

Principles for the execution of orders involving financial instruments ("best execution policy")

As of: 30.12.2022

Solely in the interests of making this document easier to read, neither it nor any documents linked to it contain references to both male and female linguistic forms. The generic masculine is used whereby all personal references are to be viewed as gender-neutral.

The following principles for the execution of orders involving financial instruments ("best execution") are consistent with the legal requirements at national level and the requirements at European level.

The respective current version of the following principles can be accessed on the SIGMA Bank AG website under <https://sigmabank.com/en/about-us/mifid-ii/>.

Scope

The following principles apply to the execution of orders, which clients place with us for the purposes of acquiring or selling securities or other financial instruments (such as options).

Execution means that we pass the client order to another institution (trading partner), which in turn concludes a corresponding transaction with another party on a suitable market for this transaction on the basis of the client order for the account of the client (commission transaction).

The following principles also apply if we acquire or sell financial instruments in fulfilling our obligations under a portfolio management agreement with the client for the account of the client.

If the client needs more information about our execution strategies, terms and review processes, we will be happy to provide this information within an appropriate response time.

1. Execution of orders / execution criteria

1.1. Selection of execution venues/trading partners

Client orders may regularly be executed via various means of execution or in different execution venues, such as on a stock exchange, over the counter, via third parties, in Liechtenstein or abroad. Since we do not have our own access to execution venues, we accept orders from our clients and pass these to other institutions (trading partners). These carry out the actual execution for us at an execution venue – determined by our trading partners.

We have selected our trading partners with due care on the basis of their reliability and their network of brokers and access to execution venues. SIGMA Bank AG has sought contractual assurances from its trading partners that they have a "best execution policy" and apply the principles defined therein to achieve the best possible result for our clients. We also carry out checks of our trading partners' compliance with the "best execution policy" on a random basis every year and also review their publicly available reports on the quality of their execution.

Our respective trading partners' "best execution policy" is available – on the current version of their respective websites. A list of our trading partners can be found in Annex II.

1.2. Execution criteria

We accept your securities orders and pass them to our trading partners. Within our potential influence, we ensure to the best of our ability that client orders are registered immediately and correctly and assigned to a trading partner.

Our trading partners execute client orders via those means of execution and those execution venues that as a rule are consistently expected to offer the best possible execution in the interests of the client. Here, they take account of the following execution criteria within their best execution policy: Costs, price, speed, probability of execution and settlement of the size, type of order and all other aspects of relevance for execution of the order, whereby the type of client (non-professional client, professional client or eligible counterparty), the order and the financial instrument are taken into account appropriately.

If a client order can be executed via several of our trading partners, we select the trading partner that uses “smart order routing” to select the specific execution venue at which the client order is executed. “Smart order routing” means that our trading partner uses an IT-based process where the execution venue that can offer the best possible execution of the order is selected automatically using previously defined criteria. If several of our trading partners can execute a specific client order via “smart order routing”, we do not apply additional criteria to choose between these trading partners, as the best possible execution is guaranteed in every case.

When stipulating the specific execution venues, our trading partners assume that the non-professional client primarily wishes to achieve the best possible – considering all costs directly associated with the transaction (such as execution venue charges, clearing and settlement charges, costs of switching depository) – total price (price of the financial instrument and all costs associated with execution). Since securities are subject to fluctuations in price and therefore a change in price to the detriment of the client cannot be ruled out in the period following placement of the order, consideration is primarily given to those execution venues at which complete execution will probably take place promptly. Our trading partners will also give consideration to other relevant criteria (such as the state of the market, certainty of settlement) within the above-mentioned standards.

In the event of difficulties in executing orders, clients will be informed immediately of these difficulties and what they consist of. Following execution of a transaction, clients will also be informed of the actual execution parameters (such as when and where the order was executed).

1.3. Systematic internalizers

Our trading partners may also execute client orders via systematic internalizers¹, unless this will generally place clients at a disadvantage compared with other means of execution. This involves execution over the counter (OTC, see below).

1.4. Execution of orders over the counter

Our trading partners regularly execute client orders in a regulated market (stock market), via a multilateral trading facility (MTF)², via an organized trading facility (OTF)³ or over the counter (OTC). Transactions that are carried out over the counter always pose a counterparty risk. This risk may lead to a loss for the client – at worst even a total loss – if the counterparty is unable to fulfill its contractual obligations.

When carrying out transactions over the counter, the honesty of the price offered to the client is checked by referring to market data and, if possible, comparing the price with similar or comparable products.

¹ Systematic internalizer = another financial services company, that regularly conducts trading for its own account in an organized and systematic manner by executing client orders outside a regulated market or a multilateral trading facility.

² Multilateral trading facility = a multilateral system that brings together the interests of a large number of third parties in purchasing and selling financial instruments within the system according to non-discretionary rules to conclude an agreement.

