

**BEST EXECUTION POLICY**

**Banca Zarattini & Co. SA**

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## **Introduction**

This document contains a summary of the measures taken by Banca Zarattini & Co. (the Bank) to ensure the best possible result for Clients when executing purchase or sell orders for financial instruments (securities or other financial instruments). The objective of the Banca Zarattini & Co. "Best Execution Policy" is to consistently safeguard the best interests of Clients, as required by the Markets in Financial Instruments Directive 2014/65/EU (MIFID II) and the local regulatory requirements incl. Financial Services Act (FinSA). This policy is applied to all orders received by the Bank.

The Client shall acknowledge and agree to the content of this "Best Execution Policy" whenever the Client places an order with Banca Zarattini & Co. following receipt of this Policy.

## **1. Scope**

The principles defined in the Banca Zarattini & Co. "Best Execution Policy" apply to the execution of orders given by Clients to the Bank for purchasing or selling securities or other financial instruments.

Execution in the meaning of this policy means that the Bank, acting based on the order placed by the Client, carries out a transaction via a third party in or outside a regulated market on behalf of the Client. In this activity, Banca Zarattini & Co. will comply with any applicable local rules and regulations that apply to the reception and transmission of Client orders as well as to the execution of such orders.

In accordance with regulatory requirements, the Bank classifies Clients as Private Client, Professional Client or institutional Counterparty. Different levels of investor protection and product offering apply to each Client category and Clients can in certain circumstances choose to change classification.

The obligation to provide Best Execution is applicable to Clients categorized as Private or Professional Clients ("per se" and "elective" Professional) of Banca Zarattini & Co. Clients categorized as Institutional Counterparties are generally exempted from the Best Execution obligation.

If any provision of Banca Zarattini & Co. "Best Execution Policy" is prohibited by local law or regulation the relevant provision will not apply.

Banca Zarattini & Co. shall take all sufficient steps to obtain the best possible result for its Clients, considering factors, such as: price, costs, speed, likelihood of execution and settlement, size, nature, or any other consideration relevant to the execution of the order.

## **2. Order Execution**

Subject to any specific Client Instructions, the Bank has established a process which assure the best possible execution for private and professional investors, as defined by FinSA.

In the context of this process, the criteria listed under section 3 shall be weighted and applied as deemed appropriate in order to achieve the best possible result for the Client.

The Bank will determine the relative importance of the different criteria by using his commercial judgement and experience considering market information available.

Banca Zarattini & Co. executes orders promptly and fairly. Clients are informed of any material difficulty relevant to the proper execution of their order as soon as practically possible.

Comparable orders are executed sequentially in accordance with their time of receipt unless the characteristics of an order or the prevailing market conditions make this impossible or impractical.

The Bank may aggregate single orders relating to a specific Client with orders relating to other Clients. Such aggregation overall is only performed provided this is in compliance with Best Execution and order handling

requirements when it is unlikely that it will work overall to the disadvantage of any Client whose order is to be aggregated. However, in relation to an individual order such disadvantage for a Client cannot be excluded. Banca Zarattini & Co. never combines its own orders with the orders of Clients.

Banca Zarattini & Co. may execute all or part of a Client order outside a Regulated Market, MTF or OTF (OverTheCounter (“OTC”).

Clients should be aware that counterparty risk may occur in case the order is executed OTC. Counterparty risk refers to an event where the counterparty to a transaction fails to honor its obligations resulting from such a transaction e.g., by failing to pay for the delivered Financial Instruments. Also new issue can expose Client to risk relating to the issuer and/or syndicate members as well as third party Investment Firms.

### **3. Selection Criteria**

The Bank selects the execution venue among the Banca Zarattini & Co. “Execution Venues” (Appendix A) that best ensures the resulting total consideration for the Client, which also includes the direct and indirect costs related to the execution of the order, particularly third-party fees and commissions.

