

Compliance is Key

Delivering a compliant solution that meets our Users' needs is key to everything we do. We achieve this through implementing comprehensive policies and processes and employing innovative proprietary tools.



Our Policies and Measures

01 Stringent Professional Verification

To be accepted as an Insight Provider on Smartkarma, a formal and structured application process is followed requiring verification of work/industry experience and writing quality.

All Insight Providers are required to accept comprehensive User agreements containing key legal obligations and provisions regarding compliant conduct and content.

02 Customisable Account Settings

Clients and Insight Provider can customise their usage and privacy settings to ensure they can use the platform in a manner compliant with any internal requirements or restrictions.

For example, Insight Providers may add or customise content disclaimers and Clients may use account settings to filter content appropriate to any regulatory requirements.

03 Integrate Your Own Compliance Officer

Smartkarma has developed a proprietary compliance interface to allow Clients and Insight Providers to appoint their own internal compliance officer.

This interface allows compliance officers to audit and view the activities of their Users of the platform, resulting in a streamlined integration of Smartkarma into existing policies and procedures.

04 Fully Trackable Account Activity

Smartkarma offers Clients, Insight Providers and User administrators detailed audit and usage data through technology-driven activity logs, proprietary compliance tools and customisable reporting.

05 Proactive Quality Control

Smartkarma conducts periodic spot checks on content. In addition, Insight Providers can elect to use the collaborative "Peer Review" process whereby content undergoes a 24 hour period of review and comment before publication and distribution to Clients. This enhances quality of content and mitigates the risk of MNPI.

06 Regular Compliance and Usage Tips

Smartkarma posts regular and relevant compliance and usage "tips" in the form of pop-up reminders to all Users on the platform to enhance the overall user-experience and endorse a compliance culture.

Smartkarma Compliance FAQs

Welcome to Smartkarma's Compliance FAQs where you will find answers to key questions commonly asked by our Clients and Insight Providers.

Smartkarma

1. What is Smartkarma?

Smartkarma is a proprietary online platform ("Platform") facilitating the distribution of investment related content created by independent research providers ("Insight Providers") to professional, accredited and/or institutional investors ("Clients") via paid subscriptions. The Platform is operated by Singapore-incorporated Smartkarma Innovations Pte Ltd. Smartkarma is headquartered in Singapore, with sales and marketing presences in London, Frankfurt, Hong Kong and New York.

2. Is Smartkarma or the Platform regulated?

In Singapore, Smartkarma is classified as an Internet Content Provider ("ICP") under the Singapore Media Development Authority's ("MDA") Class Licence Scheme. As an ICP, Smartkarma is not required to be actively registered with any regulatory body in Singapore or any other jurisdiction, but is required to comply with the Class License Conditions as stipulated by the MDA from time to time, and as set out in the MDA's Internet Code of Practice ("Internet Code").

As an extension of this, Smartkarma requires Insight Providers and Clients to enter into comprehensive User agreements before commencing use of the Platform, which contain important obligations and warranties about use of the Platform and compliant content. Further information regarding compliance with the Internet Code, and permissible content can be found on the [MDA website](#).

3. Is Smartkarma licensed under financial advisory regulation?

In Singapore, Smartkarma is not required to be licensed as a "financial adviser" under relevant legislation and regulation. The definition of a "financial adviser" under the relevant Singapore law, the Financial Advisers Act ("FAA"), includes a specific exemption for the provider or operator of an online information service. As an online information platform, Smartkarma and the Platform fall squarely within this exception.

Notwithstanding this exemption, it should be noted that in no circumstances does Smartkarma advise individuals or entities as to the advisability of investing in, purchasing, or selling securities or other financial products or services. Further, the Platform is not intended to provide tax, legal or investment advice, and nothing on the Platform should be construed as an offer to sell, a solicitation of an offer to buy, or a recommendation for any security. The content on the Platform is offered only for general information and discussion purposes. As such, Smartkarma is not considered a broker/dealer or investment/financial adviser under Singapore law or under securities laws of other jurisdictions in any circumstances.

4. Who uses Smartkarma?

Active Users of Smartkarma are comprised of Client subscribers and Insight Providers. The current Client subscription base is comprised of institutional, accredited and professional investors including hedge funds and asset management funds.

Insight Providers are currently comprised of large independent research houses, boutique research operations and individual freelance analysts, based in Asia, US, Europe and Australia.

Insight Providers

5. Who are Insight Providers and how are they selected?

Insight Providers are independent third party content providers who have been approved by Smartkarma to write and publish content (in the form of “Insights”) on the Platform. Insight Providers are not employees or agents of Smartkarma, nor under Smartkarma’s supervision or control. Insight Providers range from larger independent research houses to boutique operations to sole/individual freelance writers and analysts.

