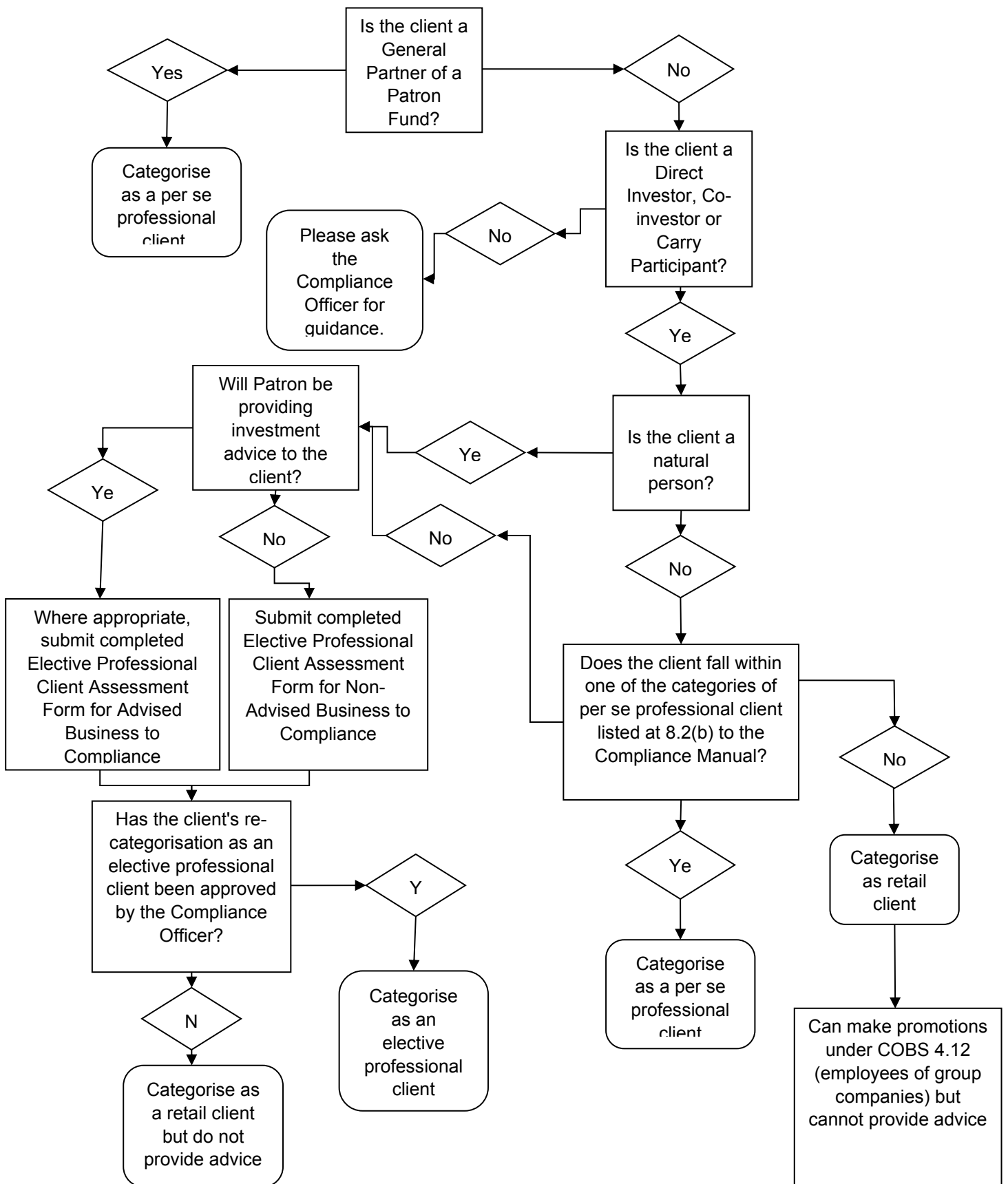
Where you are aware that the prospective client is acting as agent for another person or firm, there may be circumstances in which you may have to treat that other person or firm as the client. If you are aware that a potential client is acting as agent, you should approach the Compliance Officer for assistance and clarification.

9.20 **A higher or lower degree of protection**

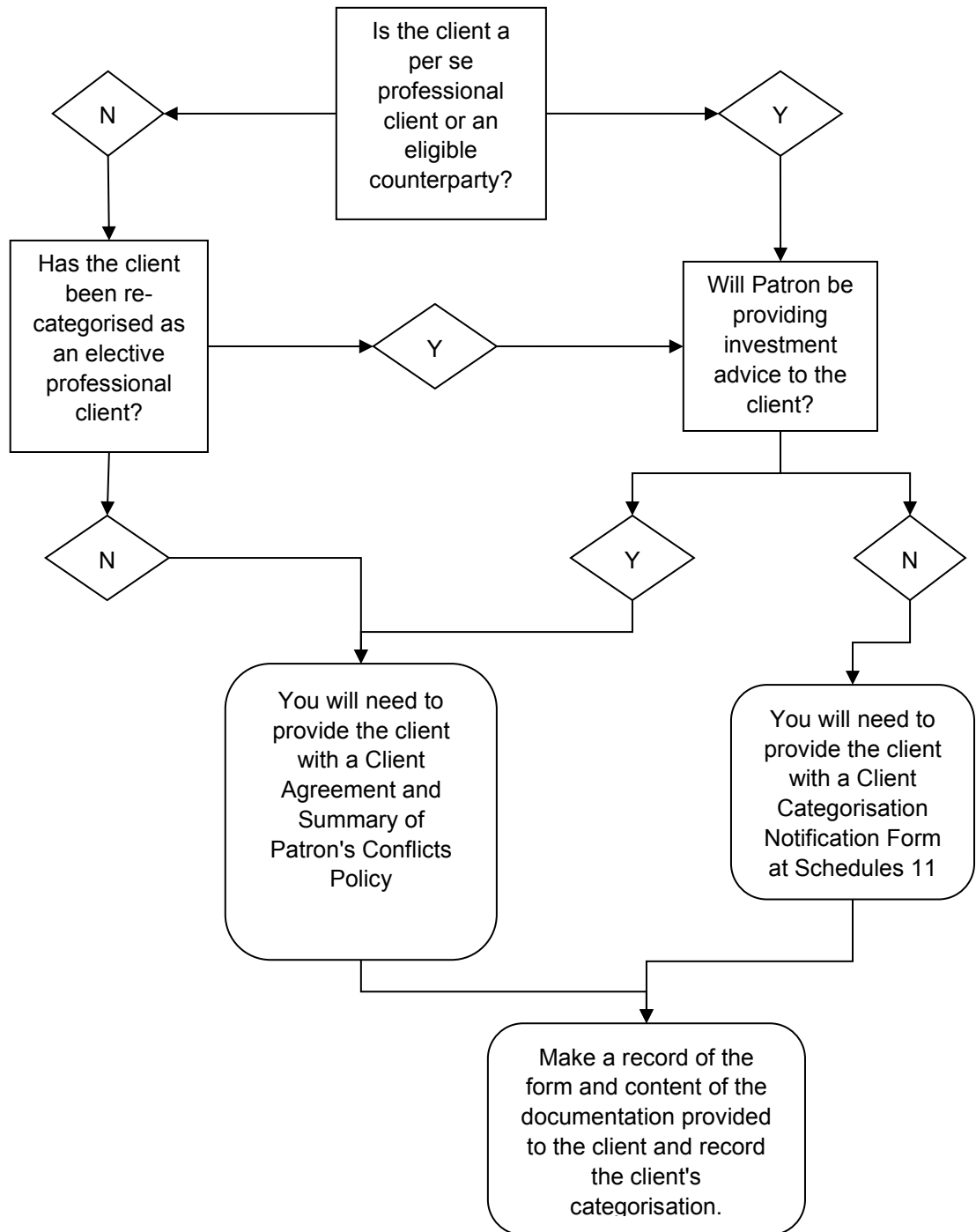
The FCA Rules require Patron to allow a client to request re-categorisation as a client that benefits from a higher or lower degree of protection. Patron must therefore notify any client that is categorised as a professional client or an eligible counterparty of its right to request a different categorisation whether or not Patron will agree to such requests. However, Patron need only notify a client of a right to request a different categorisation involving a lower level of protection if it is prepared to consider such requests. This notification is contained in the Client Categorisation Notification Forms for Advised and Non-Advised Business.

⁸ COBS 4.12.4R - Category 4.

9.21 Client Categorisation Flowchart



9.22 Documentation of Client Categorisation



9.23 **Notifications and records**

Following the categorisation of each client, you must:

- (a) Notify the client of its categorisation:
 - (i) for clients categorised as professional clients or any eligible counterparties with whom Patron will be conducting Non-Advised Business by providing them with a **Client Categorisation Notification Form** (a copy of which can be found at Schedule 10 to this manual) completed with the client's details and details of their categorisation and their right to request a different categorisation; and
 - (ii) for any clients with whom Patron is conducting Advised Business (other than the General Partner) and any clients categorised as retail clients (whether or not Patron is doing Advised Business for them) by providing them with:
 - (1) a copy of the **Client Agreement**; and
 - (2) **Patron's Conflicts Policy** – a copy of which can be found at Appendix 7 to this Compliance Manual.
- (b) Make a record of the form of each notice provided to clients using the **Client Record Sheet**. A copy of this form can be found at Schedule 11. This form should be completed and kept in each client's individual Client File (please see below at paragraph 9.27 for further details).
- (c) Make a record of the categorisation established for the client, including sufficient information to support that categorisation, evidence of dispatch to the client of notice of its categorisation and a copy of any agreement entered into with the client. The **Client Record Sheet** should be used for this purpose. This form should be completed and kept in each client's individual client file (please see below at paragraph 9.27 for further details). You should append a copy of each client agreement or other document sent to the client to the **Client Record Sheet** so that a copy is kept in the client's file.

9.24 All client categorisations should be reviewed on a regular (at least annual) basis and if any information (or any change in information) comes to your attention which would indicate that the categorisation should be reviewed you should discuss this immediately with the Compliance Officer. A client's **Record Sheet** should indicate the last date on which the client's categorisation was reviewed.

9.25 **Additional Obligations**

9.26 As well as completing the client categorisation procedures set out in this Chapter 9 you must also complete the client identification and verification procedures in accordance with Chapter 11.

9.27 **Client Files and Record Sheet**

9.28 When taking on a new client you must also set up a new **Client File**. Client Files are kept in alphabetical order in the compliance function. If you are unsure how to proceed ask the Compliance Officer for guidance.

9.29 When setting up a new client file you must ensure that it contains a **Client Record Sheet** (a copy of which can be found at Schedule 11 of this Compliance Manual) as well as any other documentation required by this Compliance Manual. The purpose of the Client Record Sheet is to provide a record of compliance in relation to that particular client and to ensure that the client has been provided with any documents required by this Compliance Manual.

9.30 The Client File and Client Record Sheet are to be used throughout Patron's relationship with the client and not only at take-on. They should provide an ongoing record with regard to reviews of the client's categorisation (in accordance with paragraph 9.23 above) and provide a basis for any reviews of existing clients for anti-money laundering purposes (in accordance with Chapter 11 below).

Documents referred to in this Chapter	Where found in Manual	Ring Binder Reference
Elective Professional Client Assessment Forms for Advised Business	Schedule 7	Client Categorisation folder
Elective Professional Client Assessment Forms for Non-Advised Business	Schedule 8	Client Categorisation folder
The Elective Professional Client Forms for UK LPA Clients	Schedule 9	Client Categorisation folder
Client Categorisation Notification Form	Schedule 10	Client Categorisation folder
Summary of Patron's Conflicts Policy	Appendix 7	Client Categorisation folder
Client Record Sheet	Schedule 11	Client Categorisation folder

CHAPTER 10 FINANCIAL PROMOTIONS

This Chapter of the Compliance Manual is divided into two parts:

- (a) Part A: for all Patron Relevant Staff. This part is intended to provide an overview of the key compliance issues relevant to all Relevant Staff; and
- (b) Part B: for Patron's Compliance Function. This part is intended to provide more detailed guidance on particular compliance policies and procedures.

PART A: STAFF INFORMATION

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10.1 A Financial Promotion is defined broadly as a communication of an invitation or inducement to engage in investment activity. In the context of Patron's business this is likely to mean:

- (a) any invitations which are communicated to Relevant Staff to participate in co-invest / carry whether oral or in writing;
- (b) promotional literature in relation to Patron's business e.g. the general Patron factsheet or updates to the Patron website; and
- (c) invitations which are communicated to Advised or Non-Advised Direct Investors either to invest alongside one of the Patron Funds or in separate investments.

However, if you are in any doubt as to whether or not you or Patron might be communicating a financial promotion then please contact the Compliance Officer for further guidance.

10.2 Section 21 of the FSMA makes it a CRIMINAL OFFENCE for someone to communicate a Financial Promotion unless they are either:

- (a) an FCA authorised person; or
- (b) the content of the communication is approved by an FCA authorised person.

10.3 Since Patron is FCA authorised, it is able to issue financial promotions in accordance with FCA Rules. To ensure Patron complies with these rules, you should not issue financial promotions to clients without the prior approval of the Compliance Officer. In the ordinary course of your employment or engagement you are unlikely to be involved in the preparation or issue of a financial promotion. However, if you think that you may be e.g. because you are giving a presentation or seminar to potential investors, Co-investors or Carry Participants or joint venture partners then you must consult the Compliance Officer who will brief you on the requirements with which you must comply.

PART B: COMPLIANCE FUNCTION INFORMATION

10.4 Patron's Compliance with the Financial Promotion Rules

10.5 In order to comply with the FCA's financial promotion rules Patron has the following procedures in place:

- (a) any financial promotions which are to be communicated in writing – whether in the form of a letter to individual potential Co-investors or Carry Participants or in the form of an update to the Patron website must be approved by the Compliance Officer;
- (b) in the ordinary course of Patron's business, Relevant Staff and any other person of Patron to whom this Compliance Manual may apply should not be communicating oral financial promotions. However, should you consider that this may occur the Compliance Officer must brief the relevant member, employee, officer or person so that they are aware of the requirements with which they must comply;
- (c) Patron may communicate and approve financial promotions for an overseas person e.g. in the context of co-invest, the invitation letter to potential Co-investors is from the General Partner of one of the Patron Funds but must be approved by Patron in the UK and may also be communicated by Patron;
- (c) even where Patron is communicating the financial promotion itself it may want to approve the financial promotion as well so that if the financial promotion is then communicated on by any person who is not authorised e.g. a General Partner then that person will not be in breach of the restriction on the communication of financial promotions in section 21 of FSMA; and
- (d) if you are involved in the preparation of a financial promotion you must assist the Compliance Officer with his/her record-keeping duties. Broadly, the Compliance Officer must make an adequate record of any financial promotion which Patron communicates or approves and should retain this record for five years.

10.6 Exemptions

10.7 Patron is exempted from having to comply with some of the financial promotion rules to the extent that:

- (a) recipients of any financial promotion that Patron may issue are eligible counterparties or professional clients; or
- (b) any financial promotion may be regarded as being directed at eligible counterparties or professional clients only.

Nevertheless, Patron must still comply with Principle 7, which provides that a regulated firm must pay due regard to the information needs of its clients, and communicate information to them in a way that is "clear, fair and not misleading".

10.8 In relation to the financial promotions that Patron makes to retail clients, it cannot take advantage of this exemption and all the rules on financial promotions to retail

clients will need to be followed. Any financial promotions directed at retail clients must be checked by the Compliance Officer before being communicated.

10.9 **Promotions relating to unregulated collective investment schemes**

10.10 There is a general prohibition on Patron promoting unregulated collective investment schemes (such as the Fund) to investors in the UK or approving such a promotion. Accordingly great care must be exercised if a financial promotion relating to the Fund or another unregulated collective investment scheme is to be communicated or approved.

10.11 If a financial promotion relating to the Fund or another unregulated collective investment scheme is to be communicated or approved the Compliance Officer should be consulted and legal advice may be required on this question and/or on the appropriate regulatory wording that will need to be included.

10.12 Patron may only approve a financial promotion that relates to an unregulated collective investment scheme if it would have been permitted to communicate the promotion itself. The Compliance Officer should be consulted and legal advice may be needed in advance of any such approval being given.

10.13 There are a number of circumstances in which a financial promotion does not need to comply with the Financial Promotion rules. If a financial promotion is within one of these exemptions, there will be no need for the promotion to be confirmed as compliant before it is communicated. This section sets out those exemptions that are likely to be most pertinent to Patron's business.

10.14 Any communication to the following will be exempt:

- (a) FSMA authorised firms;
- (b) other investment professionals who for the purposes of their own business engage in the relevant investment activity;
- (c) governments, local authorities and international organisations;
- (d) financial journalists (in any media, electronic, newspapers, magazines, TV, radio etc. but NB the exemption does not extend to direct publication of press releases or their equivalent);
- (e) companies which have more than 20 members (or whose parent company does) and provided that company, or another member of its group, has net assets or called up capital of at least £500,000;
- (e) other companies provided that company, or another member of its group, has net assets or called up capital of at least £5 million;
- (f) partnerships and unincorporated associations with net assets of at least £5 million;
- (g) the trustees of a trust which has gross cash and investments of at least £10 million.

10.15 Patron is most likely to want to promote participation in unregulated collective investment schemes in the following circumstances:

- (a) participation in carry constitutes participation in an unregulated collective investment scheme;
- (b) participation in co-invest may constitute participation in an unregulated collective investment scheme if the underlying investment in which Co-

investors invest is an unregulated collective investment scheme e.g. a limited partnership; and

- (c) a direct investment made by an Advised or Non-Advised Direct Investor may also constitute participation in an unregulated collective investment scheme, if the investment is in an unregulated collective investment scheme e.g. a limited partnership.

10.16 In order to promote participation in carry, co-investment opportunities and direct investment opportunities as described above at 10.15(a) to (c), Patron must bring itself within one or more of the exceptions to the general prohibition on the promotion of participation in unregulated collective investment schemes.

10.17 The most likely exceptions on which Patron can rely are:

- (a) promotion to professional clients or eligible counterparties (see Chapter 9 for an explanation of these terms); and
- (b) promotion to current or former officers or employees or the immediate family members of such persons. Patron may only make promotions relating to co-investment with one or more of Patron's group companies or one or more of Patron's clients (see paragraph 9.18 for further information). Such promotion may be carried out even if such persons are not classified as professional clients, though in such a situation the rules relating to promotion to retail clients will need to be followed.

10.18 Where a client is not a per se professional client or an eligible counterparty, but would by default be a retail client, in order to bring Patron within one of the exceptions you must:

- (a) for Advised Business (please see Chapter 2 of the Compliance Manual) use the **Elective Professional Client Assessment Forms for Advised Business** (a copy of which can be found at Schedule 7 of this Compliance Manual) to determine whether a retail client can be re-categorised as a professional client. Please see Chapter 9 for further details. If the Compliance Officer approves the re-categorisation then an offer to participate can be made;
- (b) for Non-Advised Business follow the same procedure as for Advised Business at 10.18(a) but using the **Elective Professional Client Assessment Forms for Non-Advised Business** (a copy of which can be found at Schedule 8 of this Compliance Manual);
- (c) for UK LPA Clients (whether Advised or Non-Advised Business) follow the same procedure as for Advised Business at 10.18(a) but using the **Elective Professional Client Assessment Forms for UK LPA Clients** (a copy of which can be found at Schedule 9 of this Compliance Manual); or
- (d) if the retail client cannot be re-categorised as a professional client please speak to the Compliance Officer. The Compliance Officer will assess whether Patron can rely on one of the exceptions in paragraphs 10.16 or 10.17 above and whether a financial promotion can be made to the client in question. An offer to participate must only be made once the Compliance Officer has given his approval.

10.19 Marketing under the Alternative Investment Fund Managers Directive (“AIFMD”)

10.20 All of the Patron Funds will qualify as alternative investment funds (“AIFs”) under the AIFMD but it does not apply to some of them as they have finished marketing or fall within other transitional provisions under the AIFMD. There are certain requirements to be followed before an AIF can be marketed in the EEA (and these apply in addition to any local rules such as those on collective investment schemes described above which apply in the UK). The alternative investment fund manager (AIFM) is responsible for compliance with these requirements which is usually the General Partner of the relevant Patron Fund. You should contact the Compliance Officer to check whether the relevant requirements have been fulfilled before getting involved in any marketing of Patron Funds.

Documents referred to in this Chapter	Where found in Manual	Ring Binder Reference
Elective Professional Client Assessment Forms for Advised Business	Schedule 7	Client Categorisation folder
Elective Professional Client Assessment for Non-Advised Business	Schedule 8	Client Categorisation folder
The Elective Professional Client Forms for UK LPA Clients	Schedule 9	Client Categorisation folder

Chapter 11 Anti-Money Laundering Procedures

This Chapter of the Compliance Manual sets out Patron's money laundering procedures.

For avoidance of doubt, it is worth noting that the satisfaction by Patron of the various money laundering requirements set out in various jurisdictions does not only apply with respect to its clients, but more generally with respect to its business and activities. In addition the ML Regulations also apply to Patron's business outside the UK and to its subsidiaries even if this business is in jurisdictions which have less stringent anti-money laundering regimes.

11.

11.1 The Procedures

11.2 As referred to above, the ML Regulations and FCA rules require financial institutions to have in place procedures designed to prevent money laundering. These procedures include: verification of the identity of customers at the outset of a relationship and on a risk sensitive basis at other times as set out in paragraph 11.7 below, monitoring and conducting money laundering risk assessments, record-keeping and reporting as well as internal controls (including employee training on money laundering risks, and maintaining written records of such training). Broadly speaking, these procedures require that the identity of all new customers and counterparties be verified (unless there is a specific exemption). In each case, verification of identity against documentation should be made using reliable sources independent from the person whose identity is to be verified.

11.3 The MLRO is required to report to the Members of Patron, at least annually in order to keep the senior management of Patron informed of any issues with regard to anti-money laundering procedures within Patron where permitted by law. A template for this report can be found at Appendix 10. Patron is also required to prepare and keep updated a risk assessment which it identifies and assesses the risks of money laundering which it faces. Please refer to paragraph 11.23 below.

11.4 New clients

11.5 Patron's client identification and verification procedures are outlined below and all staff should fully familiarise themselves with these procedures. As noted above, anti-money laundering obligations apply not just to "clients" but to any "business relationship⁹," which would include not just Patron's actual clients (e.g. the general partners of the Patron Funds) but also investors in the funds, co-investors and counterparties to transactions. For the purposes of this section of the manual these will all be referred to as "clients" - even though in the broader FCA regulatory sense they are not all "clients".

⁹ This means a business, professional or commercial relationship between a firm and a customer which is (a) connected to the business of the firm and (b) is expected by the firm at the time the contract is established to have an element of duration.

- 11.6 Patron is required to identify and verify the client, understand the nature and structure, ownership and control, identify and in some circumstances verify beneficial ownership and understand the source of funds.
- 11.7 In relation to each new client, whether the client is the General Partner of the Patron Funds, an investor in the funds or a co-investor, Patron should obtain at least the standard evidence for the client in accordance with the procedures set out below. You should be aware that you need to comply with the anti-money laundering procedures for new clients whenever you enter into a new client relationship and in addition where there:
- (a) is any indication that the identity of the customer, or of the customer's beneficial owner, has changed;
 - (b) are any transactions which are not reasonably consistent with Patron's knowledge of the customer;
 - (c) is any change in the purpose and intended nature of Patron's relationship with the customer;
 - (d) is any other relevant change, including any relevant matters in Patron's risk assessment.
- 11.8 In most cases the key piece of standard evidence will be to identify all beneficial owners holding (directly or indirectly) an interest of more than 25% (in the case of any body corporate which is not listed on a regulated market or partnership) and, where there is, to take risk-based and adequate measures to verify his identity. Where the investor is a natural person or a wholly-owned investment vehicle of a natural person, it will be straightforward to identify the beneficial owner. If, however, the investor is itself a fund vehicle then it will be more complicated to identify the beneficial owner. Identification checks in respect of investors in a fund should be completed before the fund closes. In the case of trusts, all beneficial owners will need to be identified (regardless of their percentage stake in the trust assets) in addition to the trustees, settlor and any other individual who has control of the trust.
- 11.9 It is the MLRO's responsibility to ensure that all new customers are properly identified for money laundering purposes. Patron will carry out anti-money laundering verification on the general partners of the Patron Funds, all of which are regulated in their home jurisdictions. Patron will in turn rely on Langham Hall as administrator, to carry out anti-money laundering verification on investors in the fund, co-investors and other counterparties using the form of anti-money laundering reliance letters at Schedule 15 to this Compliance Manual.
- 11.10 Since anti-money laundering verification will generally be carried out by Langham Hall as administrator, any "KYC letters" or similar anti-money laundering confirmation required by counterparties or finance providers will generally be provided by Langham Hall as administrator.
- 11.11 The majority of financial institutions in the European Union have to operate similar procedures for new clients. If you are criticised for what clients regard as unnecessary bureaucracy, you must tell them this is a legal requirement and that they will have to undertake a similar process with many other European financial institutions. You should also inform them that, unless they supply the information which is requested, we may be unable to continue carrying on business for them.

11.12 Identification and verification of new clients

11.13 When taking on a new client you must consider who the client is and whether Patron has had any dealings with the client in the past. As noted above, Patron will only carry out anti-money laundering checks on the general partners of the Patron Funds - all other anti-money laundering checks will be carried out by Langham Hall as administrator.

11.14 Set out below is a summary of the UK anti-money laundering requirements that Patron needs to follow, though as noted above it will in most cases place reliance on Langham Hall as administrator.

11.15 If the client is a new client who had previously invested in the Patron Funds and/or is a member or employee of Patron, then Patron may already hold relevant information/documentation about these clients. You may be able to use this information to satisfy some of Patron's customer due diligence requirements set out under the ML Regulations. However, before relying on this information you must:

- (a) check whether the client will be investing through an investment vehicle which was not verified as part of the original due diligence process or about which Patron holds no information because the client is a member or employee of Patron. If this is the case, any documentation which Patron holds will not be sufficient to satisfy its customer due diligence requirements and you will need to verify the investment vehicle as set out below at paragraph 11.16;
- (b) ensure that the documentation held comprises the standard identification and verification documentation required and summarised below at paragraph 11.16 for the type of client **and is up to date**. You will need to ask the client whether any of their personal details have changed since they last provided documentation to Patron e.g. if the client's name has changed due to marriage / divorce etc.;
- (c) ensure that you have the client's prior written consent to use the due diligence documents for the purpose of verification - this is particularly important if the information which Patron holds about Relevant Staff is held on their personnel file. Access to personnel files is restricted at Patron and can only be accessed by a limited number of Relevant Staff; and
- (d) ensure that you have obtained and recorded the information set out at paragraph 11.16 below¹⁰ as appropriate.

