

General Conditions for Trading and Safe Custody Accounts (January 2022 edition)

I. Introductory provisions

1. Area of application

These General Conditions for Trading and Safe Custody Accounts govern the trading in financial instruments (including precious metals) as well as the safekeeping and administration of safe custody assets on behalf of clients of Zürcher Kantonalbank ("Bank"), and shall be deemed accepted and agreed upon by making use of these services. These General Conditions for Trading and Safe Custody Accounts shall apply in addition to any special contractual agreements. Otherwise, the Bank's General Conditions shall apply.

2. Execution-only safe custody accounts

The management of safe custody accounts on an execution-only basis means the Bank executes or transmits client orders relating to the safe custody account ("execution-only"). **In particular, the Bank conducts neither suitability nor appropriateness checks with respect to transactions or positions.** The Bank hereby expressly informs the client of this fact and will not repeat this information prior to every individual transaction. The client acknowledges that the booking of his assets in the relevant safe custody account does not give rise to an entitlement to advisory services. In particular, the Bank has no obligation to monitor the client's assets or to notify him of any risks or negative developments. Nor does the Bank have any obligation to make decisions or take action to invest or liquidate the assets in the safe custody account, even in unusual situations. To the extent the Bank provides the client with information on financial instruments, this information is of a general nature and does not constitute personal recommendations or information specifically geared to the acquisition, holding or disposal of a financial instrument.

The market offering available to clients for execution-only safe custody accounts comprises both the Group's own financial instruments as well as those of third parties outside the Group.

The Bank manages the client's safe custody account on an execution-only basis if the client does not assign the Bank to provide asset management or investment advisory services as specific services provided by the Bank for this safe custody account. Such services must be the subject of a separate contract concluded with the Bank in writing or in any other form that

constitutes proof through text. Such a contract regulates the asset management or investment advisory services provided in connection with the safe custody account(s) stipulated therein.

3. Risks involved in trading financial instruments

Trading with financial instruments can entail significant risks. Not only could it result in the total loss of an investment, but under certain circumstances it may also entail an obligation to pay in additional funds.

Before instructing the Bank with an order or concluding a fixed price transaction, the clients must familiarise themselves with the various terms and conditions and risks in connection with the trading of financial instruments by consulting the brochure "Risks Involved in Trading Financial Instruments" as well as the specific product documentation. He acknowledges that the Bank may execute his orders without further informing him of the general or specific risks relating to the financial instrument in question or may enter into fixed price transactions to this effect with him.

The brochure is available at zkb.ch/trading and can be obtained from the Bank.

II. Trading

4. Transparency and due diligence with respect to client orders

The Bank executes client orders with due diligence and in the interests of the client, in accordance with the Bank's execution policy. It processes orders by different clients in the same manner. Any deviation from this principle must be based on objective criteria. Client orders relating to the same financial instruments are executed in the order in which they are received by the Bank's electronic trading systems.

Allocation with respect to public offerings in the capital market is regulated by the directives of the Swiss Bankers Association.

These directives and the detailed execution policy are available at zkb.ch/trading and can be obtained from the Bank.

5. Commission-based and fixed price transactions

The Bank shall arrange commission-based transactions for financial instruments on behalf of the client or enters into fixed price transactions with him.

In the case of commission-based transactions, client orders for the purchase or sale of financial instruments are executed for the account of the client by the Bank itself or through third parties commissioned by the Bank with other market participants against payment of a fee ("brokerage fee" or "commission"). The Bank may also execute client orders against its own account at current market prices.

Fixed price transactions involve the bank and client concluding an agreement to purchase a financial instrument at a fixed or determinable price, or concluding a derivative contract at agreed terms. The Bank either acquires financial instruments from the client as a buyer or delivers financial instruments to the client as a seller. The rights and obligations of the Bank and client are in this respect based on the contractual provisions. Fees may apply to fixed price transactions.

Additional information on the distinction between commission and fixed price transactions is included in the execution policy, which is published on zkb.ch/trading and can be obtained from the Bank.

6. Client orders

Unless otherwise agreed, the Bank executes client orders for the account of and at the risk of the client in accordance with the applicable execution policy; execution is subject to a fee. Client orders are executed at the market price achievable at the time of execution.

