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1. Introduction

This document summarises Wilshire UK OpCo Ltd’s (Wilshire Indexes) Conflicts of Interest Policy in compliance with its regulatory obligations, including those set out in the FCA Handbook and the UK Benchmark Regulation (UK BMR).

It contains a high-level summary of the types of conflicts of interest that are relevant to the Wilshire Indexes benchmark administration business and the means by which those conflicts are managed, mitigated and monitored.

Wilshire Indexes administers non-significant benchmarks for the purposes of the UK BMR and undertakes certain other related activities such as providing portfolio analytics tools and an industry classification system. Wilshire Indexes is a wholly owned subsidiary company within the Wilshire group of companies. It maintains its own infrastructure, oversight and monitoring for the determination of its benchmarks, but it avails itself of certain group functions including HR, Finance, IT, Legal and Compliance. Wilshire Indexes also incorporates group committees in its governance oversight framework including the group Operating Committee, the Risk and Compliance Committee and the Conflicts Management Committee.

Wilshire Indexes is not a participant in the market or economic reality that Wilshire Indexes seek to measure. However other businesses within the Wilshire group carry out investment analysis, management and advisory activities that may participate in these markets and economic realities.

This policy sits alongside the Wilshire group Conflicts of Interest Policy which is designed to ensure that Wilshire group conflicts are identified and properly managed across the various group companies, products and services.

2. Application of the Policy

Wilshire Indexes’ conflicts of interest policy applies to directors, employees, contractors and consultants of Wilshire Indexes (Relevant Persons).

3. Governance and Arrangements

Wilshire Indexes has in place robust governance arrangements which include a clear organisational structure and a framework to identify and to prevent or manage potential conflicts of interest and to ensure that where any judgement or discretion in the benchmark determination process is required, it is independently and honestly exercised.

Wilshire Indexes’ Board of Directors (the Board) has overall responsibility for the oversight of the provision of indices used as benchmarks as defined by the UK BMR. The Board has no day-to-day involvement in the provision of the benchmarks, but has the requisite expertise and experience required to provide oversight and ensure compliance with the UK BMR. The Board is governed by the Board Terms of Reference and the Articles of Association of Wilshire Indexes.

The Board is subject to oversight and challenge from the Wilshire group Risk and Compliance Committee, the Wilshire group Conflicts Management Committee and the Wilshire group Audit Committee; the Audit Committee is constituted as a sub-committee of the Wilshire group Board. These collectively perform an oversight function and are governed by their own Terms of Reference and other control documentation.

In order to recognize, manage and mitigate conflicts of interest, Wilshire Indexes has established various procedures and controls including:

- Embedding a strong regulatory culture and philosophy, as established by the Board of Directors and senior management including through the operation of the Undue Influence and Anti-Corruption Policy, Code of Ethics and Personal Trading and Outside Activities Policy.
- Managing conflicts of interest and confidentiality obligations through physical conflict/ethical walls, IT operational restrictions and contractual controls.
1. Wilshire Indexes Conflicts of Interest Policy

- All employees, Advisory Group and Committee members and board members are provided with the conflicts policy and are required to notify Wilshire Indexes of any personal or professional relationship or interests.
- The Conflicts of Interest Register.

4. Identification of Conflicts

A conflict or potential conflict of interest occurs where competing obligations or motivations result in, or are likely to result in, material risk of damage to the interests of Wilshire Indexes’ clients and users or another client.

These conflicts and potential conflicts may be personal or corporate issues that apply to business of Wilshire Indexes and Wilshire group.

Conflicts or potential conflicts are identified by the Wilshire Indexes Compliance Officer who is also responsible for the maintenance of the Wilshire Indexes Conflicts of Interest Register.

For the purposes of identifying the types of conflict of interest that arise, or may arise, Wilshire Indexes will take account of the factors identified in the Appendix, below.

5. Conflict of Interest Management

Each conflict of interest identified is managed and monitored. The following types of procedures and measures may be utilised by Wilshire Indexes as appropriate when managing conflicts of interest:

- Organisational structure: Wilshire Indexes maintains a robust governance structure with clear reporting lines. All roles and responsibilities are transparently defined in order to maintain effective control and avoid conflicts of interest. Wilshire Indexes is a separate legal entity within the Wilshire group. Any interaction with other group entities and facilities related to the Wilshire Indexes benchmarks is on an arm’s-length basis.

- Control of information: Controlling the exchange of information between opposing sides of a conflict of interest. An information barrier prevents the disclosure of confidential information and Material Non-Public Information (MNPI) from passing between the Wilshire Indexes benchmark business and the Wilshire group adviser/manager/arranger business (Please see the Compliance Manual and the Market Abuse Policy for further details including the meaning of MNPI for UK Market Abuse Regulation (MAR) purposes). The Wilshire group adviser/arranger business is physically separated from the Wilshire Indexes as these activities take place entirely from outside the UK. The systems used to administer benchmarks have strong access control to limit access only to Wilshire Indexes employees or contractors with appropriate credentials. In addition, Relevant Persons do not have access to MNPI and confidential information maintained by the Wilshire adviser/manager/arranger businesses.