Smartkarma is a highly curated platform, and to be accepted on Smartkarma, Insight Providers must successfully complete a stringent application process which includes background checks, verification of credentials and industry/work experience and the submission of writing samples. Insight Providers must also complete, as part of their application and then on a yearly (or as required) basis, Smartkarma’s comprehensive Regulatory, Conflicts and Process questionnaire which contains key questions and certifications regarding these topics. As the final step in the on-boarding process, Insight Providers accept a comprehensive User agreement containing key provisions and obligations regarding their conduct and compliant content.

6. Are Insight Providers required to be licensed?

This will depend to some extent on the type of content they are publishing and the jurisdiction in which they are based.

For those Insight Providers based in Singapore, provided content is not personalised, targeted or direct financial investment advice, and because there is the absence of any traditional client/advisor relationship, then such content would not fall within the scope of financial advice for the purposes of relevant Singapore regulation and such Insight Provider would not require licensing.

The same will generally apply in other jurisdictions, however there are some specific jurisdictions where even general, untargeted investment-related content may be regulated and it is up to the individual Insight Providers to verify their compliance if they are based in such a jurisdiction.

7. What disclosures are Insight Providers required to make before publishing Insights?

Before an Insight Provider can publish an Insight on the Platform, Insight Providers must first certify key statements and disclaimers in respect of that specific Insight, including:

- Does the Insight Provider have a position or intend to have a position in the securities referenced in the Insight;
- Do the views expressed in the Insight accurately reflect the Insight Provider’s personal opinion about the referenced securities or issuers and/or subject matter;
- That the Insight does not contain and is not based on any material non-public information (“MNPI”);
- That to the best of the Insight Provider’s knowledge, the views expressed in the content comply with Singapore law, as well as applicable law in the country from which it is posted;
- That the Insight Provider has not been commissioned to write the Insight or to hold any specific opinion on the securities referenced in it; and
- That the Insight Provider has signed the relevant User agreement and that the Insight does not violate any of the terms specified in that agreement.

Insight Providers can also add custom disclaimers to the bottom of their Insights, as applicable to their own specific circumstances and regulatory requirements.

Content

8. What type of content can be found on Smartkarma?

Insights published on Smartkarma offer content with a primary focus on Asian financial markets including:

- Actionable sector thematic notes;
- Cross Asset Class Macroeconomic and asset allocation analysis;
- Data driven analysis of ECM Activity (IPO’s & Placements);
- Special Situations: M&A, Spinoffs, Discount Arbitrage, Relative Value;
- Tactical Bottom Up Long /Short company analysis; and
- Governance and Accounting Shenanigans analysis

For a breakdown of country and sector coverage of Insights please refer to <https://www.smartkarma.com/insight-provider-directory>.

9. How does Smartkarma decide what content a Client sees?

Smartkarma curates content most relevant to a particular User based on:

1. a User's account settings and preferences;
2. a User's previous interaction with the Platform; and
3. the quality and popularity of content.

In addition Smartkarma allows a User to set up multiple highly refinable real time alerts to ensure relevant Insight is never overlooked.

10. How are Insights distributed to Clients? Do Clients receive Insights at the same time?

Content is distributed to all Clients at the same time. Insights go out via email and alerts, and are made available on the Platform simultaneously. Content is also automatically syndicated onto the Bloomberg terminal at the same time it is published, where it can be further accessed by Clients and other Users. Smartkarma does not use third party file sharing services to distribute content.

11. Can Insight Providers discuss Insights prior to distribution to Clients?

Smartkarma's policy is that Insights are released to all Client subscribers simultaneously. There is however an elective "peer review" process whereby an Insight Provider can elect to submit its content for a period of 24 hour review by fellow Insight Providers and Smartkarma content strategists ("Peer Review"). Under Peer Review, the Insight is reviewed and commented upon as a collaborative and quality control mechanism before it is published to Clients.

12. Does Smartkarma review Insights before they are published?

Smartkarma does not formally review or exercise direct editorial control over Insights and content before they are published, nor does Smartkarma warrant the accuracy of information published on the platform and all information is provided "as is".

There are however key measures in place to ensure content is high quality, relevant and compliant, including the following:

- A structured and stringent Insight Provider application process, during which their research processes, industry credentials and writing samples are reviewed.
- Insight Providers must complete a Regulatory Questionnaire and accept a comprehensive User Agreement which contains key provisions and obligations about compliant

content (including regarding material, non-public information ("MNPI") and confidentiality).

- Before publishing an Insight, Insight Providers may utilise an elective, collaborative input and oversight mechanism referred to as "Peer Review" (see further Q11 above).
- Insight Providers must also certify key statements and disclaimers on each and every Insight before it can be published (including that the investment content they are sharing in no way incorporates MNPI or violates applicable laws, and a disclaimer whether they hold an interest in any securities mentioned). See further Q13 below.
- All Insights also have an in-built automated "flagging" mechanism to enable a User to notify or flag a compliance issue.
- Smartkarma's internal content strategy team conducts regular, periodic checks of content to seek out potential inclusion of MNPI, unsubstantiated rumors, and other potential attempts at market manipulation.
- Smartkarma has an automated compliance and complaints feedback functionality whereby a Client or User can instantly flag an Insight or content for review on compliance grounds.

