

Corporate Governance Report 2019

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Corporate Governance Report

Introduction

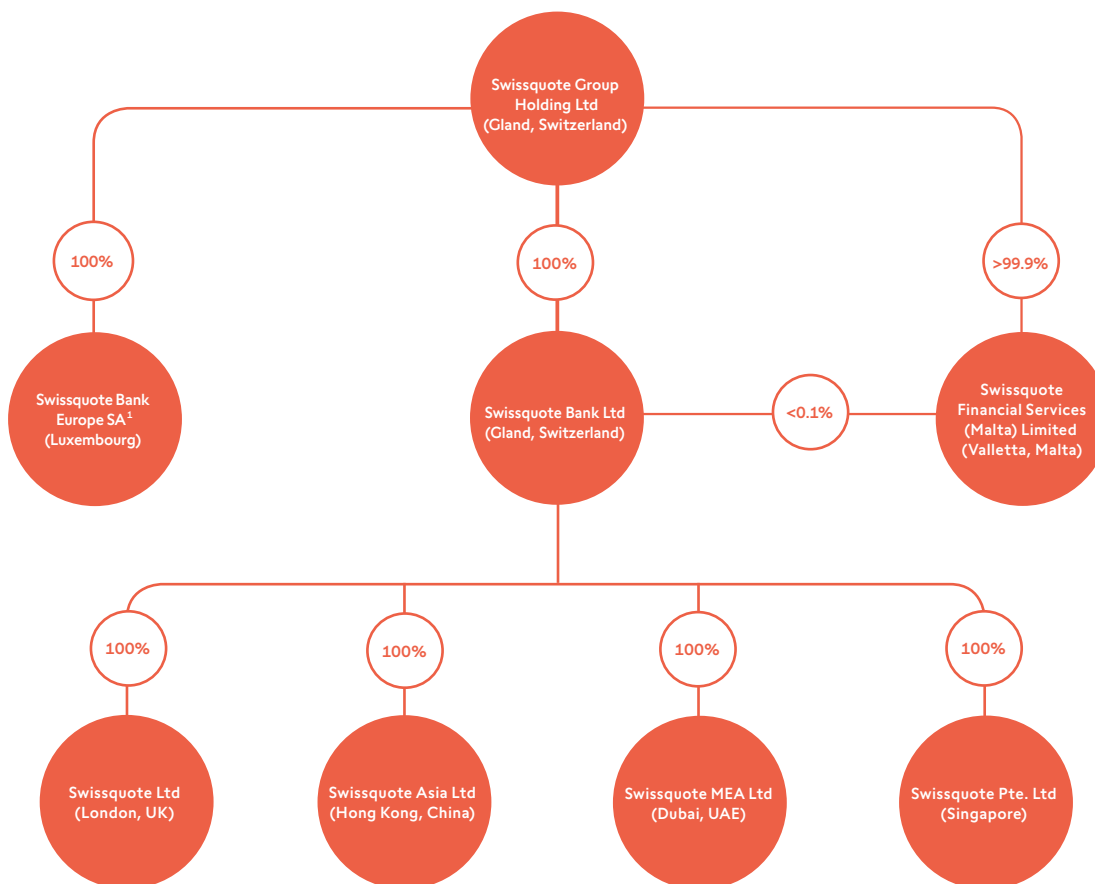
Swissquote Group (the "Group") is an international financial services group that applies a wide range of standards relating to corporate governance, including the SIX Swiss Exchange's Directive on Information relating to Corporate Governance and FINMA Circular 2017/1 "Corporate governance – banks". This Corporate Governance Report informs shareholders, prospective investors as well as the larger public on the Group's policies in matters of corporate governance, which is at the heart of a proper business conduct and a central part of the Group's internal organisation.

1 Group structure and shareholders

1.1 Group structure

The structure of the Group, which comprises Swissquote Group Holding Ltd and its subsidiaries, is designed to support the Group's operations within an efficient regulatory and tax framework.

The Group comprises the following active companies as at 31 December 2019:



¹ Internaxx Bank S.A. was renamed Swissquote Bank Europe SA during the first quarter 2020.

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1.1 Group structure (continued)

Swissquote Group Holding Ltd (the "Company") is the listed vehicle of the Group. It was incorporated on 12 August 1999. Its shares have been listed on SIX Swiss Exchange since 29 May 2000 with the symbol SQN, the security number 1067586 and the ISIN number CH0010675863. As at 31 December 2019, the market capitalisation of the Company amounted to approximately CHF 743,725,000. Details on the Company's capital are provided in Section 2.

Swissquote Bank Ltd was incorporated on 24 November 2000 and is a bank under the supervision of the Swiss Financial Market Supervisory Authority FINMA (FINMA). The main office of Swissquote Bank Ltd is located in Gland, Switzerland, with a branch in Zurich and representative offices in Dubai and Hong Kong. The share capital of Swissquote Bank Ltd amounts to CHF 42,000,000 (7,000,000 registered shares with a nominal value of CHF 6).

Swissquote Bank Europe SA (formerly Internaxx Bank S.A.) has been a limited liability company incorporated in Luxembourg since 13 November 2000. Swissquote Bank Europe SA is a bank under the supervision of the Commission de Surveillance du Secteur Financier (CSSF). The share capital of Swissquote Bank Europe SA amounts to EUR 29,000,000 (29,000 registered shares without a nominal value). The acquisition of Swissquote Bank Europe SA by the Group was completed on 22 March 2019, after the Group received regulatory approval from the European Central Bank and the CSSF.

Swissquote Financial Services (Malta) Limited has been a limited liability company incorporated in Malta since 19 October 2012. Swissquote Financial Services (Malta) Limited is an investment services company that operates as custodian for European investment funds and broker under both a Category 4a licence and a Category 2 licence from the Malta Financial Services Authority (MFSA). The share capital of Swissquote Financial Services (Malta) Limited amounts to EUR 1,100,000, divided into 1,099,999 ordinary class A shares with a nominal value of EUR 1 (held by the Company) and 1 ordinary class B share with a nominal value of EUR 1 (held by Swissquote Bank Ltd).

Swissquote Asia Ltd has been a limited liability company incorporated in Hong Kong since 16 January 2012. Swissquote Asia Ltd is a licensed corporation under the supervision of the Securities and Futures Commission (SFC), from which it was granted a Type 3 licence (Leverage Foreign Exchange Trading). The share capital of Swissquote Asia Ltd amounts to HKD 5,500,000 (5,500,000 registered shares with a nominal value of HKD 1).

Swissquote Ltd has been a limited liability company incorporated in London since 19 July 2011. Swissquote Ltd is an investment company that provides online trading services under the supervision of the Financial Conduct Authority (FCA). The share capital of Swissquote Ltd amounts to GBP 4,260,100 (4,260,100 ordinary shares with a nominal value of GBP 1).

Swissquote MEA Ltd has been a limited liability company incorporated in the Dubai International Financial Center (DIFC) since 14 June 2012. Swissquote MEA Ltd is an investment firm under both a Category 3A licence and a Category 4 licence granted by the Dubai Financial Services Authority (DFSA). The share capital of Swissquote MEA Ltd amounts to USD 500,000 (500 registered shares with a nominal value of USD 1,000).

Swissquote Pte. Ltd has been a limited liability company incorporated in Singapore since 26 February 2019. Swissquote Pte. Ltd is a financial services company under the supervision of the Monetary Authority of Singapore (MAS), from which it was granted a Capital Markets Service (CMS) licence. The share capital of Swissquote Pte. Ltd amounts to SGD 4,100,000 (4,100 registered shares with a nominal value of SGD 1,000).

For information on the exact registered addresses of each entity of the Group, reference is made to the last pages of the Annual Report.

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1.2 Significant shareholders

Under the Swiss Financial Market Infrastructure Act (FMIA), any person holding shares in a company listed in Switzerland is required to notify the concerned company and the stock exchange, if the holding reaches, falls below or exceeds the following thresholds: 3%, 5%, 10%, 15%, 20%, 33¹/₃%, 50%, or 66²/₃% of the voting rights.

According to the information received by the Company and pursuant to Section 1.2 of the Annex to the SIX Swiss Exchange Directive on Information relating to Corporate Governance, the shareholders with an interest in the Company above 3% as at 31 December 2019 are as follows:

	2019		
	Shares	Options	Total
Marc Bürki	12.32%	0.11%	12.43%
Paolo Buzzi	12.22%	0.12%	12.34%
PostFinance AG	5.00%	–	5.00%
Mario Fontana	4.41%	–	4.41%
Exane Derivatives SNC	3.02%	–	3.02%

For further information on stock options, reference is made to the Remuneration Report.

