

Description of Conflicts Of Interest

Conflicts of interest may exist in any interaction clients have with our company; conflicts can be actual, perceived or potential.

Who We Are

Clarus Securities is a research driven, institutional investment dealer founded on providing institutional sales, trading and investment banking services primarily in the small to mid-cap market.

There are generally three types of conflicts that can arise:

- Conflicts of interest between you and us
- Conflicts of interest between you and our other clients, and
- Conflicts of interest between us and our related and associated companies.

As an investment firm, we are a financial intermediary. There are times when we may be the party on the other side of the transaction, referred to as a principal trade. There are times, when we will facilitate a transaction between you as our client and a third party on the other side of the transaction through an agency trade. In our investment banking service, we advise issuers of securities on how to best structure these transactions and, at the same time, recommend that clients buy these securities.

Canada has comprehensive securities rules and regulations which are directed at protecting client and investor interests such as dealing with conflicts of interest. For further information on how Canadian securities regulations deal with conflicts of interest to protect investors, we recommend you refer to the Provincial Securities Commissions websites, as well as the Investment Industry Regulatory Organization of Canada (IIROC) and the Canadian Securities Administrators (CSA) websites.

Oversight of Conflicts Of Interest

In general, Clarus manages relevant conflicts as follows:

Control

Clarus manages relevant conflicts mainly by restricting the internal exchange of information and having Chinese walls in place between investment banking and sales and trading.

Avoidance

Clarus will avoid conflicts that are prohibited by law as well as conflicts that cannot effectively be addressed or are too difficult to address without substantial effort and resources.

Disclosure

Clarus will provide you with information about conflicts, so that you are able to assess independently their significance when evaluating our recommendations and any actions we take.

Possible Conflicts and How They Are Managed

Clarus will earn compensation mainly by providing research, sales and trading and investment banking services for which clients pay us.

- We will inform you of fees, commissions and other compensation in advance.
- We are required by industry regulations and firm policy only to make suitable investment recommendations.

Clarus may receive compensation from securities issuers and sell their securities to you.

- We will disclose to you the situations and type of fees we may receive.
- Regulations require issuers to provide specific disclosure in the offering document (e.g. prospectus) of compensation arrangements.

Clarus may sell you securities which we own (called principal trades) and profit by doing so.

- We will tell you whether we have acted as principal on the trade confirmation.

Clarus may need to allocate to clients certain securities where availability may be limited, such as securities issued by companies where demand exceeds supply.

- Allocations are performed by the Head of Sales taking into account, among other factors, the size and nature of the orders in relation to the size of the transaction.

Clarus provides investment research on securities of issuers that may have other business relationships with us.

- We provide full disclosure of any conflicts of interest in all research reports.
- Our research is subject to extensive regulatory disclosure requirements dealing with the ownership of such company securities by us and by analysts performing the research, as well as other various disclosures.

Clarus engages in proprietary trading (trading for its own account).

- Client trades are given priority to firm and employee trades in accordance with industry client priority regulations.

Clarus does not sell securities in itself or which are connected or associated with us.

- If such a transaction were to happen, we would inform you.

If you have any questions or concerns, please do not hesitate to contact us here at Clarus.