

42 Financial Services Conflict of Interests Policy

The Czech National Bank (“Regulator”) requires the 42 Financial Services a.s. (“42FS”) to establish, maintain and implement an effective, written conflicts of interest policy appropriate to our size and organisation and the nature, scale and complexity of our business.

This document is not intended to, and does not, create third party rights or duties that would not already exist if this document had not been published, nor does it form part of any contract between 42FS and any client.

Under this policy 42FS seeks to minimize conflicts and potential conflicts of interest and, if conflicts do arise, to manage them fairly and in the best legitimate interest of our clients.

Compliance has responsibility for ensuring that our conflicts of interest policy is current, complies with regulations and is understood by all relevant staff.

42FS has developed processes and procedures under this policy, and in accordance with Regulator requirements, to:

- take reasonable steps to identify conflicts of interest between 42FS and a client of 42FS, or between one client and another,
- keep and regularly update a record of the kinds of services or activities 42FS carries on in which a conflict of interest entailing a material risk of damage to the interests of one or more clients has arisen or may arise,
- maintain and operate effective organizational and administrative arrangements with a view to taking all reasonable steps to prevent conflicts of interest from constituting or giving rise to a material risk of damage to the interests of 42FS’s clients.

Practices, situations or circumstances which, if not appropriately mitigated and managed, have the potential to give rise to a conflict of interest include, but are not limited to, the following examples:

- Where a member of staff has an outside business interest,
- Where a member of staff has a close family relationship with a client,
- Where gifts or financial inducements (other than normal commission or mark-up) are involved,
- Where 42FS or a member of staff has any interest in the outcome of a service or transaction for a client which is distinct from the client’s interest in that outcome,
- Discretionary trading,
- Personal account dealing,
- Where 42FS is likely to make a financial gain, or avoid a financial loss, at the expense of a client,
- Where there is a financial or other incentive to favour the interests of one client over the interests of another client,
- Proprietary trading based on confidential or client transactional information,
- Unclear charges or commissions,
- Errors and Complaints,
- has a relationship with a client that has interests in a transaction that may be in conflict with the interests of another client.

42FS maintains and operates organisational and administrative procedures to prevent or mitigate conflicts of interest including:

- **Code of Conduct** – 42FS has adopted Code of Conduct which apply to all members of staff. This Code requires 42FS and its staff to put clients' legitimate interests first,
- **Gifts and entertainment** – 42FS has Anti-Bribery and Corruption procedures, which include gifts and entertainment policies, applying to all members of staff.
- **Errors** – 42FS has procedures in place for the management of all trading errors,
- **Complaints** – 42FS has complaints handling procedures to ensure the expeditious and fair handling of any client complaints received by 42FS. Details of the procedures are available to all members of staff,
- **Confidential Information** – 42FS has procedures applying to all members of staff addressing the use of confidential information. Members of staff are prohibited from disclosing confidential information and from using such information for their own interests,
- **Information Barriers** - where appropriate, 42FS imposes information barriers (“chinese walls”) to prevent the unauthorized flow of confidential information from one part of 42FS to another part of 42FS. Information barriers are intended to prevent conflicts of interest by limiting access to certain types of confidential information,
- **Outside Business Interests** – 42FS members of staff are prohibited from having external business interests that may conflict with 42FS's interests or those of our clients. All external business interests must be notified to 42FS Compliance department,
- **Training** - 42FS training to members of staff on conflicts of interest and our procedures for managing conflicts of interest.

Where a conflict of interest arises in circumstances where 42FS's arrangements for managing conflicts of interest are insufficient to ensure the prevention of risk of damage to a client's interests, we will clearly disclose the general nature and/or the sources of the conflict of interest to the client.

42FS will periodically review and update our conflicts of interest policy, processes and procedures.