

# Safe Custody Regulations

Conditions governing the Safekeeping and Management of Securities and other Properties.

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## A. GENERAL CONDITIONS

### 1. Acceptance of Deposits

The Bank accepts securities, precious metals and other objects for safekeeping:

- a) In open deposit (e.g. shares, bonds, mortgage bonds, coupons, mortgage deeds, money and capital market investments which are not issued in the form of securities, precious metals).
- b) In sealed deposit (e.g. valuables, documents).

The Bank may in its discretion refuse partially or totally to take Safe Custody of any item without stating a reason therefore. The rental of safes is governed by a special regulation. In the event that the Bank is no longer permitted to manage deposited assets and funds due to legal, regulatory, or product-specific reasons or for any other reason, the Client must notify the Bank upon its request with instruction as to where these assets and funds are to be transferred.

### 2. General Banking Conditions

All Safe Custody Accounts are subject to the General Banking Conditions of the Bank, to the extent these conditions do not conflict with the present regulations.

### 3. Custodianship

The Bank undertakes to safeguard or have safeguarded the property consigned to it under these Safe Custody Regulations, or orders it to be safeguarded in a safe place and to devote to it the proper degree of care.

### 4. Safe Custody Receipts

Upon request, the Bank shall furnish the Depositor with Safe Custody Receipts containing as far as possible a detailed description of the items accepted for safe custody. These receipts shall be duly signed by the Bank and are neither transferable nor can they be pledged. The delivery of deposited objects to the Depositor shall be effected against a duly signed receipt.

### 5. Statements of Safe Custody Accounts

The Bank shall periodically issue a statement to the Depositor confirming the assets of his account. This statement is deemed to have been acknowledged and approved if no objections have been received by the Bank within six weeks from the date of dispatch.

### 6. Safe and Custody Charges

Safe custody charges are based on the applicable schedule. The Bank reserves the right to amend the schedule at any time. The Bank may make a supplementary charge for extraordinary services and expenditures. Postage and any other expenditures are debited simultaneously with safe custody charges.

Any taxes levied by third parties for securities held for Depositors such as capital gain taxes, withholding taxes or others will be charged to the Depositor.

## 7. Transportation Insurance

Unless stipulated to the contrary by the Depositor, the Bank shall, at the Depositor's expense, insure securities and other valuables shipped by the Bank, provided such insurance is customary within the limits of the Bank's own insurance.

## 8. Multiple depositors

A Safe Custody Account may be established jointly by more than one Depositor. In such cases the right of disposal is fixed by a special agreement. Without specific stipulations to the contrary, each Depositor shall be considered to have the right to dispose individually of assets. All Depositors are jointly liable to the Bank for any claim originating from the safe custody.

## 9. Deposits of Firms, Corporate Bodies, Foundations, Official Authorities, etc.

If a Safe Custody Account is established by a Firm, Corporate Body, Foundation, Official Authority, etc., the authorized signatories must be designated to the Bank in writing; the Bank is also to be notified of any amendment of the powers of signatories. Each signatory, once designated, retains his power to act until the Bank has received a written revocation, irrespective of differing entries in the Commercial Register or in other publications.

## 10. Delegates of the Depositor

If the Depositor wishes to delegate to a third person the authority to have access to the Safe Custody Account, a corresponding written power of attorney shall be drawn up. The Bank shall supply the Depositor with forms for powers of attorney.

The power of attorney may be granted with or without the right of substitution (the passing on of the power of attorney by an attorney). The power of attorney shall be presented to the Bank and remains in its possession even after expiry. At request of the Bank, signatures must be authenticated. A power of attorney/the substituted power of attorney granted for an indefinite period of time shall not expire at the death or loss of the capacity to act of the principal, or in the case of substitution, of the substituting party, but shall remain valid until the Bank has received written revocation.

## 11. Stock Exchange Transactions

Stock exchange orders shall be executed independently from the registration of its book-entry rights according to the regulations concerning the commission.

In futures and option transactions, the Bank shall be bound by the Client's instructions concerning prolongation or the exercise of options only if such instructions are received by the Bank on the day prior to the last possible term for the execution of such prolongation or option.

