

## INFORMATION MEMORANDUM ON THE FINANCIAL SERVICES ACT (FINSÄ)

The Federal Act on Financial Services Act (FinSA) entered into force on 1 January 2020. Its main objective is to strengthen the protection of investors through increased information and documentation requirements relating to the provision of financial services, namely the purchase or sale of financial instruments, the receipt and transmission of orders relating to financial instruments, asset management, investment advice, the granting of credit to carry out transactions on financial instruments. Clients are affected by FinSA if they engage in securities transactions, derivative transactions or futures contracts.

### 1. Information on the Bank and its supervisory authority

Registered office:

Banque Heritage SA

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[www.heritage.ch](http://www.heritage.ch)

Branches: Basel (Dufourstrasse 25, 4052 Basel), Zurich (Bellerivestrasse 241, 8008 Zurich) and Sion (Avenue de la Gare 34, 1950 Sion)

Subject to the Federal Banking Act and to the supervision of the Swiss Financial Market Supervisory Authority (FINMA), Banque Heritage SA (hereinafter referred to as the "Bank") is a licenced banking institution and securities firm. FINMA's contact details can be provided to you by your client advisor or are available on the internet at [www.heritage.ch/en/legal-disclosures](http://www.heritage.ch/en/legal-disclosures).

### 2. Mediation body

The satisfaction of our Clients is our top priority. However, in the event of the Bank not fully meeting your expectations, do not hesitate to contact us in order to find a solution together. If an agreement is not reached, it is possible to submit an application with the Swiss mediation body, a neutral and inexpensive, or even free, information and mediation agency. The mediation body only acts following a written complaint, complete with a statement from the Bank. The contact details of the mediation body are as follows: Swiss Banking Ombudsman Foundation, Bahnhofplatz 9, PO Box, CH-8021 Zurich, Switzerland, [www.bankingombudsman.ch/en](http://www.bankingombudsman.ch/en).

### 3. Information on financial services

Banque Heritage provides the following financial services:

- the acquisition or disposal of financial instruments.
- the mere execution of orders ("execution only") (reception and transmission of orders relating to financial instruments): the Bank executes transactions based on the order of the client without providing recommendations or advice.
- investment advice: depending on the type of advisory mandate signed with the Client, the Bank provides investment advice or recommendations in connection with a single transaction without taking into account the entire portfolio or, conversely, taking into account the entire portfolio according to the parameters resulting from the investment strategy chosen by the Client. For both types of advisory service, investment decisions are made by the Client.
- asset management: based on a mandate, the Bank manages an account or a portfolio on a discretionary basis, according to an investment strategy chosen by the Client. With respect to this type of service, the Bank makes the investment decisions.
- The granting of credit to carry out transactions on financial instruments (Lombard loan).



#### 4. Client classification

The FinSA provides for the obligation to classify clients according to three segments: "Private clients", "Professional clients" and "Institutional clients". Unless the Bank informs otherwise, clients are considered Private clients. Therefore, by default, and unless high-net-worth Private clients, or any private investment entity without professional treasury operations set up for the latter, have opted out to be considered a Professional client, the Bank shall classify them as a Private client. Professional clients per se and Institutional clients are classified by the Bank according to the definitions provided by FinSA. They may request a different classification by means of an opting-in or opting-out statement.

This classification concerns all the financial services mentioned at number 3 and provided by the Bank to clients, as well as the financial instruments according to FinSA.

The scope of investor protection and the rules of conduct applied by the Bank depend on, and vary according to, the client classification. Private clients benefit from the most extensive protection; however, their access is generally restricted to certain financial instruments. According to FinSA, a client may change classification by means of a written request to the Bank, subject to the requirements being met. Professional clients have the option, by means of a written statement addressed to the Bank, to waive the information and documentation obligations provided for by Articles 8, 9 and 15 FinSA.

