

Report on execution quality 2019

1. Introduction

This quality report from St.Galler Kantonalbank AG (SGKB) is a summary of the evaluations and conclusions resulting from monitoring the execution quality achieved in the previous calendar year for the execution venues at which SGKB executed client orders and orders under asset management mandates and for investment firms with whom SGKB placed client orders and orders under asset management mandates for execution.

The SGKB quality report was uniformly prepared for all financial instrument classes. The execution criteria and their inter-criteria weighting are uniformly applied to all financial instrument classes.

2. Execution criteria

SGKB executes trades using the execution routes and execution venues that are believed to generally enable SGKB to consistently achieve the best possible execution that protects the client's interests. The best possible outcome is determined by an overall evaluation that uses the price of the financial instrument and the costs arising in connection with the transaction as key criteria and weighs them depending on the market situation and type of financial instrument. The determination also takes account of the speed and likelihood of the execution. A complete and timely execution addresses the risk that, in the case of partial executions, price fluctuations across the individual transaction times and dates may result in an unfavourable total price.

SGKB may instruct an investment firm to execute client orders or orders under asset management mandates. For the order execution, preference is given to selected investment firms who have order execution arrangements in place that ensure compliance with the execution policy.

If a client has given an explicit instruction, the investment firm will execute the order in accordance with the explicit instruction.

In case of system failures or other events outside SGKB's control that make it impossible or impracticable to comply with these execution criteria, SGKB attempts to execute the orders at the best possible terms given the circumstances at the time.

These execution criteria are also listed in our "Execution policy" at <https://www.sgkb.ch/mifid>.

3. Links, conflicts of interest and joint ownerships relating to execution venues

SGKB has described its policy for handling conflicts of interest in the "Conflict of interest policy". You can access this document at <https://www.sgkb.ch/mifid>. Execution venues and commissioned investment firms are selected on the basis of uniform criteria. In addition to the criteria mentioned in Section 2, the selection also takes into account characteristics such as financial instrument class, type and scope of order, technical connection options, access to the execution venue and liquidity at the execution venue. SGKB has no equity interest in the selected execution venues and investment firms and maintains no close links with them.

4. Special agreements concluded with the execution venues

SGKB has not concluded any special agreements concerning payments or discounts with any of the execution venues or any of the commissioned investment firms with whom orders are placed.

5. Changes in execution venues

An annual review is conducted of the selection of execution venues and commissioned investment firms with whom client orders or orders under asset management mandates are executed. There have not been any changes for 2019 compared to the preceding year of 2018. The execution venues are listed in the "Execution policy".

6. Client classification

SGKB distinguishes between "private clients", "professional clients" and "eligible counterparties". All client classes are subject to the same execution policy. SGKB classifies clients into client classes based on the criteria described in the "MiFID information brochure".

7. Execution quality achieved

In 2019, 99.9% of all trades were completed without errors over the entire process (trade, settlement, financial processing).

SGKB regularly reviews the execution quality at the execution venues and commissioned investment firms. For this purpose, quarterly performance figures (process quality, error rates, client satisfaction and implemented improvement measures) are collected, and the market is monitored on an ongoing basis.

St.Galler Kantonalbank, March 2020