In the event that the Client wishes a contract to be taken up in premium or other option transactions, sufficient cover must be available.

## 12. Right of Lien and Offset

On all assets of the Client, including all subsidiary rights held on his behalf at the Bank or elsewhere, or which are on the Bank premises or in its sphere of access, as well as on all rights which the Bank may administer for the account of the Client, the Bank has a right of lien for all claims against the Client, present or future, due or not due, particularly including credits extended against special security or against no security.

Should the Client fail to satisfy the claims of the Bank, the latter shall have the right, without further formalities, either immediately or subsequently at its discretion, freely or by forced sale, to realize any object to said lien, without regard for existing forward transactions, and to cover short positions through re-purchases. The same shall apply if the Client fails to comply with the Bank's request for cover or additional cover, provided that such action has not been expressly ruled out by separate agreement.

The Bank is entitled at any time to set off against the balance of the Client's accounts, regardless of their designation or the currency involved, or to press for payment of any individual debt.

### 13. Duration of Agreements

The agreement remains in force for an indeterminate period of time and does not expire due to the death, incapacity to act or bankruptcy of the Depositor. Subject to other agreements and mandatory provisions of the law, the Depositor may demand the delivery or transfer of the items in safe custody from or via the Bank at any time.

The applicable notice periods and methods will be observed.

The Bank has the right to terminate the Agreement at any time.

### 14. Amendments to the Safe Custodial Regulations

The Bank reserves the right to amend its Safe Custody Regulations at any time. The Depositor shall be advised of such amendments by circular letter or other appropriate means for example through the Webpage or the on-line banking channel.

Amendments will be deemed approved if no written objection is received by the Bank within one month from the date of communication. In the event of objection, the Client shall be free to terminate the business relationship with immediate effect subject to special agreements.

### 15. Applicable Law and Court of Jurisdiction

All legal relations between the Depositor and the Bank shall be governed by Swiss law. The place of performance and the place of prosecution for Depositor domiciled abroad as well as the location and court of jurisdiction for all proceedings related to this pledge and assignment is Zurich. However, the Bank has the right to prosecute the Depositor before the competent court at his place of domicile or business domicile, or before any other court having jurisdiction. Swiss law will also apply in this case.

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## B. SPECIAL RULES GOVERNING OPEN DEPOSITS

### 16. Form of Safekeeping

Unless the Depositor instructs the Bank to the contrary, thereby accepting the inherent costs, the Bank is explicitly authorized to deposit safe custody assets with third parties for the account and at the risk of the Depositor. Unless instructed otherwise, the Bank shall be entitled to hold the safe custody assets in collective deposit, to entrust a third party with the safe custody or to deposit them with a central collective depository. The Depositor shall have a right of co-ownership based on the relation between the value of the assets deposited by him and the total value of the assets in the collective deposit, providing the collective deposit is in Switzerland.

Special arrangements may be made for safe custody assets which, because of their form or other reasons, have to be kept separately in safe custody. The Depositor authorizes the Bank to commit a correspondent to hold and manage, according

to the regulations and practices at the place of deposit, in the name of the Bank but at the account and risk of the Depositor, the assets that are to be held abroad.

Assets in registered form shall be registered, as a rule, in the name of the Depositor. The Depositor accepts thereby the disclosure of his name to the third party depository. The Bank may, for the account and at the risk of the Depositor, have assets registered in the name of the Bank or a third party, providing registration in the Depositor's name is not customary or not possible.

Assets redeemable by drawings may be held also in collective safe custody; drawn lots shall be distributed amongst the Depositors by the Bank; using a method which guarantees all owners the same chance of consideration in the second drawing as under the primary drawing.

## 17. Management Services

Without the Depositor's explicit instructions, the Bank shall perform the following services from the date the safekeeping account is established:

- a) Collect or negotiate at best interest, dividends and principal amounts due for payment except collection of bills, drafts and promissory notes.
- b) Supervise drawings, calls, conversions, rights and amortizations of securities on the basis of publications available to the Bank, but without assuming any responsibility in respect thereof.
- c) Obtain new coupon sheets and exchange interim certificates for the definitive ones.
- d) Effecting any residual payment in respect of financial instruments that are not fully paid in, provided the time of payment was stipulated at the time they were issued.