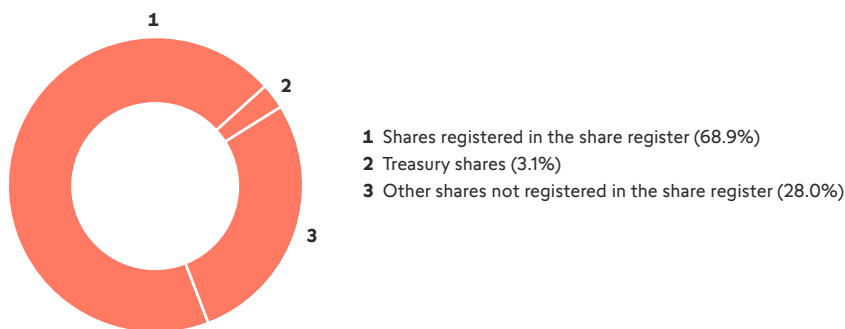
The full list of disclosures of shareholdings made in accordance with Art. 120 FMIA is available on the website of SIX Swiss Exchange using the following link:

<https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html>

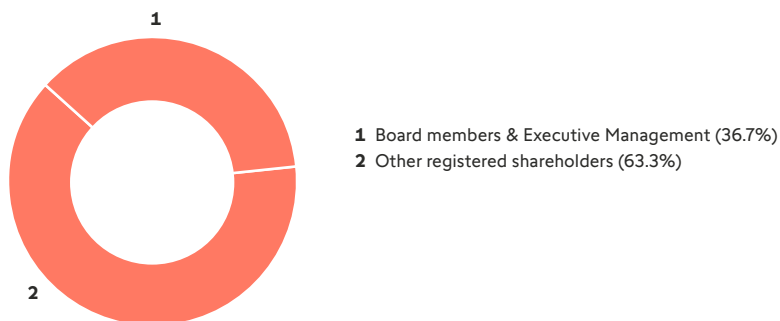
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1.2 Significant shareholders (continued)

As at 31 December 2019, the issued share capital of the Company consisted of 15,328,170 ordinary registered shares with a nominal value of CHF 0.20 each. The shares registered in the share register amounted to 10,569,784 and the Company owned 469,536 treasury shares. The distribution of the shareholdings in the Company as of 31 December 2019 is reflected below:



Further, the registered shareholders as at 31 December 2019 are broken down as follows:



1.3 Cross-shareholdings

There are no cross-shareholdings.

Corporate Governance Report

2 Capital structure

2.1 Capital

Under Swiss company law, the general meeting of shareholders (the "General Meeting") has to approve any change in the total number of shares, whether with respect to the ordinary share capital or with respect to the creation of conditional capital or authorised capital.

As at 31 December 2019, the share capital of the Company amounted to CHF 3,065,634 (15,328,170 registered shares with a nominal value of CHF 0.20 each). The share capital is fully paid-up. The Company itself owned 469,536 treasury shares. Further, a conditional share capital amounting to CHF 192,000 and consisting of 960,000 shares with a nominal value of CHF 0.20 each and an authorised capital of CHF 400,000 consisting of 2,000,000 shares with a nominal value of CHF 0.20 each remained outstanding as at 31 December 2019. The conditional capital and the authorised capital amount to a maximum of CHF 592,000, which equates to 19.3% of the existing share capital.

SIX Swiss Exchange regulations provide that individual shareholdings exceeding 5% (save for, inter alia, certain investment funds) are deemed to be a permanent investment and are therefore to be excluded from the free float. In accordance with SIX Swiss Exchange regulations, the free float as at 31 December 2019 was 70.5% (2018: 70.2%).

2.2 Conditional and authorised capital in particular

In this section and in the remainder of the Corporate Governance Report, the Articles of Incorporation of the Company, last amended on 4 May 2018 and applicable as at 31 December 2019, available at <https://en.swissquote.com/company/investors#articles-incorporation> in the French original version together with an English free translation, shall be referred to as the "Aol".

Art. 4^{bis} of the Aol on the utilisation of the conditional capital provides that the Board of Directors of the Company (the "Board") is authorised to increase the share capital of the Company by a maximum of CHF 192,000 by issuing no more than 960,000 new registered shares with a nominal value of CHF 0.20 each. The capital increase may be carried out through the exercise of options granted by the Board to certain employees of the Company and its group companies by a maximum of CHF 150,000 through the issuance of a maximum of 750,000 new registered shares with a nominal value of CHF 0.20 each. The capital increase may also be carried out through the exercise of options granted by the Board in connection with the acquisition of a business undertaking, parts of a business undertaking or acquisition of participations in a business undertaking by a maximum of CHF 42,000 through the issuance of a maximum of 210,000 new registered shares with a nominal value of CHF 0.20 each.

Art. 4^{ter} of the Aol governing the utilisation of the authorised capital provides that the Board is authorised until 4 May 2020 to increase the share capital of the Company by a maximum of CHF 400,000 by issuing no more than 2,000,000 new registered shares with a nominal value of CHF 0.20 each. The Board determines the amount of the issue, the point in time at which the shares confer a dividend entitlement, the method of payment in full for contributions and the subscription procedure. An increase in tranches or a partial increase is permissible. In accordance with the modalities laid down by the Board, the amount of the increase must be fully paid-up. The restrictions on the transferability of registered shares set forth in the Aol also apply to the new shares.

For further information on the conditional and authorised capital, reference is made to the Aol.

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2.3 Changes in capital

The following table summarises the changes in capital that took place within the last three financial years:

	Ordinary shares issued	Unissued shares		Total shares issued and unissued
		Conditional capital	Authorised capital	
Number of shares				
As at 1 January 2017	15,328,170	960,000	1,810,200	18,098,370
Exercise of employees' stock options	–	–	–	–
Increase/(decrease) in capital	–	–	–	–
As at 31 December 2017	15,328,170	960,000	1,810,200	18,098,370
As at 1 January 2018	15,328,170	960,000	1,810,200	18,098,370
Exercise of employees' stock options	–	–	–	–
Increase/(decrease) in capital	–	–	189,800	189,800
As at 31 December 2018	15,328,170	960,000	2,000,000	18,288,170
As at 1 January 2019	15,328,170	960,000	2,000,000	18,288,170
Exercise of employees' stock options	–	–	–	–
Increase/(decrease) in capital	–	–	–	–
As at 31 December 2019	15,328,170	960,000	2,000,000	18,288,170

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2.4 Shares and participation certificates

Pursuant to Art. 5 of the Aol, the Company may issue its registered shares in the form of single certificates, global certificates or uncertified securities. As at 31 December 2019, the share capital consisted of 15,328,170 registered shares. The share capital of the Company is fully paid-up. The dividend entitlement depends on the share's nominal value. Each of the Company's registered shares carries one voting right at the General Meeting. Upon request, acquirers of registered shares will be entered in the share register as shareholders with voting rights if they expressly declare that they acquired the registered shares in their own name and for their own account. More information is provided in Sections 2.6 and 6.

The Company does not issue any participation certificates.

2.5 Dividend-right certificates

The Company does not issue any dividend-right certificates.

2.6 Limitations on transferability and nominee registrations

In accordance with Art. 685a CO and Art. 7 Para. 1 of the Aol, the transfer of registered shares is subject to the approval of the Board. Upon request, acquirers of registered shares will be entered in the share register as shareholders with voting rights if they expressly declare that they have acquired the registered shares in their own name and for their

own account. If this requirement is not satisfied, the person in question will be entered in the share register as a shareholder without voting rights. In accordance with Art. 7 Para. 2 of the Aol, the Board may reject a request for entry into the share register within 20 days.

The Aol do not contain any express provision for granting exceptions to this limitation; no such exceptions were granted in the year under review. Nominees cannot be registered with voting rights; there were no exceptions in 2019.

Pursuant to Art. 14 Para. 1 of the Aol, decisions related to the restrictions on the transferability of registered shares can only be made by the General Meeting and require a qualified majority vote (two thirds of the votes represented and an absolute majority of the nominal values of the shares represented).

2.7 Convertible bonds and options

The Company does not issue any bonds, convertible bonds or warrants.

Information on the Group's stock option plan is provided in the Remuneration Report.

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3 Board of Directors

The Board has the ultimate responsibility for the strategy and the management of the Company and for the supervision of the Executive Management of the Company (the "Executive Management"). Art. 16 Para. 1 of the Aol provides that the Board must be composed of a minimum of three members. As at 31 December 2019, the Board consisted of five members, all non-executive, details of which are presented here below.

