

# Credit Suisse APAC Solutions Client Order Best Execution Disclosure Statement ("Statement")

## Introduction

Credit Suisse APAC Solutions (hereafter, "**we**" or "**CS**") seek to provide best execution to institutional clients ("**Clients**", each a "**Client**") when executing orders in relation to financial instruments. While a number of entities and business units within the Credit Suisse group have published disclosure statements related to the execution of Client Orders, including Best Execution, this Statement is only applicable to the handling of your orders in relation to APAC Solutions' businesses managed by Credit Suisse employees located in the APAC region. Within this document, the terms Credit Suisse, we, or us refer to the APAC Solutions business within the APAC Markets division of Credit Suisse. This Statement is not applicable to Clients who place their orders with Credit Suisse Private Bank or for orders executed by Credit Suisse employees located outside of the APAC region.

APAC Solutions is committed to meeting the best execution requirements and fulfilling the best execution obligations under the relevant Credit Suisse policies and guidelines and the applicable laws and regulations of the relevant jurisdictions. We do not owe you any fiduciary duties or responsibilities as a result of any matters or disclosures set out in this Statement.

This Statement aims to disclose to you (i) the circumstances where best execution will be provided by us; (ii) our best execution principles and guidelines; and (iii) how we take into account best execution factors when we execute orders for different types of financial instruments and in certain circumstances.

## Best Execution Applicability

We provide you with this Statement in your capacity as a Client. This Statement is not directed at or intended for retail clients or any customer of our Clients and should not be considered for such persons. Where the best execution obligation applies, when executing orders or quotes we will take all sufficient steps to obtain the best possible result for our Clients. In doing so, we will take into account execution factors including but not limited to the following: price; costs; speed; likelihood of execution and settlement; size; and nature of the transaction or any other considerations relevant to the execution.

### Agency or Back-to-Back Principal Trading

The obligation to provide best execution will always arise in circumstances where we enter into a trade for you and on your behalf (i.e. acting on an agency basis) or where we enter into a trade in the market as principal but on the basis that we have an equivalent transaction with you (i.e. acting as a Back-to-Back principal).

### Principal Trading

The best execution obligation is also applicable when we act in a principal capacity AND you place a legitimate reliance on us to protect your interest in relation to the execution of a transaction. When assessing whether the Client places legitimate reliance on us to provide best execution, we consider the following four key factors:

- Does the Client initiate the transaction?
- Is it the common market practice or convention that the Client is able to “shop around” for such type of transaction or product?
- Within the relevant market where the pricing is sourced or the transaction is executed, is there a reasonable level of price transparency?
- Is there any agreement with the Client or information provided by us to the Client on the execution terms and conditions?

Subject to any separate agreement with or specific arrangement for our Client where our Client is deemed to have placed legitimate reliance on us to provide best execution, where our consideration of the above factors lead us to conclude that the Client is not legitimately relying on us, then best execution will usually not apply.

### **Best Execution Factors**

Where best execution applies to your transaction, we will consider a range of factors when determining the best outcome for you. Please note that we may prioritize certain factors over others in accordance with your specific instructions and/or the then prevailing market conditions, aiming at fulfilling our best execution obligations to you. Some of the key best execution factors include the following:

- Price – This is the price at which a financial instrument is executed;
- Costs – The overall costs includes external costs such as clearing, trading, tax and CS’s own remuneration through commission or spread. Please note that in certain circumstances, we will include implicit costs such as the possible impact on CS.
- Speed - This refers to the speed at which your transaction can be and needs to be completed;
- Likelihood of execution – This refers to the likelihood that we will be able to complete your transaction in your desired outcome;
- Size - The size of the transaction may be measured by the notional amount. In certain circumstances it can also be measured by market impact; and

- Nature of the transaction – The characteristics of the Client, the transaction, the financial instruments embedded in the transaction and the execution venues may create transaction specific factors.

Generally, we consider the most important best execution factor for our Clients to be the price. However, there may be circumstances where the more important best execution factor is not price and therefore price is no longer the dominant factor. The above best execution factors indicate the importance of exercising appropriate judgment in the best interests of the Client given the differing needs and requirements of each Client and each transaction of the same Client. During the trading process when applying consideration to each best execution factor, we will use our experience and expertise to achieve the best balance across the full range of factors where a degree of conflict exists between one factor and another. Overall, this may mean that CS does not always achieve the best price for every Client transaction, but the best result that can be reasonably expected given the information available during the execution process.

