

## MiFID II – Markets in Financial Instruments Directive

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# MiFID II Directive

## What is MiFID?

MiFID stands for Markets in Financial Instruments Directive and is an EU directive for the harmonisation of the financial markets in the internal European market. The basis for MiFID was formed by Directive 2004/39/EC including implementing rules passed by the Council of the European Union and the European Parliament in 2004 and that went into force in 2007.

The increasingly complex and extensive spectrum of services and financial instruments being offered as well as the financial crisis revealed weaknesses in the functioning and transparency of the financial markets, and the goal was to eliminate them.

To this end, the European Parliament and the Council of the European Union drafted more strongly harmonised financial market regulations. Directive 2004/39/EC (MiFID I) was thus replaced by Directive 2014/65/EU (MiFID II) on 3 January 2018. This Directive was implemented in Austrian law by way of the Austrian Securities Supervision Act 2018 (Wertpapieraufsichtsgesetz 2018; WAG), and Delegated Regulation (EU) 2017/565 applies directly without national implementation.

The new Markets in Financial Instruments Directive (MiFID II) contains specific requirements for the provision of securities services and for the organisations of the service providers.

The Directive also contains regulations for organisational requirements at exchanges and for the powers of the competent authorities as well as sanctions to be applied when the new regulations are violated.

The Markets in Financial Instruments Regulation (MiFIR) contains requirements for the publication of trading transparency information and the reporting of transaction data to the competent authorities and also eliminated barriers that prevented non-discriminatory access to clearing facilities.

### **Objectives of MiFID**

The objectives are improved investor protection, stronger competition, and the further harmonisation of the European financial market. Because of significant structural changes in Europe's securities markets, the Directive can be seen as an answer to many pressing questions.

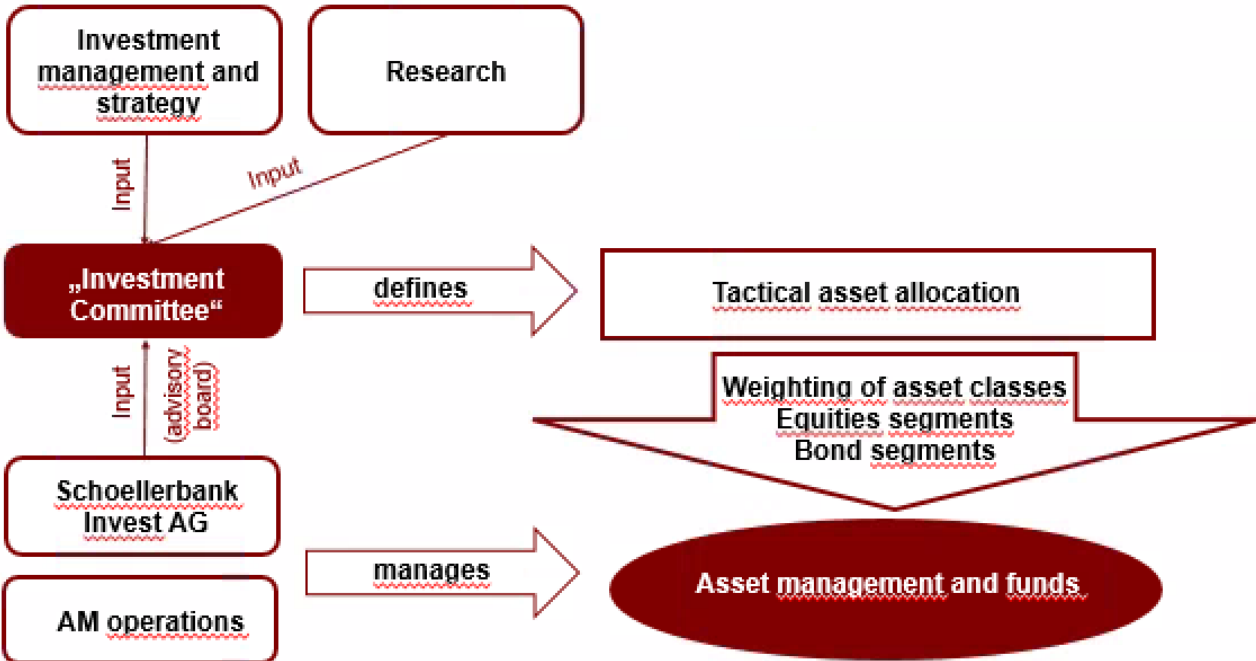
The underlying concept of MiFID is the objective of enabling private and professional investors to more easily invest within and beyond the borders of the EU. The European Commission is also striving to create a competitive market that promotes equal conditions for all European exchanges. These efforts also require protective measures for the investor.

# MiFID II Directive

## Schoellerbank AG's investment process

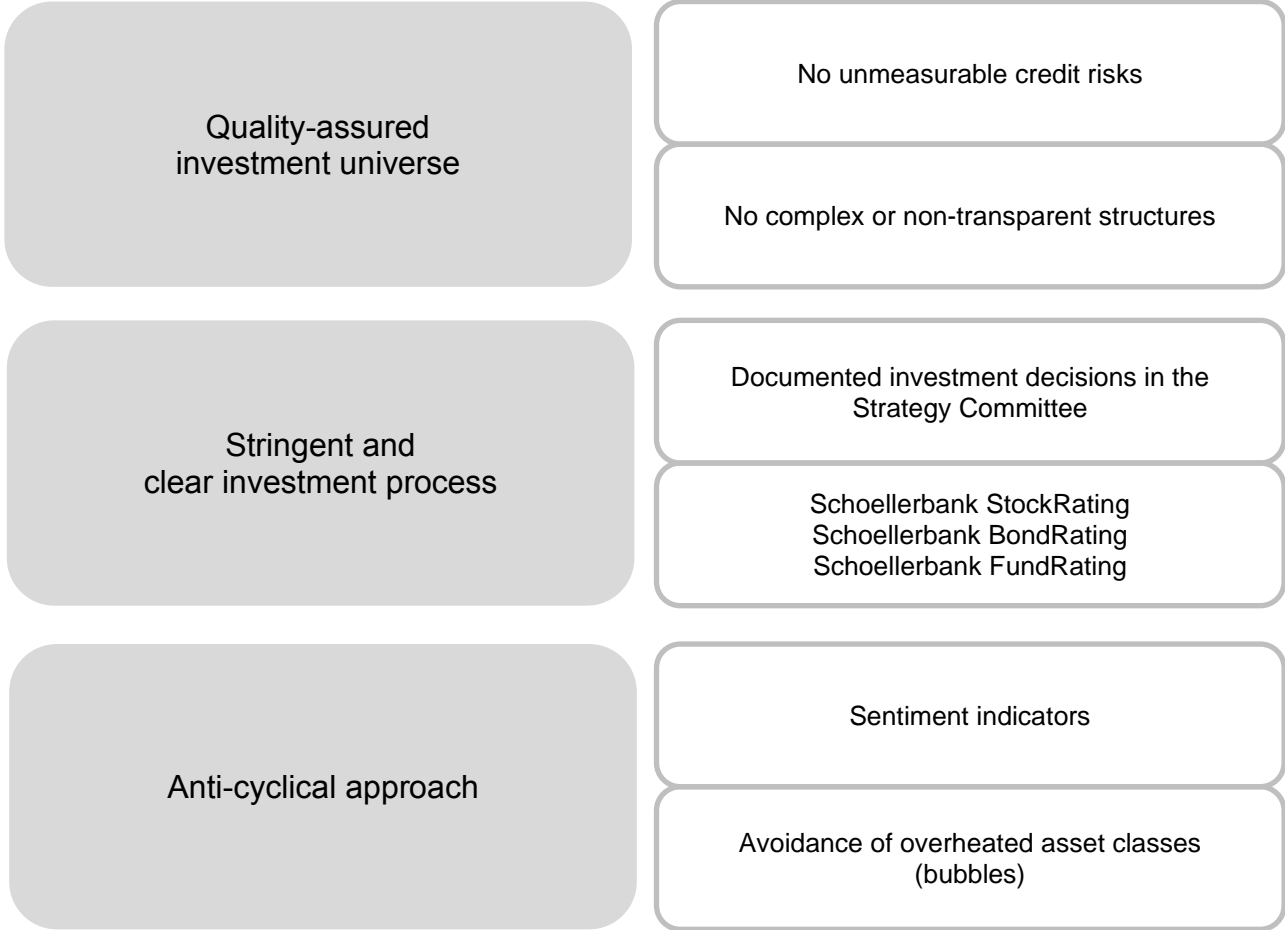
The positioning in the individual asset classes is discussed regularly by the Investment Committee at Schoellerbank AG. This committee consists of the best investment experts in the bank. The Strategy Committee meets at least twice per month. Voting members decide on potential changes by way of a majority vote, and the CIO casts the deciding vote in the event of a tie.

