

US Persons and Collateralised Lending

April 2025

Purpose

This document is to provide Financial Intermediaries (FIs) with information about how Credo can support Investors that are considered US Persons and those looking to access Collateralised Lending against their investments.

Overview

Credo's primary custodians are Pershing Securities Ltd (UK Custody) and Pershing Channel Islands Limited (Jersey custody). You (as our client) are able to select which is best for a given Investor on a case-by-case basis (see Onshore vs Offshore Custody Solutions document in InfoHub for more information on this).

Pershing will only act as custodian for US Investors (residents, Green Card Holders & non-residents) via Tax Wrappers (SIPPs & Offshore Bonds) and cannot provide US specific Tax Reporting. Pershing also do not offer Collateralised Lending to Investors.

To offer a more complete solution to you and your Investors, Credo has appointed Bank Julius Baer & Co. Ltd (**JB**) as an additional custodian available for you to use for:

- US Persons (US citizens **not** US residents or Green Card Holders)
- Investor accounts that require a collateralised lending facility

Investors will have a choice of JB Guernsey or Zurich custody. Note that JB Guernsey is regulated by the Guernsey Financial Services Commission (GFSC) and is a local branch of JB Zurich which is regulated by Swiss Financial Market Supervisory Authority (FINMA).

Contractual Structure

Contractually, the Investor opens an account directly with, and appoints JB as Custodian. The Investor also provides a Third-Party mandate to allow Credo to issue investment and cash management instructions on behalf of the Investor to JB (Tripartite and not Agency structure). Note that the Third-Party mandate does not extend to external cash payments.

JB will only have limited contact with the Investor, and all day-to-day interaction is via Credo (and by extension the FI via Credo). JB does have a regulatory responsibility to provide periodic reporting directly to the Investor and send documentation such as updated General Terms and Conditions. JB will also conduct call backs directly with the Investor to confirm certain instructions, such as payments and change of address etc.



Operating Model

There are differences in the operating model when accounts are with JB vs Credo's primary custodian (Pershing).

- As the Investor is opening an account with JB, JB will have their own due diligence requirements needed to open an account. Credo's reliance on the FI from AML/KYC perspective will also not apply
- All trading activity will be via MyCredo Pro with the orders then routed to JB to be executed and settled
- Overnight position and transaction data feeds will flow back into MyCredo Pro and MyCredo Invest. This data does include detail around existing Loans and how this impacts an Investor's account
- Credo/JB supports both Capital/Income accounts and multiple Capital accounts
- JB are not able to support UK Individual Savings Accounts (ISAs)

Credo's Julius Baer Relationship Managers are:

- Nikki Copperwaite (Guernsey) - nicola.copperwaite@juliusbaer.com
- Clare Stone (Guernsey) - clare.stone@juliusbaer.com
- Simone Adank (Zurich) - simone.adank@juliusbaer.com

Link to JB website and supporting info (e.g. Financial Stability etc): [Our company \(juliusbaer.com\)](https://www.juliusbaer.com)

Any new business enquiries or requests to view current loan position for an existing account need to go to Credo Client Services in the first instance.

Account Opening

For new accounts, pre-application checks are performed that require the below information, for JB to run checks and Credo to run sanctions/PEP checks, before an application pack is issued:

- Full name (including middle and any previous names)
- Date of Birth
- Nationality
- Country of tax residence
- Principal source of wealth sectors and countries.

FI is to submit the JB Application Forms, supporting docs and Credo Application Form to **Credo** Client Services

Pricing

The following Minimum Account Sizes apply:

- CHF 1m (or currency equivalent)
- CHF 3m for South African connected accounts
- CHF 10m (or CHF 5m+ if lending being utilised) for high-risk accounts (as defined by JB)



Trading and Custody

To give your Investors flexibility, Credo has agreed 2 pricing schedules that you can choose from on an investor-by-investor basis to best suit their particular needs.

