

Safe Custody Regulations

Version: May 10, 2023

1. General provisions

1.1 Receipt of safe custody assets

The Bank accepts from clients:

- a. Securities of all kinds (equities, bonds, unit certificates of investment funds, cash bonds, money market instruments, mortgage securities, etc.) and quoted precious metals for safekeeping and management in open custody accounts;
- b. Money and capital market investments which are not structured as securities (especially registered shares with deferred printing of securities) for booking and administration in open custody accounts;
- c. Documents, valuables and other items suitable for safekeeping in a sealed custody account. The Bank may decline the receipt of safe custody assets in whole or in part without giving reasons.

1.2 Receipt and inspection

The Bank will issue a suitable receipt for each deposit of safe custody assets that is not of the same quality as a security. The Bank accepts safe custody assets only subject to their being inspected and their authenticity confirmed, but does not accept any liability for them. Administrative actions and the execution of orders are only carried out after the inspection has been completed. Foreign safe custody assets may be transferred to a suitable location in the relevant country for inspection.

1.3 Plurality of clients

If the Bank has a business relationship with a plurality of Clients, each custody account is also deemed to be a jointly established joint custody account. In such cases, each Client is entitled to individual right of disposal, unless a special agreement has been reached with the bank. All Clients are jointly and severally liable for all claims of the Bank arising from the custody account relationship.

1.4 Custody fees, credits and debits

The prices for the safekeeping and administration of safe custody assets and for additional services are listed in the Fee Schedule. The Bank may debit these fees from the Client's account in line with the services requested by the Client. Other credits and debits (capital, income, fees, expenses, etc.) may also be made to the Client's account, unless otherwise instructed by the

Client. If necessary, amounts are converted into the currency in which the account is managed. If the Bank credits the Client's account with distributions prior to their receipt, it may cancel them if they are not received. The same applies to erroneous credit notes.

1.5 Deliveries

Subject to notice periods, statutory provisions, the covenants of issuers and the Bank's rights of lien, retention or other withholding powers, the Client and any authorised representatives may at any time request that the safe custody assets be delivered or made available to them. The Bank may also at any time ask the Client to withdraw the assets deposited with it. Delivery shall take place in compliance with the usual delivery deadlines at the Bank's registered office during the Bank's opening hours. The Bank may make assets held abroad available to the Client through a foreign correspondent. The assets are delivered against a receipt, which relieves the Bank of any liability.

1.6 Shipping insurance

Safe custody assets are shipped at the expense and risk of the Client. Unless the Client specifies otherwise, the Bank shall take out shipping insurance and make a declaration of value at its discretion.

1.7 Book-entry securities

Securities and book-entry securities with a similar function that are not securitised are treated analogously. In particular, the rules governing commission (Art. 425 et seq. Swiss Code of Obligations (CO)) between the Client and the Bank apply.

Direct investments in hedge funds and private equity vehicles are executed in the Bank's name but for the account and at the risk of the Client. The Client bears the economic and legal risks to which the Bank is exposed by the respective administrators or correspondents in the countries concerned.

2. Special provisions for open custody accounts

2.1 Collective custody accounts and custody accounts with correspondents

The Bank is expressly authorised to hold the securities of the same class in safekeeping in its own collective custody account or to have them held in safekeeping



and administered by third parties of its choice in Switzerland or abroad in its own name but for the account and risk of the Client.

The Client is at all times entitled to co-ownership of collective custody accounts located in Switzerland in the proportion of the assets deposited by the Client to the respective holdings of the collective custody account. In the case of safekeeping abroad, the safe custody assets are subject to the regulations and practices at the place of safekeeping. If the return of safe custody assets held in safekeeping abroad is made more difficult or impossible by foreign law, the Bank is only obliged to provide the client with a proportionate right of return at the place of safekeeping.

2.2 Legal risks

If regulations, restrictions, taxes, levies, fees or other current or future measures are taken by domestic or foreign states and authorities to hold securities held in safekeeping with the Bank or in its name but with third parties for the account and risk of the Client, the Client alone shall bear the consequences therefrom; the Bank assumes no liability whatsoever in this regard.

2.3 No entry of registered securities

Unless the Client issues instructions to the contrary, registered securities are usually not entered.

The Client accepts that the foreign depository will know their name if they enter the securities in their name.

