

Custody account regulations

1. Scope

In addition to the VZ General terms and conditions, the Custody account regulations shall apply to the custody account assets of its clients (hereinafter «client») accepted into the custody account by VZ Depository Bank Ltd (hereinafter «bank»).

2. Receipt of custody account assets

The bank accepts the following custody account assets:

- securities of all kinds, including intermediated securities within the meaning of the Federal Intermediated Securities Act (FISA) and precious metals for safekeeping in an open custody account;
- money and capital market investments that are not securitised in the form of securities, for accounting and management in the open custody account.

The bank may refuse to accept custody account assets or may request the return thereof without stating its reasons for this.

3. Duty of care of the bank

The bank undertakes to store, record and manage the client's custody account assets with due care.

The bank may maintain a custody account intended solely for the execution or transmission of the client's orders («execution-only custody account»). This is the case where the client does not additionally conclude a written asset-management mandate or an investment advisory mandate with the bank for this custody account.

In particular, with an execution-only custody account, the bank does not conduct an adequacy or suitability test for the transactions and positions.

The client acknowledges that no entitlement to advice may be inferred from the booking of his/her custody account assets. In particular, the bank is not obligated to monitor its investments and to draw its attention to any risks or negative developments. Likewise, the bank is not obligated to make decisions regarding the investment or liquidation of the assets in the custody account or to take action in this regard, even in special situations.

The bank assumes no liability for delays and or resulting losses (in particular, exchange rate losses) arising as a result of client orders that are rejected by system checks, otherwise defective or not executed on time for technical reasons, provided that the bank has exercised due care.

4. Transactions with custody account assets

The bank is authorised to accept client orders for high-risk products (e.g. derivatives, hedge funds) only after a separate agreement has been concluded or on the basis of a written individual order. The bank may postpone the execution of a client order, for example to clarify background information based on regulatory or technical requirements. The client acknowledges that the bank is under a regulatory obligation not to execute the client order if there are signs of market abuse or other illegal conduct.

The client acknowledges that the execution of his/her client orders may be delayed, as both the trading days and trading hours on the trading venues, as well as the service hours of the bank, are relevant. Information on trading hours is published at www.vzch.com and may be obtained by the client from the bank at any time.

The bank may exclude individual trading venues, custody account assets and currencies from trading at any time, in particular for regulatory or technical reasons.

The client acknowledges that a trading venue may cancel an executed transaction. This decision is made independently by the trading venue and may be made, for example, if the trading venue is of the opinion that a matching/transaction error (mistrade) has occurred.



The client acknowledges that the direct resale of custody account assets may result in a risk of underfunding, insofar as the previous purchase is a mistrade. Such underfunding may result in a short sale. The client acknowledges that short sales are not permitted and must be covered immediately. If the client fails to comply with his/her obligation to provide cover within 24 hours or if he/she cannot be reached, the bank is authorised, but not obligated, to close out such positions automatically at the client's risk.

In all other respects, the customary practices of the relevant trading venues or the relevant issuers and business partners shall apply.

5. Form of custody

The bank is authorised to have the custody account assets held in custody in its own name but for the account and at the risk of the client at a third-party custodian of its choosing in Switzerland or abroad. Unless otherwise instructed, the bank is also authorised to have the custody account assets held in collective custody accounts in accordance with their type. The foregoing shall be without prejudice to any custody account assets which, by their nature or for other reasons, must be kept separately.

Custody account assets may also be registered in the name of the client. In the case of an external custodian, the client accepts that the external custodian will be informed of the client's name.

If the custody account assets are held in custody abroad, they shall be subject to the laws and customs prevailing at the location of custody. If the bank's return of such custody account assets held abroad or the transfer of the proceeds of their sale is made more difficult or impossible by the applicable foreign law, the bank is only obligated to provide the client with a corresponding claim for return or payment if such claim exists and is transferable.

6. Registration of custody account assets

The bank shall report registered custody account assets of Swiss issuers for entry in the relevant register (e.g. share register) if the client has granted the corresponding authorisation.

The bank may have custody account assets for which such authorisation is lacking registered in the name of a third party or in its own name for the account and at the risk of the client, in particular if registration in the name of the client is not customary or feasible.