	Option A	Option B
Custody Fees	20bps	10bps
JB Brokerage¹	CHF 50	15bps
Third Party Brokerage²	1:1	1:1
Minimum Fee³	CHF 2,000 pa (500 pq)	CHF 2,000 pa (500 pq)

(1) Market Access Service (MAS) Fees will also apply for equity trades – see Appendices A & B for details on MAS Fees per market.

(2) All brokerage, local market fees and taxes are passed through.

(3) Minimum Fee increases to CHF3,500 pa for US connected accounts.

Note the following:

- Credo charges an additional 5bps custody fee per annum in addition to the JB custody fee, which will be shown as a separate transaction debited each quarter for full transparency. This fee covers Credo's EAM relationship with JB, managing of data/system integrations, account servicing and account opening responsibilities.
- There is no ability for FIs (or Credo) to charge trading commissions due to system limitations with JB.

Lending:

Below are indicative Collateralised Lending margin/spreads (at the discretion of JB Credit Officer), based on an Investor holding a diversified portfolio:

Credit volume	Spreads
below £ 1m	110bps
between £ 1m and £ 2.5m	95bps
between £ 2.5m and £ 5m	85bps
between £ 5m and £ 10m+	75bps

For Investor's utilising the Collateralised Lending facility, then JB may consider a reduction in custody fee depending on the specific scenario. Additionally, if the lending facility is being used to gear the portfolio, then a further reduction in the lending spread is possible.

Lending Key Facts

- Offer fixed rate loans with 30 day minimum and 2 year maximum
- Minimum CHF100k loan size per drawdown
- Investors can do gradual drawdowns but % rate is based on the rate at the time of the specific drawdown so would be different for different tranches if taken in stages
- Are able to offer loans for property purchases (not renovations) since Brexit changes
- Do offer open ended loan terms but these are charged as overdrafts



US Investors Key Facts

- Can support US citizens, not US Residents or Green Card Holders
- Look through tax wrappers to underlying investor for US Investor assessment, so won't deal with US Residents or Green Card Holders even via a wrapper
- Corporate accounts: will not support company accounts incorporated in the US or has shareholders who are resident in the US
- Trust accounts: when determining if a trust is US then there are no hard and fast rules, JB will consider each account on a case by case basis taking into consideration:
 - Governing law of the trust / foundation
 - Country of incorporation / seat / residence of the trustee
 - If the account holder is an underlying company of the trust / foundation, country of incorporation / seat of the account holder entity
 - Is the trust / foundation revocable or irrevocable?
 - Number of settlors / founders (US-resident vs. total)
 - Number of beneficiaries / BOs (US-resident vs. total)
 - Number of protectors (US-resident vs. total)
 - If the settlor / founder is a US resident, is he/she is still alive?

Investor Reporting

Overview Tax Reporting Available

- Tax reports for clients subject to taxation in the UK, USA and Switzerland (amongst others) are country specific reports and based on the general tax rules of the respective country
- For other countries where no country specific report is available, there are so-called generic reports, these reports give an overview of all events which could be taxable and no country specific rules are reflected
- For countries with tax periods different from the calendar year, the reports are produced for the corresponding country specific tax period.

Country Specific and Generic Income Statement For Clients with Tax Domicile outside Switzerland

	Fee
Per security position and account	CHF 15
Minimum per statement	CHF 50

- Sample reports can be provided if required
- Where tax reporting is required it is important that JB are provided with full historic transactional data to ensure accuracy of reporting



Appendices

A) Market Access Service Fees

Trading Venues	Switzerland	Developed Markets	Main Emerging Markets	Other Emerging Markets
All-in fee	0.030%	0.050%, USD/CAD 0.015 per share ¹	0.100%	0.300%

CALCULATION AND DEBITING OF FEES

The calculated fees are charged as an all-in fee in addition to the transaction fee (see separate overviews), depending on the effective trading venue where the transaction takes place.