The investment process – Visual overview:



# MiFID II Directive

Schoellerbank AG's management approach is based on three cornerstones:



The Schoellerbank investment universe consists of financial instruments selected according to the strict criteria of the Schoellerbank star rating:

- Schoellerbank BondRating
- Schoellerbank StockRating
- Schoellerbank FundRating

This defines the quality criteria that are assessed in detail when a financial instrument is being analysed.

This investment process forms the basis for our investment decisions in our asset management mandates and for our recommendations in the course of providing investment advice.

In Schoellerbank asset management, we offer you different investment variants. The details of this are defined in the asset management contract.

# MiFID II Directive

## Schoellerbank AG's advisory model

Schoellerbank AG is among the oldest and most venerable private banks in Austria and has successfully provided award-winning private banking services for many years. The key to this success is constant innovation. Schoellerbank AG is frequently a pioneer in new fields of investment. The bank's fund management company issued the first fund of funds and presented the first fund with inflation protection.

Another success factor is the product range that is pre-selected based on the needs of the customer and then evaluated in great detail. Because the bank invests with an eye towards long-term, sustainable prospects rather than quick, risky returns.

Schoellerbank's investment specialists have developed a strict selection process for this: the Schoellerbank star rating. The better an investment, the more stars it earns. The brochures about the respective star rating are provided when the account is opened.

The investment principles and rules that have been refined by investment specialists and asset and fund management experts over many years provide no room for compromises when making investment decisions.

Schoellerbank provides non-independent investment advice in which the Schoellerbank investment strategy is implemented consistently. The investment advice is based on the analysis of different types of financial instruments and is limited to a range of instruments that are primarily offered by Schoellerbank AG itself or that are issued or offered by companies that are closely related to or that are associated with Schoellerbank, so the advice is not independent in the sense of Sections 50 and 53 WAG 2018.

The advisory universe covers all types of financial instruments (including stocks, bonds, funds, and certificates) and covers products of the UniCredit Group as well as products from selected providers with which distribution agreements have been concluded, for example.

Schoellerbank AG only offers the regular assessment of the suitability of the financial instruments that it recommends when a separate written agreement has been concluded to this effect (asset management contract or advisory contract with a follow-up consultation clause). Schoellerbank AG is not obligated to provide follow-up consultation in any other cases.

The investment advice includes the provision of a personal recommendation by Schoellerbank AG to the customer or his/her representative.

The personal recommendation is based on an assessment of the investment objectives, sustainability preferences, risk tolerance/risk appetite, and financial position including loss-bearing capacity of the customer as well as the experience and knowledge of the advised person. Among other things, it pertains to:

- The purchase, sale, subscription, exchange, redemption, holding, or acquisition of a specific financial instrument
- The exercise/non-exercise of a right associated with a specific financial instrument pertaining to the purchase, sale, subscription, exchange, or redemption (e.g. exercising a subscription right)

The following does not constitute a personal recommendation regarding transactions with financial instruments:

- general information regarding a financial instrument or the type of a financial instrument, or
- information pertaining to financial instruments in public media, or
- the mere provision of informational material on financial instruments.

# MiFID II Directive

## Suitability assessment principles (1)

Prior to the provision of securities services, Schoellerbank AG works together with every customer to prepare an investor profile that meets the requirements for a suitability assessment pursuant to Section 56 WAG 2018. It is prepared on the basis of the information provided by the customer and serves as the foundation for our advisors to optimally advise every customer and recommend financial instruments or asset management services that are suited to their knowledge and experience, their investment objectives, their sustainability preferences, their risk tolerance/risk appetite in the investment segment, and their financial position including their loss-bearing capacity.

Therefore, it is especially important for every customer of Schoellerbank AG to provide information that is as detailed, current, correct, and complete as possible for his/her investor profile. Because an extensive exchange of information is crucial in order to ensure comprehensive investor protection and provide optimal advice for the customer.

### **Suitability assessment for groups of natural persons (joint securities accounts)**

Schoellerbank AG prepares a joint investor profile for all securities account holders that meets the requirements for a suitability assessment pursuant to Section 56 WAG 2018. The following criteria are taken into account for all securities account holders in the assessment of the suitability of financial instruments and asset management services:

- Knowledge about/experience with financial instruments (every joint securities account holder must at least have knowledge about the investments planned within the framework of the joint investment objectives)
- Financial loss-bearing capacity
- Investment objectives
  - Investment purpose
  - Maximum investment period (investment horizon)
  - Maximum risk tolerance/risk appetite
- Sustainability preferences

Therefore, a joint investor profile that has been signed by all securities account holders is a prerequisite for providing advice to joint securities account holders.

During a consultation, the personal advice and the recommendation of investment products are based solely on the investment preferences indicated by the securities account holder(s) who is/are present, provided that they correspond to the information for all joint securities account holders according to the investor profile.

### **Suitability assessment for legal entities**

The following criteria are taken into account in the assessment of the suitability of financial instruments and asset management services **for legal entities:**

- Financial loss-bearing capacity
- Investment objectives
  - Investment purpose
  - Maximum investment period (investment horizon)
  - Maximum risk tolerance/risk appetite
- Sustainability preferences

Information regarding these criteria is obtained for the legal entity's duly signed investor profile.

When providing advice to the representatives of the legal entity, Schoellerbank AG assesses the knowledge/experience of the advised representative with regard to financial instruments (every authorised representative must at least have knowledge about the investments planned within the framework of the legal entity's investment objectives).

If the legal entity is categorised by Schoellerbank AG as a professional client pursuant to the WAG 2018, Schoellerbank AG assumes in the course of transactions with the professional client that it has the necessary financial loss-bearing capacity and that all advised representatives of the legal entity have knowledge about financial instruments.

# MiFID II Directive

## Suitability assessment principles (2)

### **Suitability assessment for representatives of natural persons**

#### **Transactions with authorised representatives (authorised signatories) and with legal representatives**

Schoellerbank AG prepares an investor profile for the securities account holder that meets the requirements for a suitability assessment pursuant to Section 56 WAG 2018. The following criteria pertaining to the securities account holder are taken into account in the assessment of the suitability of financial instruments and asset management services:

- Financial loss-bearing capacity
- Investment objectives
- Investment purpose
- Maximum investment period (investment horizon)
- Maximum risk tolerance/risk appetite
- Sustainability preferences

When providing advice to the authorised and legal representatives, Schoellerbank AG assesses the knowledge/experience of the advised representative.

#### **Transactions with legal representatives for minors and in accordance with the Protection of Adults Act (Erwachsenenschutz-Gesetz)**

In the case of transactions that are executed by a legal representative of the securities account holder, Schoellerbank AG limits its advice and suitability assessment to products that are eligible for trust investment.

In the case of transactions for which there is no court order with a specific mandate, Schoellerbank AG's advice and suitability assessment are based on the information provided by the legal representative for the investor profile of the represented securities account holder.

To this end, Schoellerbank AG works together with the legal representative to prepare an investor profile for the represented securities account holder that is signed by the legal representative.

# MiFID II Directive

## Appropriateness assessment principles (non-advised services)

In the case of non-advised services, the customer's investment decision is not based on a personal recommendation by Schoellerbank AG.

Non-advised services are services in which Schoellerbank AG provides the customer with general information about specific products but in which the customer does not base his/her investment preferences on a personal recommendation by Schoellerbank AG.

For example, non-advised transactions can be executed on the basis of customer orders

- by telephone or video communication,
- via online banking, or
- at the branch.

For orders without investment advisory, Schoellerbank AG completes an appropriateness assessment on the basis of the investor profile of all securities account holders or on the basis of the investor profile for authorised representatives prior to order placement.

In addition to the knowledge and experience (minimum legal requirement) of the instructing party, the maximum risk tolerance/risk appetite of the securities account holder is assessed.

