



J. SAFRA SARASIN



Sustainable Private Banking since 1841

# Best Execution Policy

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## 1. Introduction

Banque J. Safra Sarasin (Luxembourg) SA (hereafter “BJSS” or “bank”) is part of the J. Safra Sarasin Group and focuses on private and commercial banking, offering an array of products and personalised service tailored to the needs of customers. Thanks to the combination of expertise in the banking sector with discretion and confidentiality, the bank meets its customers’ expectations by developing financial strategies to achieve their targets in accordance with their investment profiles.

This order handling and best execution policy (hereafter “policy”) contains information on the arrangements implemented by BJSS to manage the execution of your orders as a client (hereafter “client” or “you”).

### 1.1. Purpose

BJSS is under supervision by the national financial authority, Commission de Surveillance du Secteur Financier (hereafter “CSSF”), and follows the regulatory requirements of best execution under the Markets in Financial Instruments Directive (hereafter “MiFID”), its revision in 2014 and the applicable duties by the Luxembourg Government.

Based on this, BJSS is subject to best execution duties and because of honest and professional behaviour, BJSS will act in the best interest of its clients when execution orders or transmitting them for execution. Where best execution is applicable, BJSS will undertake all sufficient steps to obtain the best possible result for its clients when executing orders or receiving and transmitting orders on their behalf, taking into account factors such as price, costs, speed, likelihood of execution and settlement, size, nature or any other relevant consideration to the execution of the order (hereafter “execution factors”). This does not constitute a guarantee to achieve the best possible result in every individual transaction. However, BJSS has implemented this policy and arrangements on best execution to achieve best potential results on an ongoing basis.

We are committed to be client focused, fair and efficient in our execution principles. If you have any questions about the policy or the execution at BJSS or should you have any additional execution requirements, please contact your representative at BJSS.

By conducting business with us we assume your prior consent to this policy.

## 2. Scope

The execution principles apply to orders for trades in financial instruments (listed in Appendix I) that BJSS executes on behalf of private or professional clients or accepts and passes on for execution. They also apply if BJSS, in fulfilment of its obligation under an asset management mandate from a client, buys or sells financial instruments for the account of that client.

### 2.1. Receipt and Transmission of Orders

BJSS will also owe a duty of best execution in accordance with this policy when it receives a client order and transmits it to a third party for execution, thus having a RTO status (Reception and Transmission of Order). In those cases, BJSS ensures that the execution principles of the third party are sufficiently covering the best execution requirements. BJSS will monitor the effectiveness of its execution arrangements, such with brokers in the J. Safra Sarasin Group or third-party brokers, on an on-going basis (please see Section 8 for more information).

### 2.2. Execution of Orders on Behalf of Clients

The application of best execution will be limited to where BJSS executes orders «on behalf of clients». This will always apply when dealing as the client’s agent or as riskless principal.

### 2.3. Requests for Quote

BJSS applies best execution principles when providing a quote to the client in the course of normal business, where we assume that we are acting on the clients’s behalf. This implies that the order is executed after the client accepts our quote, provided that, taking into account the changing market conditions and the time elapsed between the offer and acceptance of the quote, the quote is not manifestly out of date.

However, based on regulatory guidance, we are not executing orders on a client’s behalf and do not owe best execution in those circumstances which give raise to the assumption that the client is not legitimately relying on BJSS to protect his interest in relation to the pricing and other execution factors. This assumption, provided that facts and circumstances given by regulatory guidance demonstrate differently, is regularly made in case of transactions executed with professional clients following a request for quote (RFQ) or in the course of operating in quote-driven markets (e.g. bond transactions carried out over the counter).

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### 3. Client Instructions

Where a client has placed an order with specific instructions in respect to the execution of the order or part of the order (i.e. choice of trading venue), BJSS will follow them to the extent it is possible for BJSS to do so and respect the duty of best execution to the extent possible, esp. on those parts of the order not instructed by the client. Nevertheless, you should be aware that the provision of instructions on orders may prevent the bank from taking the steps it would otherwise apply to obtain the best possible result in respect of the elements covered by those instructions or influence the results on other aspects of the order.

