

Execution principles Bank CIC (Switzerland) Ltd.

1. Purpose and scope

Bank CIC (Switzerland) Ltd. ("the Bank") takes all appropriate steps to obtain best execution for its clients in terms of price, timing and quantity when executing, accepting and forwarding client orders. To this end the Bank has defined efficient execution principles and applies these for sales, purchases and when taking proprietary positions in financial instruments or transactions (see point 2. Asset classes). The Bank also has internal directives and processes covering substance and processes to ensure orders are processed in a way that is professional, fair and transparent. By so doing the Bank implements the regulatory and statutory requirements in Switzerland.

The execution principles apply in general to all clients (for exceptions see point 6. No use of best execution) and are made available to clients in suitable form. Where a client submits an order, the Bank assumes they have consented to these execution principles.

2. Asset classes

The execution principles apply to accepting, executing and forwarding client orders for the purposes of buying, selling or taking a position. They apply mainly to the following financial instruments and transactions:

- Listed equities and similar securities (listed funds, ETFs, etc.)
- Unlisted equities
- Fixed income securities
- Exchange-traded derivatives (futures and options, TOFFs, ETDs)
- Structured products
- OTC derivatives (over-the-counter derivatives which are directly concluded with another market participant)
- Foreign currencies, precious metals
- Investment funds

3. Execution factors

The Bank takes various factors into account when executing orders, depending on the asset class. The following are designated as execution factors:

- Execution price
The execution price refers to the current price of the financial instrument or transaction.
- Execution costs (brokerage fees, processing fees, etc.)
The Bank may charge the client various fees when executing orders.
 - Trading venue fees:
The fees of the trading venue in question incurred with direct membership or when an order is forwarded by a broker.
 - Broker fees:
If the Bank is not a direct member of the trading venue in question, fees are charged by the broker who provides access to the market. As far as possible these are shown as a range, in both CIC eLounge and in the Bank's investment proposal.
 - Processing fees:
External fees related to order processing and to custody of financial instruments.

- **The Bank's fees:**
The Bank's own commission or brokerage, either shown separately or included in the execution price.
- **Speed of execution**
This is defined as the time between the order being received and executed at the trading venue in question.
- **Probability of full execution**
The probability that the order will be executed largely depends on the liquidity of the execution venue in question. Where markets are illiquid, the probability of full execution may be the primary execution factor.
- **Probability of full processing**
It should be possible to make delivery or payment associated with the financial instrument or transaction without delay or hindrance.
- **Order size**
Size or value of the client order expressed in nominal or number of shares/units. In some circumstances the size of the order may result in considerable market movements.
- **Other factors relevant to execution**

When assessing execution factors, execution price and execution costs are given a higher weighting than the others. It may however be appropriate in some circumstances to give priority to one of the others factors so as to avoid a negative impact. For example, where markets are illiquid or operate outside the Bank's operating hours or when the Bank's systems are not fully functional, factors such as probability or speed of execution will be given a higher weighting than execution price or execution costs. In the event of system failures or other factors beyond the Bank's control that make it impossible or unreasonable to apply the execution principles, the Bank will attempt to execute orders on the best possible terms in the circumstances.

4. Execution criteria

When weighting the execution factors the Bank may take the following criteria, among others, into account:

- Client suitability (e.g. regulatory client segmentation)
- Type or nature of order
- Features of the financial instrument or transaction
- Properties or special features of the venues where the order can be executed
- Market conditions when the order is received

5. Execution venues

Exchange-traded financial instruments must be traded at an execution venue that is generally recognised, suitable and intended to process the transaction in an orderly manner. Client orders in OTC financial instruments must be executed at a price based on the market price. The Bank may spread client orders over several execution venues to ensure the greatest possible liquidity. These include, among others:

- Stock exchanges and regulated markets
- Multilateral trading facilities (MTFs)
- Organised trading facilities (OTFs)

- Systematic internalisers (SIs)
- Market makers
- Brokers and other liquidity pools
- Interbank platforms

The Bank reserves the right to select or add further execution venues which, in its opinion, meet the requirements of the execution principles and best execution, and to remove existing ones. All execution venues are therefore reviewed and updated regularly with the aim of achieving the best possible result when executing, receiving and forwarding client orders.

The execution venues listed are used for the individual financial instruments and transactions. The list is not exhaustive, but it covers most of the venues used by the Bank. More details on the different venues can be provided on request.

