

Version	1
Date of version:	23.07.2021.

# mintos

## **AS Mintos Marketplace Conflict of interest management policy**

**APPROVED**

with AS Mintos Marketplace Supervisory Board decision  
No. LVMM/02-03-05-2021-3 of 23 July, 2021

## DEFINITIONS

The following key terms, when used as capitalized terms in this policy, shall have the following meaning:

Terms	Definition
<b>Client</b>	A natural or legal person who holds investment accounts (financial instrument account and/or cash account) in the Company and who has concluded an investment service agreement with the Company.
<b>Compliance laws, rules and standards</b>	Laws and regulations governing the activities of the Company, self-regulatory standards relating to the activities of the Company, codes of conduct and ethics and other standards of practice related to the activities of the Company.
<b>Conflict of interests situation</b>	A situation in which a Company or a Company official/employee takes a decision or takes other activities related to the position of an official/employee of the Company in the performance of his or her professional duties which affect or are likely to affect <ol style="list-style-type: none"> <li>1) the personal or economic interests of the official/employee, his or her relatives or business partners,</li> <li>2) the personal or economic interests of a person associated with the Company, or</li> <li>3) economic interests of an Affiliated lending company.</li> </ol>
<b>Significant conflict of interest situation</b>	A conflict of interest situation related to action by an official of a Company contrary to the provisions of this Policy or at the disposal of any employee, Company, or an employee of the Company, involved in a transaction or activity equal to or greater than EUR 10,000 (ten thousand euro).
<b>Non-essential conflict of interest situation</b>	A conflict of interests situation that is not a Significant conflict of interest situation.
<b>FCMC</b>	Financial and Capital Market Commission.
<b>Internal rules</b>	Documents issued by the Company governing the activities of the Company and its individual departments or employees, such as policies, procedures, rules, instructions.
<b>Management board</b>	The management board of the Company.
<b>Supervisory board</b>	The supervisory board of the Company.
<b>Mintos Group</b>	Legal entities jointly controlled by Mintos Holdings AS, registered in the Commercial Register of Latvian enterprises on 27 May 2015 with a registration No. 40103902690.
<b>Affiliated persons with the Company</b>	Employees authorised and responsible for the planning, management and control of the Company's activities, as well as spouses, parents and children of such persons.
<b>Policy</b>	This Conflict of interest management policy.
<b>Company</b>	AS Mintos Marketplace, a joint stock company, registered in the Commercial Register of Latvian Enterprises on 1 June 2015 with Registration No. 40103903643 which holds an investment firm licence issued by the FCMC.
<b>Affiliated lending company</b>	A legal person or a legal formation whose principal activity is the issuing of loans and that is directly or indirectly controlled by the same persons who

	control the Company. The Management board of the Company shall ensure maintenance of the register of lending companies in the Company and that information on the status of the Lending company as a Company-related Lending company is made available to officials and employees who make decisions on transactions and that this information on the relationship is disclosed to Clients.
<b>Lending company</b>	A legal person or legal arrangement whose principal activity is the issuing of loans.

## 1. Purpose of the policy

- 1.1. The Conflict of interest management policy shall aim to establish timely identification and management of conflict of interest situations and to identify the situations of conflict of interest which may arise between the interests of the persons concerned and the interests of the institution. The aim of this Policy shall be to define:
  - 1.1.1. the nature of the conflict of interest in the Company;
  - 1.1.2. procedures for the timely identification and management of actual and potential conflicts of interest;
  - 1.1.3. procedures for the mitigation of conflict of interest situations;
  - 1.1.4. the responsibility of Company departments and employees for managing conflicts of interest.
- 1.2. Employees of the Company shall be informed of this Policy at the beginning of their employment, and this Policy shall be permanently available to all employees of the Company.
- 1.3. The Policy shall be binding on the Management board and on all employees of the Company.
- 1.4. This Policy has been developed in accordance with the requirements of the Financial Instruments Market Law and in accordance with:
  - 1.4.1. Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive;
  - 1.4.2. FCMC rules No 227, Regulations for the establishment of the internal control system;
  - 1.4.3. EBA guidelines on internal management in accordance with Directive 2013/36/EU.
- 1.5. Procedures for the prevention of conflict of interest are specified not only in this Policy, but also in the Company Conflict of interest management procedure and other internal Company regulatory documents, and it is the duty of Company officials and employees to comply with the rules specified in this Policy and the other internal regulatory documents.

## 2. Main objectives for managing conflicts of interest

- 2.1. The Company shall, by ensuring the management of conflict of interest situations in the Company in accordance with this Policy and other internal regulatory instruments, avoid

affecting the interests of the Company, as well as the Clients, Lending companies and the potential Lending companies adverse effect of interests.