Orders may be placed with restrictions or time limits. Other types of client orders are possible; the rules of the relevant execution venue apply. The Bank is authorised to restrict or refrain from offering certain order types.

7. Processing, changing and refusing client orders

Client orders are processed by the Bank during trading hours. Information about trading hours is available at zkb.ch/trading and can be obtained from the Bank. If a client's order has not yet been executed, the Bank accepts changes or revocations and endeavours to implement these. Changing or revoking a client order that has already been executed is not possible. Time-limited client orders cease to be valid after the expiry of the deadline.

The Bank may execute client orders in several partial executions. Client orders may also be executed outside of trading venues and other regulated market places. Information about possible execution venues is available at zkb.ch/trading and can be obtained from the Bank.

The Bank may delay the execution of a client order for the purpose of obtaining approval for disclosure. If no approval for disclosure is granted, an order may be impossible to execute, or impossible to execute at the requested execution venue.

8. Sufficient cover

The Bank reserves the right to refuse the execution of client orders or fixed price transactions if the required cover is not available. The Bank has no obligation to check that the client's account balance or safe custody account holdings provide sufficient cover before executing a client order or concluding a fixed price transaction. If it executes the order or enters into a fixed price transaction despite a lack of cover or if the cover is insufficient during the term of a financial instrument, it may request the client to provide cover within a reasonable period of time. If the cover is insufficient, the Bank may sell or close out financial instruments for the client's account.

9. Applicability of Swiss and foreign rules and regulation and custom and usage as well as of third-party contractual terms

The execution and fulfilment of client orders are also subject to the applicable rules and regulation as well as custom and usage of the relevant domestic or foreign execution venue, place of fulfilment or place of custody. This also includes contractual provisions concluded between the Bank and third parties for the execution and fulfilment of client orders.

10. Third-party services

If the Bank uses the services of a third party for the execution of a client order, the Bank is only liable for applying due diligence with respect to the selection and the instructions of the third party.

III. Custody

11. Acceptance of safe custody assets

Depending on their suitability, the Bank accepts the following as safe custody assets ("safe custody assets"):

- intermediated securities, certificated securities including global certificates, uncertificated securities and other non-securitised money market and capital market investments and other financial instruments for safekeeping and administration;
- fungible precious metals and coins in marketable form and quality for safekeeping;
- other valuables and items for safekeeping strictly as sealed safe custody assets.

The Bank may refuse to accept safe custody assets without stating reasons and may at any time demand the immediate withdrawal of safe custody assets already accepted. This applies in particular where the client does not comply with investor restrictions applicable to him.

The Bank may refuse or postpone the execution of disposal and other transactions if safe custody assets have already been credited but not yet received. It also has the option of crediting safe custody assets only after their receipt in the safe custody account.

If safe custody assets which have been accepted are not of marketable quality or if they exhibit other deficiencies, the client shall be liable to the Bank for any resulting damage suffered by the Bank.

It is up to the client to insure the safe custody assets against damage for which the Bank shall not be held liable.

12. Verification of safe custody assets

The Bank is at any time authorised, but not obliged, to check safe custody assets with a view to verifying that they are genuine, not subject to any blocking requests, and – particularly in the case of foreign safe custody assets – with a view to verifying their quality as intermediated securities within the meaning of the Federal Intermediated Securities Act (FISA). It may also have them checked by third parties in Switzerland or abroad (e.g. foreign custodians) on its behalf. The cost of the checks may be charged to the client.

While verification is in progress, the Bank is not obliged to provide any administrative services, nor to execute registration changes, sale and delivery orders or other actions and orders. If this results in delayed execution of, or failure to execute, actions and orders, the client will bear any damage unless the Bank failed to exercise customary due diligence.

13. Safekeeping of the safe custody assets

Unless instructed otherwise, the Bank may hold fungible safe custody assets in collective deposit. Safe custody in collective deposit does not apply to assets which need to be held separately because of their nature or for other reasons.

Safe custody assets redeemable by drawings may also be held in collective deposit. The Bank will distribute safe custody assets redeemed by drawings among clients by means of a second drawing. The procedure followed in the second drawing will guarantee all clients the same chance of being considered.

