



### The purpose of the policy

The purpose of this policy is to establish a clear framework for identifying, managing and resolving conflicts of interest that may arise within CtoC AB. The policy ensures that all employees, freelancers, contractors and agents adhere to high standards of integrity, transparency and fairness in all business dealings, thereby ensuring compliance with MiCA and the RTS issued by ESMA.

### Scope of the policy

This policy applies to all employees, freelancers, contractors, agents and stakeholders of CtoC AB involved in the provision of crypto services. The policy aims to address any situation where the interests of the company, its employees, directors or customers may conflict, and where such conflicts may harm the interests of customers or the integrity of the services provided.

### Regulatory and legal framework

The Company operates in full compliance with the following legal framework:

- Regulation (EU) 2023/1114 (MiCA); Art. 71(1)
- Directive (EU) 2018/1673 on money laundering and terrorist financing (6AMLD)
- Directive (EU) 2015/849 (4AMLD)
- Companies Act (2005:551) (ABL)

### Document history

Version	Established by	Authorised by	Date of authorisation
2	Mr Henri Estramant	The Board of Directors	1 February 2025

## I. Definitions and identification of conflicts of interest

A conflict of interest arises when the personal or financial interests of employees, directors or other stakeholders conflict with the best interests of customers or the company. This includes, but is not limited to, the following situations:

- a) **Financial benefits:** Directors or employees may make financial gains at the expense of the company or its customers.

Mitigation: The company prohibits personal gains linked to the company's business<sup>1</sup> and conducts regular reviews of transactions. The company's "4 eyes principle" means that infrastructure is controlled by at least two different employees, so no single person can control the platform and benefit financially from it.

- b) **Incentives:** receiving incentives from a third party (other than the customer) to influence decisions relating to customer services or transactions.

Mitigation: The company explicitly prohibits directors and employees from receiving incentives from third parties, combined with regular compliance checks and mandatory declaration of all external financial interests and benefits.

- c) **Personal interest:** a director or employee has an interest in a transaction or business outcome that may affect the objectivity or impartiality required to fulfil their duties.

Mitigation: The company requires prior declaration of all private interests, mandatory conflict of interest management in decision-making, and documented independent review of transactions where a potential conflict of interest is identified.

- d) **Insider trading:** a director or employee attempts to gain financial benefit from information obtained in the course of his or her duties.

Mitigation: This is prohibited in the company's policy to prevent market abuse.

- e) **Third-party service providers:** Such services will not be authorised if there is an outstanding conflict of interest with a board member or employee, i.e. if they have something to gain from using certain service providers.

- f) **Dual roles and external assignments:** A director or employee cannot simultaneously hold a management role or ownership interest in another organisation (for example, a crypto-liquidity provider or technical service provider) that cooperates with the company.

- g) **Product governance and pricing:** A conflict of interest may arise if the pricing model for exchange services is favoured in a way that results in some customers receiving lower prices or worse execution conditions depending on, for example, the size of the transaction or the customer relationship

---

<sup>1</sup> With the exception of employees' monthly salaries.

Mitigation: Different liquidity providers are used by the company to avoid that only one has a monopoly over the pricing of exchange services.

- h) **Internal transactions and private investments in crypto-assets:** Employees or directors may make private investments in the same crypto-assets traded by the company, which may affect the company's behaviour in the market or influence decisions on when and how to execute transactions

Mitigation: Please note that the company's business model does not provide custody or staking; this means that directors or employees cannot use the platform for private investment purposes.

## II. Separation of corporate functions and the lines of defence (LoD) model

To prevent conflicts of interest, the company works according to a model of lines of defence:

1. **First line:** i.e. business units responsible for providing services and ensuring compliance with applicable policies. This includes the Customer Support and Treasury Management functions.
2. **Second line:** Compliance and risk management functions that monitor and control business activities to identify and mitigate potential conflicts of interest. This includes the compliance and risk management function/CFA and IT.

The CFA will escalate any conflict of interest to the Board if deemed necessary.

3. **Third line:** Internal audit functions are currently lacking as the company is still quite small and such a function would be disproportionate.

Each line of defence has a separate function, ensuring that the fulfilment of these roles does not overlap and thus avoiding potential conflicts.

## III. Roles and responsibilities

### 1. Board of Directors (BOD):

The Board is responsible for overseeing the implementation of this policy and ensuring that it is regularly updated in accordance with regulatory requirements. In addition, the Board ensures that appropriate systems, controls and procedures are in place to identify, escalate and manage conflicts of interest.