If the instructing party does not have any or adequate knowledge/experience or if the securities account holder does not have adequate risk tolerance/risk appetite for the planned investment, Schoellerbank AG will not execute the given order, as it does not deem the investment to be appropriate for the customer. This also applies to orders that are placed via online banking.

In addition, the following criteria are checked against the investor profile of the securities account holder in the course of the appropriateness assessment:

- Financial loss-bearing capacity
- Investment objectives
  - Investment purpose
  - Maximum investment period (investment horizon)
- Maximum risk tolerance/risk appetite
- Sustainability preferences

As a result, it is possible for a financial instrument to be appropriate for the customer even if other target market criteria are not congruent with the investor profile. A corresponding note can be seen for the given target market criterion in an appropriateness matrix.



# MiFID II Directive

## Customer categorisation: Classification and reclassification

Credit institutions are required to categorise their customers into three segments with different levels of protection so that it can take the proper steps for each group when providing advice and when recommending investment strategies.

The law defines:

- Retail clients (private persons as well as businesses, freelancers, and companies of any legal form, trusts and associations)
- Professional clients (credit institutions, securities companies, financial institutions, pension funds, etc.)
- Eligible counterparties (such as trading partners of the bank)

Schoellerbank AG will inform customers that it has categorised as “eligible counterparties” and “professional clients” in a separate letter. All other customers are “retail clients” and are therefore subject to special protection.

Schoellerbank AG only categorises the customers specified in Section 66 (2) WAG 2018 as “professional clients”.

# MiFID II Directive

## Communication between the customer and bank

All contracts between the bank and the customer and the underlying contract terms and conditions are drafted in German. All communication over the course of the contract is conducted in German.

The following means of communication are used between the customer and bank:

- Face-to-face conversation
- Telephone
- Letter
- Online banking and online securities accounts (Internet)
- E-mail

Legally relevant correspondence, especially the placement of orders, is always conducted in writing (unless agreed otherwise in writing); orders cannot be placed by e-mail.

Since 3 January 2018, the bank has been required to record all (incoming and outgoing) telephone conversations and electronic communication with the customer, to provide the customer with these recordings upon request, and to keep these recordings for five years, or for up to seven years when ordered to do so by the Financial Market Authority (FMA).

The customer must agree to the recording of this correspondence in order for the bank to be able to provide securities services and to conduct investment activities for him or her.

Schoellerbank AG provides information pursuant to the WAG 2018 to retail clients and professional clients according to the WAG 2018 in electronic form unless the provision of this information in printed form has been agreed between the customer and Schoellerbank AG or a customer that is categorised as a retail client pursuant to the WAG 2018 has requested to receive this information in printed form.

Schoellerbank AG will publish the current guidelines and other important information on its website at [www.schoellerbank.at](http://www.schoellerbank.at):

- Execution policy of Schoellerbank AG
- Guidelines for the handling of conflicts of interest and benefits

The current terms and conditions of Schoellerbank AG are posted at the counter or can be obtained from your personal advisor.

### **Type, frequency, and times of the reports**

Schoellerbank AG will report to its customers about the services that it has rendered in a suitable manner on a permanent data medium.

Schoellerbank AG makes account statements with the final settlement and the portfolio statement and annual report for asset management mandates available to its customers in the online banking system or in another agreed manner. Portfolio statements are sent every quarter. Schoellerbank AG settles the accounts once per year unless agreed otherwise.

In the case of investment advice, the customer is given an explanation of the recommendations that were given upon conclusion of the transaction, especially when these recommendations were tailored to his or her specific preferences, objectives, and other considerations. For asset management mandates, such an explanation is included in the reports about the services provided, which are submitted on a quarterly basis unless agreed otherwise.

After the execution of a securities or treasury order, the customer will receive confirmation of execution.

The customer will be given information about the costs associated with the conducted transactions and rendered securities services and their overall effect on the earnings of the investment before concluding the agreement as well as after the fact.

# MiFID II Directive

## Handling complaints – Complaint management

All employees of Schoellerbank AG strive to optimally serve and advise customers in their banking matters.

If customers are not satisfied with the service they receive, they can turn to the employees of the branch that serves them. Every complaint is registered in a database. In this way, Schoellerbank AG ensures that customer concerns are not overlooked and that their resolution can be traced.

- Schoellerbank AG takes every complaint seriously and investigates complaints in a factual and objective manner.
- Schoellerbank AG strives to deal with customer concerns quickly, if possible within two business days. Some solutions take a bit longer. In any case, the customer receives initial information about the next steps that will be taken within two business days at the latest.

Pursuant to Section 29 (1) WAG 2018 in conjunction with Article 26 Commission Delegated Regulation (EU) 2017/565 and Section 39e BWG, Schoellerbank AG is required to establish effective and transparent procedures for adequately and quickly processing complaints by its customers, to employ these procedures on an ongoing basis, and to make information about these procedures available to its customers. The following procedure is defined for lodging complaints:

- In person: at the location that serves the customer
- By telephone: at the location that serves the customer
- By e-mail: to the customer advisor at [first.name.surname@schoellerbank.at](mailto:first.name.surname@schoellerbank.at) or to [ombudsstelle@schoellerbank.at](mailto:ombudsstelle@schoellerbank.at)

Alternatively, customers can file a complaint with the following institutions:

- Joint Conciliation Board of the Austrian Banking Industry ([www.bankenschlichtung.at](http://www.bankenschlichtung.at)) for all banking transactions (with the exception of foreign currency loans), Wiedner Hauptstraße 64, A-1045 Vienna – tel. +43 1 505 42 98, fax +43 1 505 44 74, [office@bankenschlichtung.at](mailto:office@bankenschlichtung.at)
- Internet ombudsman ([www.ombudsmann.at](http://www.ombudsmann.at)) for
  - Contracts for pecuniary interest concluded online,
  - Other matters related to e-commerce or Internet law,
  - Data protection, copyright, or trademark law related to the Internet for consumers residing in Austria.
- Conciliation for consumer transactions ([www.verbraucherschlichtung.at](http://www.verbraucherschlichtung.at)) for foreign currency loans or other disputes that do not fall under the responsibilities of the conciliation boards listed above.
- Austrian Financial Market Authority (FMA) – for all banking transactions. You can find detailed information regarding complaints on the FMA's website at <http://www.fma.gv.at> (Enquiries and complaints).

# MiFID II Directive

## Protecting customer assets

Schoellerbank AG expressly notes that it uses third-party custodians (depositories) in Austria and abroad to execute securities transactions and to hold and manage securities. Schoellerbank AG selects these institutions with due professional care and regularly assesses their expertise, quality, service, and reputation. Schoellerbank AG maintains records and accounts that enable it to differentiate the assets that it holds for an individual customer from those of other customers and from its own proprietary assets at any time. Schoellerbank AG regularly compares its internal holdings to those of the third-party custodians.

Schoellerbank AG generally holds domestic securities and foreign securities purchased in Austria with a domestic depository in a collective account. The depositing customers attain joint ownership of the collective holdings of the securities of the same type. Schoellerbank AG holds securities purchased abroad with a foreign third-party custodian. The assets are generally held in safekeeping in the country in which the security was purchased, or in the home country of the security in question.

The customer will receive a securities credit note for securities held in safekeeping outside of Austria that entitles him or her to equivalent but not the same securities. This claim of the customer against Schoellerbank AG corresponds to the share of securities that Schoellerbank AG holds for the account of the customer relative to the total securities of the same type held by Schoellerbank AG for its customers outside of Austria in accordance with the corresponding legal regulations and banking practices. Schoellerbank AG holds the securities in trust for the customer. When the local laws of the country of custody do not permit the customer to attain (joint) ownership of the security in question, Schoellerbank AG obtains

comparable legal rights. The holding of securities in safekeeping at a third-party custodian outside of Austria is subject to the laws of the country or place of custody in question and the general terms and conditions of the contract partner. This can have an influence on the rights of the customer with regard to the respective financial instruments and capital. If the third-party custodian holds the securities with another depository (such as a central securities depository), the legal regulations of this depository and of the place of custody apply.

