



# MiFID II – Client information

## Information regarding the bank and its services

Transparent client information is key to Rothschild & Co Bank AG, Zollikerstrasse 181, 8034 Zurich (the “Bank”) and clients of the Bank are entitled to know the Bank and understand what it does. This includes information on important changes to the regulatory landscape.

The Markets in Financial Instruments Directive (“MiFID I”) was implemented in 2007 and aims to develop regulations which increase transparency and harmonize regulatory disclosures across European financial markets. Following the global financial crisis in 2008, European Member States decided to extend MiFID with the aim of: (i) enhancing financial stability and (ii) investor protection, whilst also improving market efficiency and competition (“MiFID II”). MiFID II was approved by the European Parliament in 2014 and entered into force on 3 January 2018.

MiFID II generally affects financial institutions domiciled in a member state of the European Union (“EU”) or the European Economic Area (“EEA”) and which serve EU and/or EEA based clients. As a Swiss bank, the Bank has decided to take on board the concerns addressed by MiFID II as it is the Bank’s belief that by considering MiFID II, the Bank will do better in terms of meeting the needs of its clients. Therefore, even if MiFID II does not necessarily apply to the Bank, it will still be considered as a best practice benchmark.

The purpose of this brochure (the “Brochure”) is to inform clients about the Bank and its main services, its client categories, the handling of potential conflicts of interest and the principles applying to order execution.

## 1. Offered services

### 1.1 General remarks

The main services of the Bank can generally be divided into the following:

- Discretionary asset management services;
- Investment advisory services; and
- Execution only services.

The Bank defines discretionary asset management services as the management of financial instruments (either individual instruments or an entire portfolio) for a client based on an investment strategy agreed between the client and the Bank. Under an asset management agreement, the client delegates the decisions on individual investments to the Bank.

The Bank defines investment advisory services as the provision of a personal recommendation to a client relating to one or more financial instruments. The investment decision remains with the client.

The Bank accepts an asset management or investment advisory mandate only based on a separate written agreement signed by the client.

The Bank defines execution only services as the carrying out of purchase or sale transactions by the Bank as instructed by the client.

Furthermore, the scope of services offered by the Bank covers the following: Custody and safekeeping services, granting of credits and mortgages, foreign exchange services as well as financial analysis.

### 1.2 Suitability and appropriateness assessment

To provide appropriate and suitable advice to its clients, the Bank obtains information about the client’s knowledge and experience, investment objectives and financial circumstances including risk tolerance:

- The client’s knowledge and experience must be assessed regarding the different types of financial instruments and investment services on offer. If orders are issued by a third person acting on behalf of the client, the assessment is based on the knowledge and experience of the authorised person.
- The investment objectives cover client information relating to his or her: (i) planned investment purpose; (ii) investment horizon; and (iii) preferred portfolio risk.
- The client’s financial circumstances cover details of its entire bank assets, its regular income and expenditure and its financial obligations and planned investments. The client’s risk tolerance includes details of how well the client could tolerate losses.

Only with the above information is the Bank able to recommend suitable investments in financial instruments or execute such transactions on the client’s behalf under an asset management agreement.

Suitable services and financial instruments are those that: (i) are in line with the client’s investment objectives; (ii) involve a level of investment risk that the client can tolerate; and (iii) contain risks that clients are able to understand on the basis of their knowledge and experience.

If the client does not provide the necessary information, the Bank is not allowed to render any investment advice or asset management services.

If the client has been classified as a Professional Client (see section 4), the Bank assumes that the client has the required knowledge and experience and is able to bear the financial risks associated with a specific transaction.

When evaluating the knowledge and experience of legal entities or if a power of attorney has been granted, the Bank bases its assessment on the person dealing with the Bank. If this person only has joint signing authority, all

persons involved must have the required knowledge and experience.

When evaluating financial circumstances and investment objectives, the Bank's assessment is based on the account holder. For accounts with two or more account holders, it is based on the financial circumstances of the financially weakest account holder.

The assessment of the investment objectives will be based on the account holder with the lowest expected return and the lowest risk capacity and risk tolerance. In making the assessment, the Bank relies on the information provided by the client and assumes that such information is accurate.

