

# Execution policy

January 2023

## Table of contents

<b>1 Aim and purpose</b>	<b>3</b>	<b>Appendix 1</b>	<b>9</b>
<b>2 Scope</b>	<b>3</b>	<b>Asset class of listed equities and exchange traded funds ("ETFs")</b>	<b>9</b>
2.1 What does best execution mean?	3	<b>Appendix 2</b>	<b>10</b>
2.2 Application of best execution	3	<b>Asset class of interest-bearing securities</b>	<b>10</b>
2.3 Non-application of best execution	3	<b>Appendix 3</b>	<b>11</b>
<b>3 Execution factors</b>	<b>5</b>	<b>Asset class of exchange-traded derivatives</b>	<b>11</b>
<b>4 Execution criteria</b>	<b>5</b>	<b>Appendix 4</b>	<b>12</b>
<b>5 Execution type for commission-based transactions</b>	<b>5</b>	<b>Asset class of non-listed Swiss equities</b>	<b>12</b>
5.1 Execution venues	6	<b>Appendix 5</b>	<b>13</b>
5.2 Trading for own account of Zürcher Kantonalbank	6	<b>Asset class of structured products</b>	<b>13</b>
5.3 Use of brokers	6	<b>Appendix 6</b>	<b>14</b>
<b>6 Fixed-price transactions (Over-the-counter transactions)</b>	<b>6</b>	<b>Asset class of securities lending transactions</b>	<b>14</b>
<b>7 Costs of order execution</b>	<b>7</b>	<b>Appendix 7</b>	<b>15</b>
<b>8 Monitoring and duty of disclosure</b>	<b>7</b>	<b>Asset class of OTC derivatives</b>	<b>15</b>
<b>9 Processing of client orders</b>	<b>7</b>	<b>Appendix 8</b>	<b>16</b>
		<b>List of execution venues</b>	<b>16</b>

## 1 Aim and purpose

This execution policy details the measures taken by Zürcher Kantonalbank to achieve the best-possible execution of client orders for buying or selling securities or other financial instruments. Through these measures, Zürcher Kantonalbank implements the regulatory requirements in Switzerland and also ensures - if regulatory required - the best execution of client orders in accordance with the Markets in Financial Instruments Directive 2014/65/EU (MiFID II).

The execution policy provides the basis on which orders are executed by Zürcher Kantonalbank. An electronic version of this policy can be found in its current version on the Zürcher Kantonalbank website at [ZKB Execution Policy](#). Zürcher Kantonalbank assumes that its clients generally consent to the execution policy if they place orders after publication of the policy. Zürcher Kantonalbank points out that its execution policy (as well as the brokers used, if any) permit the execution of orders outside of trading venues, i.e. "Over the Counter" or "OTC".

The present general information on the basic measures taken is supplemented by asset class-specific appendices. The appendices contain further information to be taken into account and should be read in conjunction with this execution policy.

## 2 Scope

### 2.1 What does best execution mean?

Best execution requires the taking of all sufficient measures to systematically and regularly obtain the generally best-possible result when executing client orders (see Section 5) taking account of the execution factors (see Section 3).

### 2.2 Application of best execution

This execution policy and thus the requirements for best possible execution of client orders ("best-execution requirements") apply to the execution or transmission of orders that the client places with Zürcher Kantonalbank for buying and selling (or entering into) the financial instruments or transactions listed below:

- Listed equities and exchange traded funds (ETFs)

- Interest-bearing securities
- Exchange-traded derivatives
- Non-listed equities
- Structured products
- Securities lending transactions
- OTC derivatives

Zürcher Kantonalbank applies the execution policy to all client orders to buy or sell the financial instruments or the transactions listed above, irrespective of the form of execution. The execution policy also applies if Zürcher Kantonalbank purchases or sells financial instruments or enters into transactions for the client's account in meeting its duties arising from an asset management agreement with the client.