3.1.1 Current members of the Board of Directors

Markus Dennler (1956/Swiss national, domiciled in Switzerland)

Chairman of the Board of Swissquote Group Holding Ltd since May 2019 (member since March 2005)

Chairman of the Board of Swissquote Bank Ltd since May 2019 (member since March 2005)

Educational Background

1982	Licentiate in Law, University of Zurich
1984	Doctorate in Law, University of Zurich
1986	Attorney at Law, admitted to the Bar
1989	International Bankers School, New York
1997	Harvard Business School, Boston (AMP)

Professional Experience

1986–1994	Various assignments, Credit Suisse
1994–1996	Delegate to the Board of Directors, CS Columna
1997–1998	CEO, Winterthur Columna
1998–2000	Member of the Corporate Executive Board and Head of Individual and Group Life Division, Winterthur Insurance
2000–2003	Member of the Executive Board of CSFS and responsible for the operational global life & pensions business, Credit Suisse

Previous Board Mandates

2005–2006	Chairman, Batigroup
2005–2007	Chairman, Converium
2006–2013	Member of the Board, Petroplus
2006–2015	Chairman (since 2011), Implenia
2007–2010	Member of the Board, Jelmoli

Current Board Mandates

Since 2003	Honorary Councillor (since 2016), British Swiss Chamber of Commerce
Since 2005	Chairman (since May 2019), Swissquote Group Holding Ltd
Since 2005	Chairman (since May 2019), Swissquote Bank Ltd
Since 2006	Chairman (since 2012), Allianz Suisse

Markus Dennler has not held official functions or political posts in 2019. With the exception of the above-mentioned activities, he has no significant business connections with the Company or one of the Company's subsidiaries.

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Dr Monica Dell'Anna (1971/Swiss and Italian national, domiciled in Switzerland)

Member of the Board of Swissquote Group Holding Ltd since May 2018

Member of the Board of Swissquote Bank Ltd since May 2018

Member of the Nomination & Remuneration Committee

Educational Background

1996	Degree (M. Sc. equivalent) in Telecommunications Engineering, University of Pisa
2000	PhD in Telecommunication Engineering, King's College London
2002	McKinsey Mini-MBA in Finance, Strategy and Marketing (Faculty from INSEAD/Kellogg/Harvard)

Professional Experience

1997–2001	Research and later Senior Research Associate, King's College London
2002–2003	Consultant, McKinsey and Company
2003–2005	Senior Strategy Manager, Business Development and Strategy, Swisscom Fixnet Ltd
2006–2007	Head of Product Management Voice, Member of the Executive Board of "Small and Medium Enterprises", Swisscom Fixnet Ltd
2008–2010	Head Customer Experience Design (Product Management), Member of the Executive Board of "Small and Medium Enterprises", Swisscom Fixnet Ltd
2011–2013	Head of Fiber Business and New IT, Member of the Executive Board of "Network and IT" Swisscom (Switzerland) Ltd
2013–2015	Head of Market and Member of the Executive Board, BKW Ltd
2016–2019	Head of Products (until December 2018 Head of Business Media) and Member of the Group Executive Board, NZZ-Mediengruppe Ltd

Previous Board Mandates

2013–2015	Member of the Board, BKW Italia Ltd
2013–2015	Member of the Board, Youtility Ltd
2013–2015	Chairwoman of the Board, cc energie
2014–2015	Member of the Board, Gasverbund Mittelland (GVM)
2016–2019	Chairwoman of the Board, following companies of the NZZ-Mediengruppe Ltd <ul style="list-style-type: none">– Architonic Ltd (Member of the Board until 2017)– Spoundation Motion Picture Ltd– Zurich Film Festival Ltd– NZZ Konferenzen Ltd– Moneyhouse Deutschland Ltd– Swiss Economic Forum (SEF) Ltd– NZZ Fachmedien Ltd– Moneyhouse Ltd (since 2017)

Current Board Mandates

Since 2018	Member of the Board, Swissquote Group Holding Ltd
Since 2018	Member of the Board, Swissquote Bank Ltd

Monica Dell'Anna has not held official functions or political posts in 2019. With the exception of the above-mentioned activities, she has no significant business connections with the Company or one of the Company's subsidiaries.

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Martin Naville (1959/Swiss national, domiciled in Switzerland)

Member of the Board of Swissquote Group Holding Ltd since April 2007

Vice Chairman of the Board of Swissquote Bank Ltd since May 2019 (member since April 2007)

Member of the Audit & Risk Committee

Educational Background

1979–1984 Master of the Laws, University Zurich

Professional Experience

1985–1988 Assistant Treasurer, J.P. Morgan Bank, Zurich/New York

1988–1990 Consultant, The Boston Consulting Group, Munich

1990–1992 Project Leader, The Boston Consulting Group, Zurich

1992–1995 Manager, The Boston Consulting Group, New York

1995–2004 Partner and Director, The Boston Consulting Group, Zurich

Since 2004 CEO, Swiss-American Chamber of Commerce, Zurich

Current Board Mandates

Since 2002 Chairman (since 2004), Zoo Zurich Inc.

Since 2007 Member of the Board, Swissquote Group Holding Ltd

Since 2007 Vice Chairman (since 2019), Swissquote Bank Ltd

Martin Naville has not held official functions or political posts in 2019. With the exception of the above-mentioned activities, he has no significant business connections with the Company or one of the Company's subsidiaries.

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Dr Beat Oberlin (1955/Swiss national, domiciled in Switzerland)

Member of the Board of Swissquote Group Holding Ltd since May 2016

Member of the Board of Swissquote Bank Ltd since May 2016

Chairman of the Nomination & Remuneration Committee

Educational Background

1979	Licentiate in Law, University of Basel
1982	Attorney at Law and notary, admitted to the Bar
1989	Doctorate in Law, University of Basel
1999	Stanford Business School, Stanford CA, Senior Executive

Professional Experience

1982–1994	Various assignments, SBC
1994–2004	Head of Retail and Head of Corporate Clients, Chief of Staff, Head of market and sales management, Business Banking, UBS, Switzerland
2004	Designated CEO, Basellandschaftliche Kantonalbank
2005–2016	Chairman of the Executive Board, Basellandschaftliche Kantonalbank

Previous Board Mandates

2005–2016	Member of the Board, Association of Swiss Cantonal Banks
2005–2016	Member of the Board, Basel Bank Association
2013–2019	Member of the panel of experts appointed by the Federal Council for the "Advancement of Financial Centre Strategy" and its successor "Advisory Board for the Future of the Financial Center"

Current Board Mandates

Since 2011	Vice President of the Board (since 2018), St. Clara Spital Group
Since 2016	Member of the Board, Swissquote Group Holding Ltd
Since 2016	Member of the Board, Swissquote Bank Ltd
Since 2018	Vice President of the Board, University of Basel ¹

Beat Oberlin has not held official functions or political posts in 2019. With the exception of the above-mentioned activities, he has no significant business connections with the Company or one of the Company's subsidiaries.

¹ Since 2020, Beat Oberlin is Chairman of the Board of the University of Basel.

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Jean-Christophe Pernollet (1966/French national, domiciled in Switzerland)

Member of the Board of Swissquote Group Holding Ltd since May 2015

Member of the Board of Swissquote Bank Ltd since November 2014

Chairman of the Audit & Risk Committee

Educational Background

1986	Bachelor of Science in Economics and Politics, Institut d'Etudes Politiques, Grenoble
1986	Institute of European Studies, Hull
1990	Master in Management, EDHEC Business School, Lille
2002	Senior Executive program, Columbia Business School, New York

Professional Experience

1990–1993	Deloitte & Touche, Paris, France, Audit
1993–2010	PricewaterhouseCoopers: 1993–1997 Audit, Geneva 1997–1999 since 1998 Senior Manager, Audit, New York 1999–2010 since 2001 Partner and Business Unit Leader, Audit, Geneva
2010–2012	EFG International AG, Chief Financial Officer
Since 2012	Edmond de Rothschild, Switzerland: 2012–May 2015 Group Chief Financial Officer, then Chief Audit Executive Since June 2015 Group Chief Risk Officer

Previous Board Mandates

2010–2012	Member of the Audit & Risk Committee, EFG Private Bank Ltd, London
2013–2014	Member of the Board, Edmond de Rothschild (Europe), Luxembourg

Current Board Mandates

Since 2014	Member of the Board, Swissquote Bank Ltd
Since 2015	Member of the Board, Swissquote Group Holding Ltd
Since 2015	Chairman of the Board, Edmond de Rothschild Real Estate SICAV
Since 2015	Member of the Board and Chairman of the Audit & Risk Committee, Edmond de Rothschild Asset Management (Switzerland) Ltd
Since 2015	Chairman of the Board, Edmond de Rothschild Pension Fund

Jean-Christophe Pernollet has not held official functions or political posts in 2019. With the exception of the above-mentioned activities, he has no significant business connections with the Company or one of the Company's subsidiaries.

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3.1.2 Former member of the Board of Directors

Mario Fontana (1946/Swiss national, domiciled in Switzerland)

Chairman of the Board of Swissquote Group Holding Ltd from April 2002 to May 2019

Chairman of the Board of Swissquote Bank Ltd from April 2004 to May 2019

For additional information on Mario Fontana, reference is made to the Corporate Governance Report 2018.

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3.2 Other activities and vested interests

None of the Board members has activities or vested interests (as defined in the SIX Swiss Exchange regulations) other than the ones described in Section 3.1.

