

Distribution Fees and other Retrocessions

Within the framework of its financial product distribution activities and within the context of carrying out asset management mandates in connection with ePrivate Banking accounts, **Swissquote Bank Ltd** ("Swissquote") shall **periodically receive, and retain, distribution fees or other retrocessions** from certain promoters or issuers of financial products.

Distribution fees

Issuers of financial products such as investment funds conclude distribution agreements with other financial intermediaries ("distributors") such as Swissquote: in return for their distribution activities, distributors receive part of the income received by the issuers. Within the area of investment funds, the distribution fees (also known as "trailer fees") paid to the distributor by the fund management companies are generally calculated on the basis of the management fee received by the fund management company as set out in the fund contract. A percentage of this management fee is thus periodically paid to the distributor on the basis of the volumes invested in the financial product concerned through the distributor.

Swissquote retains the distribution fees it receives as remuneration for its financial product distribution activities. Such activities include, notably, maintaining an Internet site containing information on the financial products which allows clients to make informed investment decisions. In addition, not refunding the distribution fees and other retrocessions received allows Swissquote to offer its clients commission charges which are recognised as being particularly attractive.

Other retrocessions

Swissquote also enables promoters of financial products to make their products known through various sponsoring and marketing activities which benefit clients (for example, special *free trade* or *flat fee* offers). Within this context, Swissquote receives retrocessions where the amounts involved depend on the number of transactions carried out by its clients. The amounts received by Swissquote from financial product promoters in this way generally only serve to offset the amounts Swissquote should have received on a commission basis for the transactions carried out.

Details of distribution fees received by Swissquote

In the case of **investment funds** (not including Exchange Traded Funds, see separate section), Swissquote generally receives around **50% of the management fee** charged by the issuer on the total assets invested in the funds concerned by Swissquote clients.

The management fee varies depending on the type of investment fund, the investment fund itself and the unit class involved. It can easily be found in the fund contract or in other documents such as the fund prospectus or *Key Investor Information Document* for the fund in question

Taken on the basis of a sample of the investment funds available to subscribe via Swissquote, for different types of investment fund, below is an average (rounded to a quarter of a percent) of the management fees charged by issuers. This information is specified purely for information purpose and does not represent official information.

Average management fees charged				
				31.03.2013
Bond funds	Equity funds	Money market funds	Asset allocation funds/alternative funds	Real estate funds
1.25%	1.50%	0.50%	1.5%	1.25%

While Swissquote generally receives around 50% of the management fee charged by the issuer and while the management fees charged are often very close to the average figures shown here, there are – of course – exceptions. In light of this, below you will find details of the maximum distribution fees (save for rare exceptions) Swissquote may receive from investment fund issuers:

Maximum distribution fees Swissquote may receive				
				31.03.2013
Bond funds	Equity funds	Money market funds	Asset allocation funds/alternative funds	Real estate funds
2%	2.25%	1%	2.50%	1.50%

In the case of **Exchange Traded Funds (ETFs)**, when Swissquote receives distribution fees (which is generally not the case), these fees are generally around **10% of the management fee** charged by the issuer of the ETF.

In connection with the carrying out of an asset management mandate, the amount of the distribution fees and other retrocessions received by Swissquote does not in principle exceed 0.5% of the assets managed.

Conflicts of interest

Distribution fees and other retrocessions may give rise to certain conflicts of interest, notably with regard to asset management. Swissquote has put special measures in place in order to safeguard the interests of its clients.

Waiver of restitution rights by client

As a client of Swissquote, all the information necessary to assess the amount of distribution fees Swissquote may have received in the past or may receive in the future within the framework of its distribution activities for financial products and within the context of the carrying out of asset management mandates have been made available to you. **In accordance with Article 37 of our General Terms and Conditions, you waive your right to restitution of distribution fees and other types of retrocessions which Swissquote may have received in the past and may receive in the future.**

Support

Please send any questions or comments you may have to our Customer Care Center:

Swissquote Bank Ltd
Customer Care Center
Attn: "Indemnités de distribution"
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