However, we follow your specific instructions when we undertake a transaction. You therefore acknowledge that your specific instructions may prevent CS from taking the steps that it has designed and implemented as disclosed to you in this Statement to obtain the best possible result for the execution of your order from an objective perspective.

Please note that market conditions, regulatory limitations, risk thresholds and our infrastructure and processes may also affect the execution outcomes.

## Execution Venues

CS typically use one or more of the following venues (“**Execution Venues**”) when executing a Client’s transaction:

- regulated markets;
- CS and its affiliates where we internalize the orders (the “**Internal Venue**”);
- Market makers and third party liquidity providers

CS will endeavor to choose the Execution Venue in order to achieve the best possible result for you. Subject to your specific instructions, we may adopt the usual practice as follows:

- We may choose to execute the order or part of the order from our own principal book where we have concluded that the Internal Venue provides you with best execution. In such a case, we will treat our principal book as an Execution Venue.
- In respect of certain products, we may choose a third party broker or an affiliated broker when executing your orders. Where best execution is applicable to your products, we will ensure that the chosen brokers provide the appropriate level of experience and expertise when executing in the market, thus, we may be satisfied that best execution is being met on a consistent basis and any conflicts are managed appropriately.

### **Fees, Commissions and Spread**

We are required to take sufficient steps to get the best possible price for a Client where the best execution obligation arises. In quote-driven markets, CS imposes a mark-up or spread between where it may buy an instrument and where it may sell the same. CS will ensure that mark-ups or spreads charged on transactions where best execution is owed are within a range that we consider commercially reasonable for the transaction type, tenor, size and other relevant features.

### **Governance**

APAC Solutions Best Execution Committee (the “**Committee**”) is the governance and supervisory body of this Statement. Committee governance meetings shall be convened every quarter.

The Committee has implemented a governance framework and control process through which it supervises the effectiveness of our order execution arrangement. The Committee will assess the best execution outcome for transactions that falls in-scope for CS to provide best execution.

## Disclaimer

This material is provided to you solely for informational and illustrative purposes and does not constitute an agreement, an offer or solicitation of an offer, or any advice or recommendation, to purchase any securities or other financial instruments, including security-based swaps, and may not be construed as such. This material is made available to you as confidential information and may not be disclosed, reproduced or redistributed to any other person, in whole or in part, or summarised or otherwise referred to, except with the prior written consent of Credit Suisse and its affiliates ("CS"). The transactions or financial instruments described in this material are indicative and solely for discussion purposes only, and are subject to CS's internal and external legal, compliance, and credit opinions and approval.

The information set forth herein has been obtained or derived from sources believed by CS to be reliable. CS does not make any representation or warranty, express or implied, as to the accuracy, completeness or reasonableness of such disclosure or information. CS assumes no responsibility for independent verification of such information and has relied on such information being complete and accurate in all material respects. To the extent such information includes estimates and forecasts of future financial performance obtained from public sources, we have assumed that such estimates and forecasts have been reasonably prepared on basis reflecting the best currently available estimates and judgments. Please note that past performance should not be taken as an indication or guarantee of future performance or results, and no representation or warranty, express or implied is made by CS regarding future performance or results.

This material is not intended to provide a sufficient basis for investors to make an investment decision. Any information and analysis provided to you in this material have been prepared based on assumptions and parameters that reflect good faith determinations by CS. The assumptions and parameters used are not the only ones that might reasonably have been selected and therefore no guarantee is given as to the accuracy, completeness or reasonableness of any such quotations, disclosure or analysis. A variety of other or additional assumptions or parameters, or other market factors and other considerations, could result in different contemporaneous good faith analysis or assessment of the transaction or financial instrument described herein.

This material does not purport to contain all of the information that an interested party may desire. CS assumes no obligation to update or otherwise revise these materials. In all cases, interested parties should conduct their own independent investigation and analysis of the transaction or financial instrument described in this material and of the data set forth in them. Each person receiving this material should make an independent assessment of the merits of pursuing a transaction or financial instrument described in this material and should consult their own professional advisors.

Nothing in this material constitutes investment, legal, accounting or tax advice by CS, or a representation that any investment or strategy is suitable or appropriate to your individual circumstances, or otherwise constitutes a personal recommendation to you. Any statement on legal, accounting or regulatory treatment herein regarding any applicable local laws, accounting standards and regulations is not intended to be used or relied on, and cannot be used or relied on, by anyone for the purpose of contravening the applicable local laws, accounting standards and regulations. You should not place any reliance upon any statements contained herein and should seek independent advice based on your particular circumstances. CS takes no responsibility for determining whether any transaction or financial instrument is permissible under applicable laws and regulations.