Financial instrument/transaction		Execution venue	Type of transaction
Equities or similar	Listed in Switzerland	SIX Swiss Exchange, OTC	Commission
	Listed abroad	Via brokers on various trading venues, OTC, MTF, SI	Commission
	Unlisted in Switzerland	OTC, OTF	Commission
Fixed income securities	CHF bonds and euro bonds	SIX Swiss Exchange, via brokers on various trading venues, OTC, OTF, SI	Commission
Exchange-traded derivatives	TOFF, ETD	Via brokers on various trading venues, OTC	Commission
Structured products	Listed structured products in Switzerland	SIX Structured Products, OTC	Commission
	Listed structured products abroad	Via brokers on various trading venues, OTC	Commission
	Unlisted structured products	Via brokers, OTC, market makers	Commission
OTC derivatives	Currency and interest rate derivatives	OTC	Fixed price
Foreign currencies, precious metals		OTC	Fixed price
Investment funds	Based on the net asset value (NAV)	Via brokers	Commission

6. No use of best execution

The Bank is not obliged to follow the execution principles in the following cases:

- For transactions with institutional clients as defined in FinSA
- For transactions carried out on the primary market
- OTC fixed-price transactions
- Where the client has given explicit instructions, resulting in the best execution requirements not applying (see point 8. Client instructions take priority)
- For transactions placed/executed with a broker under an existing trading authority between the Bank and the client.
- For transactions placed/executed with a broker outside the Bank's operating hours or when the Bank's systems are not fully functional.

7. Processing and forwarding orders

Client orders in a listed and exchange-traded financial instrument (equities, fixed income securities, exchange-traded derivatives, structured products) are processed on a generally recognised and suitable execution venue that ensures the order is executed properly and promptly. This is done either via the in-house trading desk (where the Bank is a direct member of the trading venue), or by forwarding the order via a broker if the Bank is not a member.

For unlisted or OTC instruments a price should be requested from several of the Bank's counterparties if possible. For less liquid financial instruments or depending on the weighting of the execution factors, only one counterparty may be approached. Placing/execution via an OTF or broker is also possible.

For unlisted structured products the Bank contacts the issuer of the instrument. However, depending on the weighting of the execution factors, the Bank reserves the right to trade the client order by forwarding it via a broker.

Traditional investments funds traded based on the net asset value (NAV) are placed/executed by forwarding the order via a broker.

The Bank regularly reviews the selection of brokers it works with and the quality of execution in order to ensure that the brokers are taking appropriate steps to achieve best execution. Where an order is forwarded, the duty of best execution passes to the intended broker.

The processing of orders in foreign currencies, precious metals and foreign currency OTC derivatives is explained under point 10. Fixed-price transactions.

8. Client instructions take priority

Subject to market conduct rules, client instructions take priority over the execution principles set out in this document. Where a client issues instructions the Bank is, to the extent thereof, expressly exempted from compliance with the execution principles. The duty of best execution is deemed met according to the extent of the instructions.

9. Aggregating orders

As a general principle, all client orders are treated equally and processed in the order they were received. In individual cases and in the interests of the portfolios and clients managed, the Bank may combine orders to buy or sell and place/execute them as an aggregated order (collective order). Orders are only aggregated if there is no fundamental reason to expect the respective portfolios and clients will be disadvantaged. Collective orders executed are allocated to individual portfolios and assets on a pro rata basis. Exceptions may occur when aggregated orders are partially executed where it is necessary to observe minimum lot sizes on allocation. In such cases the Bank acts in the interests of all the portfolios and clients concerned.

10. Fixed-price transactions

Orders in foreign currencies (including forwards and currency options) and precious metals are not executed on a trading venue but bilaterally, i.e. over the counter (OTC) as a fixed-price transaction between the client and the Bank. This means that the client and the Bank enter into an agreement to buy at a fixed or determinable price or conclude a derivatives contract on agreed terms. The process of determining and prioritising execution factors and selecting an execution venue does not take place.

When the client and the Bank do a deal the price is all-in. In other words, the currency, the size of the order and the market conditions (especially liquidity and volatility) are taken into account. Prices include a trading margin that can vary depending on the characteristics of the client and the features of the financial instrument, and covers all costs and fees associated with the transaction.

The Bank acts as counterparty in dealing with the client. The Bank will carry out any covering transaction in the market at its discretion, in its own name, and not necessarily simultaneously.

11. Third-party sales compensation

The Bank may receive compensation such as retrocessions, brokerage fees, percentages, discounts or other pecuniary benefits (collectively referred to as “Sales Compensation”) from third parties in connection with the provision of financial services. Depending on the financial instrument or transaction and provider, this compensation may take the form of recurring volume-based compensation for distribution activity, discounts on the issue price or a refund. Such compensation can give rise to conflicts of interest for the Bank. The Bank has therefore taken measures to avoid such conflicts of interest and rule out potential disadvantages for clients.

Any third-party compensation has been taken into consideration when setting the Bank’s fees. The client therefore agrees that where the Bank receives third-party compensation for providing financial services which must by law be surrendered in full to the client in the absence of any agreement to the contrary, such compensation shall accrue wholly to the Bank and the client waives their surrender.

The calculation parameters and ranges of compensation can be consulted on the Bank’s website (www.cic.ch) at any time.

12. Review and duty to inform

The Bank reviews the execution principles set and the resultant selection of execution venues and brokers at least once a year, and makes changes if necessary. The Bank also reviews and adjusts the factors set for a particular execution venue if there are indications that these no longer apply or are invalid. The client authorises the Bank to make such adjustments unilaterally. The latest version of the execution principles can be consulted on the Bank’s website (www.cic.ch) at any time.