

Guiding Principles for Managing Conflicts of Interest at Boerse Stuttgart Group

1. Introduction

As the Boerse Stuttgart Group, we're the sixth-largest exchange group in Europe, with strategic footholds in both capital markets and digital/crypto businesses. In capital markets, we operate exchanges in Germany, Sweden, and Switzerland, as well as CATS, a European over-the-counter trading network. Additionally, the group includes EUWAX AG, an internationally active broker.

As pioneers in the digital and crypto sectors, we've established the largest digital and crypto business among European exchange groups through Boerse Stuttgart Digital. By offering solutions in brokerage, trading, and custody for institutional clients, alongside the BISON platform for retail investors, Boerse Stuttgart Digital provides a reliable, regulated, and transparent gateway to the world of cryptocurrencies.

2. Regulatory environment

The Boerse Stuttgart Group operates in a highly regulated environment. Strict regulations and high technical standards form a solid foundation for ensuring the secure trading and custody of crypto assets at all times. Our trading platforms are designed for reliability and transparency, providing private investors with a secure environment for crypto trading. A key component of this is appropriately addressing conflicts of interest.

Failure to properly manage conflicts of interest could damage the Boerse Stuttgart Group's reputation and trust, potentially resulting in civil and regulatory sanctions. With our diverse portfolio across capital markets and digital/crypto businesses, it is crucial to proactively address situations that could lead to potential conflicts of interest.

3. Key information about conflicts of interest

This document provides an outline of the potential types, sources, and management strategies for conflicts of interest within the Boerse Stuttgart Group.

3.1 What are conflicts of interest?

A conflict of interest occurs when opposing interests converge in a single individual, preventing them from meeting the legitimate interests of one party without acting against the legitimate interests of another.

Resolving such conflicts requires balancing the best interests of all parties, ensuring a fair alignment between corporate and client interests, which take priority over the individual interests of employees. Conflicts between clients (client vs. client) must be resolved objectively, with careful consideration of their respective interests.

3.2 What types of conflicts of interest can occur?

Conflicts of interest can arise to the detriment of clients or the crypto asset service provider itself. Within the Boerse Stuttgart Group, conflicts may occur between:

- The crypto asset service provider itself,
- Members of management bodies,
- Employees, and
- Clients.

We place great importance on identifying potential conflicts and have implemented measures to prevent or mitigate them.

3.3 Sources of (potential) conflicts of interest

Conflicts of interest can arise from a variety of sources, including professional activities and personal circumstances. Potential causes of conflicts of interest include:

- Additional (internal or external) roles held by members of management bodies,
- Interests or dependencies between companies,
- Services provided to clients by multiple Boerse Stuttgart Group entities with differing roles, interests, or strategies,
- Personal interests of employees and members of management bodies, and
- Divergent client interests.

3.4 Group-wide aspects of conflicts of interest

The companies within the Boerse Stuttgart Group collaborate closely to provide European investors with simple and secure access to both traditional and digital assets. To achieve this, the Boerse Stuttgart Group offers the most innovative and reliable infrastructure and trading solutions. In this context, our executives hold leadership positions across multiple entities. While regulatory requirements make it impossible to entirely eliminate potential conflicts of interest, we see clear benefits in this approach for both our customers and the Boerse Stuttgart Group. This close collaboration has proven highly advantageous: it not only enhances expertise but also promotes consistent practices and contributes to the establishment of comprehensive, unified services for our customers.

To keep our customers informed about our crypto asset services, we regularly share updates on the market and our crypto offerings through our app, newsletters, and social media channels. To ensure these publications comply with regulatory standards and do not inadvertently disadvantage customers, we've established internal communication guidelines. These guidelines specify who is authorized to publish, the procedures they must follow, and the content standards they must meet.

Safeguarding all types of information is a top priority for us. To this end, we provide employees with detailed regulations on topics such as handling sensitive information, preventing market manipulation, and avoiding insider trading. These rules are continuously monitored to ensure full compliance.

3.5 Potential conflicts of interest at EUWAX Aktiengesellschaft

EUWAX AG serves as the broker for the Boerse Stuttgart Group. It operates as the regulatory provider for BISON and acts as the Designated Liquidity Provider (DLP) on the Boerse Stuttgart Digital Exchange. Additionally, it offers a wide range of services in the securities sector.

The roles of EUWAX AG are designed to prevent conflicts of interest from the outset. EUWAX AG does not have access to any confidential information, whether within BISON or as the DLP on the Boerse Stuttgart Digital Exchange. Trading on BISON is fully automated. On the Boerse Stuttgart Digital Exchange, an open order book ensures that the DLP has no informational advantage over customers during continuous trading or auction phases.

Boerse Stuttgart GmbH holds the majority of shares in EUWAX AG. Under the control and profit transfer agreement, Boerse Stuttgart GmbH has the right to issue instructions to the management of EUWAX AG. However, the management board of EUWAX AG retains independent responsibility for ensuring compliance with legal and regulatory requirements, and Boerse Stuttgart GmbH must consider this obligation when issuing instructions. The interests of EUWAX AG are thus safeguarded. It works closely with other companies within the Boerse Stuttgart Group to deliver innovative services on a reliable and fully regulated infrastructure, ensuring the highest benefit for its customers.