Third-party safekeeping outside of Austria is generally implemented through collective security accounts that allow the collective holding of all assets of the customers of Schoellerbank AG. In addition, the third-party custodian is informed expressly in writing and it is agreed with this custodian that the securities in the account in question are customer holdings. This means that the third-party custodian can only assert a lien, offsetting, or other collateral right that has arisen against Schoellerbank AG in relation to these specific securities and this capital (such as purchase, custodian, and processing fees, interest on arrears).

For customers who are entrepreneurs, Schoellerbank AG is only liable for the careful selection of the third-party custodian for the safekeeping of assets. For customers who are consumers, Schoellerbank AG is liable for the culpable action of the third-party custodian unless expressly agreed otherwise.

In addition, Schoellerbank AG ensures that comprehensive and current documentation is maintained for every business relationship with a third-party custodian, including contracts and clearing agreements. Regular service assessments and due diligence reviews ensure the quality of the business relationships with third parties.

The consequences of the insolvency of a third-party custodian are dictated by the local and international laws that apply to this custodian and the legal position that has been obtained. In the event of the insolvency of a domestic custodian, joint owners of the collective holdings held by the third-party custodian are entitled to the segregation of a proportionate number of the securities of the same type held by this custodian.

If a loss of collective holdings has occurred or if the securities held in safekeeping are not present, the owner or depositor has a bankruptcy claim in the event of the insolvency of the third-party custodian.

### **Information about securities account segregation pursuant to the Central Securities Depositories Regulation**

Pursuant to Article 38 (5) and (6) Regulation (EU) No. 909/2014 of 23 July 2014 (Central Securities Depositories Regulation, or CSDR), Schoellerbank AG is obligated according to regulatory requirements to inform its customers about the levels of protection and the costs associated with the levels of segregation it provides for those securities held in safekeeping for customers directly at a central securities depository. This information about the material legal regulations for the given level of segregation including the information regarding insolvency law does not contain a conclusive presentation of all possible constellations. This information does not constitute legal advice provided to you by legal advisors and does not contain recommendations by Schoellerbank AG. Schoellerbank AG assumes no liability for the different interpretation of the legal situation upon which this information is based. The effects of the legal regulations can vary on a case-by-case basis.

Pursuant to the legal requirements of the CSDR for customer securities holdings that are held directly at a central securities depository, Schoellerbank AG offers its customers the choice between so-called omnibus customer securities accounts ("omnibus client segregation") and individual customer securities accounts ("individual client segregation"). An omnibus customer securities account of Schoellerbank AG at the central securities depository serves for the recording of securities of multiple customers, but not bank holdings. An individual customer securities account of Schoellerbank AG at the central securities depository is used for the recording of securities of the same type or different types of a single customer, segregated from the securities of other customers and securities of Schoellerbank AG.

Schoellerbank AG generally holds securities of customers that are approved for domestic collective custody, which remain in the ownership or co-ownership of the customers, in safekeeping under its name as customer holdings in a collective account (omnibus client segregation) directly at OeKB CSD GmbH as the central securities depository. Alternatively, the customer can instruct Schoellerbank AG to maintain a separate securities account for his/her securities holdings at the central securities depository so that they are recorded separately from the holdings of other customers and of Schoellerbank AG (individual client segregation).

Compared to omnibus customer securities accounts, the safekeeping and management of securities in individual customer securities accounts generally lead to greater effort and longer processing times and thus to higher costs for Schoellerbank AG and for you as the customer. Your customer advisor can provide you with information about the fees for omnibus customer securities accounts and individual customer securities accounts.

Domestic banks acting as depositories (referred to as "depositories" in the following) must hold securities in at least the same quantity and of the same type that have been recorded in their customer securities accounts. Securities corresponding to his/her share of the collective holdings must be delivered to the customer as the depositor upon request. The depository must refuse delivery if the quantity due to the depositor has declined due to a loss of collective holdings. The depository is liable to the depositor for the default unless the loss of collective holdings is due to circumstances beyond its control. If a loss of collective holdings has occurred that the depository is not required to offset, the quantity due to the customers will be reduced by the joint owners in proportion to their shares in the collective holdings. Therefore, losses of collective holdings at the depository and of its holdings at a depository it utilises that are beyond its control must be jointly borne by the collective owners in proportion to their shares in the collective holdings pursuant to the provisions of the Austrian Securities Deposit Act (Depotgesetz).

The customers' rights to the securities held by these depositories generally remain in effect even in the event of the insolvency of the depository. As depositors and/or joint owners of the collective securities holdings held for safekeeping, the customers are entitled to the segregation of a proportionate number of the securities of the same type held by this depository from its bankruptcy estate. This applies to securities that are recorded at the domestic central securities depository for

both omnibus customer securities accounts and individual customer securities accounts. In this regard, the level of protection for the customer in the insolvency of the depository should therefore be comparable for omnibus customer securities accounts and individual customer securities accounts. Receivables from the depository (e.g. purchasing, custodian, and settlement fees, interest on arrears) associated with the securities it holds for safekeeping at the third-party custodian (e.g. at the central securities depository) can hinder the enforcement of the segregation right.

The claims of depositors whose ownership or co-ownership of securities has been infringed upon through illegal access on the part of the depository or its employees must be satisfied on a preferential basis together with those of preferential principals as follows according to the requirements of the Securities Deposit Act:

The securities of the same type belonging to the depository and the claims of the depository for the delivery of such securities constitute a special bankruptcy estate. The preferential claims will be satisfied from this special bankruptcy estate before the receivables of non-preferential creditors. If securities of the same type are not present in a sufficient quantity, they must be distributed to the entitled parties, provided that this is possible in proportion to the claims. These provisions

regarding the preferential rights of receivables shall also be applied if the unfulfilled portion of the obligations of depositors upon initiation of the insolvency proceedings does not exceed 10% of the value of their claim for the delivery of securities and these obligations were completely fulfilled by the liquidator within a week of the request.

As such, the securities deliverable to the customers may be proportionally reduced in the insolvency of the depository. If such claims for the procurement of ownership or joint ownership of securities are not satisfied from the special bankruptcy estate, they are to be treated in the same manner as other insolvency claims. This also applies to claims of investors that exceed the compensation paid out according to the provisions of the Austrian Deposit Guarantee Schemes and Investor Compensation Act (Gesetz über die Einlagensicherung und Anlegerentschädigung; ESEAG).

Full details about investor compensation and deposit protection schemes can be found at any Schoellerbank AG location and online at [www.schoellerbank.at](http://www.schoellerbank.at).

# Guidelines for the handling of conflicts of interest and benefits

## Conflicts of interest

### Preamble

It is not always possible to entirely avoid conflicts of interest when providing securities services, conducting investment activities, and providing other related services. Conflicts of interest can arise between Schoellerbank AG, relevant persons (including members of management and employees of Schoellerbank AG), or contractually bound brokers or other persons who are directly or indirectly under the control of Schoellerbank AG on the one hand and the customers of Schoellerbank AG on the other, or between the individual customers of Schoellerbank AG.

In such cases, it must be ensured that these conflicts of interest are recognised and treated in accordance with these guidelines. Schoellerbank AG is a member of UniCredit Group, so this guideline also addresses all circumstances that may lead to a conflict of interest due to the structure and business activities of other group members.

### How can conflicts of interest arise?

- In the course of investment advice and asset management due to Schoellerbank AG's own interest in the sale of financial instruments, and particularly the group's products.
- When receiving or granting consideration (e.g. sales commissions/trailer fees) from/to third parties in connection with securities services and ancillary services.
- Due to performance-based remuneration of employees that conflicts with the obligation to protect the interests of the customers.
- Due to relationships between Schoellerbank AG and issuers of financial instruments, the existence of a credit relationship, or in connection with collaborations.
- Due to the disclosure of financial analyses pertaining to financial instruments that are offered to customers for sale.
- Due to the acquisition of information that is not publicly known.
- Based on personal relationships of the employees or the Management Board members of Schoellerbank AG or their related parties.
- Due to the participation of these persons in supervisory and advisory boards.
- When deciding on the general range of financial instruments and services that Schoellerbank AG would like to offer or recommend.
- When deciding on the range of sustainable financial instruments and asset management variants that Schoellerbank AG would like to offer or recommend to its customers.

Schoellerbank AG's objective is to recognise conflicts of interest in the bank and to avoid them whenever possible. If a conflict of interest cannot be avoided based on the organisational and administrative measures defined at Bank Austria, Schoellerbank AG's top priority is to resolve such a conflict in the interest of the customers.

