



# Directors Conflicts of Interest and Independence Policy

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## Table of Contents

1.	<b>PURPOSE</b> .....	4
2.	<b>SCOPE</b> .....	4
3.	<b>CONFLICTS OF INTEREST</b> .....	4
4.	<b>EXAMPLES OF WHERE CONFLICTS CAN ARISE</b> .....	5
5.	<b>REQUIREMENTS FOR IPSX DIRECTORS</b> .....	5
6.	<b>CONNECTED PERSONS AND RELATED PARTIES</b> .....	6
7.	<b>PERSONAL ACCOUNT TRADING</b> .....	7
8.	<b>DIRECTORS – RECOGNISED INVESTMENT EXCHANGES</b> .....	7
9.	<b>MANAGEMENT OF CONFLICTS</b> .....	8
10.	<b>INDEPENDENT NON-EXECUTIVE DIRECTORS OF IPSX</b> .....	8
11.	<b>NON-COMPLIANCE</b> .....	9

## 1. PURPOSE

The purpose of the Directors Conflicts of Interest and Independence Policy (“the Policy”) is to explain and define the responsibilities, obligations and potential or real conflicts of interest (collectively referred to as “conflicts of interest” or “conflict(s)”) of the Board of Directors (“the Board”) of IPSX UK Limited (“IPSX” or “the Exchange”).

The Policy describes circumstances that may give rise to conflicts of interest within the Board and sets out how they should be prevented, managed and disclosed. The Policy also sets out how instances of non-compliance should be dealt with.

## 2. SCOPE

The Policy applies to all conflicts of interest that may arise within the Board, such as between Directors and the Exchange’s users or between a Directors duties and responsibilities towards the Exchange and their engagement outside the Exchange.

All Directors must adhere to this policy.

The Exchange deems it acceptable for its executives to sit on more than one Board within the IPSX Group. However, if a conflict of interest arises, it must be managed in accordance with the procedures outlined in this Policy.

## 3. CONFLICTS OF INTEREST

On a general level, a conflict of interest arises in a situation where a person with responsibility to act in the interests of one person or entity may be influenced in his/her actions by an interest or association of their own, whether personal, business or employment related.

Risks of conflicts of interest usually arise in connection with prioritisation and a potential conflict of interest often becomes real in the context of decision making. It may involve one person being able to make a decision affecting another person, or holding/accessing information about another person, and the decision of the information received can be beneficial or harmful to the deciding/receiving person, or to a person related to them. A conflict of interest arises when:

- A person’s own private interests, personal or financial, interfere in any way (or could be perceived as interfering in any way) with the interests of the Exchange or its users;
- A person’s activities might raise questions as to whether they are action for personal gain or for the benefit of a third party, rather than in the interests of the Exchange or its users;
- A person could reasonably perceive that they owe a duty of loyalty to an entity or person which business interests are not aligned to those of the Exchange it its users;
- A person’s activities might raise questions as to whether they are actin in the Exchange’s commercial interests when they are acting on behalf of the Exchange, including for the benefit of a third party, in a way that conflicts with the regulatory requirements applicable to the Exchange.

## 4. EXAMPLES OF WHERE CONFLICTS CAN ARISE

Conflicts of interest may arise due to Directors’:

- Personal, professional or economic relationships with other persons or legal entities;
- Past or present positions held;
- Personal, professional or economic relationships with other Directors or senior executives;
- Other economic interests; or
- Other interests, including family interests, that may create actual conflicts of interest.

In particular, the following non-exhaustive list of circumstances may give rise to conflicts of interest:

- Involvement with a particular member firm to which a Director has a connection (through participation, current or previous managerial positions, association or similar);
- Involvement in a decision taken at a Board meeting for another company in the IPSX Group that is being decided upon at an Exchange Board meeting;
- Involvement in a decision affecting a specific team within the Exchange where the Director has a managerial position;
- A Director not being able to commit sufficient time to execute his/her responsibilities with the Exchange;
- Involvement with a competing market operator or an entity of a competing market operator’s group (contractual, through participation, association, employment or similar) or association directly with a shareholder whose ownership reaches or exceeds 5% of voting rights of a competing market operator;
- A family member secures a role which causes a conflict of interest;
- A Director takes on another directorship outside the IPSX Group;
- A Director has a connection to an entity which provides a service to the Exchange; or
- A Director has a financial interest in a particular decision.