Furthermore, the Bank will also apply the following criteria when selecting the execution venue. Each criterion is weighted according to the nature of the Client, the order and the financial instruments concerned:

- Price/costs of Financial Instrument;
- Likelihood of full execution and settlement;
- Speed of execution and settlement;
- Reliability of settlement;
- Size and nature of order;
- Market situation;
- Other relevant aspects.

Price and costs will ordinarily merit a high relative importance in obtaining the best possible result. However, in some circumstances, for some Clients, Orders, Financial Instruments or Markets, the Bank may appropriately determine that other Criteria are more important than price in obtaining the best possible execution result. (for example, for transaction in illiquid securities, likelihood of execution and market impact became more important).

### **4. Execution Venue**

Taking into consideration the various selection criteria as explained under Item 3, Bank has listed in the attachment Banca Zarattini & Co. “Execution Venues” (Appendix A) the exchanges where in most cases a best possible execution in the interests of Clients can be expected.

This list of “Execution Venues” is not exhaustive but comprises those execution venues on which the Bank place significant reliance. The Bank reserves the right to use other execution venues where it deems appropriate in accordance with his order execution policy and may add or remove any execution venues from this list. For each execution venue, the Bank will apply the relative fees, transparently published in a specific document.

The Bank will regularly assess the “Execution Venues” available in respect of any products that it trades to identify those that will enable, on a consistent basis, to obtain the best possible result when executing Orders. The list of “Execution Venues” will then be updated, where necessary, following such assessment.

Typically, Banca Zarattini & Co. may use one or more of the following venue types when executing Client orders:

- Regulated Markets (RegM);
- Multilateral Trading Facilities (MTF);
- Organized Trading Facilities (OTF);
- Banca Zarattini & Co. TDSM when the Bank act a liquidity provider by house;

- Third party Investment Firms, Brokers, and/or affiliates acting as Market Makers or other liquidity providers (note that the Bank has to comply with the obligation to act in accordance with the best interest of its Clients when transmitting Client Orders to such entities for execution);
- Members of syndicates acting on behalf of issuers of securitized Financial Instruments.

The Bank distinguishes between the following kinds of financial instruments when selecting execution venues:

#### **4.1 Equities/ETF**

The Bank fulfils equity orders on stock exchanges in accordance with the standard stock market principle. To this end, the Bank defines standard exchanges per security or security identification number, taking into consideration the selection criteria listed under Item 3.

The automatic transmission of a Client order to a certain exchange is therefore based on a defined standard. As a rule, orders are transmitted for execution to the stock exchange of the country in which the respective company is domiciled.

ETF orders are generally executed in the stock exchanges indicated by the Client or, in such cases (i.e., low liquidity on the regulated market), through Bloomberg RFQ.

#### **4.2 Fixed Income**

Orders are generally executed on a regulated exchange or MTF (Multilateral Trading Facility).

In the event of inadequate market liquidity or other reasons indicating an obvious advantage for Clients, or if the securities are not traded on an exchange or MTF, the Bank will conduct the execution transaction via interBank trading with another Bank or another financial services provider.

In detail:

- Retail order sizes (up to 50'000 EUR): Banca Zarattini & Co. generally send the order to one single exchange or MTF that is considered to give the best achievable execution result.
- Non-Retail order sizes (from 50'000 EUR): Banca Zarattini & Co. requests a firm quote from a dealer in the OTC market or – if available and economic sensible – from multiple dealers in competition. Dealers to be included in the RFQ execution attempt are selected based on their pre-trade price indications and historical behavior. The trade is done with the counterparty that returned the best price within a reasonable time (price is equal or better than what could be achieved with other execution venue, if any). RFQ execution could be done directly or via third-party broker.

Due to the nature of Fixed Income as a relatively illiquid asset class, internalization (trading with Banca Zarattini & Co. as a market side counterparty) could be taken into account, as long as the resulting execution price for the Client fulfils the Best Execution requirements (i.e., total consideration / price is equal or better than what could be achieved with other market side counterparties / execution venues).

Special case CHF bonds: following the SIX "Concentration Rule", orders with a size below 100'000 CHF have to be executed on-exchange on SIX Swiss Exchange. The Bank will handle all applicable order flow accordingly, but only for order sizes > 100'000 CHF, Banca Zarattini & Co. has the option to execute in the OTC market.

