

## STRUCTURED PRODUCTS ISSUANCE METHODOLOGY

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### STRUCTURED PRODUCTS ISSUANCE

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#### GENERAL

The Julius Baer Structured Products team provides its services out of Zurich, London, Singapore and Hong Kong. Apart from offering Julius Baer issued structured products, the team gives clients access to a managed open platform with major global counterparties. The Structured Products team offers a wide range of underlying asset classes like Equity, Fixed Income, FX, Commodities and Alternative Structured Products. The Product Advisory and Sales Team offers Structured Products like Barrier Reverse Convertibles, Callable Barrier Reverse Convertibles and Protected Notes both tailor made and through the Derivative Toolbox. The Tailored Solutions Team offers access to a wide range of tailor made products, Actively Managed Certificates and OTC Options Trading.

All Product Types / Asset Class combinations are categorized in a risk bucket with dedicated risk levels and fully integrated into the JB Navigator Suitability check.

#### METHODOLOGY

There are different ways to access structured products at Julius Baer.

Structured Products are publicly offered in Switzerland. A dedicated team carefully selects the pay-off (yield enhancement, participation or capital protection) and the underlying of the structured products which is put into subscription. The underlying must be rated “hold” or “buy” in order to be eligible for the public offering. Clients and Relationship Managers of Julius Baer can access all products in subscription either through the JB Derivatives Portal or the Products & Services Portal. Structured Equity Products are usually listed on SIX Swiss Exchange and can be bought and sold during the day on the secondary market.

Apart from those “off-the shelf” products, the Structured Products Group also offers tailor made products to its clients through different channels.

Relationship Managers are given access to the Derivatives Toolbox on which they can trade a number of defined pay-offs (Discount Certificates, Barrier Reverse Convertibles and Autocall Barrier Reverse Convertibles) for over 300 underlying equities and equity indices in sizes between CHF 50,000 and CHF 3,000,000.

For sizes starting at CHF 0.5 Mio, Relationship Managers can directly contact the Structured Products Advisors in order to design, issue and trade a tailor made structured product. The team offers structured products issued by Julius Baer as well as by selected Third Party issuers, which are approved by the Credit Committee of the Executive Board of Bank Julius Baer & Co. Ltd. and regularly updated and reviewed by the Structured Products Advisory Desk based on criteria such as counterparty risk, documentation requirements, quality of service and price.

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## **REGULATORY FRAMEWORK GOVERNING THE STRUCTURED PRODUCTS AREA**

Bank Julius Baer has implemented several policies in order to comply with the regulatory framework governing the structured products area.

The Code of Conduct for Securities Dealers and Markets Behaviour outlines the professional ethics for all securities dealers and covers the duty of risk disclosure, duty of care (best execution, immediate allocation and accountability, accounting transparency) and duty of loyalty (conflicts of interest, prohibition of market abuse activities). The prohibition of market abuse activities covers topics like equal and fair treatment, market manipulation, inside information, insider dealing and dissemination of material price sensitive information.