1 Definition

Best Execution is the requirement for the Bank to take all sufficient steps to obtain the best possible result for Clients when either directly executing transactions on Clients' behalf on one or more execution venue(s) (including execution in principal capacity) or transmitting Client orders to intermediaries (affiliates or third-party brokers) for execution.

For the avoidance of doubt, the best execution obligation of the Bank should not be interpreted as to mean that the Bank must obtain the best possible results for its Clients on every single occasion. Rather, it means that the Bank has taken, and continues to take, on a best effort basis all sufficient steps to make sure that the order execution arrangements work well throughout the order execution process.

Best selection is the requirement for the Bank to take all sufficient steps to obtain the best possible conditions from the third parties concerned by the Best Execution policy.

2 Best Execution Obligation

The Bank acts honestly, fairly and professionally in accordance with the best interests of its Clients. In this framework, the Bank shall take all sufficient steps to obtain, when executing Client orders, the best possible result for its Clients.

2.1 Execution Factors

In order to achieve the best possible result for its Clients, the Bank considers a range of execution factors when determining the best outcome. The execution factors that the Banks considers are the following:

- Price, in terms of the market price at which the order is executed;
- Costs, in terms of explicit and implicit costs (including fees) incurred in executing the order;
- Likelihood of execution and settlements, the likelihood that BCP will be able to execute the Client's order;
- Size of the order, in terms of how the size of the order may affect its execution;
- Nature of the order, in terms of how the particular characteristics of an order may affect how best execution is achieved;
- Speed, in terms of the time taken to execute an order;
- any other factors relevant to the execution of an order.

The relative importance that the Bank attaches to the execution factors in any particular case may be affected by the circumstances of the order (these are called the execution criteria) as follows:

- the characteristics of the Client;
- the characteristics of the Client order (including if the order involves a securities financing transaction)
- the characteristics of the financial instrument - such as the type and liquid nature of the instrument and the liquidity sources available;
- the characteristics of the trading venue to which the order will be routed - particular features of the liquidity sources available to the Bank.

3 Specific Instructions from Clients

When there is a specific instruction from the Client, the Bank executes, places or transmits in accordance with that specific instruction. However, the best execution obligation will apply only for the parts of the order which are not covered by the specific instruction.

4 Order Handling

When handling orders, the primary objective of the Bank is to:

- ensure that executed orders are promptly and accurately recorded and allocated;

- carry out otherwise comparable orders sequentially in accordance of their time of receipt unless the characteristics of an order or the prevailing market conditions make this impracticable or is not in the interest of the Client;

- safeguard and not impair the interests of the respective Clients when pooling orders from different Clients or pooling Client orders with BCP's own transactions and allocating associated trades;

- inform Clients immediately of any material difficulties arising which could impair the correct execution of the order.

5 Best Selection Factors

As the Bank may transmit client orders for execution to a selected broker or counterparty, the Bank take all sufficient steps to select third-party brokers or counterparties that allow the Bank to meet its best execution obligations.

5.1 Criteria for selecting the best Trading Venues for order execution

In general, BCP will take into consideration different factors when determining the Trading Venues that provide Clients with Best Execution:

- **Liquidity[1] and price**: BCP selects the Trading Venues that are considered to provide good liquidity and prices;

- **Trading venue costs**: in general, the Bank's commission rates for execution reflect both the cost of providing own services and the costs from external Trading Venues. The fees that are charged to BCP by a Trading Venue therefore directly influence the costs incurred by the Clients. Furthermore, any potential retrocessions (commissions, brokerage, discounts, etc.) received in relation with the execution of an order are taken into consideration;

- **Trading Venues coverage of the financial markets**: as it does not want to multiply the number of Trading Venues it deals with, as this allows it to get better trading conditions, the Bank selects a limited number of Trading Venues that allow it to trade the full range of securities and financial products;

- **Speed of access and likelihood of execution**: the importance of speed and likelihood of execution varies with the market model and asset class, i.e. for more illiquid products this factor will receive higher weight than in liquid markets;

- **Credit and settlement risk**: The Bank will generally select Trading Venues where it is possible to determine the obligations both for the Bank and for the respective counterparty when settling a transaction and resolving failed settlement;

- **Operating models & infrastructure**: for BCP, it is important that the technical infrastructure of the Trading Venues selected is reliable and robust. In general, the Trading Venues BCP chooses should work in a way that benefits the overall ability to achieve best execution (incl. fee schedules).