# Measures for the recognition and prevention of conflicts of interest at Schoellerbank AG

## 1) Compliance Organisation

In order to fulfil the applicable legal obligation, a Compliance Organisation was established and a Compliance Officer appointed pursuant to the Austrian Securities Supervision Act 2018 (Wertpapieraufsichtsgesetz 2018; WAG 2018) and Commission Delegated Regulation (EU) 2017/565 of 25 April 2016. In addition to preventing the misuse of inside information and market manipulation, one of the core responsibilities of the Compliance Organisation is to recognise and manage conflicts of interest and to continuously monitor the measures defined at Schoellerbank AG and adapt them when necessary.

## 2) Organisational structure

Schoellerbank AG defines responsibilities and powers of authority within the framework of its organisational structure in order to prevent any potential conflicts of interest. The organisational chart is regularly adapted to the current organisational structure and also serves as the basis for the definition of the individual confidentiality zones at Schoellerbank AG.

## 3) Independence

Employees of Schoellerbank AG who perform securities services/ancillary services at the same time or immediately after one another in which potential conflicts of interest could arise or who are involved in such services must perform these activities as independently as possible.

Bank Austria takes appropriate measures in order to prevent potential conflicts of interest in such cases – for example, the segregation of duties.

## 4) Chinese walls/confidentiality zones

Setting up so-called Chinese walls between the different confidentiality zones that have been defined at Schoellerbank AG ensures that the dissemination of confidential information is limited to only the extent needed for conducting the bank's business (exceptions require special approval). The confidentiality zones are adapted to the organisational changes within the bank on an ongoing basis.

## 5) Abstaining from transactions

If a conflict of interest cannot be prevented despite the organisational and administrative measures taken by Schoellerbank AG, it is the duty of Schoellerbank AG to resolve this conflict of interest in the interest of the customers. This solution can also take the form of disclosing the conflict to the customer or abstaining from a potential transaction.

## 6) Disclosure

If the organisational and administrative precautions taken by Schoellerbank AG are not sufficient to reasonably ensure that the risk of harm to customer interests is avoided, Schoellerbank AG discloses the type and cause of the conflicts of interest, the associated risks, and the measures taken to mitigate these risks to the customer before conducting transactions for the customer. Schoellerbank AG will only make such a disclosure if no other solution is possible. The scope is oriented towards the categorisation of the customer so that he/she can make his/her decision regarding the service on an informed basis. The disclosure is made in a way that ensures banking secrecy is maintained.

## 7) Prioritisation

Customer interests take precedence over the interests of Schoellerbank AG and those of its employees.

## 8) Market abuse

Appropriate guidelines and conduct standards are established at Schoellerbank AG that serve in fulfilling the legal obligation to prevent market abuse (insider trading and market manipulation) by Schoellerbank AG and its employees.

## 9) Guidelines for employee transactions (broker transactions) and reporting obligation for mandates

Guidelines have been adopted that govern employee transactions and are aimed at preventing conflicts of interest between the customers of Schoellerbank AG and the employees of Schoellerbank AG or ensuring that a solution that is in line with the customers' interests is found. This includes the fact that the acceptance of employment contracts, advisor or executive management positions, foundation board appointments, business shares, equity interests in joint ventures, or similar positions within or outside of the Bank Austria group must be reported and require approval.



#### **10) Reporting conflicts of interest**

The following applies in general: Conflicts of interest and suspected conflicts of interest must be reported to the Compliance Officer without exception. This officer must document the report together with the time and contents of the report, the individual filing the report, and the measures taken. The Compliance Officer can also order the documentation of conflicts of interest in individual cases.

#### **11) Remuneration**

The remuneration rules of Schoellerbank AG are designed so that the remuneration paid to an employee is in no direct relationship with the remuneration paid to or the earnings generated by other employees whose activities represent a conflict of interest with the activities of the employee in question.

#### **12) Accepting gifts**

No employee of Schoellerbank AG may solicit or accept gifts or benefits from third parties for themselves or for relatives that could impair their independence.

#### **13) Execution policy/Allocation for issues**

Schoellerbank AG has defined and implemented an execution policy that lays out the rules according to which the bank executes customer orders. It also defines Schoellerbank AG's allocation procedure for issues. The handling of employee orders by Schoellerbank AG is specified in the "Guidelines for personal transactions of employees of Schoellerbank AG" in the Compliance Manual and in the Securities Compliance Manual. When customer orders and orders from Schoellerbank AG employees or proprietary orders for Schoellerbank AG are received at the same time, the customer order must be given higher priority and must be executed preferentially.

#### **14) Capital market prospectuses**

Special disclosure obligations in the capital market prospectus apply to potential conflicts of interest in connection with public offers and listings of securities.

#### **15) Disclosure for package services**

If a securities service is offered together with another service or product as part of a package or as a condition for the same agreement or the same package, Schoellerbank AG must inform the customer whether the different components can be purchased separately from each other. Schoellerbank AG must also separately indicate the costs and fees for each component.

#### **16) Inappropriate influence**

Schoellerbank AG has taken organisational measures to prevent persons from having an inappropriate influence on the manner in which other persons who are potentially in a conflict of interest conduct activities that are related to securities or ancillary services. These must be updated regularly, and the Compliance Organisation must verify that they are followed. This assessment is based on the current organisational chart for Schoellerbank AG with responsibilities and powers of authority, which is provided to the Compliance Organisation.

#### **17) Control**

Compliance with the guidelines is monitored by Bank Austria's Compliance Officer and audited by Internal Audit.

# Guidelines for the handling of conflicts of interest and benefits

## Benefits – Consideration

Because Schoellerbank AG has chosen to provide non-independent investment advice, the bank may also continue to accept consideration. In this context, consideration is any fees, commissions, or other monetary or non-monetary benefits rendered by a third party. These are shown to the customer in the cost report. Low-value non-monetary benefits are listed generically in the paragraph about “low-value non-monetary benefits” and are not shown in the cost report. MiFID II permits the retaining of consideration for non-independent investment advice when this consideration is intended to improve the quality of the services for the customers, when it does not impair the fulfilment of the bank’s obligations, and when this consideration is invested in quality improvement measures. Quality improvement measures are assessed within the bank, and this assessment is documented.

In the event that the level of quality improvement measures is insufficient, consideration that exceeds these measures may not be retained and must be passed on to the customers.

### **Low-value non-monetary benefits**

The investment firm and its employees may receive low-value non-monetary benefits in connection with the rendering of securities or ancillary services. Non-monetary benefits can be considered to be of low value when these are reasonable and appropriate in that it is unlikely that the investment firm accepting them will give rise to a conflict of interest vis-à-vis the customer. Some examples of low-value non-monetary benefits are:

- Product issuers pay the fees for participation in conferences or training seminars for customers of the investment firm, and the investment firm can offer these conferences or seminars to its customers.
- Product issuers pay participation fees to employees of the investment firm for meetings or seminars or pay for their meals.
- Product issuers provide the investment firm with access to minor analyses or market commentary. Product issuers provide information to the investment firm that the investment firm can publish for its customers under its own name.

This list is not exhaustive.

### **Trailer fees in connection with securities and other assets**

Trailer fees are payments in connection with securities and other assets that are made to Schoellerbank AG in return for taking products or services of the issuer into consideration when providing services to the customer. These fees are intended to provide Schoellerbank AG with the means to

- expertly manage the assets in its safekeeping and/or to
- make a material contribution to the product development of assets (market observation, market analysis, development of solution strategies, development of product ideas, development of reallocation strategies, communication and negotiations with issuers, etc.).

However, Schoellerbank AG has no obligation related to follow-up consultation associated with this.

### **Amount of the trailer fees in funds dealing**

Schoellerbank AG receives the standard trailer fees of between 0.0 to 1.3% p.a. of the customer holdings from the fund companies for the management of the customer holdings. Because of the very different calculation methods used by the fund companies from case to case and because of the regular changes made to the calculation methods, it is not possible to disclose the exact trailer fees here. Schoellerbank AG will provide more details to the customer upon request. If the scope of the consideration cannot yet be determined at the time of the disclosure, the customer will be informed of the manner of calculation. Schoellerbank AG receives no trailer fees, kick-backs, or retrocessions in connection with fund units from Schoellerbank Invest AG that are managed in customer portfolios under Schoellerbank fund asset management mandates. Any trailer fees for fund units from other fund companies held under asset management mandates are credited to the customer’s assets.