#### **4.3 Certificates, warrants and financial derivatives**

Orders involving certificates, warrants and financial derivatives are generally transmitted to a stock exchange for execution (or MTF, if any). In the event of inadequate market liquidity or other reasons indicating an obvious advantage for Clients, or if the securities are not traded on an exchange, the Bank will conduct the execution

transaction via interBank trading with the respective issuer or with another trading partner who regularly quotes prices in the corresponding securities (“market maker”).

#### **4.4 Investment Funds**

The Banca Zarattini & Co. “Best Execution Policy” also applies when acquiring or selling investment fund units via the custodian Bank. However, due to the characteristics of these markets, the Bank has limited discretion in defining the parameters of execution of these orders, and some obligations are considered to be fulfilled per se.

Subscriptions or redemptions of investment funds are generally transacted indirectly (on a fund trading platform properly selected) via the respective custodian Bank at the applicable net asset value.

In such cases, funds could be transacted directly with the respective Transfer Agent.

### **5. Client Specific Instructions**

Specific instructions from the Client to the Bank (in connection with the execution of a specific order) may prevent Banca Zarattini & Co. from ensuring the best possible result as set out in the Policy for that particular part of the order, as the Best Execution obligation is considered satisfied when the Bank follows the specific Client instruction for that part of the order.

Therefore, to the extent that the Client gives Banca Zarattini & Co. an instruction, this instruction overrides the Best Execution obligation for the scope of the particular instruction.

Examples of such instructions may include, but are not limited to, requests to execute an order over a particular timeframe.

In particular:

*Instructions concerning execution venue:*

The Bank shall follow the Client’s instructions with regard to execution venue, considering the Banca Zarattini & Co. “Execution Venues”.

*Instructions concerning trading currency:*

The Bank shall follow the Client’s instructions regarding trading currency, provided the security in question can be traded in the specified currency.

*Instructions concerning special kinds of orders:*

Client instructions can also refer to the type and nature of order execution without specifying a particular execution venue (for example orders to be fulfilled in several stages depending on the market situation). For these orders, the general practice between market players applies.

It is important to note that the Bank reserves the right to refuse any Client instruction should it be in contradiction to compliance rules.

Depending on the characteristic of each venue, the Bank accepts market orders, limit orders and stop orders.

In the case that a limit / stop loss order cannot be placed on the relative execution venue (i.e. the reference market cannot accept it) or for that security is not possible to place limit or stop loss order, the Bank will communicate it to the Client.

In any case, the Client has to give to the Bank the exact validity for each limit or stop loss order and, for forex orders, also the time maturity, including the location considered.

Unless otherwise specified, orders placed by the Client shall expire at the end of the day during which they were given.

“Good until cancelled” orders placed by the Client shall remain valid until the 31st of December of the calendar year during which they were given.

## **6. Reception and Transmission of Client Orders to selected Brokers**

Subject to any specific instructions that may be given by the Client (see Section 5), the Bank may transmit the order to an external entity, such as a third-party broker, for execution.

If the Bank instructs a third party to execute a Client's order, the corresponding transaction will be conducted subject to the measures that the third party has taken to ensure best possible execution.

The Bank may add or remove Brokers as deemed appropriate to obtain the best possible result for the Client. Banca Zarattini & Co. selects only Brokers that combine high quality services standards with effective Best Execution arrangements in order to obtain Best Execution on a consistent basis. The selection on Brokers may have an impact on price and cost of the execution. Therefore, the execution factors price and cost are important elements in the Broker selection process.

## **7. Monitoring**

The Bank will monitor compliance with his order execution policy and, upon request, will provide a Best Execution evidence.

## **8. Review**

The Bank will conduct a review and make any necessary amendments if there are grounds to believe that essential criteria for selecting a certain execution venue are no longer valid.

In any case, the Bank is expected to review his execution policy annually and whenever there is a material change that could impact parameters of best execution. Such reviews should be undertaken with a fair degree of formality and independence.