- 2.2. In order to manage conflicts of interest, the Company shall make every effort to:
- 2.2.1. identify, assess materiality, document and prevent conflict of interest situations;
  - 2.2.2. ensure the mutual independence of staff, officials and departments, among which conflict of interests may arise (different exposure, separate flow of information);
  - 2.2.3. ensure clarity, accuracy and authenticity of the information provided to Clients;
  - 2.2.4. ensure that the conditions for transactions of the persons affiliated with the Company are not more favourable than those offered to persons not affiliated with the Company;
  - 2.2.5. ensure that the conditions for transactions with Clients in which the Company-related persons and the Company's employees are holding significant participation are not more favorable than the terms of similar transactions with unrelated parties and do not conflict with the interests of the Company and the Clients;
  - 2.2.6. ensure that the conditions for transactions with Affiliated lending companies are not more favorable than the conditions for similar business not affiliated with the Company and they do not conflict with the interests of the Company and the Clients;
  - 2.2.7. ensure that the conditions for transactions with Lending companies who pay higher commissions to the Company are not more favorable than the terms of a similar transaction with other Lending companies and do not conflict with the interests of the Company and the Clients;
  - 2.2.8. ensure that Company officials and employees identify in good time potential and existing Conflict of interest situations in the course of their professional duties and prevent them from taking decisions on Company business where they develop or are likely to develop a conflict of interests.
  - 2.2.9. ensure that Company officials act independently (independence of mind) in decision-making and solely in the interests of the Company, taking into account this Policy on officials, including the threshold set by the Company for a Significant conflict of interest situation;
  - 2.2.10. prevent the employment of its officials or the taking of positions in other companies competing with the Company, with the exception of companies belonging to the Mintos group;
  - 2.2.11. ensure that all officials and employees comply with the rules and conditions for the Conflict of interest management policy;
  - 2.2.12. ensure that the Management board and/or the stakeholders are informed in good time about identified conflict of interest situations and their prevention measures.
- 2.3. The Legal and Compliance team shall be responsible for the management of conflict of interest situations within the Company.

### **3. Identification and management of the conflict of interests**

- 3.1. All employees and officials shall be required to disclose immediately to the Legal and Compliance team any aspect which may cause or has already caused a conflict of interest and which is known to the employee or an official. Such information shall be disclosed immediately, however no later than the following business day.

- 3.2. The measures identified in this Policy shall cover constant conflicts of interest identified by the Company and, in certain cases, incidental conflicts of interest.
- 3.3. In order to identify the types of conflicts of interest that may arise when offering investment services, the Company shall assess the situations in which it or the Affiliated persons with the Company, the employees, officials of the Company, or Affiliated lending companies:
  - 3.3.1. could profit or could eliminate financial losses at the expense of the Client or any other Lending company;
  - 3.3.2. is interested in the services provided to the Client or the result of a transaction performed on behalf of the Client, as these interests do not correspond to the interests of the Client or the Company;
  - 3.3.3. is interested in taking action in favour of another Client or Client group;
  - 3.3.4. pursue the same professional activity as the Client;
  - 3.3.5. receives or will receive reimbursement from another person for the service provided to the Client in the form of money, goods or service other than the standard payment for that service.
- 3.4. In order to identify conflicts of interest, the following, but not limited to the following, situations should be taken into account:
  - 3.4.1. Executing a Client transaction with financial instruments on behalf of the Client.
  - 3.4.2. Purchase of financial instruments in its own name. The company buys financial instruments on its own, with a view to increasing the personal resources invested, which may lead to a conflict of interest between the Client and the Company.
  - 3.4.3. Personal business. Company officials or employees may pursue personal transactions with financial instruments. In this case, the personal interests of the employee may conflict with the interests of the Client or the Company.
- 3.5. The following situations in which conflicts of interest may arise should also be taken into account:
  - 3.5.1. other economic interests separately referred to in this Policy;
  - 3.5.2. personal or professional relationships with a significant proportion of the stakeholders of the Company;
  - 3.5.3. personal or professional relations with employees of an institution or entity included in the field of prudential consolidation with the Company (e.g. family relations);
  - 3.5.4. personal or professional relations with external Affiliated persons of the Company (e.g. association with suppliers, consultancy or other services, etc.).
- 3.6. In order to prevent conflict of interest situations from occurring when providing services to Clients, the Company shall ensure that the conditions according to the Conflict of interest management procedure are met, which employees and officials of the Society are required to comply with.
- 3.7. In order to avoid conflict of interest situations, the Management board, when determining the organisational structure of the Company and the duties of employees and officials, shall ensure that the departments in which situations of conflict of interest might arise are functionally separated and are not subject to each other:
- 3.8. Company officials and employees who, in the performance of their duties, are likely to enter into a conflict of interests shall not be permitted to:
  - 3.8.1. make a personal transaction:
    - 3.8.1.1. on the basis of inside information available to employees in the performance of their professional duties;

