

# Conditions for the Safekeeping and Administration of Securities, precious metals and other assets (Safe Custody Regulations)

## 1. Purpose and Scope

The following Conditions serve to define clearly the safekeeping and the administration of securities, precious metals, cryptocurrencies and other assets between the Customer and Luzerner Kantonalbank AG, hereinafter referred to as "Bank". The separate provisions for cryptocurrencies shall apply to the safekeeping and administration of cryptocurrencies.

These conditions shall apply as a supplement to the basic agreement including the Basic Documents and the provisions on cryptocurrencies.

## 2. Safe Custody Assets

The Bank will accept for safekeeping

- a. securities of all kinds;
- b. book-entry securities;
- c. precious metals and coins;
- d. money and capital market investments as well as rights which are not securitized (asset claims);
- e. documents and valuables, insofar as these are suitable for safe custody.
- f. cryptocurrencies

The Bank may refuse to accept safe custody assets without giving reasons.

## 3. Duty of Care

The Bank undertakes to keep the safe custody assets with the same care as if they were its own.

## 4. Duration of Agreement

Items shall generally be deposited for an indeterminate period. The agreement shall not expire upon the death, legal incapacity or bankruptcy of the Customer. Subject to other agreements and mandatory legal provisions, the Customer may, at any time, request delivery, respectively transfer, of the safe custody assets. The usual time to effect a delivery and the provisions on cryptocurrencies must be taken into consideration.

## 5. Notices

The Bank shall notify the Customer of all incoming or outgoing safe custody assets, unless the Customer explicitly waives this requirement.

## 6. Statements of Safe Custody

Periodically, as a rule at the end of each year, the Customer shall receive a statement of the items deposited. Higher frequency must be agreed separately. The statement shall value the safe custody assets on the basis of non-binding, approximate prices available to the Bank from standard sources of information in the branch. The Bank accepts no liability for the valuation of the securities.

## 7. Fees and charges

The custody fees for the safekeeping and administration of safe custody assets and the prices for other services in connection with safe custody assets shall be charged in accordance with the tariffs in force at that time. The tariffs currently in force can be viewed on the Bank's website (currently at [lukb.ch/preise-konditionen](http://lukb.ch/preise-konditionen)). The Customer may demand a current schedule of tariffs from the Bank at any time. The Bank reserves the right to alter these tariffs. Such changes must be notified to the Customer. The Customer shall be deemed to have accepted such a change in fees unless the Customer cancels the product or service in question within 30 days of notification (subject to termination rights or termination or withdrawal periods otherwise applicable or agreed). The Bank may also charge for expenses, taxes, levies and extraordinary expenditures.

Costs may be incurred in connection with the provision of financial services by the Bank and/or by third parties (e.g. fund managers). The costs shall either be debited directly from the Customer's account or be charged against the returns on a financial instrument. A general overview of the costs is available on the Bank's website (currently at [lukb.ch/preise-konditionen](http://lukb.ch/preise-konditionen)).

## 8. Sales Compensation and other monetary benefits

**The Bank offers its customers a wide selection of products. It concludes sales agreements for this purpose, in particular with the providers of financial services and the providers of financial instruments. These exist independently of the contractual relationship between the Bank and the Customer. In return for its activities on behalf of these providers, and in order to cover its associated overheads, the Bank is entitled to receive Sales Compensation or other monetary benefits from these providers. The Bank has an exclusive entitlement to these. The level of such sales compensation and other monetary benefits varies depending on the product and product provider. If the Bank receives remuneration which it is obliged under Art. 400 of the Swiss Code**

**of Obligations or another statutory regulation to surrender to the Customer, then the Customer hereby undertakes not to assert any claim to such amounts as long as the remuneration does not exceed 0.75% per year of the average safe custody account volume. Upon request, the Bank must provide the Customer with further information about the Sales Compensation, payments in kind and remuneration generated in connection with the Customer, insofar as this can at reasonable expense be attributed to the individual customer Relationship. To enable customers to make an informed investment decision, a range of the percentage amounts is available on the LUKB website, currently at [www.lukb.ch/preise-konditionen](http://www.lukb.ch/preise-konditionen) in the brochure "Investment business fees and terms". The Bank shall under all circumstances ensure that if conflicts of interest arise as a consequence of the aforementioned benefits, the interests of the Customer shall continue to be safeguarded.**

