

Managing Conflicts of Interest in the Trading and Capital Markets Business

Summary of Policies and Procedures

1 Introduction

Zürcher Kantonalbank offers a broad range of financial services and products in the areas of trading and capital market business as well as research, and serves a broad and diverse client base in different capacities. ZKB may also trade on its own account in these business areas. Consequently, potential conflicts of clients' interests, or conflicts between Zürcher Kantonalbank's and clients' interests, are to a certain extent unavoidable. Zürcher Kantonalbank has policies and procedures in place to identify and prevent or manage conflicts (or perceived conflicts) of interest. This document summarises these policies and procedures, issued specifically for the trading and capital market business as well as research, including detailed disclosures for certain business activities (cf. below section 2 "Detailed Disclosures for Certain Business Activities").

In this document, both Zürcher Kantonalbank's clients (owning an account / safe custody account with Zürcher Kantonalbank) and/or its counterparties (without account) are referred to as "clients".

2 Detailed Disclosures for Certain Business Activities

Zürcher Kantonalbank has published detailed disclosures in accordance with its policies and procedures for managing conflicts of interest as follows:

2.1 General Disclosure of Conflicts of Interest

For each of the business areas covered by this document, Zürcher Kantonalbank has identified a number of specific activities giving rise to conflicts of interest. In its document "Information on the Trading, Capital Market and Research Activities", Zürcher Kantonalbank discloses such potential conflicts of interest. This document can be viewed at [ZKB trading](#).

2.2 Information on Trading in Foreign Exchange and Precious Metals

Zürcher Kantonalbank provides services in foreign exchange and precious metals in accordance with international standards, in particular the FX Global Code and the Global Precious Metal Code. Detailed disclosures in this regard can be found at [ZKB trading](#).

2.3 Best Execution Policy

The Best Execution Policy sets forth information relating to the measures which Zürcher Kantonalbank has in place to achieve the best possible order execution of client orders to purchase or sell securities or other financial instruments. The Best Execution Policy can be found at [ZKB trading](#).

3 Measures and Procedures Implemented by Zürcher Kantonalbank

The following provides an overview of the measures and procedures related to conflicts of interest implemented by Zürcher Kantonalbank in its Trading, Sales, Research and Capital Markets business units:

- **Reporting Obligation:** Each employee – in accordance with a respective internal Directive - reports new conflicts of interest to management if and when they arise.
- **Dealing with Conflicts of Interest:** If possible, Zürcher Kantonalbank takes measures such as putting in place limits on flow of information (Chinese walls) or separating conflicting business activities organizationally to eliminate conflicts of interest, or at least adverse consequences for clients. In case where the latter is not possible, conflicts of interest are disclosed to clients, and may be subject to their consent.

- **Senior Management Involvement:** Only senior management has the competence to sign off on business involving conflicts of interest.
- **Register of Conflicts of Interest:** Zürcher Kantonalbank maintains a register of substantial conflicts of interest which cannot be avoided including the relevant measures to mitigate such conflicts of interest.
- **Rules of Conduct:** Zürcher Kantonalbank has detailed policies on how to deal with specific conflicts of interest for its employees
- **Reorganizations:** Consultation of Legal & Compliance is required in case of reorganizations of the trading business.
- **Best Execution Policy:** Zürcher Kantonalbank aims to achieve the best possible order execution of client orders, and has a published Best Execution Policy.
- **Internal Controls:** Zürcher Kantonalbank has adequate internal controls to ensure compliance of employees with the policies and procedures described herein.
- **Automation:** Certain decisions involving conflicting interests may be automated to avoid biases (e.g. fairness algorithm).

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