Should a client fail to provide the Bank with the requested information or if the information provided is insufficient, the Bank is prohibited by law from providing a client with recommendations.

### 1.3 Discretionary asset management services

Discretionary asset management services are based on a specific written agreement between the Bank and the client, setting out the investment strategy and the client's individual requirements/parameters which are to be followed by the Bank in the context of the management of the client's portfolio. Within this contractual framework, the Bank makes investment decisions at its own discretion without prior consultation of the client. The Bank sends the client a report of portfolio performance at the contractually agreed frequency, but at least every three months.

### 1.4 Investment advisory services

Investment advisory services are based on a specific written agreement between the Bank and the client determining the agreed parameters. On this basis, the Bank issues personal investment recommendations to the client regarding specific financial instruments, tailored to the individual objectives and needs of the client as contractually agreed.

To be able to check whether recommendations are suitable for clients, the Bank endeavours to obtain sufficient information from each client about knowledge and experience, investment objectives and risk appetite. This includes the client's tolerance to bear losses and specific financial circumstances.

The Bank provides investment advisory services in a non-independent capacity. The Bank selects the investment recommendations that are suitable for clients from its own defined investment universe, which consists of different types of financial instruments.

In defining this investment universe, the Bank includes financial instruments provided by third parties as well as financial instruments provided by the Bank and associated or affiliated companies. If a third-party financial instrument and one of the Bank's own financial instruments are equally suitable for a client, the Bank may give preference to its own financial instruments.

In its investment advice on collective investment schemes and structured products, the Bank chooses its

recommendations from a broad range of Rothschild Group internal and external financial instruments.

After receiving investment advice from the Bank but in principle before the Bank carries out any transaction on the client's behalf, a Retail Client will be issued a statement which outlines the investment recommendations the Bank has made and gives information on how these are suitable for the client.

If a client agrees to buy a financial instrument by telephone, fax, or e-mail, thereby preventing the Bank from issuing the written suitability statement beforehand, the Bank can provide the client with the statement immediately after closing the transaction. This is on condition that the client has consented to such retroactive handover of the suitability statement and that the Bank has given the client the option of deferring the transaction to allow the client to receive the statement beforehand.

### 1.5 Execution only services

When rendering execution only services, the Bank only executes client orders without having provided any advice or recommendation to the client. Upon receipt of such a client order, the Bank checks whether the client has sufficient knowledge and experience to be able to assess the risks associated with the transaction.

If the appropriateness test flags the transaction as not appropriate, the order can be executed only after express confirmation from the client that:

- (i) he understands the Bank has categorised the trade as not appropriate; and
- (ii) the client still wishes to proceed.

### 1.6 Custody business

In addition, the Bank offers its clients safekeeping, booking and administration of assets in custody accounts. The Bank provides information on custody account holdings with the contractually agreed frequency.

The Bank is entitled to have suitable financial instruments held in safe custody in its own or external collective custody accounts or with a central collective depository in Switzerland or abroad.

For further information about the Bank's custody services, reference is made to the Bank's *General Business Conditions* and in particular to the safe custody regulations contained therein.

## 2. Risks relating to trading in financial instruments

Trading in financial instruments is associated with various risks. These risks may vary significantly depending on the financial instrument. The risks involved are set out in greater detail in the *Risks Involved in Trading Financial Instruments* brochure produced by the Swiss Bankers

Association. Information on the settlement of orders is provided in the execution principles for securities business referred to below.

### 3. Information on costs and charges

#### 3.1 Ex-ante disclosure

The Bank discloses the charges and any other costs of investment services and ancillary services in advance (ex-ante disclosure).

The Bank may make such disclosure in a general and standardised manner or indicated as a bandwidth. The details of the costs and charges linked to the Bank's services are set forth in the Bank's fee schedules. Related information is contained in the *General Business Conditions*.

For services provided under investment advisory and asset management mandates and in certain cases involving execution only business, the Bank will also disclose the underlying product costs (i.e. the costs of designing and administering the financial instruments concerned) ex-ante. The figures relating to these product costs are based on estimates.

