INFORMATION ON CONFLICTS OF INTEREST

The Czech version of this document is binding; the English version is for information only.
Závazná je česká verze tohoto dokumentu; anglická verze je pouze informativní.

MipSoftware s.r.o., with its registered office at Na příkopě 848/6, Nové Město, 11000 Prague 1, Czech Republic, Company ID No.: 24667021, registered in the Commercial Register kept by the Municipal Court in Prague under File No. C 164643 (the “Company”), identifies and manages conflicts of interest that may arise in the course of its activities as a crypto-asset service provider. Potential conflicts of interest may arise in particular in connection with the provision of the following regulated services:

- custody and administration of crypto-assets on behalf of clients,
- execution of orders for crypto-assets on behalf of clients,
- transfer services for crypto-assets on behalf of clients.

In its internal regulations, the Company has established procedures to limit the possibility of conflicts of interest in the provision of these services. The purpose of this document is to inform clients in a clear manner of the principles and rules adopted by the Company to prevent and manage conflicts of interest, in accordance with the requirements of Article 72(2) of Regulation (EU) 2023/1114 (the MiCA Regulation).

1. DEFINITION OF CONFLICTS OF INTEREST

A conflict of interest generally arises in a situation where the personal interests or duties of a particular person (for example, an employee or another representative of the Company) conflict with the interests of a client. Such a situation may impair objectivity and impartiality in the performance of duties towards clients, which may lead to other interests being given priority to the detriment of the client. Conflicts of interest may arise both between the Company (including its staff) and a client and between different clients.

When assessing whether there is a risk of a conflict of interest, the Company considers in particular whether a situation arises in which, for example:

- the Company or a member of its staff may obtain a financial gain or avoid a financial loss at the expense of a client,
- has a personal interest in the outcome of a service provided to a client that differs from the client’s interest in that outcome,
- has an incentive to favour the interests of one client over the interests of another client.

If any of the above circumstances arises, this constitutes a potential conflict of interest which requires appropriate attention and management by the Company.

2. SPECIFIC CONFLICT OF INTEREST SITUATIONS IN THE AREA OF CRYPTO-ASSETS

In the context of providing our crypto-asset services, we consider the following potential conflict of interest situations to be particularly significant:

- Custody and administration of crypto-assets service: the risk that the Company uses clients’ crypto-assets for its own purposes or contrary to the client’s instructions.

- Order execution service: the risk that the Company gives priority to executing its own order or the order of a related person to the detriment of a client's order (e.g. practices such as front-running or causing an undesirable price deviation).
- Crypto-asset transfer service: the risk that a transfer of crypto-assets is not carried out properly, completely or on time, or that it is directed to an incorrect or related recipient.

The examples given represent the most common possible conflicts of interest in relation to our services. The Company focuses on detecting and preventing them in good time so that they do not occur in practice.

3. RISKS FOR YOU AS A CLIENT

A conflict of interest, if it arose and were not properly resolved, could pose various risks to the client. The main risks include in particular:

- Financial harm, i.e. the possibility of financial loss or a decrease in the value of the client's crypto-assets (for example, as a result of inappropriate handling of the client's assets or the execution of a trade on unfavourable terms).
- Unfavourable terms of service, i.e. the provision of the service on terms that are not the most favourable for the client, for example delayed execution of an order or execution of a trade at a less favourable price than could be achieved in the absence of a conflict of interest.
- Compromised confidentiality of information, i.e. the risk that the client's confidential information may be misused or shared without authorisation as a result of a conflict of interest (e.g. use of internal information on the client's orders for an employee's personal trading).
- Reduced fairness of the service, i.e. an overall reduction in the quality or fairness of the service provided if the Company or a member of its staff did not act entirely impartially and in the best interests of the client.

The Company prevents these risks through the measures adopted (see below) and thorough supervision, so that clients are not adversely affected by any conflict of interest.

4. MEASURES ADOPTED TO PREVENT AND MANAGE CONFLICTS OF INTEREST

The Company has adopted a number of measures to prevent conflicts of interest or to manage them effectively. The key measures include in particular:

Segregated administration of client assets

We keep all clients' crypto-assets separately from the Company's own assets: they are held in separate wallets which are recorded individually for each client. Access to these assets is secured by a multi-level system of controls, which prevents unauthorised handling of clients' assets.

