

# Annex – Information on BCV's policy for managing conflicts of interest



Category	Type	Description	Measures	Objectives
<p>A</p> <p>Conflicts of interest between BCV and one or more clients</p>	Incentives received from third parties	<ul style="list-style-type: none"> <li>If BCV receives monetary (e.g., retrocessions and financial advantages) or non-monetary benefits from third parties, a conflict of interest with the Bank's duty of loyalty to its clients could arise.</li> </ul>	<ul style="list-style-type: none"> <li>Using financial instruments without retrocessions</li> <li>Separating the functions of the investment team and the department that receives the monetary benefits</li> <li>Keeping financial analysis fees and transaction fees separate</li> </ul>	<ul style="list-style-type: none"> <li>To prevent a breach of the Bank's duty of loyalty to its clients</li> </ul>
	Proprietary trading transactions	<ul style="list-style-type: none"> <li>If BCV carries out a proprietary trading transaction based on insider knowledge of a client's trade order, a conflict of interest with BCV's duty of loyalty to its clients could arise. This is the case whether the transaction is carried out before ("front-running"), at the same time ("parallel-running"), or after ("after-running") the client's order is executed.</li> </ul>	<ul style="list-style-type: none"> <li>Internal directive on market operations and obligations to investors</li> <li>Conducting an independent audit of proprietary trading transactions</li> </ul>	<ul style="list-style-type: none"> <li>To prevent a breach of the Bank's duty of loyalty to its clients</li> </ul>
	Investing in BCV products	<ul style="list-style-type: none"> <li>If an excessive portion of a client's portfolio is invested in BCV products and those products are not in line with the client's profile or investment objectives, a conflict of interest with the Bank's duty of loyalty to its clients could arise.</li> </ul>	<ul style="list-style-type: none"> <li>Internal investment policy</li> <li>Implementing diversification measures</li> </ul>	<ul style="list-style-type: none"> <li>To prevent an excessive, unjustified concentration of BCV products in clients' portfolios</li> </ul>
	Transactions with no economic interest	<ul style="list-style-type: none"> <li>Clients' securities may be traded merely to increase the transaction volume and generate greater revenues for the Bank ("churning") and therefore not be in the clients' economic interest.</li> </ul>	<ul style="list-style-type: none"> <li>Using an all-in fee</li> <li>Internal directive on market operations and obligations to investors</li> <li>Prohibiting transactions with no economic interest</li> </ul>	<ul style="list-style-type: none"> <li>To prevent transactions from being carried out solely to generate revenues for the Bank</li> </ul>

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<b>B</b> Conflicts of interest between BCV employees and one or more clients	Employee transactions	<ul style="list-style-type: none"> <li>If BCV carries out a proprietary trading transaction based on insider knowledge of a client's trade order, a conflict of interest with BCV's duty of loyalty to its clients could arise. This is the case whether the transaction is carried out before ("front-running"), at the same time ("parallel-running"), or after ("after-running") the client's order is executed.</li> <li>Insider information could be misused for an employee's or third party's own benefit.</li> </ul>	<ul style="list-style-type: none"> <li>Internal directive on employee transactions</li> <li>Internal directive on market operations and obligations to investors</li> <li>All employees undergo training, and Asset Management employees commit to abide by the rules in place to prevent market abuse</li> <li>Compliance team monitors transactions</li> </ul>	<ul style="list-style-type: none"> <li>To prevent a breach of the Bank's duty of loyalty to its clients</li> <li>To prevent employees from committing market abuse</li> </ul>
	Employee compensation (e.g., variable components, gifts, and invitations)	<ul style="list-style-type: none"> <li>If the variable component makes up a significant portion of an employee's compensation, they might be motivated to provide financial services that are not in line with clients' needs.</li> <li>If a BCV employee accepts monetary or non-monetary benefits (e.g., gifts and invitations), a conflict of interest with the Bank's duty of loyalty to its clients could arise.</li> </ul>	<ul style="list-style-type: none"> <li>Internal directive on employee transactions, employee handbook, and policy on variable compensation</li> <li>Employees are prohibited from soliciting or accepting gifts or other benefits, except for customary, infrequent, or symbolic gifts, or gifts with little monetary value</li> </ul>	<ul style="list-style-type: none"> <li>To prevent a breach of the Bank's duty of loyalty to its clients</li> </ul>
	An employee's outside activities	<ul style="list-style-type: none"> <li>An employee's outside activities could create a conflict of interest with their duty of loyalty to clients (e.g., if the employee is a real-estate agent).</li> </ul>	<ul style="list-style-type: none"> <li>Internal directive on employee transactions and employee handbook</li> <li>Employees must get the Bank's approval before beginning an outside activity; certain types of activities that may create a conflict of interest are prohibited</li> </ul>	<ul style="list-style-type: none"> <li>To prevent employees' personal objectives from interfering with their duty of loyalty to clients</li> <li>To keep track of and approve employees' activities outside the Bank.</li> </ul>

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<b>C</b> Conflicts of interest between two or more clients	Allotments on the primary market	<ul style="list-style-type: none"> <li>A client may be placed at a disadvantage without a valid reason, especially during primary issues, and in violation of BCV's internal rules on allotments.</li> </ul>	<ul style="list-style-type: none"> <li>Internal directive on allotments during a primary issue</li> <li>Rules on subscriptions, oversubscriptions, and allotments on the primary market in Switzerland</li> </ul>	<ul style="list-style-type: none"> <li>To prevent arbitrary allotments during primary issues</li> </ul>
	Allocations when bulk orders are placed	<ul style="list-style-type: none"> <li>A client may be placed at a disadvantage without a valid reason when partial fills of bulk orders must be allocated.</li> </ul>	<ul style="list-style-type: none"> <li>Internal directive on market operations and obligations to investors</li> <li>Allocating partial fills of bulk orders proportionally based on original quantity proportions; rules are in place for when quantities cannot be allocated proportionally</li> </ul>	<ul style="list-style-type: none"> <li>To prevent arbitrary allocations of partial fills</li> </ul>
	Setting the price in cross trades between two BCV clients	<ul style="list-style-type: none"> <li>The trade price could be set without reference to the market price and, as a result, be more advantageous for one client over another.</li> </ul>	<ul style="list-style-type: none"> <li>Internal directive on market operations and obligations to investors</li> <li>Internal procedure to protect the interests of the various clients concerned</li> </ul>	<ul style="list-style-type: none"> <li>To prevent cross trades between clients from being carried out at a price that would benefit one more than another</li> </ul>