



## Mizuho International plc

### Conflicts of interest management policy – investment research

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#### 1. Introduction

Mizuho International plc (“Mizuho International” or “the Company”) distributes research on equities and macro-economic fixed income research which is intended to be objective and impartial (“independent research”).

This Policy Statement sets out the arrangements implemented by Mizuho International to:

- Manage effectively the conflicts of interest that may arise in the preparation and distribution of independent research; and
- Comply with the requirements of the Company’s regulator, the United Kingdom’s Financial Conduct Authority (“FCA”).

The FCA rules include high level overarching Principles for Businesses with which all firms must comply, high level requirements relating to conflicts of interest set out in the Senior Management

Arrangements, Systems & Controls rules and detailed requirements relating to independent research set out in the Conduct of Business rules.

In particular, firms are responsible for identifying and managing potential conflicts of interest so that they do not give rise to a risk of material damage to clients' interests.

The policy has been reviewed and approved by Mizuho International's management and is subject to monitoring by the Company's Compliance Department.

This policy may be reviewed and amended at any time.

## **2. The types of independent research distributed by Mizuho International**

### ***Equity research***

Equity research may take the form of reports on specific companies or industries, or economic research and strategy reports containing references to particular companies or issuers.

Equity research is prepared by affiliates of Mizuho International, including Mizuho Securities Co. Ltd's Equity Research Department (based in Tokyo), Mizuho Securities Asia Ltd's Equity Research Department (based in Hong Kong) and Mizuho Securities USA (based in New York), and is distributed by Mizuho International to its clients via the securities research portal and aggregators.

This research is prepared in accordance with the affiliates' internal policies and procedures which take account of the FCA rules as well as the requirements of the local regulatory authorities. Equity research is subject to approval and monitoring by the relevant affiliate.

Equity Research may be distributed via the Mizuho Research Website (MRW) and other research aggregators (as managed by Mizuho Securities, Tokyo) in order to ensure that access to research is controlled and only made available to clients that have paid for the relevant service (or are not obliged to pay for it). PDF documents may also be sent to clients who are paying for research.

### ***Fixed Income research***

Fixed income research may include reports analysing debt securities or macro-economic research. Mizuho International does not prepare such independent research.

Mizuho International may distribute fixed income research which is prepared by Mizuho Securities Co. Ltd's fixed income research department based in Tokyo. This research is prepared in accordance with Mizuho Securities' internal policies and procedures which take account of the FCA rules as well as the requirements of the local regulatory authorities. Such research is made openly available to clients via the Mizuho International securities research portal.

Mizuho International has decided to provide fixed income and macro-economic research free of charge via an openly available website. By making material available in this way, Mizuho International believes that the research becomes a MNMB (Minor Non-Monetary Benefit) in accordance with ESMA Guidance as it is “generic in nature”. It can therefore be provided to clients without charge.

Were clients to wish to have access to analysts, they would need to subscribe, and pay for, the premium research offering.

Fixed Income research and desk analysis will be distributed via the Mizuho Ideas research portal, as managed by MHI. If it is already available on-line, fixed income and macro-economic research can also be distributed via email by Mizuho sales staff.

### **3. Other types of publication which may be distributed by Mizuho International**

Not all types of reports and recommendations issued by Mizuho International are intended to be independent research covered by the policies and procedures described in this document.

#### ***Non-independent research***

Within its Fixed Income Sales & Trading Department, Mizuho International employs desk analysts who prepare research which is not subject to the arrangements set out in this document (“non-independent research”).

Non-independent research reports are marketing publications and are not subject to the same regulatory requirements as independent research. In particular, analysts involved in the preparation of non-independent research may be subject to conflicts of interest in relation to that research.

Non-independent research will be clearly distinguished from independent research.

#### ***Other publications***

Mizuho International also distributes trader commentary, trade execution ideas and other written or electronic analyses prepared for a current or prospective investor or counterparty (or group of current or prospective investors or counterparties) by a salesperson, trading desk employee or other non-research department employee.

These publications are marketing publications and are not covered by the policies and procedures set out in this document.

#### **4. The clients to whom Mizuho International distributes investment research**

Mizuho International only distributes investment research to clients that are categorised as Professional Clients and Eligible Counterparties under the FCA rules.

Mizuho International does not deal with, distribute, or direct its research to persons who are Retail Clients within the meaning of the FCA's rules.

#### **5. Standards of conduct required of staff**

All Mizuho International staff are required to conduct observe the highest standards of integrity and fair dealing at all times. They are expected to comply with the spirit of regulatory requirements.

Investment analysts are required to ensure that the research they produce reflects their personal views and is not inappropriately influenced by other business areas or personal interests. An "Analyst Certification" will be included on all reports to confirm that this is the case.

#### **6. Arrangements implemented to manage conflicts of interests in relation to independent research**

This section provides an overview of the policies and procedures that have been implemented to manage the conflicts of interest that may arise in relation to independent research.