### 2.3 Non-application of best execution

Zürcher Kantonalbank is not obliged to adhere to the principle of best execution in the following cases:

- Transactions with institutional clients<sup>1</sup>
- Transactions with professional clients<sup>2</sup> in cases where such clients cannot rely on Zürcher Kantonalbank providing best execution on account of their greater market knowledge compared with private clients (see Section 2.3.1)
- Transactions carried out on the primary market (see Section 2.3.2)
- If the client gives specific instructions, whereby the best execution requirements do not apply to the extent covered by the instruction (Section 2.3.3)
- With clients that have a direct market access via Zürcher Kantonalbank (Section 2.3.4)

#### 2.3.1 No legitimate reliance in the case of professional clients

Zürcher Kantonalbank will as a general rule apply its execution policy where the client can legitimately expect it to provide best execution ("legitimate reliance"). With regard to the professional clients referred to above, their greater market knowledge in particular means that it can be assumed that they are not relying on best execution by Zürcher Kantonalbank in certain cases. If, in response to specific requests from professional clients ("request for quote" or "RFQ"), Zürcher Kantonalbank provides quotes or negotiates prices on the basis of

---

<sup>1</sup> As defined in the Financial Services Act (FinSA), including eligible counterparties according to MiFID II or the corresponding implemented national law.

<sup>2</sup> As defined in the FinSA.

which the professional client can trade, it will generally assume that there is no legitimate reliance on the client's part.

In order to determine whether the client can legitimately rely on it in RFQ-transactions or negotiated prices, Zürcher Kantonalbank takes the following criteria into account:

- Which party initiated the transaction – if it is the professional client that initiates a transaction, it is less likely that the client will be relying on Zürcher Kantonalbank;
- Market practice, for example whether it is standard market practice to obtain quotes from different providers – if it can be assumed on the basis of market practice for a certain asset class (e.g. in the wholesale market for OTC derivatives and interest-bearing securities) that the professional client has access to various different providers that can provide quotes from which the client can choose, it is less likely that the client will be relying on Zürcher Kantonalbank;
- Relative transparency within a market – for markets in which it can be assumed that the client has access to rate and/or price information, it is less likely that the client is relying on Zürcher Kantonalbank;
- The information provided by Zürcher Kantonalbank and any agreement reached – if agreements with the client (including this execution policy) do not indicate a relationship of trust with regard to best execution, it is less likely that the client is relying on Zürcher Kantonalbank.

Further indications that there is no legitimate reliance on the part of the client are also taken into account.

### **2.3.2 Primary market transactions**

Best execution is not required for transactions on the primary market. In such cases, Zürcher Kantonalbank has no means of influencing the execution factors. This applies in the following cases:

- When issuing and redeeming non-listed units in investment funds at the issue price or redemption price via the respective custodian bank;
- In the case of primary market transactions in other financial instruments (issues of Zürcher Kantonalbank companies are issued at a fair market price, see Section 6).

Zürcher Kantonalbank supports third-party issuers in the issuance and placement of shares, bonds and similar financial instruments for the purpose of raising funds at optimal prices (e.g. IPOs, capital increases of listed companies and bond issues). In this context, Zürcher Kantonalbank acquires such financial instruments from the issuer by way of firm underwriting and subsequently sells them to clients in its own interest. This sale does not constitute a financial service pursuant to the FinSa, which means that the corresponding obligations do not apply. Zürcher Kantonalbank has no duty to protect the interests of the clients in connection with such sale of financial instruments. It is solely up to the clients to assess the conditions of the respective transaction and to make the purchase decision. Zürcher Kantonalbank's interest is primarily focused on placing at the best possible price and volume for the issuer. In doing so, Zürcher Kantonalbank aims to act in a fair and transparent manner.

Zürcher Kantonalbank is compensated for services in connection with the issuance and placement of shares, bonds and similar financial instruments by issuers and/or shareholders to the customary extent. Additionally, Zürcher Kantonalbank may charge the client a fee for the conclusion of a fixed-price transaction in the context of such capital market transactions.

### **2.3.3 Specific instructions**

If a client gives Zürcher Kantonalbank instructions on how to execute an order, the best execution obligation ceases to apply to the extent of the instruction.

If the client does not provide any specific instructions or if an instruction from the client only relates to part of the order, Zürcher Kantonalbank will execute the order or the other part of the order respectively in accordance with its execution policy.

If a client has not signed the declaration of consent on the disclosure of client data in financial market and foreign currency transactions, Zürcher Kantonalbank may not execute particular transactions in certain markets (e.g. in trading venues in the EU) or may only be able to do so on the basis of less favourable conditions.

### **2.3.4 Direct market access**

Direct market access ("DMA") means that the client has direct access to an execution venue. This access may be given to the client as a service via the systems of Zürcher

Kantonalbank. In the case of DMA orders, the client itself specifies all of the execution parameters and Zürcher Kantonalbank does not interfere in the routing or execution.