#### 3.2 Ex-post disclosure

In every case the service charges will be disclosed by the Bank after a service has been provided to a client (ex-post). Ex-post cost statements may vary from ex-ante cost estimates. When issuing ex-post cost statements, the Bank is also reliant on data furnished by product providers and information suppliers which may well apply different statement cut-off dates, different prices (e.g. middle price or closing price on a particular day) or, in the case of foreign currencies, different exchange rates and times.

### 4. Client categorisation

#### 4.1 General

Under MiFID II requirements the Bank is obliged to classify clients who are domiciled in EU and EEA countries into three categories according to precisely prescribed criteria: (i) Retail Clients, (ii) Professional Clients and (iii) Eligible Counterparties. This classification is designed to ensure that clients are treated in a manner appropriate to their knowledge and experience of financial instruments and in accordance with the type, frequency and volume of the transactions involved. In addition, the classification serves to ensure that appropriate and proportionate information can be made available to clients as required, in order to enable the types of services or financial instruments requested and the associated risks to be assessed. Generally, the Bank categorises all its clients as Retail Clients unless agreed otherwise with a client.

#### 4.2 Retail client

Retail Clients are clients that are categorised neither as Professional Clients nor as Eligible Counterparties. A client in this category enjoys the highest level of protection available.

#### 4.3 Professional client

A client that meets the MiFID II criteria will be classified by the Bank as a Professional Client provided there is no separate agreement with the Bank to classify him as a Retail Client. If the Bank is unable to determine beyond

doubt whether the client meets those criteria, the client will be classified as a Retail Client.

The level of protection for Professional Clients is lower than the level for Retail Clients. Unlike with Retail Clients, the Bank assumes that Professional Clients have adequate experience, knowledge and understanding to make their own investment decisions and to assess the associated risks appropriately.

#### 4.4 Eligible counterparty

Eligible Counterparties may be regulated legal entities (e.g., banks) and relatively large companies as well as governments, central banks and international or supranational organisations. They benefit from the lowest available level of protection under MiFID II. With this category of clients, the Bank assumes that the acting person has adequate experience, knowledge and understanding to make investment decisions and to assess the associated risks appropriately.

#### 4.5 Re-categorisation

A client may wish to receive a different level of protection by changing its current client categorisation at any time. The client may opt for:

- a lower level of protection, i.e., a re-categorisation from Retail Client to (Elective) Professional Client, or from Professional Client to Eligible Counterparty (opting-out).
- a higher level of protection, i.e., a re-categorisation from Eligible Counterparty to Professional Client or Retail Client, or from Professional Client to Retail Client (opting-in).

If a client wishes to be re-categorised, he has to submit a written request to the Bank. However, the Bank may at its own discretion reject an application for re-categorisation without justification. The Bank's client adviser will be able to provide more information and the required form.

The client must inform the Bank of any changes which might affect the client categorisation. If the Bank becomes aware that the client no longer meets the requirements for its client category, the Bank is under an obligation to adjust the classification itself. The client will be informed accordingly.

### 5. General information

#### 5.1 Information about the Bank

Rothschild & Co Bank AG is entered in the Swiss Commercial Register (company number: CHE-107.848.173) and is licensed by the Swiss Financial Market Supervisory Authority FINMA, Laupenstrasse 27, CH-3003 Berne ([www.finma.ch](http://www.finma.ch)), to conduct its business as a bank and securities dealer.

Name and address:

Rothschild & Co Bank AG  
Zollikerstrasse 181  
CH-8034 Zurich  
Tel. +41 44 384 71 11  
Fax +41 44 384 72 22  
Website: [www.rothschildandco.com](http://www.rothschildandco.com)

## 5.2 Means and language of communication

The client may communicate with the Bank in person, by telephone, in writing (including fax and e-mail) or, if the client has access thereto, via the Bank's electronic platform(s) and channels. Some forms of communication require separate agreements between the client and the Bank.

The language used in the business relationship between the Bank and its clients is the language of the correspondence selected by the client. The client may choose between German, French, English and Spanish. Most of the Bank's documentation is available in these four languages.

The Bank can accept orders in securities business through contact in person, by mail, by telephone, by fax or electronically. The client acknowledges and accepts that telephone calls can be recorded for evidence and quality assurance purposes.

