

**PIPER JAFFRAY LTD.
CONFLICTS MANAGEMENT POLICY IN RELATION TO INVESTMENT RESEARCH**

This policy applies to investment research prepared by Piper Jaffray & Co. and distributed by Piper Jaffray Ltd., both of which are subsidiaries of Piper Jaffray Companies (collectively “Piper Jaffray”).

The UK Financial Conduct Authority requires firms authorised by it to establish and implement a policy for managing conflicts of interest which might affect the impartiality of any investment research that they publish or distribute. This document sets out the key principles applied by Piper Jaffray Ltd. in relation to such matters.

Piper Jaffray & Co. is a party to the April 2003 Global Research Analyst Settlement with US federal and state regulators and self-regulatory organizations. Piper Jaffray & Co. (“Piper Jaffray”) prepare investment research in accordance with investment research department policies and procedures that are designed to comply with the Global Research Analyst Settlement as well as other US laws and regulations. Piper Jaffray generally seeks to ensure that its investment analysts prepare impartial and objective research material for brokerage clients that is fair, clear and not misleading. Piper Jaffray’s policies and procedures are designed to assist it in identifying, managing and disclosing possible conflicts of interest. Piper Jaffray employees are trained and encouraged to raise concerns about potential conflicts with management and members of the legal and compliance functions.

The views set out in investment research are not tailored for any particular brokerage client. Any person reading the investment research should ensure they have obtained appropriate advice before taking any investment decision.

This policy has been prepared in order to evidence Piper Jaffray’s usual procedures for complying with conflicts of interest in relation to investment research. In some cases Piper Jaffray may manage conflicts of interest in other ways. This policy is not intended to create any third party rights or duties that would not already exist independently of this policy, or to form part of any contract between Piper Jaffray and any client. This policy may be updated at any time.

A Potential Conflicts of Interest

- 1 As a result of the different types of business undertaken by Piper Jaffray, there is a potential for conflicts of interest to arise which could affect the impartiality of investment research prepared by research analysts.
- 2 Piper Jaffray has established information barriers (or “Chinese walls”) between the investment research department, the investment banking department and the other business groups. Research analysts and investment bankers are physically separated, and access to each other’s work areas is restricted. Research is produced within the research department and away from the other business groups such as sales and trading. Research, therefore, may be produced on investment banking clients where investment banking staff have confidential or price sensitive information about those clients.
- 3 No disclosures of conflicts of interest are made in investment research where such disclosure would result in the release of potentially material non-public information.
- 4 The Compliance Department monitors the Chinese wall process as well as the timing and content of research published before, during and after investment banking transactions. The Compliance department also chaperones permitted interactions between research analysts and investment bankers as required by the Global Research Analyst Settlement.

B Activities of the Investment Banking Department

- 1 Research analysts do not participate in pitches to investment banking clients. The investment banking

department may consult a research analyst when researching business opportunities, subject to Piper Jaffray's vetting and chaperoning requirements and other appropriate controls to prevent them from receiving insider information. A research analyst may cover that company after it has been taken on as an investment banking client pursuant to Piper Jaffray's general coverage policy. Such research will reflect the analyst's own views.

- 2 Communications between investment bankers and research analysts are restricted. Investment bankers and research analysts may only communicate about certain investment banking-related or research-related matters in the presence of a Compliance chaperone.
- 3 Piper Jaffray's general policy is that investment banking clients should be sought in the market sectors in which Piper Jaffray investment bankers and research analysts specialise, and that research shall be provided on investment banking clients consistent with its general coverage policy, though it remains the decision of the analyst and Research Management as to which companies to cover. In any case, the analyst's obligation remains to provide objective research for the benefit of brokerage clients.
- 4 Investment banking engagement letters do not contain any agreement to produce investment research on the client company.
- 5 Where the investment banking department has been appointed to act on a new issue and such appointment has been announced, an investment analyst may produce investment research on the company in accordance with Piper Jaffray's investment research department policies prior to the new issue. Such pre-deal research may not be distributed in the US or any other jurisdiction where this type of research is prohibited.
- 6 Research produced on all companies, including investment banking clients, must reflect the investment analyst's own independent views. The research analyst may meet with the company and may ask the company to provide information in order for the research analyst to produce an accurate report. Except in limited situations requiring Compliance approval, the research analyst may not submit a draft report to company management for fact checking or approval.
- 7 Any research relating to investment banking clients will disclose that Piper Jaffray is acting or has in the past 12 months acted in an investment banking capacity or as lead manager or co-lead manager of an issue for the relevant company.
- 8 No analyst may represent any investment banking client in investment banking work, prepare research on behalf of such a client or be involved, or give investment banking advice to clients. Research analysts may not attend deal roadshows or represent or be seen to represent investment banking clients at other similar events.
- 9 Piper Jaffray makes no charge to companies about whom investment research is produced for the production of that research.
- 10 Investment bank staff are strictly prohibited from trying to influence any aspect of the investment research published by investment analysts. This applies to the contents of research, the frequency with which research is issued and the companies covered. Employees are instructed to report any instances where influence has been exerted to the Compliance department.