3.3 Number of permitted activities

Pursuant to Art. 16 Para. 4 of the Aol, the number of mandates held in superior governing or administrative bodies of legal entities outside the Company and its affiliates, which must be registered with the Swiss Commercial Register or a comparable foreign register, is limited for members of the Board to 15 mandates held in business undertakings, a maximum of four of which may be in listed companies, and to five mandates held in other legal entities such as foundations and associations. Mandates held in different legal entities of one and the same single group of companies or mandates on behalf of a group or legal entity shall be counted as one mandate. Limits may be exceeded for a short-term period of time, but by no more than one third of the number of permitted mandates per above-mentioned category.

3.4 Elections and terms of office

The Board must have a minimum of three members elected at the General Meeting of Shareholders. According to Art. 16 Para. 2 of the Aol, the members of the Board are elected individually for a term of office that finishes at the end of the next Ordinary General Meeting. Re-election is permitted. New members of the Board appointed during a term of office can only be elected to serve until the end of that term. The Chair is elected at the General Meeting until the next Ordinary General Meeting.

The Board has always been composed of non-executive members. The Board acts at the same time as the Board of Directors of Swissquote Bank Ltd.

The time of the first election of the current Board members is mentioned in Section 3.1.

3.5 Internal organisational structure

3.5.1 Generalities

The operating of an international financial services group comprising a bank in Switzerland and a bank in Luxembourg as well as investment firms located in major financial places requires, inter alia, a proper organisation and an efficient consolidated supervision by the Company.

The organisation and responsibilities of the Group entities are mainly set out in the Policy on the consolidated supervision, which in particular aims at ensuring that:

- The Group is duly organised and has a proper structure and governance, including a cohesive set of by-laws, policies and regulations;
- The Group has an appropriate internal control system and the Group entities comply with the regulations applicable to them;
- The risks implied by the activities of the Group, including legal and reputation risks, are adequately identified, mitigated and monitored;
- The Board members, the Executive Management members and other key persons in the Group provide assurance of proper business conduct;
- The applicable regulations on the fight against money laundering and terrorist financing are duly complied with throughout the Group;
- The applicable regulations on the establishment of financial statements as well as on capital adequacy, liquidity, risk diversifications, risk positions and other relevant quantitative parameters are duly complied with throughout the Group.

The level of competence for making decisions in the Company (including according to levels of financial materiality) is set forth in the Organisation Regulations and other internal regulations and is summarised in the Regulation relating to responsibilities and financial powers.

After each Ordinary General Meeting, where all Board members and the Chair are elected, the Board appoints its Secretary. The Board may form one or several advisory committees, which consist of members of the Board. The Committees are in charge of proposing board resolutions to the full Board with respect to specific matters. In 2019, there were two such Committees at the level of the Group: the Audit & Risk Committee and the Nomination & Remuneration Committee. Such Committees must report to the Board on a regular basis, but at least once per quarter for the Audit & Risk Committee and twice a year for the Nomination & Remuneration Committee. Further, certain functions of the Board are delegated to the Chair.

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3.5.1 Generalities (continued)

The Board meets as often as required, but at least four times a year. The Board and the Committees plan and coordinate their activities in accordance with a yearly planning schedule that covers all matters requiring the Board's attention and thus ensures that the Board's activity is compliant with applicable laws and regulations.

In 2019, the Board met ten times (six physical meetings and four conference calls), out of which one meeting was a strategy session and another meeting the so-called Annual Conference on Risks (see Section 3.7). In average, a physical meeting lasted for four and a half hours and a conference call lasted for forty-five minutes. The Executive Management was present at all meetings, except where there was a review of their personal situation. On various occasions, decisions were taken by means of circular resolutions and ratified at the next Board meeting.

3.5.2 Functions of the Board of Directors

The Board acts as the ultimate direction of the Company and has the power to decide on all matters that are not vested in the General Meeting or in any other body by law or pursuant to the Aol or the Organisation Regulations. It is the Board's responsibility to perform, inter alia, the following functions:

- Define the strategy and the objectives of the Company and approve the implementation or cessation of business activities;
- Establish the overall organisation and, in particular, approve the organisation chart of the Group based on the proposal of the Executive Management;
- Decide on the appointment, suspension and dismissal of the Executive Management and of the other signatories of the Company;
- Appoint the Chairs of the Committees;
- Based on the proposal of the Nomination & Remuneration Committee, submit to the General Meeting proposals of maximum aggregate amounts of remuneration for the Board and the Executive Management and decide, within the framework of the General Meeting's resolutions, on the remuneration of the Board and the Executive Management;
- Based on proposals of the Audit & Risk Committee, determine the applicable accounting standards, the principles governing the internal control system (including for what regards the financial control), the financial planning and the financial disclosure policy, as well as approve the capital planning and the annual budget;
- Approve the annual financial statements and regular interim financial reporting prior to their disclosure and after clearance by the Audit & Risk Committee;

- Supervise the achievement of the Group's objectives in terms of sustainability, gender diversity and wage fairness;
- Prepare the Annual Report, the Corporate Governance Report and the Remuneration Report;
- Prepare the General Meeting (including the invitation to the General Meeting) and execute the General Meeting's resolutions;
- Decide on the nomination, renewal or dismissal of the auditors and of the internal auditor;
- Supervise the Executive Management, in particular with regard to compliance with laws, the Aol, the internal regulations and the Board's instructions;
- Approve the risk policy and the key risk management principles;
- Pass resolutions in connection with a capital increase pursuant to Art. 651a, 652g and 653g CO and make decisions pursuant to Art. 634a Para. 1 CO (contributions on shares not fully paid-up) and 651 Para. 4 CO (increase of share capital in the case of authorised capital);
- Approve mass redundancies of employees pursuant to Art. 335d CO or similar foreign regulations;
- Notify the competent authority in case of over-indebtedness; and
- Approve those matters for which the Executive Management has to seek approval by the Board, in particular through the approval of internal regulations.

The Board's approval is also required for specific transactions that do not fall under the ordinary business activities and/or which financially exceed defined thresholds.

Board members may not act alone on behalf of the Company and may not give instructions on their own, except where the Aol, the internal regulations or a resolution of the Board provide otherwise.

3.5.3 Functions delegated to the Chair

The Chair performs, inter alia, the following functions:

- Chair the meetings of the Board and the General Meeting of Shareholders;
- Ensure that all relevant matters are duly part of the Board meeting agenda and subject to an appropriate follow-up. Relevant matters include strategy, business, financial risk and compliance matters as well as environmental, social and governance matters;
- Represent the Board vis-à-vis the public at large, public officials and the shareholders.

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3.5.4 Rules governing decisions

The majority of members shall be present for the Board to be quorate. Resolutions of the Board are passed by a majority of the votes cast by the members present. In the event of a tie, the Chair has the casting vote. For decisions that are taken in relation to a capital increase (ordinary, conditional or authorised increase), including the related modifications of the Aol, the quorum is also achieved when a single member of the Board is present.

For further information on quorum and decisions, reference is made to the Aol (in particular Art. 17).

3.5.5 Audit & Risk Committee

Board members on the Committee: Jean-Christophe Pernellet (Chairman) and Martin Naville.

The Audit & Risk Committee's primary function is to assist the Board in fulfilling its oversight responsibilities defined by law, the Aol, internal regulations or otherwise with respect to financial reporting and risk management. The Audit & Risk Committee has no decision-making powers. It only acts in an advisory or preparatory capacity.

In terms of financial reporting, the oversight responsibilities of the Audit & Risk Committee include, inter alia, the following:

- Monitor and assess the overall integrity of the financial statements;
- Monitor the adequacy of the financial accounting, financial planning and reporting processes and the effectiveness of internal controls over financial reporting;
- Monitor processes designed to ensure compliance by the Group and its entities in all significant respects with legal and regulatory requirements, including disclosure controls and procedures, and the impact (or potential impact) of developments related thereto;
- Make recommendations to the Board as to the application of accounting standards;
- Inform the Board of the result of the above-mentioned tasks and make a recommendation as to whether the financial statements should be submitted to the General Meeting;
- Monitor and assess the qualifications, independence and performance of the auditors and their interactions with the internal auditor; and
- Review the risk analysis, the audit plan and all reports from the auditors and supervise the actions taken by the Executive Management following the audit results.

In terms of risk management, the oversight responsibilities of the Audit & Risk Committee include, inter alia, the following:

- Assess, at least annually, the Group's risk management framework (in particular the risk capacity, the risk appetite and the risk tolerance), make corresponding recommendations to the Board and ensure that necessary changes are made;
- Monitor and assess the risk management framework, including the internal control systems of the Company and of Swissquote Bank Ltd;
- Oversee that the Executive Management has identified and assessed all the significant risks that the Group and its entities face and has established a risk management infrastructure capable of addressing those risks;
- Oversee, in conjunction with the Board and, where applicable, other board-level committees, risks, such as strategic, credit, market, liquidity, operational and reputational risks;
- Assess the Group's capital and liquidity planning and report to the Board;
- Monitor and assess the qualifications, independence and performance of the internal auditor;
- Review the internal auditor's risk assessment, audit plans and all their reports and supervise the actions taken by the Management following the audit results; and
- Make recommendations to the Board as to the nomination, renewal or dismissal of the auditors and of the internal auditor.