11.16 Documentation required

Patron needs to obtain the following standard identification and verification documentation when taking on all new clients.

¹⁰ This is in addition to any documentation Patron may already hold with regard to the client.

Type of client	Identification Required	Verification Documentation Required
Private Individuals	Full name, residential address, date of birth ¹¹ .	<p>Either:</p> <p>A document issued by a Government department with the client's full name and photograph and either residential address or date of birth e.g. passport, photocard driving licence, national identity card, firearms certificate; or</p> <p>A document issued by a Government department (without a photograph) which incorporates the customer's full name, supported by a second document which incorporates full name and either residential address or date of birth e.g. valid old style driving licence supported by current council tax demand letter or statement.</p>
Corporates	<p>Full name, registered number, registered office in country of incorporation and business address</p> <p>And for private or unlisted companies also the full names of all directors and senior persons responsible for the company's operations, and the names of any controllers (whether individuals, corporates or partnerships) which own or control over 25% of its shares or voting rights, or otherwise control the company as a result of being able to exercise significant influence (in accordance with the Companies Act 2006)</p>	<p>Confirmation of the company's listing on a regulated market or search of the relevant company registry or a copy of the company's Certificate of Incorporation.</p> <p>In addition, Patron should take appropriate steps to be reasonably satisfied that the person Patron is dealing with is properly authorised by the client company¹².</p>

¹¹ Check at this stage with the Compliance Officer that the new client is not a politically exposed person (PEP) i.e. has a prominent political profile, holds public office or is a family member of someone who does. If the client is a PEP, you will need to apply enhanced due diligence measures - see paragraph 11.24.

¹² Depending on the outcome of your assessment of ML risk in relation to the client company, you may also want to verify the identity of one or more directors in accordance with the procedures for private individuals. This is likely to be appropriate for those who have authority to give the firm instructions / enter into transactions on behalf of the company.

As part of the standard evidence the firm will know the names of the all individual beneficial owners owning or controlling more than 25% of the company's shares or voting rights, even where interests are held indirectly and following the firm's assessment of risk the firm must take risk-based and adequate measures to verify the identity of those individuals.

Type of client	Identification Required	Verification Documentation Required
	and/or appoint or remove a majority of the company's directors. Identification and verification documents will be required for all of those controllers in addition.	
Trusts	Full name of the trust, nature and purpose of the trust, country of establishment, names of all trustees, names of any beneficial owners and the name and address of any protector or controller.	<p>Verify identities of all trustees using the procedures described above for private individuals or corporates.</p> <p>Verify identities of all beneficial owners using the procedures described above for private individuals.</p> <p>Verify the identity of the settlor and any other individual who has control of the trust</p>
Partnerships (including limited partnerships)	Full name, business address, names of all partners / principals who exercise control over the management of the partnership and names of all individuals who own or control over 25% of its capital or profit, or of its voting rights, rights, or otherwise control the partnership as a result of being able to exercise significant influence (in accordance with the Companies Act 2006) and/or appoint or remove a majority of the partnership's management.	You should identify and verify each partner holding/controlling more than 25% of the share of capital/profits and/or more than 25% of the voting rights and/or the right to appoint or remove majority of management.
Limited liability partnerships		LLPs should be treated as corporates. Please refer to the table above.

11.17 Enhanced due diligence

Enhanced due diligence must be conducted where:

- (a) Patron has identified a high risk of money laundering including where a transaction is unusual in its type, complexity or pattern or there is no apparent commercial or legal purpose to it;

- (b) the business relationship or transaction is with a person in a high risk third country including another firm or bank in such a country (a correspondent relationship) which means (as updated from time to time in delegated acts adopted by the European Commission).
 - (i) Afghanistan
 - (ii) Bosnia and Herzegovina
 - (iii) Guyana
 - (iv) Iraq
 - (v) Lao PDR
 - (vi) Syria
 - (vii) Uganda
 - (viii) Vanuatu
 - (ix) Yemen
 - (x) Sri Lanka
 - (xi) Trinidad and Tobago
 - (xii) Tunisia
 - (xiii) Pakistan
 - (xiv) Iran
 - (xv) Democratic People's Republic of Korea
 - (xvi) Ethiopia
- (c) the client (or its beneficial owner) is a PEP or a family member or known close associate of a PEP (see below for further information regarding procedures required for PEPs, family members and known close associates);
- (d) Patron's risk assessment requires more detailed due diligence (please refer to 11.23 below); or
- (e) Patron discovers that it has been provided with false or stolen information or documentation.

In these cases, in addition to the standard due diligence steps Patron must also:

- (i) make an assessment of the background and purpose of the transaction; and
- (ii) increase the level of monitoring conducted.

Depending on the circumstances for conducting enhanced due diligence, it may also be appropriate for Patron to conduct one or more of the following enhanced due diligence measures:

- (iii) seeking additional independent reliable sources to verify the documentation provided;
- (iv) taking additional measures to understand better the background, ownership and financial situation of the customer, and other parties to the transaction;
- (v) taking further steps to be satisfied that the transaction is consistent with the purpose and intended nature of the business relationship;
- (vi) increasing the monitoring of the business relationship, including greater scrutiny of transactions.

11.18 Simplified Due Diligence

Under the ML Regulations, the application of simplified due diligence is no longer automatic in certain circumstances. Firms must assess if it is appropriate to conduct simplified due diligence on the basis that there is a low risk of money laundering and terrorist financing. Firms are required to take into account prescribed risk factors set out in the ML Regulations. Relevant factors include customer risk factors such as whether the customer is:

- (a) a credit or financial institution (in the UK and EEA which are subject to the Directive or in the case of non-EEA, if the jurisdiction in question imposes requirements equivalent to those laid down in the Directive);
- (b) is a company whose securities are listed on a regulated market which is subject to specified disclosure obligations;
- (c) an independent legal professional and the product is an account into which monies are pooled; or
- (d) a public administration or publicly owned enterprise.

It is imperative however in instances in which firms undertake simplified due diligence to be able to demonstrate the “reasonable grounds” in relation to which the simplified approach was used. In any event, simplified due diligence must not be conducted where:

- (i) Patron doubts the veracity or accuracy of any documents or information previously obtained for the purposes of identification or verification;
- (ii) Patron’s risk assessment changes and it no longer considers that there is a low degree of risk of money laundering and terrorist financing;
- (iii) Patron suspects money laundering or terrorist financing; or
- (iv) any of the criteria requiring enhanced due diligence to be carried out, are present (as set out at 11.17 above).

In addition, if Patron is already aware of links between a proposed business relationship and a PEP (as defined in paragraph 11.24 below) it will not usually be appropriate to conduct simplified due diligence, and enhanced due diligence will apply instead.

11.19 **Additional Information**

Patron must understand the purpose and intended nature of its business relationships with its clients. In order to do so, you may wish to obtain the following information from clients:

- (a) nature and details of the client's business, occupation, employment;
- (b) record of changes of the client's address;
- (c) the expected source and origin of funds to be used in the relationship; and
- (d) initial and ongoing source of wealth or income.

The information which you need to obtain will depend on Patron's assessment of the risk involved in taking on a particular client. If you are in any doubt, please speak to the Compliance Officer for further guidance on this.

11.20 **Record-keeping**

Once you have identified and verified the client you must complete an **Anti-Money Laundering Identification and Verification Form** (a copy of which can be found at Schedule 12 to this Compliance Manual). This form is intended to provide a record on each client's file of the steps taken to identify and verify the client and copies of any relevant verification documents should be appended to this form. The form should provide an adequate explanation of the sources from which the information has been obtained and how the documents used to verify the client link together and comply with the customer due diligence requirements set out in the ML Regulations and summarised in this Chapter. Copies of customer identification and relevant transactional documentation must be retained for a period of five years after a customer relationship or transaction has ended (or, longer, to the extent Patron is required to retain them by or under any enactment or for the purposes of any court proceedings or relevant investigation (up to a maximum of 10 years in relation to transactional documents) or alternatively, if the client consents to a longer retention period).

11.21 **Existing clients**

- (a) Patron must apply appropriate customer due diligence measures at appropriate times to its existing customers on a risk-sensitive basis. These measures will be the responsibility of the MLRO. As discussed above, generally speaking, due diligence measures will need to be repeated where:
 - (i) the identity of the customer, or of the customer's beneficial owner, has changed;
 - (ii) there are any transactions which are not reasonably consistent with Patron's knowledge of the customer;

- (iii) there is any change in the purpose and intended nature of Patron's relationship with the customer;
 - (iv) there is any other relevant change, including any relevant matters in Patron's Risk Assessment.
- (b) Patron must:
- (i) take steps to ensure that it holds appropriate information to demonstrate that it is satisfied that it knows all its clients;
 - (ii) where information is held about clients, as far as reasonably possible, keep this information up to date. Once the identity of a client has been satisfactorily verified, there is no obligation to re-verify identity (unless doubts arise as to the veracity or adequacy of the evidence previously obtained as discussed above) although Patron may wish to seek an update of information if establishing a new relationship with the client; and
 - (iii) conduct ongoing monitoring of its business relationship with its clients. This includes scrutiny of transactions undertaken throughout the course of the relationship (including where necessary the source of funds) to ensure that the transactions are consistent with Patron's knowledge of the client, his business and risk profile and ensuring that documents, data or information held by the firm are kept up to date.
- (c) If you suspect that the nature of a client's relationship with Patron is changing you will need to report this to the MLRO. If you require any guidance in relation to these measures please refer your questions to the MLRO.

11.22 Reliance by or on Third Parties

- (a) The ML Regulations allow a firm which enters into a business relationship to which the ML Regulations apply, to rely on the anti-money laundering customer due diligence performed, in accordance with the ML Regulations, by a third party FCA regulated firm or regulated overseas financial institution provided that certain requirements are met. These include requirements: (i) to enter into an agreement which allows Patron to have access to the third party's money laundering records immediately on request; and (ii) for the third party to obtain full identification and verification documents in accordance with the ML Regulations.
- (b) In the course of its business, Patron receives requests from third parties (both other Patron entities and others) who want, in relation to a particular customer or business partner of Patron, to rely on the customer due diligence which Patron has conducted on the customer or business partner. Any such request should be referred to the MLRO who will then deal with this request in accordance with the procedures set out in the guidance notes to the **Anti-Money Laundering Introduction Certificates for Non-Personal Entities and for Individuals**. A copy of which can be found at Schedules 14 and 15 of this Manual.

- (c) Patron may also be able to rely on the money laundering customer due diligence conducted by a third party FCA regulated firm or regulated overseas financial institution rather than conducting its own customer due diligence in relation to a particular customer, as discussed above. The MLRO will provide further guidance on where this may be appropriate. Patron cannot fully delegate responsibility for compliance with its obligations under anti-money laundering legislation by relying on the customer due diligence of a third party. It remains Patron's responsibility to comply with customer due diligence requirements despite the fact that the due diligence will be conducted by a third party, and especially if the delegate is not an authorised firm and/or if a written letter of reliance which complies with regulation has not been prepared. Therefore any decision to rely on third party customer due diligence must be cleared with the MLRO before it is taken. The MLRO will check that the delegation meets all the prescribed requirements.
- (d) In particular, Patron has established procedures for relying on anti-money laundering reliance letters provided by Langham Hall as administrator, in the forms contained in Schedule 15 of this Manual. Before Patron relies on any such anti-money laundering reliance letter to meet its obligations in relation to anti-money laundering customer due diligence the written approval of the MLRO must be obtained.
- (e) The process described above will also be followed in the case of secondary sales of partnership interests to third parties. In such cases the anti-money laundering reliance letter will be on substantively the same terms as the letter contained in Schedule 15 of this Manual.

Documents referred to in this Chapter	Where found in Manual	Ring Binder Reference
Template for MLRO's Report to the Members	Appendix 10	Internal Compliance UK Reporting folder
Anti-Money Laundering Identification and Verification Form	Schedule 12	Internal Compliance UK Reporting folder
Anti-Money Laundering Introduction Certificate for Non-Personal Entities	Schedule 13	Internal Compliance UK Reporting folder
Anti-Money Laundering Introduction Certificate for Individuals	Schedule 14	Internal Compliance UK Reporting folder
Anti-Money Laundering Reliance Letters	Schedule 15	Internal Compliance Reporting folder

11.23 Risk Assessment

Under the ML Regulations, Patron must identify and assess the risks of money laundering and terrorist financing to which its business is subject. This risk assessment should take into account the National Risk Assessment as well as risk factors relating to: (i) Patron's customers; (ii) the countries or geographic areas in which Patron operates; (iii) Patron's products or services; (iv) Patron's transactions and Patron's delivery channels. Patron must document and keep up to date a record of its Risk Assessment and provide this to the FCA on request. The MLRO is responsible for regularly reviewing the Risk Assessment and keeping it up to date.

The policies and procedures established by Patron should mitigate and manage effectively the risks of money laundering and terrorist financing identified in the risk assessment.

The annual risk assessment is considered alongside the MLRO report by the Patron Board which will assess whether Patron's systems and controls are working well. A copy of Patron's most recent Risk Assessment can be obtained from the MLRO.

Before beginning customer due diligence, staff should make sure they are familiar with Patron's most recent risk assessment.

11.24 Politically Exposed Persons

A Politically Exposed Person ("PEP") means an individual who is entrusted with prominent public functions, other than as a middle-ranking or more junior official. They include heads of state, heads of government and ministers, members of parliament, high ranking members of the judiciary, members of courts of auditors or boards of central banks, high ranking members of the armed forces, ambassadors and chargés d'affaires. Under the ML Regulations, domestic PEPs are captured.

PEPs are subject to additional anti-money laundering requirements due to FATF recognition that PEPs may be in a position to abuse their public office for private gain. For example, the perceived risk is that of corruption, abuse of public funds, corrupt payments and kickbacks on contracts awarded. The Compliance Officer is responsible for verifying the existence of any PEP based upon the documentation collected under paragraph 11.16 for private individuals. The Regulatory DataCorp, Inc. (RDC) (or another equivalent) service will be used for this purpose.

There is a presumption of suspicion in relation to PEPs and accordingly the ML Regulations require that firms have in place enhanced due diligence procedures when entering into a business relationship or undertaking an occasional transaction with a PEP. The ML Regulations also extend these requirements to family members and known close associates of PEPs.

The FCA has provided guidance on the treatment of PEPs under the ML Regulations ("**FCA PEP Guidance**"). The FCA's view is that there should be relatively few cases where it is necessary to decline business relationships because of anti-money laundering requirements and that this should only happen where there a PEP poses a high money laundering risk. The FCA PEP Guidance provides that firms should take a proportionate, risk based and differentiated

approach when conducting business with PEPs. This means that where a PEP, a PEP's family or a PEP's close associates pose a lower risk they should be subject to less scrutiny than those who present a higher risk. The FCA PEP Guidance sets out indicative factors to assist firms determining if a PEP poses a higher or lower risk.

A "family member" of a PEP includes:

- (a) a spouse or civil partner of that person;
- (b) children of that person and their spouses or civil partners;
- (c) parents of that person.

A "known close associate" of a PEP means:

- (a) an individual known to have joint beneficial ownership of a legal entity or a legal arrangement or any other close business relations with a PEP;
- (b) an individual who has sole beneficial ownership of a legal entity or a legal arrangement which is known to have been set up for the benefit of a PEP.

Where it is proposed that Patron enters into or continues to have a business relationship with a PEP, or a family member or a known close associate of a PEP, Patron must:

- (a) obtain approval from senior management for establishing or continuing the business relationship or transaction with that person;
- (b) assess the level of risk associated with the relevant client;
- (c) take adequate measures to establish the source of wealth and source of funds which are involved in the proposed business relationship or transaction with that person; and
- (d) where the business relationship is entered into, conduct enhanced ongoing monitoring of the business relationship with that person.

Where an individual ceases to be a PEP, the ML Regulations require the above measures to continue be applied to that individual:

- (a) for a period of at least 12 months after the date on which that person ceased to be entrusted with that public function; or
- (b) for such longer period as the firm considers appropriate to address risks of money laundering or terrorist financing in relation to that person.

11.25 Please be aware that in addition to Patron's money laundering obligations as set out above, Patron must also comply with the sanctions regime which prohibits it from conducting business with certain persons or categories of persons subject to financial sanctions. A consolidated list of financial sanctions targets can be found through the following link: <https://www.gov.uk/government/publications/financial-sanctions-consolidated-list-of-targets>. Compliance is responsible for checking sanctions lists at client take on / at the start of a business relationship and for periodic checks from time to time. Guidance should be sought from Compliance in

the event of any queries. Sanctions checks are performed as part of the PEP searches using the Regulatory DataCorp, Inc. (RDC) or other equivalent service.

Chapter 12 Treating Customers Fairly

This Chapter of the Compliance Manual is divided into two parts:

- (a) Part A: for all Patron Relevant Staff. This part is intended to provide an overview of the key compliance issues relevant to all Relevant Staff; and
- (b) Part B: for Patron's Compliance Function. This part is intended to provide more detailed guidance on particular compliance policies and procedures.

Although you are not required to read Part B of this Chapter unless you are a member of the Compliance Function, you may wish to refer to it if you require further additional information on the topic with which this Chapter deals.

PART A: STAFF INFORMATION

- 12.1 The principle of treating customers fairly (“**TCF**”) applies to all firms which are authorised and regulated by the FCA. Whilst the FCA places greatest emphasis on the importance of TCF for those firms which are involved in the retail supply chain, other firms also need to comply with the principle of TCF, even when dealing with clients other than retail clients.
- 12.2 Firms are required to embed a culture of TCF within their business. As noted above in Chapter 2 of this Compliance Manual, this means that you must treat customers fairly in all your dealings with them. This means:
- (a) clients should clearly understand the nature of the services we provide, including our terms, conditions and charges;
 - (b) clients must clearly understand the risks inherent in the markets and securities in which they invest;
 - (c) we must communicate in an open, transparent and easily understandable manner and have a clear understanding of clients investment objectives, investment experience, attitude to risk, financial standing and resources;
 - (d) we must be clear about the suitability of our recommendations to our clients;
 - (e) we will not promise to provide services we are not able or equipped to deliver;
 - (f) training and competence programs must embed the concept of TCF within our corporate culture; and
 - (g) our complaints procedures must be clear, unambiguous and impartial.

PART B: COMPLIANCE FUNCTION INFORMATION

- 12.3 Patron is required to have regard to the interests of customers and to treat them fairly. This includes not favouring particular customers. Clearly, as Patron does not have many ‘customers’ (e.g. its main clients/customers are the General Partners)

the application of fair treatment rules is somewhat more limited than e.g. in the context of a firm that deals with retail clients. Nevertheless, fair treatment is a core element of Patron's ethos which is also reflected in its Code of Ethics (see paragraph 1.29 and Appendix 6). Accordingly, Patron will always make sure that it is fully available to its customers, that it deals with communication effectively and swiftly and that it treats customers equally.

- 12.4 Patron's internal procedures are designed with TCF in mind, and all staff will receive appropriate training in relation to TCF. Nevertheless, you should bear in mind at all times that Patron is subject to the TCF requirement and if you become aware of any reason why Patron may not be treating its clients fairly, you should inform the Compliance Officer who will consider what action to take.
- 12.5 Patron monitors levels of client care on a regular basis, particularly where there is any evidence of client misunderstanding regarding its services, systems and advice process. Patron has excellent recording and administrative systems and regularly reviews staff competence. Good communication with the client provides a better understanding of their requirements and ultimately builds trust between client and firm. Patron's remuneration structure is regularly reviewed to ensure that it does not cause any conflicts of interest.
- 12.6 Given that Patron deals only with professional clients and eligible counterparties directly and that all of the above embodies TCF, we assess our TCF risk as low.
- 12.7 To achieve the above Patron will:
 - (a) provide continuous training to ensure our staff have the right skills and knowledge to do their jobs effectively;
 - (b) provide an objective assessment of suitability when making a recommendation;
 - (c) communicate in an open, fair and respectful manner with clear, precise, relevant and timely supporting documentation.
- 12.8 The Compliance Officer is responsible for constantly measuring and reviewing the effectiveness of Patron's TCF policy by analysing management information from all areas of the business and where necessary raising issues with the Members and amending any internal processes accordingly to improve the service offered to clients.

CHAPTER 13 COMPLIANCE ROLE

This Chapter of the Compliance Manual is mainly aimed at Patron's Compliance Function and senior management. However, you should nevertheless read this Chapter in order to understand how the Compliance Function is integrated into the Patron business.

13.1 Organisation

13.2 The compliance function will consist of the Compliance Officer and any other staff recruited for compliance or on temporary secondment who report directly to the Compliance Officer.

13.3 The Compliance Officer will have overall operational responsibility for compliance and must therefore have appropriate experience and seniority. The Compliance Officer must be independent and will only have authority on compliance in the areas of the business in which he is not directly involved. If the Compliance Officer is unable to maintain independence in any business area, another senior person will provide independent monitoring and control.

13.4 Reporting lines

13.5 In normal circumstances, on matters concerning compliance, the Compliance Officer will report directly to the Members. A compliance report will be presented to the Members at each meeting, which (subject to paragraph 13.6) are to be held quarterly for this purpose. A template for the Compliance Officer's report to the Members can be found at Appendix 11 of this Compliance Manual.

13.6 If no compliance issues requiring the attention of the Members are noted, as determined by the Compliance Officer, no such report will be presented. The Compliance Officer will also report to the Chairman on a regular basis on compliance issues. Should any significant compliance issues arise, requiring the attention of the Members in between its meetings, the Compliance Officer will inform members as appropriate so that the members assess the need to meet formally.

13.7 In exceptional circumstances, where the Compliance Officer believes that there may be a conflict of interest for the Members, or the Members have failed to resolve a compliance issue, the Compliance Officer may report to the Chairman.

13.8 Relevant Staff may also appeal to the Chairman on matters of dispute concerning compliance.

13.9 Powers

13.10 All proposed changes or exceptions to existing procedures, or any new procedures, must be reported to the compliance function for compliance clearance. The compliance function will have authority to grant clearance with regard to compliance with the rules of the relevant regulatory organisations.

- 13.11 The compliance function may impose any change in operations and procedures that it considers will assist staff in complying with relevant rules and regulations or assist in the monitoring of their compliance.
- 13.12 The compliance function may carry out investigations into the Relevant Staff conduct of business in relation to their employment or engagement with Patron. To permit such investigations, relevant personnel are required to discuss procedures and individual transactions, as and when requested, with the compliance function.
- 13.13 The compliance function may discuss in confidence any compliance matter with the relevant authorities.
- 13.14 **Responsibilities**
- 13.15 The compliance function is responsible for all compliance issues arising in Patron directly relating to investment business. Primarily, this means ensuring that Patron is at all times duly authorised to carry out investment business in accordance with the provisions of the FSMA and the FCA Rules.
- 13.16 The compliance function, as part of its statutory duties, will annually conduct a formal review of Patron's investment business to ensure compliance with the relevant rules. The compliance function will also conduct these reviews on a regular basis throughout the year. This will include examining:
- (a) records kept by Patron;
 - (b) compliance and supervisory procedures; and
 - (c) a representative sample of investment transactions.
- 13.17 It is the responsibility of the compliance function to monitor Patron's conduct of business to ensure that any breaches of the rules are identified quickly and dealt with responsibly. The compliance function must also investigate and report on any such incidents.
- 13.18 The compliance function will establish and maintain a compliance manual containing written rules and procedures with which each member and employee of Patron must comply.
- 13.19 The compliance function must ensure that adequate systems and procedures exist to enable the necessary financial reports and returns to be provided to the relevant regulatory authorities and that these returns are provided in good time.
- 13.20 It is the responsibility of the compliance function to maintain the good reputation of Patron relating its compliance to established requirements, both internally and externally.
- 13.21 The compliance function will organise training of Relevant Staff on compliance to ensure that they are aware of and understand their responsibilities in relation to compliance.
- 13.22 The compliance function will review all manuals and documentation of procedures in Patron on an on-going basis to ensure that they are appropriate and up-to-date and reflect current best practice, as far as is practical.

13.23 The compliance function will ensure that existing and proposed data processing and information systems, wherever located, support compliance requirements and, where applicable, assist with the continuous review of the business.

13.24 The compliance function will liaise with all relevant statutory regulatory organisations, external auditors and any other external bodies and represent Patron, as necessary, with regard to any of the above matters.

13.25 Timetable

The Compliance Officer is required to make various reports and keep records at varying periods of regularity in relation to key compliance issues. A timetable which sets out the principal obligations of the Compliance Officer in this regard can be found at Appendix 12 to this Compliance Manual.

Documents referred to in this Chapter	Where found in Manual	Ring Binder Reference
Template for Compliance Officer's Report to the Members	Appendix 11	Internal Compliance UK Reporting folder
Compliance Timetable	Appendix 12	N/A

CHAPTER 14
REPORTING AND NOTIFICATIONS TO THE FCA

This Chapter of the Compliance Manual is divided into two parts:

- (a) Part A: for all Patron Relevant Staff. This part is intended to provide an overview of the key compliance issues relevant to all Relevant Staff; and
- (b) Part B: for Patron's Compliance Function. This part is intended to provide more detailed guidance on particular compliance policies and procedures.

PART A: STAFF INFORMATION

14.1 Notifications to the FCA (FCA's Supervision Sourcebook (SUP) Chapter 15)

14.2 Patron is required to provide the FCA with a wide range of information to enable FCA to monitor Patron's compliance with the rules. It is the responsibility of the Compliance Officer to provide the FCA with this information. Some of this information is provided through regular reports. In addition, other information may be requested as one-off requests, as regular information, or when a particular event triggers a notification event.

14.3 If you believe that a notification needs to be made to the FCA, you should contact the Compliance Officer. The Compliance Officer will then contact the FCA if he/she considers this to be necessary. The following are events which should be notified to the FCA by the Compliance Officer (SUP 15.3):

(a) **Matters having a serious regulatory impact**

Patron must notify the FCA immediately it becomes aware, or has information which reasonably suggests, that any of the following have occurred or will occur:

- (i) Patron failing in one of the FCA's Threshold Conditions (a copy of these can be obtained from the Compliance Officer);
- (ii) any matter which could have a significance adverse impact on Patron's reputation;
- (iii) any matter which could affect Patron's ability to continue to provide adequate services to its clients, or which could result in a serious detriment to a client; or
- (iv) any matter in respect of Patron, which could result in serious financial consequences to the financial system, or other regulated firms.