Transparent order processing

We process all client orders transparently and in the order in which they were received. Each order is recorded with a timestamp and an audit trail in the system, which allows the course of its processing to be checked. At the same time, we apply the four-eyes principle, which means that each order is checked and confirmed by a second member of staff. This ensures that no order can be improperly given priority or changed in favour of the Company or another person.

Control of crypto-asset transfers

Before carrying out each transfer of crypto-assets, we verify that the destination address (wallet) matches the client's order. Each transaction is recorded in a separate register of transactions, kept apart from the Company's ordinary business records. This makes it possible to check independently the correctness of the transfers carried out and to trace all the circumstances of each transaction.

Segregation of duties and division of powers

Within the Company's internal organisation, procedures are in place to prevent a single person from being able to influence the entire process of providing a service without control. Certain roles and activities are separated from each other (incompatibility of functions), for example the person approving a transaction is not the same person who executes it. This organisational measure ensures independent control and reduces the risk of individual staff members abusing their position.

Employee responsibility and reporting of conflicts

All employees are required always to act in the best interests of the client and to avoid situations that could lead to a conflict of interest. If an employee discovers (or has reasonable grounds to suspect) that a conflict of interest may arise in the provision of a service, the employee must report this immediately to their superior or directly to the staff member responsible for managing conflicts (e.g. the Compliance Officer). The Company will immediately investigate such a situation and adopt appropriate measures without delay (e.g. assigning the task to another independent person) so that the client's interests are not put at risk.

Rules for personal transactions of staff

The Company has introduced strict rules restricting personal trading in crypto-assets by employees and other connected persons. Such personal transactions may only take place under predetermined conditions and often require prior consent or approval by the Company (the relevant manager or Compliance). This prevents situations in which a member of staff could misuse internal confidential information or their position to create a conflict of interest, for example by executing their own trade ahead of a client's order (so-called front-running).

Rules on third-party inducements

The Company does not accept from third parties any financial or non-financial benefits (inducements) that could impair its independence and impartiality in acting for clients. Any inducements from other entities (e.g. from business partners) are subject to strict assessment. If such an inducement is not consistent with the duty to act honestly and in the best interests of clients, or does not bring a demonstrable improvement in the quality of the service for the client, it will not be accepted.

Training and supervision

The Company regularly trains its staff in identifying and resolving conflicts of interest. Compliance with all the rules in place is continuously monitored and evaluated by the responsible persons (in particular the Compliance Officer and the Company's management). This ensures that the measures introduced actually work in practice and that any shortcomings are detected in good time.

Records and review of conflicts of interest

The Company keeps records of identified conflicts of interest and of the measures adopted to remedy them. These records are regularly evaluated in order to verify the effectiveness of the conflict of interest management system. On the basis of these findings, the Company continuously updates and improves its rules and procedures so that they reflect the development of its services and protect clients' interests to the maximum extent.

The measures described together ensure that any conflicts of interest are either excluded entirely or mitigated to the greatest possible extent so that they are not to the detriment of clients. The Company thus creates a transparent environment in which the client's interests always come first.

5. INFORMING THE CLIENT

The Company always endeavours to prevent conflicts of interest so that the client is not affected by their occurrence at all. However, if in a specific case a conflict of interest were nevertheless to arise which cannot be entirely excluded by the available internal measures, the affected client will be informed of it in good time, before the relevant service is provided or the relevant trade is executed.

The Company will explain to the client in a clear manner the nature of the conflict of interest, its causes and the possible risks. The client will thus be able to make an informed decision as to whether to use the service in the given circumstances. In exceptional cases where even informing the client would not be sufficient to ensure the protection of the client's interests, the Company reserves the right not to provide the service (to refuse to execute the trade) so that the client is not harmed.

6. METHOD OF PUBLICATION OF THE DOCUMENT

This document "Information on the Rules for Managing Conflicts of Interest" is publicly available to all clients and to the wider public. The Company publishes it on its official website and in its mobile application, and it is also available for inspection at the Company's registered office.

The current version of the document is provided free of charge and is easily accessible so that every client can become acquainted with how the Company manages conflicts of interest. In the event of an update or change to these rules, the Company will publish the new version of the document without delay in the same manner.

7. CONTACT DETAILS OF THE COMPANY

If you have any questions or uncertainties regarding the information in this document, you may contact the Company using the contact details below:

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MipSoftware s.r.o. thanks you for the time you have taken to read this document. Your trust is essential to us, and compliance with the rules described above helps us to provide you with services at the highest possible level, fairly and in line with your interests.