



Financial Services Act (FINSA) – Information for clients of Rothschild & Co Bank AG

Preamble

On 1 January 2020, the Swiss Financial Services Act and its implementing ordinance (together "FINSA") entered into force. As a Swiss financial service provider, Rothschild & Co Bank AG ("Bank") must comply with FINSA. FINSA aims to improve client protection and governs the contractual relationship between financial intermediaries and their clients for relevant services and financial products. The purpose of this brochure ("Brochure") is to inform clients in general about e.g. the Bank and its main services, client categorisation, the risks and costs related to the offered services and financial instruments, the principles applying to order execution and the handling of potential conflicts of interest.

1. Information about the Bank and the regulator

The Bank is registered in the Swiss Commercial Register (company number: CHE-107.848.173) and is supervised by the Swiss Financial Market Supervisory Authority (FINMA) to conduct its business as a bank and securities dealer.

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2. Client categorisation

2.1 General

FINSA divides clients of financial services providers into retail, professional and institutional clients. The categorisation is designed to ensure that all clients are to receive the appropriate protection as required by FINSA.

In addition, the categorisation ensures that appropriate and proportionate information can be made available to the relevant categories of clients as required, to enable the types of services or financial instruments requested and the associated risks to be assessed. Generally, the Bank categorises all its clients as retail clients unless

otherwise agreed with a client (if the necessary legal requirements are met).

2.2 Retail clients

Retail clients are clients that are categorised neither as professional clients nor as institutional clients. A client in this category enjoys the highest level of protection available under FINSA.

2.3 Professional clients

A client that meets the respective criteria under FINSA can be classified as a professional client by the Bank. The level of protection for professional clients is lower than the level for retail clients. The Bank assumes that professional clients have adequate experience, knowledge and understanding (i) to make investment decisions and (ii) to assess the associated risks, as well as (iii) the capacity to bear the financial risks related to a service, financial product and/or transaction.

2.4 Institutional clients

Institutional clients may be regulated legal entities (e.g. banks) and large companies (as defined by FINSA) as well as governments, central banks and international or supranational organisations. They benefit from the lowest available level of protection under FINSA. For this category of clients, the Bank assumes that the acting person has adequate knowledge, experience and understanding (i) to make investment decisions and (ii) to assess the associated risks as well as (iii) the capacity to bear the financial risks related to a service, financial product and/or transaction.

2.5 Re-categorisation

Provided a client meets the necessary legal requirements, he may request a change of client categorisation. The client may opt for:

- a *lower* level of protection, i.e. a re-categorisation from retail client to professional client, or from professional client to institutional client (opting-out).
- a *higher* level of protection, i.e. a re-categorisation from institutional client to professional client or from professional client to retail client (opting-in).

If a client wishes to be re-categorised, he must submit a written request to the Bank. However, the Bank may reject an application for re-categorisation if the respective requirements are not met. The Bank's client adviser will be able to provide more information and the required form for such a re-categorisation.

The client must inform the Bank of any changes which might affect the client categorisation. If the Bank becomes aware that the client no longer meets the requirements for

the respective client category, the Bank is required to adjust the classification itself. The client will be informed accordingly.

3. Offered services

The main services offered by the Bank are the following:

3.1 Discretionary asset management services

Discretionary asset management services are based on a written agreement between the Bank and the client, setting out the investment strategy and the client's individual requirements / parameters which are to be followed by the Bank in the context of the management of the client's portfolio. The client delegates the decisions on individual investments concerning his portfolio to the Bank. Within this contractual framework, the Bank makes investment decisions at its own discretion without prior consultation of the client.

3.2 Investment advisory services

Investment advisory services are based on a written agreement between the Bank and the client setting out the investment strategy and the client's individual requirements / parameters which are to be followed by the Bank when providing portfolio-based and transaction-based investment advisory services to clients. On this basis, the Bank issues personal investment recommendations to the client regarding specific financial instruments, tailored to the individual objectives and needs of the client as contractually agreed. The ultimate investment decision remains with the client.

3.3 Execution only services

The Bank defines execution only service as the carrying out of purchase or sale transactions by the Bank as instructed by the client. When rendering execution only services, the Bank only executes client orders without having provided any advice or recommendation to the client. Clients who have not signed an Asset Management Agreement or an Advisory Agreement with the Bank are considered execution-only clients.

3.4 Custody services

The Bank offers its clients safekeeping, booking and administration of assets in custody accounts. The Bank provides information on custody account holdings with the contractually agreed frequency. The Bank is entitled to have financial instruments held in safe custody in its own or external collective custody accounts or with a central collective depository in Switzerland or abroad. For further information about the Bank's custody services, reference is made to the Bank's *General Business Conditions* and to the safe custody regulations contained therein.

3.5 Other services

Other services offered by the Bank are e.g. the granting of loans, mortgages, and foreign exchange services.

3.6 Non-independence / investment universe

The Bank provides its services in a non-independent capacity. It selects the investment products from its own pre-defined investment universe. In defining the investment universe, the Bank considers financial

instruments issued and/or provided by third parties as well as financial instruments issued and/or provided by the Bank and associated or affiliated companies.

If a third-party financial instrument and one of the Bank's own financial instruments are equally suitable for a client, the Bank may give preference to its own financial instruments.

4. Suitability and appropriateness assessment

4.1 Discretionary asset management and investment advisory services (portfolio- and transaction-based)

In order to provide appropriate and suitable discretionary asset management and investment advisory services, the Bank needs to obtain from the client information about knowledge and experience, financial circumstances, investment objectives (e.g. investment horizon, risk tolerance, risk capacity, ability to bear risks, preferred portfolio risk, potential investment restrictions).