(b) **Breaches of rules and other requirements in or under the FSMA**

Patron must notify the FCA immediately of:

- (i) a significant breach of an FCA Rule, Principle for Business or COCON rule (i.e. breach of the Conduct Rules) by Patron or Relevant Staff;
- (ii) a breach of any requirement imposed by FSMA or regulations made under FSMA by Patron or Relevant Staff;
- (iii) the bringing of a prosecution against Patron or Relevant Staff for, or a conviction in relation to, any offence under FSMA; or
- (iv) civil proceedings against Patron which are significant in relation to Patron's financial resources or its reputation;
- (v) criminal or disciplinary proceedings against Patron;
- (vi) Patron is prosecuted for, or convicted of, any offence involving fraud or dishonesty, or any penalties are imposed on it for tax evasion; or
- (vii) any fraud, errors and other irregularities;
- (viii) an application to dissolve Patron or to strike it off the Register of Companies;
- (ix) the insolvency, bankruptcy and winding up of Patron;
- (x) any reasonable grounds which it might have to suspect that a transaction in a qualifying investment on a prescribed market might constitute market abuse (see Chapter 4 in relation to market abuse); or
- (xi) an emergency which makes it impractical for Patron to comply with a particular rule.

14.4 Patron must notify the FCA immediately if one of the following events arises and the event is significant:

- (a) it becomes aware that an employee may have committed a fraud against one of its customers; or
- (b) it becomes aware that a person, whether or not employed by it, may have committed a fraud against it; or
- (c) it considers that any person, whether or not employed by it, is acting with intent to commit a fraud against it; or
- (d) it suspects that one of its employees may be guilty of serious misconduct concerning his/her honesty or integrity and which is connected with Patron's regulated activities or ancillary activities.

14.5 Patron must give reasonable advance notice of:

- (a) a change in its registered name or any business name under which it carries on a regulated activity or ancillary activity either from an establishment in the UK or with or for clients in the UK or its principal place of business in the UK;

- (b) a change of address of Patron's principal place of business in the UK (as well as giving details of the new address and the date of the change); and
- (c) a proposed change in Patron's legal status which limits the liability of any of its members or partners.

14.6 In addition, with respect to breaches of the Conduct Rules:

- (a) If a Senior Manager, Certification Staff or Conduct Staff commits a significant breach¹³ of one or more of the Conduct Rules, this will need to be reported to the FCA immediately. This notification may be made using a Form C or Form D where applicable and where the significant breach involves a Senior Manager. In all other cases, such notification should be made using the Notification Form in SUP 15 Annex 4R and returned to the FCA using one of the methods in SUP 15.7.
- (b) If the breach of one or more of the Conduct Rules is by a Senior Manager, and this breach results in disciplinary action (as defined below), Patron must notify the FCA within 7 business days of concluding disciplinary action using Form D (or Form C where the individual will no longer be approved). For these purposes, "disciplinary action" means:
 - (i) issuing of a formal written warning;
 - (ii) suspension or dismissal of a person; or
 - (iii) reduction or recovery of remuneration (clawback).
- (c) If the breach of one or more of the Conduct Rules is by a Certification Staff member or a Conduct Staff member and this breach results in disciplinary action (as defined above), Patron must notify the FCA of this as part of its annual notification in relation to Conduct Rule breaches (REP008).
- (d) Please note that Patron is required to file a REP008 with the FCA annually even if no Conduct Rule breaches have occurred in the relevant reporting period (otherwise known as a 'nil return').

14.7 **Communication in Accordance with Principle 11**

14.8 Principle 11 of the FCA's Principles requires a firm to deal with its regulators in an open and cooperative way and to disclose to the FCA appropriately anything relating to the firm of which the FCA would reasonably expect notice. Principle 11 applies to unregulated activities as well as regulated activities and takes into account the activities of other members of a group.

14.9 Compliance with Principle 11 includes, but is not limited to, giving the FCA notice of:

¹³ Please refer to Chapter 1, paragraph 1.34 (a) and Appendix 12.

- (a) any proposed restructuring, reorganisation or business expansion which could have a significant impact on Patron's risk profile or resources, including, but not limited to:
 - (i) setting up a new undertaking within Patron's group, or a new branch (whether in the UK or overseas); or
 - (ii) commencing the provision of cross border services into a new territory; or
 - (iii) commencing the provision of a new type of product or service (whether in the UK or overseas); or
 - (iv) ceasing to undertake a regulated activity or ancillary activity, or significantly reducing the scope of such activities; or
 - (v) entering into, or significantly changing, a material outsourcing arrangement;
- (b) any significant failure in the Patron's systems or controls, including those reported to it by its auditor;
- (c) any action which Patron proposes to take which would result in a material change in its capital adequacy or insolvency, including, but not limited to:
 - (i) any action which would result in a material change in the Patron's financial resources or financial resources requirement; or
 - (ii) a material change resulting from the payment of a special or unusual dividend or the repayment of share capital or a subordinated loan; or
 - (iii) significant trading or non-trading losses (whether recognised or unrecognised).

PART B: COMPLIANCE FUNCTION INFORMATION

14.10 Reporting requirements (SUP 16)

14.11 The FCA has set out a number of reports that must be submitted by Patron and the time-frame for submission. Failure to submit the reports on time is a rule breach and Patron can be subjected to a fine or other disciplinary action.

14.12 The required reports include:

- (a) an annual controllers report (SUP 16.4);
- (b) an annual close links report (SUP 16.5); financial reports (SUP 16.12); and
- (c) an annual financial crime report (SUP 16.23).

14.13 Patron is also required to file, via Connect, certain information with the FCA on its Certification Staff under SUP 16.26, using the Directory Persons Connect Form. This information includes, but is not limited to, details on the Certification Staff member's role (including Certification Functions performed). A full list of information

to be provided can be found at SUP 16 Annex 47A. The obligations applying to Patron are as follows:

- (a) file information on all their Certification Staff with the FCA in advance of 9 December 2020;
- (b) following 9 December 2020, file a report with the FCA within seven business days of the following:
 - (i) a Certification Staff member commencing the performance of a Certification Function;
 - (ii) a Certification Staff member ceasing the performance of a Certification Function; and
 - (iii) any change to the information in respect of a Certification Staff member which has previously been provided to the FCA; and
- (c) following 9 December 2020, in the event that there has been no notification to the FCA pursuant to (b) above within the last 364 days, file a report with the FCA stating that all information previously reported by Patron in respect of its Certification Staff remains accurate and up-to-date.

14.14 **Access and inspections**

14.15 The FCA has wide powers to require regulated firms to provide information and/or access to documentation relating to Patron's business (including non-investment business).

14.16 Firms and registered individuals must cooperate with the FCA in relation to any investigation which the FCA may instigate under its powers under the FCA Rules but if you have any questions regarding the nature and scope of any request for information or documentation which may be received from the FCA you should consult the Compliance Officer immediately, before providing that information.

**CHAPTER 15
RECORD KEEPING**

This Chapter is only relevant to the Compliance Function. Other Relevant Staff are not required to read this Chapter.

15.1 The following table sets out the principal record-keeping requirements to which Patron is subject:

Chapter of Compliance Manual / Subject of Record	Contents of Record	When Record must be made	Ring Binder Reference	Retention Period¹⁴	FCA Handbook Reference
Chapter 1 / Senior Managers	Patron must undertake fitness and propriety assessments on Senior Manager on joining the firm and on an annual basis.	When Senior Managers are taken on and then at least annually		6 years	SYSC 22.9.1R
Chapter 1 / Certification Regime	Patron must undertake fitness and propriety assessments and issue certificates to Certification Staff on joining Patron and on an annual basis.	When Certification Staff taken on and then at least annually		6 years	SYSC 22.9.1R
Chapter 2 / Fee, Commission or Benefit	Each fee, commission or non-monetary benefit given to, and each non-monetary benefit received from, third parties	When benefit is given / received		6 years	COBS 2.3A.32(1)

¹⁴ Although the FCA generally requires a 5 year retention period, Patron will maintain all records for a minimum of 6 years in accordance with Guernsey law requirements.

Chapter 2 / Fee, Commission or Benefit	How (i) each fee, commission or benefit given to; and (ii) each non-monetary benefit received from third parties, enhances the quality of service provided to Patron's clients and the steps taken in order not to impair the firm's compliance with the duty to act honestly, fairly and professionally in the best interests of the client	When the fee, commission or benefit is given / benefit received		6 years	COBS 2.3A.32(2)
Chapter 2 / Fee, Commission or Benefit	Any information provided to a client in relation to fees, commissions or benefits given to or received from third parties	At the time that the information is provided to the client		6 years	COBS 2.3A.33
Chapter 9 / Forms of notices to clients and agreements	Each standard form of notice or agreement	When each form is first used		6 years after firm ceases to carry on business with clients who were provided with that form	COBS 3.8.2(1)
Chapter 9 / Client categorisation	Category of each client with sufficient information in support, evidence of despatch of any notice (a copy if differs from standard form), copy of any agreement entered into with that client	When client is categorised		6 years after firm ceases to carry on business with that client	COBS 3.8.2(2)
Chapter 10 / Financial Promotions	Copy of the financial promotion, record of to whom it was communicated and where applicable for whom it was approved. Any supporting documentation to show that the FP was clear, fair and not misleading	When the FP is communicated / approved		6 years after the FP has been communicated / approved	COBS 4.11.1

Chapter 9 and Chapter 2 / investment advisory agreement	Record of documents agreed by parties setting out rights, obligations and terms	At time of agreement		6 years or, if longer, duration of client relationship.	COBS 8A.1.9
Chapter 2 / Suitability	Client information gathered to assess the suitability of an investment / transaction	At date of suitability report		6 years	COBS 9A.4.2
Chapter 3 / Personal account dealing	Record of the personal transaction notified to the Patron (the Personal Account Dealing Approval Form) and a record of any authorization or prohibition given by Patron	At date of notification or decision		6 years	COBS 11.7A.5
Chapter 5 / Recording of telephone conversations and other electronic communications and monitoring policy	Record of Inscope communications	At the time of the communication		6 years or where requested by the FCA, 7 years	SYSC 10A.1.14
Matters and dealings which are subject to the regulatory system	Adequate	Adequate time		Adequate	SYSC 3.2.20
General record keeping requirements	Orderly records of business and organisation, accessible, amendments or corrections easily ascertained, which cannot be manipulated or altered	Ongoing		6 years	SYSC 9.1
Chapter 6 / Conflict of interest	Service or activity carried out in which a conflict with material risk of damage has arisen, or may arise	Not specified		6 years	SYSC 10.1.6A

GLOSSARY

The following definitions used in the Compliance Manual are defined as follows:

Advised Business	providing clients with advice on the merits of their buying, selling or subscribing for investments
Advised Direct Investor	a person (who may be an existing investor in the Patron Fund, a consultant or a Patron member or employee) who invests either personally or through an investment vehicle on advice given by Patron, but directly in investments which are not connected to those of the Patron Funds
Ancillary Staff	employees who are not covered by the Conduct Rules, such as cleaners, receptionists, catering staff and security staff.
Carry Participant	a member, employee or officer of Patron who is a participant in carry
Certification Function	a function performed by employees who could pose a risk of significant harm to the firm or its customers. The Certification Functions are defined in the FCA Handbook but employees do not have to be approved for these functions.
Certification Regime	the part of the regime that covers Certification Functions.
Certification Staff	employees who are subject to the Certification Regime.
CJA	the Criminal Justice Act 1993
COBS	the FCA Conduct of Business Sourcebook
Co-investor	a member, employee, officer or any other person of Patron who participates in or is to be offered participation in Patron's co-investment opportunities or an investment vehicle (e.g. a trust) used by that person for this purpose
Conduct Rules	the Individual Conduct Rules and/or the Senior Manager Conduct Rules (as applicable)
Conduct Staff	employees who are subject to the Individual Conduct Rules
Core Firm	Firms such as Patron that will have a baseline of the SMCR requirements applied
Direct Investors	both Advised Direct Investors and Non-Advised Direct Investors
FCA	the Financial Conduct Authority
FCA Rules	the rules and guidance promulgated by the FCA as amended and cancelled from time to time
FS Act	the Financial Services Act 2012
FSMA	the Financial Services and Markets Act 2000
General Partner	a general partner of one of the Patron Funds

Individual Conduct Rules	these are basic standards of behaviour that apply to all individuals (except Ancillary Staff) in FCA authorised and regulated firms as contained in Appendix 3
ML Regulations	the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017
MLRO	the Money Laundering Reporting Officer
NCA	the National Crime Agency
Non-Advised Business	business conducted with clients in relation to which Patron does not provide advice on the merits of their buying, selling or subscribing for investments
Non-Advised Direct Investor	a person (who may be an existing investor in the Patron Fund, a consultant or a Patron member or employee) who invests either personally or through an investment vehicle alongside the Patron Funds in one of its investments
PAD Rules	Patron's Personal Account Dealing Rules
Patron	Patron Capital Advisers LLP
Patron Funds	The funds advised by Patron
PEP	a politically exposed person as defined in paragraph 10.25 of this Compliance Manual
PIDA	the Public Interest Disclosure Act 1998
Prescribed Responsibilities	FCA-defined responsibilities that must be allocated to an appropriate Senior Manager
PRIIP	a packaged retail investment product or an insurance-based investment product, to which certain requirements apply including those summarised in paragraphs 2.15 to 2.23 of this Compliance Manual
Senior Management Functions	certain roles performed by Senior Managers and requiring the people perform them to be approved by the FCA
Senior Manager Conduct Rules	these are additional conduct rules that only apply to Senior Managers as contained in Appendix 3
Senior Managers Regime	The part of the SMCR only applicable to Senior Managers as summarised in Chapter 1 of this Compliance Manual
SMCR	the Senior Managers and Certification Regime
Statement of Responsibilities	A document that every Senior Manager needs to have that sets out what they are responsible and accountable for. This needs to be submitted to the FCA when a Senior Manager is being approved and when there is a significant change
SUP	the FCA Supervision Sourcebook

TCF	the FCA's principle of treating customers fairly
UCIS	an unregulated collective investment scheme
UCITS	an undertaking for collective investment in transferable securities

COMPLIANCE MANUAL

AMENDMENT CHECKLIST

Amendment	Page	Date
Change to Compliance Officer	4, 14, 151	February 2015
Changes to who is regarded as client for the purposes of providing services and advice	7 and 8 18 and 19 45, 46 and 48	February 2015
Change to suitability flowchart making clear that Patron cannot provide advice to retail clients	28	February 2015
Change to client categorisation flowchart to show what can be done with retail clients	48	February 2015
Change to clarify how Patron makes promotions to retail clients	55	February 2015
Change to financial promotion rules	55	February 2015
Change to take account of developments due to AIFMD	56	February 2015
Changes to suitability assessment form to make it more relevant to Patron's business	81-84	February 2015
Change to client categorisation notification form for Carry Participants and Co-investors	110, 111 and 113	February 2015
Changes to Chapter 10 (Anti-Money Laundering Procedures)	57-63	November 2015
Introduction of Schedule 15 (Anti-Money Laundering Reliance Letter)	132-133	November 2015
Introduction of paragraph 1.29 of Chapter 10 (Anti-Money Laundering Procedures)	61-62	December 2015
Annual review by Macfarlanes	New version produced	July 2017
Amendments by Macfarlanes to update legislative references, reflect the implementation of PRIIPs and reflect the inducements rules	Amendments throughout Manual	July 2019
Senior Managers and Certification Regime amendments	Amendments throughout Manual	February 2020

SCHEDULES - FORMS TO ACCOMPANY THE COMPLIANCE MANUAL

SCHEDULE 1

PATRON CAPITAL ADVISERS LLP

MONEY LAUNDERING UNDERTAKING

To: Patron Capital Advisers LLP ("**Patron**")

I confirm that I have read and understood Chapter 2 and Chapter 11 of the Patron Compliance Manual.

I undertake to report any and all suspicions that I have of money laundering in the course of my employment or engagement as soon as those suspicions are formed to the designated Money Laundering Reporting Officer.

I further understand that if I report a suspicion of money laundering that I will be protected (to the extent provided in law) against civil liability for a breach of client confidentiality.

I further understand that disclosure to any client or anyone else that they are the subject of a report or are under investigation in respect of money laundering may constitute "tipping off" and may be a criminal offence.

I understand that if I knowingly help or assist a money launderer or if a transaction, client or colleague causes me to suspect money laundering and if I fail to report these suspicions that I may be committing a criminal offence.

Signed: _____

Print Name: _____

Date: _____

SCHEDULE 2

SUITABILITY ASSESSMENT FORM TEMPLATE

[This is to be adapted according to whichever Patron Fund it applies to.]

The procedures and requirements relating to client suitability assessment are set out in Chapter 2 of the Compliance Manual.

Client Name:	[]
Advice to which assessment relates:	[]
<p>Details of assessment of suitability:</p> <p>Professional Clients: investment must be consistent with the client’s investment objectives. Patron can assume that the client has the appropriate level of knowledge and experience, therefore when conducting Advised Business it can be assumed they have the requisite knowledge and experience. For clients which have been categorised as per se professional clients, Patron may also assume that the client is able to bear the financial risks of the investment.</p>	<p>The suitability criteria for investments of the clients set out in the LPA and PPM are (these are set out in the summary terms below):</p> <ul style="list-style-type: none"> i. the purpose of the Fund is to [make opportunistic and value-oriented investments in distressed and undervalued property assets, loans and corporate entities with substantial underlying property value, predominantly in Western Europe. Patron aims to build value through the repositioning, redevelopment and intensive management of real estate assets and operational improvement of corporate entities and of successfully realising this value at exit] (“Investment Strategy”); ii. the Fund focuses on middle-market transactions that typically require [€30 - €90 million]. iii. the Fund’s objective is to generate superior, absolute and risk-adjusted returns through a diversified portfolio of acquisitions. [Investments are targeted with the aim of generating a 17% to 22% gross IRR and 1.8x to 2.2x gross equity multiple on invested capital over a 3-5 year investment horizon.]

	<ul style="list-style-type: none"> <li data-bbox="815 194 1342 398">iv. The GP will seek to structure a control position or an ability to effect material change in all of the Fund's investments to ensure its risk parameters and return objectives are achieved. <li data-bbox="815 434 1342 568">v. In no event shall the amount invested in funds where the Fund is a passive investor exceed []% of Fund Commitments. <li data-bbox="815 604 1342 1267">vi. The Fund aggregate of outstanding borrowings together with aggregate of liabilities of the Fund and the parallel funds outstanding under any guarantees, indemnities, covenants and undertakings do not (other than in connection with the general day-to-day borrowings of the Fund for administrative and cash-flow purposes), net of any Drawdown loans held to satisfy such borrowings, exceed in aggregate at any one time an amount equal to []% of Fund commitments or (if less) 100% of the undrawn Fund Commitments discounting for such purpose any retention or collateral in relation to an investment or proposed investment. <li data-bbox="815 1303 1342 1930">vii. In respect of each investment, the Partnership shall ensure that the relevant Portfolio Company shall not assume [property-related borrowings in excess of []% of the value of any property at the time of making the investment. The GP shall, at the annual anniversary of the making of each investment, establish whether the value of such investment is such that the borrowings in relation to that investment are in excess of []% of the value of that property, and in the event that the borrowing exceeds []% in relation to any such property then the GP shall obtain approval from the Advisory Committee for the borrowings to remain at that level.] <li data-bbox="815 1966 1342 2029">viii. No investment shall be made in a [Property or]Portfolio Company
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	<p>which would cause the aggregate acquisition cost to the Fund of all investments (excluding Bridging Investments) in such Property or Portfolio Company to exceed []% of Fund commitments without the approval of the Advisory Committee.</p> <p>ix. No investment shall be made in a [Property or]Portfolio Company which would cause the aggregate acquisition cost to the Fund of all investments (including Bridging investments) in [such property or] portfolio company to exceed []% of Fund commitments without the approval of the Advisory Committee.</p> <p>x. The principal geographic focus will be Europe, however the Fund will retain some flexibility to allocate up to []% of commitments to Investments outside Europe, such limit not to be exceeded without the approval of the Advisory Committee.</p> <p>The Compliance Member considered the investment to fall within the suitability criteria identified above because: []</p> <p>As per the FCA rules [Patron GP entity] are considered a Professional Client of Patron Capital Advisers LLP. The Chairman considered the acquisition of the platform to be an investment sufficient for recommendation to the GP.</p> <p>The Chairman considers the recommendation of the investment to the GP to be suitable investment advice for the reasons stated in the IM.</p>
<p>Supporting Documentation:</p> <p>(Please insert here a list of the documentation used in the assessment of the client's suitability and any other supporting documents. This will include:</p> <p>(a) the Elective Professional Client Assessment and Verification Forms used to re-categorise clients;</p>	<p>[].</p>

<ul style="list-style-type: none"> (b) previous suitability assessment forms for this client; (c) financial information obtained from the client e.g. bank statements etc.; (d) all information, as described in paragraphs 2.89 – 2.92 of the compliance manual, collected on the client; and (e) any other supporting documents.) 	
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COMPLIANCE OFFICER AND CHAIRMAN APPROVAL

This assessment has been reviewed and cleared by us. I agree that the relevant person is deemed suitable in respect to the advice to be provided to the client by Patron.

Signature of Compliance Officer:

Date:

Signature of Chairman :

Date:

SCHEDULE 3

PATRON CAPITAL ADVISERS LLP

COMPLIANCE UNDERTAKING

- 1.1 All personnel are required to read this manual and must then acknowledge having understood it by entering their name, signing and dating it, and returning it to the Compliance Officer.
- 1.2 I confirm receipt of Patron's Compliance Manual (the "**Compliance Manual**") and I hereby undertake:
- (a) To act and conduct myself in conformity with, and so as to result in Patron complying with, the rules and regulations of the Financial Conduct Authority ("**FCA**") as if such rules and regulations were directly binding on me, insofar as it is reasonably in my power to do;
 - (b) To comply and co-operate fully with all instructions, directions, requirements or requests properly made or imposed by or on behalf of FCA, including, but not limited to, a requirement to make myself readily available for the purposes of, and truthfully to answer all questions put to me in the course of, an inspection, investigation or any process or proceeding under the supervision or enforcement chapters of the FCA's Handbook;
 - (c) To observe and comply with all of Patron's money laundering procedures which are set out in the Compliance Manual and as they may be amended from time to time;
 - (d) To familiarise myself with, and at all times comply with, the principles, standards, requirements and procedures set out in this Compliance Manual and, in case of doubt as to the application of the Compliance Manual to consult the Compliance Officer;
 - (e) To observe Part V of the Criminal Justice Act 1993, in its present form and as it may be amended or replaced in future, and the requirements regarding personal account transactions that are set out in the Compliance Manual; and
 - (f) To observe and comply with Patron's telephone and other electronic communications recording policy as set out in the Compliance Manual and may be amended from time to time.

I agree that this undertaking extends to any amended or replacement requirements that you set out in any written notice which you subsequently give to me on this subject.

I understand and acknowledge that breaches of the above undertaking may be treated as serious misconduct justifying summary dismissal.

Name: _____

Signature: _____

Date: _____

Schedule 4

PERSONAL ACCOUNT DEALING APPROVAL FORM

Relevant Staff (as defined in the Compliance Manual) must not deal in investments for their personal account without prior submission of this form to the Compliance Officer and receipt of consent to the deal from the Compliance Officer; provided that this does not apply where a general permission to deal in a particular investment or type of investment has been granted.

Please see Chapter 3 of the Compliance Manual for details of the investments in which Patron Relevant Staff are / are not permitted to deal.

1. PART A: OFFICER'S / STAFF'S REQUEST FOR CONSENT FORM

To: The Compliance Officer

From: *[Name of member or employee making request]*

I wish to buy/sell¹⁵ on my own account/on behalf of *[insert details of third party on whose behalf you are buying or selling the investment]*¹⁶, the following investments:

Details of investment: []

Sedol or reference number: []

and seek consent to do so.

Signed:

Date:

Department:

Ext no:

¹⁵ Delete as appropriate

¹⁶ Delete as appropriate

2. **PART B: COMPLIANCE OFFICER'S RESPONSE FORM**

To: *[Name of member or employee making request]*

From: The Compliance Officer

Section 1:

Consent to deal in the following investments;

[]

is **GIVEN/REFUSED**¹⁷

Section 2:

Consent is **GIVEN** to deal in the following investments:

[]

within the period of twenty-four hours from am/pm¹⁸ on 20....., subject to the terms and conditions (if any) set out overleaf¹⁹.

Signed:

(Compliance Officer)

Time:

Date:

¹⁷ Delete as appropriate

¹⁸ Delete as appropriate

¹⁹ Delete as appropriate

SCHEDULE 5

COMPLAINTS RECORDING FORM

PATRON CAPITAL ADVISERS LLP

COMPLAINT RECORDING FORM

Date: / /

Patron Client	
Reporting Staff	
Nature of complaint	
Action of Compliance Officer	

Signature

Signature

Name (please print)

Name (please print)

Reporting Staff

Compliance Officer

SCHEDULE 6

TRAINING NOTIFICATION FORM

PATRON CAPITAL ADVISERS LLP

EMPLOYEE EXTERNAL TRAINING LOG

Date: / /

Name of Staff	
Details of training received (copies of notes or handouts should be appended to this log)	
Signature of Staff

Signature

Name (please print)

Compliance Officer

SCHEDULE 7

PATRON CAPITAL ADVISERS LLP

FORMS FOR THE TREATMENT OF RETAIL CLIENTS AS ELECTIVE PROFESSIONAL CLIENTS – ADVISED BUSINESS

ADVISED BUSINESS

1. This suite of documents comprises:
 - (a) the Elective Professional Client Verification Form (the “**Verification Form**”);
 - (b) the Elective Professional Client Assessment Form, (the “**Assessment Form**”)
 - (c) the Loss of Protections Warning; and
 - (d) the Client Instruction and Acknowledgement Form.
2. The purpose of this suite of documents is to allow Patron to re-categorise clients who would otherwise fall within the FCA categorisation of retail client and benefit from the highest level of investor protection as professional clients. Categorisation as a professional client reduces the investor protection available to these clients and in particular permits the promotion of unregulated collective investment schemes to these clients. Please find further information with regard to client categorisation at Chapter 9 of the Compliance Manual.
3. This suite of documents is designed to ensure Patron’s compliance with the FCA Rules in its decision to treat a particular client as a professional client rather than a retail client when conducting **Advised Business**²⁰ for the client. Before using this suite of documents to categorise a client please consult the Compliance Officer.
4. The documents operate in the following way:
 - (a) **the Verification Form and Assessment Form** are designed to assist Patron with assessing whether the client meets both the Quantitative Test (i.e. that the client either meets one of two tests as to financial resources / experience in the financial sector - please see Chapter 9 of the Compliance Manual for further details) and the Qualitative Test (i.e. has the expertise, experience and knowledge required to be treated as a professional client - please see Chapter 9 of the Compliance Manual for further details) and to provide a durable record of this assessment;
 - (b) **the Loss of Protections Warning** provides the client with an explanation of the protection and investor compensation rights which the client may lose as a result of re-categorisation as a professional client; and

²⁰ "Advised Business" means providing clients with advice on the merits of their buying, selling or subscribing for investments. Advised Business is most likely to be relevant to the business which Patron conducts with the General Partners or with Direct Investors.