### 3 Execution factors

To ensure best execution, Zürcher Kantonalbank takes the following execution factors into account when executing client orders:

1. Price: the price of the financial instrument being traded.
2. Costs: the costs that Zürcher Kantonalbank can charge the client for executing the order (see Section 7).
3. Speed of execution: the time taken from the placing of the order until its execution.
4. Likelihood of execution: the likelihood of the client order being executed in full.
5. Likelihood of settlement: the likelihood of the client order being settled completely and successfully.
6. Size: the size of the client order, taking account of the extent to which this influences the execution price.
7. Nature of the order and any other consideration relevant to execution.

If there are no specific instructions from the client, the best-possible execution result for private clients is determined of the total consideration of execution, whereby the predominant weighting is given to the total costs (price and costs). In certain situations, it may, however, make sense to prioritise one of the other factors over price and costs, as otherwise there would be a risk of a negative impact on the overall evaluation. In the event of illiquid markets, for example, it might be necessary to give greater priority to such factors as likelihood or speed of execution rather than price and costs. When executing orders for professional clients, total costs are not necessarily the predominant best execution factor, but other factors can be of equal or even higher value (e.g. in case of large volumes).

The asset class-specific appendices contain further information on how Zürcher Kantonalbank weights the different execution factors when executing orders (based on the prioritization for private clients – other weightings for professional clients are possible and regularly

encountered and are weighted depending on the respective order). A ranking list of the relative priority of the factors is determined for each individual asset class, although the execution criteria and any other applicable criteria, as well as the nature of the order, must always be taken into account.

### 4 Execution criteria

When prioritizing the execution factors, Zürcher Kantonalbank takes account of the following execution criteria among others:

- Client characteristics;
- Characteristics of the financial instrument or transaction on which the client order is based;
- Characteristics of the execution venues at which the client order can be executed;
- Market conditions at the time of the client order being received.

### 5 Execution type for commission-based transactions

Zürcher Kantonalbank processes client orders/commission-based transactions in two different ways:

- Execution of orders: Placement of an order for the client at an execution venue, or Zürcher Kantonalbank executes against its own trading book (see Section 5.2)
- Receipt and transmission of orders ("RTO"): In this case Zürcher Kantonalbank transmits the order to a broker (see Section 5.3).

Zürcher Kantonalbank may decide to execute an order itself (including execution against its own trading book) or decide to transmit the order to a broker for execution. If no distinction is made in this document between the execution and transmission of orders, "execution of orders" refers to both execution types.

In connection with the brokerage services of Zürcher Kantonalbank, in which the interest regarding larger blocks of shares of buyers and sellers are brought together, Zürcher Kantonalbank concludes transactions in each case in its own name.

This may also constitute commission-based transactions. Zürcher Kantonalbank is compensated for the respective

brokerage services to the usual extent. A fee may be charged to both the buying and selling client.

### 5.1 Execution venues

Zürcher Kantonalbank executes client orders at the following execution venues:

- Stock exchanges and regulated markets
- Multilateral trading facilities
- Organised trading facilities<sup>3</sup>
- Systematic internalisers
- Market maker
- Brokers and other liquidity providers
- Zürcher Kantonalbank's own trading book where acting in capacity of counterparty or liquidity provider

All of these venues are referred to hereinafter as "execution venues". Only stock exchanges, regulated markets, multilateral trading systems and organised trading systems are referred to as "trading venues".

To ensure the best execution of client orders on a consistent basis, Zürcher Kantonalbank evaluates the execution venues and brokers. This evaluation is based on the execution factors defined by Zürcher Kantonalbank for each asset class. It is carried out annually and, if necessary, repeated during the year whenever a material change occurs that affects the quality of execution of client orders. A "material change" is defined as a significant internal or external event with an impact on one or more execution factors, such as a broker becoming insolvent.

On the basis of this evaluation, Zürcher Kantonalbank carries out a preliminary selection of executive venues and of the brokers whose services it uses for RTO orders. In this way it ensures its consistent and general achievement of the regularly best-possible result when executing client orders, but not on the basis of individual orders.

A list of execution venues and information regarding their execution quality is provided in Appendix 8.