#### Overview of the different client categories and options for changing category:

Client classification by the Bank	Definitions	Opting-in or opting-out statement made by the Client
Institutional clients	<p>Financial intermediaries within the meaning of the Federal Banking Act (BankA), the Federal Act on Financial Institutions (FinIA) and the Collective Investment Schemes Act (CISA)</p> <p>Insurance companies subject to the Insurance Oversight Act (IOA)</p> <p>Foreign clients subject to prudential supervision such as Swiss financial intermediaries/insurance companies</p> <p>Central banks</p> <p>National and supranational public law entities with professional treasury operations</p>	Opting-in towards the Professional client category
Professional clients	<p>Public entities with professional treasury operations</p> <p>Companies with professional treasury operations and/or large companies</p> <p>Pension funds and occupational pension institutions with professional treasury operations</p> <p>Private investment organisations with professional treasury operations for high-net-worth clients</p> <p>Swiss and foreign collective investments and their management companies which are not Institutional clients</p>	Opting-in towards the Private client category
		Opting-out towards the Institutional client category for a pension fund or an occupational pension institution with professional treasury operations
		Opting-out towards the Institutional client category for a company with professional treasury operations
		Opting-out towards the Institutional client category for a Swiss or foreign collective investment scheme or their management company which is not an Institutional client
High-net-worth Private clients and private investment entities set up for them (without professional treasury operations)	<p>A client (or the private investment entity without professional treasury operations established for them) is considered high net worth when they are able to validly state that they possess the following:</p> <p>a) the knowledge necessary to understand the risks associated with investment as a result of their professional training and professional experience or any comparable experience in the financial sector, and assets of at least CHF 500'000 or</p> <p>b) assets of at least CHF 2 million.</p>	Opting-out towards the Professional client category
Private clients	Clients who are not Professional or Institutional clients	No



**Overview of the impact of the classification on investor protection:**

	PRIVATE CLIENTS	PROFESSIONAL CLIENTS with opting-out	PROFESSIONAL CLIENTS Per se (by law)	INSTITUTIONAL CLIENTS
Depending on the type of investment advice, verification <sup>1</sup> of the appropriateness <sup>2</sup> (transaction-based advisory mandate) or suitability <sup>3</sup> (portfolio-based advisory mandate). With respect to asset management, verification of the suitability <sup>4</sup>	YES	YES	NO for appropriateness  YES for suitability <sup>5</sup>	NO
Documentation of the Client's needs and reasons for the recommendation alongside investment advice	YES	YES	YES Waiver option	NO
Submission of a Key information document alongside investment advice and in the context of transactions based on an <i>execution only</i> mandate.	YES	NO Except on request and if available	NO Except on request and if available	NO
Transparency and best execution with respect to stock market orders (buy/sell)	YES	YES	YES	NO
Access to collective investment schemes reserved for qualified investors or not authorised for distribution to the public in Switzerland (CISA)	NO <sup>6</sup>	YES	YES	YES

**5. Verification of appropriateness and suitability**

Whether these verifications apply depends on the classification of the client:

*Asset management:* The Bank initially establishes a Risk profile for the Client and ensures that the Investment strategy chosen by the Client within the framework of the Investment profile is suitable in relation to the said profile.

*Investment advice taking into account the entire portfolio (or portfolio base):* The Bank provides its investment advice and recommendations based on the investment strategy chosen by the Client once the Risk profile of the Client has been established.

*Transaction-based investment advice:* Advisory services are provided in connection with single transactions. If the Client is a Private client, the Bank verifies the appropriateness of the recommended financial instrument, taking into account the client's knowledge and experience.

*Execution of orders/Reception and transmission of orders:* The Bank does not carry out any verifications with respect of the suitability or appropriateness of the transaction instructed by the Client. **This warning is also provided for by the Bank's General Terms and Conditions and shall not be repeated at the time of the transactions.**

**6. Product offering**

The provision of investment advice and asset management is available within the framework of the investment universe defined by the Bank, which is regularly updated. The range of products includes financial instruments which are issued, managed, structured, developed and controlled both by the Bank, as well as by external service providers. In the event that a financial instrument of the Bank and a financial instrument by a third party have similar characteristics, the Bank may preferably select or recommend its own financial instrument.

<sup>1</sup>In the event of the provision of an *execution only* service (the service is limited to the execution or transmission of the Client's orders), the Client is informed that no verification of the suitability and appropriateness is carried out.

<sup>2</sup>Appropriateness: the verification focuses on the knowledge and experience of financial instruments.

<sup>3</sup>Suitability: the verification focuses on the personal financial circumstances, investment objectives, as well as knowledge and experience of financial services.

<sup>4</sup>In the context of asset management, the Client's knowledge and experience are not taken into account.

<sup>5</sup>The Bank may assume that Professional clients have sufficient knowledge and experience and that they are financially capable to bear the investment risks.

<sup>6</sup>Private clients under an asset management mandate or a long-term advisory mandate are classified as "Qualified investors" according to the CISA and may acquire investment funds reserved for qualified investors in this context. Their classification according to the FinSA remains that of Private client.



