

FEDERAL FINANCIAL SERVICES ACT

On 1st January 2020, the Federal Financial Services Act (the "FinSA") and its implementing order (the "FinSO") came into force.

In particular, this new regulation requires financial service providers to classify their clients in three categories: private, professional and institutional clients.

This document only intends to provide an overview of the new regulation, which could change over time.

A. IMPORTANT INFORMATION

- *Area of operations and monitoring:* The Bank is involved in banking operations. The Bank is authorised to perform banking operations under the Swiss Federal Act on Banks (the "AB") and shall be monitored by the Swiss Financial Market Supervisory Authority, Laupenstrasse 27, 3003 Bern (the "FINMA").
- *Mediation:* Should Clients have a dispute with the Bank, they may initiate mediation proceedings with the Swiss Banking Ombudsman, Bahnhofplatz 9, 8021 Zurich.
- *General risks associated with financial instruments:* The Bank informs the Clients about the general risks associated with financial instruments by making the "Risks Involved in Trading Financial Instruments" brochure from the Swiss Bankers Association (the "SBA") available to them on its website <https://www.mirabaud.com/finsa-risks/>
- *Financial services:* The type, main characteristics and operations of the financial services provided by the Bank, the main rights and obligations resulting for Clients and the risks associated with financial services are established in the specific contracts for these services agreed between the Bank and the Client. The charges for these services can be found in the scale of charges brochure for the Bank, as well as the product lists and descriptions, which are available at any time. These details can also be found in other documents provided to Clients by the Bank, such as basic information sheets and prospectuses.
- *Economic relationships with third parties:* The Bank takes suitable organisational measures in order to avoid conflicts of interest that may arise when providing financial services or to eliminate potential detriment resulting from such conflicts for Clients. The Bank shall make Clients aware of any economic relationships with third parties if these relationships could lead to a conflict of interest in relation to the financial service provided.



- *Market offering considered when selecting financial instruments:* When the Bank provides financial services to Clients, the market offering that it considers when selecting financial instruments is made up not only of its own financial instruments or those of Mirabaud Group companies, but is also made up of third-party financial instruments (open architecture). Although the Bank examines a wide range of options when recommending financial instruments, it does not analyse the entire market in detail. As a result, it may only consider a selection of third-party financial instruments rather than the full range of them. In exceptional circumstances, the market offering considered by the Bank may consist solely of its own financial instruments or those of Mirabaud Group companies. The Bank shall inform its Clients should this occur.
- *Basic information sheet (the "BIS") and prospectus:* When the Bank provides advice on financial instruments, it provides Clients with the BIS and, on request, the prospectus, if these documents have to be drawn up for the recommended financial instrument in question.

The BIS are also available on the Bank's website, provided they have been supplied by the issuer.

<https://www.mirabaud.com/en/basic-information-sheet-bis>

1. PRIVATE CLIENTS

B. DEFINITION

Under the FinSA, by default and unless they can be classified as professional clients or institutional clients (see sections 2 and 3 below), Clients are viewed as private clients.

C. ASSESSMENT ON THE APPROPRIATENESS AND SUITABILITY OF THE FINANCIAL SERVICES

When providing investment advices or asset management services, the Bank checks whether these services are appropriate or suitable. Clients should bear the following aspects of these checks in mind:

- *Assessment on the appropriateness of the services:* When providing investment-advice services in relation to one-off transactions without taking into account the Client's entire portfolio, the Bank:
 - finds out about the Client's knowledge and experience in relation to the type of intended transaction; and
 - assess whether the financial instruments are appropriate before recommending them to the Client.



- *Assessment on the suitability of the services:* When providing investment advice services taking into account the Client's entire portfolio (advisory mandate) or asset management services (management mandate), the Bank:

- finds out about the Client's knowledge and experience in relation to the proposed financial service;

- finds out about the Client's financial situation and investment objectives; and

- assess whether the service and/or financial instruments are suitable before recommending them to the Client.

- *No assessment:* When the Bank's services are limited to executing or transmitting orders, the Bank does not assess whether they are appropriate or suitable. The Bank would like to make Clients aware that this information is not mentioned for each transaction.