3.6 Potential conflicts of interest at Boerse Stuttgart Digital Custody

Through staking, BISON offers customers an attractive opportunity to earn rewards on coins stored with Boerse Stuttgart Digital Custody GmbH. These coins are used for consensus-building and transaction validation within blockchain networks. Since summer 2024, BISON customers residing in Germany have been able to actively participate in staking and receive weekly rewards, minus a service fee. To mitigate the risk of slashing (penalties for validator misbehavior), an insurance solution was developed in collaboration with Munich RE and integrated into the offering.

For BISON customers who agree to the special staking terms and authorize staking but do not actively stake their cryptocurrencies, Boerse Stuttgart Digital Custody GmbH may utilize these cryptocurrencies for staking purposes. The rewards generated are used, among other things, to maintain the staking infrastructure. Participation in staking is entirely optional for BISON customers. Internal processes and procedures ensure that this passive staking does not interfere with customer withdrawal requests.

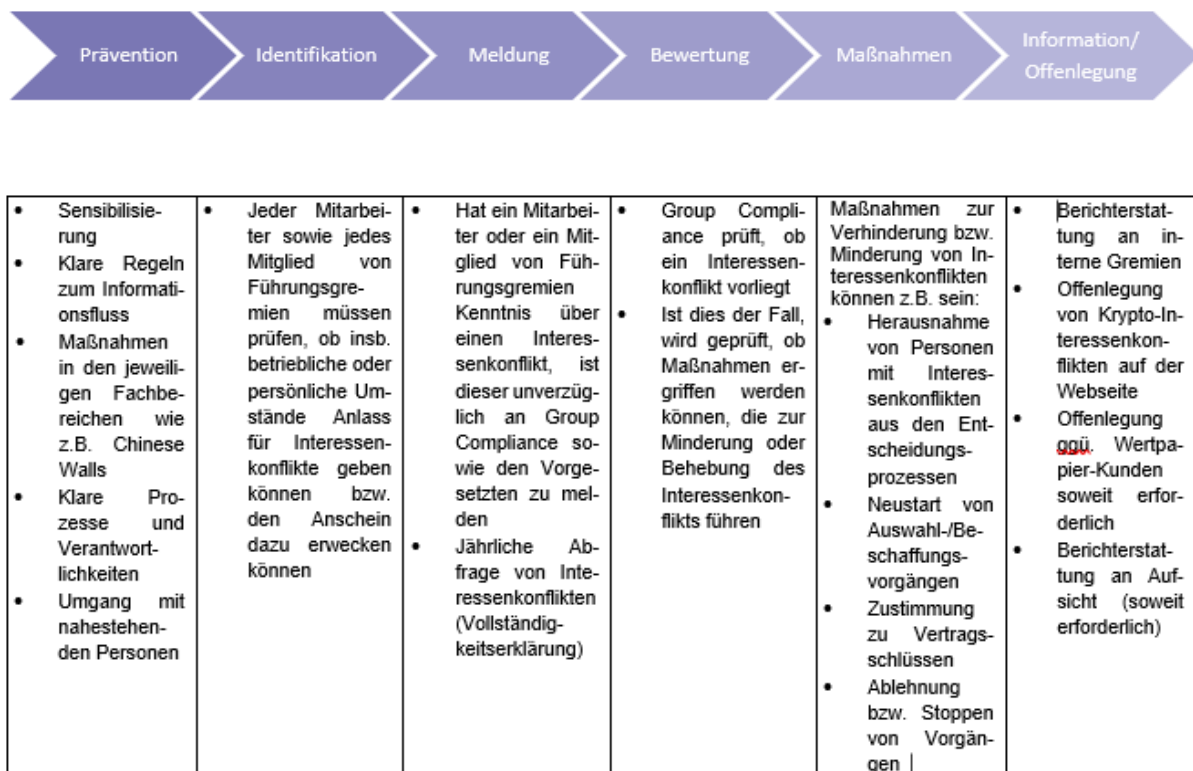
We regularly update our customers about the staking offering through various BISON channels, including the app, web application, social media, and the BISON newsletter.

Customer coins are securely stored in cold or warm wallets. At the same time, we aim to make these coins readily available for trading activities through hot wallets. To balance secure storage with quick accessibility, we've implemented specific risk limits, enabling the automated management of wallets.

4. General guidelines for managing conflicts of interest at Boerse Stuttgart Group

Group Compliance has implemented internal regulations that cover, among other things, the identification, reporting, and evaluation of conflicts of interest. Additionally, specific measures have been established to prevent or mitigate potential conflicts.

Conflicts of interest within the Boerse Stuttgart Group are managed as follows:



Prevention

- Raising awareness
- Establishing clear rules on the flow of information
- Implementing measures within respective areas of expertise, such as Chinese Walls
- Defining clear processes and responsibilities
- Managing related parties

Identification

- Every employee and member of management bodies must assess whether professional or personal circumstances may create conflicts of interest or even the appearance of such conflicts.

Reporting

- Employees or members of management bodies who identify a conflict of interest must report it immediately to Group Compliance and inform their supervisor.
- Conducting an annual survey on conflicts of interest, including a declaration of completeness.

Evaluation

- Group Compliance reviews whether a conflict of interest exists.
- If a conflict is identified, they assess whether actions are needed to mitigate or resolve the issue.

Measures

Actions to prevent or minimize conflicts of interest include:

- Identifying and addressing conflicts during decision-making processes
- Restarting selection or procurement procedures
- Approving contract decisions
- Rejecting or halting processes

Information/Disclosure

- Reporting to internal bodies
- Publicly disclosing conflicts of interest on the crypto website when necessary
- Informing securities customers when required
- Reporting to regulators, if applicable