³ Organized trading facility = multilateral system that is not a regulated market or MTF and brings together the interests of a large number of third parties in purchasing and selling debt securities, structured financial products, emissions certificates or derivatives within the system to conclude an agreement.

When executing off market orders outside a regulated market (OTC), a multilateral trading facility (MTF) or organized trading facility (OTF), the client's explicit consent will be obtained in advance.

1.5 Reports on the quality of execution

Regular reports on the quality of the execution of orders with detailed information on prices, costs as well as the processing time and probability of the execution of individual financial instruments are made available to the public every year by execution venues, systematic internalizers and other execution venues free of charge on their websites.

2. Execution that deviates from the principles by way of exception

2.1. Execution instructions from the client

Clients may give us instructions as to how their orders are to be executed. If we have received instructions of this kind, these will take precedence over the execution principles listed here and our trading partners' execution principles. We and our trading partners will therefore execute the order in accordance with the special client instructions **and in doing so disregard the principles for the best possible execution with regard to these instructions. An instruction from the client will release SIGMA Bank AG and its trading partners from taking those measures that it has specified and implemented within the framework of its execution principles to achieve the best possible result with regard to the elements recorded in the relevant instruction when executing orders.**

General instructions that not only refer to the execution of a specific order but to all future orders as well cannot be taken into consideration.

2.2. Particular market situation

Extraordinary market circumstances or market disruptions may mean that we and our trading partners have to deviate from the principles listed herein. Even in such a case we shall act in the interests of the client to the best of our knowledge and belief.

2.3. Deviation to achieve a better execution for the client on a case-by-case basis

We and our trading partners may opt not to execute a client order immediately if this would result in better conditions for the client on a case-by-case basis (processing orders to protect the market).

2.4. Consolidation

We frequently have a situation where several clients want to buy or sell the same securities on the same day. In principle, clients (orders) must be treated equally and fairly and clients' interests must take precedence. An exception to clients' interests taking precedence is only possible if SIGMA Bank AG can provide evidence that it could not have executed the order on such favorable terms without consolidating orders. In practice this leads to orders being executed in the order in which they are received. Consolidation may be advantageous or detrimental for a certain order. However, if consolidation of orders is generally not expected to be detrimental for the client, we therefore reserve the right to execute several orders jointly (block order). Should it not be possible to execute a block order completely, we shall proceed in line with our guidelines for partial executions:

1. If the partial execution lies in the fact that financial instruments are (must be) traded for different prices, these must be charged at a mixed price.
2. Otherwise (if, for example, fewer financial instruments were tradable than had been hoped), it is a case of
 - a. "first come, first served" or,
 - b. "per capita allocation" or
 - c. the order is amended accordingly following consultation with the clients.

2.5. Partial executions in the case of new issues

Typically speaking, it may be the case with **new issues of equities, bonds and structured products** that (not all) client orders can be executed in full. They will be allocated in accordance with the following guidelines:

1. Allocations are based on the allocation keys of the issuing banks.
2. SIGMA Bank AG specifies an allocation key (amount) prior to allocation.

Portions/nominals received from new issues are distributed in the purchasers' interests. Accordingly, if fewer securities are issued by the issuing banks, small subscriptions are ignored.

In addition, the minimum denomination is always considered when **new bonds are issued**.

3. Fixed price transactions

SIGMA Bank AG also offers fixed price transactions.

In the case of fixed price transactions, client orders are not carried out in accordance with the principles listed above. According to the contractual agreement, SIGMA Bank AG would only be obliged to supply the financial instruments owed to the client in return for payment of the agreed purchase price and to provide the client with ownership thereof.

4. Regular review

We will review the execution policy on which these principles are based at least once a year and in the event of material changes to check whether this always results in the best possible execution of client orders. Should this check reveal that these principles need to be adjusted, we shall make the necessary adjustments. In the case of material adjustments, we shall advise our clients to this effect.

Note

If you have any queries regarding the principles described in this document or in the event of any further questions, please do not hesitate to contact us at any time.

Annex I

Execution principles in different types of financial instruments

Bonds and other interest-bearing securities

Client orders are solely executed as commission transactions.

Bonds and other interest-bearing securities	Classification for the purposes of Art. 66 para. 3b) Delegated Regulation (EU) 2017/565:	Execution venue
Federal bonds	Non-professional client	SIGMA Bank AG usually passes the client order to the trading partners Bondpartners , Valcourt or Zürcher Kantonalbank (ZKB) . If the client has agreed to the order being executed over the counter, it can be executed in interbank trading with another bank or another financial services provider unless there is a statutory obligation to trade at an execution venue.
	Professional client	
	Eligible counterparty	
Jumbo Pfandbriefe	Non-professional	
	Professional client	
	Eligible counterparty	
Other interest-bearing securities	Non-professional client	
	Professional client	
	Eligible counterparty	

If, on a case-by-case basis, the amount of the order is such that different execution seems necessary, we will execute the order in the interests of the client.