#### **9. Safekeeping**

The Bank shall be entitled to deposit safe custody assets with third parties for the account and at the risk of the Customer. In the case of third-party safe custody, the Bank shall be liable only for exercising proper diligence when selecting and instructing the third-party safe custodian, although not if the Customer has demanded that the safekeeping be performed by a safe custodian not recommended by the Bank. Securities of non-domestic issuers may also be kept by the Bank for safekeeping at a third-party safe custodian abroad. The Customer expressly grants his consent for possible third-party safe custody abroad. In the event of safe custody abroad, the securities shall be subject to the laws and customs in force at the place of safe custody. The foreign laws and customs may require that the beneficial owner of a safe custody asset be disclosed to the issuer or to a foreign public authority. In the event of safe keeping abroad the Customer shall enjoy at least the rights corresponding to the rights which the Swiss safe custody venue receives from the third-party safekeeping. The Bank shall be authorized to hold the safe custody assets segregated by kind, to deliver them to a third party for safekeeping or to deposit them with a central collective depository. Provided that the collective depository is in Switzerland, the Customer 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 depository. Safe custody assets held abroad shall be subject to the laws and customs of the place of safekeeping. Safe custody assets, which must be kept separately because of their nature or for other reasons, are excepted. This consequently means that following a physical delivery the Customer shall not be entitled to demand the return of an identical security with the same numbering. Assets in

registered form shall normally be registered in the Customer's name (see also section 13 "Authorization for Registration"). Where registration in the Customer's name is not customary or not possible, the Bank may have the assets registered in its own name or in the name of a third party but for the account and at the risk of the Customer. If safe custody assets held segregated by kind are drawn, the Bank shall distribute the drawn assets among the depositors, using in the second drawing a method, which guarantees all entitled persons the same chance of consideration as in the primary drawing.

#### **10. Asset Claims**

The Bank shall be authorized:

- a. to have existing certificates converted into non-securitized asset claims;
- b. so long as the administration by the Bank continues to carry out the necessary administrative acts;
- c. to give the issuer the required instructions and to obtain from him the necessary information;
- d. to request the issuer to print and deliver securities as soon as possible.

In other respects the provisions of the Federal Act on Intermediated Securities [Bucheffectengesetz (BEG)] remain reserved.

#### **11. Administrative Acts without explicit Instructions (excluding cryptocurrencies)**

In the absence of explicit instructions by the Customer the Bank shall arrange:

- a. to collect or liquidate due interest, dividends, other distributions and custody assets due for repayment (corresponding credit notes shall be issued subject to their receipt);
- b. to monitor drawn, called or missing custody assets in accordance with the documentation at its disposal;
- c. to perform the residual payment on securities which have not yet been fully paid up, insofar as the timing of the payment was already stipulated at the time of their issue.
- d. to obtain new coupon sheets and exchange interim certificates for final titles;
- e. to sell non-exercised subscription rights by the last day of trading at latest.

Further administrative actions, such as, for example, the assertion of rights arising out of a custody asset during court or insolvency proceedings shall be the responsibility of the Customer. In addition, the Bank shall not perform any administrative actions for insurance policies, mortgage securities or custody assets traded predominantly abroad which are kept for safekeeping in Switzerland on an exceptional basis.

## 12. Administrative Acts with Explicit Instructions

Upon explicit instructions from the Customer, issued in good time, the Bank will, in particular, make arrangements for:

- a. the purchase and sale of domestic and foreign securities and non-securitised asset claims in accordance with the conditions applying to securities trading and at the corresponding trading venues;
- b. conversions;
- c. payments for securities not fully paid-up;
- d. the exercise of subscription rights or their purchase, respectively sale;
- e. the establishing of statements for tax purposes.