C Activities of the Sales and Trading Department

Investment research that will be the subject of a research report may not be disclosed to members of the sales and trading departments before being disclosed to brokerage clients.

D Public seminars, meetings, radio and television

A research analyst may speak at seminars, meetings and may give radio and television interviews. The analyst must where practicable declare any personal interest and any interest of Piper Jaffray in any company which is the topic of discussion. The analyst must give his own independent view and not surrender editorial control over the substantive content of any interview. The analyst must not hold himself out as representing or acting on behalf of any company to which Piper Jaffray provides investment banking services.

E Analyst supervision and remuneration

- 1 Research Management is responsible for the day-to-day supervision of investment analysts. Analysts are not supervised by investment banking personnel.
- 2 Analysts may qualify for a discretionary bonus. The level of their bonus is determined by Research Management and the Investment Research Compensation Committee. That determination is based on a broad range of internal and external benchmarks, and a variety of other factors, including the overall profitability and revenue of Piper Jaffray and the competitive environment. Analysts' compensation may not be based directly or indirectly on specific investment banking revenues.

F Inducements and personal dealing

- 1 Any attempt to offer any inducement to an analyst must immediately be reported to Compliance. Analysts are prohibited from accepting any inducement which could in any way affect or be regarded as affecting the independence or impartiality of their investment research.
- 2 Companies may pay for limited hospitality in connection with the analyst's work. No such payment which could be regarded as an inducement falling within 1 above may be accepted.
- 3 Investment analysts are not permitted to deal in securities which they cover.

G Distribution of Piper Jaffray research

Restricting distribution

- 1 Piper Jaffray may restrict distribution of research or limit its content for periods before, during or after marketing of a securities offering or during other significant transactions affecting the subject issuer. There may also be circumstances in which Piper Jaffray may choose to restrict the distribution of research as a result of conflicts of interest or other matters contemplated in this policy.

The distribution process

- 2 Piper Jaffray issues investment research primarily using the following distribution channels:
 - (a) directly to investment clients electronically using Blue Matrix or in printed form;
 - (b) Piper Jaffray's own traders and sales force, who send research directly to clients and potential clients who may be interested in the relevant stock;
 - (c) Piper Jaffray's client website where they can be accessed by interested clients and potential clients who have the appropriate authorisation and password;
 - (d) external information vendors who make the research available to subscribing clients.
 - (e) other firms with which Piper Jaffray has a distribution arrangement

H Production and publication of research

- 1 Analysts are recruited on the basis that they will follow a particular sector or sectors. It is for the analyst and Research Management to determine which companies they will cover in their sector.
- 2 It is typical for reports to be issued when the company publishes its results or makes a significant statement. However, it is for each analyst to decide at their own discretion when and how often to issue reports on a company.
- 3 It is for each analyst and Research Management to decide whether and when to stop covering a particular company. There are many reasons why Piper Jaffray may cease to cover a company. In the event Piper Jaffray determines to discontinue coverage of a company, a report will be published announcing the discontinuation and the reason for the discontinuation in the same manner as it publishes all other research reports.
- 4 Where an investment analyst significantly changes his position on a recommendation, price target or earnings estimate he will not announce that change by any means except through a written piece of investment research.

Any significant change will be clearly indicated, together with a reference to the date of the earlier research. Significant changes may not be discussed with brokerage clients or investment banking clients prior to such publication.

- 5 Piper Jaffray discloses in its investment research all disclosure items required by applicable law and regulation. These disclosure items are designed to identify potential conflicts of interest, including the analyst's or Piper Jaffray's financial interests, investment banking relationships and market-making activities and any affiliations between the analyst or household members and the subject company.
- 6 The relevant disclosure details relating to: material sources; authorship; date of issue; the planned frequency of updates and any major changes to coverage policy will be disclosed in each piece of research. Each piece of research will state that it is Piper Jaffray's general policy to not disclose research reports in advance with the company concerned or its professional advisers.
- 7 Each piece of research will explain what is meant by Piper Jaffray's recommendation terminology. It will also set out the proportion of recommendations published during the preceding quarter by recommendation type and the proportion of relevant investments in each category issued by issuers to which Piper Jaffray supplied investment banking services over the preceding 12 months.