

Measures to Prevent Conflicts of Interest



The management and preferential sale of in-house investment products is the main source of conflicts of interest in the financial sector. As VZ does not market any of its own financial instruments, such a conflict of interest is excluded. However, conflicts of interest are also possible in other areas. This information sheet sets out how VZ addresses those potential conflicts of interest.

Other conflicts of interest

- Conflicts of interest between employees and clients:
Employees who are aware of orders from clients prioritise transactions they are entering into on their own account.
- Conflicts of interest between the financial institution and clients:
The financial institution prioritises recommendation of financial instruments for which the highest portfolio management commissions are payable and does not pass those commissions on to the clients.
- Conflicts of interest between several clients:
Employees give preference to clients with whom they are related or with whom they have another close relationship (agency relationship, employment, etc.).

How VZ deals with conflicts of interest

Identification of conflicts of interest

The relevant internal VZ Group instruction describes the scenarios in which conflicts of interest arise, how they can be avoided and what to do if a conflict of interest cannot be avoided. This instruction applies to all employees of VZ Group.

Prevention and minimisation

The following principles, instructions and contractual arrangements help to avoid conflicts of interest:

- Consistently passing on compensation from third parties (fund management companies, issuers, brokers, etc.) to clients
- Rules of recusal
- Market conduct rules (self-dealing, custodian bank duty)
- Rules on mandates and secondary employment of employees
- Rules on accepting and offering gifts
- Rules on organisational and functional separation (not all employees can carry out every action)
- Best execution rules (processing securities transactions produces the best possible result for clients, taking into account all costs and risks)
- Incentive system (to be taken into consideration during employee reviews)

Disclosure

If a conflict of interest cannot be avoided, VZ is to inform its clients in a transparent manner (contracts, factsheets, website or in person).