- *If an assessment cannot be carried out:* When the Bank does not receive enough information to assess whether the service is appropriate or suitable, it may provide the service however, after informing the Client that it has not been able to carry out the assessment. Likewise, if the Bank considers that a financial instrument is not appropriate or suitable for a Client, it may provide the service however, after advising the Client against the financial instrument.

- *Knowledge and experience:* A lack of knowledge and experience in relation to the intended transaction can be remediated by the Bank's explanations. Furthermore, Clients acting through a proxy may request that the proxy's knowledge and experience be taken into consideration when assessing whether the services are appropriate and suitable.

D. CLIENT ORDERS

When processing Client orders, the Bank applies the principles of good faith and equal treatment. When executing Client orders, the Bank ensures the best possible result in terms of cost, speed and quality. In particular, the Bank guarantees that:

- Client orders are recorded and allocated correctly and immediately;

- Similar orders are immediately executed in the order in which they are received, unless the type of order or the market conditions make this impossible, or it is not in the Client's interest;

- The bundling of orders from different Clients or of Client orders with the Bank's own transactions, and the allocation of transactions associated with them safeguard the interests of the Clients in question and do not harm them; and



- Clients shall immediately be made aware of any significant difficulties that may make it difficult for an order to be processed correctly.

If Clients provide explicit instructions, these are followed when executing their orders.

E. COLLECTIVE INVESTMENT SCHEMES ACT

Private clients who have entrusted a management or advisory mandate to the Bank, to a financial intermediary in accordance with Art. 4 para. 3 let. a FinSA or to a foreign financial intermediary subject to equivalent prudential supervision are considered qualified investors within the meaning of the Collective Investment Schemes Act.

2. PROFESSIONAL CLIENTS

A. DEFINITION

The following Clients are viewed as professional clients unless they can be categorized as institutional clients (see para. 3 below):

- Public credit institutions with professionally managed cash holdings;
- Pension funds or institutions linked to occupational pension schemes with professionally managed cash holdings;
- Companies with professionally managed cash holdings;
- Large companies; and
- Private investment vehicles with professionally managed cash holdings in place for wealthy clients.

B. APPLICABLE RULES

In theory, professional Clients are covered by the same rules of conduct as those described in section 1 above in relation to private Clients. However, it is worth highlighting the following two differences:

- *There is no obligation to assess whether the services are appropriate and suitable:* The Bank can assume that professional Clients have the required knowledge and experience, and that they can financially assume the investment risks associated with the financial services intended for them.
- *Opting out of certain rules of conduct:* Through a written declaration, professional Clients may opt out of the Bank's application of the rules of conduct set out in section 1, parts B (Information) and D (Documents and



Reports) above.

3. INSTITUTIONAL CLIENTS

a. DEFINITION

The following Clients are considered to be institutional Clients:

- i. Financial intermediaries and insurance companies subject to prudential supervision;
- b. Central banks and national and supranational public credit institutions with professionally managed cash holdings.

c. APPLICABLE RULES

The rules of conduct set out in section 1 above in relation to private Clients do not apply to institutional Clients.

4. OPTION OF CHANGING CATEGORY

a. OPTING-OUT

Wealthy private Clients and private investment vehicles set up for them may ask to be considered to be professional Clients. To do so, Clients shall validly declare that they have:

- i. (i) the required knowledge to understand the investment risks by virtue of their personal education and professional experience or comparable experience in the financial sector, and (ii) financial investments of at least CHF 500,000, or
- ii. or financial investments of at least CHF 2 million.

The following Clients may ask to be considered to be institutional Clients:

- iii. Pension funds or institutions linked to occupational pension schemes with professionally managed cash holdings;
- iv. Companies with professionally managed cash holdings.



b. OPTING-IN

Professional Clients may ask to be considered to be private Clients and institutional Clients may ask to be considered to be professional Clients.

c. QUALIFIED INVESTORS

Private clients who have entrusted the Bank, a financial intermediary pursuant to Art. 4 para. 3 let. a FinSA or a foreign financial intermediary subject to an equivalent prudential supervision with a management or advisory mandate and who are therefore considered qualified investors may declare in writing to the Bank that they do not wish to be considered as such.

If Clients have any questions about this document, they should contact their portfolio manager.