## 5. REQUIREMENTS FOR IPSX DIRECTORS

Directors of IPSX must not permit their personal interests to conflict, or appear to conflict, with the interests of IPSX or its users or suppliers. Any potential conflict of interest must be reported without delay to the Chair of the Board. The actions of a Director who fails to fulfil his or her obligations under this Policy (or the IPSX Conflicts Policy) will be considered by the Board and, depending on the gravity of their failing, they may be removed from office.

It is acknowledged that conflicts may arise inadvertently through business or personal relationships with business associates, suppliers or competitors of IPSX. In the United Kingdom, directors of a company are under a statutory duty to avoid a situation in which they, directly or indirectly, have, or could have an interest that conflicts (or may conflict) with those of their company. This duty will not be infringed where:

- the situation cannot reasonably be regarded as likely to give rise to a conflict; or
- the Board has been previously advised of the conflict, or potential conflict, and steps have been taken to manage or mitigate.

Prior to appointment, prospective directors of IPSX will be advised of this Policy and the IPSX Conflicts Policy and the requirement to keep the Board informed of any conflicts or potential conflicts and to advise of any relevant changes in circumstance in relation to matters of which they have previously advised. Overall responsibility for managing conflicts of interest lies with the Board.

Directors are required to identify and report to the Board (prior to appointment and on an ongoing basis), any circumstances which may give rise to conflicts of interest that may impede their ability to perform their duties independently or subject them to undue influence due to:

- personal, professional or economic relationships with other persons;
- past or present positions held;
- past or present positions held by connected persons (as defined in UK Companies Act 2006); and
- all direct or indirect interests in existing or proposed transactions or arrangements with any such entities involved therein that have not been previously disclosed to the Board.

Directors will be expected to report the above to the Board on a prospective basis and, if appropriate seek the Board's approval before taking any action (such as serving on the Board of more than one organisation), that could give rise to a conflict of interest.

The IPSX UK Limited Board Register of Interests ("Register of Interests") records all disclosures in respect of directorships and other situations that may give rise to a conflict of interest. The Register of Interests and this Policy will be reviewed at least annually by the Board. The Board may also require directors (and prospective directors), to make an attestation committing them to satisfy ongoing obligations, to include identifying and reporting conflicts.

## 6. CONNECTED PERSONS AND RELATED PARTIES

In line with the requirement for employees of IPSX to make a Personal Declaration on an annual basis which confirms, inter alia, the identities of their Connected Persons, Directors of IPSX are required to make an annual declaration of their Connected Persons.

A Connected Person is any of the following:

- the spouse, partner, minor children and any other relative sharing the same household as the non-executive director;
- any other person to whose financial support the non-executive director materially contributes;
- any persons whose trading account is controlled or influenced by the non-executive director; and
- any legal person, trust or partnership, the managerial responsibilities of which are discharged by a person discharging managerial responsibilities or by a person referred to above, which is directly or indirectly controlled by such a person, which is set up for the benefit of such a person, or the economic interest of which are substantially equivalent to those of such a person.

Directors of IPSX are responsible for notifying their Connected Persons that they have identified them to IPSX as their Connected Persons.

A related party is a person's spouse or civil partner; a person (whether or not of the opposite sex) whose relationship with that person has the characteristic of the relationship between husband and wife; or that person's parent, brother, sister, child, grandparent or grandchild.

Transactions between Directors and their related parties which could constitute a conflict of interest, or be perceived as a conflict of interest in relation to the Exchange, shall be carried out on an arm's length basis. A Director shall disclose any such transaction with a related party in advance to the Board. The Board shall then assess whether the transaction may be approved.

## 7. PERSONAL ACCOUNT TRADING

In line with the requirement in the IPSX Personal Account Dealing Policy for IPSX employees to refrain from participating in IPOs on IPSX Markets and from trading in any securities traded on an IPSX Market, Directors of IPSX are also required to refrain from participating in IPOs on IPSX Markets and from trading in any securities traded on an IPSX Market.

Non-executive directors of IPSX are responsible for notifying their Connected Persons of these dealing restrictions.

## 8. DIRECTORS – RECOGNISED INVESTMENT EXCHANGES

The executive and non-executive (including independent non-executive) directors of IPSX must be aware of their particular obligations as members of the management body of a Recognised Investment Exchange. These are outlined in the Regulatory Responsibility Guide for Board Members which prospective directors of IPSX will be provided with prior to appointment.