Except where stated otherwise, these policies and procedures apply to both equity and fixed income research, including research prepared by affiliates of Mizuho International.

##### **6.1. Supervision and remuneration of analysts**

Investment analysts are not supervised by, nor do they report to, investment banking, sales or trading personnel. Senior management to whom independent research departments report may have general responsibility for overseeing certain investment banking, sales and trading functions.

Investment analysts, in discussion with research department management, will determine the schedule as to the initiation and termination of research coverage of a company and are responsible for deciding on the content and timing of independent research.

Investment analysts who prepare research on specific companies or industries or who make recommendations are physically segregated from staff in investment banking and sales and trading business units.

Investment analysts' remuneration is based on their performance against objectives and the overall performance of their company. It is not based on specific investment banking transactions or recommendations contained in independent research.

Research is only issued after sign off by the Head of Investment Research, supervisory analyst or equivalent authority as appropriate.

## **6.2. Involvement of analysts in other activities**

Investment analysts are prohibited from undertaking activities which may conflict with the requirement to issue impartial research.

Investment analysts are not permitted to participate in activities which may be perceived as representing an issuer.

Investment analysts may attend road shows with the prior approval of management and Compliance, but are not permitted to be actively involved in these.

Investment analysts are not permitted to take part in marketing pitches or attend meetings between investment banking staff and an investment banking client or potential investment banking client.

Investment analysts are permitted to write articles for investment magazines and make presentations at industry seminars.

During a securities offering or other transaction, analysts may be permitted to meet and speak to potential investors to educate them on a specific company, as long as no-one from the issuer or investment banking business units is present.

Arrangements have been put in place to control meetings and conversations between investment analysts and investment banking personnel. These are only permitted with the prior approval by management and Compliance.

Investment analysts may not be provided with price sensitive or confidential information which is not in the public domain unless they have been “wall crossed” in accordance with internal procedures, which include the prior consent of management and Compliance. The investment analyst will be restricted from using the information they have been provided with until it has become public information or stale.

The involvement of investment analysts in other types of activity are subject to prior approval from management and Compliance.

## **6.3. Avoiding inappropriate influences**

Policies and procedures have been implemented to ensure that investment analysts do not offer or accept gifts or inducements which may give the perception that independent research is not impartial. Gifts and entertainment exceeding thresholds set internally may not be offered or accepted unless it has been pre-approved by management and Compliance.

Policies and procedures have been implemented in relation to personal account dealing and outside business interests to ensure that conflicts of interest which may arise between investment analysts' personal interests and the need to prepare impartial research are appropriately managed. Investment analysts must obtain approval from the Compliance Department prior to undertaking personal account trades and are subject to additional restrictions to trading in financial instruments relating to the issuers they cover.

Investment analysts' outside business interests are subject to internal approval processes to ensure these do not conflict with their research. In addition, analysts must inform management and Compliance if a member of their household has any interests which may give a perception that research is not impartial.

Investment analysts are not permitted to offer favourable research to issuers in return for business.

#### **6.4. Training**

Periodic training is provided to staff on regulatory requirements, including conflicts of interest and how they should be managed. All staff are required to escalate concerns to management and the Compliance Department.

### **7. Process for the approval of research and timing of publication**

All independent research reports are subject to an internal review process which is intended to ensure that reports are clear, fairly presented and not misleading. The review process also ensures that appropriate disclosures of material interests or potential conflicts of interest which may give a perception that the investment analyst's independence may have been compromised are included in the report.

Sections of draft research reports may be sent to relevant investment banking staff and issuers only for the purposes of verifying factual accuracy. Sections containing research summaries, recommendations and target prices are removed from the draft reports. Changes to research following review are subject to appropriate approval and records of such changes are maintained.

All independent research reports will include an Analyst Certification which confirms that the report accurately reflects the analyst's personal views about the subject matter, and that no part of their compensation was, is or will be directly or indirectly related to the content or recommendations contained in the report.

Reports may be published in written form, sent to clients by email, or published on Mizuho International's, its affiliates' or third party websites.

Mizuho International's policy is to disseminate research reports simultaneously to its clients.

The contents of research or recommendations are not made available to sales and trading desks ahead of publication.

The publication of research relating to an issuer may be restricted if Mizuho International or an affiliate is involved in an investment banking transaction involving the issuer:

- For offerings of securities, it is normal market practice to impose a ‘blackout’ period around the time of the offering.
- For mergers & acquisitions activity, a restriction may be imposed on both the bidder and the target, irrespective of which party Mizuho International or its affiliates is advising.

The nature, timing and length of the restriction will depend of the nature of the transaction.

## **8. Important Notes**

This document is prepared and published in order to comply with the FCA’s rules and is not intended to create third party rights or duties or to form part of any contractual agreement between Mizuho International or any of its affiliates and any client.

This policy statement provides a summary of the arrangements implemented by Mizuho International and is supplemented by more detailed internal procedures.