

Form and Training DEA

DUE DILIGENCE FORM FOR ONLINE TRADING USING DIRECT ELECTRONIC TRADING ACCESS (DEA)

This questionnaire must be filled-in if trading in options and/or futures through Cornèrtrader trading online platform is requested. Trades in futures and/or options are processed in Direct Electronic Access (DEA) modality, as they are directly forwarded to EU and US exchanges. Cornèr Bank Ltd reserves the right to grant DEA after internal assessment based on the answers provided below.

In case of incomplete or inappropriate filling-in of the questionnaire, options and/or futures trading will not be permitted.

By signing this questionnaire you confirm to have carefully read and understood the risks and operational implications related to DEA trading as explained in the attached DEA Training form.

TOPIC	Ref.	Question	Answer
GENERAL INFORMATION	A1	Type of account (individual / organization)	
	A2	Please include full legal name (Name, Surname // Company Legal Name)	
	A3	Please include your country of domicile	
	A4	Client Classification according to the legislation on financial services (Federal Financial Services Act (FinSA)	
OWN / THIRD-PARTY TRADING (ATTORNEY/ EXTERNAL ASSET MANAGER)	B1	Do you trade on your own account or on behalf of third parties (e.g., you manage assets belonging to other beneficial owners based on a general Power of Attorney or an Administrative Power of Attorney)?	Own trading Trading on behalf of third-parties
<p>Please answer to all questions below from C to E.</p> <p><u>Questions F are applicable for own trading only and questions G for third-party trading only.</u></p>			
DISCIPLINAR ACTIONS	C1	Have any regulators or trading venues brought any disciplinary actions against you (or the final client/s on behalf of whom you are trading), not only related to options/futures trading, in the last 5 years?	No Yes

TOPIC	Ref.	Question	Answer
FINANCIAL KNOWLEDGE/ EXPERIENCE	D1	Do you have knowledge and/or experience for each type of instrument indicated? Knowledge in traditional financial Instruments Experience in traditional financial Instruments Knowledge in derivatives Futures Experience in derivatives Futures Knowledge in derivatives Options Experience in derivatives Options	None Sufficient Good None Sufficient Good None Sufficient Good None Sufficient Good None Sufficient Good None Sufficient Good
	D2	What's your educational and professional background ?	
	D3	What are your previous experience and knowledge related to traditional financial instruments?	
	D4	What are your previous experience and knowledge related to derivatives and specifically options and/or futures?	
	D5	Number of years of trading in derivatives instruments and specifically options and/or futures?	
	D6	How often did you trade in options and/or futures in the last 2 years (frequency)?	< 100 trades 100-500 trades > 500 trades
TRADING STRATEGY/SIZE	E1	What is your trading strategy and time frame for the investment?	
	E2	Do you have any automated investment or execution strategies?	

TOPIC	Ref.	Question	Answer
	E3	Do you use any third-party system to receive trading inputs ?	
	E4	What is the level of expected trading on options and/or futures?	< 10 trades per month 10-100 trades per month > 100 trades
	E5	What is the level of expected order volume on options and/or futures?	< CHF 150K per month 150K-1 Mio CHF trades per month > CHF 1 Mio. per month
FINANCIAL CAPACITY (For OWN TRADING)	F1	Are you able to meet your financial obligations that may be generated by options and/or futures trading (including leverage trading)?	No Yes
	F2	Please shortly describe the ability to meet your financial obligation (please consider your net assets in CHF by excluding investments in real estate, claims from social insurance or occupational pension assets)	
FINANCIAL CAPACITY (For ATTORNEYS/ EXTERNAL ASSET MANAGERS only)	G1	Are your clients (on behalf of whom you are trading) able to meet their financial obligations that may be generated by options and/or futures trading (including leverage trading)?	No Yes
	G2	Please shortly describe how you obtain information and evidence from your clients about their financial capacities (e.g., indication of their overall wealth with details about liquidity/assets, collecting of supporting documents such as banking statements/salary certificates, etc.)	

Date

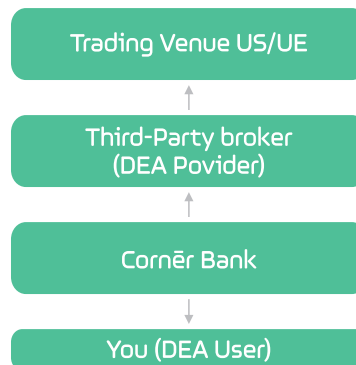
Signature

Direct Electronic Access (DEA) – Training

What is DEA and what the associated risks are?

