

● Tax Strategy 2017



Introduction



Sova Capital Limited (“SCL” or the “Company”) is an investment services company based in London with a focus on prime services, research, securities sales and trading, financing and direct and reverse repurchase agreements. SCL strives to create value for our clients whilst upholding the highest standards and integrity and respecting all the laws and regulations of the countries and markets in which we operate. SCL is regulated by the Financial Conduct Authority and is a member of the London Stock Exchange.

In this document, the Company sets out its strategy for conducting its tax affairs and managing tax risk.

The Company has conducted a formal review of its key tax procedures in compiling tax strategy and the strategy has been approved by the Board of SCL.

Approach to Risk Management and governance arrangements



We are committed to being a responsible taxpayer, being straightforward and transparent on all tax matters and acting fairly, responsibly, and with integrity in all our dealings with tax authorities.

The Finance Department and Tax Department are responsible for the Company’s tax affairs. They are supported in this capacity by tax specialists within the Company as well as external tax consultants. Tax matters are managed by internal controls and processes and these are reviewed and updated accordingly.

The Company operates a separate Tax Department that monitors and reviews transactional tax obligations in accordance with internal controls and processes and fulfils SCL’s obligations with respect to accurate and timely sharing of information with relevant tax authorities.

Professional advice is obtained from qualified external advisors where the tax treatment of specific items is uncertain. The Company’s annual Corporation Tax returns are prepared by external advisors and reviewed for accuracy and completeness by the Finance Department before submission to HMRC. VAT returns are reviewed by external advisors periodically and for the annual adjustment calculations at a minimum. Employee taxes are calculated by a professional external consultant under the review of the Human Resources manager.

If significant tax issues arise, they are brought to the attention of the Audit Committee separately.

Attitude towards tax planning



The Company enters into business transactions with the Company's overall strategy in mind and to maximise the after-tax returns to its shareholders. Tax structuring does not disrupt the business or is it in conflict with operational goals, and is always in the prescribed laws allowable by the relevant tax authority. Tax structuring that might reasonably be expected to have a negative impact on the Company's reputation will not be considered.

All taxes should be correctly calculated in accordance with the law, or where applicable, based on the latest forecasts and paid when due. Statutory tax returns for all taxes should be filed correctly, contain accurate information and filed on a timely basis. All other tax obligations in the territories in which the Company operates should be fully complied with.

Level of tax risk the Company is prepared to accept



The Company aims to comply with all relevant tax laws and to interpret tax laws in a reasonable way and in a way that is consistent with their intention. The Company does not engage in aggressive tax planning schemes.

Material business decisions are determined on an after-tax basis. The Company's procedures and controls are designed to ensure that tax planning is commercially driven and to eliminate the risk of significant errors in tax returns.

SCL's approach toward its dealing with HMRC



SCL is committed to acting with integrity at all times and to maintaining a transparent, open and honest relationship with HMRC.

SCL is committed to the following principles:

- To promote a professional, open, transparent and trusted relationship with HMRC;
- To respond to queries, information and clearance requests in a timely manner and to ensure that HMRC are informed about how issues are progressing;
- To seek to resolve issues before returns are filed if possible;
- To make fair, accurate and timely disclosure in tax returns and correspondence;
- To work proactively with HMRC to resolve any disagreements over tax that may arise where possible;
- To interpret tax laws in a reasonable way and ensure transactions are structured in a way that is consistent with a relationship of co-operation with HMRC.
- Any errors or mistakes in returns will be fully disclosed and HMRC will be notified as soon as practicable.
- To share information with HMRC under the OECD Common Reporting Standard ("CRS") and the US Foreign Account Tax Compliance Act ("FATCA").