- (c) **the Client Instruction and Acknowledgement Form** provides Patron with a written instruction from the client that the client wishes to be treated as a professional client and confirmation from the client that he is aware that re-categorisation may result in a loss of investor protection.
- 5. The completed Verification Form, Assessment Form, the Loss of Protections Warning provided to the client and the completed and signed Instruction and Acknowledgement Form must be kept, as a record of the categorisation, for at least three years after ceasing to carry on any business with or for the client. Please complete the relevant details on the client's Record Sheet once the re-categorisation process has been completed and append the completed forms to the Record Sheet.

PATRON CAPITAL ADVISERS LLP

VERIFICATION FORM

1. PERSONAL INFORMATION:

Name:

Address:

Occupation:

Date of Birth:

Ordinarily resident in:

2. THE QUANTITATIVE TEST

2.1 Do you satisfy at least two of the following criteria:

- (a) you have carried out transactions in significant size, on the relevant market at an average frequency of 10 per quarter over the previous four quarters;
- (b) the size of your financial instrument portfolio, defined as including cash deposits and financial instruments, exceeds €500,000;
- (c) you work or have worked in the financial sector for at least one year in a professional position, which requires knowledge of the transactions or services envisaged

Yes

No

2.2 If you have answered yes, when you return the form to Patron, please provide documentary evidence which supports the fact that you satisfy these criteria. On request, Patron will provide you with further guidance on what kind of documentary evidence may be appropriate.

3. THE QUALITATIVE TEST

3.1 Financial

- (a) What level of net assets (excluding for this purpose your main residence, pension and life insurance) do you have and what proportion of this are you willing to commit to investment in unlisted securities related to land and other real property interests and/or interests in unregulated collective investment schemes?
- (b) What level is your annual income and what proportion of this are you willing to commit to investment in unlisted securities related to real property and/or interests in unregulated collective investment schemes?

- (c) Do you at present, or have you during the last 30 months, invested in one or more unregulated collective investment schemes? If so please give brief details.
- (d) What, if any, level of investment have you at present and have you previously had in unregulated collective investment schemes and/or other forms of structured investment in land and other real property (other than investments in authorised unit trusts)?
- (e) What is the value / level of your investment portfolio as a whole?
- (f) How frequently have you previously invested in unregulated collective investment schemes and/or other forms of structured investment in land and other real property?
- (g) In making the past investments in unregulated collective investment schemes or other forms of structured investment in land and other real property referred to above how far have you made your own investment decisions?

3.2 Professional Qualifications and experience (if any)

- (a) What, if any, professional qualifications do you have in relation to investment business?
- (b) For how long, and in what capacity, have you been working in the private equity/venture capital industry?
- (c) Have you worked in other parts of the financial services industry; which, in what capacity and for how long?
- (d) In the course of your employment are you or have you been responsible for making investment decisions for your employer and/or its clients in relation to forms of structured investment in land and other real property and/or unregulated collective investment schemes which invest in land and other real property?

Yes/No

- (e) In the course of your employment are you or have you been responsible for assessing and advising on or in relation to proposed forms of structured investment in land and other real property and/or unregulated collective investment schemes which invest in land and other real property and the risks related to them?

Yes/No

3.3 Confirmations

- (a) Are you investing for capital growth?

Yes/No

- (b) Are you able to lose all or most of the proposed level of investment without materially adversely affecting your overall standard of living?

Yes/No

- (c) Are you able to invest for the long term so that you will not need to sell your proposed investments for at least 5 years in order to maintain your present standard of living?

Yes/No

- (d) If not have you considered the risks of losing all or most of the proposed investments and decided that you wish and are able to take that risk?

Yes/No

- (e) Do you consider yourself able on the basis of your experience and without taking advice to assess the risks involved in investment in unregulated collective investment schemes which invest in land and other real property or other forms of structured investment in land and other real property?

Yes/No

3.4 **Additional Information**

If you wish to do so, please add any other information relevant to your understanding of investment in unlisted investments in land and other real property and/or unregulated collective investment schemes which invest in land and other real property and/or other forms of structured investment which invests in them.

Signature: _____

Date: _____

PATRON CAPITAL ADVISERS LLP

ASSESSMENT FORM

[Not to be provided to the client]

Re: ***[the client]***

1. INTRODUCTION

This Assessment Form is to be completed based upon the replies by each client to the questions contained in the Verification Form and is to be completed before a prospective client becomes a client of Patron and before any invitation to participate in or any other promotion of an unregulated collective investment scheme or the provision of other investment services is issued to a client who would otherwise be a retail client (e.g. an individual, company, partnership or trust which it is not possible to classify as a per se professional client).

2. WRITTEN ASSESSMENT OF KNOWLEDGE AND UNDERSTANDING

Please set out below your assessment, based on the client's answers to the Verification Form, of whether the client satisfies both the Quantitative Test and the Qualitative Test and the level of the client's expertise, experience and knowledge of the nature of and risks associated with investments and the financial markets generally and with the proposed investments in particular.

[Insert details of your assessment here]

3. CONCLUSION

We have reviewed the client's answers to the Verification Form and:

[Please tick the relevant box]

- (a) The client can be treated as a professional client for the purposes of Patron conducting Advised Business with the client; or

- (b) The client cannot be treated as a professional client and must instead be treated as a retail client for the purposes of Patron conducting Advised Business with the client.

4. **PROCEDURE**

4.1 Where you have concluded that the client can be classified as a professional client, this form must be passed immediately to the Compliance Officer, who will confirm the categorisation on the basis of the information received from the client in the Verification Form and the information received from you in this Assessment Form.

4.2 Once the Compliance Officer has confirmed the categorisation, the client must be provided with the Loss of Protections Warning and a request to complete the Instruction and Acknowledgement Form in order to obtain the client's written instruction to Patron to treat the client as a professional client. The client cannot be treated as a professional client until the Instruction and Acknowledgement Form is completed, signed and returned by the client to Patron.

5. **DECLARATION**

This form has been completed by:

Name:

Department:

Please prepare a Loss of Protections Warning and an Instruction and Acknowledgement Form for despatch to the client.

Signed:

Dated:

6. **COMPLIANCE OFFICER APPROVAL**

This assessment has been reviewed and cleared by me for compliance purposes. I agree that the relevant person may properly be classified as a professional client in respect of the services to be provided to the client by Patron.

Signature: _____

Date: _____

PATRON CAPITAL ADVISERS LLP

CLIENT INSTRUCTION AND ACKNOWLEDGEMENT FORM

[To be typed on the letterhead of: Patron Capital Advisers LLP]

Dear [*client*]

Categorisation as an Elective Professional Client

On the basis of the information you have given us about your expertise, experience and knowledge of investments and the financial sector, we, Patron Capital Advisers LLP (Patron) propose to categorise you as a professional client in accordance with the FCA Rules, in relation to the services which we have agreed to provide to you and for the purposes of the promotion to you of participation in investment activity including participation in unregulated collective investment schemes.

As a consequence of your categorisation as a professional client you will lose the protections you would otherwise have been afforded as a retail client (apart from those which are also provided to elective professional clients) under the FCA Rules. Your attention is drawn, in particular, to the protections, set out in the Loss of Protections Warning attached to this letter which will not apply to you as a professional client. By signing and returning the enclosed Client Instruction and Acknowledgement Form and returning it to us you confirm that you have read and understood the content of the Loss of Protections Warning.

Once you have read and understood the Loss of Protections Warning, if you agree to be treated as a professional client by us when we provide services to you and promote investment activity to you, please sign and return the enclosed Client Instruction and Acknowledgement Form which instructs Patron to treat you as a professional client. Please note, however, that there is no obligation on you to accept your categorisation as a professional client. You have the right to request re-categorisation as a client that benefits from a higher degree of protection. However, if you make such a request you should be aware that we may not be able to provide the services to you.

Should you have any questions with regard to the information set out above, the Loss of Protections Warning or the Client Instruction and Acknowledgement Form, please direct them to our Compliance Officer at the address given above.

Yours sincerely

Patron Capital Advisers LLP

LOSS OF PROTECTIONS WARNING

As a result of your categorisation as a professional client you will not benefit from the following investor protections:

1. **DIRECT OFFER FINANCIAL PROMOTIONS**

We will not be obliged to comply with the FCA Rules relating to restrictions on and the required contents of direct offer financial promotions. We do not need to provide you, in a direct offer financial promotion, with sufficient information for you to make an informed assessment of the investment to which it relates.

2. **APPROVAL OF FINANCIAL PROMOTIONS**

We will not need to give warnings or seek to ensure that overseas firms in respect of which we approve financial promotions will treat retail clients in an honest and reliable way.

3. **RISK WARNINGS**

We will not be required to warn you of the nature of any risks involved in investing in the investments in relation to which we provide our services or issue financial promotions to you.

4. **DISCLOSURE OF CHARGES, REMUNERATION AND COMMISSION**

We will not be required to disclose in writing before conducting any designated business on your behalf the basis or amount of our charges for conducting that business

Your attention is also drawn to the following rules which are limited in their application to professional clients with the following possible consequences for you.

5. **FINANCIAL PROMOTION**

Financial promotions provided to a professional client do not need to include all of the requirements set out in the FCA Rules as to form and content. In addition, the record-keeping requirements in relation to financial promotions contained in the FCA Rules do not apply to financial promotions communicated to professional clients.

FINALLY YOU ARE WARNED THAT:

6. **FINANCIAL OMBUDSMAN SERVICE**

Access to the Financial Ombudsman will not extend to you as a professional client.

7. **COMMUNICATIONS**

We may have regard to your expertise as a professional client when complying with the requirements under the regulatory system that our communications be clear, fair and not misleading.

PATRON CAPITAL ADVISERS LLP

CLIENT INSTRUCTION AND ACKNOWLEDGEMENT FORM

[Name of client(s)]

1. I/We confirm that we have read and understood the Loss of Protections Warning.
2. I/We instruct Patron Capital Advisers LLP to treat me/us as a professional client in relation to the services which Patron Capital Advisers LLP has agreed to provide to you and for the purposes of the promotion to you of participation in investment activity including participation in unregulated collective investment schemes;
3. I/We consent to having telephone calls and other real time communications made to me/us by Patron Capital Advisers LLP in relation to investments and investment activities.

Date: _____

Signature of client(s): _____

SCHEDULE 8

PATRON CAPITAL ADVISERS LLP

FORMS FOR THE TREATMENT OF RETAIL CLIENTS AS ELECTIVE PROFESSIONAL CLIENTS – NON-ADVISED BUSINESS

NON-ADVISED BUSINESS EXCLUDING LPA CLIENTS

1. This suite of documents comprises:
 - (a) the Elective Professional Client Verification Form (the “**Verification Form**”);
 - (b) the Elective Professional Client Assessment Form, (the “**Assessment Form**”)
 - (c) the Loss of Protections Warning; and
 - (d) the Client Instruction and Acknowledgement Form.
2. The purpose of this suite of documents is to allow Patron to re-categorise clients who would otherwise fall within the FCA categorisation of retail client and benefit from the highest level of investor protection as professional clients. Categorisation as a professional client reduces the investor protection available to these clients and in particular permits the promotion of unregulated collective investment schemes to these clients. Please find further information with regard to client categorisation at Chapter 9 of the Compliance Manual.
3. This suite of documents is designed to ensure Patron’s compliance with the FCA Rules in its decision to treat a particular client as a professional client rather than a retail client when conducting **Non-Advised Business**²¹ for the client. Before using this suite of documents to categorise a client please consult the Compliance Officer.
4. The documents operate in the following way:
 - (a) **the Verification Form and Assessment Form** are designed to assist Patron with assessing whether the client meets the Qualitative Test (i.e. has the expertise, experience and knowledge required to be treated as a professional client - please see Chapter 9 of the Compliance Manual for further details) and to provide a durable record of this assessment;
 - (b) **the Loss of Protections Warning** provides the client with an explanation of the protection and investor compensation rights which the client may lose as a result of re-categorisation as a professional client; and
 - (c) **the Client Instruction and Acknowledgement Form** provides Patron with a written instruction from the client that the client wishes to be treated as a

²¹ "Non-Advised Business" means business conducted with clients in relation to which Patron does not provide advice on the merits of their buying, selling or subscribing for investments. Non-Advised Business is most likely to be relevant to the business which Patron conducts with Co-Investors and Carry Participants.

professional client and confirmation from the client that he is aware that re-categorisation may result in a loss of investor protection.

5. The completed Verification Form, Assessment Form, the Loss of Protections Warning provided to the client and the completed and signed Instruction and Acknowledgement Form must be kept, as a record of the categorisation, for at least three years after ceasing to carry on any business with or for the client. Please complete the relevant details on the client's Record Sheet once the re-categorisation process has been completed and append the completed forms to the Record Sheet.

PATRON CAPITAL ADVISERS LLP

VERIFICATION FORM

1. PERSONAL INFORMATION:

Name:

Address:

Occupation:

Date of Birth:

Ordinarily resident in:

2. THE QUALITATIVE TEST

2.1 Financial

- (a) What level of net assets (excluding for this purpose your main residence, pension and life insurance) do you have and what proportion of this are you willing to commit to investment in unlisted securities related to land and other real property interests and/or interests in unregulated collective investment schemes?
- (b) What level is your annual income and what proportion of this are you willing to commit to investment in unlisted securities related to real property and/or interests in unregulated collective investment schemes?
- (c) Do you at present, or have you during the last 30 months, invested in one or more unregulated collective investment schemes? If so please give brief details.
- (d) What, if any, level of investment have you at present and have you previously had in unregulated collective investment schemes and/or other forms of structured investment in land and other real property (other than investments in authorised unit trusts)?
- (e) What is the value / level of your investment portfolio as a whole?
- (f) How frequently have you previously invested in unregulated collective investment schemes and/or other forms of structured investment in land and other real property?
- (g) In making the past investments in unregulated collective investment schemes or other forms of structured investment in land and other real property referred to above how far have you made your own investment decisions?

2.2 Professional Qualifications and experience (if any)

- (a) What, if any, professional qualifications do you have in relation to investment business?
- (b) For how long, and in what capacity, have you been working in the private equity/venture capital industry?
- (c) Have you worked in other parts of the financial services industry; which, in what capacity and for how long?
- (d) In the course of your employment are you or have you been responsible for making investment decisions for your employer and/or its clients in relation to forms of structured investment in land and other real property and/or unregulated collective investment schemes which invest in land and other real property?

Yes/No

- (e) In the course of your employment are you or have you been responsible for assessing and advising on or in relation to proposed forms of structured investment in land and other real property and/or unregulated collective investment schemes which invest in land and other real property and the risks related to them?

Yes/No

2.3 Confirmations

- (a) Are you investing for capital growth?

Yes/No

- (b) Are you able to lose all or most of the proposed level of investment without materially adversely affecting your overall standard of living?

Yes/No

- (c) Are you able to invest for the long term so that you will not need to sell your proposed investments for at least 5 years in order to maintain your present standard of living?

Yes/No

- (d) If not have you considered the risks of losing all or most of the proposed investments and decided that you wish and are able to take that risk?

Yes/No

- (e) Do you consider yourself able on the basis of your experience and without taking advice to assess the risks involved in investment in unregulated collective investment schemes which invest in land and other real property or other forms of structured investment in land and other real property.

Yes/No

2.4 Additional Information

If you wish to do so, please add any other information relevant to your understanding of investment in unlisted investments in land and other real property and/or unregulated collective investment schemes which invest in land and other real property and/or other forms of structured investment which invests in them.

Signature: _____

Date: _____

PATRON CAPITAL ADVISERS LLP

ASSESSMENT FORM

[Not to be provided to the client]

Re: ***[the client]***

1. INTRODUCTION

This Assessment Form is to be completed based upon the replies by each client to the questions contained in the Verification Form and is to be completed before a prospective client becomes a client of Patron and before any invitation to participate in or any other promotion of an unregulated collective investment scheme or the provision of other investment services is issued to a client who would otherwise be a retail client (e.g. an individual, company, partnership or trust which it is not possible to classify as a per se professional client).

2. WRITTEN ASSESSMENT OF KNOWLEDGE AND UNDERSTANDING

Please set out below your assessment, based on the client's answers to the Verification Form, of whether the client satisfies the Qualitative Test and the level of the client's expertise, experience and knowledge of the nature of and risks associated with investments and the financial markets generally and with the proposed investments in particular.

[Insert details of your assessment here]

3. CONCLUSION

We have reviewed the client's answers to the Verification Form and:

[Please tick the relevant box]

(a) The client can be treated as a professional client for the purposes of Patron conducting Non-Advised Business with the client; or

(b) The client cannot be treated as a professional client and must instead be treated as a retail client for the purposes of Patron conducting Non-Advised Business with the client.

4. **PROCEDURE**

4.1 Where you have concluded that the client can be classified as a professional client, this form must be passed immediately to the Compliance Officer, who will confirm the categorisation on the basis of the information received from the client in the Verification Form and the information received from you in this Assessment Form.

4.2 Once the Compliance Officer has confirmed the categorisation, the client must be provided with the Loss of Protections Warning and a request to complete the Instruction and Acknowledgement Form in order to obtain the client's written instruction to Patron to treat the client as a professional client. The client cannot be treated as a professional client until the Instruction and Acknowledgement Form is completed, signed and returned by the client to Patron.

5. **DECLARATION**

This form has been completed by:

Name:

Department:

Please prepare a Loss of Protections Warning and an Instruction and Acknowledgement Form for despatch to the client.

Signed:

Dated:

6. **COMPLIANCE OFFICER APPROVAL**

This assessment has been reviewed and cleared by me for compliance purposes. I agree that the relevant person may properly be classified as a professional client in respect of the services to be provided to the client by Patron.

Signature: _____

Date: _____

PATRON CAPITAL ADVISERS LLP

CLIENT INSTRUCTION AND ACKNOWLEDGEMENT FORM

[To be typed on the letterhead of: Patron Capital Advisers LLP]

Dear [*client*]

Categorisation as an Elective Professional Client

On the basis of the information you have given us about your expertise, experience and knowledge of investments and the financial sector, we, Patron Capital Advisers LLP (Patron) propose to categorise you as a professional client in accordance with the FCA Rules, in relation to the services which we have agreed to provide to you and for the purposes of the promotion to you of participation in investment activity including participation in unregulated collective investment schemes.

As a consequence of your categorisation as a professional client you will lose the protections you would otherwise have been afforded as a retail client (apart from those which are also provided to elective professional clients) under the FCA Rules. Your attention is drawn, in particular, to the protections, set out in the Loss of Protections Warning attached to this letter which will not apply to you as a professional client. By signing and returning the enclosed Client Instruction and Acknowledgement Form and returning it to us you confirm that you have read and understood the content of the Loss of Protections Warning.

Once you have read and understood the Loss of Protections Warning, if you agree to be treated as a professional client by us when we provide services to you and promote investment activity to you, please sign and return the enclosed Client Instruction and Acknowledgement Form which instructs Patron to treat you as a professional client. Please note, however, that there is no obligation on you to accept your categorisation as a professional client. You have the right to request re-categorisation as a client that benefits from a higher degree of protection. However, if you make such a request you should be aware that we may not be able to provide the services to you.

Should you have any questions with regard to the information set out above, the Loss of Protections Warning or the Client Instruction and Acknowledgement Form, please direct them to our Compliance Officer at the address given above.

Yours sincerely

Patron Capital Advisers LLP

LOSS OF PROTECTIONS WARNING

As a result of your categorisation as a professional client you will not benefit from the following investor protections:

1. **DIRECT OFFER FINANCIAL PROMOTIONS**

We will not be obliged to comply with the FCA Rules relating to restrictions on and the required contents of direct offer financial promotions. We do not need to provide you, in a direct offer financial promotion, with sufficient information for you to make an informed assessment of the investment to which it relates.

2. **APPROVAL OF FINANCIAL PROMOTIONS**

We will not need to give warnings or seek to ensure that overseas firms in respect of which we approve financial promotions will treat retail clients in an honest and reliable way.

3. **RISK WARNINGS**

We will not be required to warn you of the nature of any risks involved in investing in the investments in relation to which we provide our services or issue financial promotions to you.

4. **DISCLOSURE OF CHARGES, REMUNERATION AND COMMISSION**

We will not be required to disclose in writing before conducting any designated business on your behalf the basis or amount of our charges for conducting that business

Your attention is also drawn to the following rules which are limited in their application to professional clients with the following possible consequences for you.

5. **FINANCIAL PROMOTION**

Financial promotions provided to a professional client do not need to include all of the requirements set out in the FCA Rules as to form and content. In addition, the record-keeping requirements in relation to financial promotions contained in the FCA Rules do not apply to financial promotions communicated to professional clients.

FINALLY YOU ARE WARNED THAT:

6. **FINANCIAL OMBUDSMAN SERVICE**

Access to the Financial Ombudsman Service will not extend to you as a professional client.

7. **COMMUNICATIONS**

We may have regard to your expertise as a professional client when complying with the requirements under the regulatory system that our communications be clear, fair and not misleading.

PATRON CAPITAL ADVISERS LLP

CLIENT INSTRUCTION AND ACKNOWLEDGEMENT FORM

[Name of Client(s)]

1. I/We confirm that we have read and understood the Loss of Protections Warning.
2. I/We instruct Patron Capital Advisers LLP to treat me/us as a professional client in relation to the services which Patron Capital Advisers LLP has agreed to provide to you and for the purposes of the promotion to you of participation in investment activity including participation in unregulated collective investment schemes;
3. I/We consent to having telephone calls and other real time communications made to me/us by Patron Capital Advisers LLP in relation to investments and investment activities.

Signature of client(s): _____

Date: _____

SCHEDULE 9

PATRON CAPITAL ADVISERS LLP

FORMS FOR THE TREATMENT OF RETAIL CLIENTS AS ELECTIVE PROFESSIONAL CLIENTS – UK LPA CLIENTS

UK LPA CLIENTS

- 1 This suite of documents comprises:
 - (a) the Elective Professional Client Verification Form (the “**Verification Form**”);
 - (b) the Elective Professional Client Assessment Form, (the “**Assessment Form**”)
 - (c) the Loss of Protections Warning; and
 - (d) the Client Instruction and Acknowledgement Form.
- 2 The purpose of this suite of documents is to allow Patron to re-categorise UK LPA clients who would otherwise fall within the FCA categorisation of retail client and benefit from the highest level of investor protection as professional clients. Categorisation as a professional client reduces the investor protection available to these clients and in particular permits the promotion of unregulated collective investment schemes to these clients. Please find further information with regard to client categorisation at Chapter 9 of the Compliance Manual.
- 3 This suite of documents is designed to ensure Patron’s compliance with the FCA Rules in its decision to treat UK LPA Clients as professional clients rather than retail clients for the purposes of making financial promotions to such clients when marketing the Patron Funds. Before using this suite of documents to categorise a client please consult the Compliance Officer.
- 4 The documents operate in the following way:
 - (a) **the Verification Form and Assessment Form** are designed to assist Patron with assessing whether the client meets both the Alternative Quantitative Test and the Qualitative Test (please see Chapter 9 of the Compliance Manual for further details) and to provide a durable record of this assessment;
 - (b) **the Loss of Protections Warning** provides the client with an explanation of the protection and investor compensation rights which the client may lose as a result of re-categorisation as a professional client; and
 - (c) **the Client Instruction and Acknowledgement Form** provides Patron with a written instruction from the client that the client wishes to be treated as a professional client and confirmation from the client that he is aware that re-categorisation may result in a loss of investor protection.
- 5 The completed Verification Form, Assessment Form, the Loss of Protections Warning provided to the client and the completed and signed Instruction and Acknowledgement Form must be kept, as a record of the categorisation, for at

least three years after ceasing to carry on any business with or for the client. Please complete the relevant details on the client's Record Sheet once the re-categorisation process has been completed and append the completed forms to the Record Sheet.

PATRON CAPITAL ADVISERS LLP

VERIFICATION FORM

1. PERSONAL INFORMATION:

Name:

Address:

Occupation:

Date of Birth:

Ordinarily resident in:

2. THE QUANTITATIVE TEST

2.1 Does the size of your financial instrument portfolio, defined as including cash deposits and financial instruments exceed £10,000,000:

Yes

No

2.2 Do you satisfy at least one of the following criteria:

(a) you have carried out transactions in significant size, on the relevant market at an average frequency of 10 per quarter over the previous four quarters;

Yes

No

(b) the person authorised to carry out transactions on your behalf works or has worked in the financial sector for at least one year in a professional position, which requires knowledge of the provision of services envisaged;

Yes

No

(c) you are an 'administering authority' of the Local Government Pension Scheme within the meaning of Schedule 3 of the Local Government Pension Scheme Regulations 2013 or, (in relation to Scotland) within the meaning of the version of Schedule 3 of the Local Government Pension Scheme (Scotland) Regulations 2014 in force at 1 January 2018, and acting in that capacity

Yes

No

2.3 If you have answered yes, when you return the form to Patron, please provide documentary evidence which supports the fact that you satisfy these criteria. On request, Patron will provide you with further guidance on what kind of documentary evidence may be appropriate.

3. **THE QUALITATIVE TEST**

3.1 **Decision making body for investment management within your authority**

Please complete the following section in relation to the decision making body within the authority.

1.	Please indicate which <u>one</u> of the models below is used for investment decisions in the authority.
----	---

a	All decisions delegated to committee or sub-committee. <i>(Please tick whether you have enclosed or provided a link to the minute giving the officer completing this document the necessary authorisation to do so)</i>	YES <input type="checkbox"/> NO <input type="checkbox"/> Enclosed <input type="checkbox"/> Link <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
b	Decisions delegated to committee or sub- committee with partial delegation to an officer or officers. <i>(Please tick whether you have enclosed or provided a link to the minute giving the officer completing this application the necessary authorisation to do so)</i>	YES <input type="checkbox"/> NO <input type="checkbox"/> Enclosed <input type="checkbox"/> Link <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
c	All decisions delegated to an officer or officers.	YES <input type="checkbox"/> NO <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>
d	Other	YES <input type="checkbox"/> NO <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>

2.	Please enclose or provide a link to the relevant scheme of delegations, which confirm details of the model elected above.	Enclosed <input type="checkbox"/> Link <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>
----	---	--	--

3.	If you have selected model "d - other" above, please use the box below to describe the composition of the decision making model giving details of the parties and their functions. Details should include information on how the decision making body is constructed, constituted and periodically reviewed.
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3.2 Expertise, experience and knowledge

If you answered (a) or (b) in Section 3.1 Question 1 (delegation or partial delegation to committee / sub-committee), please answer the following questions in relation to the members of the committee or sub-committee (not officers, investment advisors or consultants) which makes investment decisions of behalf of the authority.