Structured financial instruments or securities are complex instruments, typically involve a high degree of risk and are intended for sale only to sophisticated investors who are capable of understanding and assuming the risks involved. The market value of any structured financial instrument may be affected by changes in economic, financial and political factors (including, but not limited to, spot and forward interest and exchange rates), time to maturity, market conditions and volatility and the credit quality of any issuer or reference issuer. Any investor interested in purchasing a structured financial instrument should conduct its own investigation and analysis of the product and consult with its own professional advisers as to the risks involved in making such a purchase, and should fully understand its potential risks and rewards and independently determine whether it is appropriate for you given your objectives, experience, financial and operational resources, and other relevant circumstances. If CS makes a market in any security or financial instrument, there can be no assurance that CS will continue to do so.

CS is acting solely as arm's length contractual counterparty and CS are not acting as your financial adviser or fiduciary. CS may, from time to time, participate or invest in other financing transactions with the issuers of the securities referred to herein, perform services for or solicit business from such issuers, and/or have a position or effect transactions in the securities or financial instruments thereof. CS may also from time to time provide investment banking, credit and other financial services to any company or issuer of securities or financial instruments referred to herein, or underwrite, maintain a position in, or act as a market maker with respect to any securities or financial instruments of any such company or issuer. CS may have issued other reports that are inconsistent with, and reach different conclusions from, the information presented herein. Those reports reflect the different assumptions, views and analytical methods of the analysts who prepared them.

Credit Suisse Securities (Europe) Limited ("CSSEL") and Credit Suisse International ("CSI") are authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority ("FCA") and the Prudential Regulation Authority under UK laws, which differ from Australian Laws. CSSEL and CSI do not hold an Australian Financial Services Licence ("AFSL") and are exempt from the requirement to hold an AFSL under the Corporations Act (Cth) 2001 ("Corporations Act") in respect of the financial services provided to Australian wholesale clients (within the meaning of section 761G of the Corporations Act) (hereinafter referred to as "Financial Services"). This material is not for distribution to retail clients and is directed exclusively at Credit Suisse's professional clients and eligible counterparties as defined by the FCA, and wholesale clients as defined under section 761G of the Corporations Act.



Credit Suisse (Hong Kong) Limited ("CSHK") is licensed and regulated by the Securities and Futures Commission of Hong Kong under the laws of Hong Kong, which differ from Australian laws. CSHKL does not hold an AFSL and is exempt from the requirement to hold an AFSL under the Corporations Act in respect of providing Financial Services. Investment banking services in the United States are provided by Credit Suisse Securities (USA) LLC ("CSSU"), which is an affiliate of Credit Suisse Group. CSSU is regulated by the United States Securities and Exchange Commission under United States laws, which differ from Australian laws. CSSU does not hold an AFSL and is exempt from the requirement to hold an AFSL under the Corporations Act in respect of providing Financial Services. Credit Suisse Asset Management LLC ("CSAM") is authorised by the Securities and Exchange Commission under US laws, which differ from Australian laws. CSAM does not hold an AFSL and is exempt from the requirement to hold an AFSL under the Corporations Act in respect of providing Financial Services. This material is provided solely to Institutional Accounts (as defined in the FINRA rules) who are Eligible Contract Participants (as defined in the US Commodity Exchange Act),

Credit Suisse Equities (Australia) Limited (ABN 35 068 232 708) ("CSEAL") is an AFSL holder in Australia (AFSL 237237). In Australia, this material may only be distributed to Wholesale investors as defined in the Corporations Act. CSEAL is not an authorised deposit taking institution and products described herein do not represent deposits or other liabilities of Credit Suisse AG, Sydney Branch. Credit Suisse AG, Sydney Branch does not guarantee any particular rate of return on, or the performance of any products described.

In Japan, this material is distributed by Credit Suisse Securities (Japan) Limited ("CSJL"), a registered Financial Instruments Firm (Director-General of Kanto Local Finance Bureau (Kinsho) No. 66). CSJL is a member of Japan Securities Dealers Association, Financial Futures Association of Japan, Japan Investment Advisers Association and Type II Financial Instruments Firms Association.

Copyright © 2019 CREDIT SUISSE GROUP AG and/or its affiliates. All rights reserved.