**Amount of the trailer fees in bond dealings with UniCredit Bank Austria AG**

Schoellerbank AG receives trailer fees from the issuer for these transactions ranging from 0.0 to 1.0% p.a. of the nominal amount of the holdings for product development and for managing the customer holdings.

# Execution policy of Schoellerbank AG

(As of March 2022)

## 1 General principles for order execution

### 1.1 Introduction

This execution policy of Schoellerbank AG (also referred to as “Schoellerbank” or the “bank” in the following) describes the principles for the execution of customer orders for the purchase and sale of financial instruments in the customer’s best interest. The General Terms and Conditions of Schoellerbank AG also apply.

For customer orders for the purchase and sale of financial instruments to be executed, the customer must accept the execution policy of Schoellerbank AG (also referred to as the “execution policy” in the following). If it is rejected, Schoellerbank will no longer accept such orders from the customer. If this acceptance is revoked, Schoellerbank will

- no longer accept buy orders;
- Schoellerbank will continue to accept sell orders and orders for the closing of open derivatives positions and will execute them on the basis of the customer’s specific instructions.

### Important notice:

If the customer issues specific instructions to Schoellerbank for the execution of an order, this may prevent Schoellerbank from executing the order according to the criteria it has defined in its execution policy in order to achieve the best possible result in the execution of orders. The bank is not obligated to inform the customer of this effect of specific customer instructions before every order.

### 1.2 Determining customer interests

Pursuant to the Securities Supervision Act 2018 (Sections 62 to 65 WAG 2018) and Delegated Regulation (EU) 2017/565 (Articles 64–70), banks are obligated to create an execution policy for the fulfilment of customer orders for the purchase and sale of financial instruments (also referred to as the “execution policy” in the following) in order to achieve the best possible results for their customers in the execution of customer orders. Selecting the best possible execution venue does not guarantee that the best result will be obtained for each individual order. The bank must take all appropriate measures in order to consistently achieve the best possible results for the customer. The procedure followed for the execution of customer orders must typically lead to the best possible result for the customer.

The preparation of the execution policy falls under the legal requirements of the bank. It creates the execution policy at its own discretion taking the following aspects into account:

- The price of the financial instrument
- The costs associated with the execution of the order
- The speed of execution
- The probability of the execution and settlement of the order
- The scope and type of the order
- All other relevant aspects of order execution to obtain the best possible result
- Qualitative factors pertaining to the execution venues
- For additional aspects considered in the selection of execution venues, please refer to section 2 “Special principles for order execution by asset class”

When selecting the relevant execution venues, the bank considers the execution venues at which the given financial instruments are traded in a significant volume (home exchange).

For retail clients, the achievement of the best possible result is determined based on the overall valuation, which encompasses the price of the financial instrument and all costs associated with the execution of the order. The speed, probability of execution and settlement, scope and type of the order, market effects, and any other implicit transaction costs may be given preference over the immediate price and cost considerations if they contribute to achieving the best result for retail clients with regard to the total charge.

If the customer assesses individual aspects differently than they are defined by the bank in its execution policy and thus would like his/her order to be executed at an execution venue other than those specified in the execution policy, the customer must issue specific instructions regarding the desired execution venue.

The bank is not obligated to conclude such a transaction.

For orders under an agreement pertaining to an electronic banking product of the bank (online banking), the customer issues specific instructions regarding the desired execution venue.

In individual cases, order attributes may prevent the bank from defining an execution venue that complies with its execution policy in the interest of the customer. In this case, the bank only accepts orders based on specific customer instructions regarding the execution venue. If the bank executes an order according to specific customer instructions regarding the execution venue, it is not subject to any obligations to achieve the best possible result with regard to the selection of the execution venue. Such customer instructions must be issued for each individual transaction.

In the case of customer orders that are placed in connection with asset management services (discretionary asset management, investment consulting agreements, or similar agreements), the bank must determine at its own discretion at which of the execution venues specified in the execution policy the best possible result can be obtained consistently for the customer.

### **1.2.1 Price**

In order to determine the advantageousness of an execution venue in terms of the price, the bank evaluates the pricing mechanisms of the execution venues. In particular, the price quality depends on the number of market participants, the potential utilisation of market makers, and the orientation to a key exchange (reference market principle), if applicable.

### **1.2.2 Costs**

The costs are determined as part of the total charge, taking the following criteria into account:

#### **1.2.2.1 Commission transactions**

If the bank executes the orders of its customers as a commission agent, the costs include the fees and commissions of the bank as well as third-party fees (e.g. for the brokers, the exchanges, and specialists/market makers operating on the exchanges – this also includes the costs of a central counterparty) and all other fees that are paid to third parties involved in the execution of the order (taxes, clearing and settlement fees) to the extent these are charged to the customer.

#### **1.2.2.2 Fixed-price transactions**

The costs for fixed-price securities or foreign exchange transactions are reported separately (foreign exchange transactions, forward exchange agreements).

### **1.2.3 Other aspects of order execution**

The bank also considers the following aspects of order execution in accordance with the legal requirements:

### **1.2.3.1 Speed of execution**

The speed of execution is defined as the period from the acceptance of the customer order until it can theoretically be executed at the execution venue. The speed of execution at the execution venue is largely determined by the type of market model.

### **1.2.3.2 Probability of execution and settlement**

The probability of order execution at an execution venue is largely dependent on the liquidity of the given execution venue. Under this aspect, the bank also considers the risk of the partial execution of orders, which can have a direct effect on the total costs of settlement.

The probability of settlement depends on the settlement risks of the individual execution transactions, which can adversely affect the delivery of financial instruments.

### **1.2.3.3 Type and scope of the order**

The bank also considers the type and scope of the order in line with the attributes of the customer order. An order type that is executed at a certain execution venue can simultaneously represent an exclusion criterion for another execution venue.

### **1.2.3.4 Qualitative factors pertaining to the execution venues**

The bank considers qualitative factors such as the home exchange (principal venue), electronic access to the execution venue, the monitoring of trading by a market surveillance unit, the management and processing of complaints, the trading hours of the individual execution venues, the binding force of quotes and other price information, the selection of order instructions and execution types, the counterparty risk of the trading partners, and the probability of settlement.

## **1.3 Customer categorisation**

The bank categorises the customer as a “retail client” or “professional client” or as an “eligible counterparty” in accordance with the legal regulations and informs the customer of his or her categorisation.

## **1.4 Asset classes**

Financial instruments with the same features are combined into so-called asset classes and are handled in the same way under the execution policy.

## **1.5 Scope**

The bank applies this execution policy to the execution of orders from retail clients and professional clients issued to the bank for the purpose of buying or selling securities or other, non-securitised financial instruments.

Discretionary orders or orders placed in a similar form that do not allow for the determination of a single execution venue are executed by the bank at its own discretion in the customer’s interest. The bank will also strive to achieve the best possible result for the customer in the execution of these orders.

## **1.6 Trading hours of the bank**

Customer orders received by the bank outside of its normal trading hours are processed based on the chronological order in which they were received when trading resumes.

## **1.7 Execution venues and execution types**

While preparing this policy including the list of execution venues, the bank considered and assessed the domestic and foreign exchanges and multilateral trading facilities (MTFs) in particular.

The current list of execution venues is available at every Schoellerbank branch or on our website at [www.schoellerbank.at](http://www.schoellerbank.at) under “Legal References”/“Securities Supervision Act”.

The bank utilises financial intermediaries such as a commission agent. The bank works with UniCredit Bank AG as a commission agent on a regular basis. The selected financial intermediaries have provided fast and reliable execution in the past without any observable quality differences. In order to achieve the most favourable execution conditions possible in the interests of its customers, the bank regularly monitors the quality of the financial intermediary or financial intermediaries.

Based on the customer’s acceptance of this execution policy, the bank is entitled to execute orders in the interest of the customer directly or indirectly at a regulated market (exchange), a multilateral trading facility (MTF), an organised trading facility (OTF), a systematic internaliser (SI), or other execution venue.

Control procedures in connection with the selection of execution venues:

The factors listed for the selection of execution venues are reviewed on a regular basis. The securities and derivatives markets specified in the list of execution venues are obligated to regularly publish data about the quality of execution. This information is available on the websites of the execution venues.

