



SLINGSHOT
INSIGHTS

EXPERT PARTNER COMPLIANCE TRAINING

www.SlingshotInsights.com

Expert Partner Tutorial

- As an Expert Partner with Slingshot Insights, please take a moment to familiarize yourself with our Compliance Policies
- **This tutorial will serve as a guide to:**
 - ✓ Our company's values and business philosophies
 - ✓ Your role as an Expert Partner
 - ✓ Expert Partner Terms
 - ✓ Current legislation governing expert networks



Company Overview



Slingshot Insights

We are a web community empowering investors with affordable access to professional primary source research tools



- Expert calls and surveys are important tools professional investors rely on to educate themselves on new products, markets and complex situations
- Slingshot Insights helps members identify the most important factors driving a company's value, and share the cost of expert led, primary research in these areas
- Your expert knowledge and insights allow our investors to make better informed decisions

Our Values and Philosophy

- Our goal is to level the playing field between well capitalized professional money managers and individual investors
- We believe we can make a positive change to the investment and compliance marketplace
- We take all government regulations seriously and our processes and tools aim to provide transparent fact based information to our members



Expert Partner Overview

Your Role, How it Works, Expert Partner Terms

Dissecting an Expert Interview

| | |
|---------------|---|
| Who? | <ul style="list-style-type: none">● Top subject matter experts specifically requested by the project participants● Slingshot Insights members consist of small fund managers, top MBA students, and savvy retail investors |
| What? | <ul style="list-style-type: none">● Members collaborate on questions for the expert, creating an interview plan● One member then interviews the subject matter expert over the phone |
| When? | <ul style="list-style-type: none">● Slingshot's Expert Liaison schedules a time with the Expert & Call Leader and members can listen live or to a recording on their own schedule |
| Where? | <ul style="list-style-type: none">● Anyone can see a project idea, but only Slingshot Insights members are allowed to purchase access to the content (call recordings & transcripts) |
| Why? | <ul style="list-style-type: none">● To level the playing field when it comes to high quality fact based research |

Your Role as an Expert Partner

As an Expert Partner you will be asked to:

- **Participate on calls and/or projects with our members relating to your area of expertise only**
 - These calls will be recorded and stored on our site by our proprietary system for use by members at a later date
- **Join our community in your individual capacity and not as a representative of any organization**
 - You may decline participation at any time due to scheduling issues, conflicts of interest, or any other additional concerns
- **Act in good faith, in a professional manner, to the best of your ability, and in accordance with SI's Terms & Conditions and applicable law**

Your Role as an Expert Partner

As an Expert Partner you will NOT be asked to:

- Disclose any ***material nonpublic information***
- Give members directed investment guidance or advice
- Answer any questions which are not in compliance with any state or federal regulations
- Provide any information which breaks any existing confidentiality agreements you may have with clients, companies, or governments





Regulations

Today's Enforcement Environment: Understanding Insider Trading

Today's Enforcement Environment

- **Most active insider trading enforcement environment in history**
 - U.S. media is obsessed with insider trading
 - At least 120 defendants have been investigated criminally in SDNY; 85 convicted
- **Real consequences for individuals**
 - ★ Significant Jail time (*recent cases have ranged from 3 ½ to 12 years*)
 - ★ Monetary penalties
 - ★ Disgorgement of profits gained or losses avoided
- **Investigations can be as damaging as a proven violation**
 - Reputational risk
 - Costs and burdens
 - Stress and career consequences for individuals

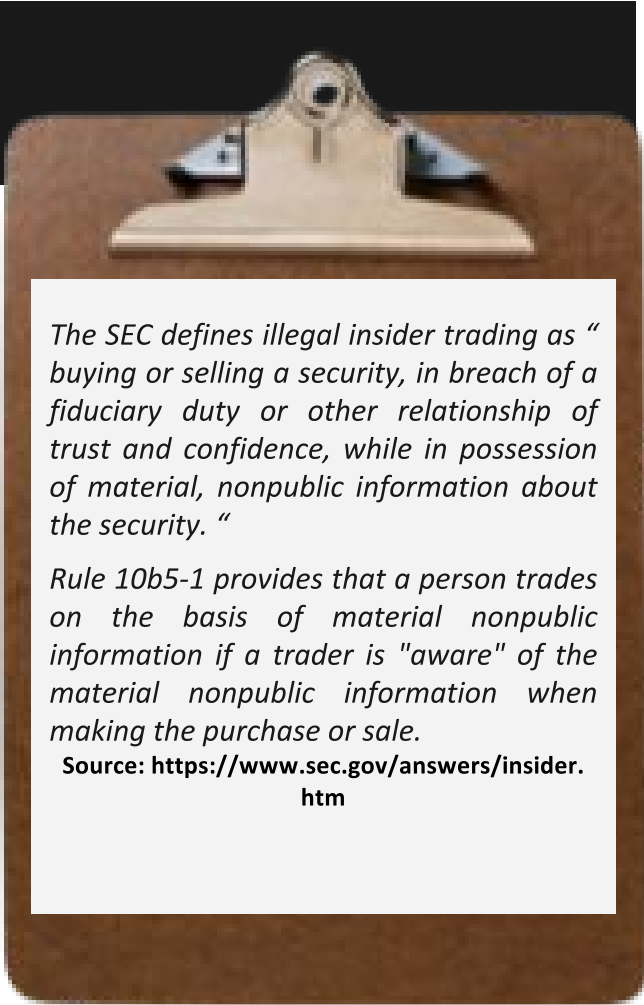


Insider Trading

ELEMENTS OF A VIOLATION

Insider Trading Occurs When One Purchases or Sells a Security:

