

# HZPC AIMS TO SECURE FUTURE CERTIFICATE TRADE WITH NEW PLATFORM

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*Avoiding risks and new opportunities for certificate holders were the deciding factors in the choice to move responsibilities for certificate trading*

The HZPC Association is now responsible for the trade in certificates. Regulations are expanding in this context and supervision is becoming more stringent so there is very good reason to examine whether the trade can be organised differently. HZPC is therefore talking to Captin, a Dutch company that takes care of share trading for other agricultural companies too.



Captin is already a partner to HZPC; they are currently responsible for facilitating certificate trading. This collaboration will be expanded with the new platform. Jordan van Vilsteren, CFO HZPC: 'The trade in certificates must be well organised and risks must be minimised. So, there comes a point when you move the liability to specialists.' At the same time, HZPC is significantly expanding the trading options in certificates.

The board is sure that the advantages of this move exceed the disadvantages of the (one-off) administrative obligations for the certificate holders. What remains unchanged is that there will be two trading moments per year (April and October), we will continue to have an online platform that is comparable to our current platform, and the certificates will be traded in euros.

### New opportunities

- The newly updated platform from Captin will deliver the following changes:
- 20% bandwidth between sales and purchase prices instead of the current 10%
  - Transparent order book (within the platform) in which bids and asking prices from interested buyers and sellers are visible during the trading period
  - Opportunity to buy or sell at any time (during the trading period) at various rates (continuous pricing instead of one price at the end of the period)

The expected consequences of these changes are that the trading process will become more transparent and the trade in certificates will increase; this is positive for the certificate holder and may generate a rate that reflects the appropriate relationship between supply and demand.

### HZPC risks with Captin

In the new situation, the liability for efficiently organising the trading regulations lies with Captin and no longer with HZPC Association. Jordan van Vilsteren: 'Although we have always done well in terms of the trade in certificates, we can see that regulations are expanding and supervision is becoming increasingly strict. This is the right course of action but we must do all we can to prevent HZPC suffering in any way if anything were to go wrong with the trade. That is why it feels more comfortable to shift the responsibilities to a professional organisation. In the new situation, for example, we will no longer be responsible for identifying potential money-laundering constructions or checking whether there is a risk of terrorism being financed. There are significant sanctions for failing to fulfil these obligations.

We are a potato grower and want to provide the world with food. And we would like to carry on doing so into the future. So, everything must relate back to this goal and must be organised accordingly.'

### Captin

The board has been satisfied with the collaboration with Captin, which used to be part of the private bank Van Lanschot. Jordan van Vilsteren: 'We are in the fortunate situation that we can benefit from the experience that Captin has gained with similar situations.'

Tim Heutz, Operations manager at Captin: 'The situation at HZPC is very similar to other agricultural companies. These businesses organise their certificate trading using the same methods that HZPC would like to apply. The certificate holders from these organisations can trade directly with one another instead of working with the company or association as an intermediary. This ensures that there can never be any conflicts of interest.'

Captin is a financial institution that is located in Amsterdam. They offer their services under the supervision of the Financial Markets Authority (AFM) and De Nederlandsche Bank (DNB).

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### By growers, for growers

Jordan van Vilsteren: 'I can't say it often enough; the trade in certificates will always be realised by growers, former growers and (former) employees. Just as in the current situation, it will continue to be a closed group of participants. The basic principle that certificate holders must have, or have had, a relationship with HZPC will always apply.'

### Action required

If we decide to choose this route, for the certificate holders and the future of HZPC, the first trading day will take place in May 2022. In the preceding months, Captin will check whether the customer files are complete and ask certificate holders to provide any potentially missing information.

Although it is positive that there will be greater supervision, it may mean that certificate holders will have to carry out one-off administrative actions, such as providing additional identification and/or verification of their accounts. This will depend on the certificate holder's specific situation.

In the coming weeks and months, HZPC will provide regular updates on the new platform. Our aim is to ensure certificate holders are given the information they need so that we can all make the right decision during the members' meeting in November. During this meeting, the board will present members with a proposal regarding the move to the new platform.

### Good step

The board is convinced that this is a good step but they will, of course, discuss this with the certificate holders. They will also have opportunities to ask questions during the webinar that HZPC is organising. Frequently asked questions will also be presented during this session. We expect to send out invitations to the webinar in the summer.