- Removal of remuneration conflicts risks: Wilshire Indexes’ employees’ remuneration is not linked to the performance of the Wilshire Indexes benchmarks.

- Training: All Relevant Persons are required to participate in the compliance training program. This includes detailed and specific training on potential Conflicts of Interest situations. All Relevant Persons are required to review the Conflicts of Interest Policy annually and/or when the Conflicts of Interest Policy has been updated.

- Fit and proper assessment: All employees are assessed to ensure that they have the necessary skills, knowledge and experience to undertake their duties and role. They are subject to management and oversight to ensure that (a) the benchmark is administered in accordance with the UK BMR and MAR; and (b) conflicts of interests are properly identified, managed and monitored.
• Segregation of duties: In accordance with the UK BMR, no employee directly involved in the provision of a benchmark administered by Wilshire Indexes may have any interests or business connections that compromise the benchmark activities of Wilshire Indexes or give rise to a conflict of interest.

• Oversight: If it is established that a conflict might exist between two clients, this will be considered at the Wilshire Indexes Executive Committee and the advice of the Compliance Officer will be sought, who may in turn seek the advice of the Conflicts Management Committee.

• Announcements: Any statements relating to changes in the methodology of a benchmark administered by Wilshire Indexes are made transparently and simultaneously via different communication channels, where relevant. This ensures that no market participant or user has information earlier than another that could lead to an unfair market advantage.

• Disclosure: Where the measures implemented to manage conflicts described above are insufficient to ensure, with reasonable confidence, that material risk of damage will be prevented, then the nature of the conflicts of interest arising will be disclosed as required under the UK BMR and the FCA Rules and raised to the Conflicts Management Committee.

6. Governance Monitoring and Reporting

Wilshire Indexes’ Executive Committee engages fully with the conflicts of interest identification and management process and take responsibility for the active ownership of conflicts of interest.

All Relevant Persons are required to declare any potential conflict of interest that arises or may potentially arise in the course of their work to the Wilshire Indexes Compliance Officer. This may include, for example, a potential conflict which arises at a meeting or during discussions.

Any Wilshire Indexes Relevant Person who is potentially conflicted must disclose this to the Wilshire Indexes Compliance Officer, whether the conflict arises during the course of their employment at Wilshire Indexes or from external factors (such as outside or family associations)

7. Record Keeping

The Wilshire Indexes Compliance Officer will retain records of:

• conflict and potential conflict scenarios;
• the appropriate mitigation strategy in each case;
• ownership of the ongoing management of the conflict;
• where appropriate, an assessment of the effectiveness of the mitigation strategy; and
• regular reviews of conflicts situations will be undertaken to maintain effective and appropriate management.

The Wilshire Indexes Compliance Officer will retain:

• all versions of this Conflicts of Interest Policy;
• management information provided in relation to the conflicts procedures, including any breaches of the Policy and subsequent remedial action; and
• all versions of the Conflicts of Interest Register.

All of the records mentioned above will be kept for a minimum of five years.
8. Responsibility in respect of the Policy

This Conflicts of Interest Policy is owned by the Wilshire Indexes Executive Committee. It is reviewed at least annually by the Wilshire group Conflicts Management Committee and if there are changes to the business and regulation applicable to the business. The results of that review including any recommendations for enhancements are made to the Board of Directors of Wilshire Indexes who in turn may request that the Wilshire Indexes Executive Committee implement said recommendations.

POLICY UPDATES:

05 October 2022
APPENDIX

Examples of potential conflicts of interest

For the purposes of identifying the types of conflict of interest that arise, or may arise, Wilshire Indexes will take account of the following factors:

- **MNPI:** Wilshire Indexes Relevant Persons may be in possession of material non-public information that may affect the future constitution or level of a Wilshire Benchmark.

- **CONFIDENTIAL INFORMATION:** Wilshire Indexes Relevant Persons may be in possession of confidential information regarding a user, client or a company which they may seek to use or disclose for personal or corporate benefit.

- **PERSONAL INTEREST:** Wilshire Indexes Relevant Persons may be in a position to improperly influence the determination of a Wilshire Benchmark, either through trading constituents, or potential constituents, on a personal basis, or through the manipulation of input or output files used in the determination process.

- **CORPORATE BOUNDARIES:** Wilshire Indexes is part of the group of Wilshire companies and conflicts, or perceived conflicts, may arise as a consequence of its membership of the group. For example, a client of a group business might attempt to influence decisions about the composition of a Wilshire Benchmark or the treatment of an event in a Wilshire Benchmark, to the advantage of the client.

- **COMPETING CLIENT INTERESTS:** Wilshire Indexes may have a financial or other incentive to favour the interest of one client over the interest of another client when taking decisions that require the exercise of expert judgement.

- **COMPETING INTERNAL INTERESTS:** Another group company might develop and market products or services based on a Wilshire index thereby creating a potential conflict of interest with other, arm’s length, clients.

More information

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