Equities and ETFs

Orders involving exchange traded funds (ETFs) are usually handled by our trading partner on the respective domestic exchange. In the case of orders with a substantial equivalent value or low market volume, units can also be purchased or sold directly from the ETF provider via a broker.

We execute orders on the basis of commission, contract brokering or investment brokering as follows:

Equities and ETFs	Classification for the purposes of Art. 66 para. 3b) Delegated Regulation (EU) 2017/565:	Execution venue
Tradable within the country (incl. Switzerland)	Non-professional client	SIGMA Bank AG usually passes the client order to the trading partners Zürcher Kantonalbank (ZKB) , Bank J. Safra Sarasin or UBS . If the client has agreed to the order being executed over the counter, it can be executed in interbank trading with another bank or another financial services provider unless there is a statutory obligation to trade at an execution venue.
	Professional client	
	Eligible counterparty	
Tradable abroad	Non-professional client	
	Professional client	
	Eligible counterparty	

If, on a case-by-case basis, the amount of the order is such that different execution seems necessary, we will execute the order in the interests of the client.

Investment funds

The issue of units in investment funds at the issue price and their return at the redemption price in accordance with the investment legislation Acts, constituent documents etc. will be handled by our trading partner via the management company and not via a stock exchange.

The subscription for and return of units directly via the management company to undertakings for collective investment in transferable securities is not subject to the principles for the best possible execution of orders.

Investment funds	Classification for the purposes of Art. 66 para. 3b) Delegated Regulation (EU) 2017/565:	Execution venue
Tradable within the country (incl. Switzerland)	Non-professional client	SIGMA Bank AG will usually pass the client's order to the trading partners Bank Frick , Liechtensteinische Landesbank or LGT Bank .
	Professional client	
	Eligible counterparty	
Tradable abroad	Non-professional client	SIGMA Bank AG will usually pass the client's order to the trading partner International Fund Services & Asset Management S.A. (IFSAM) .
	Professional client	
	Eligible counterparty	

If, on a case-by-case basis, the amount of the order is such that different execution seems necessary, we will execute the order in the interests of the client.



Certificates, warrants and structured products

Client orders are solely executed as commission transactions.

Certificates, warrants and structured products	Classification for the purposes of Art. 66 para. 3b) Delegated Regulation (EU) 2017/565:	Execution venue
Tradable within the country (incl. Switzerland)	Non-professional client	SIGMA Bank AG usually passes the client order to the trading partners Zürcher Kantonalbank (ZKB) , Bank J. Safra Sarasin or Leonteq . If the client has agreed to the order being executed over the counter, it can be executed in interbank trading with another bank or another financial services provider unless there is a statutory obligation to trade at an execution venue.
	Professional client	
	Eligible counterparty	
Tradable abroad	Non-professional client	In the case of unlisted securities, the order will be executed with the issuer or another trading partner that offers to conclude the transaction (a “market maker”).
	Professional client	
	Eligible counterparty	

If, on a case-by-case basis, the amount of the order is such that different execution seems necessary, we will execute the order in the interests of the client.

Financial derivatives

These also include forward financial transactions that are traded on a stock exchange under standardized conditions or agreed over the counter between us and the issuer or trading partner (a market maker) on behalf of the client.

Financial derivatives	Classification for the purposes of Art. 66 para. 3b) Delegated Regulation (EU) 2017/565:	Execution venue
Traded on the stock exchange	Eligible counterparty	SIGMA Bank AG usually passes the client order to the trading partners Bank J. Safra Sarasin or Zürcher Kantonalbank (ZKB) . If the client has agreed to the order being executed over the counter, it can be executed in interbank trading with another bank or another financial services provider unless there is a statutory obligation to trade at an execution venue.
Non-exchange traded Forward currency transactions – Currency swaps – OTC options	Eligible counterparty	Execution of the order with the issuer or an otherwise suitable trading partner as a commission transaction.

If, on a case-by-case basis, the amount of the order is such that different execution seems necessary, we will execute the order in the interests of the client.

Annex II

List of the SIGMA Bank AG execution venues and trading partners

The execution venues and trading partners on which SIGMA Bank AG relies are listed in the MiFID II RTS 28 Report. The list is updated annually or as required and is published on the SIGMA Bank AG website. Information detailing the quality of execution at execution venues can also be viewed on the website of the respective execution venues (RTS 27 Report). Information about the top 5 trading venues used by our trading partners can also be viewed in the RTS 28 report of the respective trading partner concerning this.

Trading partners

- Bank Frick & Co. AG
- Bank J. Safra Sarasin AG
- Bondpartners S.A.
- International Fund Services & Asset Management S.A. (IFSAM)
- Leonteq Securities AG
- Liechtensteinische Landesbank AG
- UBS AG
- Valcourt S.A.
- Zürcher Kantonalbank (ZKB)