



This information must be read in conjunction with the Credit Suisse FX disclosure

Credit Suisse Electronic FX Pricing and Execution Management Disclosure

Credit Suisse AG, London Branch and its affiliates (“**CS**” or the “**Bank**”) conduct foreign exchange (FX) and precious metals (PM) spot, forward, and swap trading activity on various electronic FX trading platforms (“**eFX**”). These eFX platforms include the Bank’s proprietary ‘PrimeTrade’ platform, third-party electronic communications networks and software solutions, and FIX API connections but do not include trading and associated activity via CS’s AES FX platform. When CS engages in price quoting, order taking, trade execution and other related activities on these eFX platforms, it does so via indicative pricing and as principal on an arms-length basis for the benefit of the Bank and not as agent, fiduciary or financial advisor or in any similar capacity on behalf of its counterparties. The source of liquidity is primarily from CS’s principal desk but counterparties can also add liquidity to pricing streams via streaming principal orders which can match with other counterparties. The purpose of this disclosure is to explain both the main factors that affect the Bank’s pricing of eFX transactions and the main factors that may result in trade rejections. It is not, however, an exhaustive statement of the components of the Bank’s all-in price or all the factors that result in trade rejections. CS is prepared to discuss how these factors may be applied to counterparties and will consider changes in order to help achieve counterparties’ required balance between pricing quality and fill ratios.

Main factors affecting eFX pricing

The eFX price quoted to counterparties is the ‘all-in price’ that is affected by the following main factors, including but not limited to the below:

Mid-Rate: CS uses proprietary models and inputs from several price sources to determine the mid-rate of any currency pair.

Base Spread: Spreads are set and periodically modified to achieve an appropriate balance between providing liquidity to counterparties and making a viable economic return for the Bank.

Skew: Prices are typically modified to encourage trades that lead to an overall risk reduction of CS’s current eFX trade portfolio. In some cases, skews may be independent of CS’s current position in order to determine standard impact. eFX actively tries to minimize market impact in order to offer improved pricing to counterparties.

Liquidity Management: Prices are adjusted to ensure that liquidity in eFX transactions is replenished at a rate appropriate to offset the risk of CS’s eFX trade portfolio.

Volatility: Prices are temporarily widened as the relevant currencies and/or their related markets become more volatile.

Trade Frequency: Prices are temporarily widened if more than a pre-defined number of trades within a single currency pair are executed within a pre-defined period of time.

Margin: Prices may be adjusted in order to reflect relevant business costs, (including, but not limited to, the cost of capital, credit and settlement risk), counterparties’ trading volumes and the Bank’s limited risk appetite to enter into certain types of FX transactions.

Application of these factors will be impacted by trading activity at an individual counterparty level and the cost to CS of managing the risk associated with that trading activity. This may therefore result in different bid/ask spreads being quoted to different counterparties for the same or similar type of eFX transactions. CS may periodically analyse and adjust the bid/ask spreads quoted to individual counterparties in order to ensure they are optimised to provide the best available liquidity to counterparties while maintaining a viable economic return to CS.

Main factors resulting in trade rejections

The Bank’s automated eFX pricing and trade acceptance logic has a control mechanism to mitigate risk by verifying the validity of trade requests (the “validity check”) and checking if the requested deal price is consistent with the current eFX price available to the counterparty (the “price check”). The validity and price checks are collectively known as “Last Look”. Market risk is transferred from the counterparty to the Bank once a trade request has been accepted and confirmed back to the counterparty.

CS does not use submitted trade requests to inform eFX pricing or trading activity before confirming acceptance or rejection to the counterparty. Outside of Market Standard Hours, CS may experience increased trade rejection rates due to lower market, operational, and credit risk limits.

Exceeded Last Look Tolerance: A counterparty trade request will not be executed if the associated price falls outside

a pre-determined range. Last Look is used as a risk control mechanism to mitigate technology anomalies and timing latencies for the Bank.

When applying Last Look, CS does not incorporate any delay that is additional to what is required to complete the price and validity checks. The duration of the Last Look process can vary based on internal latency within eFX systems. Factors that affect internal latency include, but are not limited to, number of trade requests received by CS, volume of data processed by eFX systems at the time CS receives the trade request, and unforeseen technical disruptions.

CS applies Last Look symmetrically to the counterparty and CS. If the associated price falls outside of a predefined loss limit (the "**Loss Limit**"), for either the Bank or counterparty, it will be rejected. The Bank may temporarily adjust the Loss Limit during market events such as economic data releases and periods of increased market volatility.

Counterparties may opt out of Last Look, either partially or entirely. If a counterparty requests the removal of the symmetrical element, the Bank will retain Last Look but the protection of the Loss Limit will not be applied to the counterparty. If counterparties choose to opt out of Last Look entirely it will generally result in them receiving wider pricing, offset by higher fill ratios.

Price Expired: Submitted trade requests will be rejected if counterparties attempt to enter into a trade on the basis of what the Bank considers an expired price. Prices expire if either the time since a new price is generated is exceeded or if the number of newer prices exceeds a threshold.

Trade Frequency Exceeded: Submitted trade requests will be rejected if more than a pre-defined number of trades in the same currency or currency pair are executed within a pre-defined period of time.

Lack of Credit: Submitted trade requests will be rejected if the counterparty exceeds their allocated credit line.

Invalid Trade Details: Submitted trade requests will be rejected if the submitted trade details such as, currency pair, amount or exchange rate do not match the trade terms specified by CS in its quote.

Setup Invalid: Submitted trade requests may be rejected if the Bank or the relevant platform administrator has incorrectly set up the counterparty on an eFX platform or if a counterparty attempts to trade a product, currency pair or trade size for which they are not entitled (for example, errors relating to booking accounts, product, currency pair and/or trade size permissions).

The Bank may modify the above factors in periods of increased market volatility and/or if it detects unusual trading activity.

Market Standard Hours

- **FX: from Monday 7am Wellington time to Friday 5pm New York time**
- **Precious Metals: from Sunday 6pm New York time to Friday 5pm New York time (except 5-6pm New York time Monday to Thursday)**

Market Standard Hours can be affected by bank holidays.

Further information on eFX pricing and execution management can be provided on request by the eFX sales team. Counterparties may request that CS does not apply some of the pricing and order management tools described above. Please contact the Credit Suisse eFX sales team in order to discuss the potential implications.

This disclosure may not be disclosed or distributed to any other person or otherwise replicated in any form without the prior written consent of CS. Further, this disclosure does not supersede any other disclosures or agreements that the Bank provides or has entered into with its counterparties in respect of eFX transactions.

This disclosure may be updated periodically without notice.