If you answered (c) in Section 3.1 Question 1 (full delegation to officers) to Section 3.1 Question 1, please move straight to Section 3.3 and do not complete section 3.2.

1	Are members provided with a written brief on joining the committee? <i>(Please tick whether you have enclosed or provided a link to a copy of an example of the briefing)</i>	YES NO Enclosed Link	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
2	Are members provided with training on investment matters? <i>(Please tick whether you have enclosed or provided a link to examples of the training offered to members in the last 12 months)</i>	YES NO Enclosed Link	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
	Please indicate the total number of hours of training offered and delivered to the committee over the last 12 months.		hours offered hours delivered
3	Is the attendance of members at training monitored and recorded?	YES NO	<input type="checkbox"/> <input type="checkbox"/>
4	Please state the average number of hours of training committee members have attended over the last 12 months.		hours
5	Please state the average number of hours at investment conferences that committee members have attended over the last 12 months.		hours

6	Are members required to complete a self-assessment with regard to their knowledge of investments? <i>(Please tick whether you have enclosed or provided a link to details of the self-assessment tool used)</i>	YES <input type="checkbox"/> NO <input type="checkbox"/> Enclosed <input type="checkbox"/> Link <input type="checkbox"/>
7	Please state the number of years served on the committee (or other such investment committees) on average for each member	years
8	Please provide any other information which may assist with the assessment of the knowledge, experience and expertise of the committee or sub-committee - (such as the average number of years of independent investment experience by members).	

3.3 Investment history and strategy

1	Please complete the following questions in relation to the authority's history and current strategy with regard to investments which are acquired through an investment manager's investment mandate or invested in directly (e.g. funds).
---	--

Asset class or investment vehicle	Number of years held	Currently Held
Property pooled investment vehicles (e.g. investment trusts, closed-ended real estate funds)	0 <input type="checkbox"/> 1-3 <input type="checkbox"/> 4-5 <input type="checkbox"/> 5+ <input type="checkbox"/>	YES <input type="checkbox"/> NO <input type="checkbox"/>
Property	0 <input type="checkbox"/> 1-3 <input type="checkbox"/> 4-5 <input type="checkbox"/> 5+ <input type="checkbox"/>	YES <input type="checkbox"/> NO <input type="checkbox"/>
Other forms of structured investment which invests in property	0 <input type="checkbox"/> 1-3 <input type="checkbox"/> 4-5 <input type="checkbox"/> 5+ <input type="checkbox"/>	YES <input type="checkbox"/> NO <input type="checkbox"/>

2	Please tick whether you have enclosed or provided a link to the most recent version of the authority's Investment Strategy Statement.	Enclosed <input type="checkbox"/> Link <input type="checkbox"/>
---	---	--

3.4 Understanding risks

Please answer the following questions in relation to the members of the committee or sub-committee or officers (*not investment advisors or consultants*) making investment decisions of behalf of the authority.

1	<p>Does the authority have a risk framework and/or risk management policy in place in relation to investments, for example as part of its Treasury Management strategy</p> <p><i>(Please tick whether you have enclosed or provided a link to a details of the framework/policy)</i></p>	<p>YES <input type="checkbox"/></p> <p>NO <input type="checkbox"/></p> <p>Enclosed <input type="checkbox"/></p> <p>Link <input type="checkbox"/></p>
2	<p>Was external advice taken with regard to the preparation, monitoring and review of the framework/policy?</p> <p>If yes, please provide the name of the advisor:</p>	<p>YES <input type="checkbox"/></p> <p>NO <input type="checkbox"/></p>
3	<p>Is the risk framework/policy reviewed on a regular basis?</p> <p>If YES please state the frequency of the review.</p> <p><i>(Please tick whether you have enclosed or provided a link to details of the last review)</i></p>	<p>YES <input type="checkbox"/></p> <p>NO <input type="checkbox"/></p> <p>Enclosed <input type="checkbox"/></p> <p>Link <input type="checkbox"/></p>
4	<p>Are those directly involved in decision making provided with training on risk management, including focused training on understanding the risks involved with investments?</p> <p><i>(Please tick whether you have enclosed or provided a link to examples of the training offered in the last 12 months)</i></p>	<p>YES <input type="checkbox"/></p> <p>NO <input type="checkbox"/></p> <p>Enclosed <input type="checkbox"/></p> <p>Link <input type="checkbox"/></p>

3.5 Support for investment decisions

Please answer the following questions in relation to those officers, advisors or consultants who directly contribute to assisting the committee/sub-committee of the authority take investment decisions or those officers who have delegated decision making powers.

In Section 3.1 Question 1, if you answered:

- Model a (delegation to committee / sub committee) - please complete Question 1 below
- Model b (delegation to committee / sub committee with partial delegation to officers)- please complete Questions 1 and 2 below
- Model c (full delegation to officers) - please complete Question 2 below
- Model d - please complete the below questions as appropriate

1.	For each <u>officer providing support</u> to the committee or sub-committee please provide the following information.	
	Job title	Relevant qualifications
		Years experience in role²²

2.	For each <u>officer with delegated investment powers</u> please provide the following information (these may be the same officers as above).	
	Job title	Limit on asset classes or investment vehicles
		Limit on delegation (£m)

3	Does the authority have a written succession plan in place to manage key person risk in relation to the above officers?	YES	<input type="checkbox"/>
		NO	<input type="checkbox"/>
	<i>(Please tick whether you have enclosed or provided a link to details of the succession plan)</i>	Enclosed	<input type="checkbox"/>
		Link	<input type="checkbox"/>

²² Or similar role which would provide knowledge of the provision of the services envisaged, which may have been carried out at a different organisation.

4.	For each <u>individual investment advisor</u> or consultant used by the authority please provide the following information <i>only to be completed where these individual investment advisors are engaged on an independent basis and not acting on behalf of an entity listed in point 5 below</i>).	
	Name	Relevant qualifications
		Years experience in role²³

5.	For each <u>investment advisory or consultancy firm</u> used by the authority please provide the following information.	
	Name of firm	Details of FCA authorisation
		Years employed by authority

6.	Please confirm whether the officer, investment advisor firm/individual, investment consultancy firm/individual, is aware of the reliance being placed on it for the purposes of the client categorisation of Local Authorities.	YES <input type="checkbox"/> NO <input type="checkbox"/>
----	---	--

3.6 General questions

1.	In the last three years has the authority been censured for a material breach of statutory guidance in force from time to time or any other related legislation governing investment? <i>(If yes please tick whether you have enclosed or provided a link to a details of the breach)</i>	YES <input type="checkbox"/> NO <input type="checkbox"/>
		Enclosed <input type="checkbox"/> Link <input type="checkbox"/>

²³ Or similar role which would provide knowledge of the provision of the services envisaged.

2. Please use the box below to provide any further information which may be useful in the support of your application.

--	--

3.7 Additional Information

If you wish to do so, please add any other information relevant to the authority's understanding of investment in unlisted investments in land and other real property and/or unregulated collective investment schemes which invest in land and other real property and/or other forms of structured investment which invests in them.

Signature: _____

Date: _____

PATRON CAPITAL ADVISERS LLP

ASSESSMENT FORM

[Not to be provided to the client]

Re: ***[the client]***

1. INTRODUCTION

This Assessment Form is to be completed based upon the replies by each client to the questions contained in the Verification Form and is to be completed before a prospective client becomes a client of Patron and before any invitation to participate in or any other promotion of an unregulated collective investment scheme is issued to a UK LPA who would otherwise be a retail client.

2. WRITTEN ASSESSMENT OF KNOWLEDGE AND UNDERSTANDING

Please set out below your assessment, based on the LPA's answers to the Verification Form, of whether the LPA satisfies both the Quantitative Test and the Qualitative Test and the level of the client's expertise, experience and knowledge of the nature of and risks associated with investments and the financial markets generally and with the proposed investments in particular.

[Insert details of your assessment here]

3. CONCLUSION

We have reviewed the LPA's answers to the Verification Form and:

[Please tick the relevant box]

(a) The LPA can be treated as a professional client for the purposes of Patron conducting Non-Advised Business with the LPA; or

(b) The LPA cannot be treated as a professional client and must instead be treated as a retail client for the purposes of Patron conducting Non-Advised Business with the LPA.

4. PROCEDURE

- 4.1 Where you have concluded that the LPA can be classified as a professional client, this form must be passed immediately to the Compliance Officer, who will confirm the categorisation on the basis of the information received from the LPA in the Verification Form and the information received from you in this Assessment Form.
- 4.2 Once the Compliance Officer has confirmed the categorisation, the LPA must be provided with the Loss of Protections Warning and a request to complete the Instruction and Acknowledgement Form in order to obtain the LPA's written instruction to Patron to treat the LPA as a professional client. The LPA cannot be treated as a professional client until the Instruction and Acknowledgement Form is completed, signed and returned by the LPA to Patron.

5. DECLARATION

This form has been completed by:

Name:

Department:

Please prepare a Loss of Protections Warning and an Instruction and Acknowledgement Form for despatch to the client.

Signed:

Dated:

6. COMPLIANCE OFFICER APPROVAL

This assessment has been reviewed and cleared by me for compliance purposes. I agree that the relevant person may properly be classified as a professional client in respect of the services to be provided to the client by Patron.

Signature: _____

Date: _____

PATRON CAPITAL ADVISERS LLP

CLIENT INSTRUCTION AND ACKNOWLEDGEMENT FORM

[To be typed on the letterhead of: Patron Capital Advisers LLP]

Dear [*client*]

Categorisation as an Elective Professional Client

On the basis of the information you have given us about your expertise, experience and knowledge of investments and the financial sector, in accordance with your request, we, Patron Capital Advisers LLP (Patron) propose to categorise you as a professional client in accordance with the FCA Rules, in relation to the services which we have agreed to provide to you and for the purposes of the promotion to you of participation in investment activity including participation in unregulated collective investment schemes.

As a consequence of your categorisation as a professional client you will lose the protections you would otherwise have been afforded as a retail client (apart from those which are also provided to elective professional clients) under the FCA Rules. Your attention is drawn, in particular, to the protections, set out in the Loss of Protections Warning attached to this letter which will not apply to you as a professional client. By signing and returning the enclosed Client Instruction and Acknowledgement Form and returning it to us you confirm that you have read and understood the content of the Loss of Protections Warning.

Once you have read and understood the Loss of Protections Warning, if you agree to be treated as a professional client by us when we provide services to you and promote investment activity to you, please sign and return the enclosed Client Instruction and Acknowledgement Form which instructs Patron to treat you as a professional client. Please note, however, that there is no obligation on you to accept your categorisation as a professional client. You have the right to request re-categorisation as a client that benefits from a higher degree of protection. However, if you make such a request you should be aware that we may not be able to provide the services to you.

Should you have any questions with regard to the information set out above, the Loss of Protections Warning or the Client Instruction and Acknowledgement Form, please direct them to our Compliance Officer at the address given above.

Yours sincerely

Patron Capital Advisers LLP

LOSS OF PROTECTIONS WARNING

As a result of your categorisation as a professional client you will not benefit from the following investor protections:

1. **DIRECT OFFER FINANCIAL PROMOTIONS**

We will not be obliged to comply with the FCA Rules relating to restrictions on and the required contents of direct offer financial promotions. We do not need to provide you, in a direct offer financial promotion, with sufficient information for you to make an informed assessment of the investment to which it relates.

2. **APPROVAL OF FINANCIAL PROMOTIONS**

We will not need to give warnings or seek to ensure that overseas firms in respect of which we approve financial promotions will treat retail clients in an honest and reliable way.

3. **RISK WARNINGS**

We will not be required to warn you of the nature of any risks involved in investing in the investments in relation to which we provide our services or issue financial promotions to you.

4. **DISCLOSURE OF CHARGES, REMUNERATION AND COMMISSION**

We will not be required to disclose in writing before conducting any designated business on your behalf the basis or amount of our charges for conducting that business

Your attention is also drawn to the following rules which are limited in their application to professional clients with the following possible consequences for you.

5. **FINANCIAL PROMOTION**

Financial promotions provided to a professional client do not need to include all of the requirements set out in the FCA Rules as to form and content. In addition, the record-keeping requirements in relation to financial promotions contained in the FCA Rules do not apply to financial promotions communicated to professional clients.

FINALLY YOU ARE WARNED THAT:

6. **FINANCIAL OMBUDSMAN SERVICE**

Access to the Financial Ombudsman will not extend to you as a professional client.

7. **COMMUNICATIONS**

We may have regard to your expertise as a professional client when complying with the requirements under the regulatory system that our communications be clear, fair and not misleading.

PATRON CAPITAL ADVISERS LLP

CLIENT INSTRUCTION AND ACKNOWLEDGEMENT FORM

[Name of client(s)]

1. I/We confirm that we have read and understood the Loss of Protections Warning.
2. I/We instruct Patron Capital Advisers LLP to treat me/us as a professional client in relation to the services which Patron Capital Advisers LLP has agreed to provide to you and for the purposes of the promotion to you of participation in investment activity including participation in unregulated collective investment schemes;
3. I/We consent to having telephone calls and other real time communications made to me/us by Patron Capital Advisers LLP in relation to investments and investment activities.

Date: _____

Signature of client(s): _____

SCHEDULE 10

CLIENT CATEGORISATION NOTIFICATION FORM

[Note: This document should be provided to clients to whom Patron is not required to provide a Client Agreement. These will be clients who have been categorised as professional clients but in relation to whom Patron does not give investment advice]

This notice contains important information for clients of Patron Capital Advisers LLP (“Patron”).

1. CLIENT CATEGORISATION

When providing services to you, Patron will treat you, for the purposes of the FCA Rules as a professional client.

2. RIGHT TO REQUEST A HIGHER DEGREE OF PROTECTION

- 2.1 Although you have been categorised as a professional client, you are permitted to request re-categorisation by Patron as a client that benefits from a higher degree of protection. However, should you make such a request you should be aware that Patron may not be able to grant it and may have to cease providing services to you.

3. INDUCEMENTS

- 3.1 Patron will provide you with details of any arrangement which involves the payment or acceptance by Patron of any fee, commission or non-monetary benefit which is paid or provided to or by a third party or person acting on behalf of a third party and which is permitted by the FCA Rules. This requirement does not apply to the payment of fees which enable or are necessary for the provision of designated investment business or ancillary services (such as settlement costs and regulatory levies) which by their nature cannot give rise to conflict with Patron’s duties to you.

SCHEDULE 11

CLIENT RECORD SHEET

Part 1 - Client's Details		
Name of client:		
Name of related entities:		
Client's contact details:		
Date of take-on as client		
Type of client	Professional <input type="checkbox"/> Retail <input type="checkbox"/> Advised <input type="checkbox"/> Not advised <input type="checkbox"/>	
Fund Participation:	Patron Capital L.P. I <input type="checkbox"/> Patron Capital L.P. II <input type="checkbox"/> Patron Capital L.P. III <input type="checkbox"/> Patron Capital L.P. IV <input type="checkbox"/> Patron Capital V L.P. <input type="checkbox"/> Patron Capital VI L.P. <input type="checkbox"/> Other Deals: <input type="checkbox"/> [If other please specify below]	
Part 2 - Checklist		
1. Anti-Money Laundering Identification and Verification Form (AML) <i>[For all clients and investors]</i>	<input type="checkbox"/>	sch. 13
2. Verification Form (VF) <i>[For all clients]</i>	<input type="checkbox"/>	sch. 7,8 or 9
3. Client Assessment Form (AF) <i>[For all clients]</i>	<input type="checkbox"/>	sch. 7,8 or 9
4. Notice of Client Categorisation and Inducements Policy <i>[To be sent to non-retail clients]</i>	<input type="checkbox"/>	sch. 11
5. Client Agreement <i>[For retail and Advised clients only]</i>	Required/Sent <input type="checkbox"/> Not required <input type="checkbox"/>	please see sch. 11
6. Suitability Assessment Form <i>[For all advised clients]</i>	<input type="checkbox"/>	sch. 2

7. Summary of Conflicts Policy <i>[For all clients]</i>	<input type="checkbox"/>	app. 7
8. Invitation Letter (Carry) <i>[For Patron Capital Carry Participation Scheme]</i>	Fund I: Yes <input type="checkbox"/> N/A <input type="checkbox"/> Fund II: Yes <input type="checkbox"/> N/A <input type="checkbox"/> Fund III: Yes <input type="checkbox"/> N/A <input type="checkbox"/> Fund IV: Yes <input type="checkbox"/> N/A <input type="checkbox"/> Fund V: Yes <input type="checkbox"/> N/A <input type="checkbox"/> Fund VI: Yes <input type="checkbox"/> N/A <input type="checkbox"/>	sch. 10
9. Invitation Letter (Co-invest) <i>[For Patron Co-Investment Scheme]</i>	Fund I: Yes <input type="checkbox"/> N/A <input type="checkbox"/> Fund II: Yes <input type="checkbox"/> N/A <input type="checkbox"/> Fund III: Yes <input type="checkbox"/> N/A <input type="checkbox"/> Fund IV: Yes <input type="checkbox"/> N/A <input type="checkbox"/> Fund V: Yes <input type="checkbox"/> N/A <input type="checkbox"/> Fund VI: Yes <input type="checkbox"/> N/A <input type="checkbox"/>	sch. 10
Part 3 – Review of Documentation held on file		
10. Date of annual review of categorisation	<i>[Insert dates of annual reviews]</i>	
Note: AML Documentation must be kept up to date	<i>[Record any changes to client's AML details here or dates of any reviews.]</i>	

SCHEDULE 12

ANTI-MONEY LAUNDERING IDENTIFICATION AND VERIFICATION FORM

Identification Details:	
Client's Name:	[]
Natural person / type of entity:	<i>[Please insert details here]</i>
Address / Registered Office / Country of establishment (as appropriate for the type of entity):	<i>[Please insert details here]</i>
Company number or other registration number (where appropriate):	<i>[Please insert details here]</i>
Description of client's business activities:	<i>[Please insert details here]</i>
If incoming funds, description of source of funds (who the funds are being sent from and how they were generated):	<i>[Please insert details here]</i>
Names of directors (where appropriate):	<i>[Please insert details here]</i>
Names of Beneficial Owners (anyone with more than a 25% interest or who otherwise exercises control over the entity – see Chapter 11 of the Compliance Manual for Details). In relation to a trust, details are required for all beneficiaries, trustees, settlor and any other controller.	<i>[Please insert details here]</i>
Type of due diligence carried out	Simplified <input type="checkbox"/> Standard <input type="checkbox"/> Enhanced <input type="checkbox"/> Please state reason:
Has a PEP been identified?	Yes <input type="checkbox"/> No <input type="checkbox"/>

SCHEDULE 13

ANTI-MONEY LAUNDERING INTRODUCTION CERTIFICATE: NON-PERSONAL ENTITY

INTRODUCTION BY PATRON CAPITAL ADVISERS LLP (PATRON) AS AN FCA REGULATED FIRM

Explanatory notes

1. Regulation 39 of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (the “**ML Regulations**”) allows a firm which enters into a business relationship to which the ML Regulations apply, to rely on the anti-money laundering customer due diligence (**CDD**) performed, in accordance with the ML Regulations, by a third party FCA regulated firm provided that certain conditions are met.
2. In the course of its business, Patron receives requests from third parties (both Patron entities and others) who want, in relation to a particular customer or business partner (the “**Subject**”) of Patron, to rely on the CDD which Patron has conducted on the Subject.
3. If such a request is received, it should be referred to Patron’s Compliance Officer who will decide whether the request should be granted, taking into account the following:
 - (a) Patron may only grant a request for an Introduction Certificate if it has previously conducted CDD on the Subject and has a written record of this;
 - (b) Patron is under no obligation to provide an Introduction Certificate should it not wish to do so. In particular, Patron may not wish to provide an Introduction Certificate in the following circumstances:
 - (i) where the initial CDD on the Subject raised particularly complex issues for Patron with regard to compliance with the ML Regulations; and
 - (ii) where it is not clear that the third party requesting the Introduction Certificate has a relationship with the Subject, which is subject to the ML Regulations; and
 - (iii) where it may not be willing or able to meet the third party reliance requirements set out in the ML Regulations.
 - (c) any confidentiality obligations it may owe to the Subject. In order to preserve confidentiality Patron may wish to restrict disclosure of the Introduction Certificate to a particular officer or department at the third party.
4. The Compliance Officer will first determine whether this form (the “**Corporate Introduction Certificate**”) or the Individual Introduction Certificate should be used. This Corporate Introduction Certificate should be used where the Subject is a corporate entity e.g. a company or limited liability partnership.

5. This form cannot be used by Patron to verify the identity of any customer that falls into one of the following categories:
- (a) those who are exempt from verification as being an existing client of the introducing firm prior to the introduction of the requirement for such verification;
 - (b) those who have been subject to Simplified Due Diligence under the ML Regulations; or
 - (c) those whose identity has been verified using the source of funds as evidence.

Please refer to Chapter 11 of the Patron Capital Advisers LLP Compliance Manual for further guidance on these points.

**CONFIRMATION OF VERIFICATION OF IDENTITY
CORPORATE AND OTHER NON-PERSONAL ENTITY**

**INTRODUCTION BY PATRON CAPITAL ADVISERS LLP AS AN FCA-
REGULATED FIRM**

1 DETAILS OF CUSTOMER (see explanatory notes below)

Full name of customer	
Type of entity (corporate, trust, etc.)	
Location of business (full operating address)	
Registered office in country of incorporation	
Registered number, if any (or appropriate)	
Relevant company registry** or regulated market listing authority	
Names* of directors (or equivalent)	
Names* of principal beneficial owners (over 25% or otherwise control as a result of being able to exercise significant influence (in accordance with the Companies Act 2006) and/or appoint or remove a majority of the directors of the company/management of the partnership) in relation to a corporate or partnership)	

* And dates of birth, if known

** Relevant company registry** includes other registers, such as those maintained by charity commissions (or equivalent) or chambers of commerce.

2 CONFIRMATION
I/we confirm that

- (a) the information in section 1 above was obtained by me/us in relation to the customer;
- (b) the evidence I/we have obtained to verify the identity of the customer:
[tick only one]

meets the guidance for standard evidence set out within the guidance for the UK Financial Sector issued by JMLSG; or	
exceeds the standard evidence (written details of the further verification evidence taken are attached to this confirmation).	

<p>Please indicate the standard of due diligence applied:</p> <p>Simplified Standard Enhanced (Please delete as applicable) and provide reason below:</p> <p>.....</p>	
--	--

Signed:	
Name:	
Position:	
Date:	

3 DETAILS OF INTRODUCING FIRM (PATRON CAPITAL ADVISERS LLP)

Full Name of Regulated Firm (or Sole Trader):	
FCA Reference Number:	

SCHEDULE 14

ANTI-MONEY LAUNDERING INTRODUCTION CERTIFICATE: PRIVATE INDIVIDUAL

INTRODUCTION BY PATRON CAPITAL ADVISERS LLP (PATRON) AS AN FCA REGULATED FIRM

Explanatory notes

1. Regulation 39 of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (the “**ML Regulations**”) allows a firm which enters into a business relationship to which the ML Regulations apply, to rely on the anti-money laundering customer due diligence (**CDD**) performed, in accordance with the ML Regulations, by a third party FCA regulated firm provided that certain conditions are met.
2. In the course of its business, Patron receives requests from third parties (both Patron entities and others) who want, in relation to a particular customer or business partner (the “**Subject**”) of Patron, to rely on the CDD which Patron has conducted on the Subject.
3. If such a request is received, it should be referred to Patron’s Compliance Officer who will decide whether the request should be granted, taking into account the following:
 - (a) Patron may only grant a request for an Introduction Certificate if it has previously conducted CDD on the Subject and has a written record of this;
 - (b) Patron is under no obligation to provide an Introduction Certificate should it not wish to do so. In particular, Patron may not wish to provide an Introduction Certificate in the following circumstances:
 - (i) where the initial CDD on the Subject raised particularly complex issues for Patron with regard to compliance with the ML Regulations; and
 - (ii) where it is not clear that the third party requesting the Introduction Certificate has a relationship with the Subject, which is subject to the ML Regulations; and
 - (iii) where it may not be willing or able to meet the third party reliance requirements set out in the ML Regulations.
 - (c) any confidentiality obligations it may owe to the Subject. In order to preserve confidentiality Patron may wish to restrict disclosure of the Introduction Certificate to a particular officer or department at the third party.
4. The Compliance Officer will first determine whether this form (the “**Corporate Introduction Certificate**”) or the Individual Introduction Certificate should be used. This Corporate Introduction Certificate should be used where the Subject is a corporate entity e.g. a company or limited liability partnership.

5. This form cannot be used by Patron to verify the identity of any customer that falls into one of the following categories:
- (a) those who are exempt from verification as being an existing client of the introducing firm prior to the introduction of the requirement for such verification;
 - (b) those who have been subject to Simplified Due Diligence under the ML Regulations; or
 - (c) those whose identity has been verified using the source of funds as evidence.

Please refer to Chapter 11 of the Patron Capital Advisers LLP Compliance Manual for further guidance on these points.

CONFIRMATION OF VERIFICATION OF IDENTITY

CORPORATE AND OTHER NON-PERSONAL ENTITY

INTRODUCTION BY PATRON CAPITAL ADVISERS LLP AS AN FCA-REGULATED FIRM

1 DETAILS OF CUSTOMER (see explanatory notes below)

Full name of customer	
Type of entity (corporate, trust, etc.)	
Location of business (full operating address)	
Registered office in country of incorporation	
Registered number, if any (or appropriate)	
Relevant company registry** or regulated market listing authority	
Names* of directors (or equivalent)	
Names* of principal beneficial owners (over 25% or otherwise control as a result of being able to exercise significant influence (in accordance with the Companies Act 2006) and/or appoint or remove a majority of the directors of the company/management of the partnership) in relation to a corporate or partnership)	

* And dates of birth, if known

** Relevant company registry” includes other registers, such as those maintained by charity commissions (or equivalent) or chambers of commerce.