In such circumstances BJSS may seek to discuss the potential impact of the instruction with the client where the nature of the order permits, but BJSS is under no obligation to do so.

Client instructions take precedence over the best execution principles. When such instructions are given by the client, BJSS is exempted from best execution within the scope of said instructions and the obligation to achieve best execution is deemed to be fulfilled within the scope of the instructions given.

### 4. Best Execution

#### 4.1. Execution Factors

When executing an order on behalf of a client, BJSS will take all sufficient steps necessary to execute the order in a manner that is intended to achieve the best possible result for the client on an on-going basis. BJSS will take into account the following relevant execution factors:

- Price, aiming to achieve the best possible price for the client;
- Size of the order and the available market liquidity;
- Speed of execution;
- Execution costs
- Likelihood of execution and settlement;
- Nature of the order;
- Reliability of the venue;
- Creditworthiness of the venue; and
- any other consideration relevant to the execution of the order (e.g. such as potential market impact).

Total consideration of price and cost will ordinarily merit a high relative importance in obtaining the best possible result. However, the execution of an order most favourable for the client involves the exercise of commercial judgement in the context of client classification, available market information and market restrictions. As such for

some clients, orders, financial instruments, markets or market conditions, BJSS may determine that other execution factors shall have the same importance or shall take precedence over price in obtaining the best possible result. For the qualitative report as per RTS28, please follow this [link](#).

#### 4.2. Execution Venues

In the absence of a client instruction, BJSS will execute client orders over a number of execution venues, including Regulated Markets, Multilateral Trading Facilities («MTF»), Organised Trading Facilities («OTF») Systematic Internalisers or Market Makers. The selection of the execution venue will be based on which venue (or venues) provide for the best overall result for the clients on an on-going basis.

BJSS undertakes on-going assessments of the execution venues to determine whether existing venues continue to provide for the best possible result for clients and to review the suitability of new execution venues. For this assessment, the Bank will use information derived from internal best execution monitoring tools and processes as well execution quality data reported by execution venues. In addition, BJSS undertakes steps to avoid discriminating unfairly between execution venues.

Currently, BJSS transmits every clients' order to its head office in Basel within the J. Safra Sarasin Group using it as single trading venue except orders in units in collective investment undertakings or structured products. The selection of BJSS's head office as a single trading venue is based on an internal assessment taking into account the execution factors and the current trading landscape in the market of execution venues and services.

When the Bank receives client orders for which it has no direct access to the trading venue selected by the client, it transmits or places them for execution with brokers. BJSS maintains a selected network of brokers. The broker selection process is supported by a periodical evaluation which monitors and reviews the brokers' overall execution service.

After careful consideration of the aforementioned alternatives, the Bank may itself act as execution venue and may use an internal method of execution, provided that the Bank considers this advantageous to the client. For the top-five reports as per RTS28, please follow this [link](#).

Currently, the bank uses the following execution venue for the following instruments:

**International equities:** BJSS routes the order to its head office in Basel which maintains a selected network of global brokers and brokers with a local expertise. BJSS monitors the selection by its head office in Basel, the venues and assesses quality and timeliness of the brokers' execution on an on-going basis through a „broker selection process“. This aims to screen and approve those brokers which are able to provide best execution on a consistent basis. The resulting approved broker list is used on a transactional level to make order execution routing decisions. The broker selection process is supported by a periodical evaluation which monitors and reviews the broker execution performance.

**Bonds:** International bonds are mainly executed through market makers, who quote bid and ask prices. Quotes are listed and ranked on Bloomberg, which gives traders a market reference price prior to execution. The trader selects subsequently the market maker, the lead manager, the broker or the exchange/venue based on his experience. Orders can only be executed with approved counterparties. The decision is mostly liquidity driven. The trader may also delay execution due to price or liquidity issues that might negatively affect the order.