The Audit & Risk Committee meets at least once per quarter. In 2019, it met five times (four physical meetings and one conference call). In average, a physical meeting lasted for two hours and 45 minutes and a conference call lasted in average for 45 minutes. At each meeting held in 2019, the Chairman Jean-Christophe Pernellet, Martin Naville and the other Board members were present. Members of the Executive Management were invited to all the meetings. The auditors were present at the four physical meetings (once via telecommunication means) and at the conference call. The internal auditors were present at the four physical meetings and at the conference call. No external counsels attended the meetings.

Corporate Governance Report

3.5.6 Nomination & Remuneration Committee

Board members on the Committee: Beat Oberlin (Chairman) and Monica Dell'Anna.

The Nomination & Remuneration Committee meets at least twice a year. In 2019, it met six times (four physical meetings and two conference calls). In average, a physical meeting lasted one hour and 30 minutes and a conference call lasted in average 30 minutes. At each meeting held in 2019, the Chairman Beat Oberlin, Monica Dell'Anna and the other Board members were present. Members of the Executive Management were invited to all the meetings, except where there was a review of their personal situation. No external counsels attended the meetings.

Further details on the Nomination & Remuneration Committee are provided in the Remuneration Report.

3.6 Definition of areas of responsibility

All executive functions within the Group not reserved to the Board or to the Chair are delegated to the Executive Management. The Executive Management is responsible for the implementation of the business strategies approved by the Board and for the compliance of the operations with the risk management policies approved by the Board. Further, the Executive Management ensures the maintenance and development of a corporate framework in line with the corporate values approved by the Board.

The Executive Management in particular has the responsibility to perform the following functions:

- Implement the strategy decided by the Board and execute its decisions and instructions;
- Prepare the items to be discussed by the Board;
- Ensure that the internal organisation of the Company meets the needs of its business activities and its development;
- Propose the organisation chart to the Board;
- Hire the employees and set their employment conditions according to the guidelines issued by the Board;
- Prepare the list of signatories for Board approval;
- Supervise accounting, financial control and financial planning;
- Prepare the budget for Board approval;
- Prepare the reporting to the attention of the Board;
- Prepare the financial statements for Board approval and publish them;
- Ensure compliance with laws and regulations, in particular for what regards capital adequacy requirements, liquidity, risk diversification and privileged deposits and monitor the related developments;
- Delegate competences to committees; and
- Draft the internal regulations for Board approval.

The delegation process to the Management is documented in the internal regulations and the Board has an overview of the delegation process through the summary provided in the Regulation relating to responsibilities and financial powers. The following functions and entities report to:

Members of the Executive Management 2019

Marc Bürki, CEO
Paolo Buzzi, CTO
Yvan Cardenas, CFO
Gilles Chantrier, CRO
Jan De Schepper, CSO
Lino Finini, COO
Morgan Lavanchy, CLO
Michael Ploog, CIO

Functions and entities

Group entities
Group entities / Project Management / Quantitative Asset Management / Software Engineering
Finance, Reporting & Tax
Controlling & Risk
Customer Care / Marketing / Sales eTrading Private Clients & Partners / Sales Headquarters
Business Operations / Facility Management / Information Technology & Security
Legal & Compliance
Assets & Liabilities Management & Treasury / eForex Trading & Market Strategy / Human Ressources / Trading

The Executive Management is further assisted by committees consisting of members of the Management that carry out coordination and reporting functions and make recommenda-

tions to the Executive Management. At least one member of the Executive Management sits in each committee.

Corporate Governance Report

3.7 Information and control instruments vis-à-vis the Executive Management

The Group operates a comprehensive management information system that provides the Executive Management with all data required to manage and control the business and to report relevant information to the Board.

The Board periodically reviews the nature of the reporting prepared by the Executive Management and the frequency of the respective reports. The reporting may be summarised as follows:

- Quarter 1 and 3 reporting in particular includes (1) the CEO Report, which inter alia provides an update on key financial figures, business activities, important projects, key operational matters and investor relations, (2) the Financial Report, which reports on the key financial matters (including budgets and capital management issues), together with a full set of condensed consolidated interim financial statements (established for internal purposes only), (3) the Risk Report, which informs on risk-related matters and (4) the Legal & Compliance Report, which reports on legal, compliance and regulatory matters;
- Half-yearly reporting covers the same scope as the quarter 1 and 3 reporting, except that an interim statutory balance sheet and income statement of Swissquote Bank Ltd is provided in addition to the condensed consolidated interim financial statements. This latter document is reviewed by the auditors and serves as basis for the half-year press release; and
- Yearly reporting covers the same scope as the half-year reporting and includes the audited consolidated and statutory financial statements for both the Company and Swissquote Bank Ltd.

Once a year, the Board organises a conference dedicated to an in-depth review of the risks, internal control systems and risk management processes (the "Annual Conference on Risks"). The Executive Management and the respective heads of Information Technology & Security and Assets & Liabilities Management & Treasury provide the Board with their own risk assessment and their recommendations with respect to the enhancement of the internal control systems and risk management processes.

Ad hoc reporting is addressed to the Board when required by the circumstances or upon request by the Board. Further, the Executive Management must immediately report to the Board material matters outside the ordinary course of business.

The Board and the Committees may invite the Executive Management in corpore or some of its members to all or parts of the meetings.

The function of internal auditor, reporting directly and independently to the Board of Directors of Swissquote Bank Ltd, is outsourced to BDO SA, Geneva, which is a member of the Institute of Internal Auditing Switzerland. The duties of the internal auditor are governed by the Ordinance on Banks and Savings Banks, FINMA Circular 2017/1 "Corporate governance – banks" and the applicable internal regulations. The internal auditor analyses the compliance of business activities with legal and regulatory requirements and applicable internal regulations. The internal auditor carries out the audit plan approved by the Board and reports its significant findings and recommendations in writing. It also executes ad hoc missions and investigations upon request of the Board. The internal auditor provides the Board with a specific half-year summary report that reviews, inter alia, the progress made by the Company in implementing the recommendations made in earlier reports and includes relevant information with respect to the execution of the audit plan. The internal auditor participates in the Annual Conference on Risks and provides the Board with its own assessment of the risks, internal control systems and risk management processes. The Board formally takes note of the reports of the internal auditor and reviews the conclusions and comments made by the Audit & Risk Committee, which examines the reports in detail.

Swissquote Bank Ltd is responsible for performing consolidated supervision functions that cannot be performed at the level of the Company, in particular when the necessary resources or systems are not available in the Company.

In terms of risk management, the Company complies, inter alia, with the requirements of FINMA Circular 2017/1 "Corporate governance – banks" and maintains an extensive risk management framework which addresses risks related to a banking activity (credit risk, market risk, interest risk, operational risk, reputation risk, etc.).

Corporate Governance Report

4 Executive Management

4.1 Members of the Executive Management

On 1 March 2019, Yvan Cardenas, Jan De Schepper and Lino Finini were appointed to the Executive Management. As at 31 December 2019, the Executive Management consisted of eight members.

Members of the Executive Management 2019	Nationality	Year of birth	Year of arrival at the Executive Management
Marc Bürki, CEO ¹	Swiss	1961	1999
Paolo Buzzi, CTO ¹	Swiss	1961	1999
Yvan Cardenas, CFO	Swiss	1980	2019
Gilles Chantrier, CRO	Swiss and French	1972	2017
Jan De Schepper, CSO	Swiss and Belgian	1976	2019
Lino Finini, COO	Swiss	1965	2019
Morgan Lavanchy, CLO	Swiss	1979	2017
Michael Ploog, CIO	Swiss	1960	1999

¹ Marc Bürki and Paolo Buzzi are founding shareholders of the Company and are major shareholders as at 31 December 2019.