**2 CONFIRMATION
I/we confirm that:**

- (a) the information in section 1 above was obtained by me/us in relation to the customer;
- (b) the evidence I/we have obtained to verify the identity of the customer: [tick only one]

meets the guidance for standard evidence set out within the guidance for the UK Financial Sector issued by JMLSG; or	
exceeds the standard evidence (written details of the further verification evidence taken are attached to this confirmation). Please indicate the standard of due diligence applied: Simplified Standard Enhanced (Please delete as applicable) and provide reason below: 	

Signed:	
Name:	
Position:	
Date:	

3 DETAILS OF INTRODUCING FIRM (PATRON CAPITAL ADVISERS LLP)

Full Name of Regulated Firm (or Sole Trader):	
FCA Reference Number:	

SCHEDULE 15

ANTI-MONEY LAUNDERING RELIANCE LETTER FROM ADMINISTRATOR (INVESTORS)

Date []

Our Ref:

Patron Capital Advisers LLP
One Vine Street
London
W1J 0AH

Dear Sirs,

We note that Patron Capital Advisers LLP acts as adviser to [Patron Capital GP VI Limited²⁴] as general partner of [Patron Capital GP VI L.P.] itself acting as general partner of [Patron Capital VI, L.P.] (the “**Fund**”) and refer to the completion of Customer Due Diligence (“**CDD**”) requirements on the Fund’s investors which Langham Hall Fund Management (Jersey) Limited (“**Langham Hall**”) has carried out as Administrator.

We confirm that Langham Hall has completed satisfactory CDD on Investors listed in Appendix 1 (each an “**Investor**”, together the “**Investors**”) pursuant to the requirements of the Money Laundering (Jersey) Order 2008 and the Handbook for the Prevention and Detection of Money Laundering and the Financing of Terrorism (the “**AML Handbook**”) (and all applicable Jersey legislation, regulations and codes of practice referred to therein). For the avoidance of doubt, we confirm that the Investors’ CDD is in full compliance with all applicable Jersey legal and regulatory AML/CTF rules without exception.

Langham Hall maintains CDD files for each Investor which consist of documentation received from the Investor and retrieved from the public domain, including internet and database searches. Further, Langham Hall has documented its rationale for compliance with Jersey AML/CTF by way of investor checklists in accordance with our internal policies and procedures.

We note that, under Regulation 39 of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, you may rely on the CDD measures undertaken by an appropriately authorised person. We hereby confirm:

- the information contained in Appendix 1 represents a true and accurate record of the information we hold;
- that we will supply to you immediately on request any of the identification and verification information we hold (where permissible under Jersey law) and will retain that information for at least 5 years commencing with the date on which the business relationship ends, as prescribed in the Money Laundering (Jersey) Order 2008;
- that we are authorised by the Jersey Financial Services Commission and are supervised by the JFSC for compliance with the above Jersey anti-money laundering rules; and
- business conducted in Jersey is governed by Jersey Law and industry regulations including but not limited to the Money Laundering (Jersey) Order 2008 and the AML Handbook. Jersey is a member of MONEYVAL and its AML/CFT legislation and regulatory requirements have been assessed as complying with the FATF Forty Recommendations.

²⁴ The correct entity details must be included case by case.

Laws and regulations in Jersey are equivalent to that as set out in the fourth money laundering directive.

You may therefore rely on this letter to satisfy your obligations

Should you have queries, please do not hesitate to contact us.

Yours faithfully

[]

Director

Appendix 1
(the “Investors”)

Investor's full name	Company or other registration number	Address of registered office	Principal place of business (if different)	Law of incorporation	Full names of the members of the board of directors	Are there any beneficial owners or agents (25% or more)? [If so, they should be included in the table.]

**ANTI-MONEY LAUNDERING RELIANCE LETTER FROM ADMINISTRATOR (OTHER
COUNTERPARTIES)**

Date []

Our Ref:

Patron Capital Advisers LLP
One Vine Street
London
W1J 0AH

Dear Sirs

We note that Patron Capital Advisers LLP (PCA) acts as adviser to [Patron Capital GP VI Limited²⁵] as general partner of [Patron Capital GP VI L.P.] itself acting as general partner of [Patron Capital, VI L.P.] (the “**Fund**”) and refer to the completion of Customer Due Diligence (“**CDD**”) requirements on any counterparty, other than the Fund’s investors, which Langham Hall Fund Management (Jersey) Limited (the administrator of the Fund) (“**Langham Hall**”) has carried out at PCA’s request.

Langham Hall has completed satisfactory CDD on those individuals and entities as described in Appendix 1 pursuant to the requirements of the Money Laundering (Jersey) Order 2008 and the Handbook for the Prevention and Detection of Money Laundering and the Financing of Terrorism (the “**AML Handbook**”) (and all applicable Jersey legislation, regulations and codes of practice referred to therein). For the avoidance of doubt, we confirm that the CDD is in full compliance with all applicable Jersey legal and regulatory AML/CTF rules without exception.

Langham Hall maintains CDD files for each individual and entity which consist of documentation received from the relevant individual or entity, or via PCA, and retrieved from the public domain, including internet and database searches. Further, Langham Hall has documented its rationale for compliance with Jersey AML/CTF by way of checklists in accordance with our internal policies and procedures.

We note that, under Regulation 39 of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, you may rely on the CDD measures undertaken by an appropriately authorised person. We hereby confirm:

- the information contained in Appendix 1 represents a true and accurate record of the information we hold;
- that we will supply to you immediately on request any of the identification and verification information we hold (where permissible under Jersey law) and will retain that information for at least 5 years commencing with the date on which the business relationship ends, as prescribed in the Money Laundering (Jersey) Order 2008;
- that we are authorised by the Jersey Financial Services Commission and are supervised by the JFSC for compliance with the above Jersey anti-money laundering rules; and

²⁵ The correct entity details must be included case by case.

- business conducted in Jersey is governed by Jersey Law and industry regulations including but not limited to the Money Laundering (Jersey) Order 2008 and the AML Handbook. Jersey is a member of MONEYVAL and its AML/CFT legislation and regulatory requirements have been assessed as complying with the FATF Forty Recommendations. Laws and regulations in Jersey are equivalent to that as set out in the fourth money laundering directive.

You may therefore rely on this letter to satisfy your obligations.

Should you have queries, please do not hesitate to contact us.

Yours faithfully

[]

Director

Appendix 1

Anti-money laundering identification and verification form

Identification Details:	
Client's Name:	[]
Natural person / type of entity:	<i>[Please insert details here]</i>
Address / Registered Office / Country of establishment (as appropriate for the type of entity):	<i>[Please insert details here]</i>
Company number or other registration number (where appropriate):	<i>[Please insert details here]</i>
Description of client's business activities:	<i>[Please insert details here]</i>
If incoming funds, description of source of funds (who the funds are being sent from and how they were generated):	<i>[Please insert details here]</i>
Names of directors (where appropriate):	<i>[Please insert details here]</i>
Names of Beneficial Owners (anyone with more than a 25% interest or who otherwise exercises control over the entity – see Chapter 11 of the Compliance Manual for Details). In relation to a trust, details are required for all beneficiaries, trustees, settlor and any other controller.	<i>[Please insert details here]</i>
Type of due diligence carried out	Simplified <input type="checkbox"/> Standard <input type="checkbox"/> Enhanced <input type="checkbox"/> Please state reason:
Has a PEP been identified?	Yes <input type="checkbox"/> No <input type="checkbox"/>

**APPENDICES - POLICIES, TEMPLATES AND OTHER DOCUMENTS TO ACCOMPANY THE
COMPLIANCE MANUAL**

APPENDIX 1

PATRON'S POSITION AS A REGULATED ENTITY

Permissions for:

Patron Capital Advisers LLP (FCA Firm Reference Number 541800)

Full details of Patron's FCA permissions can be accessed at the following link to the FCA Registry:

<https://register.fca.org.uk/>

Should you have any questions about this please contact the Compliance Officer.

APPENDIX 2

PART 1 - TEMPLATE STATEMENT OF RESPONSIBILITY

STATEMENT OF RESPONSIBILITIES	COMPANY REF. No. INDIVIDUAL REF. No. EFFECTIVE DATE
JOB TITLE JOB HOLDER REPORTING LINE	
SENIOR MANAGEMENT FUNCTIONS	SHARED?
[<i>Macfarlanes note : here, we would include simply the relevant Senior Management Function(s) - so for example, SMF3 - Executive Director</i>]	
PRESCRIBED RESPONSIBILITIES	SHARED?
[<i>Macfarlanes note : here, we would set out any Prescribed Responsibilities to be held by the relevant Senior Manager - please note that all Prescribed Responsibilities need to be assigned to a Senior Manager, being the Senior Manager who is the most senior person responsible for that activity or area. Where a Prescribed Responsibility is shared, this should be set out and a rationale for such sharing should be included.]</i>	
OTHER RESPONSIBILITIES	SHARED?
[<i>Macfarlanes note : here, we would set out any additional responsibilities for which the Senior Manager is accountable but which are not set out in the rest of Statement of Responsibilities. Other clients have included details on how a particular Senior Manager chairs board meetings, how that Senior Manager works with other Senior Managers and specific areas of the business in respect of which the Senior Manager is especially involved, for example, oversight of the compliance of the portfolios with relevant investment and borrowing powers. For each responsibility, we would also include details on the relevant reporting lines and how management information in respect of those responsibilities is fed into the Senior Manager.]</i>	
SUPPLEMENTAL INFORMATION	
[<i>Macfarlanes note : here, we would include any further information which you consider relevant to the Statement of Responsibilities. Some other clients have included here details of any shared / joint responsibilities and any committee memberships.]</i>	

APPENDIX 2

PART 2 - TEMPLATE CERTIFICATION STAFF FITNESS AND PROPRIETY CERTIFICATE

Date of Certification:	
Expiry date of Certification:	
Name of Certified Person:	
Assessment Purpose: (Tick as applicable)	New Role Assessment <input type="checkbox"/> Annual Certification <input type="checkbox"/> Triggered Assessment <input type="checkbox"/>
Certified Functions: (Tick as applicable)	Significant management function <input type="checkbox"/> Client dealing function <input type="checkbox"/> Supervisor or manager of a Certified Function <input type="checkbox"/>
Job title of Certified Person:	
Description of Certified Person's duties: <i>[describe in broad terms the employee's functions that involve FCA certification] (i.e. why the employee is classified as Certification Staff with reference to their role)</i>	
Name of fitness and propriety Assessor:	
Job title of fitness and propriety Assessor:	

Patron is satisfied that the Certified Person is a fit and proper person to perform the Certification Function(s) to which this Certificate relates as required under section 63F of the Financial Services and Markets Act 2000.

The Assessor and the Certified Person hereby declare that there has been no change in circumstances in the 12 months preceding this Certification which can question the fitness and propriety of the Certified Person.

Signature of Assessor

Signature of Certified Person

.....

.....

This Fitness and Propriety Certification is valid until the date specified or for a maximum of 12 months from the date of the certification

APPENDIX 2

PART 3 - TEMPLATE SENIOR MANAGER FITNESS AND PROPRIETY ASSESSMENT

Date of assessment:	
Expiry date of assessment:	
Name of Senior Manager:	
Assessment Purpose: (Tick as applicable)	New Role Assessment <input type="checkbox"/> Annual Assessment <input type="checkbox"/> Triggered Assessment <input type="checkbox"/>
Senior Management Function: (Tick as applicable)	SMF27 (Partner) <input type="checkbox"/> SMF16 (Compliance oversight) <input type="checkbox"/> SMF 17 (MLRO) <input type="checkbox"/>
Job title of Senior Manager:	
Description of Senior Manager's duties:	
Name of fitness and propriety Assessor:	
Job title of fitness and propriety Assessor:	

Patron is satisfied that the Senior Manager is a fit and proper person to perform the Senior Management Function(s) to which this Assessment relates as required under sections 60A and 63(2A) of the Financial Services and Markets Act 2000.

The Assessor and the Senior Manager hereby declare that there has been no change in circumstances in the 12 months preceding this Assessment which can question the fitness and propriety of the Senior Manager.

Signature of Assessor

Signature of the Senior Manager

.....

.....

This Fitness and Propriety Assessment is valid until the date specified or for a maximum of 12 months from the date of the assessment

APPENDIX 2

PART 4 - TEMPLATE REGULATORY REFERENCE

Information requested		Response
1A	Name, contact details and firm reference number of firm providing reference; or	
1B	Names, contact details and firm reference numbers (where applicable) of group firms providing a joint reference	
2	Individual's name (i.e. the subject of the reference)	
3	Name, contact details and firm reference number of firm requesting the reference	
4	Date of request for reference	
5	Date of reference	
<p>The answers to Questions A to F cover the period beginning six years before the date of your request for a reference and ending on the date of this reference</p>		
<p><u>Question A</u></p> <p>Has the individual:</p> <p style="padding-left: 40px;">(1) performed a certification function for our firm; or</p> <p style="padding-left: 40px;">(2) been an approved person for our firm.</p> <p><u>Answer:</u></p> <p>Yes <input type="checkbox"/></p> <p>No <input type="checkbox"/></p>		
<p><u>Question B:</u></p> <p>Has the individual performed one or more of the following roles in relation to our firm:</p> <p style="padding-left: 40px;">(1) notified non-executive director;</p> <p style="padding-left: 40px;">(2) credit union non-executive director;</p> <p style="padding-left: 40px;">(3) key function holder (other than a controlled function); or</p>		

Information requested	Response
<p>(4) board director</p> <p><u>Answer:</u></p> <p>Yes <input type="checkbox"/></p> <p>No <input type="checkbox"/></p>	
<p><u>Question C:</u></p> <p>If we have answered 'yes' to either Question A or B above, we set out the details of each position held below, including:</p> <p>(1) what the controlled function, certification function or key function holder role is or was;</p> <p>(2) (in the case of a controlled function) whether the approval is or was subject to a condition, suspension, limitation, restriction or time limit;</p> <p>(3) whether any potential FCA governing function is or was included in a PRA controlled function; and</p> <p>(4) the dates during which the individual held the position.</p> <p><u>Answer:</u></p>	
<p><u>Question D:</u></p> <p>Has the individual performed a role for our firm other than the roles referred to in Questions A and B above:</p> <p><u>Answer:</u></p> <p>Yes <input type="checkbox"/></p> <p>No <input type="checkbox"/></p> <p>If 'yes', we have provided summary details of the other role(s), e.g. job title, department and business unit, below.</p>	
<p><u>Question E:</u></p> <p>Have we concluded that the individual was not fit and proper to perform a function:</p> <p><u>Answer:</u></p> <p>Yes <input type="checkbox"/></p> <p>No <input type="checkbox"/></p>	

Information requested	Response
<p>If 'yes' and associated disciplinary action was taken as a result, please refer to Question F below.</p> <p>If 'yes', and no associated disciplinary action was taken as a result, we have set out below the facts which led to our conclusion.</p>	
<p><u>Question F:</u></p> <p>We have taken disciplinary action against the individual that:</p> <p>(1) relates to an action, failure to act, or circumstances, that amounts to a breach of any individual conduct requirements that:</p> <p>(a) apply or applied to the individual; or</p> <p>(b) (if the individual is or was a key function holder, a notified non-executive director or a credit union non-executive director for your firm) the individual is or was required to observe under <i>PRA</i> rules (including if applicable, <i>PRA</i> rules in force before 7 March 2016); or</p> <p>(2) relates to the individual not being fit and proper to perform a function.</p> <p><u>Answer:</u></p> <p>Yes <input type="checkbox"/></p> <p>No <input type="checkbox"/></p> <p>If 'yes', we have provided below a description of the breaches (including dates of when they occurred) and the basis for, and outcome of, the subsequent disciplinary action.</p>	
<p><u>Question G:</u></p> <p>Are we aware of any other information that we reasonably consider to be relevant to your assessment of whether the individual is fit and proper? This disclosure is made on the basis that we shall only disclose something that:</p> <p>(1) occurred or existed:</p> <p>(a) in the six years before your request for a reference; or</p> <p>(b) between the date of your request for the reference and the date of this reference; or</p> <p>(2) is serious misconduct.</p>	

Information requested	Response
<p data-bbox="248 293 355 322"><u>Answer:</u></p> <p data-bbox="248 353 304 383">Yes <input data-bbox="512 349 536 376" type="checkbox"/></p> <p data-bbox="248 423 292 452">No <input data-bbox="512 418 536 445" type="checkbox"/></p> <p data-bbox="248 495 959 524">If 'yes', we have provided the relevant information below.</p>	

APPENDIX 3

CONDUCT RULES

Senior Manager Conduct Rules (only applicable to Senior Managers)

- **SC1:** You must take reasonable steps to ensure that the business of the firm for which you are responsible is controlled effectively.
- **SC2:** You must take reasonable steps to ensure that the business of the firm for which you are responsible complies with the relevant requirements and standards of the regulatory system.
- **SC3:** You must take reasonable steps to ensure that any delegation of your responsibilities is to an appropriate person and that you oversee the discharge of the delegated responsibility effectively.
- **SC4:** You must disclose appropriately any information of which the FCA or PRA would reasonably expect notice.

Individual Conduct Rules (applicable to Senior Managers, Certification Staff and Conduct Staff)

- **1:** You must act with integrity.
- **2:** You must act with due skill, care and diligence.
- **3:** You must be open and cooperative with the FCA, the PRA and other regulators.
- **4:** You must pay due regard to the interests of customers and treat them fairly.²⁶
- **5:** You must observe proper standards of market conduct.

Prescribed responsibilities

- Performance by the firm of its obligations under the Senior Managers Regime, including implementation and oversight.
- Performance by the firm of its obligations under the Certification Regime.
- Performance by the firm of its obligations in respect of notifications and training of the Individual Conduct Rules.
- Responsibility for the firm's policies and procedures for countering the risk that the firm might be used to further financial crime.

²⁶ The reference to customer means to PCA's "regulatory client". Technically the firm's client is the entities to whom they provide services, for example advice provided to general partners. However, we consider that the FCA would nevertheless expect PCA and its staff to treat the underlying investors fairly and pay due regard to their interests.

APPENDIX 4

PATRON'S DISASTER RECOVERY PLAN

[Please see separate document]

APPENDIX 5

THE FCA'S PRINCIPLES FOR BUSINESS

1. **Integrity** - a firm must conduct its business with integrity.
2. **Skill, care and diligence** - a firm must conduct its business with due skill, care and diligence.
3. **Management and control** - a firm must take reasonable care to organise and control its affairs responsibly and effectively, with adequate risk management systems.
4. **Financial prudence** - a firm must maintain adequate financial resources.
5. **Market conduct** - a firm must observe proper standards of market conduct.
6. **Customers' interests** - a firm must pay due regard to the interests of its customers and treat them fairly.
7. **Communications with clients** - a firm must pay due regard to the information needs of its clients, and communicate information to them in a way which is clear, fair and not misleading.
8. **Conflicts of interest** - a firm must manage conflicts of interest fairly, both between itself and its customers and between a customer and another client.
9. **Customers: relationships of trust** - a firm must take reasonable care to ensure the suitability of its advice and discretionary decisions for any customer who is entitled to rely upon its judgment.
10. **Clients' assets** - a firm must arrange adequate protection for clients' assets when it is responsible for them.
11. **Relations with regulators** - a firm must deal with its regulators in an open and cooperative way, and must disclose to the FCA appropriately anything relating to the firm of which the FCA would reasonably expect notice.

APPENDIX 6

PATRON'S CODE OF ETHICS

Ethics in Practice

We recognise that the foundation of our relationships with clients, investors, partners and employees is mutual trust and goodwill.

Honesty

- We will be honest and truthful in all we say and do, and strive to be consistent in all our dealings.
- We will strive for clarity and remove any ambiguity in our undertakings and in what we expect from others. We will never knowingly give inadequate or misleading descriptions of our intentions and expectations.

Integrity

- We will declare at the outset any possible conflicts of interest and endeavour to resolve them in a way that protects our clients' interests.
- We will not place ourselves under any financial or other obligation to individuals or organisations that might influence our responsibilities to our clients.
- We will safeguard the confidentiality of all information we receive. Such information will only be made available to those who need it to undertake their work.
- All our dealings and activities should be such that if they were exposed to critical public scrutiny we should have no reason to feel ashamed or embarrassed.

Fairness

- We strive to value and see the good in every individual and undertake to treat all with equal respect, fairness and dignity.
- In carrying out our business, making appointments, awarding contracts or recommending individuals we will make choices based on merit and individual's needs.

Accountability

- We will remain accountable for all our work and decisions.
- We will submit ourselves to appropriate scrutiny concerning our work and decisions.

APPENDIX 7

PATRON'S CONFLICTS OF INTEREST POLICY

- 1. IDENTIFYING AND MANAGING OR PREVENTING CONFLICTS OF INTEREST**
- 1.1 Patron is required to take all appropriate steps to identify and to prevent or manage conflicts of interest. In accordance with its obligations under the FCA Rules Patron must ensure that its clients are properly treated where there are or could be conflicts of interest.
- 2. WHAT CONFLICTS OF INTEREST COULD ARISE?**
- 2.1 The nature of the financial services market is such that conflicts of interest can sometimes develop. Generally, a conflict of interest arises where the interests of the financial services company and its associates are different from its client or clients.
- 2.2 Specific instances in which you might expect conflicts to arise in the conduct of Patron's business include:
 - (a) where it is considered necessary to split a large investment between more than one fund;
 - (b) Interests of a Patron Fund conflicting with interests of Co-investors e.g. where there is a promote structure for the benefit of the Patron Fund; and
 - (c) intra-Fund transfers of investments and or individual assets.
- 2.3 The Compliance Function maintains a detailed log of all existing and potential conflicts of interest identified setting out how Patron manages or prevents such conflicts of interest. The Compliance Officer is responsible for providing written reports to the Board at least annually regarding the conflicts of interest identified and how they are managed.
- 3. HOW ARE CONFLICTS MANAGED AND PREVENTED?**
- 3.1 In this Conflicts of Interest Policy Patron has identified the types of conflicts it faces and the controls it operates in order to mitigate or, where possible, prevent those conflicts. Patron will manage conflicts in accordance with the following procedures, as appropriate:
 - (a) referral of any potential or actual conflict of interest to the Compliance Officer;
 - (b) consideration of the potential or actual conflict by the Compliance Officer in accordance with this policy;
 - (d) consultation with the Members of Patron with regard to the potential or actual conflict and its resolution;
 - (e) seeking consent from each of the parties involved in order to manage the conflicts where appropriate and in accordance with the FCA Rules;

- (f) wherever possible addressing the source of the conflict and resolving e.g. by making changes to proposed investment structures, commercial, financial or legal terms of transactions;
- (g) where necessary, ceasing to act for one or more clients.

4. **DISCLOSURE OF CONFLICTS POLICY**

4.1 If arrangements made by Patron to manage or prevent conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of a client will be prevented, Patron must clearly disclose the following details to its client before undertaking business for the client:

- (a) the general nature or sources of conflicts of interest, or both; and
- (b) the steps taken to mitigate those risks.

4.2 Patron discloses its conflicts of interest in its investment advisory agreement with each respective General Partner of the Patron Funds.

4.3 In accordance with FCA guidance, Patron understands that disclosure of conflicts of interest is a measure of last resort to be used only where the effective organisational and administrative arrangements to prevent or manage its conflicts of interest in accordance are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of the client will be prevented.

5. **REVIEW OF POLICY**

This policy is reviewed regularly and at least annually to ensure the record of conflicts is up to date and relevant and the appropriate mitigating controls are in place. The review is reported to the Patron Members and senior management in quarterly Members' meetings.

6. **OTHER RELATED POLICIES**

6.1 Patron also has specific policies and procedures e.g. In relation to PAD and its Code of Ethics which also relate to the management of conflicts.

APPENDIX 8

PATRON'S CONFLICTS LOG

PATRON CAPITAL ADVISERS LLP

CONFLICTS OF INTEREST LOG

Date: / /

Reporting Staff	
Nature of conflict	
Action of Compliance Officer	

Signature

Signature

Name (please print)

Name (please print)

Reporting Staff

Compliance Officer

APPENDIX 9

COMPLAINTS HANDLING PROCEDURES

1. Where Patron receives a complaint, the complaint must be handled in accordance with the rules set out below.
2. Patron must respond to complaints from all clients including Professional Clients and Eligible Complainants. Eligible Complainants are broadly:
 - (a) private individuals;
 - (b) businesses with an annual turnover of less than £1million;
 - (c) charities with an annual income of less than £1million; and
 - (d) trustee(s) of a trust with a net asset value of less than £1million

BUT NOT a client who has been classified as a professional client (whether an elective or a per se professional client) or an eligible counterparty. In practice, Patron does not expect any client, or Co-investor or Carry Participant (who may receive financial promotions from Patron²⁷ but not financial advice), to be Eligible Complainants.

3. All complaints from clients (no matter how trivial they may seem) MUST be recorded on the "Record of Complaint by Client" (a copy of which can be obtained from the Compliance Officer). This procedure relates to both oral and written complaints.

The following details should be recorded:

- (a) the client's full name and address;
- (b) a description of the relevant investment activity undertaken by Patron for the client;
- (c) nature of complaint in as much detail as possible;
- (d) the time and date of the complaint; and
- (e) the proposed action to resolve the complaint.

This form must then be passed to the Compliance Officer without delay, together with the actual written complaint (if applicable).

4. The Compliance Officer will be responsible for ensuring that each complaint is investigated promptly and fully; and that a written acknowledgement of the complaint is sent within five days, giving the name and the job title of the person handling the complaint, together with the details of these internal complaint handling procedures.

²⁷ Under the COBS 4.12.4R "eligible employees" exemption.

5. Within four weeks of receiving a complaint, the Compliance Officer will send the complainant either a final response or a holding response which explains why Patron is not in a position to resolve the complaint and indicate when it will make further contact (which must be within eight weeks of receipt of the complaint.)
6. By the end of eight weeks after receipt of the complaint, the firm must send the complainant either a final response or a response which explains that the firm is not in a position to make a final response, gives reasons for the further delay and indicates when it expects to be able to provide a final response and informs the complainant that he may be able to refer the complaint to the Financial Ombudsman Service if he is dissatisfied with the delay and encloses a copy of the Financial Ombudsman Service's explanatory leaflet.
7. When the firm sends the complainant its final response, this must inform the complainant that he may be able to take civil action or refer the complaint to the Financial Ombudsman Service if he is dissatisfied with the final response and indicate whether Patron consents to waiving the time limits for referring such complaints using the wording set out in DISP 1 Annex 3R. The final response should also include the website address of the Financial Ombudsman Service and enclose a copy of the Financial Ombudsman Service's standard explanatory leaflet.
8. Full co-operation should be given to the FCA in any subsequent investigation of a complaint made against Patron.
9. It may not always be clear that a complaint is being made – sometimes it may simply be a general expression of unhappiness with the standard of the Company's services. In such cases it is still important that the possible complaint should be brought to the attention of the Compliance Officer, although this can be done orally.