## 7. Cost information

The Bank informs its clients of the costs and fees linked to the financial services provided in the form of a price brochure. This information is provided by the relationship manager during the provision of the service concerned and is also available at any time upon request. When providing financial services, Banque Heritage and third parties (e.g. fund managers) may be required to charge costs and fees. There is a distinction between costs and fees taken directly from the account and those charged against the performance of a financial instrument. The Bank informs its clients of the costs associated with the financial services provided. Your client advisor can provide you with further information on the actual costs and fees of financial transactions. Additional information on the costs associated with a financial instrument may appear in the Key information document (KID) or prospectus, if available.

## 8. Information on risk

Transactions in financial instruments are associated with both opportunities and risks. Therefore, it is important to understand such risks before choosing to use a financial service. The SBA's brochure "Risks Involved in Trading Financial Instruments"<sup>7</sup> provides important information on the risks typically associated with trading in financial instruments. Please read this information carefully and do not hesitate to contact your client advisor if you have any questions. This brochure is available on the SBA's website<sup>8</sup> as well as on the Bank's website [www.heritage.ch/en/legal-disclosures](http://www.heritage.ch/en/legal-disclosures).

## 9. Information on financial instruments

**Brochures on risks:** Investing in financial instruments offers opportunities, but also involves risks. As well as the brochure "Risks Involved in Trading Financial Instruments" issued by the SBA, "product" information documents are available for many financial instruments. Please contact your client advisor for further details.

**Key information document (KID):** Depending on the type of financial instrument, and to the extent that it is available, a key information document is provided to clients classified in the category of Private clients, on the occasion of each purchase recommendation (investment advice), but also on the occasion of the simple execution of an order, if such a document exists (*execution only*). It is also available to Professional clients upon request.

This document contains information on the characteristics of financial instruments, as well as on the risks and costs, allowing to compare different instruments with similar content and format.

**Prospectus:** Depending on the type of financial instrument, and to the extent that it is available, the prospectus relating to the financial instrument is provided to clients classified in the category of Private clients, but only upon request, on the occasion of a purchase recommendation (investment advice). It is also available to Professional clients upon request.

Key information documents and prospectuses can be requested from your relationship manager. From January 2022, these documents will also be available on the Bank's website: [www.heritage.ch/en/asset-management](http://www.heritage.ch/en/asset-management) under the section "KID/Prospectus".

## 10. Information on conflicts of interest and business affiliations with third parties

Conflicts of interest may arise in connection with the various activities of the Bank. The Bank may be required to provide services and advice to other clients, whose interests may compete or conflict with those of the Client. Likewise, the Bank, members of the Board of directors, management, employee or affiliated entity may have a specific interest in certain transactions or investments, whether in relation to the structuring, development or marketing of the instrument concerned or as the managers or advisors of such instrument.

The Bank shall take measures to avoid conflicts of interest or to protect its clients from potential harm (for example, by establishing restrictions on access to information, separate management processes or avoiding direct remuneration



<sup>7</sup> [www.swissbanking.ch](http://www.swissbanking.ch): "Risks involved in trading financial instruments":



incentives). If prejudice cannot be avoided, the Client concerned is informed of the conflict or their consent is requested. Upon request, your client advisor can provide you with further information on this subject.

The Bank may also receive remuneration from third parties and enter into collaboration and revenue sharing agreements (see the Information Notice on pecuniary and non-pecuniary benefits).

#### **11. Information on best execution (Transparency and care in relation to client orders)**

The Bank applies the principles of good faith and equal treatment when processing your orders. When executing or receiving your orders, the Bank implements all necessary measures aimed at obtaining the best possible result in terms of costs, timing, quality, probability of execution and settlement.

#### **12. Sustainable investing offer**

The Bank's sustainable investing offer involves considering environmental, social and governance (ESG) risks when making investment decision with the long-term return of an investment portfolio. The sustainable investing offer is available for some of our classic investment profiles in discretionary mandates for clients whose expressed ESG preferences match our sustainable investing offer. The Bank approaches sustainable investing through exclusionary screening and ESG related risk scoring. More information on our offer is available on the Bank's website. Information on ESG risks are described in the Swiss Banking Association's "Risks Inherent in Trading Financial Instruments". This brochure is available on the SBA website [www.swissbanking.ch/en/](http://www.swissbanking.ch/en/) and under [www.heritage.ch/en/legal-disclosures](http://www.heritage.ch/en/legal-disclosures).

