coinbase

Conflicts of Interest Policy Summary

CB Payments, Ltd.

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1. Overview

The purpose of this Conflicts of Interest Policy Summary disclosure is to summarise the Conflicts of Interest Policy (the "Policy") and related processes of CB Payments, Ltd ("CBPL" or the "Company"), and how CBPL prevents, identifies, records, manages and controls conflicts of interest that may impact CBPL and its clients.

2. Applicability

The Policy applies to all CBPL directors, executive management, and employees regardless of their employment contract and/or title, and including any natural person whose services are placed at the disposal and under the control of CBPL and who is involved in the provision by CBPL of regulated activities (e.g., 3rd parties, contractors, and part-time employees for the duration of their contract) (collectively, "Relevant Persons").

3. What is a Conflict of Interest

A 'conflict of interest' ("conflicts") may be defined as a situation where the interest of two or more parties may be incompatible, meaning that it is possible for one to benefit at the expense of another. This could be where a person is or may be in a position to derive personal benefit (or benefits for their friends and family) from actions or decisions made in their official capacity, and/or a situation in which an individual within an organisation has competing interests or loyalties. A person or organisation's 'vested interests' may raise questions as to whether their judgement, decision making, and actions can be unbiased.

Without adequate control, a conflict of interest may prevent the provision of services in an independent or impartial manner.

4. Identifying Conflicts of Interest

All Relevant Persons must avoid situations in which their personal interests may conflict, or appear to conflict, with the interests of CBPL and its clients. Everyone has a responsibility to exercise good judgement in all personal and business dealings, whether acting on behalf of CBPL or otherwise. Everyone should also avoid actions or relationships which might conflict or appear to conflict with their job or with the interests of CBPL, and identify and avoid conflicts of interests between CBPL clients.

It is not possible to list every situation that might give rise to a conflict of interest. It is, however, important to avoid not only any situation that is an obvious conflict of interest, but also to be aware of situations that might appear to be a conflict. These situations can include but are not limited to:

- Making a financial gain, or avoiding a financial loss at the expense of a client;

- Having an interest in the outcome of a service provided to a client, or a transaction carried out on their behalf, which is distinct from the client's interest;
- Having an incentive to favour the interest of one client, or client group, over that of other client(s) (e.g., as a result of a Relevant Person having a relationship linking them to one client);
- Carrying on the same business as a client;
- Conflicts between clients; or
- Receiving an inducement from third parties (other than a client) in relation to a service provided.

5. Preventing and Managing Conflicts of Interest

CBPL maintains robust internal controls and procedures to minimise conflicts of interest through implementing/ensuring the following, but not limited to:

- Adequate training of Relevant Persons on the CBPL Conflict of Interest Policy and related issues, as well as maintaining appropriate internal disclosure mechanisms and personnel to investigate and enforce penalties for violations;
- Agreements between CBPL and other entities in the Coinbase Group govern the relationship between the entities;
- Measures to prevent or limit conflicts of interest in the provision of investment and ancillary services to clients;
- Procedures to prevent or control the exchange of information between Relevant Persons (e.g., information barriers);

- Remuneration arrangements designed to promote sound and effective risk management, preventing excessive risk taking through an appropriate balance between fixed and variable remuneration dependent on the nature of the Relevant Person's role;
- Measures to prevent or limit any person from exercising inappropriate influence over the way in which a Relevant Person carries out investment or ancillary services or activities;
- Measures to prevent or control the simultaneous or sequential involvement of a Relevant Person in providing services where such involvement may raise conflicts of interest (e.g., segregation of duties);
- Personal account dealing restrictions applicable to all Relevant Persons and their close-linked associates;
- Adherence to all applicable policies related to gifts, business hospitality, inducements, etc. and the appropriate logging and control thereof; and
- Maintaining records of actual and potential conflicts of interests (and mitigating actions) as required.

CBPL ensures that the procedures and measures adopted are designed to ensure that staff engaged in different business activities involving a risk of a conflict of interest carry on those activities at a level of independence appropriate to the size and activities of CBPL, and of the group to which CBPL belongs, and to the materiality of the risk of damage to the interests of clients.

6. Disclosure and Declining to Act

Disclosure is only used as a last resort by the Company. The preference is to prevent conflicts through existing policies. However, if a conflict of interest arises that CBPL cannot properly manage through its existing policies, it will disclose the conflict to its clients. The disclosure will clearly state that CBPL's existing arrangements are not enough to reasonably ensure the conflict will not damage the client's interests.

The disclosure will provide, for example:

1. A specific description of the conflict that has arisen related to investment or other services provided to the client;
2. An explanation of the general nature and sources of conflicts at CBPL; and
3. Details of the risks the conflict poses to the client; and Steps taken by the Company to mitigate these risks; and
4. Enough detail for the client to make an informed decision about the service in the context of the conflict.

Alternatively, if CBPL determines that it is unable to manage a conflict of interest using one of the methods described in this policy, CBPL may choose to decline to act on behalf of the client concerned.