**Funds:** Funds that are not listed on an exchange are mainly traded directly through the fund administrator. A minority of the funds (i.e. exchange traded funds/ETFs) is listed and might be traded directly on different market venues. When there is a choice between an exchange and the fund administrator, the trader decides on his experience where to execute the order, taking particularly the liquidity into consideration in order to ensure best execution.

**Structured products:** When products are not listed on an exchange, BJSS will aim to provide or negotiate fair and competitive (market) prices for structured products. However, BJSS will usually assume that the client is generally not relying on BJSS to provide best execution protections. When products are listed on an exchange (e.g. on SIX Structured Products Exchange AG), best execution has to be ensured by the trader executing the order.

**Financial futures / traded options:** EUREX listed options and financial futures are traded by the Bank directly on this particular exchange, where BJSS acts as a member. Other listed options and financial futures are traded on

the relevant exchange through a limited number of preferred brokers that guarantee best execution.

### 4.3. Execution Costs

When executing orders on a client's behalf and when providing quotes in response to RFQs, BJSS may charge a fee, commission or apply a mark-up or spread to the execution price. These charges will be made to cover the costs and risks associated with the transaction.

### 5. Order Execution outside of a Regulated Market, MTF or OTF

BJSS may decide that in certain circumstances it would be beneficial to execute all or part of an order outside a Trading Venue. Whilst this may provide the advantage of an improved execution price and faster execution, the following additional risks may be incurred:

- Transactions will not be subject to the rules of Trading Venues, which are designed to provide for a fair and orderly treatment of orders;
- Transactions will not benefit from additional but unpublished liquidity, such as hidden limit orders that may be available on Trading Venues;
- Executions may not benefit from additional pre and post trade transparency in respect of pricing and liquidity that is required to be published by Trading Venues; and
- For transactions executed away from a Trading Venue a settlement risk may be incurred as transactions will be subject to counterparty risk and will not be covered by the relevant clearing and settlement rules of the Trading Venue and relevant Central Counterparty Clearing House.

In placing an initial order, clients give their general approval to orders being executed outside a regulated market or MTF. In addition, the clients acknowledge and agree that the Bank may not make public client limit orders which are not immediately executed under prevailing market conditions.

### 6. Restrictions

Where BJSS is subject to internal trading restrictions it may not be possible to accept a client order and the client will be notified of this fact at the time of order receipt.

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### 7. Monitoring and Reporting

BJSS will monitor the continued effectiveness of its execution arrangements. For orders in listed financial instruments executed on behalf of clients on execution venues, post trade analysis will be conducted to evidence the effectiveness of the execution arrangements. This analysis will consider the result achieved for clients by assessing the liquidity and pricing levels available on relevant markets at the time of the order and throughout the duration of the order. Proof of best execution is not necessarily based on a transaction-by-transaction system but on an evaluation of a series of past transactions which indicate overall that the best result is obtained.

Upon reasonable and proportionate request BJSS will, within a reasonable timeframe, provide clients with information regarding this Policy, how it is reviewed and the performance of the Bank in its handling of their orders. BJSS will publish on an annual basis a list of the top five execution venues for each class of financial instruments traded.

### 8. Governance

BJSS established internal governance processes to assess its execution arrangements, order handling, and execution monitoring and reporting infrastructure. This Policy will also be subject to an annual review including an assessment of the execution venues used. In addition, should any material change to the Bank's execution arrangements affecting the ability to continue to obtain the best possible result for its clients be identified outside of any formal periodic review processes, this will be subject to a separate review process. The actual version of the policy will be published on the Internet.

### 9. Order Handling

#### 9.1. General Considerations

This section provides information on how orders will be handled, with the overriding objective to ensure that orders are executed promptly, fairly and in due course.

Orders received from a client will be executed promptly, accurately recorded and allocated.

In the event that the Bank receives comparable orders from two or more clients, the orders will be executed promptly and sequentially unless the characteristics of the order or prevailing market conditions make this impracticable, or the interests of the client require otherwise. Orders will not be considered as comparable if they are received via different execution channels or via differ-

ent trading desks within the Bank or otherwise where it would not be practicable for them to be treated sequentially.

