



BRIDGE INVESTMENT GROUP

Annual Compliance Training - 2023

BRIDGE
INVESTMENT
GROUP

Conduct and Culture

Introduction

- Bridge is an SEC Registered Investment Adviser (RIA), a public company, and subject to regulatory oversight in the Cayman Islands and Luxembourg
- Legal and Compliance oversight is a top priority for regulators
- Use common sense and good judgement
- ComplySci is used to monitor compliance requirements – If applicable, the compliance department will reach out to you regarding ComplySci access during your new hire onboarding process.

Escalations

- Escalate any business conduct that might raise a concern
- If you make a mistake, ask for help. Do not attempt to cover it up or act alone
- Whistleblower Hotline: **(855) 863-6590**

Consequences for Non-Compliance

- Consequences for **you**:
 - Internal or external disciplinary action
 - Employment can be terminated
 - Subject to civil and/or criminal penalties
- Consequences to Bridge:
 - Fines
 - Reputation could be negatively impacted
 - Regulators can suspend/terminate business



Personal Compliance

Outside Brokerage Accounts

- You must disclose **all accounts** that allow trading of securities using ComplySci
 - Including E*Trade account that hold Bridge RSAs
- Monitoring automated via ComplySci
- Notify Compliance if any of your accounts are fully managed by a third party
- Preferred Brokers:
 - Morgan Stanley;
 - Fidelity;
 - Robinhood;
 - Charles Schwab;
 - E*Trade;
 - Merrill Lynch;
 - TD Ameritrade;
 - Vanguard;
 - UBS; and
 - Wells Fargo

Personal Trading

- BRDG Stock:
 - Trading prohibited during the blackout period
 - Certain employees require pre-clearance, even during open windows
- Other securities in the restricted list:
 - Pre-approval from Compliance is required
- All approved trades must be executed within 5 business days.
- When in doubt, do not trade

Restricted Trading List

- Bridge maintains a “restricted list”
- A company may be added to the restricted list for various reasons (e.g., required in connection with an NDA)
- During blackout periods BRDG Stock will be added to the restricted list
- The restricted list is updated regularly, so please check before making **any** trade.

Personal Compliance

Outside Affiliations

- Requires pre-approval - confirming no actual or apparent conflict of interest exists
- Includes being on the board of a non-profit or volunteering (e.g., Make-a-Wish)
- Does not include volunteer affiliations with religious organizations
- May require disclosure to investors

Gifts and Entertainment

- Need to be reported/tracked in ComplySci if > \$100
- Any gift in excess of \$500 needs prior approval
- All gifts to government connected entities (e.g., CalPERS, CalSTRS) need prior approval

Political Contributions

- Pre-clearance required for contributions:
 - Political officials
 - State and local political contributions
 - Political party / PAC
- “Pay to Play Rule” - Rule 206(4)-5 under the Advisers Act
 - Can be triggered when a firm or covered employee donates money to a government official who has control over allocating funds



Confidential Information

Protecting Confidential Information

- Take appropriate measures to safeguard sensitive documents
- Confidential materials should not be discussed or reviewed in public places
- Do not send confidential Bridge information to your personal email

Need-to-Know Standard

- Share information strictly on a “need-to-know” basis
- Only disclose confidential information if it is necessary for the recipient’s business duties
- This applies even when communicating with colleagues within your department
- Be mindful of posting business matters on social media

Insider Trading

- What is insider trading?
 - Using material non-public information to trade in securities; or
 - Communicating material non-public information to others are not subject to confidentiality obligations
- What is material non-public information?
 - A reasonable investor would consider information important in making decision
 - Public dissemination of information is likely to have a substantial effect on the price of BRDG



Communication Guidelines

Business Related Communications

- Use Bridge email for **all** business-related communications
- Instant messaging / text messaging investors – only ok for non-substantive uses
- All communications must be professional and in good taste

Communications with the Press/Public

- Only authorized employees are permitted to communicate with the public or media on behalf of Bridge
- Discussing fundraising efforts or investment performance track record during public speaking engagements or in published articles is **prohibited**

Records Retention

- Bridge has a regulatory requirement to maintain accurate and orderly records.
- It is your responsibility to save relevant files within Bridge systems (Box, OneDrive etc.)
- Emails/business communications archived
- Certain employees are given an additional phone number (with all messages archived) if they prefer to text about substantive business issues
- OneDrive Migration
 - The IT Team has begun migrating files from Box to OneDrive and SharePoint
 - Ensure that all relevant files are captured when your team's files are migrated.

Regulatory Changes

New Private Fund Adviser Rules - August 2023

New Requirements

- Prepare and distribute quarterly statements to investors containing detailed information on fees, expenses, compensation, and performance;
- Obtain and distribute to investors an annual audit for each private fund; and
- Obtain and distribute to investors a fairness or valuation opinion from an independent opinion provider in connection with an adviser-led secondary transaction, as well as distribute to such investors a written summary of any key relationships with the independent opinion provider.

New Restrictions

- Charging or allocating to the private fund regulatory, examination, or compliance fees or expenses of the adviser without disclosing to investors;
- Reducing the amount of an adviser carried interest clawback by the amount of certain taxes (or assumed taxes), unless the adviser discloses the pre-tax and post-tax amount of the clawback to investors;
- Charging or allocating fees or expenses related to a portfolio investment on a non-pro rata basis, unless the allocation approach is fair and equitable and the adviser distributes advance written notice of the non-pro rata allocation (along with an explanation of why such allocation is fair and equitable);
- Charging or allocating to the private fund fees or expenses associated with an investigation of the adviser without disclosure and consent from fund investors; and
- Borrowing money, securities, or other fund assets, or receiving an extension of credit, from a private fund client without disclosure to, and consent from, fund investors

Recent Enforcement Actions

Record Retention

- **JPMorgan** (June 2023)
 - Mistakenly deleted 47 million emails, many of which were requested in subpoenas for securities-related SEC investigations.
 - Settled for \$4 million.
- **11 Wall Street Firms** (August 2023)
 - Widespread and longstanding failures by the firms and their employees to maintain and preserve electronic communications.
 - Settled for \$289 million in combined penalties.

Fees

- **Insight Venture Management** (June 2023)
 - Charged excess management fees by inaccurately calculating management fees based on aggregated invested capital at the portfolio company level instead of at the individual portfolio investment security level, as required by the applicable LPAs.
 - Settled for \$2.36 million in penalties and disgorgement.

Marketing Rules

- **Titan Global Capital** (August 2023)
 - Used hypothetical performance metrics in advertisements that were misleading.
 - Did not disclose the performance was based on a hypothetical account, not an actual account.
 - Advertised hypothetical performance metrics without having adopted and implemented required policies and procedures .
 - Settled for \$1.04 million in penalties and disgorgement.
- **9 Investment Advisers** (September 2023)
 - Advertised hypothetical performance to the general public on their websites without adopting and/or implementing policies and procedures required by the Marketing Rule.
 - Two of the advisers also failed to maintain required copies of their advertisements.
 - Settled for \$850,000 in combined penalties.

Q&A

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