---

<sup>3</sup> OTFs are not trading venues pursuant to the Swiss Financial Market Infrastructure Act ("FMIA"). They are, however,

### 5.2 Trading for own account of Zürcher Kantonalbank

Financial instruments admitted to trading at a trading venue may be traded outside of the trading venue directly between the market participants on an OTC basis. This means that Zürcher Kantonalbank itself can act as counterparty and execute the client order against its own trading book ("trading for own account"). The execution criteria defined for the respective asset class are applied accordingly in order to ensure best execution. Trading for own account may be used for all or some of the order in the absence of any instruction from the client to the contrary. In such a case Zürcher Kantonalbank assumes the client's consent in accordance with the General Conditions for Trading and Safe Custody Accounts ("GCTSCA") agreed with the client.

The possibility of executing the order on an OTC basis extends the scope of action of Zürcher Kantonalbank and thus helps to improve execution quality.

### 5.3 Use of brokers

Zürcher Kantonalbank may execute orders itself or it may pass the orders on to brokers. In such a case Zürcher Kantonalbank will instruct the broker that the client order must be subject to best execution.

Zürcher Kantonalbank monitors the execution quality of the brokers that it uses and carries out regular selection processes (see Section 5.1).

## 6 Fixed-price transactions (Over-the-counter transactions)

Financial instruments such as OTC derivatives, securities lending transactions as well as structured products issued by Zürcher Kantonalbank on the primary market are not executed at a trading venue but are arranged bilaterally between the parties (OTC). This means that Zürcher Kantonalbank and the client conclude an agreement to purchase a financial instrument at a fixed or determinable price, or conclude a derivative contract at agreed terms.

With regard to OTC trading in own products of Zürcher Kantonalbank, Zürcher Kantonalbank checks the fairness of the price being offered to the client by referring to the market data, if available, used in the estimation of the

counted as trading venues in this document, except for purposes of OTC consent.

price of such product and, where possible, comparing this data against similar or comparable products.

The conclusion of fixed-price transaction does not constitute a financial service pursuant to FinSa, which means that the corresponding obligations of the FinSa do not apply. In the context of fixed-price transactions, there are therefore no obligations (e.g. duties to safeguard interests) towards the client that go beyond those set out in this execution policy. Additionally, fees may also apply in connection with fixed-price transactions.

In addition to the primary market transactions described in section 2.3.2 Zürcher Kantonalbank may also support issuers and investors independent of it in trading larger blocks of shares, bonds and similar financial instruments in the secondary market as part of its brokerage services. Such transactions may also be structured as fixed-price transactions if fixed prices are agreed upon between the parties. Zürcher Kantonalbank is compensated for services in connection with block transactions to the customary extent. A fee may be charged both to the buying and the selling client.

Furthermore, Zürcher Kantonalbank can also support issuers and investors independent of it in the sale of larger blocks of shares, bonds and similar financial instruments in the bookbuilding process (accelerated bookbuilding). The placement price determined by Zürcher Kantonalbank in the bookbuilding process is fixed and identical for buying and selling clients, which also leads to a qualification as a fixed-price transaction.

## 7 Costs of order execution

Zürcher Kantonalbank may charge the client various costs for the execution of orders. These fall into the following categories:

- Trading venue fees: There will be fees payable to the respective trading venue in relation to direct market access by Zürcher Kantonalbank or following execution via a broker.
- Broker's fee: Where Zürcher Kantonalbank has no direct market access, fees will be charged by the brokers that provide this market access.
- Settlement fees: Settlement fees are fees charged by external settlement institutions and custodians for the settlement or custody of financial instruments.

- Zürcher Kantonalbank fees: These are reported as "own commission" or "own brokerage fee" or are included in the price in the form of a mark-up.

Zürcher Kantonalbank ensures that its fees are appropriate and fair taking into account product type and the volume and size of the transaction. Additionally, Zürcher Kantonalbank does not accept any payments for the allocation of client orders to certain execution venues. However, Zürcher Kantonalbank may receive a sales commission from the issuer in the case of new issues of structured products from one of its group companies ("issuer"). The amount of this commission is disclosed in the product terms and conditions.

## 8 Monitoring and duty of disclosure

Zürcher Kantonalbank has developed procedures and methods in order to review the execution quality achieved. This ensures in particular that the execution venues selected by Zürcher Kantonalbank guarantee the best execution of client orders on a consistent basis.

The execution venues and this execution policy are reviewed at least once per year and following any material changes. The current execution policy is available to clients online at [ZKB Execution Policy](#).

Additionally, once per year Zürcher Kantonalbank publishes the top five execution venues (Top 5 report) for each asset class in terms of trading volume in the previous year, as well as information on the level of execution quality, on its website at [ZKB Execution Policy](#).