### **1.8 Market conformity check**

When orders are executed outside of a regulated market, the bank checks that the price offered to the customer is fair using market data that were used in the estimation of the price for the given product and – if possible – compares this price to similar products.

### **1.9 Combination of orders**

The bank executes comparable customer orders without delay and in order according to the time they are received unless the nature of the order or the prevailing market conditions make this impossible or another course of action must be taken in order to protect the interests of the customer.

In these cases, the bank reserves the right to combine customer orders with the orders of other customers. However, orders may only be combined when this is not expected to be disadvantageous for the customer(s).

It must generally be noted, however, that the combination of an order with other orders and transactions can also be disadvantageous with regard to certain orders.

For example, if order execution is delayed due the combination of orders, it is possible that combined orders will only be partially executed due to their size or that certain orders will not be executed at the price at the time of the order placement but rather at a more positive or more negative price at the time of the order execution. In addition, trading suspensions or the early closing of a subscription can delay or prevent the execution of orders.

In order to ensure the fair allocation of combined orders and transactions, an automated settlement system is in place at Schoellerbank that determines and effectively implements the allocation of combined orders. This automated settlement system administers the fair allocation of combined orders and transactions including with regard to how the volume and price of orders affect the allocation and partial processing of orders. Schoellerbank will allocate the combined transactions in accordance with its automated settlement system for the allocation of orders.

In order to keep the processing costs low and to allow for the sale of non-tradable units (sale of fractional shares), the bank combines orders for the sale of subscription rights in the interest of its customers.

Orders for the purchase or sale of units in domestic and foreign investment funds are combined and forwarded to the appropriate party that accepts orders (depository, fund company, or financial intermediary), also with the goal of keeping the processing costs low. If order execution is delayed due the combination of orders, particularly in the case of the purchase or sale of investment fund units that cannot be redeemed daily in the event of fund closures or fund liquidations, it is possible that individual orders will not be able to be executed or will not be able to be executed immediately.

The bank reserves the right to combine customer orders submitted under asset management mandates (discretionary asset management, investment advisory agreements, and similar agreements) with other customer orders. The special order execution principles (see item 2) also apply for such combinations. In the case of discretionary asset management services, the bank must determine at its own discretion at which of the execution venues specified in the execution policy the best possible result can be obtained consistently for the customer. In order to save costs for the customer, the bank combines subscription orders pertaining to the issue of equities on a daily basis in accordance with the standard market practices for the purpose of collectively forwarding such orders to the lead manager for the issue.

### **1.10 Allocation for issues**

For initial public offerings (IPOs) and for subscriptions for capital increases, the shares are allocated by the lead manager for the issue (lead bank appointed by the issuer).

If no requirements for the allocation are provided by the lead manager or the allocation ratio received is too low, the bank must select an allocation method. The following allocation methods are possible: percentage

allocation, allocation based on order quantity, allocation according to the order of the receipt of the subscription orders, allocation according to a special code, or random selection.

The bank will ensure that the allocation is fair and – if possible – in tradable minimum quantities in the interests of all customers regardless of the selected method.

### **1.11. Execution venues**

Orders for stocks and securities similar to stocks are forwarded for execution to financial intermediaries that generally have access to their home exchange. The bank is subject to the order execution principles of the financial intermediary utilised for the execution. Therefore, the bank cannot guarantee execution directly on the exchange and thus cannot accept specific customer instructions to this effect for such orders. However, the bank can accept specific customer instructions for orders for securities for which a financial intermediary belonging to UniCredit Group has direct access to an exchange by way of an exchange connection. When the customer order is placed during the relevant trading hours, orders in this asset class are regularly forwarded directly to electronic trading systems for execution because they consistently offer the highest liquidity and fast and cost-effective execution. Orders placed after the close of trading may be executed by way of floor trading, if available. Orders that are not executed will be processed on the subsequent business day based on the chronological order in which they were received, provided that the orders are valid for a longer period of time.

The bank provides no guarantee that an order will actually be executed at the selected execution venues. Orders that are not executed on the same day remain at the given execution venues provided that this is stipulated based on the order type and the customer did not specify the expiry of the order (e.g. in the case of day orders).

If an instrument included in this asset class is not traded on the specified exchange or if trading events occur (reference market disruptions, disruptions due to volatility, etc.), orders may be executed at an alternative domestic exchange or over the counter in the interest of the customer. If orders are cancelled by the exchange due to trading events, the customers will be informed by the bank.

## **2 Special principles for order execution by asset class**

### **2.1 Stocks and securities similar to stocks**

Along with stocks and securities similar to stocks, this asset class includes exchange traded funds (ETFs).

Domestic stocks are primarily traded in Austria, and the Vienna Stock Exchange is generally the suitable execution venue due to the required price quality and lower execution costs.

Therefore, the bank will execute orders for Austrian stocks in the electronic trading system of the Vienna Stock Exchange because it consistently offers the highest liquidity and fast and cost-effective execution.

Foreign stocks are primarily executed on the home exchange because this offers the highest liquidity and, as a result, consistently offers the highest execution probability and probability of the best pricing.

### **2.2 Subscription rights**

Along with conventional subscription rights, this asset class includes tradable purchase rights and redemption rights.

Due to the limited subscription period, the criteria of probability and speed of execution are to be assigned a higher weighting for subscription rights held in safekeeping abroad.

Orders for domestically listed subscription rights are executed on the Vienna Stock Exchange.

Orders for assets held in safekeeping abroad are executed on the exchange in the relevant country.

In order to keep the processing costs low, the bank combines such orders in the interest of its customers.

### **2.3 Bonds, securities similar to bonds, and structured securities**

This asset class includes bonds (debt securities, fixed-income securities) and money market instruments as well as other securities similar to bonds and structured bonds.



The bank will execute orders for the purchase or sale of assets via suitable financial intermediaries in the form of a commission transaction directly or indirectly at a regulated market (exchange), a multilateral trading facility (MTF), an organised trading facility (OTF), a systematic internaliser (SI), or other execution venue.

## **2.4 Investment fund units**

The purchase and sale of units in investment funds for which Schoellerbank is the depository are executed by Schoellerbank as the depository at the net asset value (plus the fee in the amount of the front-end surcharge defined in the prospectus) and at the redemption price.

Orders for the purchase or sale of units in domestic investment funds for which Schoellerbank is not the depository are forwarded to the Austrian depository for execution. If the depository is not the party that accepts orders, the orders are forwarded directly to the fund company or a financial intermediary for execution.

Orders for the purchase or sale of units in foreign investment funds are forwarded to an international fund order routing platform (e.g. Vestima) for execution. If the fund ordered by the customer does not participate in this fund order routing platform, the orders are forwarded to the party that accepts orders for the fund. The party that accepts orders can be the fund company, the depository, or a financial intermediary.

## **2.5 Participating certificates**

The bank will handle all orders for listed participating certificates similar to stocks and bonds according to the criteria defined in item 1.11.

If no execution venue can be determined that consistently offers the highest liquidity and thus fast and cost-effective execution, the bank can accept orders for over-the-counter execution for these securities.

## **2.6 Warrants**

The bank will execute orders for warrants it issues itself or warrants issued by third parties in the form of commission transactions via financial intermediaries or exchanges.

Orders for the subscription of warrants are executed over the counter through financial intermediaries or the issuer.

## **2.7 Certificates**

The purchase and sale of certificates issued by the bank or by third parties (structured investment products) are executed directly or indirectly at a regulated market (exchange), a multilateral trading facility (MTF), an organised trading facility (OTF), a systematic internaliser (SI), or other execution venue.

The bank will execute orders in the form of commission transactions through financial intermediaries or directly via an adequate execution venue that consistently offers the highest liquidity and thus fast and cost-effective execution. If no adequate execution venue can be determined, the bank will forward orders for execution by financial intermediaries via the home exchange or the issuer.

Orders for the subscription of certificates (structured investment products) are executed over the counter through financial intermediaries or the issuer.

## **2.8 Non-securitised financial instruments**

### **2.8.1 Exchange traded derivatives contracts**

Due to the differing forms of non-securitised financial instruments on the various regulated markets, specific customer instructions are required for the selection of an exchange for this asset class. The bank is not obligated to conclude such a transaction. A list of the exchanges for which orders can be placed for non-securitised financial instruments is contained in the list of execution venues, which is available in every branch and online at [www.schoellerbank.at](http://www.schoellerbank.at) under "Legal References"/"Securities Supervision Act".