If you trade futures and/or options through Corn rtrader trading online platform provided by Corn r Bank Ltd, you must be aware that such trades are processed in **Direct Electronic Access (DEA)** modality, as they are directly forwarded to EU and US exchanges. Specifically, DEA is defined as:

*“An arrangement where a member or participant or a client of a trading venue permits a **person to use its trading code so the person can electronically transmit orders relating to a financial instrument directly to the trading venue** and includes arrangements which involve the use by a person of the infrastructure of the member or participant or client, or any connecting system provided by the member or participant or client, to transmit the orders (direct market access) and arrangements where such infrastructure is not used by a person (sponsored access).”^*



DEA may involve specific risks, such as:

Trading Errors: Mistakes can occur due to human error or technical glitches. These errors can be exacerbated by high-speed trading and automation.

Market Disruption: Poorly regulated direct market access can lead to significant market disruptions. This is particularly concerning with high-frequency trading, where large volumes of trades are executed in milliseconds.

Liquidity Issues: Finding a counterparty for your trade can sometimes be challenging, especially in less liquid markets. This can result in trades not being executed at the desired price.

Complexity: Direct electronic trading often requires sophisticated technology and a deep understanding of market dynamics. This complexity can increase the risk of making costly mistakes, particularly for less experienced traders.

Regulatory Risks: Compliance with regulatory requirements is crucial. Failure to adhere to these regulations can result in penalties and other legal consequences.

Security Risks: Although trading is typically anonymous, there is always a risk of cyber-attacks and data breaches, which can compromise sensitive information.

If you're considering direct electronic trading, it's essential to be aware of these risks and take appropriate measures to mitigate them.

Before carrying out any transaction on an electronic system, please carefully review the rules and provisions of the relevant trading venue offering the electronic system and of the financial instruments listed that you intend to trade, as well as any relevant conditions.

Moreover, the ethical and financial integrity of the financial markets is the responsibility of each individual person acting on that market. Therefore, as a client with market access you will need uphold the principles of the financial markets.

Please note that we do not provide any investment advice or portfolio management services in relation to the direct access to the trading venues that you will receive from us and as such we will not be liable towards you for any losses, and we do not owe you any duty of care. You are solely responsible for all the transactions undertaken via this direct access.

Risks in trading in derivatives

Online trading has inherent risks due to system responses, reaction times and access times that vary due to market conditions, system performance and other factors, over which you have no influence. You should make yourself aware of these additional risks in electronic trading before you carry out any transactions.

Derivatives are financial instruments that derive their value from an underlying asset, such as a stock or a commodity. They are often used to manage risk or speculate on the future price movements of the underlying asset.

While derivatives can be a useful risk-management tool for you as an investor, they also carry significant risks you should be aware of.

Market risk: Risk of a decline in the value of the underlying asset. This can happen if there is a sudden change in market conditions, such as a global financial crisis or a natural disaster. If the value of the underlying asset falls significantly, the value of the derivative can also decline, potentially leading to significant losses for you and other investors.

Credit risk: The risk that the counterparty to the derivative contract will default on their obligations. If a counterparty defaults on a derivative contract, you may not receive the full value of the contract, leading to losses.

Liquidity risk: Risk that you are not be able to exit a position in the derivative market quickly or at a fair price.

Operational risk: Risk of loss resulting from inadequate or failed internal processes, people, systems, or from external events. While such instances could be rare, these incidents can lead to significant losses when you are unable to exit the positions in time.

Compliance with applicable laws and rules

You should be familiar with all applicable laws and regulations, particularly **the rules of the trading venue(s)** on which you are active. Please note that you are **not allowed** to use Cornèr Bank's trading code to offer subdelegated direct market access to anyone else. A not exhaustive list of weblinks to the rulebooks of the main trading venues that Cornèr Bank currently offers DEA to can be found here:

- **EUREX** : eurex.com/ex-en/rules-regs/eurex-rules-regulations
- **EURONEXT** : euronext.com/en/regulation/euronext-regulated-markets
- **ICE Index** : ice.com/endex/regulation
- **ICE Futures** : ice.com/futures-europe/market-resources
- **CME, CBOT, NYMEX and COMEX**: [CME Rulebook Wepage](#), [CME Market Advisory Notices](#)
- **ICE Futures US**: [ICE Futures US Regulation webpage](#), [ICE Futures US Market Resources webpage](#)

Market abuse or manipulation and prohibited transactions

You should not (attempt to) engage in **market abuse** or **market manipulation** or any other prohibited transaction. Moreover, you should not take any actions that would undermine confidence in any trading venue or the market as a whole. **Such actions can have serious consequences.**

Requirements on market abuse are laid down in the European Market Abuse Regulation (Regulation (EU) No 596/2014 "MAR") and in the U.S. Commodity Exchange Act ("CEA"), the Rules of the Commodity Futures Trading Commission ("CFTC"). **These regulation prohibit insider trading and market manipulation and also provides for rules on the disclosure of inside information for listed companies.**

Insider Trading

Insider dealing is where a person deals or attempts to deal in a financial instruments or related instruments, either on their own account or for a third party on the basis of inside information. This includes cancelling or amending an order and onward disclosures, unlawfully disclosing inside information and recommending that another person engages in insider dealing or inducing another person to engage in insider dealing. Unlawful disclosure is where a person discloses inside information to another person outside the proper performance of his employment, profession or duties.