7. Delivery and disposal of the custody account assets

The client may dispose of the custody account assets at any time and request that they be delivered to him/her, in which case the customary delivery deadlines must be observed. The foregoing shall be without prejudice to mandatory statutory provisions, the bank's rights of lien, retention and similar rights, as well as any special contractual agreements, such as those concerning notice periods. The transport and dispatch of custody account assets shall take place at the expense and risk of the client.

8. Credits and debits

Unless the client instructs the bank otherwise, credits and debits (principal, income, fees, expenses, etc.) shall be entered in the account in accordance with the agreed booking rules. Where necessary, the currency shall be converted to that in which the relevant account is held. Changes to account instructions must be received by the bank at the latest on the fifth banking day prior to the due date.

Credits to the client's account at the bank are subject to receipt. The bank is entitled to reverse erroneous and incorrect bookings (credits and debits including the interest credits accrued thereon) retroactively and without any limitation in time. The same applies to the cancellation of credits in case of refund claims justified by the court.

9. Custodial fees

The custodial fees shall be charged in accordance with the bank's fee regulations in force at the time. All taxes (e.g. VAT) and other charges in connection with the custody account management and safekeeping shall be borne by the client, subject to mandatory statutory provisions to the contrary. The client authorises the bank to debit from the client's account all fees incurred in accordance with the fee regulations, the above-mentioned taxes and other charges which the bank incurs in carrying out its activities for the client.



10. Management of custody account assets

Absent special instructions from the client, the bank shall perform the usual administrative activities, such as:

- collection of interest, dividends, repayable principal sums and other distributions due;
- exchange and purchase of custody account assets not involving a right of election on the part of the client (splits, spin-offs, etc.).

Furthermore, the bank undertakes, where it receives special instructions from the client in good time, to perform additional administrative activities such as:

- exercise of subscription, conversion and option rights;
- procurement of conversions;
- explanation of the client's instructions in relation to public takeover offers, mergers, demergers, conversions, etc.

Given sufficient time, the bank shall generally inform the client in an appropriate manner of impending events and invite the client to issue instructions. If the client's instructions are not received or are not received in time, the bank is authorised, but not obligated, to take action at its own discretion. Normally unused subscription rights shall be sold, and repurchase, exchange and conversion offers shall not be accepted.

The bank shall not carry out any administrative acts, in particular:

- for zero-coupon registered shares if the address for service of dividends and distributions is not in the name of the bank;
- for mortgage deeds and insurance policies.

As a general rule, the bank does not assume any obligation to inform the client of any upcoming general meetings. It is also generally the responsibility of the client to assert his/her rights arising from the custody account assets in court, insolvency and similar proceedings and to obtain the necessary information for this purpose.

In all administrative actions under this section «Management of custody account assets», the bank will rely on the information provided by the usual means of information available to it in the sector. The bank may rely on this information and is not obligated to obtain additional information from publicly available or special sources or to pass such information on to the client.

11. Notification and reporting obligations

The client must independently comply with any notification and disclosure obligations, as well as obligations towards companies, trading venues, authorities or other market participants (e.g. disclosure of shareholdings, submission of a takeover offer) if it acquires, holds or disposes of custody account assets or concludes other legal transactions in relation thereto. This shall apply even if the custody account assets are not registered to the client at the depository institution. The bank is not obligated to draw the client's attention to these obligations.

12. List of custody account assets

At least annually, the bank shall provide the client with a list of the assets entered in the open custody account. At the client's special request, the bank shall draw up additional lists. Valuations of the content of the custody account are based on non-binding rates and price values from standard sources of banking information. The bank assumes no liability for the accuracy of the valuation or for other information relating to the values entered.

13. Redemption of non-transferable securities upon termination of the business relationship

Following termination of the business relationship, the bank is authorised to withdraw custody account assets held in the client's custody account which are no longer transferable and to transfer them to a custody account held in the name of the bank. The bank is authorised, but not obligated to exercise in its own name all rights and to assert all claims resulting from the securities transferred and to take any actions that it deems expedient. The client shall be entitled to any proceeds after deduction of any costs and expenses incurred by the bank.

14. Amendments to the Custody account regulations

The client acknowledges that the bank may amend these Custody account regulations unilaterally at any time and that such amendments shall be binding on the client. The bank shall give notice of the Custody account regulations in an appropriate manner, and the client may obtain the rules from the bank at any time.