The Bank is authorised to cancel certificates which have been accepted at the cost of the client and to have them replaced by uncertificated securities, provided this is permissible under the applicable law.

The Bank is authorised to have safe custody assets held in its own name but for the account and the risk of the client by a sub-custodian of its choice in Switzerland or abroad. The assets may be held separately or in collective deposits.

In the event of no other suitable sub-custodian being available for the market or country in question, the client **explicitly consents to his foreign safe custody assets being held in safekeeping by a sub-custodian abroad which is not subject to supervision appropriate to its activities.**

Safe custody assets traded only or primarily abroad are usually also held in safekeeping in the country in question and where necessary will be moved there at the expense and risk of the client.

Safe custody assets held abroad are subject to the laws and the custom and usage of the location of deposit.

The client acquires, and is only entitled to, such rights as are transferred or credited to the Bank by the sub-custodian in accordance with the applicable foreign law.

Should foreign legislation make it difficult or impossible for the Bank to return safe custody assets held abroad, or to transfer the sales proceeds, its obligation is confined to ensuring that the client is given a proportionate claim to restitution or payment at the place of deposit with a custodian or correspondent bank of the Bank's choice, provided such a claim exists and is transferable.

Where safe custody assets may be held in sub-custody, the Bank is only liable for applying the customary due diligence with respect to the selection and the instruction of the sub-custodian. In the case of intermediated securities, it is also liable for applying the customary due diligence with respect to the monitoring of constant compliance with the selection criteria.

By way of exception, the Bank may accept the selection of a particular sub-custodian by the client. If this results in the client's safe custody assets being held by a sub-custodian who has not been recommended by the Bank for this purpose, then all liability on the part of the Bank in connection with the sub-custody shall be excluded.

14. Registration of safe custody assets

The Bank submits safe custody assets held under a specific name for registration in the relevant register (e.g. share register) if the client has issued authorisation to this effect. This will result in the data transmitted (in particular the name and address of the client or of the person/company submitted for registration) being disclosed to the corresponding entity (company, register etc.). Such data may also be disclosed to third parties with access to it.

However, the Bank may have the safe custody assets registered – for the account and at the risk of the client – in the name of a third party or in its own name, in particular if registration in the name of the client is unusual or impossible.

15. Delivery and transfer of safe custody assets

Safe custody assets will be delivered and transferred in accordance with the legal provisions governing the safe custody assets at the location of deposit and subject to the usual delivery times and form. The prices for delivery and transfer are subject to the Bank's separate price lists. These are available at zkb.ch/terms and can be obtained from the Bank.

Unless assumed by third parties (e.g. issuers), the cost of any certification of uncertificated securities will be charged to the client.

If by way of exception safe custody assets are dispatched (by mail, courier service, transport company etc.), the dispatch will be at the expense and risk of the client. The Bank is not obliged to take out insurance. If a declaration of value is required, in the absence of any special instructions from the client the Bank will make the declaration at its discretion.

16. Administration of safe custody assets

In the absence of explicit instructions from the client, the Bank will perform the usual administrative services such as:

- collection of interest, dividends, principal amounts due for repayment and other distributions as they become due;
- exchange and subscription of safe custody assets without a right of choice for the client (splits, spin-offs etc.).

On the basis of explicit instructions to be received from the client in good time, the Bank will also undertake other administrative services such as:

- exercise of subscription, conversion and option rights;
- handling conversions;
- effecting payments for safe custody assets not fully paid up;
- executing orders arising from stock offers in connection with public takeover bids, mergers, spin-offs, conversions etc.

If sufficient time is available, the Bank shall inform the client of forthcoming events appropriately and will invite the client to issue instructions. This information will be based on data obtained from the standard industry information sources.

If no such information is provided to the client, or if the client's instructions do not reach the Bank in time, or if the instructions provided by the client are contradictory, the Bank shall be entitled, but not obliged, to act at its own discretion for the account and at the risk of the client. Normally, subscription rights which are not exercised will be sold and repurchase, exchange and conversion offers will not be accepted.