### **2.8.2 Non-exchange traded derivatives contracts**

The bank offers the option of concluding transactions in non-securitised financial instruments directly with the bank at prices that are updated on an ongoing basis (forward exchange agreements). Such transactions are concluded at a fixed price agreed with the bank (a so-called fixed-price transaction). The bank is not obligated to conclude such a transaction. If a fixed-price transaction is concluded, the bank provides immediate price

confirmation for these instruments during its typical trading hours, taking the market situation into account and including all costs associated with this execution.

## **2.9 Securities financing transactions**

Similar to non-exchange traded derivatives contracts, these are agreements concluded between the bank and the customer on an individual basis. For example, this includes securities repurchase agreements (repo, securities lending) and buy-sell back transactions.

An alternative execution venue is not available. The transaction is concluded directly with the bank at the agreed terms. The bank ensures that the agreement is concluded in accordance with the regulatory requirements regarding the fairness of the price. The bank is not obligated to conclude such a transaction.

## **3 Final provisions**

If individual financial instruments cannot be assigned to an asset class, the customer must provide specific instructions on the execution venue.

If the bank cannot execute the order at the specified execution venue at the time the order is placed because of holidays, trading events, or technical limitations, the order can also be executed in the interest of the customer at a different execution venue. If the execution venues that have been chosen by the bank as suitable alternatives are also unavailable, the customer must provide specific instructions about the execution venue.

If an order is received outside of the trading hours of the intended execution venue, the customer must provide specific instructions about the selection of the execution venue if he or she does not wish to have the order executed on the following trading day according to this execution policy. In the event of an order with the specific customer instructions “no relocation of the execution venue”, the bank will place the order even when the order is not or cannot be executed by the selected execution venue for a longer period of time. For orders that are not executed immediately or on the first day of validity, the bank will note the order and will inform the customer about any events (e.g. capital measures, trading suspensions) that lead to the nullification of the order.

The implementation of this execution policy is also supported by the trading system. If this technical support is temporarily unavailable, the bank will select an execution venue at its discretion without this technical assistance and according to this execution policy, and therefore in the interests of the customer.

The execution policy, including the list of execution venues, is reviewed regularly (at least once per year) and adapted when needed. Customers will be informed in an appropriate manner about every material change to the execution policy. The current version of the execution policy can be obtained free of charge at all Schoellerbank branches and can be viewed on Schoellerbank’s website at [www.schoellerbank.at](http://www.schoellerbank.at) under “Legal References”/“Securities Supervision Act”.

# List of execution venues

(As of March 2022)

## Regulated markets

Country	Exchange	MIC
AT	Wiener Börse AG	XVIE
AU	ASX Australian Securities Exchange	XASX
BE	Euronext Brussels	XBRU
BG	Bulgarian Stock Exchange	XBUL
CA	Canadian Securities Exchange	XCNQ
CA	Toronto Stock Exchange	XTSE
CA	TSX Venture Exchange	XTSX
CH	SIX Swiss Exchange	XSWX
CZ	Prague Stock Exchange	XPRA
DE	Börse Berlin	XBER
DE	Börse Düsseldorf	XDUS
DE	Börse München	XMUN
DE	Börse München – GETTEX	MUNC
DE	Börse Stuttgart	XSTU
DE	Deutsche Börse AG, Frankfurt trading floor	XFRA
DE	Deutsche Börse AG, Frankfurt XETRA	XETR
DE	Hanseatische Wertpapierbörse Hamburg	XHAM
DE	Niedersächsische Börse zu Hannover	XHAN
DE	Tradegate Exchange	XGAT
DK	NASDAQ Kopenhagen A/S	XCSE
ES	Bolsa de Madrid	XMAD
ES	Sociedad de Bolsas, Madrid	XMCE
FI	NASDAQ Helsinki Ltd.	XHEL
FR	Euronext Paris	XPAR
GB	London Stock Exchange	XLON
GR	Athens Exchange	XATH
HK	Stock Exchange of Hong Kong	XHKG
HR	Zagreb Stock Exchange	XZAG
HU	Budapest Stock Exchange	XBUD
IE	Irish Stock Exchange	XDUB
IT	Borsa Italiana S.P.A., Milan	XMIL
JP	Tokyo Stock Exchange	XTKS
LU	Luxembourg Stock Exchange	XLUX
NL	Euronext Amsterdam	XAMS
NO	Oslo Bors ASA	XOSL
NZ	New Zealand Exchange Ltd.	XNZE
PL	Warsaw Stock Exchange	XWAR
PT	Euronext Lisbon	XLIS
SE	NASDAQ Stockholm AB	XSTO
SG	Singapore Exchange	XSES
SI	Ljubljana Stock Exchange	XLJU
SK	Bratislava Stock Exchange	XBRA
US	New York Stock Exchange Inc. – AMEX	XASE
US	NASDAQ	XNMS
US	New York Stock Exchange Inc.	XNYS
US	NYSE Arca	ARCX
US	OTCBB	XOTC
ZA	Johannesburg Stock Exchange	XJSE

## Multilateral trading facility/systematic internaliser

Country	MTF/SI	MIC
AT	Erste Group Bank AG (SI)	EGSI
AT	Raiffeisen Bank International AG (SI)	RZBA
DE	Bank Vontobel Europe AG (SI)	VONT
DE	Goldman Sachs Bank Europe SE (SI)	GSBE
DE	UniCredit Bank AG HVB (SI)	UCDE
FR	BNP Paribas (SI)	BNPA
FR	Credit Agricole CIB (SI)	AACA
FR	Societe Generale (SI)	XSGA
IE	Fin. & Risk Transac. Serv. IE Ltd (MTF)	FXRQ
NL	Bloomberg Trading Facility B.V. (MTF)	BTFE

## Derivative markets

Country	Exchange	MIC
CA	The Montreal Exchange	XMOD
DE	EUREX Deutschland	XEUR
GB	ICE Futures Europe – Financial Prod.	IFLL
GB	LSE Derivatives Markets	XLOD
HK	Hong Kong Futures Exchanges Ltd.	XHKF
IT	Italian Derivatives Market	XDMI
JP	Osaka Exchange	XOSE
JP	Tokyo Financial Exchange	XTFF
SG	Singapore Exchange Derivatives CLE	XSIM
US	CBOE Global Markets Inc.	XCBO
US	Chicago Board of Trade	XCBT
US	Chicago Mercantile Exchange	FCME
US	International Monetary Market	XIMM
US	NYSE Amex Options	AMXO
US	NYSE Arca Options	ARCO
US	Philadelphia Options Exchange	XPHO

Automated order placement is monitored from 8:30 am to 5:00 pm on bank business days. Placement is not monitored outside of these hours.

The currently valid version is available at every Schoellerbank branch or on our website at [www.schoellerbank.at](http://www.schoellerbank.at) under "Legal References"/"Securities Supervision Act".

# Service and information

## Schoellerbank AG's profile

Information pursuant to the Securities Supervision Act (WAG) 2018  
Created in August 2022, valid from 2 August 2022

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BIC (SWIFT): SCHOATWW  
EU VAT no.: ATU 15355504

Schoellerbank AG is registered with the Vienna Commercial Court under the number FN 103232m.

### **Competent supervisory authority**

Schoellerbank AG is supervised by the FMA – Financial Market Authority/Banking Supervision, Otto-Wagner-Platz 5, A-1090 Vienna.  
Tel.: +43/1/249 59-0, Fax: +43/1/249 59-5499  
Internet: www.fma.gv.at

### **Main business activity**

Schoellerbank AG offers all types of transactions with securities and other financial instruments, especially in connection with the purchase, sale, and safekeeping of securities.  
Licence: Credit institution pursuant to Section 103 item 5, 1 (1) BWG.

### **Legal basis**

The applicable commercial and professional regulations especially include:

- The Austrian Banking Act (BWG, Federal Law Gazette No. 532/1993, as amended),
- The Securities Supervision Act 2018 (WAG 2018, Federal Law Gazette No. 107/2017, as amended)

These regulations can be found on the Internet at <http://www.ris.bka.gv.at>.