13. How does Smartkarma specifically monitor MNPI?

Smartkarma maintains a multi-faceted approach to address the important issue of material non-public information ("MNPI"), as outlined below:

- As the operator of an online information service, all content published on Smartkarma is freely and simultaneously available to all Users;
- User agreements and Terms of Use contain express prohibitions on including or basing Insights on MNPI;
- Insight Providers must certify key statements and disclaimers before they can proceed to publish Insights, including certifying that the content they are sharing in no way incorporates MNPI or breaches applicable law;
- Smartkarma's content strategy team conducts regular, periodic checks of content to seek out potential inclusion of MNPI, unsubstantiated rumors, and other potential attempts at market manipulation;
- Smartkarma has an automated compliance and complaints feedback functionality whereby a User can instantly flag an Insight for review on compliance grounds including MNPI;
- Before publication, Insight Providers may elect "Peer Review" of their work which acts as a further oversight mechanism.

Miscellaneous

14. Does Smartkarma offer private access to the Insight Providers?

Clients may contact Insight Providers by private message. Contact can only be Client-initiated and Insight Providers can only respond to, but not initiate, private messages. The activity of sending and receiving private messages can be tracked by and/or reported to a User's compliance personnel, and this messaging feature may also be muted at the Client's election. Through the Premium Services offering, Clients may also initiate and request additional service delivery from Insight Providers such as calls, meetings or custom research. Such requests are facilitated by Smartkarma's Premium Services manager.

15. Does Smartkarma or any of its affiliates manage investments?

Neither Smartkarma nor its affiliates manage investments.

16. Do Insights on Smartkarma make or contain targeted trading recommendations?

Insights on Smartkarma do not make or contain formal targeted trading (buy/sell/hold) recommendations. Furthermore, there is notably the absence of any client/adviser relationship between Insight Providers and Clients. However, Insights may occasionally include informal recommendations, as based on an Insight Provider's personal opinion, which would not be considered targeted trading recommendations as traditionally understood in the financial research industry.

17. Does Smartkarma perform custom research for Clients?

Smartkarma as the operator of the Platform does not, however under the Premium Services offering, Clients may request custom research from Insight Providers.

18. Does Smartkarma arrange meetings or calls between Clients and third party experts?

Only to the extent those third party experts are Insight Providers on the Platform. Under the Premium Services offering, at a Client's request, Smartkarma facilitates meetings and/or calls between Clients and Insight Providers.

19. Does Smartkarma communicate with company or government employees in gathering information?

Smartkarma itself does not, however Insight Providers may correspond with or speak to company or government employees in gathering information, however only in relation to publicly available documents and information. Insight Providers are required to disclose such details about their research processes when they complete the Regulatory, Conflicts and Process Questionnaire (upon application and then yearly or more frequently if required).

20. Does Smartkarma pay any third party sources for information?

Smartkarma does not pay third party sources including consultants or survey respondents for information. Smartkarma does pay Insight Providers monthly income for their Insights, with revenue linked to the performance and quality of their work.

21. Does Smartkarma have agreements with other brokers, investment advisers or consultants?

Smartkarma does not have any direct relationships with brokers, investment advisers or consultants. Related company SKX Pte Ltd is a party to a Client Introduction Agreement with independent broker and settlement provider ITG Ltd.

22. Are Smartkarma employees or Insight Providers restricted in relation to investment in securities or commodities products?

Smartkarma does not manage investments, and neither Smartkarma nor Insight Providers are generally considered to provide investment or financial advice through the Platform. Accordingly, Smartkarma places no restrictions that limit the ability of Smartkarma employees or third party Insight Providers to invest in assets. However, when submitting an Insight for publication, all Insight Providers are required to disclose whether they have a relevant interest, or intend to have a relevant interest in any company or security mentioned. This disclosure is public and displayed to all Clients and Users.

Compliance Initiatives

23. What additional compliance measures are in place?

Smartkarma uses several compliance tools to facilitate the integration of Client and Insight Provider compliance protocols, including the following:

- Customisable disclaimers and account settings;
- Trackable account activity; and
- Functionality to appoint an internal compliance officer to have full oversight over team's use of Smartkarma, including user activity logs (Log-ins, Insights read, private messages sent/received) via a proprietary Compliance dashboard.

24. Does Smartkarma have a complaints hotline or process?

Smartkarma has an automated "flag" functionality attached to each Insight, allowing Clients and Insight Providers to flag compliance issues or concerns regarding any Insight and its contents direct to Smartkarma's compliance department. Complaints can also be made via an anonymous hotline or through the dedicated email contact compliance@smartkarma.com.

If you have any questions or would like further information about legal and compliance, please contact us at compliance@smartkarma.com.

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