

Shareholder Rights Directive (“SRD II”)

Directive 2017/828/EU as implemented by the Shareholder Rights Directive (Asset Managers and Insurers) Instrument 2019 came into force in the United Kingdom on 10 June 2019. SRD II aims to promote effective stewardship, corporate governance and long-term shareholder engagement by, among other things, imposing minimum transparency and disclosure requirements on asset managers.

Pursuant to Rule 2.2B.5R of the Financial Conduct Authority’s Conduct of Business Sourcebook, and with respect to investment activity in shares admitted to trading on regulated markets in the European Economic Area, or on certain markets situated outside the European Economic Area, Quadrature Capital Limited (“**Quadrature**”) is required to either:

- (1) develop and publicly disclose an “Engagement Policy” providing details of, among other things, how Quadrature’s investment strategies and shareholder engagement activities, including the exercise of voting and other applicable rights, and their implementation, contribute towards the performance of the assets of Quadrature or funds managed by Quadrature; or
- (2) publicly disclose a clear and reasoned explanation of why Quadrature has chosen not to comply with any of the requirements in (1) above.

Quadrature deploys quantitative investment strategies and systematic approaches to trading that render formal engagement with investee companies and shareholder engagement activities impractical. Neither Quadrature nor funds managed by Quadrature directly or indirectly exercise voting rights attached to securities falling within the scope of SRD II. Quadrature has therefore chosen not to implement an Engagement Policy at this time. However, Quadrature is evaluating the viability of increasing its shareholder engagement activities in the future, including by exercising voting rights directly, or by encouraging third parties to exercise their voting rights, to promote ethical causes, and may, accordingly, reconsider the need to develop and publicly disclose an Engagement Policy going forward.