Julius Bär

JULIUS BAER FOREIGN EXCHANGE AND PRECIOUS METALS DISCLOSURE NOTICE

1. Purpose

The purpose of this disclosure notice (“FX/PM Disclosure Notice”) is to provide transparency and disclose relevant practices of Bank Julius Baer & Co. Ltd. (acting from Switzerland and/or through its branches in Singapore and Hong Kong, the “Bank”) in its foreign exchange (“FX”) and precious metals (“PM”) transactions with its clients. This FX/PM Disclosure Notice also applies to all Julius Baer entities that either directly or indirectly route their FX/PM client order flow via the Bank’s execution platform.

This notice shall be for information purposes only and shall not be and is not intended to be an exhaustive statement of the Bank’s practices or policies nor shall it and is it intended to override or change any agreement, product disclosure or other (prior or subsequent) notice issued by the Bank or any mandatory obligation that the Bank may owe to clients under any applicable laws, rules or regulations.

2. Julius Baer / FX and PM desks

The primary business activities and the risk position handling of FX and PM trading of the Bank are carried out in Zurich. The FX and PM traders working with the Bank’s Singapore/Hong Kong Branch have a functional reporting line into the Zurich office. The FX and PM desks offer a comprehensive product and service catalogue primarily to sophisticated wealthy private clients and secondarily to institutional clients. The services provided include a wide range of financial instruments including but not limited to OTC FX/PM structures, FX spot and forward trading in all major currencies, FX emerging markets trading and execution in all tradeable currencies including Non-Deliverable Forwards (“NDFs”), and PM trading (spot, forwards and options).

Bank Julius Baer & Co. Ltd., Switzerland, is licensed and supervised by the Swiss Financial Market Supervisory Authority (FINMA). Bank Julius Baer & Co. Ltd., Singapore Branch, is licensed and supervised by the Monetary Authority of Singapore (MAS). Bank Julius Baer & Co. Ltd., Hong Kong Branch, is licensed and supervised by the Hong Kong Monetary Authority (HKMA) and the Hong Kong Securities & Futures Commission.

3. Role of the Bank in relation to its clients

The Bank does not act as market maker in FX/PM transactions, but as “market/liquidity taker” on behalf of its clients only.

In FX/PM transactions, the Bank acts as a principal on an arms-length basis, and does not act as agent, fiduciary or in any advisory capacity for such transactions, except as notified in writing by the Bank to the client.

Some FX/PM transactions may be executed via in-house electronic tools/platforms, such as the 'FX Toolbox', the 'FX Derivative Toolbox', or via 'JB Market Link', or any other widely spread electronic tools that are considered market standard, such as 'FXall', 'FXGO', etc.

Orders received (including amendments) via the same platforms will generally be executed in the sequence in which those orders were accepted and acknowledged by the Bank. Orders (including amendments) received via different platforms may not necessarily be executed in sequence across platforms. Reference is also made to section 4.2 (Execution Policy) below for further information.

In order to meet its legal and regulatory obligations and to protect its reputation towards the legitimate expectations of clients, shareholders, employees, governments, regulatory bodies and the general public, the Bank established a framework (policies, processes, training and education, controls and reportings) in order to identify and manage (avoid, mitigate and/or disclose) any potential conflicts of interests ("COI") appropriately.

In any case, each client (or his/her agent) should independently evaluate for the benefit of himself/herself the appropriateness of an FX/PM transaction, taking into consideration the FX/PM transaction's terms and conditions and his/her individual objectives and circumstances.

4. Trading and execution principles

4.1 Pricing

The Bank will generally provide its clients with a single "all-in" price. Such price includes a sales commission or mark-up/-down which is determined taking into account a variety of factors, but is exclusive of additional costs including without limitation costs related to execution (such as clearing, settlement, counterparty risk, (risk) capital charges and third party costs).

4.2 Execution policy

The Bank will take reasonable steps to obtain the best possible execution result and a fair price for its clients, taking into consideration various factors such as price, cost, speed, size, settlement of execution, probability of execution and any other consideration relating to and material for the execution of the order. The weight to be given for each factor is dynamic and may depend upon several variables and characteristics including the financial instrument, order type, market conditions, specific client instructions and contractual terms agreed with the client.