In particular, the Bank will not perform any administrative services:

- in the case of registered shares without coupons if the Bank's address has not been entered as the address for the delivery of dividends and distributions;

- for safe custody assets traded only or primarily abroad, where such assets in exceptional cases are held in Switzerland;
- for mortgage securities and insurance policies.

Section 11 paragraph 3 also applies to the crediting of safe custody assets and payments due to the client as a result of administrative services. In addition, the Bank may cancel the credit as long as it has not irrevocably received the safe custody assets or payments.

Credits will usually be made net, i.e. after deduction of taxes, levies, tax retentions, expenses etc. In particular, withholding tax deductions will be attested on the customary transaction statements.

The Bank will not normally take any action (e.g. client segmentation according to withholding tax status) to obtain reduced treaty rates at source for clients.

It is the sole responsibility of the client to assess, or have a tax consultant assess, the tax consequences of specific safe custody assets and their repercussions on his overall tax position.

In the performance of all administrative services, the Bank relies on data obtained from the standard industry information sources available to it. The Bank can rely on this information and is not obliged to obtain additional information from publicly available (e.g. Internet, press) or from special sources or to pass such information on to the client.

It is up to the client to assert and exercise rights arising from safe custody assets in court, debt collection, bankruptcy, restructuring and similar proceedings and to gather information ahead of or during such proceedings.

17. Special provisions for sealed safe custody assets

Sealed safe custody assets may contain only valuables, documents and other assets that are suitable for storage in a bank building without the need for special precautions. If the Bank is entrusted with hazardous or fragile items, items sensitive to temperature or humidity, or otherwise unsuitable items, the client will be liable for any resulting damage and will not be entitled to compensation in the event of damage to the sealed safe custody assets.

The Bank is entitled to require the client to provide evidence of the nature of the items held in safekeeping. The Bank also has the right to verify the contents of the sealed safe custody assets.

If the Bank acts in breach of the due diligence customarily applied to sealed safe custody assets, it will be liable for any damage to the sealed safe custody assets proven by the client, but only up to a maximum of the declared value.

The client must submit a complaint about any damage to the packaging of sealed assets immediately upon their withdrawal. By signing the confirmation of receipt, the client releases the Bank from all liability.

18. Statement of assets

At periodic intervals – normally at the end of the year – the Bank will send the client a statement listing the safe custody assets held in safekeeping. The statement may also include other assets and information not covered by this Chapter III.

Intermediated securities are not specifically identified as such in the statement or in other lists compiled by the Bank.

Valuations of the contents of the safe custody account are based on non-binding approximate market prices based on data obtained from the standard industry information sources available to the Bank. The Bank is not liable for the accuracy of valuations or other information contained in statements.

The statement shall be deemed to have been approved if it is not disputed by the client immediately upon receipt, but within 30 days of the date of dispatch at the latest.

IV. General Provisions

19. Bank's duty of care

The Bank will undertake the trading of financial instruments as well as the safekeeping and administration of the safe custody assets with customary due diligence.

20. Reporting and notification obligations and restrictions on transactions with safe custody assets

The client must independently and without any involvement of the Bank meet any reporting, notification and other obligations (e.g. disclosure of shareholdings, submitting a takeover offer, reporting of derivative transactions) vis-à-vis companies, trading venues or other regulated marketplaces, authorities, transaction registers or other market participants when acquiring, holding or selling safe custody assets or executing other legal transactions relating to safe custody assets, subject to applicable Swiss and foreign law.

The Bank is authorised to refrain wholly or partially from undertaking administrative services and other transactions relating to the safe custody assets if they could result in reporting and notification obligations on the part of the Bank.

It is the sole responsibility of the client to comply with any restrictions under applicable Swiss and foreign law and to fulfil any conditions or obtain any authorisations required if he conducts or initiates transactions with safe custody assets.

It is up to the client to obtain information on such reporting and notification obligations and restrictions etc.

21. Compensation by third parties

The Bank offers its clients access to the Group's own financial instruments as well as those of third parties outside the Group (in particular investment funds and structured products). In connection with providing financial services to clients, the Bank may receive compensation and non-monetary benefits from third parties, including group companies of the Bank. These are generally based on the volume of investments in the financial instruments or the volume of the client transactions.