If the necessary instructions are not received from the Customer or are not received in good time, the Bank shall be entitled to act at its own discretion but is not obliged to do so.

Further information on the execution of orders in financial instruments is available on the Bank's website (currently at [lukb.ch/fid-leg](http://lukb.ch/fid-leg)) or can be obtained free of charge from the Bank.

Section 11 does not apply to cryptocurrencies.

## 13. Authorization for Registration

Where the Customer has issued the appropriate instruction, the Bank shall be authorised, upon the purchase of registered shares in a Swiss company, to file an application to register the Customer as a shareholder in the share register.

## 14. Proxy Voting Right

The Bank may exercise proxy voting rights pursuant to a written proxy and special instructions from the Customer.

## 15. Entering into Transactions for own Account

In stock exchange trading, the Bank may buy or sell for its own account.

## 16. Transport Insurance

Unless otherwise instructed by the Customer, the Bank shall arrange insurance at the Customer's expense for the transport of securities and other valuables effected by the Bank, where this is the usual practice and can be arranged under the Bank's own insurance.

## 17. Sealed safe custody assets

Sealed safe custody assets must be so sealed that they cannot be opened without breaking the lead or wax seal. The package must

bear the address of the Customer and a declaration of value. Sealed safe custody assets must only contain valuables, documents and other objects suitable for safekeeping in a bank. The Customer shall be liable for any damage arising from failure to comply with this condition. The Bank reserves the right to inspect the contents of the deposit in the presence of the Customer. The Bank shall be liable only for damage caused by negligence on its part up to the amount of the declared value. If the Customer withdraws the sealed safe custody assets he must protest immediately about any damage to the lead, wax seal or package. The Customer's receipt shall release the Bank from all liability.

## 18. Disclosure relating to Transactions and Services

With regard to transactions and services, particularly those with a foreign element, that the Bank performs for the Customer, the Bank may be required to disclose data concerning those transactions and services, the Customer and third parties connected with the latter, such as financial beneficiaries. This duty to disclose may arise under Swiss domestic or foreign law, self-regulations, market customs, conditions from issuers, services providers and other parties retained by the Bank for the performance of those services. The Customer hereby authorises the Bank to disclose such data in their own name and in the name of any third parties concerned, and shall support the Bank in its performance of these duties. The Customer is aware of and accepts the fact that the recipients of the data are required to be bound neither by Swiss banking secrecy nor by Swiss law on data protection and that the Bank has no influence on the usage these recipients may make of the data. The Bank is not obliged to perform any transactions or services where the Customer rescinds or withholds his consent or cooperation.

## 19. Financial instruments offered

The range of financial instruments that the Bank will consider in the context of investment advice and asset management consists of financial instruments that the Bank or an affiliated company issues, manages, develops or controls, and financial instruments from third-party providers. Where the features (e.g. risk structure and maturity) of the Bank's financial instruments and third-party financial instruments are similar, preference will be given to selecting or recommending the Bank's financial instruments.

## 20. Advice

The Customer may not derive any entitlement to advice from the simple safekeeping and administration of assets in a safe custody account with the Bank. Separate agreements apply to portfolio management, investment advice and other investment-related

services. When solely executing or transmitting Customer orders, the Bank will not carry out any appropriateness or suitability checks on the Customer.

**21. Risks Associated with Financial Instruments and Product Information**

The "Risks Involved in Trading Financial Instruments" brochure provides the Customer with information on the risks associated with the various financial instruments. This brochure can be viewed on the Bank's website (currently at [lukb.ch/fidleg](http://lukb.ch/fidleg)) or can be obtained free of charge from the Bank.

Product information on numerous financial instruments is also

available. If provided by the manufacturer, this is made available on the Bank's website (currently at [lukb.ch/fidleg](http://lukb.ch/fidleg)) or can be obtained free of charge from the Bank.

**22. Amendments to the Safe Custody Regulations**

The Bank reserves the right to amend the contents of the Basic Documents. The Customer shall be given notice of the amendments or shall be informed in another appropriate manner and shall be deemed to have been approved unless an objection is lodged within one month.

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