## 5.3 Notification and transactions effected

The client will receive a settlement note for each transaction executed. The Bank will draw up the settlement note and send it to the client without delay upon execution of the transaction or, in cases in which the Bank receives confirmation of execution of the transaction from a third party, no later than on the first working day after this confirmation from the third party is received.

## 5.4 Protection of client money and assets

In the event of bankruptcy of a Swiss bank, a distinction has to be drawn between deposits and custody account assets regarding the protection of client money and assets.

If a Swiss bank becomes bankrupt, deposits receive privileged treatment up to a maximum of CHF 100,000 per client. Balances in accounts in the name of the client are privileged deposits. Deposits payable to the bearer (and thus not in the name of the client) are not privileged. Privileged treatment also applies to medium-term notes that are deposited at the Bank in the name of the depositor, even if they constitute claims against the bank payable to the bearer. Further information on deposit protection at Swiss banks and securities dealers may be found at [www.esisuisse.ch](http://www.esisuisse.ch).

Unlike deposits, custody account assets (such as shares, units in collective investment schemes and other securities as well as other fiduciary investments) are the property of the client and, in the event of a Swiss bank becoming bankrupt, are immediately and fully separated from the bankruptcy proceedings and issued to the client. They therefore never become part of the bankrupt party's estate. This rule applies to all custody account assets as well as precious metals deposited physically with the Bank that are the client's property.

If a foreign fund management company goes bankrupt, the legal options of the holders of fund units are based on the rules of the applicable foreign legal regime.

## 5.5 General business conditions

The client's business relationship with the Bank is mainly governed by the *General Business Conditions* – comprising the *General Regulations*, the *Custody Regulations* and the *Regulations for Metal Accounts*. This Brochure has merely an informative character and is not to be considered an integral part of the *General Business Conditions*.

## 5.6 Client complaints

The Bank has in place a written procedure for the effective consideration and proper handling of complaints from its clients. A complaint can be sent in writing to the Legal & Compliance Department of Rothschild & Co Bank AG, Zollikerstrasse 181, 8034 Zurich, Switzerland. In addition, the client is entitled to make a complaint verbally.

The Bank will endeavour to resolve the client's complaint as quickly as possible but, in any event, it will acknowledge receipt of the complaint promptly. The acknowledgment will include a copy of the Bank's internal complaints handling procedures which is also available on request from the Legal & Compliance Department.

The client may also have the right to complain directly to the Swiss Banking Ombudsman, Bahnhofplatz 9, 8021 Zurich, Switzerland ([www.bankingombudsman.ch](http://www.bankingombudsman.ch)) if the Bank is unable to resolve the complaint to the client's satisfaction.

## Conflicts of interest

### 6. Identification, measures, information

The Bank has taken several measures to identify and, where possible, eliminate or mitigate potential conflicts of interest between clients on the one hand and the Bank and/or its employees on the other. Further information can be found on the Bank's website at the following link: <https://www.rothschildandco.com/en/legal-information/>.

## Best execution of client orders

### 7. Principle

The Bank has implemented approaches, procedures and execution principles aiming at achieving the best possible execution in the interest of its Clients when receiving, transmitting and/or executing orders with respect to financial instruments for the Clients ("Principles of Best Execution" or "PBE").

The Bank reserves the right to amend the PBE at any time. The Clients of the Bank will be notified of any such amendments in writing or by other suitable means. By issuing its first order, a respective Client agrees to the PBE.

The purpose of this brochure is to inform on the PBE and to provide a summary thereof. Unless specifically provided otherwise, the brochure merely has an informative character.

#### 7.1 Scope

The PBE apply to the execution, acceptance and forwarding of orders by the Bank on behalf of Clients for the purpose of buying and selling financial instruments. It



also applies to orders in financial instruments that the Bank executes for its Clients. They also apply if the Bank, in fulfilling its obligations under an asset management agreement with the client, buys or sells financial instruments for account of the Client.

## **7.2 Fixed-price transactions**

If the transaction is a fixed-price transaction, i.e., if a purchase agreement or sale agreement is concluded between the Client and the Bank for the delivery or acceptance of securities or other financial instruments at a fixed agreed or determinable price, then execution as defined above does not apply. In this case the Client and the Bank are obliged in accordance with their contractual arrangement to deliver the securities or other financial instruments covered by the agreement and to pay the purchase price. The Bank ensures that client orders in the context of fixed-price transactions are executed on market terms.