Upon request, Zürcher Kantonalbank will demonstrate to its clients how their orders were executed in accordance with its execution policy or in line with the client's specific instructions.

## 9 Processing of client orders

Zürcher Kantonalbank executes comparable client orders without delay in the order in which they are received, unless this is not possible because of the nature of the order or the market conditions or if it is not in the best interest of the clients or if the clients expect their orders to be pooled and executed at the same price or if they give other specific instructions.

If Zürcher Kantonalbank pools orders with other client orders it ensures fair allocation. It may take volume,

price and cost into account but may also consider the fact that the orders could not have been executed individually or in the selected manner.  
Zürcher Kantonalbank does not pool client orders with its own.



## Appendix 1

### Asset class of listed equities and exchange traded funds ("ETFs")

This Appendix contains further information on best execution for the asset class of listed equities and exchange-traded investment funds. The list of asset classes in this Appendix is not exhaustive, and the listed requirements may also apply to new products with similar execution characteristics.

#### 1. Execution factors

When executing client orders, Zürcher Kantonalbank takes account of the following execution factors generally weighted as follows:

1. Price
2. Costs
3. Speed of execution

Speed of execution as an execution factor may be given the same or a higher level of priority as other factors for certain orders, in particular in the context of an order execution for professional clients.

#### 2. Order execution

Zürcher Kantonalbank executes client orders based on the weighting of execution factors.

Orders for listed equities and ETFs are executed by Zürcher Kantonalbank directly at a suitable trading venue or are transmitted to selected brokers for execution.

If an incoming client order meets certain criteria in terms of size or instructions, Zürcher Kantonalbank may place the order with another broker or execution venue in order to achieve the best possible overall result for the client. This may be the case, for example, if the trading volume of the client order would influence the price on the market. In such a case Zürcher Kantonalbank will also adhere to the ranking of execution factors as listed above, as well as taking account of any criteria and instructions given when selecting an appropriate execution strategy.

#### 3. Execution venue

Zürcher Kantonalbank executes orders in this asset class at various execution venues, sometimes indirectly via brokers. A list of execution venues is provided in Appendix 8.

## Appendix 2

### Asset class of interest-bearing securities

This Appendix contains further information regarding the best execution of the asset class interest-bearing securities in Swiss francs ("CHF bonds") and foreign currencies ("Eurobonds"). The list of asset classes in this Appendix is not exhaustive, and the listed requirements may also apply to new products with similar execution characteristics.

#### 1. Execution factors

When executing client orders, Zürcher Kantonalbank takes account of the following execution factors generally weighted as follows:

1. Price
2. Speed and likelihood of execution
3. Size
4. Likelihood of settlement
5. Costs

Zürcher Kantonalbank weights the factors of speed and likelihood of execution, size, and likelihood of settlement higher than the factor of costs in the case of generally liquid markets in order to ensure best execution of client orders on a consistent basis.

In terms of orders on illiquid markets, the likelihood of execution may be made the primary execution factor if it impacts on the total consideration.

#### 2. Order execution

Zürcher Kantonalbank executes client orders based on the weighting of execution factors.

In accordance with the above ranking, the price is basically the most important execution factor when executing client orders in income-bearing securities. Consequently, Zürcher Kantonalbank executes orders in this asset class on a best price basis with a range of brokers. Zürcher Kantonalbank has made a preliminary selection of brokers and this is regularly updated (see Section 5.1 in the General Part). Zürcher Kantonalbank may request quotes from these brokers. If, taking into account the execution factors, it is in the client's interests, Zürcher Kantonalbank may also act as the counterparty itself. It will execute the client order itself by entering into the transaction and executing the order against its own book.

Orders for CHF bonds which are listed on SIX Swiss Exchange may be executed, taking into account the execution factors, directly at SIX Swiss Exchange if they are of low value.

#### 3. Execution venue

Zürcher Kantonalbank executes orders in this asset class at various execution venues, sometimes indirectly via brokers. A list of execution venues is provided in the Appendix 8.

## Appendix 3

### Asset class of exchange-traded derivatives

This Appendix contains further information on best execution for the asset class of exchange-traded futures and options. These two financial instruments are referred to hereinafter as exchange traded derivatives or ETDs. The list of asset classes in this Appendix is not exhaustive, and the listed requirements may also apply to new products with similar execution characteristics.