Manipulating transactions

Effecting transactions or trade orders (for illegitimate reasons and against accepted market practices) which either give, or are likely to give, a false or misleading impression as to the supply, demand and/or price of a financial instruments or related instruments or secure the price of a financial instrument or related instrument at an abnormal or artificial level.

Dissemination of information

Dissemination of information can be done by any means and gives (or is likely to give) a false or misleading impression as to a financial instrument or related instrument by a person who knew or could reasonably be expected to know that information was false or misleading.

Benchmark manipulation

Transmitting false or misleading information in relation to a benchmark where the person who made the transmission or submission knew or ought to have known that it was false and any other behaviour which manipulates the calculation of a benchmark.






Examples of market abuse, market manipulation and prohibited transactions

- Spoofing: Placing orders with the intention to cancel the orders before execution with the aim to move the market price in favor of the client.
- Insider dealing: Dealing on the basis of confidential takeover information, front running or pre-positioning.
- Painting the tape: Entering into a series of transactions that are shown on a public display for the purpose of giving a false impression of price movement.
- Wash trades: Placing matching buy and sell orders in order to avoid taking a market position exposed to market risk.
- Abusive squeezes: Transactions are intended to secure a dominant position over the demand for a financial investment.

Security measures

You must have in place good **security measures** to protect Cornèr Bank from viruses and safeguards credentials which give access to DEA systems. Moreover, you should **monitor any orders submitted and transactions made**, on your behalf and by anyone who acts for you.

Examples of such measures include:

	Use strong passwords and ensure that passwords are kept confidential
	Control who has access to the system and give them guidelines
	Implement multi-factor authentication
	Test the system regularly to prevent incidents
	Install updates of systems

Position limits

You must comply with any applicable position limits. We will set position limits for you based on your trading profile. It is **your responsibility to observe compliance with relevant position limits** that have been set.

A position limit is the maximum quantity of a particular derivatives contract that a person may hold or control.

Position limits apply intraday. This means that you may not exceed the applicable position limit during the trading day, even if you bring the position below the applicable position limit at the end of the trading day.

Links to position limits defined by main US and UE exchanges:

- **For the United States**, exchange-traded futures are subject to position limits established by the U.S. Commodity Futures Trading Commission and CFTC- regulated derivatives exchanges:
CME Group (CME Position Limit, Accountability and Reportability Webpage contains links to information on position limits, position accountability levels, and reportable position levels in CME, CBOT, NYMEX, and COMEX products)
Ice Futures US Market (ICE Futures US Market Resources webpage provides links to information on position limits)
- **For EU**, ESMA has a consolidated list of position limits for liquid commodity derivatives contracts in the European Economic Area: esma.com
- **For Netherlands**, the Authority on the Financial Market AFM) sets the limits: afm.nl
- **For Germany**, the Bafin sets the limits: bafin.de

Position limit exemptions: There are certain exemptions from position limits, including for certain hedging transactions. You may be required to apply to the relevant trading venue in order to claim the exemptions. You must make these filings prior to relying on any exemption.

Accountability levels: Certain contracts are subject to “position accountability levels,” not position limits. While you may exceed an accountability level, the trading venue may require you to provide information relating to the position, including the nature and size of the position, the trading strategy employed with respect to the position, and any hedging information.

Aggregation of Positions: For purposes of calculating your position for compliance with position limits, you must aggregate all positions that you “hold or control.” This includes accounts in which you hold a 10 percent or greater interest, and positions in accounts for which you control the trading decisions.

Consequences of non-compliance

Please note you have to inform Cornèr Bank's as soon as practicable via info@cornertrader.ch of:

- a. Any actual or suspected breaches of applicable laws or regulations;
- b. Anything which may create a disorderly market or otherwise causes risks to Cornèr Bank.

The consequences of breaching applicable laws and regulations can be severe and may include one or more of:

- I. Cornèr Bank withdrawing your DEA functionality;
- II. Cornèr Bank suspending or closing your account;
- III. Cornèr Bank putting certain restrictions on your account;
- IV. Prosecution for criminal, civil or administrative offences by competent authorities;
- V. Disciplinary action taken by trading venues that can lead to large fines or trading bans.