- 3.8.1.2. by using or failing to adequately disclose information containing limited availability transaction data;
  - 3.8.1.3. contrary to the requirements of the Financial instruments market law.
- 3.8.2. advising a third party to carry out a transaction of financial instruments which would qualify as a personal transaction for the person who recommended the transaction, unless the transaction is recommended in the performance of his or her professional duties;
- 3.8.3. disclose information to a third party or to express an opinion if the person who disclosed this information knows or should have known that such disclosure of information would result in the third party carrying out the advice or advise another person to carry out such a transaction with financial instruments which would qualify as a personal transaction for the person who disclosed the information.
- 3.9. The company has the right to indicate that, for the purpose of carrying out personal transactions, the Clients of the Company who are also officials or employees of the Company or persons associated with the Company must inform the Company that they are engaged in personal transactions.
- 3.10. Company officials, employees and entities associated with the Company may make personal transactions with financial instruments on the same terms and through the same channels as the Clients of the Company.
- 3.11. If the organizational or administrative regulations established by the Company for the management of the conflict of interest are not sufficient to ensure the appropriate assurance, that any damage to the interests of the Clients will be avoided, the Company must clearly disclose to the Client the nature and/or sources of the conflict of interest before the investment or ancillary services in question before the transaction to the Client.

#### **4. Prevention of conflict of interest situations in dealings with Lending companies**

- 4.1. The adoption of decisions on the execution of new transactions with Lending companies or substantial amendments to the existing transaction rules shall be the responsibility of the Management board or of the committee established by a decision of the Management board ("the Committee"). The Committee may allow others to adopt decisions with respect to the Lending companies by granting such rights with a risk based approach. The Management board, Committee, or any other authorized decision-maker further referred to as the "Decision Maker".
- 4.2. It is the responsibility of the Decision Maker to ensure that the terms and conditions for transactions with Affiliated lending companies decided upon are not more favourable than the terms and conditions for similar businesses not affiliated with the Company and that they do not conflict with the interests of the Company and Clients.
- 4.3. It is the responsibility of the Decision Maker to ensure that the terms and conditions for dealing with Lending companies who pay higher commissions to the Company are not more favorable than the terms and conditions of a similar transaction with other Lending companies and that they do not conflict with the interests of the Company and Clients.
- 4.4. The Management board shall be responsible for ensuring that the requirements referred to in paragraph 4 of this Policy are met.

#### **5. Giving and receiving gifts and entertainment**

- 5.1. For the purposes of this Policy, a gift is a tangible or intangible value for which the recipient does not have to pay money (e.g. food, drink, goods, services, tickets to entertainment/sports events, seminars, accommodation, etc.).
- 5.2. Employees must make sure that there is no corruption in the Company, including bribery or other inappropriate charges.

- 5.3. Employees shall be prohibited from requesting/accepting/offering/providing to Clients, suppliers, counterparties, business partners or other persons associated with the Company any material benefits or benefits to themselves or others that may ultimately affect the decisions of the Company with regard to the decision of the interested party or that person with regard to the Company.
- 5.4. Employees shall refuse a gift if the gift does not have a souvenir or a representative character (the nature of a memorial, not worth more than EUR 100 (one hundred euro)) in any case, related to the Company; the employees shall not accept an invitation to participate in events if a suspected conflict of interest arises.

## **6. Identification and management of conflict of interests in the activities of the Management board members (officials)**

- 6.1. Any member of the Management board should avoid any conflict of interest in his or her work and be as independent as possible from all external circumstances. The Management board shall, when taking decisions relating to the activities of the Company, respect generally accepted ethical principles and assume responsibility for the decisions taken.
- 6.2. Each member of the Management board shall be responsible for preventing any conflict of interest, including suspected conflicts of interest, in their activities. When making decisions, a member of the Management board shall take into account the interests of the Company and shall not use cooperation offers to the Company for personal benefit.
- 6.3. In carrying out his or her professional duties, a member of the Management board must identify in good time potential and existing conflict of interest situations and shall prevent themselves from making decisions on the business of the Company where they form or are likely to develop a conflict of interest.
- 6.4. The member of the Management board should act independently (independence of mind) and solely in the interests of the Company.
- 6.5. The employment or an occupation of a member of the Management board in competing companies with the Company shall not be allowed, with the exception of companies belonging to the same group of the Company.
- 6.6. A member of the Management board who is in a potential conflict of interests shall not have voting rights in decisions which may be related to this conflict of interests.

## **7. Responsibility, Policy Update and Control**

- 7.1. The Supervisory board shall be responsible for the approval and implementation of the policy.
- 7.2. The Legal and Compliance team shall be responsible for monitoring and improving policy-related processes on a regular basis, but at least annually.
- 7.3. The Company shall review the Policy at least once a year and, if necessary, make the necessary amendments.

## **8. Other provisions**

- 8.1. The Company shall ensure that its employees can report potential or identified conflicts of interest in their or other employees' activities in accordance with the Company's Compliance laws, regulations and standards.
- 8.2. The right of persons involved in the reporting process to the protection and confidentiality of personal data shall be ensured in accordance with the requirements of regulatory enactments.