APPENDIX 10

TEMPLATE FOR THE REPORT OF THE MONEY LAUNDERING REPORTING OFFICER TO THE MEMBERS OF PATRON

PATRON CAPITAL ADVISERS LLP

Report of the Money Laundering Reporting Officer to the Members of Patron and Guidance Notes

as at [insert last date of year to which the report relates]

Guidance Notes

1. SYSC 3.2.6G(2) G advises that an MLRO present an annual report to senior management, but does not specify the format for such a report. In December 2006 the JMLSG suggested a suitable presentation and content framework for a working paper underpinning the production of the MLRO Report. The following guidance notes and template are taken from this. However, an MLRO may choose to report in a different format according to the nature and scope of their firm's business.
2. The MLRO may wish to cover the following issues in his report: The report would serve its purpose best if it focused on outcomes, rather than listing a lot of statistics. In particular, it should conclude on the effectiveness of Patron's AML systems and controls, and should make appropriate recommendations for improvement in the management of risks and priorities, including resources.
3. Patron's MLRO may find it helpful to use a working paper to support the Annual Report. A working paper allows the MLRO to evidence duties, allow him/her to take stock of the year, plan work going forward, document key AML performance and risk indicators, record the policies Patron has in place and identify key issues that should be reported up the line to senior management. The MLRO Report is in addition to the Patron money laundering risk assessment document, which is also prepared by the MLRO and kept under regular review, with input from senior management.
4. If there are, or have been, any restrictions in putting this information together, these should be described.

The Content of the Annual Report

5. Those within Patron responsible for anti-money laundering systems and controls, and the structure within which they operate.

The following information should be included here:

- 5.1 AML Governance framework:
 - (a) Name of the specific Member / senior manager with overall responsibility within Patron for the establishment and maintenance of effective anti-money laundering systems and controls; and
 - (b) Where this role is not played by the MLRO, describe the demarcation of responsibilities.

- 5.2 MLRO details:
- (a) Name and location (FCA requires to be in the UK) of the MLRO and anyone to whom responsibilities have been delegated. Any other roles held by the MLRO (such as Nominated Officer under the Money Laundering Regulations, Proceeds of Crime Act and Terrorism Act) may be detailed. Relative responsibilities may be described;
 - (b) List MLRO employment or appointment dates, including delegates dates, and details of any temporary arrangements (if relevant).
- 5.3 MLRO functions:
- (a) Confirm responsibilities of the MLRO, in accordance with SYSC 3.2.6I R.
 - (b) Consider areas where the MLRO has been restricted from fully carrying out his functions.
 - (c) Consider whether resources to assist the MLRO function, and access to information, are sufficient.
- 5.4 Nominated Officer:
- (a) Name the Nominated Officer under the Money Laundering Regulations and Proceeds of Crime Act – even if this is the same person as the MLRO.
 - (b) Refer to report on the Nominated Officer's activities.
6. Report on operation of systems and controls
- 6.1 Set out here the areas required to be covered by SYSC 3.2.6G and how Patron complies:
- Staff Training:
- (a) Summarise Patron's policy for training, along with time frame details for any rolling programme;
 - (b) Summarise the methods of training used and quality checks performed for awareness and training;
 - (c) Indicate the number of Relevant Staff, alongside the number that have actually received money laundering training for the year in question, broken down into management, staff, temps, etc. Indicate the number of Relevant Staff that have not received training and provide an explanation for this;
 - (d) Consider the intended programme of training for the year ahead along with perceived budgetary considerations;
 - (e) Outline the MLRO's training (and that of relevant senior managers/members) over the year, where different from that of other Relevant Staff;
 - (f) Consider any difficulties faced in achieving a satisfactory level of training. Indicate where improvement is sought, for management consideration.

- 6.2 Information to senior management:
- (a) Describe arrangements for regular reporting, indicating frequency and those individuals [and bodies] to whom reports are made – you could include reference here to the quarterly compliance reports which are to be made to the Members of Patron and which should contain a report on AML procedures for each quarter.
 - (b) Describe scope and coverage of regular reports – again set out here the scope of the quarterly compliance reports.
- 6.3 Documentation of policies and risk assessments:
- (a) Describe arrangements for documentation of policies and risk assessments.
 - (b) Describe any material changes in the period to documented policies and risk assessments.
 - (c) Given SYSC 3.2.6E G, it would be helpful to say something about how Patron uses the JMLSG Guidance.
 - (d) Comment on any regulatory/legislative changes during the period, and an indication of any known forthcoming ones, and their impact on Patron's policy and risk management processes.
 - (e) Describe how guidance and information from different sources (NCA, FATF, etc.) were taken into account.
 - (f) This section may in practice require some high level summarising, and cross referring to other documents.
- 6.4 Arrangements for monitoring effectiveness of systems and controls:
- (a) Describe arrangements for ensuring that Patron's systems and controls cover the areas required by SYSC 3.2.6G.
 - (b) Describe arrangements for MLRO review of firm's compliance with systems and controls.
7. Summary of business issues
- 7.1 Business areas:
- (a) Outline the business operations covered by Patron over the last year, indicating changes in activity and elements of the business that have had implications for money laundering controls. For example, this could include overseas and/or non-regulated entities that have an impact on the regulated firm's compliance with the Rules.
 - (b) Consider any other issues relevant to Patron's business here.
- 7.2 Customers and CDD processes:
- (a) Summarise the type and size of customer base over the last year by business areas. For example, distinguish between new customers in each

business area, countries of origin, percentage increase/decrease compared with last year, and anything unusual.

- (b) Information on Patron's Politically Exposed Persons (PEPS) policies and procedures, and the number of known PEPs, if any with whom Patron maintains a business relationship.
- (c) Summarise relationships where identification and due diligence has not been conducted directly by Patron (i.e. third parties introduction certificates etc.).
- (d) Outline the procedures for being satisfied that introducers may be 'relied' upon.
- (e) Highlight the methods used for identification verification.
- (f) Summarise how individual high-risk customers are dealt with if Patron has any.
- (g) Describe how additional KYC information is collected under the risk-based approach, and how it is updated.
- (h) Describe Patron's arrangements for monitoring transactions.

7.3 Record keeping:

- (a) Note the format and location of record keeping and any intentions to change this.
- (b) Describe any material control failures identified during the period, and the actions taken to address these.

7.4 Court Orders:

- (a) Consider the numbers and brief circumstance of Production and other Orders served (if involved with any related to money laundering cases).
- (b) A discussion of compliance with court orders if any, and lessons learned from them.

8. Conclusions and recommendations for action:

8.1 Conclusion: Overall assessment of systems and controls

- (a) Are they comprehensive and proportionate? (SYSC 3.2.6AR)
- (b) Have they been reviewed regularly? (SYSC 3.2.6CR) (SYSC 3.2.6AR)
- (c) Summarise details of any material control failures identified, including the identification of issues which may amount to rule breaches, and any remedial action taken.
- (d) Effectiveness of transaction monitoring processes?

8.2 Recommendations for Action:

- (a) Describe in order of priority areas for remedial/preventative action, the action deemed necessary, and an expected timeframe for completion. Note any other recommendations to senior management.
 - (b) Comment on adequacy of resources.
9. Annex: Report on duties of Nominated Officer
- 9.1 Suspicious transaction reporting:
- (a) Outline the method used to identify suspicious transactions (i.e. system monitoring, case-by-case basis) and consider any shortcomings with this process. Summarise any other ways that suspicions arose.
 - (b) If available from the NCA, some peer group comparisons and analyse/explain similarities and differences.
 - (c) Highlight improvement /enhancements/ system upgrades deemed necessary.
- 9.2 Internal reporting:
- (a) Summarise the number of internal reports made.
 - (b) Number of 'false positives' generated where internal reports were not forwarded to the NCA. Whether this has increased or decreased since the last report.
 - (c) Summarise the circumstances that may have led to increased/decreased reporting and consider any significant trends in reporting.
 - (d) Summarise any quality checks that are made by the Nominated Officer in the area of reporting.
10. External reporting:
- (a) Note whether there have been any money laundering cases that have arisen where reports have not been made.
 - (b) Provide a breakdown by business area of reports passed on to the NCA, and the number of reports that have not been made.
 - (c) Consider any significant trends in reporting that might require the Nominated Officer to change system parameters for suspicious transaction reporting. Indicate whether such changes have been actioned or are requested.
 - (d) Any feedback from the NCA on reporting, individually or by sector.

APPENDIX 11

COMPLIANCE ROLE

TEMPLATE FOR COMPLIANCE OFFICER'S REPORT TO THE MEMBERS OF PATRON

PATRON CAPITAL ADVISERS LLP

Regulatory and Compliance Report

as at [insert last date of quarter to which the report relates]

1. **COMPLIANCE AND RISK MONITORING / REGULATORY RISKS**

[Set out here details of how the compliance function has been conducting ongoing monitoring of Patron's compliance for the previous quarter – including any areas of the business which might need to be changed in order to ensure compliance. This might include spot checks of particular deals to ensure Patron's compliance with the FCA Rules or spot checks of client take-on procedures to ensure that Patron and all Relevant Staff are complying with the FCA Rules and AML legislation.]

Set out here any risks to the business of Patron which the compliance function may have identified during the previous quarter.]

2. **TREATING CUSTOMERS FAIRLY**

[Provide here an update on Patron's progress with its TCF initiative and embedding. You may wish to refer to particular management information and provide the Members with this information. In addition, make sure that the Members are aware of any major developments or deadlines in the FCA's TCF programme.]

3. **MAJOR REGULATORY DEVELOPMENTS**

[Set out here details of any major regulatory developments which have affected / are likely to affect Patron's business. For example for the last quarter of 2007 this might have included the Markets in Financial Instruments Directive and the Money Laundering Regulations 2017. You may also want to refer to any FCA Policy Statements, Consultation Papers etc which are particularly relevant to Patron's business or communications by other relevant bodies, for example the British Venture Capital Association.]

4. **RULE BREACHES**

[Set out here any serious or persistent breaches of the FCA Rules which have been reported to the compliance function]

5. **MANAGEMENT OF CONFLICTS OF INTEREST**

[Set out here any major conflicts of interest which may have arisen during the previous quarter and how these were managed / resolved.]

6. **COMPLAINTS**

[If Patron has received any material complaints which need to be noted or in relation to which further actions needs to be taken then set them out here.]

7. **MONEY LAUNDERING**

[Set out here any reports which had to be made to the NCA regarding suspected money laundering activity. In addition, set out an assessment of the operation of the systems and controls which Patron has in place to comply with AML requirements and their adequacy. For further guidance on what should be included please refer to the suggested content of the MLRO's Report which can be found at Appendix 10 of this Compliance Manual.]

If any alterations have been made to Patron's anti-money laundering procedures or there have been any significant problems with these procedures then these should also be detailed here.]

8. **PRODUCT GOVERNANCE**

[Set out here information on the financial instruments sold by Patron (i.e. the Patron Funds). Confirm that no advice has been provided by Patron to recommend investors to invest in the Patron Funds. Confirm if any sales made outside the target investors (i.e. to retail clients). Any complaints from investors should be included. This should also include consideration of any events that could affect the risk to investors.

Confirm also that: (i) the Patron Funds remain consistent with the needs, characteristics and objectives of the identified target investors; and (ii) the intended distribution strategy remains appropriate.]

APPENDIX 12

PATRON COMPLIANCE REPORTING – INTERNAL AND EXTERNAL

A. Internal Reporting

	Matter	Procedure	Reference to Compliance Manual	Frequency of checks
	<i>Event Driven</i>			
1	Client classification	The Compliance Officer must check that the client categorisation process has been carried out appropriately for all clients and investors in Patron’s funds, that the necessary records have been maintained and the necessary information provided to clients. Patron may take on Professional Clients and Eligible Counterparties only.	Schedules 7, 8 and 9 Schedule 10 and 12 Schedule 12 Chapter 9	At the time of taking on new clients or investors (including staff).
2	Financial Promotions	The Compliance Officer must approve all written financial promotions and ensure that any staff communicating oral financial promotions are fully briefed on the requirements relating to financial promotions. Checks must be conducted by the Compliance Officer to ensure that financial promotions follow the policy and procedures relating to financial promotions in the Compliance Manual, save where no financial promotions have been communicated.	Chapter 10	When financial promotions are communicated.

3	Personal account dealings	The Compliance Officer shall maintain a register of personal dealings where they exceed 5% of the issued share capital of the company. ²⁸	Chapter 3 (see Employee Compliance Reporting Folder)	When an employee wishes to enter into any investment or trade outside his normal scope of work.
4	Money Laundering Undertaking	The Compliance Officer shall maintain a register of all employees and consultants and ensure that they have signed the Money Laundering Undertaking forms and provided their IDs.	See Employee Compliance Reporting Folder	Upon joining Patron
5	Compliance Manual Undertaking	The Compliance Officer shall maintain a register of all employees and consultants and ensure that they have signed the Compliance Undertaking forms and provided their IDs.	See Employee Compliance Reporting Folder	Upon joining Patron
7	Systems	If there is a sudden upturn in trading or a change in Patron's business, the Compliance Officer must review the firm's systems against current usage and expected usage and must consider whether an internal or external review of IT security or data integrity should be undertaken.	-	Event-driven
8	AML (1)	The AML procedures must be followed at the time of fund raising and at the time of taking on new clients as explained in Chapter 11 of the Compliance Manual. The MLRO is responsible for ensuring that all clients are verified for money laundering purposes.	Schedule 12 Schedule 13 and 15 Chapter 11	At the time of fund raising and taking on new clients.
9	Product governance	During the fund raising process, Patron must review any event which could materially affect the potential risk to its investors.	Chapter 2	Event-driven

²⁸ Patron's funds invest predominantly in real estate. As it is extremely unlikely that employees will come across inside information, a light touch regime in relation to personal account dealing has been adopted.

10	Certification Staff	Patron must maintain an up-to-date list of Certification Staff.	Chapter 1	Event-driven (i.e. if new Certification Staff join, existing Certification Staff leave, an employee is reclassified or takes on a new Certification Function (see Chapter1, 1.25)
	<i>Quarterly</i>			
10	AML (2)	The Compliance Officer must review the money laundering verification procedures for the preceding quarter including an analysis of any problems that have arisen, bearing in mind that there are ongoing AML obligations in relation to transfers by investors and any suspicious matters arising in the context of potential deals.		Quarterly
11	Advising	The Compliance Officer must check the records evidencing suitability of advice being provided to clients and ensure that enough evidence is being held to show that suitability is being assessed. This will involve checking that the memos drafted containing investment advice from Patron are in accordance with the investment mandate under the fund documents is being followed.	Suitability assessment form may be found at Schedule 2 Chapter 2 Part B	Quarterly
12	Records	Patron is required to keep records on various matters as set out in the Compliance Manual for a period of five years. The Compliance Officer must check a sample of records to ascertain that records are being maintained appropriately.	Chapter 15	Quarterly [TBD]
13	Conflicts	The Compliance Officer must conduct checks to ensure that any conflicts have been managed in line with the Conflicts Policy in the	Chapter 6	Quarterly

		Compliance Manual and report to the board on conflicts identified and managed.		
14	Client complaints	The Compliance Officer must conduct checks to ensure that any complaints have been handled in accordance with the Compliance Manual. This includes making a record of any complaints received.	Chapter 7 Schedule 5 for complaint recording form	Quarterly
15	Inducements	<p>The Compliance Officer must ensure that any monetary benefits that Patron has received which are restricted by the inducements rules have been transferred promptly to the relevant General Partner of the Patron Funds.</p> <p>The Compliance Officer must ensure that for any fees, commissions and benefits received that Patron has recorded the reasons why each payment made or benefit provided meets the requirements of the inducement rules in COBS 2.3A.</p> <p>The Compliance Officer must ensure that where Patron either accepts or retains an acceptable minor non-monetary benefit; or pays or provides a fee, commission or non-monetary benefit, that this has been disclosed in the investment advisory agreement with the relevant General Partner.</p>	Chapter 2	Quarterly
16	Research	Check if unpaid research received.	Chapter 2	Quarterly
17	Compliance (1)	The Compliance Officer must ensure that all issues identified as a result of this Compliance Timetable have been dealt with appropriately and any matters outstanding and reasons for the delay must be documented. If there have been no issues, a file note documenting this must be recorded.	-	Quarterly

18	Recording	The Compliance Officer must check that calls and emails are being recorded and retained in accordance with FCA record keeping requirements.	Chapter 5	Quarterly
19	Product Governance	The Compliance Officer must ensure that a review of the Patron Funds (for example, checking any impact of market conditions and that the Patron Funds have only been sold to professional investors and institutional investors) and any investment services provided by Patron when selling or promoting the Patron Funds is carried out.	Chapter 2	Quarterly
<i>Half yearly</i>				
21	Training and competence	The Compliance Officer must check the training records and ensure that employees receive appropriate training in relation to regulatory requirements and anti-money laundering obligations keeping their responsibilities in mind. The Compliance Officer must schedule training for the next six months having assessed any training needs.	Chapter 8 Schedule 6 for recording form	Half yearly
22	Client money and assets	Patron cannot hold client money or assets. The Compliance Officer must check by email to the Finance Director that no client money or assets have been held by Patron from the date of the last check.	Paragraph 2.82	Half yearly
<i>Annually</i>				
23	Capital	The Compliance Officer must confirm that Patron retains regulatory capital in accordance with FCA requirements. This is also checked and recorded under GABRIEL (see external reporting).	Paragraph 1.7	Annually
24	Permitted business	Patron's scope of permissions may be found at	Appendix 1	Annually or whenever there is a significant change to the scope of

		<p>https://register.fca.org.uk/ShPo_FirmDetailsPage?id=001b000000NMQWmAAP.</p> <p>When considering whether to provide a new service to any of Patron's clients, the Compliance Officer must consider whether Patron would need to extend the scope of its permissions.</p>		services that Patron provides to its clients.
25	AML (3)	The MLRO must present an annual report to the Members.	Template report is at Appendix 10	Annually
26	Compliance (2)	The Compliance Officer must ensure that all employees have signed a copy of the Compliance Undertaking at Schedule 3 of the Compliance Manual	Schedule 3	Annually
27	Compliance (3)	The Compliance Officer must prepare and deliver to the Members a report on key compliance issues.	Appendix 11	Annually
28	Disaster recovery	The Compliance Officer must review, check and test the Disaster Recovery Plan at Appendix 4 of the Compliance Manual to ensure that it is sufficiently robust.	Appendix 4	Annually
29	Product governance	The Compliance Officer must check that Patron has complied with its product governance requirements. A report must be provided to Patron's members regarding compliance with the MiFID product governance requirements. This report must include information about the Patron Funds sold by Patron and confirm that no investment advice has been provided to investors to recommend investment in the Patron Funds.	Chapter 2	Annually

30	Financial Crime	The Compliance Officer and (in relation to tax matters) the Finance Director shall confirm that Patron's policies with respect to Financial Crime, including its assessment of risk, are up-to-date and reasonable.	Appendix 13	Annually
31	Senior Managers	Patron must assess that Senior Managers are fit and proper to perform their role.	Chapter 1	Annually
31	Certification Staff	Patron must certify that Certification Staff are fit and proper to perform their role.	Chapter 1	Annually

B. External Reporting

	Matter	Procedure	Reference to Compliance Manual	Frequency
1	Controllers report	The Compliance Officer should submit Annual controllers reports to FCA within 4 months of firm's accounting reference date	Chapter 14.6	Annually – by 30 April
2	Close Links Report	The Compliance Officer should submit Annual close links reports to FCA within 4 months of firm's accounting reference date	Chapter 14.6	Annually – by 30 April
3	Financial Reports (full details available by logging into GABRIEL)	The Compliance Officer should submit financial reports listed below to FCA	Chapter 14.6	Various – see below
		FSA029 (Balance sheet) - within 20 business days of firm's accounting reference date	Chapter 14.6	Quarterly
		FSA030 (Income statement) - within 20 business days of firm's accounting reference date	Chapter 14.6	Quarterly

		FSA031 (Capital adequacy) - within 20 business days of firm's accounting reference date	Chapter 14.6	Quarterly
		FSA039 (Client money and client assets) - within 30 business days of firm's accounting reference date	Chapter 14.6	Half-yearly
4	Financial crime report	The Compliance Officer should submit the annual financial crime report to FCA within 60 business days of firm's accounting reference date	Chapter 14.6	Annually
5	Conduct Rule breach reporting	The Compliance Officer should notify the FCA of any breach of a Conduct Rule which is deemed to be significant by the Compliance Officer immediately upon: (a) becoming aware of the breach; or (b) receiving information which reasonably suggests that a Conduct Rule breach which is significant has occurred or may occur.	Chapter 1 and Chapter 14	Immediately
		The Compliance Officer should submit a Form D (or Form C where the individual will no longer be approved) to the FCA in the event that a Senior Manager breaches a Conduct Rule and this results in disciplinary action being taken. This must be submitted within seven business days of concluding the disciplinary action.	Chapter 1 and Chapter 14	Within seven business days of the conclusion of disciplinary action
		The Compliance Officer should submit an annual REP008 via GABRIEL detailing any Conduct Rule breaches which: (a) are committed by a Certification Staff member or a Conduct Staff member; and (b) are not deemed to be significant; and	Chapter 1 and Chapter 14	Annually

		<p>(c) result in disciplinary action being taken in relation to the relevant Certification Staff member or Conduct Rule staff member.</p> <p>A “nil return” REP008 should be submitted if there have been no such breaches.</p>		
6	The Directory	<p>The Compliance Officer shall file a report detailing the following with the FCA within seven business days:</p> <p>(a) a Certification Staff member commencing the performance of a Certification Function;</p> <p>(b) a Certification Staff member ceasing the performance of a Certification Function; and</p> <p>(c) any change to the information in respect of a Certification Staff member which has previously been provided to the FCA.</p>	Chapter 1 and Chapter 14	Within seven business days
		<p>In the event that Patron does not notify the FCA of any change to the details of any Certification Staff member within the previous 364 days, the Compliance Officer should submit to the FCA a report confirming that the information previously reported to the FCA in respect of its Certification Staff remains accurate and up-to-date.</p>	Chapter 1 and Chapter 14	Annually

C. USA External Reporting

1	CFTC Reporting	To be filed by Compliance Officer on a yearly basis through NFA website, and file under exemption 4.13(a)(3):	N/A	Annually –
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		https://www.nfa.futures.org/ExemptionsNonReg/login.aspx?ReturnUrl=%2fExemptionsNonReg%2fExemptionIndex.aspx		by 31 st December
2	Dodd Frank Reporting	<p>The Compliance Officer must submit annual updates (on form ADV) within 90 days from the end of each fiscal year (i.e. by 30 March), except that prompt updates (sooner than annual) are required to update:</p> <ul style="list-style-type: none"> - any change in Identification Information re the adviser; - any change in the adviser's form of organization; - any change in the disciplinary information described in the initial report; and - any material changes in the controlling persons of the adviser <p>-Report though this website: www.sec.gov/divisions/investment/iard.shtml</p>	N/A	Annually – by 30 th March

APPENDIX 13

PATRON CAPITAL ADVISERS LLP: ANTI-FINANCIAL CRIME POLICY

1. INTRODUCTION AND POLICY STATEMENT

This Policy has been prepared for Patron Capital Advisers LLP (“Patron”) to give guidance on what constitutes financial crime and to set out policies and procedures to reduce the risk of Patron, and all persons associated with it, committing or otherwise being involved in financial crime.

Financial crime includes bribery and corruption pursuant to the Bribery Act 2010 and the facilitation of tax evasion pursuant to Part 3 of the Criminal Finances Act 2017, and equivalent legislation in other jurisdictions.

1.1 Why is this policy necessary?

Patron has always operated a zero tolerance policy towards any form of financial crime, including bribery and corruption, and the facilitation of tax evasion.

Financial crime can cause serious damage to the business and reputation of Patron, whether directly, or by damaging the business and reputation of the Funds or of the Funds’ investments.

In certain circumstances, Patron may be liable under the applicable legislation for the acts or omissions of those who perform services on its behalf or are otherwise associated with it (“Associated Persons”). This is the case even where the action in question takes place outside of the UK (please see section 5 below).

Patron therefore adopts this Policy, and draws the attention of all its offices and all the operating companies of the Funds to it, so that everyone is aware of the standards Patron has chosen to apply to its business and its dealings with third parties.

1.2 Policy Statement

It is Patron’s policy to:

- (a) conduct its business in a professional, honest and ethical manner;
- (b) uphold and comply with all anti-bribery and anti-corruption laws in all countries and jurisdictions in which Patron, Patron’s directors and employees, and its associated persons act;
- (c) take a zero tolerance approach to financial crime and to investigate instances of any alleged financial crimes;
- (d) implement robust and appropriate procedures to prevent financial crimes being committed by anyone acting for or on behalf of Patron and to train all employees appropriately; and
- (e) take firm and timely action against any individual involved in financial crime.

Payment of bribes or the facilitation of tax evasion by or on behalf of Patron is prohibited and will not be tolerated, regardless of whether such activity is expected or commonplace in any country.

1.3 What happens if you don't comply with this Policy?

Those who do not comply with Patron's Anti-Financial Crime Policy and procedures may be subject to personal liability, including criminal prosecution (which can result in a fine and/or imprisonment).

Any employee who breaches this Policy will face disciplinary action, which could result in dismissal for gross misconduct. Patron reserves its right to terminate its contractual relationship with an employee if an employee is found in breach of this Policy.

It is therefore essential that you read and understand this Policy.

This Policy explains

- (a) what bribery and corruption mean (including facilitation payments);
- (b) how to deal with political contributions and charitable donations;
- (c) what to do when dealing with Foreign Public Officials;
- (d) what constitutes the facilitation of tax evasion;
- (e) who this policy applies to (including business partners);
- (f) what type of conduct is not acceptable;
- (g) what red flags can help you spot financial crime;
- (h) how to comply with this policy and what to do if you suspect financial crime may be taking place; and
- (i) Patron's responsibilities in relation to record keeping, training and communication and monitoring and review.

1.4 Who should you contact if you have any questions or concerns?

For further guidance, or if you have any questions or concerns, please contact Kendall Langford or in her absence, Shane Law or Keith Breslauer and if you have questions or concerns over issues that could relate to the facilitation of tax evasion, please contact Mark Parnell.

This Policy should be read in conjunction with the following documents:

- (a) The Compliance Manual; and
- (b) The Staff Handbook or the Members Handbook.

2. **WHAT IS BRIBERY AND CORRUPTION?**

2.1 What is bribery and corruption?

Corruption is a general term to describe a misuse of power or influence. Bribery is a particular type of corruption and is the focus of this Policy.