When the Bank receives a trade request, its acceptance of the trade request indicates a willingness to complete the requested FX/PM transaction subject to (among other things) prevailing market conditions, its risk management needs, and other relevant factors. Trade requests may be aggregated, executed proportionately, rounded, time prioritised or prioritised and filled in line with prevailing liquidity and/or other relevant circumstances as applicable.

The Bank may receive multiple trade requests from different parties and it retains discretion as to how to meet such requests, including timing, priority, pricing, aggregation and completeness of execution. The Bank will also use its judgement based upon available market and internal information, including but not limited to available price levels and actual liquidity available during circumstances such as a disruption event, to determine whether the parameters of a trade request have been satisfied and the extent to which the requested amount of a trade request can reasonably be satisfied under prevailing conditions to enable execution of a transaction in whole or in part.

Unless the client provides the Bank with a specific instruction to execute his/her spot FX algorithmic order against the Bank's internal liquidity, the Bank will seek to choose the most appropriate liquidity venue (including both internal and external sources) for the specific transaction.

4.3 Fixing orders / Benchmark orders

Benchmark Orders refer to orders to buy or sell a specified amount of currency at a price that will be set by reference to a certain benchmark rate. While such orders are not part of the Bank's standard offering, such requests may (without any obligation by the Bank to do so) be accepted and executed against the Bank's own book within the set risk parameters / limits. The rate at which the Benchmark Order is executed (the "Fixing Price") is determined by reference to trades executed during a finite period (the "Fixing Window") or by reference to the closing price or prices of a particular market or markets.

If risk mitigation measures or risk management measures in general are required, such orders will be passed on to third parties ("Fixing Members"). The Bank will quote World Markets Company Plc ("WM") / Reuters benchmark orders at the published bid or offer rate, applying the agreed client margin. Other than WM / Reuters benchmark orders, the Bank offers the London Bullion Markets Association ("LBMA") PM London Fixing (AU, AG, PT and PD) fixing orders.

4.4 Pre-hedging

The Bank may, as a principal, execute other transactions or engage in risk management activities prior to or at the same time as executing a client's order. Such pre-hedging activities may include trading in the same FX/PM product or currencies, trading in correlated products or currencies, and establishing derivatives positions on any of the foregoing, and may also take into account other sources of exposure (such as market dislocations and disruptions). Pre-hedging may result in profit, or loss, to the Bank. The Bank undertakes pre-hedging activities in a manner that is not intended to disadvantage the client and/or disrupt/intervene into the regular pricing mechanisms of the market.

4.5 Stop loss orders

Due to market conditions, client orders that set a trigger price may not, even if accepted by the Bank, be executed immediately. When the trigger price has been reached, the Bank will attempt to enter into a trade with its client at the trigger price or, if it so determines in its sole discretion, at as close a price to the trigger price as practically possible. The Bank strives to keep slippage (the order execution at a less favourable rate than originally set in the order) at a minimum although no assurance can be given by the Bank on the same. Slippage is more likely to occur when volatility is high.

5. Information handling and sharing

The Bank has policies and procedures in place to ensure compliance with the applicable laws, rules and regulations with regard to the handling of client information, including confidentiality and security of client's information.

The Bank is obliged to treat all data obtained in connection with the client relationship confidential, in line with applicable data protection and bank-client confidentiality laws and regulations.

The Bank has though regulatory or other legal obligations according to which a disclosure of client data to (foreign and domestic) third parties may be required. Therefore, the Bank under certain circumstances may disclose client data to such third parties including stock exchanges, central depositories, (sub-) custodians, brokers, clearing agencies, trade repositories, regulatory bodies or other authorities that are involved in a transaction or service.

The Bank established guidelines on appropriate information sharing and the dissemination of so called 'market colour', thereby taking into consideration the rules and restrictions from a supervisory law and an anti-trust perspective.