The Client allows the Bank to make such amendments in this sense on a unilateral basis. The Bank will inform the Client about any amendments concerning the Banca Zarattini & Co. “Best Execution Policy”, in particular regarding the trading venues, by posting an updated version of this document in the Customer Area of the Bank's website [www.zarattinibank.ch](http://www.zarattinibank.ch).

## **9. Error in transmission**

A trading error is defined as an error in the placement, execution or settlement of a Client's trade. It is not a trading error if the mistake is corrected before the trade is settled. Although inevitable trading errors may occur, the real damage is done if the Bank does not address and handle them appropriately. The below are some examples of trading errors:

- Trading the wrong security;
- Over-allocation of a security;
- Buying or selling an incorrect amount of a security;
- Purchasing rather than selling a security.

The Bank shall keep a record of each trading error, explaining what error occurred and how it was corrected. Unless evidence can be given of gross negligence by the Bank, the Client shall bear any losses and be liable for

all risks resulting from the use of the mail, telephone, telefax, Internet, E-Mail or any other means of transmission or physical transport, in particular as may be caused by loss, delay, misunderstanding, mutilation, or multiple execution.

#### **10. Recording of telephone conversations and electronic communications**

The Client acknowledges and accepts that the Bank reserves the right to record phone calls and electronic communications at its own discretion., in order to increase certainty, investor protection and deterrence of market abuse. Recordings will be handled with the highest confidentiality. Only with the authorization of the Legal and Compliance Department the access to the recordings will be possible.

#### **11. Acceptance of Client's Orders**

The Bank shall accept orders of the Client at its offices, whether they are transmitted to the Bank in writing, by telephone, by E-Mail or by electronic trading network devices.

The Client may place his orders on every Business Day during regular business hours, i.e. between 08:30 a.m. and 17:30 p.m. Central European Time.

The Bank is not responsible for the execution of orders given outside the parameters mentioned above. Moreover, the execution services are not available during the European Central Bank Holidays (Target Holidays).

#### **12. Essential Elements of Client's Orders**

Each order of the Client shall have to contain (if in writing) or mention (if by phone) the following elements as a minimum requirement:

- Indication as to whether it is a buy or sell order;
- Name and identification of the Security (e.g., ISIN code);
- Quantity;
- Price;
- Type of order (e.g., "at best", "fill or kill", etc.).

If given in writing, the Client's order shall bear a valid and binding signature.

#### **13. Order Cancellations and Amendments**

The Client can request a cancellation / amendment for the not executed size / quantity of orders.

By receiving a cancellation/amendment request from the Client, the Bank attempts to cancel/amend the order in the execution venue but does not give the Client any guarantee that it can perform the cancellation/amendment request in time and prevent (partial or full) order execution.

The Bank confirms the acceptance of the cancellation/amendment request to the Client as soon as the Bank has received the cancellation/amendment confirmation from the execution venue.

After the complete execution of an order, the order can no longer be cancelled/ amended.

#### **14. Allocation Process**

The Bank will not carry out an order, or transaction, for their own account or for other Client's accounts in aggregation with another order, if the aggregation could work to the disadvantage of any Clients.

Regarding all public offerings of shares, participation certificates and dividend-right certificates, as well as convertible bonds and bonds cum warrant, the Bank has adopted specific rules in order to grant a fair and transparent allocation process. These rules are applied also for cumulative orders partially filled.

All allocations are based on objective criteria and a fair treatment of Clients is warranted within the different group of Clients. Allocations against the promise of certain considerations are deemed prejudiced and are therefore prohibited (laddering, quid pro quo agreements, spinning).

In the IPO Procedure the principal objective criteria that the Bank could take into consideration (also in combination) are:

- Random allocations;
- Size of order;
- Proportion of subscriptions;
- Time of subscription order;
- Subscription rate offers (in the case of an auction);
- Other objective criteria.

The Bank has to establish the necessary internal rules and take appropriate measures to ensure compliance with these directives.