## **7.3 Primary market transactions**

These PBE do not apply to primary market transactions.

## **7.4 Precedence of client instructions**

If a client issues specific instructions to the Bank for settlement of an order, then the Bank will execute the order in accordance with those instructions. If the client's instructions are not precise on certain points, the Bank will act in this respect in accordance with the PBE. The client's attention is drawn to the fact that if the client issues instructions, the Bank will execute the order in accordance with the client's instructions and to this extent the principles of best possible execution do not apply. In this case, the client's instructions may exempt the Bank from applying its best execution principles according to the PBE.

## **7.5 Pooling of client orders**

The Bank is entitled to pool client orders with its own orders or with orders of any other clients. Orders will only be pooled in case it is very unlikely that pooling will be disadvantageous to the client. Notwithstanding this, it is possible that the effect of pooling may work to the client's disadvantage in relation to a particular order.

## **7.6 Market orders**

When the client gives an instruction to complete the order at market, the order shall be executed at the next available price allowing for time to process and place the order. With a market order, the client instructs the Bank to execute a transaction of a certain size as promptly as possible at the available market price(s). The Bank may use its discretion to change the client's order to a limit order if it can reasonably be assumed under the given market conditions that this will result in a better price. Nevertheless, it is possible that this might be disadvantageous to the client in connection with a specific order.

## **7.7 Limit orders relating to equities and equity-like instruments**

If limit orders relating to equities or equity-like instruments for which trading is permitted on a regulated market are not executed immediately on account of current market conditions, the Bank is obliged to make such orders public to other market participants unless the Client instructs otherwise. This duty is regarded as having been fulfilled when such a limit order is transmitted to a regulated market or multilateral trading facility. In the absence of an explicit request from the Client to the contrary upon having received this brochure, the Bank will treat a Client, when placing an order with the Bank, as having provided the Bank with the consent not to publish any unexecuted limit orders, as the Bank believes this to be in the Client's best interest.

## **8. Criteria for determining best possible execution**

### **8.1 Basic principle**

When executing client orders and when accepting and forwarding client orders for the purpose of execution, the Bank will take all appropriate measures to achieve the best possible result for its clients. In doing so, the Bank will determine the relative importance of the execution factors based on its business judgement, its trading experience, and the market information available to it.

### **8.2 Execution factors**

The execution factors that are considered may include the following:

- **Price/costs**

The Bank will choose what it regards as the best possible result based on the factor of overall cost. This includes consideration of its own and external charges and costs associated with settlement. For retail clients in particular, price is accorded the highest level of importance in determining the best possible result. However, for certain Clients, orders, financial instruments or markets, the Bank may conclude that greater importance needs to be attached to other execution factors in achieving the best possible execution result.

- **Probability of execution and settlement**

Greater importance is attached to the probability of execution and settlement than to the expected timing of the transaction because of the assumption that orders can as a rule be placed on the market quickly, so more attention is paid to market liquidity.

- **Execution timing**

In general, orders are placed with the execution venue immediately. However, it is possible that orders will not be settled straight away owing to a lack of liquidity.

- **Size and type of order**

In connection with the "probability of execution and settlement", attention needs to be paid in particular to the size of the order. The type of order refers to the various order types. Because the different execution venues

(e.g. stock exchanges) can determine order types, it may not be possible to place certain order types with the desired venue.

### 8.3 Execution venues

In the absence of client instructions to the contrary, the Bank will settle an order through one of the following execution venues or through several of them:

- execution directly through a regulated market (stock exchange), a multilateral trading facility (MTF) (or – if the Bank itself is not a direct member of the relevant regulated market or MTF – through a broker that will execute the order via this regulated market or MTF) or an Organised Trading Facility (OTF)
- execution outside a regulated market or MTF
- execution of the order in conjunction with an opposite order from another Client of the Bank
- execution via other brokers or market makers
- settlement through order-crossing networks and electronic trading platforms that do not constitute regulated markets or MTFs
- with a systematic internalizer

Having considered the execution factors, the Bank selects the execution venue that it deems to be the most suitable one to place orders with. Depending on the market and the type of financial instruments being traded, the Bank uses different execution venues. When choosing the best execution venue, the Bank will rely on the correctness of the information received by third party providers (e.g. SIX Financial Information).

