

# Conflict of Interest Policy (the “Policy”)

May 2021

## 1. Introduction

Certain interests or activities of MV Index Solutions GmbH (“**MVIS**”) employees may involve a significant and actual or potential conflict with the interests or activities of MVIS and/or its clients, or may give the appearance of a conflict even though no actual or potential conflict exists. Each employee must be alert to such conflicts of interest, potential or actual, and should scrupulously examine and avoid any such activity or situation in which personal behavior directly or indirectly conflicts or may give rise to an appearance of conflict with the interest of MVIS or its clients. MVIS has adopted this Policy that MVIS’ employees are required to comply with.

Furthermore, MVIS has implemented a range of policies and procedures including the Outside Business Activity Policy, Personal Securities Transaction Policy and the Gifts and Entertainment Policy<sup>1</sup> in order to identify and to prevent and/or manage conflicts of interest between MVIS, its managers, employees or any person directly or indirectly linked to MVIS by control, and contributors or users, and to ensure that, especially where any judgement or discretion in the benchmark determination process is required, it is independently and honestly exercised.

MVIS will make every effort to avoid conflicts of interest in the conduct of its index administration business. The Policy has been put in place by MVIS to show its commitment to a high standard of governance and compliance and especially to comply with its regulatory obligations and the provisions of the Benchmark Regulation (“BMR”). The Policy demonstrates how MVIS evaluates, analyses and deals with conflicts of interest should they arise from time to time.

## 2. Criteria for Identification of Conflicts of Interest

As one of the core managerial and organisational measure to identify, manage and mitigate conflicts of interest MVIS conducts an annual conflict of interest review with all MVIS employees and further employees of the VanEck Group. If this is reasonably required to protect the integrity and independence of the relevant index MVIS defines mitigating procedures, strategies and/or measures. The result of this review will be considered for the annual update of the Policy.

For the purposes of identifying the types of conflict of interest that arise in the course of index administration and related activities situations and circumstances are considered whose existence may damage the interests of MVIS’ clients, of MVIS and/or the integrity of the capital markets (“**Col Related Risk**”). For this purpose MVIS takes into account, by way of minimum criteria, the questions of whether MVIS or the persons directly or indirectly involved whether as a result of providing services to MVIS or otherwise:

- (i) is likely to make a financial gain, or avoid a financial loss, at the expense of MVIS or MVIS’ clients;
- (ii) has an interest in the outcome of a service or an activity provided to MVIS or an interest in the outcome of a service carried out on behalf of MVIS, which is distinct from MVIS’ interest in the outcome;

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<sup>1</sup> There polices are set forth in the Code of Ethics and Code of Business Conduct at the VanEck Group level.

- (iii) has a financial or other incentive to favor the interests of another client or group of clients or third parties over the interests of MVIS;
- (iv) carries on the same activities for MVIS and for another client or clients;
- (v) receives or will receive payments from third parties for services provided to MVIS, in the form of monies, goods or services other than the standard fee for that service.

### 3. Determined Potential Conflicts of Interest

#### a. Employees related Conflicts of Interest

Employees of MVIS have access to sensitive information especially around the rebalancing of indices. There is however a global personal trading policy and set-up which materially mitigates the risk of front running and/or any investment decisions by employees which could result in a Col Related Risk.

#### b. Clients related Conflicts of Interest

Clients may have different intentions and interest and related wishes with regards to the composition of an Index. Especially in case of a rebalancing some clients might prefer to add a component and other would rather prefer to not add a component. MVIS has clear rules on how to change the index methodology and how to apply discretion. The governance set-up also ensures that MVIS decisions are not driven by client interest. There is no coordination or communication with clients about possible outcome of a rebalancing before the result is officially published on MVIS' website. Discretionary decisions in extraordinary situations are always escalated and reviewed by the Independent Oversight Function (“**IOF**”).

#### c. Self Indexing

MVIS' indices are heavily used to manage VanEck Vectors ETFs advised by Van Eck Associates Corporation (“**VEAC**”), an investment adviser registered under the Investment Advisers Act 1940 by the SEC. MVIS is an affiliated person of VEAC. A potential conflict of interest arises from this self-indexing.

Many of the MVIS' indices are used by VanEck ETFs/ETNs managed by Van Eck Associates Corporation (“**VEAC**”) or other VanEck entities. MVIS is indirectly wholly owned by VEAC, and is an affiliate to other VanEck entities. To this extent, a potential conflict of interest may arise from this self-indexing.