Corporate Governance Report

4.1 Members of the Executive Management (continued)

Marc Bürki (1961/Swiss national, domiciled in Switzerland)

Chief Executive Officer (CEO) of Swissquote Group Holding Ltd and Swissquote Bank Ltd
Founding partner of Swissquote Group Holding Ltd

Educational Background

1982–1987 Degree in Electrical Engineering, Swiss Federal Institute of Technology (EPFL), Lausanne

Professional Experience

1987–1990 Telecommunication Specialist, European Space Agency, Noordwijk, Netherlands

1990–2002 Co-Managing Director, Marvel Communications Ltd

Since 1999 Chief Executive Officer, Swissquote Group Holding Ltd

Since 2002 Chief Executive Officer, Swissquote Bank Ltd

Current Board Mandates

Since 2012 Chairman of the Board, Swissquote MEA Ltd, Dubai, UAE

Since 2014 Chairman of the Board, Swissquote Ltd, London, UK

Since 2014 Chairman of the Board, Swissquote Asia Ltd, Hong Kong

Since 2016 Member of the Board, ETH Domain, Bern

Since 2019 Chairman of the Board, Swissquote Pte. Ltd, Singapore

Since 2019 Chairman of the Board, Swissquote Bank Europe SA, Luxembourg

Paolo Buzzi (1961/Swiss national, domiciled in Switzerland)

Chief Technology Officer (CTO) of Swissquote Group Holding Ltd and Swissquote Bank Ltd
Founding partner of Swissquote Group Holding Ltd

Educational Background

1983–1988 Degree in Micro-Engineering, Swiss Federal Institute of Technology (EPFL), Lausanne

Professional Experience

1988–1990 Software Engineer and New Technology Integration Engineer, Rolm Systems, Santa Clara, USA

1990–2000 Co-Managing Director, Marvel Communications SA

2000–2004 Chief Executive Officer, Swissquote Info SA

Since 1999 Chief Technology Officer, Swissquote Group Holding Ltd

Since 2002 Chief Technology Officer, Swissquote Bank Ltd

Current Board Mandates

Since 2002 Chairman of the Board, Swissquote Trade Ltd, Gland, Switzerland

Since 2012 Member of the Board, Swissquote MEA Ltd, Dubai, UAE

Since 2012 Chairman (2012–March 2015: Vice Chairman), Swissquote Financial Services (Malta) Limited, Valletta, Malta

Since 2016 Member of the Strategic Advisory Board, EPFL, Lausanne

Since 2019 Member of the Board, NetGuardians, Yverdon-les-Bains

Corporate Governance Report

Yvan Cardenas (1980/Swiss national, domiciled in Switzerland)

Chief Financial Officer (CFO) of Swissquote Group Holding Ltd and Swissquote Bank Ltd

Educational Background

1999–2003	Bachelor and Master Degree, Hautes Etudes Commerciales (HEC), University of Lausanne and St. Gallen (exchange)
Since 2007	Swiss Certified Public Accountant
Since 2016	Swiss Certified Tax Expert

Professional Experience

2003–2010	Manager in Audit/Financial Services (since 2008), PricewaterhouseCoopers, Lausanne
2010–2011	Senior Officer, Swissquote Bank Ltd
2011–2013	Head Accounting & Reporting, Swissquote Bank Ltd
2014–2018	Head Finance, Reporting & Tax, Swissquote Bank Ltd
Since 2019	Chief Financial Officer, Swissquote Group Holding Ltd/Swissquote Bank Ltd

Current Board Mandates

Since 2019	Member of the Board, Swissquote Bank Europe SA, Luxembourg
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Other Mandates

Since 2016	Member of the Committee, EXPERTsuisse – Section Vaud
Since 2019	Member of the Tax Commission, Chambre vaudoise du commerce et de l'industrie
Since 2019	Member of the Board of the Social Insurances Committee AVS/AI/APG/AF, Chambre vaudoise du commerce et de l'industrie

Gilles Chantrier (1972/Swiss and French national, domiciled in Switzerland)

Chief Risk Officer (CRO) of Swissquote Group Holding Ltd and Swissquote Bank Ltd

Educational Background

1997–2000	Bachelor – B.Sc. in Economics, School of Business Administration (HEG), Lausanne
2016	Risk Management in Banking, Institut européen d'administration des affaires (INSEAD), Fontainebleau

Professional Experience

1995–1997	Accountant, Infogest SA
2000–2002	Deputy Head Accounting, Swissquote Bank Ltd
2002–2003	Head Backoffice, Swissquote Bank Ltd
2003–2005	Head Internal Controlling, Swissquote Bank Ltd
2005–2013	Head Reporting & Controlling, Swissquote Bank Ltd
2014–2016	Head Controlling & Risk, Swissquote Bank Ltd
Since 2017	Chief Risk Officer, Swissquote Group Holding Ltd/Swissquote Bank Ltd

Current Board Mandates

Since 2010	Member of the Board, Foundation Swissquote 3 rd Pillar
Since 2014	Member of the Board, Swissquote Ltd, United Kingdom
Since 2014	Member of the Board, Swissquote MEA Ltd, Dubai, UAE
Since 2014	Member of the Board, Swissquote Asia Ltd, Hong Kong
Since 2019	Member of the Board, Swissquote Pte. Ltd, Singapore
Since 2019	Member of the Board, Swissquote Bank Europe SA, Luxembourg

Corporate Governance Report

Jan De Schepper (1976/Swiss and Belgian national, domiciled in Switzerland)

Chief Sales & Marketing Officer (CSO) of Swissquote Group Holding Ltd and Swissquote Bank Ltd

Educational Background

1997–2000 BSc in Business Management, University of Applied Science (FHNW), Olten
2011–2013 Executive MBA in International Management, University of Geneva

Professional Experience

2000–2002 Junior Brand Manager, Feldschlösschen Getränke (Carlsberg Group), Rheinfelden
2002–2003 Brand Manager, Feldschlösschen Getränke (Carlsberg Group), Rheinfelden
2003–2004 Brand Manager, Bacardi-Martini, Geneva
2004–2008 Account Director, Saatchi & Saatchi, Geneva
2008–2015 Marketing Manager, McDonald's Switzerland, Lausanne
2015–2019 Head Marketing, Swissquote Bank Ltd
Since 2019 Chief Sales & Marketing Officer, Swissquote Group Holding/Swissquote Bank Ltd

Current Board Mandates

Since 2018 Member of the Board, SWA/ASA – National Advertiser Association, Zurich

Lino Finini (1965/Swiss national, domiciled in Switzerland)

Chief Operating Officer (COO) of Swissquote Group Holding Ltd and Swissquote Bank Ltd

Educational Background

1987–1988 Computer Science Studies, Lausanne
2008 Fund Officer FA/IAF, Zurich

Professional Experience

1988–1992 Developer, Banque Indosuez, Lausanne
1992–1996 Associate Director, IT Operations, Banque Indosuez, Lausanne
1996–2001 Software and Hardware Architect, LaserCom Ltd, Geneva
2001–2002 Core Banking Specialist, Swissquote Info Ltd
2002–2004 Head Banking Applications, Swissquote Bank Ltd
2004–2019 Head Back Office & Banking Applications, Swissquote Bank Ltd
Since 2019 Chief Operating Officer, Swissquote Group Holding Ltd/Swissquote Bank Ltd

Current Board Mandates

Since 2015 Member of the Board, Swissquote Financial Services (Malta) Limited, Valletta, Malta
Since 2019 Member of the Board, Groupement Hospitalier de l'Ouest Lémanique (GHOL), Nyon

Corporate Governance Report

Morgan Lavanchy (1979/Swiss national, domiciled in Switzerland)

Chief Legal Officer (CLO) of Swissquote Group Holding Ltd and Swissquote Bank Ltd

Educational Background

1997–2002	Master of Laws, Law School, University of Neuchâtel
2002–2004	Master of Advanced Studies (LL.M.) in Business Law, Law School, Universities of Lausanne and Geneva
2011	Certificate DIFC Rules & Regulations, Chartered Institute for Securities & Investment

Professional Experience

2003–2006	Legal Officer, Swissquote Bank Ltd
2006–2016	Head Legal & Compliance, Swissquote Bank Ltd
Since 2017	Chief Legal Officer, Swissquote Group Holding Ltd/Swissquote Bank Ltd

Current Board Mandates

Since 2010	Secretary, Foundation Swissquote 3 rd Pillar
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Other Mandate

Since 2018	Member of the Executive Committee, Capital Markets and Technology Association
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Michael Ploog (1960/Swiss national, domiciled in Switzerland)

Chief Investment Officer (CIO) of Swissquote Group Holding Ltd and Swissquote Bank Ltd

Educational Background

1980–1983	Hautes Etudes Commerciales (HEC), University of Lausanne
1986–1990	Swiss Certified Public Accountant, Swiss Institute of Certified Public Accountants, Lausanne

Professional Experience

1983–1985	Chair of Financial and Cost Accounting, Graduate Teaching Assistant, University of Lausanne
1986–1998	Senior Manager (since 1995), Deloitte
1986–1994	Audit, Geneva
1994–1996	Corporate Finance, London
1996–1998	Management Advisory Services, Lausanne
1998–1999	Senior Manager Transaction Services Group & Corporate Finance, PricewaterhouseCoopers, Lausanne
1999–2019	Chief Financial Officer, Swissquote Group Holding Ltd
2000–2019	Chief Financial Officer, Swissquote Bank Ltd
Since 2019	Chief Investment Officer, Swissquote Group Holding Ltd/Swissquote Bank Ltd

Current Board Mandates

Since 1999	Member of the Board, Swissquote Trade Ltd, Gland, Switzerland
Since 2010	Chairman, Foundation Swissquote 3 rd Pillar
Since 2012	Vice Chairman of the Board, Swissquote MEA Ltd, Dubai, UAE

Other Mandates

Since 1999	Secretary of the Board, Swissquote Group Holding Ltd
Since 2006	Secretary of the Board, Swissquote Bank Ltd
Since 2012	Member of the Selection Committee, FIT – Fondation pour l'Innovation Technologique

Corporate Governance Report

4.2 Other activities and vested interests

None of the members of the Executive Management has activities and vested interests (as defined in the SIX Swiss Exchange regulations) other than the ones described in Section 4.1.