#### 1. Execution factors

When executing client orders, Zürcher Kantonalbank takes account of the following execution factors generally weighted as follows:

1. Price
2. Costs
3. Speed and likelihood of execution

For certain orders, the execution factors Speed of execution and likelihood of execution and settlement may be given the same or a higher level of priority as the other factors.

In terms of orders on illiquid markets, the likelihood of execution may be made the primary execution factor if it impacts on the total consideration, for example by increasing prices.

#### 2. Order execution

Zürcher Kantonalbank executes client orders based on the weighting of execution factors.

Client orders relating to exchange-traded derivatives are either executed at a trading venue directly by Zürcher Kantonalbank or, if it does not have direct market access, are forwarded to a broker.

#### 3. Execution venue

Zürcher Kantonalbank executes orders in this asset class at various execution venues, sometimes indirectly via brokers. A list of execution venues is provided in the Appendix 8.

## Appendix 4

### Asset class of non-listed Swiss equities

This Appendix contains further information on best execution for the asset class of non-listed equities. The list of asset classes in this Appendix is not exhaustive, and the listed requirements may also apply to new products with similar execution characteristics.

#### 1. Execution factors

When executing client orders, Zürcher Kantonalbank takes account of the following execution factors generally weighted as follows:

1. Price
2. Speed of execution
3. Likelihood of execution and settlement
4. Costs

Zürcher Kantonalbank weights the factors of likelihood and speed of execution and settlement higher than the factor of costs if market liquidity is generally high, in order to ensure best execution of client orders on a consistent basis.

Speed of execution and likelihood of execution and settlement as execution factors may be given the same or a higher level of priority as the other factors for certain orders.

In terms of large-size orders on illiquid markets, the likelihood of execution may be made the primary execution factor if it impacts on the total consideration.

#### 2. Order execution

Zürcher Kantonalbank executes client orders based on the weighting of execution factors.

Orders for non-listed equities are executed by Zürcher Kantonalbank via the corresponding platforms or against its own trading book (trading for own account). They are only executed for own account, however, if Zürcher Kantonalbank can offer best execution in accordance with the execution factors compared with external providers (brokers).

#### 3. Execution venue

Zürcher Kantonalbank executes orders in this asset class at various execution venues, sometimes indirectly via brokers. A list of execution venues is provided in the Appendix 8.

## Appendix 5

### Asset class of structured products

This Appendix contains further information on best execution for the asset class of structured products. The list of asset classes in this Appendix is not exhaustive, and the listed requirements may also apply to new products with similar execution characteristics.

#### 1. Execution factors

When executing client orders, Zürcher Kantonalbank takes account of the following execution factors generally weighted as follows:

1. Price
2. Costs
3. Likelihood of execution
4. Speed of execution
5. Likelihood of settlement
6. Type of order

#### 2. Order execution

Zürcher Kantonalbank executes client orders based on the weighting of execution factors.

Orders for structured products may be handled by Zürcher Kantonalbank in a variety of ways. The type of execution varies according to the category of structured product.

#### **Structured products issued by Zürcher Kantonalbank (or one of its group companies) on the primary market**

Trading on the primary market eliminates the need to select an execution venue. Such instruments are issued by Zürcher Kantonalbank within the framework of fixed-price transactions at a fair market price.

#### **Structured products issued by third parties and all structured products traded on the secondary market**

The preferred option for instruments that are listed on stock exchanges in Switzerland is to execute such orders directly at these trading venues as the higher trading volume generally means that this is where the best result can be achieved. Instruments listed on foreign stock exchanges are transmitted by Zürcher Kantonalbank to brokers for execution. If an incoming client order meets certain criteria in terms of size or instructions, Zürcher

Kantonalbank may place the order directly with the issuer of the structured product in order to achieve the best possible overall result for the client. In such a case Zürcher Kantonalbank will also adhere to the ranking of execution factors as listed above, as well as taking account of any criteria and instructions given when selecting an execution strategy.

If an instrument is not listed at a stock exchange, the orders are placed directly with the issuer.

#### 3. Execution venue

Zürcher Kantonalbank executes orders in this asset class at various execution venues, sometimes indirectly via brokers. A list of execution venues is provided in the Appendix 8.

## **Appendix 6**

### **Asset class of securities lending transactions**

This Appendix contains further information on best execution for the asset class of securities lending transactions. Zürcher Kantonalbank enters into such transactions with its clients as part of its securities lending and borrowing service. The list of asset classes in this Appendix is not exhaustive, and the listed requirements may also apply to new products with similar execution characteristics.

