

Corporate access policy

This document provides information about the Corporate Access Policy (“the Policy”) of the Close Brothers Asset Management (“CBAM”) division of Close Brothers.

1. Background

As part of our investment research process we meet the managements of companies we both have existing investments with and those we may be interested in investing in. As an asset manager we have to pay for corporate access if it is arranged by a research provider. Not to do so is regarded as an inducement.

This Policy sets out how we pay for corporate access in a compliant manner in accordance with the requirements of our regulator, the Financial Conduct Authority (“FCA”).

2. What is corporate access?

The glossary to the FCA’s Handbook provides the following definition¹:

Corporate access service – a service of arranging or bringing about contact between an investment manager and an issuer or potential issuer.

We define corporate access as any meeting or call we have with the management of a company. This could be with senior management, investor relations or trips where we meet operational management. A meeting can be at any location – for example at a factory or a headquarters office – and may be a one-on-one meeting or part of a group. The meeting may also take place at a conference organised by a broker.

We regard these contact points as providing invaluable insight into how the companies we invest in work and operate – it enhances our overall understanding of those companies.

3. Our policy

CBAM’s Policy is that we do not accept free corporate access that has been arranged by a third party as the offering of such access may amount to an inducement to trade. So regardless of whether we are shareholders or not, we will either arrange to see a company directly or, where the meeting is arranged by a third party, we will pay a fee at an appropriate commercial rate. How we value these meetings is described below in the Payments section.

Where the third party is corporate broker to the company in question, there is no potential inducement and we will not pay for corporate access. Furthermore, where a company’s ‘house broker’ is paid to organise investor ‘road shows’ to support a capital raising event and it is freely and publicly open to analysts from investment firms and other investors, we may accept the benefit without payment.

4. Payments

How much we pay for each interaction depends on a number of factors:

The exclusivity of the access

Who we are meeting from the corporate

Whether the company is based in the UK or abroad and its size

Every 12 months we send, in arrears, payment to the research providers who have organised corporate access on our behalf and who have not been paid by the corporates already.

5. Oversight and governance

CBAM keeps a database of all corporate access meetings showing who participated both from CBAM and the corporate as well as whether it was facilitated by a research provider or not.

The External Research Oversight Committee (EROC) is the body responsible for ensuring the database is up to date and that payments are being made. It is also responsible for setting and managing the corporate access budget. The Committee is chaired by the Investment Research Manager and comprises representatives from each of the investment teams.

¹ ESMA’s Q&A on Investor Protection adds that corporate access is “the service of a third party arranging meetings with the management of a corporate issuer for an investment firm”.