
INFORMATION ABOUT FINSA REGULATION ON INVESTOR PROTECTION

June 2023

INTRODUCTION

At Banque Pictet & Cie SA (the Bank), investor protection lies at the heart of what we do. In an increasingly complex financial world, information and transparency play a key role in ensuring that investors are able to take informed investment decisions.

The aim of this brochure is to give you general information about the Bank in accordance with our duty to provide information under the Financial Services Act (FinSA), as well as to point out where you can find additional relevant information.

This document is not exhaustive and does not aim to provide detailed information about each financial service in our offering. Should you need more information, please refer to the most recent information on our dedicated FinSA investor protection webpage.

BANQUE PICTET & CIE SA

Banque Pictet & Cie SA is an investment-led service company offering wealth management, investment advisory, trade execution, custody bank and related services.

The Bank is a Swiss private bank and financial services provider serving clients around the world. It is headquartered in Geneva, Switzerland.

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AUTHORISATION AND SUPERVISORY AUTHORITY

Banque Pictet & Cie SA has a licence from the Swiss Financial Markets Supervisory Authority (FINMA) to operate as a bank within the meaning of the Swiss Federal Banking Act and is also supervised by FINMA.

Name and address of supervisory authority:

Swiss Financial Markets Supervisory Authority (FINMA)
Laupenstrasse 27
3003 Bern
Switzerland

HOW ARE FINANCIAL SERVICES DEFINED UNDER FINSA?

Under FinSA, the following services carried out for clients are considered financial services:

- › acquisition or disposal of financial instruments
- › receipt and transmission of orders in relation to financial instruments
- › management of financial instruments (portfolio management)
- › provision of personal recommendations on transactions with financial instruments (investment advice)
- › granting of loans to finance transactions with financial instruments.

WHAT FINANCIAL INSTRUMENTS ARE SUBJECT TO FINSA?

The following financial instruments are subject to FinSA, which provides for enhanced information and transparency requirements:

1. equity securities
2. debt instruments and bonds
3. collective investment schemes
4. structured products
5. derivatives
6. deposits whose redemption value or interest is risk- or price-dependent, excluding those where the interest is linked to an interest-rate index.

MARKET OFFER TAKEN INTO CONSIDERATION

The Bank always strives to provide the best services for its clients and operates on the principle of open architecture. Therefore, when selecting or offering financial instruments for its clients, the Bank takes into consideration and proposes financial instruments of the Pictet Group and/or third-party financial instruments.

CLIENT CATEGORISATION

FinSA requires that financial services providers classify their clients in either of the following categories:

- › private clients: applies to all clients by default.
- › professional clients: applies to
 - a. public entities with professional treasury operations
 - b. occupational pension schemes and other institutions whose purpose is to serve occupational pensions with professional treasury operations
 - c. companies with professional treasury operations
 - d. large companies (any company that exceeds two of the following thresholds: (i) balance sheet total of CHF 20 million; (ii) turnover of CHF 40 million; or (iii) equity of CHF 2 million);
 - e. private investment structures with professional treasury operations created for high-net-worth private clients;

- › institutional clients: applies to
 - a. authorised financial intermediaries
 - b. insurance companies
 - c. foreign financial intermediaries and insurance companies subject to prudential supervision
 - d. central banks.
 - e. national and supranational public-law entities with professional treasury operations.

Based on these categories, the corresponding level of regulatory protection will vary:

- › private clients are afforded the highest level of regulatory protection;
- › professional clients are deemed to have the necessary knowledge and experience to invest in all asset classes and be able to financially bear the investment risks associated with the financial service in question;
- › institutional clients are afforded the lowest level of regulatory protection.

NB: professional clients and institutional clients are automatically deemed qualified investors within the meaning of the Collective Investment Schemes Act (CISA). Clients that have entered into discretionary portfolio management mandates or advisory mandates with the Bank are also considered qualified investors under CISA. They will, however, remain private clients within the meaning of FinSA, unless they choose to opt out of this category (see below).

CHANGE IN CATEGORISATION

Clients may declare in writing that they wish to opt out (reduce their regulatory protection) or, alternatively, opt in (increase their regulatory protection). The following changes are allowed:

Private clients

Private clients may declare in writing that they wish to be categorised as elective professional clients (opting out), provided the following conditions are met:

- › on the basis of their personal training and professional experience or a comparable experience in the financial sector, clients who have the necessary knowledge to understand the risks associated with the investments and bankable assets of at least CHF 500,000; or
- › clients who have bankable assets of at least CHF 2 million. NB: in accordance with the Bank's policy, clients domiciled in a country of the European Economic Area may not elect to be categorised as professional clients on the basis of this criteria.

Professional clients

The following professional clients may declare in writing that they wish to be categorised as institutional clients (opting out):

- › occupational pension schemes and other institutions whose purpose is to serve occupational pensions with professional treasury operations;
- › companies with professional treasury operations;
- › Swiss and foreign collective investment schemes and their management companies that are not considered institutional clients under FinSA.