The Bank shall perform other administrative acts such as conversions, the exercise purchase or sale of subscriptions rights, accepting or declining public takeover bids, etc., only upon instruction of the custody account holder. If instructions are not received in due time, the Bank has the right but not the obligation to proceed as the Bank deems appropriate. Provided there is sufficient time, the Bank shall, based on available sources, of information customary in the banking sector, notify the custody account holder and request instructions. It is the responsibility of the custody account holder to enforce any rights in connection with assets in legal or insolvency proceedings and to obtain the necessary information for so doing.

In the case of money and capital market investment, whose confirmation by document has been postponed, the Bank is authorized to:

- a) have transformed still existing securities with the Issuer into non confirmed book-entry rights;
- b) perform the usual management services during the period of book-entry, to address the necessary instructions to the Issuer and to request the necessary information from the latter;
- c) demand the printing and delivery of securities from the Issuer at any time;
- d) act as principal dealing for own account in connection with stock exchange orders;
- e) have managed and book-entered book-entry rights by a Swiss or foreign Bank correspondent according to the local customary practices, in the Bank's name but for the account and at the risk of the Depositor;

Furthermore, the Bank shall, upon receiving the Depositor's written instructions in due time:

- a) purchase and sell domestic and foreign securities at the conditions prevailing for the stock exchange transactions;
- b) effect payments of calls on securities not fully paid-up. If the payment date was already specified at the time the securities were issued, the Bank shall execute the remaining payments to the debit of the Depositor without express instructions;
- c) collect interest and maturing capital payments on mortgage bonds for account of the Depositor, provided the respective debtors have been duly instructed to make such payments to the Bank. As a rule, the Bank will not instigate legal proceedings in this connection;

- d) convert matured and redeemable bonds;
- e) exercise or buy/sell subscription rights. Unless the Bank receives contrary instructions from the Depositor at the latest one full day before the last stock exchange quotation of the rights, or within a reasonable lapse of time for foreign securities or securities which are not officially listed, it shall be entitled to sell subscription rights at best.

Unless stipulated to the contrary by the Depositor, the Bank may represent, at the corresponding meetings, the shares, bonds and book-entry rights without confirmation it has been entrusted with.

## 18. Portfolio Management and Wills

By special agreements, the Bank shall also perform as a trustee the management of entire assets, the execution of wills or the division of estates and the safekeeping of wills, contracts of inheritance etc.

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## C. SPECIAL RULES GOVERNING SEALED DEPOSITS

### 19. Delivery

Sealed safe deposit accounts must be provided with a value declaration. The covers must indicate the exact address of the Depositor and should be sealed or leaded in the presence of a representative of the Bank in such a manner that the opening of the deposits is impossible without damaging the seal or the leading. At the same time, a declaration on a special form bearing the Depositor's signature and possibly his seal shall be given to the Bank.

### 20. Contents

Sealed deposits may in no circumstances contain objects constituting a fire hazard or being otherwise dangerous or are unsuitable for safe custody in banking premises. The Depositor is liable for all damage which may occur as a result of non-compliance with this regulation.

The Bank is authorized to demand a certificate from the Depositor as to the nature of the deposited objects.

If the need arises, or if precautionary measures or other compelling reasons render it necessary, the Bank is empowered to have the sealed deposit opened and its content examined in the presence of the Depositor, his attorney, or, provided neither is available, in the presence of a notary public or another official.

### 21. Liability

The Bank assumes liability for sealed safe deposit accounts only to the extent it can be proven that gross negligence on its part has caused the damage, in which case the Bank's liability will be limited so as not to exceed the declared value.

In particular, the Bank declines any responsibility for damages which may have been caused by atmospheric influence or by its handling in any way whatsoever the deposited objects in compliance with the Depositor's instructions.

Upon withdrawal of any valuables from safekeeping, the Depositor shall ascertain whether the seal is intact. The Bank's liability ceases as soon as it has surrendered the valuables to the Depositor.

### 22. Insurance

The Depositor may, at his discretion, have the sealed objects deposited insured against damages at this own initiative. If requested, the Bank will assist the Client in obtaining such insurance coverage.