The Bank maintains a selected network of global brokers and brokers with local expertise. Information on the trading venues used by the Bank is accessible on the Bank's website.

The Bank monitors the execution venues and evaluates their quality and timely execution through the brokers on an ongoing basis.

Further, after careful consideration of the options set out above, the Bank may itself act as the execution venue and make use of an internal execution method, if this is advantageous from the point of view of the Bank or not disadvantageous to the Client.

### 8.4 Execution orders outside an execution venue

When executing orders outside a trading venue, the Bank will use all reasonable efforts to obtain competing quotes from several of its approved counterparties in order to deal on the best price. It should be noted that with less liquid instruments there might be only one liquidity provider and therefore only one available price to deal on. In volatile non-transparent markets, it may be necessary to accept the first price offered without the opportunity to obtain or request other prices.

Trades executed outside a trading venue always bear a counterparty risk. This risk may result in a loss for the

Client if the counterparty is not able to fulfil its contractual obligations.

By issuing its first order, the Client gives consent for the execution of orders outside a regulated market, MTF or OTF.

## 9. Monitoring and review

The Bank reviews the PBE annually as well as whenever a material change arises that has an impact on the Bank's ability to continue consistently achieving the best possible result when executing its client orders at the place of execution defined in these PBE. Where the Bank uses third-party brokers to execute transactions, the Bank undertakes periodic reviews of the execution quality of its third-party brokers.

The Bank reviews the selection of execution venues and brokers with reasonable frequency, but at least once a year, and adapts as appropriate. It will also carry out a review and make adjustments as necessary if there are reasons for believing that material criteria that favoured a specific execution venue have ceased to be valid. The Client permits the Bank to make such adjustments unilaterally.

The Bank will inform the Client in a suitable manner about material changes to the PBE.

## 10. Other provisions

### 10.1 General execution and order processing procedures

The Bank has issued internal policies for the collection and allocation of orders, the procedure for partial executions and the handling of limit orders. The focus is on the Client's interest in best possible execution of the order. The Bank will inform its Clients promptly if difficulties arise in the processing of their orders and takes all reasonable precautions to prevent settlement errors or deficiencies.

### 10.2 Disturbances in the market or trading system

In the event of disturbances in the market or the Bank's own systems e.g. due to outages or deficient access in technical systems, it may be impossible or inappropriate to execute orders in the best interest of the Client as set out in the PBE. The Bank will thereupon take all reasonable measures to otherwise achieve the best possible result for the Client.

### 10.3 Cancellations

If the account is credited with an amount subject to payments being received, the Bank may subsequently reverse credit on the account, irrespective of the period of time that has passed since the booking was made to the account. The same also applies for custody account assets that are booked into the Client's custody account subject to the securities being delivered as well as for account and custody account bookings that were mistakenly or incorrectly made. The Client acknowledges that the Bank may make such correction bookings without consulting the Client in advance.

The Bank is under no obligation to execute orders for which there is no coverage/credit limit or which concern balances and custody assets that have been credited subject to payment/securities actually being received and where such a payment/securities delivery is still outstanding.

#### **10.4 Unforeseen circumstances**

Best execution is a process and not an outcome. When the Bank is executing an order for its Client, the Bank will execute it in accordance with the PBE. However, the Bank cannot guarantee that the best possible result will be obtained in all circumstances and in every event. The relative importance of the different execution factors may lead to a different result in a particular transaction.

#### **10.5 Controller**

A controller is any person who in fact, either directly or indirectly, at his own discretion, makes decisions or gives instructions with respect to transactions entered into under the PBE, either by virtue of a power of attorney or otherwise. The Client is obliged to inform the Bank who might be acting as a controller regarding transactions concluded under the PBE. In addition, the Client undertakes to inform the Bank immediately, at the latest on the following bank working day, if such information is no longer correct and true. Without such notification, the Bank assumes that the respective transaction initiator is also the sole controller.

Please find further Legal and Regulatory information:

<https://www.rothschildandco.com/en/legal-information/>