**Appendix A – List of Execution Venues  
January 2021**

Please note that this list of “Execution Venues” is not exhaustive. This list will be kept under review and updated in accordance with the “Best Execution Policy”. The Bank reserves the right to use other execution venues in addition to those listed here where it deems appropriate. The venues are principally accessed via a third-party broker.

**Cash Equities**

Country / Liquidity Pool	Execution Venue Name
<b>Europe</b>	
Austria	Wiener Boerse AG
Belgium	Euronext - Brussels
Denmark	NASDAQ OMX Nordic Exchange - Copenhagen
Finland	NASDAQ OMX Nordic Exchange - Helsinki
France	Euronext - Paris
Germany	Berlin
Germany	Dusseldorf
Germany	Frankfurt
Germany	Hamburg
Germany	Hannover
Germany	Munchen
Germany	Stuttgart
Germany	XETRA
Greece	Athens Exchange
Ireland	Irish Stock Exchange
Italy	Borsa Italiana
Luxembourg	Bourse de Luxembourg
Netherlands	Euronext - Amsterdam
Norway	Oslo Bors
Portugal	Euronext - Lisbon
Spain	Spain Bolsa De Madrid
Sweden	NASDAQ OMX Nordic Exchange - Stockholm
Switzerland	Berne Stock Exchange
Switzerland	SIX Swiss Exchange
United Kingdom	London Stock Exchange
<b>North America &amp; Latin America</b>	
Canada	Toronto Stock Exchange
Canada	TSX Venture Exchange
Mexico	Bolsa Mexicana De Valores
United States	NASDAQ
United States	NYSE - New York Stock Exchange
United States	NYSE American
United States	NYSE ARCA
United States	OTC Bulletin Board
<b>Asia &amp; Pacific</b>	
Australia	Australian Securities Exchange
Hong Kong	The Stock Exchange of Hong-Kong
Japan	Nagoya Stock Exchange
Japan	Tokyo Stock Exchange
New Zealand	New Zealand Stock Market
Singapore	Singapore Exchange
Thailand	The Stock Exchange of Thailand

**Exchange Traded Funds**

Country / Liquidity Pool	Execution Venue Name
instruments listed	(see Cash Equities)
Bloomberg RFQ	

**Fixed Income - Cash Bonds**

Country / Liquidity Pool	Execution Venue Name
OTC	
Various liquidity provider in the OTC-market	
European MTFs ( RFQ Based)	
Bloomberg MTF / non MTF	
European RMs/MTFs	
Austria	Wiener Börse AG
Belgium	Euronext - Brussels
France	Euronext - Paris
Germany	Borse Frankfurt
Germany	Börse Stuttgart
Germany	Börse München
Germany	Börse Düsseldorf
Germany	Börse Berlin
Germany	Börse Hamburg/Hannover
Germany	Deutsche Borse Xetra
Italy	Borsa Italiana (MOT/ExtraMOT)
Italy	EuroTLX
Italy	HI-MTF
Netherlands	Euronext - Amsterdam
Portugal	Euronext - Lisbon
Switzerland	SIX Swiss Exchange

**ETD - Exchange Traded Derivatives ( Futures & Options)**

Country	Trading Place Name
<b>Eurex</b>	
Germany/ Switzerland/ France/Netherlands/Italy/Austria/ Spain/ Belgium	EUREX
<b>USA</b>	
Usa	Nyse Amex
	Nyse Arca
	Nyse
	Nasdaq OMX
	BOX Options Exchange
	CBOE
	CME
	ISE
	PHLX
	EGDX
	MIAX
<b>Other Markets</b>	
Australia	Australian Stock Exchange
Belgium	Euronext Brussels
Canada	Montreal Exchange
Denmark	Nasdaq OMX
France	Euronext Paris
Italy	Borsa Italiana
Japan	Osaka Securities Exchange
Netherlands	Euronext Amsterdam
Norway	Oslo Bors
Portugal	Euronext Lisbon
Sweden	Nasdaq OMX
Spain	Bolsa de Madrid
United Kingdom	ICE Future
United Kingdom	London Stock Exchange