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[1] In essence, a financial instrument is deemed illiquid when the Bank has no quote for this instrument using the liquid execution channels, such as some RMs, exchanges or interbank platforms.

5.2 Selection process of brokers and FX dealers

Where BCP transmits an order for execution to a broker or FX dealer on behalf of BCP Clients, BCP satisfies itself that the broker or FX dealer has execution arrangements in place that comply with the Best Execution related requirements.

The factors relevant for selecting brokers and FX dealers can be grouped into either the soundness or the service level of brokers and dealers and include the following:

- Soundness of broker/FX dealer
    - ✓ reputation, financial strength and stability;
    - ✓ access to primary and/or secondary markets; and
    - ✓ ongoing reliability.

- Service level of broker/FX dealer
    - ✓ overall costs of a trade, including commissions, mark-ups, markdowns or spreads;
    - ✓ market share;
    - ✓ electronic connectivity;
    - ✓ block trading and block positioning capabilities; and
    - ✓ willingness and ability to locate and/or commit capital to complete trades.

- In addition, the following conditions must be met before brokers and dealers can be approved
    - ✓ licensed, as required, to execute the type of transaction; and
    - ✓ supervision by national authorities.

A list of selected and approved brokers and FX dealers is maintained by BCP and reviewed on an annual basis. The list of approved brokers and dealers and counterparties may be made available to Clients upon request.

6 Best Execution and Selection Monitoring and Governance

The efficiency of its execution arrangements and processes, including the Best Execution Policy is reviewed annually and additionally when material changes limit BCP's ability to obtain the best possible result for its clients.

Appendix 1 – List of Trading Venues (non exhaustive list)

- Credit Suisse (exchange traded funds (ETF), equities, bonds in CHF, listed structured products, OTC derivatives, interest rate futures)

- Bloomberg (bonds, derivatives forex)

- Neo (UBS) (derivatives forex)

- OCX (BCP) (derivatives forex)

- Reuters (derivatives forex)

- Vontobel Deritrade (structured products)

Appendix 2: Summary of the criteria and relative importance of best execution factors by asset class

Asset class	Trading Venue	Best execution factors by order of priority
Equity / equity-like instruments (shares, listed preferred shares, participation rights, exchange traded funds (ETFs), exchange traded notes (ETNs), Depository Receipts (ADR/GDR), "Vorzuaktien", and listed structured products.	CS platform[1]	• Price • Costs • Speed • Likelihood of execution and settlement • Size • Other
Units in collective investment schemes (including UCITS and non-UCITS mutual funds, hedge funds and money market funds, private equity, real estate investment funds, limited partnership, exchange traded funds (ETF))).	CS platform	• Appropriate venue • Price • Speed • Other considerations
OTC equity options (including plain-vanilla derivatives).	CS platform	• Price • Size • Costs • Speed • Likelihood of execution • Other considerations
Precious metal derivatives.	CS platform	• Price • Likelihood of execution and settlement • Cost • Speed • Size • Other
Fixed income – CH market (corporate bonds, government bonds, convertible bonds) – liquid market.	CS platform Bloomberg	• Price • Speed • Size • Likelihood of execution • Costs • Other

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[1] See details of the best execution policy of Credit Suisse (www.credit-suisse.com/media/assets/sites/finfrag/mifid-ii-external-best-policy-en.pdf).

Asset class	Trading Venue	Best execution factors by order of priority
Fixed income – sovereign or corporates in emerging markets – illiquid markets.	Bloomberg (Multilateral Trading Facility, MTF)	Orders in a liquid instrument: • Price • Speed • Size • Likelihood of execution • Costs • Other Orders in an illiquid instrument: • Likelihood of execution • Price • Size • Speed • Costs • Other
Forex forward and swaps.	UBS Neo, Reuters, OCX Trader (non exhaustive list)	• Price • Speed • Size • Likelihood of execution • Other
Structured products	Vontobol Deritrade for tailor-made structured products CS for listed structure products	• Price
Interest rate futures (IRF)	CS platform, Zurih Cantonal Bank (ZKB)	• Price