The Bank informs the client of the purpose and maximum amounts of such commissions in the following information sheet "Compensation from Third Parties – Sales Commissions and other Monetary Benefits". The information sheet forms part of the General Conditions for Trading and Safe Custody Accounts. Information relating to the amount of the sales commission in percentage terms per security can be obtained from the Bank.

The client acknowledges the content of the information sheet and accepts the information sheet which is valid, as amended from time to time. It is available at zkb.ch/legal and can be obtained from the Bank.

The client agrees that the Bank may retain any compensation received from third parties, to the extent that the Bank is not already entitled to it, as additional remuneration for its financial services. The client, being aware of the calculation values shown in the above-mentioned information sheet, expressly waives their reimbursement.

Upon request, the Bank will disclose to the client the amount of compensation received by third parties for any individual intra-group or group-external financial instruments held by the client. This duty to provide information applies only insofar as such commission can be clearly allocated to the specific client relationship at reasonable costs. The Bank may levy a fee to cover this special expense.

22. Conflicts of interest

Compensation received from third parties and the use of the Group's own financial instruments such as investment funds and structured products may give rise to a conflict of interest on the part of the Bank when it comes to selecting products compared with those without compensation from third parties or financial instruments from outside the Group. In the case of the Group's own financial instruments, this can, in particular, be due to the fact that the Bank also assumes other functions (e.g. asset management, trading, custodian) and receives re-

muneration accordingly. The Bank takes appropriate measures in relation to conflicts of interest.

Information on conflicts of interest is available at zkb.ch/conflicts-of-interest and can be obtained from the Bank.

23. Account transactions

Credits and debits applied in connection with the trading of financial instruments and the safekeeping and administration of safe custody assets will be booked to the reference account designated by the client. Where appropriate, amounts are converted into the reference account currency unless the client has issued any other account instructions. Changes to account instructions must reach the Bank five bank working days before the due date.

24. Safe custody account in the name of several clients

Subject to any separate agreement with the Bank providing otherwise, safe custody accounts held in the name of several clients can only be operated by the clients jointly. The clients are jointly and severally liable for any claim on the part of the Bank arising from their account.

25. Prices, expenses and taxes

The prices for the trading, safekeeping and administration of safe custody assets, and any associated services of the Bank are determined by the price lists valid at any given time. These are available at zkb.ch/terms and can be obtained from the Bank. The Bank may adjust the prices and charges or introduce new prices at any time, in particular when the market situation changes or for other objective reasons. Such changes will be communicated to the client in an appropriate manner.

Price increases and new prices are deemed to have been accepted unless the client terminates this contract within 30 days of their communication.

Costs and expenses not covered by the prices and special expenditure incurred by the Bank (e.g. commissions and expenses of third parties, cost of proceedings and legal expenses incurred by the Bank in connection with safe custody assets) will be charged to the client additionally. All taxes and duties are to be borne by the client. This applies in particular to any taxes and duties which are levied from or by the Bank in connection with the client's business relationship with the Bank or which the Bank must retain under Swiss or foreign law, international treaties or contractual agreements with foreign bodies (e.g. 30% withholding tax under US Foreign Account Tax Compliance Act, FATCA).

26. Term

These General Conditions for Trading and Safe Custody Accounts are not subject to any time limit, but may be terminated without notice at any time by either the client or the Bank. They continue to apply to any transactions still in progress at the time of termination. The usual delivery times pursuant to Section 15 shall also apply, as shall any special agreements concluded for individual transactions.

These General Conditions for Trading and Safe Custody Accounts will remain in effect in the event of the client's death, legal incapacity, or bankruptcy.

27. Amendments to the General Conditions for Trading and Safe Custody Accounts

The Bank reserves the right to amend these General Conditions for Trading and Safe Custody Accounts at any time for objective reasons. Any such amendments will be communicated to the client in an appropriate manner in advance. They are deemed to have been accepted unless the client objects in writing or any other form that constitutes proof through text within 30 days of their communication. If the client objects, he may terminate this contract with immediate effect. In its communication, the Bank must inform the client of his right of termination and the effect of his tacit approval.