INCLUDED

- External brokerage fee for transactions executed at trading venues covered by market access services
- Trading venue and clearing fee deriving from a transaction executed at trading venues covered by market access services
- Broker selection and due diligence
- Broker network management fee
- Stock exchange membership fee
- Regulatory transaction reporting fee

A comprehensive allocation of trading venues per category can be provided upon request.

NOT INCLUDED

Third-party commissions and fees for transactions and services not covered by market access services².

Julius Baer reserves the right to implement individual surcharges on particularly labour-intensive mandates and non-readily marketable securities.

Bank Julius Baer & Co. Ltd., Guernsey branch, is licensed in Guernsey to provide banking and investment services and is regulated by the Guernsey Financial Services Commission. It is a participant in the Guernsey Banking Deposit Compensation Scheme. The Scheme offers protection for qualifying deposits up to GBP50,000, subject to certain limitations. The maximum total amount of compensation is capped at GBP100,000,000 in any five-year period. Full details are available on the Scheme's website www.dcs.gg or on request. As a full branch of Bank Julius Baer & Co. Ltd., its financial standing is linked to the Julius Baer Group. Publicly available information, including reports and accounts, is obtainable from www.juliusbaer.com. As of January 2018 – Subject to change.

(1) For trading venues in the United States / Canada, USD/CAD 0.015 per share is applied as specific market access service all-in fee if share price is above USD/CAD 30.

(2) For the following exceptions, effectively occurred costs will be charged: transactions executed via EUREX and SwisKey, OTC, structured products, fixed income, mutual funds / US mutual funds / non-traditional funds, foreign exchange, physical precious metals.



B) Trading Venue Fees

Please [click here](#) for a list of the Trading Venues and their respective fees.

C) FX Fees

AGREEMENT ON CURRENT TRANSACTIONS

By currency category: Spot

Volume in CHF per custody account	Currency Category/FX Tier Basket				
	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5
Up to 10,000	1.50%	1.70%	2.20%	2.50%	3.00%
Up to 50,000	1.00%	1.15%	1.50%	1.70%	2.00%
Up to 100,000	0.25%	0.35%	0.50%	0.75%	1.25%
Up to 250,000	0.15%	0.25%	0.45%	0.70%	1.00%
Up to 500,000	0.15%	0.20%	0.30%	0.70%	0.55%
Up to 750,000	0.15%	0.20%	0.30%	0.40%	0.55%
Up to 1,000,000	0.125%	0.15%	0.25%	0.35%	0.50%
Up to 2,000,000	0.10%	0.10%	0.20%	0.30%	0.40%
Up to 5,000,000	0.075%	0.075%	0.15%	0.25%	0.35%
Over 5,000,000	0.05%	0.05%	0.10%	0.20%	0.30%

Tier Definition	
Tier 1	AUD, CAD, CHF, CNH, EUR, GBP, JPY, NZD, NOK, SGD, SEK & USD
Tier 2	CLP, CZK, DKK, HKD, MYR, MXN, PLN, KRW, TWD & AED
Tier 3	BRL, HRK, HUF, INR, IDR, ILS, PHP, QAR, SAR, THB, TRY, XAU & ZAR
Tier 4	BHD, BGN, COP, KWD, OMR, PEN, RON, RUB, XAG, XPT & XPD
Tier 5	All Other Currencies

With regard to the FX transaction commissions, JB has the right to unilaterally adjust the FX Tier Distribution of currencies and/or allocate currencies to other baskets at any time in view of changing market conditions.

D) JB High Risk Sectors List

- Weapons, armament manufacturers, traders, defence and intermediaries
- Construction
- Pharmaceuticals
- Oil and Gas
- Casinos, gambling and other connected industries
- Regulated money transfer agents
- Non-professional foreign exchange dealers and money service providers
- Charities, religious, political and other non-profit organisations
- Diamond, precious stones and metal traders, jewellery dealers
- Mining of precious stones and precious metals
- Tobacco traders
- Arts and antique dealers
- Adult entertainment industry
- Professional money changers in non-bank sector and money service providers (regulated or unregulated).
- Sports agents