- While aware of material, nonpublic information (MNPI)
- In breach of a fiduciary duty or a duty of trust or confidence
- With scienter (intent to defraud, recklessness)



The SEC defines illegal insider trading as “ buying or selling a security, in breach of a fiduciary duty or other relationship of trust and confidence, while in possession of material, nonpublic information about the security. ”

Rule 10b5-1 provides that a person trades on the basis of material nonpublic information if a trader is "aware" of the material nonpublic information when making the purchase or sale.

Source: <https://www.sec.gov/answers/insider.htm>

Material Information

Information is material if a reasonable investor likely would consider it important in making an investment decision or if the information is reasonably likely to affect the market price.

- Highly fact-specific. No bright line test.
- The information can be positive or negative.
- Uncertain, speculative events can be material.
- Information about one company can be material to the stock price of another company in certain circumstances, or an entire industry.

Nonpublic Information

Information is nonpublic until it has been publicly disclosed.

- Public disclosure means dissemination in a manner reasonably designed to provide broad distribution to the public and the passage of enough time to allow the market to absorb the information.
- Information available to a group of sophisticated parties is not necessarily “public.”


Examples of MNPI

POSSIBLE EXAMPLES OF MATERIAL, NONPUBLIC (MNPI) INFORMATION INCLUDE:

- Pending mergers, acquisitions, reorganizations, dispositions of assets, or joint ventures
- Significant litigation developments
- Clinical Trial results that have not yet been publicly released
- Significant increases or decreases in the amount of outstanding securities or indebtedness
- Transactions with directors, officers, or principal security holders
- The granting of options or payment of other compensation to directors or officers
- Significant changes in financial results and/or financial condition and financial projections
- Dividends or stock splits
- News of new contracts or possible loss of business
- Changes in management or control
- Earnings estimates and other sensitive financial information

Insider Trading: Breach of Duty

Insider Trading can occur in a number of manners



| | |
|---|--|
| Classic Insider | <p>Corporate “insider” trades in violation of fiduciary duty to issuer and its shareholders. Insiders include:</p> <ul style="list-style-type: none">• Officers, directors, and other permanent insiders• Attorneys, accountants, and others who temporarily become fiduciaries of a corporation |
| Misappropriation “Outsider Trades” | <p>“Outsider” trades in violation of duty of trust or confidence owed to the source of the information (based on):</p> <ul style="list-style-type: none">• <u>Relationships</u>: Employment, Family, History, pattern, or practice of sharing confidences• <u>Agreement</u>: Oral or written agreement to keep information confidential or not to trade |
| Tipper - Tippee | <p>If a person has a duty not to trade, he/she also may not tip or cause another person to trade.</p> <ul style="list-style-type: none">• Tipper is liable if he/she receives a personal benefit including financial gain, reputational benefit, or feeling of satisfaction from gifting the MNPI• Tippee is liable if he/she knows or has reason to know of tipper’s breach of duty |

Situation: Clinical Trial Involvement

Background: *You are currently involved in a clinical trial for Gold Star Pharma for a new drug, Zeta, to treat pediatric epilepsy. You are serving as the principal investigator on this trial, and the trial results have not been released.*



After providing your expertise on a previous project, a Slingshot Insights Expert Liaison contacts you to participate on another project regarding the market potential for Zeta. Can you participate on the project?

Situation Review



YES. You may serve as an Expert Partner but you are under obligation to:

- Keep all unreleased trial data confidential
- Speak only to the topic at hand
 - *You may not reveal any confidential or nonpublic information even if asked by a Slingshot Member Call Leader*
- Limit the conversation to information available in the public domain

What This Means for You

Stop, Consider, and Consult

- Think about the information you are relying on and the conversations in question. Trust your instincts and you can manage the risks if you use good judgement.
- Consult with your client's Legal/Compliance departments & your legal counsel whenever questions arise.
- The rules are not always intuitive or logical; the analysis is always fact- and context-specific.

Slingshot Insights takes government regulations seriously, and our processes and tools aim to provide transparent fact based information to our members.

- ✓ All project participants must attest that they will not engage in lines of questions that seek to extract material nonpublic information from an expert or anyone on a research project
- ✓ All calls are systematically recorded & transcribed
- ✓ Our platform provides the ability for all members and external compliance officers to flag any project in which confidential information is suspected to be shared. These flags are visible to all users who are advised to trade at their discretion.*

*You understand that we cannot ensure that call participants will keep confidential any information you provide, and we are not in a position to restrict their securities trading in any way.



I acknowledge that I have read and understand the above slides and have completed Slingshot Insights' Compliance Training.

www.slingshotinsights.com



Welcome to Our Community

Thank you for taking the time to become an Expert
Partner with Slingshot Insights

WE LOOK FORWARD TO WORKING WITH YOU!

Questions?

Email Us: compliance@slingshotinsights.com

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