4.3 Number of permitted activities

Pursuant to Art. 16 Para. 4 of the Aol, the number of mandates held in superior governing or administrative bodies of legal entities outside the Company and its affiliates, which must be registered with the Swiss Commercial Register or a comparable foreign register, is limited for members of the Executive Management to four mandates held in business undertakings, a maximum of one of which may be in a listed company, and to five mandates held in other legal entities such as foundations and associations. Mandates held in different legal entities of one and the same single group of companies or mandates on behalf of a group or a legal entity shall be counted as one mandate. Limits may be exceeded for a short-term period of time, but by no more than one third of the number of permitted mandates per above-mentioned category.

4.4 Management contracts

The Company has not entered into management contracts with third parties.

5 Remuneration, shareholding and loans

Details on the remuneration, shareholding and loans are provided in the Remuneration Report.

6 Shareholders' participation

6.1 Generalities

Shareholders in Swiss corporations limited by shares have extended protective and participatory rights. Protective rights include the right of inspection and information (Art. 696 and 697 CO), the right to a special audit (Art. 697a CO), the right to call a General Meeting (Art. 699 Para. 3 CO), motion rights (Art. 699 Para. 3 CO), the right to challenge resolutions of the General Meeting (Art. 706 CO) and the right to instigate liability proceedings (Art. 752 ff CO). Participatory rights primarily include the right to participate in General Meetings of Shareholders, the right to express an opinion and voting rights (Art. 694 CO). The Ordinance against Excessive Compensation in Listed Corporations grants additional rights to shareholders, such as with respect to the election of the independent proxy, whose term of office ends at the next Ordinary General Meeting. For further information on this ordinance, reference is made to the Remuneration Report. The General Meeting is the highest body of the Company.

It has the following non-transferable powers to:

- Establish and amend the Aol;
- Annually elect the members of the Board, the Chair of the Board, the members of the Remuneration Committee, the independent proxy and the auditors;
- Approve the Annual Report and the Consolidated Financial Statements;
- Approve the Annual Financial Statements and adopt resolutions concerning the allocation of the disposable profit, in particular set the dividend as well as the profit-sharing bonus;
- Discharge the members of the Board;
- Approve the remuneration of the Board and the Executive Management in accordance with Art. 14^{bis} of the Aol; and
- Pass resolutions on all matters reserved to the General Meeting by law or the Aol.

For further information on the General Meeting, reference is made to the Aol (in particular Art. 9, 10 and 11).

6.2 Voting rights and representation restrictions

Pursuant to Art. 12 of the Aol, every person duly entered in the share register as a shareholder with voting rights is entitled to exercise the rights attached to the registered shares. Shareholders may have their shares represented at the General Meeting by a legal representative or, with a written power of attorney, by a third party, who is not required to be a shareholder of the Company. The Board shall decide on the requirements regarding powers of attorney and instructions; powers of attorney without qualified electronic signatures may also be recognised. The final decision on the validity of powers of attorney rests with the Chair of the Board.

Pursuant to Art. 7 of the Aol, upon request, acquirers of registered shares will be entered in the share register as shareholders with voting rights if they expressly declare that they have acquired the registered shares in their own name and for their own account. If this requirement is not satisfied, the person in question will be entered in the share register as a shareholder without voting rights. The Aol do not contain any express provisions for granting exceptions to this limitation.

The Aol do not contain any provisions on abolishing voting-rights restrictions; the general rules of the Swiss Code of Obligations apply.

Specific rules on the issue of instructions to the independent proxy or on the electronic participation in the General Meeting are set by the Board and communicated to shareholders in the invitation to the General Meeting.

Corporate Governance Report

6.3 Quorums required by the Articles of Incorporation

Where a General Meeting has been convened in accordance with the provisions of the law and the Aol, decisions may be taken, irrespective of the number of shares represented or shareholders present at the General Meeting. Pursuant to Art. 12 of the Aol, the General Meeting is therefore quorate regardless of the number of shares represented.

Except when the law and/or the Aol provide otherwise, the General Meeting passes resolutions and conducts elections by an absolute majority of the voting rights validly represented. Elections require an absolute majority in the first round, and, if this is not achieved, a relative majority is sufficient in the second round. In the event of a tie, the Chair of the Board has the casting vote. As a rule, votes are cast electronically. If the electronic voting system fails, an open vote shall be held unless one or more shareholders who alone or together represent at least 5% of the voting rights request a secret ballot.

Pursuant to Art. 14 of the Aol, a resolution of the General Meeting adopted by at least two thirds of the votes represented and an absolute majority of the nominal values of the shares represented is required for:

- A change to the Company's purpose;
- The introduction of preferred voting shares;
- The restriction of the transferability of registered shares;
- An authorised or conditional capital increase;
- A capital increase by recourse to equity, against contribution in kind or for the acquisition of assets and the granting of special benefits;
- The restriction or revocation of subscription rights;
- The relocation of the Company's registered office; and
- The dissolution of the Company.

6.4 Convocation of the General Meeting of Shareholders

The General Meeting is convened by the Board in the normal course of business or otherwise by the auditors or the liquidator.

One or more shareholders of the Company may request the convocation of a General Meeting if all of the following conditions are satisfied:

- The shareholder or shareholders together hold at least 10% of the nominal value of the share capital entered in the commercial register on the day the request is received; and

- The shareholder or shareholders submit their request in writing and, at the same time, arrange for shares with a nominal value of at least 10% of the share capital to be blocked by the depository, the latter being required to issue confirmation that said shares have been blocked. The shares shall remain blocked until the day after the General Meeting.

For further information on the convocation of the General Meeting, reference is made to the Aol (in particular Art. 10 and 11).

6.5 Inclusion of items on the agenda

Pursuant to Art. 11 of the Aol, no resolutions may be passed on motions relating to agenda items that were not duly announced, except for motions by a shareholder to convene an extraordinary General Meeting, to carry out a special audit or to elect an auditor.

One or more shareholders of the Company may request that an item be included on the agenda if all of the following conditions are satisfied:

- The shareholder or shareholders together hold at least 5% of the nominal value of the share capital entered in the commercial register on the day the request is received;
- The shareholder or shareholders submit their request in writing and, at the same time, arrange for shares with a nominal value of at least 5% of the share capital to be blocked by the depository, the latter being required to issue confirmation that said shares have been blocked. The shares shall remain blocked until the day after the General Meeting; and
- The request is sent by registered letter to the attention of the Board at the registered office of the Company and shall arrive there at least 45 days prior to the General Meeting.

For further information on the agenda, reference is made to the Aol (in particular Art. 11).

Corporate Governance Report

6.6 Entries in the share register

Pursuant to Art. 6 of the Aol, the Company maintains a share register in which the names and addresses, respectively the corporate name and registered office of the owners of the registered shares and any usufructuaries, are entered into. The Board has mandated ShareCommService AG, Europa-Strasse 29, CH-8152 Glattbrugg, to maintain the Company's share register.

Pursuant to Art. 7 of the Aol, upon request, acquirers of registered shares will be entered in the share register as shareholders with voting rights if they expressly declare that they have acquired the registered shares in their own name and for their own account. If this requirement is not satisfied, the person in question will be entered in the share register as a shareholder without voting rights. For practical reasons, no new registration is made in the share register for a period up to 20 days before a General Meeting. Shareholders who sell their shares prior to the General Meeting are no longer entitled to exercise their votes.

For further information on entries in the share register, reference is made to the Aol (in particular Art. 6 and 7).

7 Changes of control and defence measures

7.1 Duty to make an offer

Art. 135 FMIA states that anyone who directly, indirectly or acting in concert with third parties acquires equity securities which, added to the equity securities already owned, exceeds the threshold of 33¹/₃% of the voting rights of a target company, whether exercisable or not, must make an offer to acquire all listed equity securities of that company.

Art. 132 Para. 1 and 2 FMIA outlines the Board's obligation, in the event of a public takeover bid, to provide shareholders with the information they need in order to evaluate the offer and also prohibits the Board from taking defensive measures. No significant alteration in the assets or liabilities of the target company is permitted as from the time of the bid, aside from transactions that have already been approved at the General Meeting.