When arranging the settlement of an executed order, the Bank will take all reasonable steps to ensure that any client financial instruments or client funds received in settlement of that executed order are promptly and correctly delivered to the account of the client.

BJSS will promptly inform private clients of any material difficulties that may prevent the Bank from properly carrying out their order upon becoming aware of such difficulties.

#### 9.2. Aggregation and Allocation

It is not the general practice of BJSS to aggregate client orders with other client orders or transactions for its own account. However, in certain circumstances aggregation may occur but only when the following conditions are met:

- It is unlikely that the aggregation of orders and transactions will be to the disadvantage of any client whose order is aggregated;
- Aggregated orders are fairly allocated taking into account the size of the order and price of the fills received;
- For client orders aggregated with own account orders that have only been partially executed, priority in allocation will be given to the client order and will be done in a manner that is not detrimental to the client. However, if the Bank can demonstrate on reasonable grounds that without the aggregation the transaction could not have been executed or executed on such favourable terms, then allocation may be made on a basis proportional to the relative size of the client and the Bank's own account order; and
- Should the Bank determine that an allocation of a transaction for our own account which was executed in combination with one or more client orders, requires reallocation, this will only occur where it is fair, reasonable and not to the detriment of clients.



# Appendix I

## List of financial instruments subject to the policy of order execution and reception and transmission of order:

1. Transferable securities;
2. Money market instruments;
3. Units in collective investment undertakings;
4. Options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, emission allowances or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash;
5. Options, futures, swaps, forwards and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event;
6. Options, futures, swaps, and any other derivative contract relating to commodities that can be physically settled provided that they are traded on a regulated market, a MTF, or an OTF, except for wholesale energy products traded on an OTF that must be physically settled;
7. Options, futures, swaps, forwards and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned in point 6 of this Section and not being for commercial purposes, which have the characteristics of other derivative financial instruments;
8. Derivative instruments for the transfer of credit risk
9. Financial contracts for differences;
10. Options, futures, swaps, forward rate agreements and any other derivative contracts relating to climatic variables, freight rates or inflation rates or other official economic statistics that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event, as well as any other derivative contracts relating to assets, rights, obligations, indices and measures not otherwise mentioned in this Section, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are traded on a regulated market, OTF, or an MTF;
11. Emission allowances consisting of any units recognised for compliance with the requirements of Directive 2003/87/EC (Emissions Trading Scheme).

## Appendix II

### Definitions

**Best Execution:** Obligation to take all sufficient steps to obtain the best possible result for clients when executing orders (or receiving and transmitting orders) on their behalf, taking into account Execution Factors.

**Execution Factors:** Factors such as price, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of a particular order.

**Execution Venue:** a Regulated Market, an MTF, a Systematic Internaliser, or a market maker or other liquidity provider or an entity that performs a similar function in a third country to the functions performed by any of the foregoing.

**Market Maker:** a person who holds himself out on the financial markets on a continuous basis as being willing to deal on own account by buying and selling financial instruments against that person's proprietary capital at prices defined by that person.

**Multilateral Trading Facility or MTF:** a multi-lateral system, operated by an investment firm or a market opera-

tor, which brings together multiple third-party buying and selling interests in financial instruments.

**Organised Trading Facility or OTF:** a multi-lateral or a bi-lateral system which is not a Regulated Market or an MTF and in which multiple third-party buying and selling interests in bonds, structured finance products, emission allowances or derivatives are able to interact in the system.

**Regulated Market or RM:** a multi-lateral system operated by an authorized market operator bringing together of multiple third-party buying and selling interests in financial instruments in a way that results in a contract in respect of financial instruments admitted to trading under its rules and/or systems.

**Systematic Internaliser:** an investment firm which, on an organised, frequent and systematic basis, deals on own account by executing client transactions outside a Regulated Market or an MTF.

**Trading Venue:** A Regulated Market, an MTF or an OTF.



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