A bribe is an inducement or reward offered, promised or provided in order to gain any business, contractual or personal advantage whether now, in the future or in the past. It is a crime to give or receive a bribe.

It is also a crime to offer, promise, ask for or agree to give or receive a bribe.

Using a third party to give or receive a bribe is a criminal offence.

How to identify a bribe

- *A bribe does not have to be a cash payment and can be a non-cash advantage of any kind.*
- *The person giving the bribe must generally intend to gain a commercial or personal advantage by inducing or rewarding **illegal, unethical or improper** behaviour, but in some cases (such as with Foreign Public Officials – see section 2.3) it is not necessary for there to be such an intention.*
- *There is no minimum amount for a bribe (a small payment or favour can amount to a bribe).*

2.2 What are Facilitation Payments?

“Facilitation payments” are typically small, unofficial payments made to secure or speed up something to which the payer is already entitled – such as a routine government action by a government official. Examples include payments to process a visa, licence or permit.

Patron does not make or accept facilitation payments of any kind.

2.3 Dealing with Foreign Public Officials

A Foreign Public Official (an “**FPO**”) is any individual:

- (a) who holds a legislative, administrative or judicial position of any kind;
- (b) whether appointed or elected; and
- (c) who exercises a public function for or on behalf of any country, territory, or for any public agency or public enterprise of such country or territory, or is an official or agent of a public international organisation.

Examples of FPOs:

- 1 *Representatives of Sovereign Wealth Funds, state pension funds etc.*
- 2 *State employees – e.g.: customs officials, tax officials or local authority staff in a foreign country.*
- 3 *Employees of central banks.*

Under the Bribery Act 2010, it is a criminal offence to bribe an FPO with the intention of influencing them in order to obtain or retain business. The crime does

not require the bribe payer to intend to induce or reward **improper** performance of the FPO's duties.

You MUST:

- (a) take extra caution when dealing with FPOs; and
- (b) take care to identify exactly who is an FPO, especially in countries where many people are employed by the State or by State controlled entities.

For further guidance on how to identify an FPO or a third party connected to an FPO, please speak to the Compliance Officer.

2.4 What type of conduct is not acceptable?

Pursuant to the relevant legislation, you must not (and must not allow someone to do on your behalf):

- (a) give, promise to give, or offer, a payment, gift, hospitality or other advantage with the expectation or hope that a business advantage will be received, or to reward a business advantage already given;
- (b) give, promise to give, or offer, a payment, gift, hospitality or other advantage to a government official, agent or representative to "facilitate" or expedite a routine procedure;
- (c) request or accept a payment, gift, hospitality or other advantage from a third party that you know or suspect is offered or provided with the expectation that a business advantage will be provided by us in return, or as a reward for a business advantage already given;
- (d) threaten another employee who has refused to commit a bribery offence or who has raised concerns under this Policy;
- (e) engage in any other activity that might lead to a breach of this Policy; or
- (f) engage in activity that would give the **appearance** of being in breach of this Policy (without first raising the matter with the Compliance Officer or your manager).

Please see the Gifts and Corporate Hospitality Policy (Appendix 14 of the Compliance Manual) for guidance on corporate gifts and hospitality, which are not prevented by this Policy subject to certain conditions.

Examples:

Offering a bribe

You offer a potential investor tickets to a major - and prestigious - sporting event, with the intention that they will be encouraged to invest in the new fund.

This is an offence as you are making the offer to gain a commercial and contractual advantage. Patron may also be found to have committed an offence because the offer has been made to obtain business for Patron. It may also be an offence for the potential investor to accept your offer.

Receiving a bribe

A supplier of IT services gives your daughter a summer job, but makes it clear or implies that in return they expect you to use your influence to ensure Patron continues to do business with them.

It is an offence for a supplier to make such an offer. It would be an offence for you to accept the offer as you would be doing so to gain a personal advantage.

Facilitation payments

You learn that one of the operating companies regularly pays small sums to the local authority speed up the grant of planning permissions for its development.

These are facilitation payments (payments to speed up a routine process or something the payer is already entitled to) If the UK Bribery Act 2010 applies, this would be an offence by the company and would be a payment to an FPO. There may also be an offence under local legislation. If you are a director of the operating company, you may be personally liable for a bribery offence. If the operating company is an Associated Person of Patron (see section 1.1 above), Patron could be liable under the UK Bribery Act 2010.

Bribing an FPO 2

As a director of an operating company which is bidding for a contract from the local government to develop a shopping centre, you are offered "preferred bidder" status by the mayor in return for a donation to his favourite charity. He gives you the bank details of the charity.

This payment would be a bribe. This is the case even if the charity exists, and if the bank account details are of that charity. You would be making the payment at the mayor's request with the intention of gaining a commercial benefit for the operating company. In addition to potentially amounting to a crime in local law, you may be putting yourself, the Fund or Patron at risk of committing an offence under the UK Bribery Act 2010 for the reasons explained above.

2.5 Political and Charitable Donations and Sponsorship

In the wrong circumstances, the giving or offering of political and charitable donations can amount to bribery.

You must obtain approval from the Compliance Officer before making any political donations in your personal capacity.

PCA only makes donations that are legal and ethical under local laws and practices. These payments are made without demand or expectation of business return.

You must not make or offer any political or charitable donation in the name of Patron without the prior approval of the Compliance Officer or Keith Breslauer.

3. FACILITATION OF TAX EVASION

3.1 What is the facilitation of tax evasion?

Under the Criminal Finances Act 2017, Patron can be made criminally responsible for anyone who performs services on its behalf where they are engaged in the facilitation of tax evasion. For these purposes, tax evasion includes both UK and foreign tax evasion and whilst the person must be acting in the capacity of someone performing services for Patron, there need not be any intended or actual benefit to Patron.

In the UK, tax evasion is an offence of cheating the public revenue or of fraudulently evading tax.

Foreign tax evasion includes any breach of a duty relating to tax that is imposed under the law of that country, although for these purposes the foreign tax offence must also be a criminal offence if committed in the UK.

A person will facilitate tax evasion where they are knowingly concerned in, or where they take steps with a view to, the fraudulent evasion of tax by someone else and it includes aiding, abetting, counselling or procuring the commission of a tax evasion offence.

In all cases, given that the offences involve fraud, they require that there has been a deliberate action or omission with dishonest intent by the person involved.

It is not enough that a person accidentally, ignorantly or negligently commits or facilitates tax evasion.

Tax evasion is not, therefore, the same as tax avoidance or tax planning, which is not illegal and which involves acting within the law to minimise tax.

3.2 What type of conduct is not acceptable?

You must not (and must not allow someone on your behalf to):

- (a) engage in any activity that could constitute any form of facilitating tax evasion;
- (b) take any steps that could assist or encourage the commission of a tax evasion offence by another person;
- (c) threaten another person who has refused to take steps that they consider could amount to tax evasion or the facilitation of tax evasion, or who has otherwise raised concerns under this Policy;
- (d) engage in any other activity that might lead to a breach of this Policy; or
- (e) engage in activity that would give the **appearance** of being in breach of this Policy (without first raising the matter with the Compliance Officer, the Finance Director or your manager).

3.3 Responsibility of Patron

Various measures are being taken by Patron to ensure full compliance with the new rules.

However, Patron emphasises that the prevention, detection and prompt reporting of any concerns with regards to tax evasion is the responsibility of everyone involved in our business.

4. **RED FLAGS: SPOTTING RISKS**

4.1 Identifying risks

Identifying financial crime requires everyone to consider whether a particular situation or behaviour raises a concern. It is not possible to list every circumstance in which concerns might arise, but if you come across any of the following situations or behaviour (whether by someone working at or with Patron or a third party), you should seek further guidance from the Compliance Officer as soon as possible:

- (a) unexpected or illogical decisions in accepting deals, projects or contracts;
- (b) pressure exerted for payments to be made urgently or ahead of schedule;
- (c) unusual payment rates or sources;
- (d) missing documents or records regarding meetings or decisions;
- (e) not following normal decision making processes;
- (f) invoices being in excess of contract without reasonable cause;
- (g) paying, or making funds available for, high value expenses without any reasonable explanation;
- (h) normal procedures or guidelines (including those set out in this Policy) not being followed;
- (i) expensive gifts being given or received;
- (j) agreeing unfavourable contracts;
- (k) an unexplained preference for certain vendors during a tendering period; and/or
- (l) irregularities in the tendering or contracting procedure, such as bypassing normal procedure and/or seeking to avoid specific roles or individuals who are key to the decision making process.

4.2 Dealings with third parties

When dealing with third parties, watch out for the following additional “red flags”.

A third party who:

- (a) has been accused of engaging in improper business behaviour or has a reputation for having a “special relationship” with foreign government officials;
- (b) insists on receiving a commission or fee payment for signing a contract;
- (c) requests payment in cash, without good reason;

- (d) refuses to sign a formal commission or fee agreement, or to provide an invoice or receipt for payment made;
- (e) requests that payment is made to a country or geographic location different from where the third party resides or conducts business without good reason;
- (f) requests an unexpected additional fee or commission to “facilitate” a service;
- (g) demands expensive entertainment or gifts before starting or continuing contractual discussions or provision of services;
- (h) requests that a payment is made to avoid potential legal problems or violations;
- (i) requests that employment or some other advantage is provided to a friend or relative before starting or continuing a business relationship;
- (j) invoices for a commission or fee payment that appears disproportionate given the service stated to have been provided;
- (k) provides invoices that appear to be non-standard or customised;
- (l) insists on the use of side letters instead of proper contracts/agreements or refuses to put terms agreed in writing;
- (m) requires the engagement of or payment to an unfamiliar agent or third party without good reason; and/or
- (n) offers an unusually generous gift or expensive hospitality.

5. WHO THIS POLICY APPLIES TO

5.1 This Policy applies to the entire business of Patron which includes:

- (a) conducting due diligence and recommending investments to the GP and Investment Committee;
- (b) advising Patron Capital, L.P. II, Patron Capital, L.P., III, Patron Capital, L.P. IV, Patron Capital, L.P. V, Patron Capital VI, L.P., Patron Capital Co-investment L.P. and any associated parallel and/or feeder funds (together “**the Funds**”) and any Pooled Funds;
- (c) monitoring existing investments and relationships with co-investors;
- (d) providing individuals to sit on the boards of investee companies;
- (e) liaising with placement agents on fundraising; and
- (f) associated finance, human resources, legal and compliance functions.

5.2 Everyone at Patron

This Policy applies to all individuals working at Patron at all levels and grades, including:

- (a) directors, officers and managers;
- (b) all employees (whether permanent, fixed term or temporary and regardless of the particular terms and conditions of their contract of employment); and
- (c) consultants and contractors.

(collectively referred to as “**employees**” in this Policy).

5.3 All persons associated with Patron

This Policy applies to any other person or organisation that performs a service for Patron (e.g. law firms, accountancy firms, PR agencies, brokers) (“**Associated Persons**”).

5.4 All business partners

In this Policy, “**third party**” means any individual or organisation with whom any of Patron’s employees come into contact during the course of their work, and includes investors in the Funds, co-investors and joint venture partners, contractors, suppliers, business contacts, businesses procuring or providing products or services for or to Patron, finance providers, insurance brokers, recruitment consultants, PR and marketing agencies, professional advisers and government and public bodies, including their advisers, representatives and officials.

5.5 Dealings with third parties

Patron has identified the following key categories of third parties with whom it has relationships, either in contract or in practice:

- (a) co-investors at the Funds level;
- (b) the Funds, the GPs (including Patron Capital GP Limited, Patron Capital GP II Limited, Patron Capital GP III Limited and Patron Capital GP, L.P. IV acting through its general partner, Patron Capital GP IV Limited), Patron Capital Europe Sàrl (“PCE”) (the origination entity) and other entities within the Fund structure, including employees and consultants of such entities;
- (c) any placement agents engaged to market a fund;
- (d) investors, including several Sovereign Wealth Funds;
- (e) joint venture partners and management teams at the operating company level;
- (f) professional advisers such as Macfarlanes, DLA, BLP, Baker Tilly and others;
- (g) debt providers such as RBS and Lloyds;
- (h) entities who provide business services to Patron, including IT, recruitment, PR agencies and insurance;
- (i) industry professionals, including personal contacts of Patron’s directors and employees, who may identify potential deals;

- (j) consultants (from time to time, although these usually have contractual relationships with PCE or the Fund); and
- (k) insurance companies and brokers.

Patron recognises that there is a higher risk, or higher perceived risk, from its dealings with individuals or entities who do not have their own anti-financial crime policies or which operate in jurisdictions with a higher risk, or perceived risk, of financial crime. For example:

- (a) among the countries in which Patron operates there is a higher perceived risk of financial crime in Italy, Poland or Spain than in England, Germany or Luxembourg; and
- (b) there will be a higher risk in relation to individual consultants or industry professionals than in relation to large companies or partnerships, who are likely to have their own anti-financial crime policies and prevention procedures in place.

Although Fund IV focuses on core established markets, Patron recognises the need to keep its risk assessment under review, at least on an annual basis.

Patron will communicate its zero tolerance approach to financial crime to all third parties at the beginning of any business relationship and as necessary afterwards. It will request that all suppliers and associated parties either: (i) have an equivalent anti-financial crime policy in place and include provision for this in all contracts with suppliers and associated parties; or (ii) agree to abide by the terms of this policy.

Patron will conduct appropriate due diligence on all third parties before it enters a relationship with them, will keep records of this due diligence and will review the position as necessary thereafter.

Patron will include appropriate enquiries in the due diligence of potential new investments to identify issues relating to financial crime.

Patron will include contractual provisions and protections in its contracts with third parties regarding financial crime.

Patron's directors will carry their awareness of financial crime issues to their role on the boards of operating companies and will include such issues specifically as part of regular investment reports/litigation log as appropriate and will ensure the issue of anti-financial crime compliance is raised appropriately at board level.

6. HOW TO COMPLY WITH THIS POLICY

6.1 Your responsibilities

Everyone who works for, or on behalf of, Patron must ensure that they read, understand and comply with this Policy. You will be asked to sign a declaration in this regard.

The prevention, detection and reporting of financial crime are the responsibility of all those working for Patron, with Patron, or under the control of Patron. All employees are required to avoid any activity that might lead to, or suggest, a breach of this Policy.

6.2 Good practice

If you are asked to make any payment on behalf of Patron, you MUST question what the payment is for and whether the amount requested corresponds to the value of the goods or services provided.

You MUST always ask for a receipt which explains the reason for the payment.

You MUST “know your third party” where you are responsible for such relationships. You MUST conduct appropriate due diligence on any third party before Patron enters a relationship with them and you MUST keep the position under review.

6.3 Payments or behaviour permitted by local written law

It is not a defence that a payment or behaviour is in accordance with local custom. It is a defence only if the payment or behaviour is permitted by local written law so you must take legal advice.

6.4 Threats to life, limb or liberty

Where your life or health, or the life or health of another, is threatened, the priority for Patron is the wellbeing of the person concerned.

In such circumstances, you may exercise your discretion to make a payment or take another step that would otherwise be in breach of this Policy if, in your reasonable view:

- (a) not doing so will endanger your life or health or that of anyone else; and
- (b) there is no opportunity to seek guidance from the Compliance Officer or a director or manager in advance.

The action must be reported to the Compliance Officer as soon as reasonably practicable.

6.5 High level responsibility

Management at all levels are responsible for ensuring that those reporting to it are made aware of and understand this Policy and are given adequate and regular training on it.

The Members of Patron have overall responsibility for ensuring that this Policy complies with Patron’s legal and ethical obligations, and that all those within the control and influence of Patron comply with it.

The Compliance Officer has primary day to day responsibility for implementing this Policy, for monitoring its use and effectiveness and dealing with any queries on its interpretation.

6.6 How to raise a concern

You must tell the Compliance Officer as soon as possible if you are offered a bribe by a third party, are asked to make one, suspect that this may have happened or may happen in the future, or believe that you are a victim of another form of unlawful

activity. You must not discuss the potential problem with the other parties involved until you have notified the relevant person and they have told you that you can.

Concerns could also be reported by making an internal report as set out in the whistleblowing policy set out in the Staff Handbooks for Employees and for Members and in the Compliance Manual.

If you are unsure whether a particular act constitutes a financial crime, or if you have any other queries, these should be raised with the Compliance Officer.

6.7 Protection from unfair or discriminatory treatment

Employees who refuse to accept or offer a bribe, or refuse to facilitate tax evasion, or those who raise concerns or report another's wrongdoing are sometimes worried about possible repercussions. Patron aims to encourage openness and will support anyone who raises genuine concerns in good faith under this Policy, even if they turn out to be mistaken.

Patron is committed to ensuring no one suffers any detrimental treatment as a result of refusing to take part in bribery or corruption, or because of reporting in good faith their suspicion that an actual or potential bribe or other corruption has taken place, or may take place in the future. Detrimental treatment includes dismissal, disciplinary action, threats or other unfavourable treatment connected with raising a concern.

If you believe that you have suffered any such treatment, you should inform the Compliance Officer immediately. If the matter is not remedied, and you are an employee, you should raise it formally using Patron's grievance procedure, which can be found in the Staff or Members Handbook.

7. **TRAINING**

Training on this Policy forms part of the induction process for all new employees. All existing employees will receive relevant training on how to implement and adhere to this Policy, on its implementation, on any significant changes to it and as appropriate thereafter.

8. **MONITORING AND REVIEW**

The Compliance Officer, and the Finance Director in relation to tax matters, will monitor the effectiveness and review the implementation of this Policy. Any improvements identified will be made as soon as possible.

Internal control systems and procedures, as well as the records kept in accordance with this Policy, will be subject to an annual audit to ensure that they are applied consistently and are effective in countering bribery and corruption.

You are invited to comment on this Policy and suggest ways in which it might be improved. Comments, suggestions and queries should be addressed to the Compliance Officer or the Finance Director if they relate to tax matters.

APPENDIX 14

GIFTS AND CORPORATE HOSPITALITY POLICY

1. GENERAL GUIDANCE

This Policy does not prevent normal and appropriate gifts and/or hospitality being given to, or received from, third parties in the ordinary course of Patron's business. This is as long as:

- (a) the purpose of the gift or hospitality is to improve the image of Patron or better present its services, or those of the Fund, or establish cordial relations with those with whom it does actual or potential business; and
- (b) it is in accordance with this Policy.

For example, the annual ski trip for investors and advisers to the Fund is designed as a way to thank the invitees for their investments and work over the past year, and to build future relationships. As long as Patron does not issue invitations to the trip in the hope of obtaining a specific commercial benefit, such hospitality is not prevented by the UK's Bribery Act 2010 (the "Act").

For guidance on making political donations, see section 7.1 of Patron's Anti-Bribery and Corruption Policy (Appendix 13 of the Compliance Manual).

2. LIMITS AND PRIOR APPROVAL

You must act reasonably if you wish to accept or give gifts or hospitality and must consider and apply the guidance set out in this Policy. In summary, you must only accept or give small gifts or hospitality as follows:

Small gifts and/or minor hospitality:	Requirement:
1 Up to and including £100 per gift/occasion	No action required (subject to 3 below)
2 More than £100 and up to £500 per gift/occasion	Subject to pre-clearance by the Compliance Officer
3 Cumulatively over £500 in any rolling twelve month period	Not permitted without exceptional pre-approval by the Compliance Officer

- (a) You may accept small gifts (e.g. flowers, chocolates, bottles of wine/champagne) and/or minor hospitality (e.g. business lunch, dinner) where their respective value is lower than £100 (calculated on a per head basis in the case of minor hospitality). Other gifts/hospitality below £500 must be pre-cleared by the Compliance Officer. Gifts and/or hospitality exceeding £500 (either individually or cumulatively from/to the same person or firm over a 12-month period) will not generally be permissible, but may be approved by the Compliance Officer on an exceptional basis (see (c) below).

- (b) You may not accept, offer or provide cash or other cash items, such as cheques or gift vouchers.
- (c) The Compliance Officer must pre-approve the offer or receipt of small gifts and/or minor hospitality exceeding the value of £100 (calculated on a per head basis in the case of minor hospitality) and/or may, in exceptional cases, pre-approve gifts and/or hospitality having a cumulative value of more than £500 in a rolling twelve month period. In such cases it must be demonstrable that:
 - (i) such gifts and minor hospitality do not impair compliance with the Firm's duty to act in the best interests of the client; and
 - (ii) there is a justifiable business reason for such gifts and/or minor hospitality.
- (d) Hospitality involving travel in and outside the UK and/or overnight accommodation may only be accepted or offered if there is a significant business element to the trip, and must be cleared by your line manager and the Head of Compliance. Depending on the relevance of the trip for business purposes, you may be required to pay the cost of transportation and/or hotel accommodation. For the avoidance of doubt, holidays must not be accepted or offered.
- (e) Accepting or offering invitations to sporting or cultural events is acceptable (subject to pre-clearance) provided that you and the representative of the firm or client who invited are both present and there is a demonstrable business purpose for the contact.
- (f) Often the cost of corporate hospitality carries a cost significantly greater than the face value of the relevant event tickets. If you are uncertain of the cost of a gift or entertainment, you must ask the provider, particularly if it is possible that the cost is over £500.
- (g) You must consider the "good practice" guidance set out below in section 3.

You must act at all times in accordance with the terms and conditions of your employment and Patron's expenses procedures. The CEO and CFO, and potentially the head of your team as well will provide final sign off.

Staff should maintain their own records of gifts and entertainment for the purpose of making any necessary declarations to the Inland Revenue concerning benefits in kind.

When considering any particular gift or hospitality, all managers and the Compliance Officer shall consider the issues set out in this section.

Patron is required to keep a record of gifts / hospitality, its giver/recipient and its purpose where the gift/occasion exceeds £100 in value. Please provide regular updates on these details to the Compliance Officer.

3. **GOOD PRACTICE**

Patron appreciates that the practice of giving business gifts varies between countries and regions and what may be normal and acceptable in one region may

not be in another. The general test to be applied is whether in all the circumstances the gift or hospitality is good faith, reasonable and justifiable. The following factors help you make this assessment.

When giving or receiving a gift or hospitality, you must take care that:

- (a) it complies with local law and this Policy;
- (b) if it is being given, it is given in the name of Patron and/or Patron and not an individual employee's name;
- (c) it is appropriate in the circumstances (for example, at a time of religious or national holidays, such as Christmas, when it is customary to give gifts);
- (d) it is given openly and not in secret;
- (e) it does NOT include cash or a cash equivalent;
- (f) it is not unduly lavish;
- (g) it is NOT a gift to or from a Foreign Public Official – see section 4 of Patron's Anti-Bribery and Corruption Policy (Appendix 13 of the Compliance Manual);
- (h) you keep a record of any gift / hospitality , its giver/recipient and its purpose and inform the Compliance Officer where the gift or occasion is of more than £100 in value; and
- (i) the timing of the gift or hospitality has been taken into account – for example, it is not offered whilst, or shortly before, the recipient makes a relevant decision.

The above factors are examples only and are not an exhaustive list of what might or should be taken account of in any particular expenditure or gift. You are encouraged to think about the perception that might be given – for example, would Patron be embarrassed to see the gift or hospitality reported in the newspapers? If you have any questions or concerns, please speak to the Compliance Officer.

4. **TRAINING**

Training on this Policy forms part of the induction process for all new employees. All existing employees will receive relevant training on how to implement and adhere to this Policy, on its implementation, on any significant changes to it and as appropriate thereafter.

5. **MONITORING AND REVIEW**

The Compliance Officer will monitor the effectiveness and review the implementation of this Policy. Any improvements identified will be made as soon as possible.

Internal control systems and procedures, as well as the records kept in accordance with this Policy, will be subject to an annual audit to ensure that they are applied consistently.

You are invited to comment on this Policy and suggest ways in which it might be improved. Comments, suggestions and queries should be addressed to the Compliance Officer.

APPENDIX 15

PASSPORTING

Authorised firms may conduct business into other EEA member states under a single market directive*. The current members are:

Austria	Greece	Netherlands
Belgium	Hungary	Norway
Bulgaria	Iceland	Poland
Cyprus**	Ireland	Portugal
Czech Republic	Italy	Romania
Denmark	Latvia	Slovakia
Estonia	Liechtenstein	Slovenia
Finland	Lithuania	Spain
France	Luxembourg	Sweden.
Germany	Malta	

****Cyprus** - although the whole of Cyprus became part of the EU in May 2004, EU legislation only applies to the Republic of Cyprus (the Southern part of the island) and so passporting rights only exist to this extent.

Channel Islands & Isle of Man - the single market directives do not apply in these territories, even though they are Crown dependencies. This means that firms based in these territories are treated in the same way as firms based in a non-EEA State and do not have passporting rights under the FSMA single market directives.

Similarly, UK firms do not have passporting rights in relation to the Channel Islands and the Isle of Man. As such, UK firms will have to apply direct to the relevant financial regulators in each territory for permission to conduct business there. The FCA has no formal involvement in this process (although we would expect firms to keep supervisors here informed of their activities).

Gibraltar - Gibraltar enjoys a separate status to the Channel Islands and Isle of Man and the single market directives apply to it in full. However, passporting rights apply only between EEA States and so passporting rights between Gibraltar and the UK do not apply. As such, the UK and Gibraltar have agreed special arrangements under the Gibraltar Order. Firms have to submit a notice of intention to passport notifications, and we, in turn, duly notify the Gibraltar regulators.

Switzerland - Switzerland is not an EEA State and so there are no passporting rights under the single market directives. That said, EEA general insurers do have the right to set up a branch in Switzerland (and vice versa) under the provisions of special bilateral treaties between the European Union and Switzerland. However, it is important to note that this is not a passport right - a Swiss general insurer will still need to obtain Part 4A permission to

set up a branch in the UK (although paragraphs 3 to 5 of Schedule 6 of the FSMA (the threshold conditions relating to close links, adequate resources and suitability) would not apply in relation to such a branch, and it would not need an additional permission for insurance mediation.

* The single market directives are the Markets in Financial Instruments Directive (for investment firms), the Banking Directive (for credit institutions and financial institutions), the UCITS Directive (for UCITS management companies), the Insurance Mediation Directive (for insurance and reinsurance intermediaries), the Third Non-Life Insurance and Consolidated Life Assurance Directives (for insurers), the Reinsurance Directive (for reinsurers), the Payment Services Directive (PSD) and the Electronic Money Directive.

APPENDIX 16

DEVICES ISSUED OR APPROVED BY PATRON

Inscope Staff	Devices issued or approved for use	Date approved by Compliance

APPENDIX 17

COMPLIANCE FUNCTION CONTACT DETAILS

Compliance Function Member	Contact Details
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