The Aol do not include any opting-out or opting-up clause.

7.2 Clauses on changes of control

None of the members of the Board, the members of the Executive Management or other employees benefit from change of control clauses.

Corporate Governance Report

8 Auditors

8.1 Generalities

The main duties of the auditors are to report to the General Meeting the results of their audits, the objective of which is to verify that the annual financial statements, the Annual Report and the proposed appropriation of retained earnings comply with the law and the Aol.

The auditors recommend the approval, with or without qualification, or the rejection of the annual financial statements. Further, when the Company is required to deliver consolidated financial statements, the auditors must report on the compliance with the law and the accounting principles adopted for the consolidation. The auditors must be present at Ordinary General Meetings, unless a unanimous resolution of the shareholders provides otherwise.

The consolidated financial statements and the statutory financial statements of the Company have been audited since 1999 by PricewaterhouseCoopers Ltd, which has been re-elected each year since then.

The auditors must be independent from the Board, the Executive Management and the shareholders. Except for tax matters, audit-related services and other services that can

generally only be provided by the auditors (e.g. reviews of documents filed with FINMA), the Group uses consultants who are independent from the auditors.

In addition to their audit opinions, the auditors are requested to provide the Audit & Risk Committee with specific information such as their audit findings, comments on accounting issues and audit fee proposals.

8.2 Duration of the mandate and term of office of the lead auditor

The auditors are elected for a one-year term by the General Meeting and are eligible for re-election. They were re-elected on 10 May 2019. Since 2014, Beresford Caloia has been responsible for the audit of the Group. The rotation frequency of the lead auditor is maximum seven years.

8.3 Audit fees and additional fees

The total fees charged by the auditors to the Group in 2019 are analysed as follows:

	2019	2018
in CHF		
Audit fees	920,767	716,682
Additional fees:		
Tax	55,000	60,000
Total	975,767	776,682

Audit fees are agreed upon in advance for the audits of the consolidated and statutory financial statements of the Group companies, as well as for the regulatory audit of Swissquote Bank Ltd. They can be adjusted in the course of the relevant year under special circumstances.

In 2019, audit fees increased due to the growth of the Group's operations in Luxembourg mainly, as well as in Singapore.

Tax-related additional fees mainly cover the assistance provided to the Group when filing local tax returns.

Corporate Governance Report

8.4 Informational instruments pertaining to the auditors

The auditors closely interact with the Audit & Risk Committee and are invited to its meetings. In 2019, the auditors met five times with the Audit & Risk Committee.

Year-round, the auditors issue, inter alia, the following documents:

- Planning report with respect to the audit of the statutory and consolidated financial statements of the Company, respectively of the statutory financial statements of Swissquote Bank Ltd. The document includes information on (i) the developments in accounting standards, (ii) the auditors' risk analysis, (iii) the audit of the internal control system in connection with the preparation of the financial statements, (iv) the coordination of the auditors' activities with the internal auditor, (v) the estimated fees and (vi) the timeline of the audit;
- Planning report with respect to the regulatory audit, which includes information on (i) the changes in the regulatory environment, (ii) the auditors' risk analysis and the audit strategy pursuant to FINMA Circular 2013/3 on auditing, (iii) the estimated fees and (iv) the timeline of the audit activities;
- Review report with respect to the condensed consolidated interim financial statements;
- Comprehensive report to the Audit & Risk Committee and to the Board with respect to the statutory and consolidated financial statements of the Company, respectively to the Board of Directors of Swissquote Bank Ltd with respect to the statutory financial statements of Swissquote Bank Ltd. The document includes the auditors' key findings regarding the accounting, the internal control system and the performance and results of the audit;
- Regulatory audit report to FINMA, a copy of which is addressed to the Board of Directors;
- Report to the General Meeting of the Company, respectively of Swissquote Bank Ltd, on the results of the audit of the financial statements. The document includes (i) the auditors' opinion as to whether the financial statements should be approved with or without qualification, or rejected, (ii) information on the independence of the auditors, (iii) a confirmation as to whether an internal control system exists or not

and (iv) a confirmation as to whether the proposed appropriation of retained earnings complies with the law and the Aol; and

- Report to the General Meeting of the Company on the Remuneration Report.

The above-mentioned documents are commented on by the auditors during meetings of the Audit & Risk Committee. In particular, the planning of the statutory and consolidated financial audits and the planning of the regulatory audit are discussed at the Annual Conference on Risks, to which the members of the Audit & Risk Committee attend.

The Audit & Risk Committee also receives copies of the reports related to Swissquote Bank Ltd's compliance with the provisions of agreements or private regulations (e.g. regulations issued by the SIX Swiss Exchange). This allows the Audit & Risk Committee to assess the work of the auditors performed outside the standard audit services, in particular in terms of conflicts of interest.

Once a year, the Audit & Risk Committee reviews the qualification, independence and performance of the auditors and assesses, inter alia, the level of expertise available, the adequacy of resources and the quality of the planning (in particular the coordination with the internal auditor). The Audit & Risk Committee assesses the auditors' independence on the basis of the auditors' related annual confirmation and on the Audit & Risk Committee's own assessment of the various reports addressed to its attention or of which it received a copy. The Audit & Risk Committee also assesses whether the amount and trend in audit fees appears reasonable. In this respect, changes to audit fees must be justified by the auditors, taking into consideration changes in volumes to be audited and/or the complexity of the audits. Based on its annual assessment, the Audit & Risk Committee recommends to the Board to either propose the General Meeting to re-elect the auditors or to start a process for the selection of new auditors.

Corporate Governance Report

9 Information policy

9.1 General principles

The Company's information policy aims primarily at promoting confidence, creating a better understanding of the Company's business and developing and maintaining realistic investor expectations.

The Company commits to providing timely and orderly information in accordance with the applicable legal and regulatory requirements, in particular with the provisions of the SIX Swiss Exchange regulations on ad hoc publicity. The Company aims at providing the financial market with consistent, accurate and complete information evenly during profitable or difficult periods and ensures that the investment community has fair access to such information.

It is the Company's policy not to release detailed earnings projections, but it may provide certain guidance and/or outlooks to the investment community for them to assess the Company and its business prospects.

As a general rule, material or price-sensitive information must be released promptly as soon as the main aspects of such information are established by the Company. However, the Company is permitted under the relevant regulatory provisions to postpone the release of material information, if the information concerns a plan or negotiation of the Company and its premature disclosure would prejudice the legitimate interest of the Company. In such case, the Company will take adequate measures to ensure the effective confidentiality of the information and to prevent insiders from trading on the basis of that information. The Company will adequately inform the investment community in cases where the information previously kept confidential is substantially leaked into the market.

The Company will generally avoid releasing material and price-sensitive information during trading periods of the Company's shares or shortly before opening of trading. If the information is to be released during normal trading hours of the SIX Swiss Exchange (9 a.m. to 5.30 p.m.) or less than 90 minutes before the opening of trading, the competent department (SIX Exchange Regulation) must be informed at least 90 minutes prior to the release of such information. In situations where it cannot be avoided that material information be disclosed during trading hours, the Executive Management must consider whether a request for a suspension of trading is appropriate. If material and non-public information is divulged unintentionally in a selective setting, such as analyst meetings or conference calls, which are not open to the investment community, the Company will publicly disclose such information promptly after the meeting or after it learns of the selective disclosure.

If the Company discovers that a statement made was, in fact, materially incorrect at the time it was disclosed, the Company will publicly issue a corrective statement of such incorrect statement as soon as the error is discovered. The Company will also issue in due time a corrective statement when new facts have emerged that make a previous disclosure false or misleading.

The Company does not comment on market rumours and speculations.

9.2 Reporting and corporate calendar

9.2.1 Annual and interim reporting

Company results are published by media releases shortly after the Board approves them. Such media releases are followed by a media and analyst conference as well as optional call-in conferences. The media releases, the presentations made at call-in and press conferences, Annual Reports (including the respective Corporate Governance Report and Remuneration Report) and interim consolidated financial statements are released on the Company website (<https://en.swissquote.com/company/investors>). Annual Reports, including the respective Corporate Governance Report and Remuneration Report, are available in print format on request.

9.2.2 Corporate calendar

The dates of the publication of the annual and interim results as well as the dates of the Ordinary General Meeting and of any extraordinary General Meeting are published on the Company website (<https://en.swissquote.com/company/investors>) and in media releases.

The Ordinary General Meeting generally takes place in April or May of each year and will, in 2020, take place on 5 May. The half-year reporting 2020 is scheduled on 11 August 2020.

9.3 Communication channels and contact addresses

Media releases (including ad hoc notices) and reports as well as other information made public are accessible on <https://en.swissquote.com/company/media/press-releases> in the section "Company". An e-mail service is available for subscription in the same section of the Company website and allows any interested party to automatically receive by e-mail all information made public by the Company.

Contact addresses can be found after the Remuneration Report.