

Conflicts of Interest Policy

1. Introduction

Bitonic is a crypto-asset service provider (CASP) licensed by the AFM on the basis of the Markets in Crypto-Assets Regulation (MiCAR). As a licensed CASP, Bitonic is obliged to implement and maintain effective policies and procedures to identify, prevent, manage and disclose conflicts of interest.

2. Bitonic's Policy on preventing conflicts of interest

Bitonic has adopted a Policy on preventing conflicts of interest (the Conflict of Interest Policy). This Conflict of Interest Policy applies to Bitonic's shareholders, board members and employees. The purpose of Bitonic's Conflict of Interest Policy is to identify, prevent, manage and disclose conflicts of interest.

Bitonic ensures that all its shareholders, board members and employees are able to identify all possible conflicts of interest in time. Bitonic's shareholders, board members and employees are obliged to immediately report any situation in which there is a (potential) conflict of interest. Bitonic's Compliance Officer and management board takes appropriate measures to avoid the (potential) conflict of interest.

Through this disclosure, Bitonic aims to inform you on the general nature and sources of conflicts of interest that have arisen or might arise, and the steps that Bitonic has taken to mitigate these conflicts of interest.

3. General identification of conflicts of interest

Bitonic has identified two categories of potential conflicts of interest:

- Conflicts of interest potentially detrimental to clients of Bitonic; and
- Conflicts of interest potentially detrimental to Bitonic.

Conflicts of interest that are potentially detrimental to clients may arise when Bitonic or Bitonic's shareholders or members, any person directly or indirectly linked to Bitonic or Bitonic's shareholders or members by control, Bitonic's board members or Bitonic's employees (the Connected Persons) are in any of the following situations:

- Bitonic or the Connected Person is likely to make a financial gain, avoid a financial loss, or receive another kind of benefit, at the expense of the client;
- Bitonic or the Connected Person has an interest in the outcome of a crypto-asset service provided to a client of Bitonic or of a transaction carried out on behalf of that client, which is distinct from that client's interest in that outcome;
- Bitonic or the Connected Person has a financial or other incentive to favour the interest of one or more clients of Bitonic over the interest of another client of Bitonic;

- Bitonic or the Connected Person carries on the same business as the client of Bitonic; or
- Bitonic or the Connected Person receives or will receive from a person other than the client of Bitonic an inducement in relation to a service provided to that client, in the form of monetary or non-monetary benefits or services.

Considering Bitonic's corporate structure, services and Connected Persons, the following types of conflicts potentially detrimental to clients can potentially arise when Bitonic is acting as the client's CASP:

- Prioritisation of own financial gains over the best interests of clients;
- Imposing undisclosed fees or charges;
- Using trading patterns for proprietary trading;
- Sharing trading patterns with third parties; and
- Preferential treatment of certain types of clients.

The above-mentioned potential conflicts have been mitigated with, inter alia, the measures set out in Bitonic's Conflict of Interest Policy. These measures allow Bitonic to effectively prevent the potential conflicts from arising.

Conflicts of interest that are potentially detrimental to Bitonic may arise when a Connected Person:

- has an economic interest in a person, body or entity with interests conflicting with those of Bitonic;
- has a personal relationship with a person, body or entity with interests conflicting with those of Bitonic;
- has or has had a professional relationship with a person, body or entity with interests conflicting with those of Bitonic;
- has a political relationship with a person, body or entity with interests conflicting with those of Bitonic; or
- carries out conflicting tasks, is entrusted with conflicting responsibilities or is hierarchically supervised by someone who is in charge of conflicting functions or tasks.

Taking into account Bitonic's corporate structure, services and Connected Persons, the following types of conflicts potentially detrimental to Bitonic can potentially arise when Bitonic is acting as the client's CASP:

- Pressure to procure IT infrastructure at above-market rates;
- Over-reliance on specific entities for critical services; and
- Conflicting intra-group priorities.

The above mentioned potential conflicts have been mitigated with, inter alia, the measures set out in Bitonic's Conflict of Interest Policy. These measures allow Bitonic to effectively prevent the potential conflicts from arising.

4. General measures to prevents conflicts of interest

Conflicting activities

Certain activities of Bitonic may lead to conflicts of interest with other activities of Bitonic. For that reason, Bitonic has adopted measures to prevent conflicts of interest arising from:

Connected Persons being involved in conflicting activities;

- Connected Persons involved in conflicting activities sharing information;
- Connected Persons supervising another Connected Person that is involved in activities conflicting with those of the supervising Connected Person;
- Connected Persons supervising two or more conflicting activities.

Remuneration

Remuneration for employees, board members and other natural persons involved in the provision of Bitonic services may create a conflict of interest that encourages those persons to act against the interests of any of Bitonic's clients or impair their abilities to fulfil their duties and responsibilities in an objective and independent manner.

Therefore, Bitonic has adopted a remuneration structure that is balanced, so that the remuneration structure does not favour the interests of Bitonic or its Connected Persons against the interests of any client, in both the short, medium and long term.

Personal transactions

Personal transactions of Connected Persons and other natural persons involved in the provision of services (Staff and Associated Persons), and in some instances family members of Staff and Associated Persons (Family Members) may entail a conflict of interests of those Staff and Associated Persons with Bitonic or Bitonic's clients.

Therefore, Bitonic has adopted a Personal Transactions Policy, which outlines rules for its Staff and Associated Persons who trade crypto-assets.

The Policy emphasises compliance with market regulations to avoid conflicts of interest. Key provisions include:

- Pre-trade approval for personal trades.
- Reporting and training requirements.
- Annual declarations of crypto-assets of interest; and
- Monitoring of personal and family transactions to prevent market abuse.

Gifts

The acceptance of gifts from clients or third parties can lead to (the appearance of) a conflict of interest. For this reason, Bitonic has adopted a strict Policy on accepting gifts, which entails:

- a prohibition on accepting gifts in money;
- a maximum value of physical gifts; and
- the obligation to report gifts to the Compliance Officer.

Promotion campaigns

Carrying out promotion campaigns may lead to conflicts of interest between a Connected Person and Bitonic. For this reason, Bitonic has adopted a strict Policy on carrying out promotion campaigns, which entails:

- ensuring that the independence of the Connected Person entrusted with the promotion campaigns is beyond doubt;
- a prohibition to have any kind of relationship with participants in the promotion campaign; and
- the obligation to report (doubts regarding) relationship with participants to the Compliance Officer.

Commission

Commissions (also known as referral fees) paid to a third party for bringing in new clients may involve a risk of a conflict of interest.

Ancillary activities

Ancillary activities of Connected Persons may lead to conflicts of interest between the Connected Person and Bitonic or Bitonic's clients. Therefore, ancillary activities are not allowed to be conducted by Connected Persons unless the Compliance Officer has provided permission for a specific activity, irrespective of whether the position is paid or unpaid.

5. Evaluation and updates

Bitonic maintains up-to-date records of all situations giving rise to actual and potential conflicts of interest, including the relevant crypto-asset services and activities, and of the measures taken to mitigate such conflicts in the relevant situations. This disclosure is regularly updated on the basis of those records, and evaluated annually by the Compliance Officer for its accuracy, effectiveness and compliance with applicable regulations, addressing any deficiencies in that respect.