2.4 Precious metal collective custody accounts

The following special provisions also apply to precious metal collective custody accounts:

- a. The minimum fineness corresponds to 995/1000 in the case of gold and 999/1000 in the case of silver, platinum and palladium for each of the assets in the form of precious metal bars held in safekeeping by the Bank on behalf of the Client.
- b. The booking is made either in justifiable units (e.g. small bars) or in grams of fine weight.
- c. The Client may withdraw at any time the amount of precious metals corresponding to a co-ownership share from the collective custody account and to have it delivered to a branch of the Bank in Switzerland. To deliver the precious metals on time, withdrawals shall be notified to the Bank five bank working days in advance. Deliveries to other locations are only possible after a separate agreement has been made with the Bank and at the Client's expense and risk.
- d. The number of booked, justifiable units of precious metal is delivered. If custody accounts are managed in fine weight units, the Bank may deliver bars of any size and charge the Client the manufacturing costs valid at the time of settlement. Any remaining weight differences will be compensated at the discretion of the Bank by smaller, justifiable units or at the price of the Zurich precious metals market (if necessary at the price of the free international market) at the time of settlement.
- e. In the case of gold and silver coins held in collective custody, the holder is not entitled to the delivery of coins of a certain year or of a certain mintage.

2.5 Administration

2.5.1 Standard administration

From the day on which the custody account is opened, the Bank shall take care, even without the express instruction of the Client, of the usual administrative actions, such as the collection of coupons and the redemption of securities, the subscription to new coupons and the exchange of securities, the supervision of drawings, cancellations, repurchases and repayments of securities, and subsequent collection of repayable securities, all on the basis of the lists at its disposal, but without assuming any responsibility in this respect; in particular it is not liable for errors or omissions. In the case of couponless registered shares, administrative actions will only be performed if the delivery address for dividends and subscription rights is the Bank. In the case of non-securitised book-entry securities with deferred printing, the Bank has the right:

- (i) to arrange for the cancellation of existing securities and their conversion into non-securitised book-entry securities by the issuer;
- (ii) to perform the usual administrative actions during the period of custodial booking, to give the issuer the necessary instructions and to obtain the necessary information from the issuer;
- (iii) to require the issuer to print and deliver the securities at any time for the account of the Client;
- (iv) execute stock market orders as an own trader.

2.5.2 Special administrative actions

Unless otherwise agreed, the Client is solely responsible for taking all other precautions to safeguard the rights associated with the safe custody assets. In response to the Client's timely written order the Bank shall in particular take care to

- (i) exercise conversion and options rights;
- (ii) conversions;



- (iii) broker payments on securities that have not been fully paid in;
- (iv) collect interest and principal repayments on mortgage securities;
- (v) exercise or purchase and sell subscription rights; if the Bank does not receive an order to the contrary within the specified period (or in respect of subscription rights listed on the Swiss stock exchange, up to the day before the last day of listing), it may at its discretion sell the subscription rights at best price without being obliged to do so.

The Bank only asserts rights of reclaim and tax credits on the basis of written instructions from the Client. Voting rights in custody accounts are only exercised with a written power of attorney in accordance with a separate agreement.

If administrative actions result in the Bank being obliged to report to issuers or the authorities, the Bank is entitled to waive execution of these actions in whole or in part. The Client will be informed accordingly.

2.5.3 List of assets

The Bank shall provide the Client periodically, at least once a year, with a list of assets held or recorded in the open custody account. The valuations contained therein are based on approximate prices from standard banking sources. They are not binding on the Bank and the Bank rejects any liability for their accuracy.

Section 1.4 of the General Terms and Conditions applies to the inspection and approval of the list of assets by the Client.

3. Special provisions for closed custody accounts

3.1 Deposits into the custody account

A closed custody account shall be provided with a declaration of value and a description of its contents, signed by the Client; the packing shall bear the Client's client number.

3.2 Contents

Closed custody accounts may only contain items or documents whose nature guarantees safekeeping without any risk and without any risk of damage to the Bank; items which are flammable, or otherwise hazardous or unsuitable for safekeeping in a bank building are excluded. The Client is liable for any damage arising as a result of a violation of this provision, even if they are not at fault. The Bank reserves the right to check the contents of the custody account in the pres-

ence of the Client or one of their authorised representatives or, if they are not available at short notice, in the presence of the official designated by cantonal law for this purpose, or to require the Client to provide proof of the nature of the deposited items.

3.3 Safekeeping

The Bank shall keep the safe custody assets received in a safe place with due care. It is entitled to have the deposited assets held externally in its own name but for the account of the Client.

3.4 Liability

The Bank is only liable for damage or loss to the safe custody assets if it is guilty of gross negligence. In particular, it is not liable for any loss if the custody account has not been set up in accordance with the provisions of these Safe Custody Regulations. Whenever the Client withdraws the safe custody assets, the Client shall check whether the contents are intact and undamaged. The Bank is only liable if the Client (i) can prove by the condition of the packing that it has been unlawfully opened and (ii) that the contents are incomplete. Any complaint must be made immediately upon withdrawal of the safe custody assets otherwise it will be disregarded. The Bank's liability in any event is limited to the proven value, but cannot exceed the declared value. The Bank is relieved of any liability when the Client withdraws the safe custody assets and acknowledges receipt by signing.