Where appropriate, the Board of Directors will appoint an internal independent committee to review a potential conflict of interest. Such a committee shall seek advice from an external legal advisor where appropriate.

## 2. **Compliance Department:**

- Monitors and assesses conflicts of interest and ensures that staff members comply with this policy.
- Implements systems to identify and manage potential conflicts, ensuring that the policy is effective.

## 3. **Employees:** The Company does not offer bonuses, monetary or other incentives (e.g. variable remuneration) that could encourage employees to favour certain customers or transactions over others.

- Must always act in the best interest of the company and its customers; identify and escalate potential conflicts as they arise to the CFA.
- Staff members shall avoid situations where their personal financial interests may conflict with their professional obligations.

## IV. **Management of conflicts of interest**

If a potential conflict of interest is identified, the following steps must be taken to manage and resolve it:

1. **Escalation:** The conflict must be reported immediately to the CFA, which will then escalate to the Board, if necessary.
2. **Assessment:** The situation will be assessed to determine whether it can be mitigated or resolved by reallocating the relevant function or changing the terms of the transaction.

If the evaluation deems it necessary, the company will seek external legal advice to maintain objectivity.

3. **Resolution:** If the conflict of interest concerns a customer and it cannot be resolved, the customer in question will not be taken on board or offered services by the company

Disciplinary measures will be applied to employees deemed to have favoured their own interests over those of the company. Dismissal is an option in case of serious offences, in particular if the offence involves CFA.

**aa) Examples of resolution scenarios**

- **Scenario 1:** An employee responsible for onboarding new customers also has a personal financial interest in one of the customers. That employee needs to be removed from the onboarding process and another employee, with no conflict of interest, will handle onboarding and CCD.
- **Scenario 2:** A board member has an interest in an external service provider that the company is considering for a business relationship. The board member must disclose the conflict, and the decision-making process will be handled by an independent committee without the board member's involvement.

Directors or employees are not authorised to hold management positions with service providers or liquidity providers.

**bb) Timeframes:** Once a conflict of interest has been identified, CFA endeavours to investigate and come to a resolution within three (3) weeks.

4. **Publicity:** If the conflict cannot be mitigated, it must be publicised to affected customers, ensuring full transparency of the potential conflict and any measures taken to address it.

If the case concerns a customer, the customer will be notified of the decision by e-mail. If it is a case of an employee being found to have a conflict of interest with a customer, the customer will not be informed of specific details of the case, as this would violate the employee's right to privacy.

**V. Appeals and gifts**

Employees must refrain from accepting incentives, gifts or personal favours that may influence their decision-making in relation to the company's services. Any gifts or incentives offered must be notified to the CFA.

Monetary gifts cannot be accepted regardless of the amount. The Company has a policy that its employees should not accept any form of gift from a customer or external stakeholder arising from the employee's employment.

CFA maintains a log if employees are ever offered any gifts by the company's customers or business partners. Such a log will be available for review by the supervisory authority.

**VI. Monitoring and auditing**

1.To ensure that this policy continues to be effective, CFA and the Board will do the following:

- a) Regularly monitor and assess potential conflicts of interest and ensure that no conflict adversely affects the company's operations or customer relationships.
- b) Review the policy annually or when there are significant updates to the regulatory framework, to ensure that it remains compliant with MiCA, Swedish law and other relevant regulations.
- c) Conduct regular audits to verify that all employees comply with this policy and that conflicts of interest are adequately managed and resolved.

2.Escalation to the supervisory authority: CFAs or employees may escalate conflicts of interest to the Financial Supervisory Authority, if they consider that the case cannot be resolved internally.

The FI can be reached through: Monday, Wednesday and Thursday 9.00- 11.00, via the switchboard 08-408 980 00, or e-mail. [finansinspektionen@fi.se](mailto:finansinspektionen@fi.se)

**Documentation and record keeping**

All cases of conflict of interest, including identification, assessment and resolution, are documented in an internal log and kept for at least five years. This documentation will be reviewed during internal audits and regulatory inspections.

**Penalty for non-compliance**

Employees who do not comply with this policy will be subject to disciplinary action, up to and including termination of employment. The Company will co-operate fully with regulatory authorities to investigate and resolve any conflicts of interest that may lead to non-compliance with legal obligations.