#### **1. Execution factors**

These transactions are concluded bilaterally between the client and Zürcher Kantonalbank directly. There is therefore no need to identify and rank execution factors. As Zürcher Kantonalbank allows the client to participate to the agreed extent in the profit of the respective transactions on the market side, an execution at a fair market price takes place.

#### **2. Execution venue**

These transactions are concluded bilaterally between the client and Zürcher Kantonalbank directly. There is therefore no need to select an execution venue.

## Appendix 7

### Asset class of OTC derivatives

This Appendix contains further information on best execution for the asset class of OTC derivatives. This asset class therefore includes, for example, equity- and interest rate options, interest rate swaps, cross currency swaps, total return swaps, credit default swaps, foreign exchange forwards/swaps and foreign exchange options. The list of asset classes in this Appendix is not exhaustive, and the listed requirements may also apply to new products with similar execution characteristics.

#### 1. Execution factors

These financial instruments are arranged bilaterally between the client and Zürcher Kantonalbank directly. There is therefore no need to identify and rank execution factors or to select an execution venue on the basis of these factors.

#### 2. Order execution

With regard to OTC derivatives, Zürcher Kantonalbank acts in the capacity of counterparty (or liquidity provider). The trade basically takes place as follows:

- The trades are arranged bilaterally. The client and Zürcher Kantonalbank conclude the transaction directly at a fixed or determinable price outside of an execution venue.
- For certain financial instruments, Zürcher Kantonalbank can provide prices on trading platforms by (i) giving the client the opportunity to make a request for a quote (RFQ) and reacting to reverse requests or (ii) granting the possibility of a request for a proposal (RFP).

In both cases Zürcher Kantonalbank values the transaction on the basis of current reference prices and using appropriate valuation methods in order to offer a fair market price.

#### 3. Execution venue

These transactions are concluded bilaterally (OTC) between the client and Zürcher Kantonalbank, with no need to select an execution venue.

## Appendix 8

### List of execution venues

This list covers the most important execution venues that are taken into consideration with regard to achieving the best-possible execution of trading transactions as well as an overview of transactions which are executed as fixed-price transactions with Zürcher Kantonalbank. Where a benefit for the client may be assumed and/or no disadvantage is to be expected, Zürcher Kantonalbank may also use other execution venues that are not included on this list to execute orders. This list is published online as part of the execution policy at [ZKB Execution Policy](#). It is reviewed at least once per year and following any material changes, and updated where necessary.

Financial instrument		Execution venues	Link to execution quality requirements	Commission-based or fixed-price transactions
Equities, exchange traded funds (ETFs) and listed structured products, client orders	Listed Swiss equities, ETFs and structured products	SIX Swiss Exchange BX Swiss AG as well as other execution venues		Commission-based transaction
	Equities, ETFs and structured products listed abroad	via brokers at various execution venues		Commission-based transaction
	Non-listed Swiss equities	Generally via OTFs		Commission business
Equities and ETF: Equities brokerage (block transactions)		OTC		Depending on specific transaction: Commission-based transaction or fixed-price transaction with Zürcher Kantonalbank
Equities and ETF: Equities brokerage (accelerated bookbuilding)		OTC		Fixed-price transaction with Zürcher Kantonalbank
Interest-bearing securities, client orders		OTC, SIX Swiss Exchange		Commission-based transaction
Interest-bearing securities: Transactions with Zürcher Kantonalbank as liquidity provider		OTC		Fixed-price transaction with Zürcher Kantonalbank
Exchange-traded derivatives	Eurex	Eurex	<a href="https://www.eurex.com/ex-de/marktdaten/handels-files/besteausfuehrung">https://www.eurex.com/ex-de/marktdaten/handels-files/besteausfuehrung</a>	Commission-based transaction
	Non-Eurex	Via brokers at the main trading venue		Commission-based transaction
Non-listed structured products	Issued by Zürcher Kantonalbank	Zürcher Kantonalbank (proprietary trading/placement)		Fixed-price transaction with Zürcher Kantonalbank
	Issued by a third-party bank	OTC market. The issuer is generally the only market maker		Commission-based transaction
Securities lending transactions				Fixed-price transaction with Zürcher Kantonalbank
Other financial instruments (e.g. OTC derivatives)				Fixed-price transaction with Zürcher Kantonalbank