

# General principles of order execution and forwarding

## 1. Introduction

The following principles apply to ensure the best possible result for customers (hereinafter referred to as Customers) when executing securities orders.

### Definitions

- STP (straight through processing) describes the process where incoming securities orders are as far as possible processed without manual interaction and media disruptions
- ETFs (exchange traded funds) are funds traded on stock exchanges
- Full-SOR (smart order routing) is the technical procedure to identify the best place of execution for securities orders at a particular time
- OTC (over the counter) describes the off-exchange trading of securities

### Scope of application

The general principles of order execution and forwarding apply to all orders concerning execution of trading portfolio assets which Customers issue to PostFinance for the purposes of buying or selling securities as well as for orders executed as part of managing portfolios under e-asset management, unless agreed otherwise.

## 2. Regulatory provisions

Under regulatory provisions, PostFinance guarantees the best possible execution of orders for Customers. The objective is to achieve the most beneficial overall result (I) financially, (II) temporally and (III) qualitatively.

## 3. Broker

PostFinance acts as a commission agent on behalf of the Customer. All trading orders are forwarded directly to PostFinance's broker, UBS Switzerland AG or Swissquote AG, who executes them in accordance with the general principles of order execution and forwarding of PostFinance.

For information on the broker's general principles of order execution and forwarding, please contact PostFinance's e-trading Contact Center (e-trading@postfinance.ch).

## 4. Securities transactions via UBS Switzerland AG (fund custody account, fund self-service, fund consulting basic, investment consulting plus and e-asset management)

PostFinance sends the orders with the selected main stock exchange to UBS Switzerland AG. Using full-SOR, UBS Switzerland AG selects the most advantageous place of execution from the relevant settlement regime in order to place the order there. Settlement regimes are the various markets, geographically distributed by UBS Switzerland AG, in which trading takes place. PostFinance Ltd has selected a main stock exchange for each settlement regime.

### 4.1 Criteria for the selection of the main stock exchange for exchange-traded instruments

To ensure the best possible result for the Customer when trading ETFs, PostFinance determines the criteria for the selection of the main stock exchange in accordance with the legal provisions. PostFinance applies the following criteria when selecting the main stock exchange:

- Currency
- Daily closing rate/price
- Volume (liquidity)
- Execution probability
- Transaction fees
- Stamp duty
- Bid-ask spread

The selection of the main stock exchange is based primarily on the currency, the purchase price and the volume traded. In the event of identical or similar conditions on two or more stock exchanges, the other execution criteria influence the selection. The selection of the main stock exchange is based on the average values of the criteria.

### 4.2 Stock exchanges identified

Due to the range of securities provided and the criteria mentioned in point 4.1, PostFinance mainly issues orders for main stock exchanges in Europe via the broker UBS Switzerland AG. PostFinance reserves the right – protecting the Customer's interests – to change the stock exchange allocation for the instrument or the selection of the main stock exchanges.

### 4.3 Alternative execution in individual cases

In special cases (unexpected closure of stock exchanges or similar), the broker contacts PostFinance directly for best execution of the order using the key data entered. Execution may be carried out differently in these circumstances (different stock exchange, partial execution etc.)

#### 4.4 Publication of the main stock exchanges

PostFinance publishes the general principles of order execution and forwarding, including the list of the main stock exchanges used at [www.postfinance.ch/investment-information](http://www.postfinance.ch/investment-information).

PostFinance uses the following as main stock exchanges:

- SIX Swiss Exchange (XSWX)
- SIX Swiss Exchange (XVTX)
- Xetra (XETR)
- Milan (XMIL)
- London (XLON)
- Euronext (Amsterdam, Paris)
- Dublin (XDUB)

#### 4.5 Investment funds traded on the primary market

Purchases and redemptions of investment funds traded on the primary market are carried out directly or indirectly via the respective fund manager at a net asset value and thus not via a stock exchange. The provisions of the relevant fund contract shall apply to investment funds traded on the primary market.

#### 4.6 Pooling of orders

- PostFinance is entitled to pool customer orders for funds and ETFs with its own orders or orders of other Customers.
- ETF orders which are placed outside of e-asset management are forwarded to the broker for settlement via STP immediately after order entry. In the event of portfolio restructuring in e-asset management, orders are pooled and sent to the broker.

### 5. Securities transactions via Swissquote AG (e-trading)

#### 5.1 General principles

PostFinance offers e-trading (online securities trading) in cooperation with Swissquote AG. E-trading is offered as an "execution-only product" and therefore does not come with investment consulting or asset management. All orders are sent to the broker Swissquote AG without exception (online via the e-trading platform or by phone via PostFinance's e-trading Contact Center).

#### 5.2 Online order placement

The Customer uses the e-trading platform to select and decide on which stock markets and with which order types he/she would like to trade his/her securities. The available stock markets and order types are clearly visible for each instrument directly and must be determined by the Customer. PostFinance or Swissquote AG have no influence on the choice of stock exchange. Before the order is placed, the rates, prices and costs applied and the stock market selected must be clearly visible on the trading screen of the e-trading platform and must be confirmed by the Customer.

#### 5.3 Offline order placement on the secondary market

Stock market orders that cannot be processed online can be placed by phone with PostFinance's e-trading Contact Center. The Customer decides on which stock exchange the order is to be executed. PostFinance or Swissquote AG thus have no influence on the choice of place of execution.

In the case of OTC orders, the order is passed on to Swissquote AG, which chooses the best possible price from the offers put forth by its counterparties. The actual execution price is always disclosed and thus does not account for a margin or spread. In the case of OTC orders, the selection of counterparties is solely geared towards finding the best possible price for the Customer.

The Customer must always issue a limit order for OTC orders.

#### 5.4 Offline order placement on the primary market (purchase of structured products and share issues)

All customer orders received by PostFinance via the e-trading Contact Center before the end of the subscription period (primary market) shall be forwarded to Swissquote AG. If an allocation is made, it shall be ensured that all customers are given the same conditions (identical issue price).

All orders received during the subscription period shall be given the same issue price. The respective issuer in this process is the counterparty.

#### 5.5 Investment funds traded on the primary market via e-trading (online or offline)

Purchases and redemptions of investment funds traded on the primary market are carried out directly or indirectly via the respective fund manager at a net asset value and thus not via a stock market. The provisions of the relevant fund contract shall apply to investment funds traded on the primary market.

### 6. Foreign exchange forward transactions and swap transactions

These transactions are concluded bilaterally between the Customer and PostFinance, eliminating the need to choose a place of execution.

### 7. Concluding remarks

The document may be unilaterally amended by PostFinance at any time.