On the other hand, all professional clients that are not institutional clients may declare in writing that they wish to be categorised as private clients (opting in).

In addition, professional clients may choose to expressly waive their rights to the rules of conduct by financial service providers set out in articles 8, 9, 15 and 16 FinSA (obligations regarding information, documentation and rendering of accounts).

Institutional clients

Institutional clients may declare in writing that they wish to be categorised as professional clients (opting in).

PRE-TRADE TESTS

The category in which clients are classified and the type of services provided by the Bank involve different requirements in terms of information and explanations. The scope of tests to be performed before executing an order is explained in the next paragraph.

The **appropriateness test** requires determining the client's level of knowledge and breadth of experience in respect of the products or services on offer and whether these are appropriate for the client.

The **suitability test** requires the Bank to gain an overview of the client's financial circumstances and investment objectives. If the client has entered into either a discretionary portfolio management mandate or an advisory mandate, the Bank must ensure that the investments and transactions carried out on the client's account are commensurate with the risk profile based on the client's:

- › knowledge and investment experience;
- › financial situation and ability to bear potential losses;
- › investment objectives.

No suitability test is required for client order execution and transmission services, even in cases where the ordering party is a third party acting on behalf of a client (such as an independent or external asset manager).

The Client is informed that the Bank does not carry out any appropriateness or suitability tests when providing its order execution and transmission service.

This disclosure is given once. The client will not be informed subsequently (such as with each transaction) that no appropriateness or suitability test will be carried out.

WHICH PRE-TRADE TEST FOR WHICH CLIENT?

If necessary, however, the Bank may carry out checks that provide investors greater protection than the requirements set out in FinSA.

For **private clients**, both an appropriateness test and a suitability test are performed before any portfolio management or advisory service is rendered.

For **professional clients**, the Bank performs a suitability test in the framework of investment or advisory services. No appropriateness test is required for professional clients as these clients are deemed to have sufficient knowledge and experience to be able to assess a specific service or product and be able to financially bear the associated investment risks.

FinSA does not require any test for **institutional clients**.

Please note that the appropriateness and suitability tests are the responsibility of the financial services provider appointed by the client to manage the client's assets or advise the client (depending on whether the client entered into a discretionary mandate or an advisory mandate). Therefore, if a client has entered into a custody mandate only with the Bank and a management or advisory mandate with a third party (such as an independent or external asset manager), the responsibility for carrying out those tests in relation to the discretionary or advisory mandate lies with the third-party manager and not the Bank.

INFORMATION ON RISKS

The general risks related to financial services and financial instruments mentioned above are described in more detail in the Swiss Bankers Association's "Risks Involved in Trading Financial Instruments" brochure and the "General description of risks pertaining to financial instruments", which you can find on our dedicated FinSA webpage.

ORDER EXECUTION POLICY

FinSA safeguards the principle of best execution of orders when trading in financial instruments. The Bank has taken all the necessary steps to ensure that the transmission and execution of orders are performed in accordance with best-execution rules.

For further information, please refer to the Bank's order-execution policy available on our FinSA dedicated webpage.

CONFLICTS OF INTEREST

The Bank is committed to identifying, mitigating and avoiding potential conflicts of interest between the Bank, its affiliated companies, its employees and any other related parties in its business activities whenever the potential for damage to clients arises, or the appearance thereof.

The Bank identifies the types of activities liable to involve a potential conflict of interest and takes appropriate preventive measures, in particular via organisational measures and transparent client communication.

It aims to mitigate any potential conflict of interest or not engage in the corresponding business. Failing this, the Bank will clearly disclose the risks and mitigation measures adopted before committing, or compensate the client for any damage suffered.

A conflict of interest may arise in instances when the Bank invests in or offers in-house products when providing wealth management or advisory services. The Bank has taken measures to limit conflicts of interest by following processes to prevent double-dipping of commissions, by using identical criteria when including third-party funds and in-house funds in the investment universe of the entities of the Pictet Group, as well as by not compensating advisors and wealth managers on the basis of revenues. More information is contained in the "Policy for handling conflicts of interest" provided to the Client on request.

MEDIATION BODY

Swiss regulations require financial services providers to be affiliated with a mediation body so that disputes between a financial services provider and a client can be settled by way of mediation. The mediation proceedings are meant to be straightforward, fair, quick, impartial and inexpensive or free of charge for the client. A client may, therefore, if necessary, start a mediation procedure with the Bank's mediation body.

The Bank is affiliated with the following mediation body:

Swiss Banking Ombudsman
Bahnhofplatz 9
P.O. Box Number
8021 Zurich
Switzerland

Legal information

This document has been issued by Banque Pictet & Cie SA. The document is meant solely to provide information about how Banque Pictet & Cie SA intends to comply with financial services and investor-protection regulatory requirements.

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