With respect to the above-mentioned services, the following suitability and appropriateness assessment is carried out by the Bank:

- Retail clients: Suitability and appropriateness assessment, considering knowledge and experience, financial circumstances, and investment objectives.
- Professional clients: Limited suitability and appropriateness assessment. It can be assumed that professional clients have the relevant knowledge and experience and that they can bear the financial risks related to an investment. To ensure that comprehensive advice is provided, the Bank will continue to enquire about the financial circumstances and investment objectives.
- Institutional clients: No suitability and appropriateness assessments are carried out. It can be assumed that institutional clients have the relevant knowledge and experience and that they can bear the financial risks related to an investment.

4.2 Execution only services

With respect to execution only clients, the Bank does not conduct a suitability and appropriateness assessment regarding transactions instructed by the client. Hence, it is the client's obligation to ensure that he has the respective knowledge and experience and that he can bear the related financial risks of an investment. Please note that this information is only provided in this brochure, i.e. the Bank will not inform its clients on an ongoing basis about the fact that no suitability and appropriateness assessment will be conducted with respect to execution only clients (art. 17 para 5 FINSO).

5. Risk information

Trading in financial instruments is associated with various risks. These risks may vary depending on the financial instrument. The risks involved are set out in more detail in the risk brochure *Risks Involved in Trading Financial Instruments* issued by the Swiss Bankers Association and handed out to the client during the account opening. The clients are required to familiarise themselves with this

information before trading in financial instruments. The client adviser will assist you if you have any questions.

6. Product information

According to FINSA, a key information document must be provided to retail clients before the purchase of certain financial products in the following cases: (i) as part of investment advisory services; (ii) as part of execution only services when the key information document is available. The key information document contains information about the characteristics of the product as well as its risks and costs. It is deemed to make the financial product more transparent and comparable. Key information documents can be accessed through the following link: kid.ch.rothschildandco.com.

7. Costs and charges

7.1 Ex-ante disclosure

The Bank discloses the costs and charges of the services in advance (ex-ante disclosure). The Bank may make such disclosure in a general and standardised manner or indicated as a bandwidth. The details of the costs and charges linked to the Bank's services are set forth in the Bank's fee schedule. Additional information can be found in the *General Business Conditions*. For services provided under discretionary asset management and investment advisory agreements and in certain cases involving execution only services, the Bank will also disclose the product costs (i.e. the costs of designing and administering the financial instruments concerned) ex-ante. The figures relating to these product costs are based on estimates.

7.2 Ex-post disclosure

In every case the service charges are also disclosed to the client by the Bank after the provision of the relevant service (ex-post). Ex-post cost statements may vary from ex-ante cost estimates. When issuing ex-post cost statements, the Bank is also reliant on data furnished by manufacturers, product providers and information suppliers which may apply different statement cut-off dates, different prices (e.g. middle price or closing price on a particular day) or, in the case of foreign currencies, different exchange rates and times.

8. Information rights

In accordance with FINSA the client may request from the Bank information and documentation, e.g. relating to the agreed services, the collected client information and the suitability & appropriateness assessment carried out by the Bank (to the extent required).

9. Complaints handling / ombudsman's office

The Bank has a procedure in place for the effective consideration and proper handling of complaints from its clients. A complaint can be sent in writing to the Legal & Compliance Department of Rothschild & Co Bank AG, Zollikerstrasse 181, CH-8034 Zurich, Switzerland. In addition, the client is entitled to make a complaint verbally. The Bank will endeavour to resolve the client complaint as quickly as possible but, in any event, it will acknowledge receipt of the complaint promptly. The

acknowledgment will include a copy of the Bank's internal complaints handling procedures which is also available on request from the Legal & Compliance Department. The client also has the right to complain directly to the Swiss Banking Ombudsman, Bahnhofplatz 9, P.O. Box, CH-8021 Zurich, Switzerland (www.bankingombudsman.ch).

10. Best execution principles

The Bank has adopted measures, procedures and execution principles aiming at achieving the best possible execution in the interest of its clients when receiving, transmitting and/or executing orders with respect to financial instruments for the clients ("Principles of Best Execution" or "PBE").

The PBE apply to the execution, acceptance and forwarding of orders by the Bank given by clients to purchase and sell financial instruments and as well as to purchases and sales made by the Bank in fulfilling its obligations under a discretionary asset management agreement with the client.

When a client issues specific instructions to the Bank for the settlement of an order, the Bank will execute the order, to the extent possible, in accordance with those instructions and to this extent, the PBE do not apply.

The execution factors that are considered may include the following:

- Price and costs
- Probability of execution and settlement
- Execution timing
- Size and type of order
- Execution venues

The Bank reviews the PBE annually as well as whenever a material change arises that has an impact on the Bank's ability to continue to achieve the best possible result when executing orders.

Further information regarding the PBE can be obtained from the Bank at any time.

11. Remunerations

As part of its commercial activities, the Bank may receive payments or discounts (monetary or non-monetary benefits) from third parties (including affiliates of the Bank) e.g. for the distribution, offering and management of financial products as well as the provision of financial services ("Remunerations"). All Remunerations will be disclosed by the Bank to clients in separate documents and/or agreements.

12. Conflicts of interest

To prevent and manage any potential conflicts of interest that may arise from the Bank's activity, the Bank has adopted a policy for the prevention and management of conflicts of interest, including a register listing the potential conflicts of interest. You can access the register on the website of the Bank under the following link: <https://www.rothschildandco.com/en/legal-information/>. Your client adviser will assist you if you have any questions.