Compensation from Third Parties – Sales Commissions and Other Monetary Benefits

As at January 2022

Zürcher Kantonalbank (“Bank”) provides its clients access to intra-group and group-external investment funds and structured products. In connection with providing financial services to its clients, the Bank receives the following sales commissions from the product suppliers (group companies of the Bank and third-party providers).

These sales commissions are covered in special agreements with the product suppliers – independently of the Bank’s business relationship with its clients.

In the case of investment funds, these sales commissions (also referred to as retainer fees) form part of the management commission stated in the fund regulations. As a general rule, these sales commissions are calculated on the basis of the volume invested in the investment funds and are payable periodically.

Where structured products are concerned, sales commissions usually take the form of a discount on the issue price, a reimbursement of part of the issue price, or other one-time or recurring fees.

The following table shows the ranges and maximum rates respectively up to which sales commissions are paid to the Bank:

Product class	Product category	Commissions as a percentage of the annualised investment volume	Commissions as a percentage of the annualised investment volume for funds marketed by Zürcher Kantonalbank in connection with investment recommendations
Investment funds	Money market funds	0 to 1.5% p.a.	0 to 0.5% p.a.
	Bond funds	0 to 1.5% p.a.	0 to 1.0% p.a.
	Equity funds	0 to 2.0% p.a.	0 to 1.5% p.a.
	Real estate funds	0 to 1.0% p.a.	0 to 0.5% p.a.
	All other investment funds (including investment strategy funds and alternative investment funds)	0 to 2.0% p.a.	0 to 1.5% p.a.

Product class	Product category	Term		
		up to 1 year	1 to 3 years*	> 3 years*
Structured products	Capital protection	0 to 1.50% absolute	0 to 1.25% p.a.	0 to 1.00% p.a.
	Yield enhancement	0 to 1.50% absolute	0 to 1.25% p.a.	0 to 1.00% p.a.
	Participation	0 to 1.50% absolute	0 to 1.00% p.a.	0 to 0.75% p.a.
	Other investments	0 to 2.00% absolute	0 to 1.75% p.a.	0 to 1.50% p.a.

* The commissions per annum refer to the maximum remuneration as a percentage of the annualised investment volume, calculated as an average over the entire term of the structured product. For products with an unlimited term ("open-end products") the commissions are allocated on a straight-line basis over ten years.

The maximum amount of the sales commission collected by the Bank is calculated as follows:

– **For an individual financial instrument:** Multiplication of the investment volume with the relevant maximum sales commission rate for the financial instrument in question.

Calculation example for an investment volume of CHF 10,000 in an equity fund outside of the investment advisory service: 2.0% p.a. of CHF 10,000 results in a maximum annual sales commission of CHF 200 (CHF 10,000 × 0.02).

– **For the entire client portfolio:** Multiplication of the investment volume of each individual financial instrument with the relevant maximum sales commission rate for the financial instrument in question and the subsequent addition of these amounts. For a maximum sales commission rate in relation to the entire client portfolio, the calculated total must be considered in relation to the investment volume of the entire client portfolio.

Calculation example for a client portfolio with a total investment volume of CHF 600,000 and financial instruments in the following product categories:

– Money market funds with a total investment volume of CHF 300,000 as part of the investment advisory services: 0.5% p.a. of CHF 300,000 results in a maximum annual sales commission of CHF 1,500 (CHF 300,000 × 0.005).

– Bond funds with a total investment volume of CHF 300,000 as part of the investment advisory service: 1.0% p.a. of CHF 300,000 results in a maximum annual sales commission of CHF 3,000 (CHF 300,000 × 0.01).

This results in a maximum annual sales commission for the entire client portfolio of CHF 4,500.

The maximum sales commission rate in relation to the entire client portfolio in one year is therefore 0.75% p.a. (CHF 4,500 / CHF 600,000 × 100).

In the case of the Group's own financial instruments, the Bank sometimes also performs other services in addition to providing financial services to its clients, in particular, as asset manager and custodian bank in the case of investment funds. For some of the Group's own financial instruments, this may result in the Bank retaining almost the entire (management) fee provided for in the agreement governing the respective financial instrument.

In addition to compensation, the Bank may also receive non-monetary benefits from third parties, such as, for example, free access to platforms and training. Further information about this and about conflicts of interest in general, is published at zkb.ch/conflicts-of-interest.