However, this potential conflict of interest will not have any impact on the operation of the relevant indices used by VEAC and other VanEck entities because the indices will maintain transparency, the self-indexed funds/products' composition will be transparent, and MVIS, VEAC and other VanEck entities have adopted mitigating factors and transparency as well as policies and procedures to address any potential conflict of interest.

#### d. Ownership Structure

VEAC has the responsibility to appoint and replace MVIS's Managing Directors. VEAC shall assess and document its related consideration of possible conflicts of interest. It will consider any new conflicts arising in relation to Managing Directors during the Advisory Board meetings. Where conflicts of interest arise in relation to Managing Directors, the Advisory Board shall

ensure that they are noted in the minutes. MVIS will maintain and regularly update a record of the types of activities undertaken by or on its behalf in which a conflict of interest involving a material Col Related Risk has arisen or may arise.

#### 4. Conflicts of Interest Procedures – Mitigating Measures

In the event that a conflict of interest arises, the Mitigation Measures set out below are designed to ensure that the relevant persons engaged in different index administration activities of MVIS involving a conflict of interest carry on those activities at a level of independence appropriate to the size and activities of MVIS and of the group to which it belongs and to the materiality of the Col Related Risk.

In the event that any of the procedures and/or measures applied by MVIS to manage any actual or potential conflicts of interest are not sufficient to ensure, with reasonable confidence, that the Col Related Risk will be prevented, MVIS will promptly take any necessary decision to ensure that MVIS acts in the best interests of its clients and the integrity of its indices and the capital markets.

If on-going conflicts of interest arise, which are considered to be impacting the ability of MVIS to act in the best interests of its clients and the integrity of its indices and of the capital markets consideration shall be given to sustainably changing the relevant situation.

The key element of the mitigation factors are as follows:

MVIS publishes in the public domain, including on its website and the self-indexing funds' website the rules that govern the construction and maintenance of each of the underlying indices. This will prevent VEAC and other VanEck entities from possessing any advantage over other market participants by virtue of its affiliation with MVIS. The identity and weightings of the component securities of an underlying index for a self-indexing funds will be readily ascertainable by anyone, since the rules-based process will be publicly available.

The rules-based process could be modified for example to reflect changes in the underlying market tracked by an underlying index, the way in which the rules-based process takes into account market events or to change the way a corporate action, such as a stock split, is handled. Such changes would only take effect after a defined period and until MVIS has given the relevant calculation agent reasonable written notice of such rule changes, and the investing public an appropriate published notice that such changes will be implemented.

Furthermore, each underlying index will be reconstituted or rebalanced on at least an annual basis but not more frequently than monthly.

The calculation of the underlying indices has been delegated to independent (non-affiliated) calculation agents.

The index management is operationally separated from any part of VEAC and other VanEck entities that may create an actual or potential conflict of interest. MVIS, VEAC and other VanEck entities have adopted and implemented policies and procedures to minimize or eliminate any potential conflict of interest. The policies and procedures limit and/or prohibit communication with respect to issues and/or information related to the maintenance, calculation and reconstitution of the underlying indices between MVIS and VanEck entities until such information is publicly announced. MVIS' employees will not have any responsibility for the management of the self-indexing funds.

MVIS will consider the conflict of interest for any discretionary decision related to the index management, review and dissemination and will particularly ensure that interest of users, investors in related products and the integrity of the market will be reasonably considered in a balanced and healthy way. In case of doubts the relevant situation will be discussed and reviewed with the Independent Oversight Function.

## 5. Conflict of Interest Disclosure and Publication

MVIS publishes or discloses all existing or potential conflicts of interest to users of a benchmark, to the relevant competent authority and, where relevant, to contributors, including conflicts of interest arising from the ownership or control of the administrator.

## 6. Updating Procedures

MVIS' conflict of interest policies and procedures are subject to annual reviews and updates. The review will especially focus on the degree of discretion exercised in the benchmark determination process and the risks that the benchmark poses and is intended to ensure the confidentiality of information contributed to or produced by MVIS, subject to the disclosure and transparency obligations under the Benchmark Regulation; and specifically mitigate conflicts of interest as a result of Van Eck Associates Corporation's possible influence.