4. Futures, forwards and options transactions

4.1 Instructions to execute forwards and futures contracts

The Client instructs the Bank to execute futures, forwards and options transactions in equities, bonds, participation certificates, foreign exchange, precious metals and indices through its accounts and portfolios managed by the Bank. The Client confirms that they are aware of the characteristics and risks of such transactions and of the contract specifications. It is the Client's responsibility to take note of the specifications of standardised and non-standardised contracts.

4.2 Purchasing options (going long)

When purchasing options, the Client shall have sufficient cover to pay the options price (premium). The Client pays the premium to the Bank with a value date one, two or three days after purchasing the option, depending on the practices of the respective trading venue.



5. Futures and selling options (going short)

5.1 Margin cover

As the writer of an option (put or call option) and for all futures contracts, the Client shall maintain the cover calculated by the Bank. This cover (hereinafter referred to as “margin cover”) may, at the Bank’s discretion, include the current difference between the market price and the exercise price of the underlying assets or the total commitment entered into by the Client at market prices. If the margin cover is insufficient based on the Bank’s current calculations, the Client shall raise it to comply immediately with the Bank’s daily margin calls. If the Client has not complied with the Bank’s margin call on the following trading day, the Bank is entitled but not obliged to debit the margin call from the Client’s accounts managed by it and/or to close out the position without setting a grace period.

5.2 Covering obligations

If at the start of the last trading day before expiry the Client has insufficient cover at the Bank to fulfil the contract(s), the Bank is entitled but not obliged to close out positions without having first requested an additional payment. The Bank may also exercise this right during the term of a contract if strong price fluctuations or other extraordinary events occur and in the case of transactions on foreign stock markets where additional payments cannot be demanded in good time due to the time difference.

5.3 Covered call options

The Bank will only execute orders from the Client to sell (write) call options as covered if the Client has free access to the appropriate number of underlying assets in their portfolio at the Bank. By placing the order, the Client authorises the Bank to deliver the corresponding underlying assets to the options holder and to transfer them to the holder if the option is exercised.

To secure the obligations arising from such orders, the Client transfers/cedes to the Bank all rights to the underlying assets as collateral. The Bank is therefore authorised in particular to pledge the underlying assets assigned to it as collateral to the correspondent commissioned by it or to the options exchange or to transfer them as collateral or to deposit them with these correspondents.

If the option is not exercised by the end of the term or if the option is closed out, the rights granted to the Bank under this section automatically revert to the client.

5.4 Futures with physical delivery

In the case of futures with physical delivery, the Bank shall, on the last trading day before expiry, in the best interests of the Client and to avoid settlement through effective performance close out each futures position with physical delivery for the account of the Client, unless the Bank has received instructions to the contrary from the client no later than 12.00 noon (Swiss time) on the second last trading day before expiry.

5.4.1 Concluding and confirming contracts

The Bank shall send the Client a written confirmation for each contract concluded. If the Client discovers a discrepancy between their records and the written confirmation, they shall inform the Bank immediately upon receipt of the notification. If no notification is received within 24 hours, the confirmation of the contract is deemed accepted. The Client retains the risk of an agreement on post stored at the Bank. If no such agreement exists and if the Client has not received the confirmation, the complaint must be made as if the notification had been received by the Client in a normal postal delivery.

5.4.2 Exercising options

The Bank exercises options only on the basis of an instruction from the Client. This also applies if the option has an intrinsic value upon expiry. The Client shall give the Bank their instructions no later than 12.00 noon (Swiss time) on the second last trading day before the expiry date. If an unsecured call option written by the Client is exercised, the Bank shall inform the Client of this. The Client undertakes to purchase the underlying assets on the correct value date. If the underlying assets are not purchased in due time, the Bank is entitled but not obliged to purchase them at best price for the account of the Client. The Bank may charge any claims arising from delayed purchases to the Client.

5.4.3 Responsibility and monitoring

The Client is responsible for profit or loss arising from the execution of an order and the monitoring of contracts. Any liability on the part of the Bank or any other trading partner is excluded.

6. Final provisions

6.1 Amendments to the Safe Custody Regulations

The Bank reserves the right to amend these Safe Custody Regulations at any time in accordance with section 1.20 of the General Terms and Conditions.



6.2 Entry into force

These Safe Custody Regulations (as at September 2017) enter into force with immediate effect. They replace all of the Bank's previous safe custody regulations.