In addition to the above overarching guidance on the nature of conflicts (or potential conflicts) that Directors must report to the Board, a Director must also disclose whether her or she:

- is or has been:
  - a shareholder whose participation reaches or exceeds 5% of voting rights of (i) IPSX, (ii) IPSX Group Limited or (iii) a competing market operator;
  - an officer of, or otherwise associated directly with, a shareholder whose participation reaches or exceeds 5% of voting rights of (i) IPSX, (ii) IPSX Group Limited or (iii) a competing market operator;
  - employed in the last 18 months in an executive capacity by (i) IPSX or another entity in IPSX's group or (ii) a competing market operator;
  - in the last 18 months a principal of a material professional adviser or a material consultant to (i) IPSX or another entity in IPSX's group or (ii) a competing market operator, or an employee materially associated with the service provided;
  - in the last 18 months a shareholder whose participation reaches or exceeds 5% of voting rights or a member of the management body of a company listed on a market IPSX operates;
  - a material supplier or customer of (i) IPSX or another entity in IPSX's group or (ii) a competing market operator, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;

- has or used to have any other material contractual relationship with IPSX or another entity in IPSX's group or a competing market operator, other than as a member of the management body.

The above circumstances are not exhaustive and the IPSX Board will consider each Director's particular circumstances in determining (on an ongoing basis) whether it gives rise to a conflict or a potential conflict of interest and if so, whether it precludes a Director from performing his or her role or whether there are mitigants that may be put in place.

## 9. MANAGEMENT OF CONFLICTS

Each Director must promptly disclose the circumstances described in sections 5 and 8 of this Policy.

The existence of a circumstance that may give rise to a conflict of interest does not automatically exclude a director from taking (or continuing to perform) a role. The Board will consider the particular nature of a director's circumstances and consider its effect on the director's ability to perform his or her role. The Board may consider whether there are mitigants that can or should be put in place such as, but not limited to:

- Requiring the Director to leave the meeting for the duration of any discussion on the matter to which the conflict relates;
- Requiring the Director to abstain from voting on the matter to which the conflict relates; or
- Putting in place specific measures to ensure matters are dealt with on an arms-length basis.

If the Chair of the Board is conflicted, he/she must notify the Board and appoint another Director to deal with the matter in accordance with the above.

If a conflict of interest arises that may be of a permanent nature, the impacted Director should consider the need for them to resign from the Board.

If the Chair of the Board identifies that a Director is frequently conflicted, he/she may ask the Director to resign from the Board.

## 10. INDEPENDENT NON-EXECUTIVE DIRECTORS OF IPSX

The IPSX Board shall have at least two members who are Independent Non-Executive Directors ("INEDs"), and the Board will be chaired by such an INED. The annual reports of IPSX will identify all INEDs during the relevant period.

In order to ensure an INED's independence in character and judgement, INEDs are subject to particular scrutiny. In determining whether an individual is sufficiently independent to perform the role required of an INED, the Board will consider as a minimum whether the individual in question:

- has been an employee of the group in the last five years;
- has or has had within the last three years a material business relationship with the entity to which they are to be appointed (or a group entity) either directly or as a partner, shareholder, director or senior employee of a body that has such a relationship with such an entity;
- has received or receives additional remuneration from the group apart from a director's fee, participates in a group entity's share option or a performance related pay scheme, or is a member of a group pension scheme;

- has close family ties with any of IPSX's advisers, directors or senior employees, or those of its parent company;
- holds cross-directorships or has significant links with other directors through involvement in other companies or bodies;
- represents a significant shareholder; or
- has served on the board for more than nine years from the date of their first election.

The above circumstances are not exhaustive, and the Board will consider each INED's particular circumstances and relationships in determining (on an ongoing basis) whether they are sufficiently independent.

The Board may determine that, notwithstanding the existence of circumstances or relationships that appear to compromise an individual's independence (of the nature set out above or otherwise), it remains appropriate for them to perform their INED role. In such circumstances the Annual Report will detail both the circumstances/relationship in question and the Board's reasons for determining the individual to be sufficiently independent nonetheless.

## II. NON-COMPLIANCE

Any non-compliance with this Policy should be escalated to the next Board meeting, or immediately if necessary, and the Board shall decide on the measures to be taken.



**International Property  
Securities Exchange**

15 Stratton Street  
London W1J 5NG  
1 Farnham Road  
Guildford GU2 4RG

**T** +44 (0)20 3931 8800



**ipsx.com**

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