

THE FINANCIAL SERVICES ACT (FinSA)

General Information for Clients

Introduction

This document aims to answer recurring questions regarding the Swiss Financial Services Act (FinSA). All terms in this document are written with reference to FinSA, except where expressly indicated otherwise.

1. What the Financial Services Act (FinSA) is?

The Financial Services Act (FinSA) is a Swiss law that contains rules for the offering of financial services and financial instruments, enhances customer protection, and contributes to create uniform competitive conditions for financial intermediaries. It came into force on January 1, 2020. In some cases, amendments to the articles of the law may provide for transitional periods of up to two years. The FinSA applies whenever financial services are provided in Switzerland or to clients domiciled in Switzerland.

2. What are the objectives of the Financial Services Act (FinSA)?

The objectives of the law are:

- to strengthen investor protection
- to reinforce the Swiss financial market
- to create comparable conditions for financial service providers
- to introduce cross-sector rules for products' documentation in the offer of financial instruments.

3. How are classified clients according to the FinSA?

As a financial service provider, MVC & PARTNERS SA is legally required to classify all its clients into one of these three categories:

- private clients
- professional clients
- institutional clients.

The law establishes a different level of client protection, where the "private client" represents the most comprehensive level of protection. Depending on the different levels of protection, the extent of the information and documentation obligations of financial service providers, varies.

3.1 What does each client category mean?

CLASSIFICATION	DEFINITION according to the FinSA
PROFESSIONAL	a) wealthy individuals and their private investment structures who request to be treated as professional clients (opting out) b) private investment structures established for wealthy individuals with professional treasury operations c) financial intermediaries regulated in Switzerland d) insurance institutions regulated in Switzerland e) foreign financial intermediaries and insurance institutions subject to prudential supervision f) central banks g) public entities with professional treasury operations h) pension funds with professional treasury operations i) companies with professional treasury operations j) companies that meet at least two of the following thresholds (balance sheet of 20 million CHF or more, turnover of 40 million CHF or more, and equity of 2 million CHF or more).
INSTITUTIONAL	Institutional clients are a subset of professional clients and include categories (c) to (f) above mentioned.
PRIVATE	Private clients are described as all clients who do not qualify as professional clients.

3.2 What are the different rights and obligations for each client classification?

The FinSA grants different levels of protection to clients, and private clients receive the most comprehensive level of protection. In the following table, which shows the effects of client classification, more information is listed.

Client	Private	Professional	Istitutional
When investment advisory services are provided, a suitability or appropriateness assessment is conducted depending on the type of advice. When investment management services are provided, an appropriateness assessment is conducted. In the case of Execution Only mandate, neither a suitability nor appropriateness assessment is conducted.	Yes	Yes (limited) ¹	No
Access to funds for qualified investors according to the revised Collective Investment Schemes Act (CISA).	No ²	Yes ³	Yes
The needs and reasons for the recommendation of MVC & PARTNERS SA are documented during the investment advisory process and documentation is provided upon request starting January 2022.	Yes	Yes ⁴	No
When purchasing certain financial instruments, a key information document (KID) is provided as part of the investment advisory services. In the case of "Execution Only" operations, such information is provided only if available.	Yes	No (except on request)	No (except on request)
Obligation to obtain the best execution in the management of securities order. ⁵	Yes	Yes	No

1. Limited suitability or appropriateness assessment: for professional clients, it is generally assumed that professional clients have relevant knowledge and experience and are financially capable of bearing investment risks.

2. Exception: non-professional private clients who have long-term wealth management or investment advisory services with a Swiss financial intermediary authorized by FINMA or a foreign financial intermediary subject to equivalent supervision are classified as qualified investors under CISA for these services. They can purchase funds for qualified investors with advice or under the wealth management mandate. Their classification under the FinSA remains "private (non-professional)" and is not affected by their status as "qualified investors".

3. Being a "professional" client under the FinSA automatically qualifies one as a "qualified investor" under CISA and grants access to funds that do not meet Swiss distribution criteria (additional restrictions apply to funds without a Swiss Representative and Paying Agent).

4. Professional clients can waive advisory records and as a consequence, such records will not be produced. Without the waiver request, advisory records are provided to "professional" clients upon request.

5. Best Execution: MVC & PARTNERS SA takes all sufficient measures to achieve the best possible results in executing client orders or in receiving and transmitting orders through custodian banks.

3.3 Is it possible to change the basic classification?

The overview above only outlines the FinSA requirements regarding client classification, subject to other FinSA conditions, as well as additional regulatory criteria or other contractual agreements.

Based on the information at our disposal, MVC & PARTNERS SA has classified its clients into one of the three categories mentioned above. A change in client classification can be requested in writing by the client and will simultaneously lead to changes in the product offering and investor protection.

In particular, wealthy individuals can choose to be treated as professional clients (opting out). Professional clients can also choose to be treated as institutional clients (opting out). On the other hand, institutional clients can choose to be classified as professional clients (opting in) and professional clients can choose to be classified as private clients (opting in).

4. What is the FinSA's field of application?

4.1 What financial services fall within the FinSA?

The FinSA defines the following financial services:

- acquisition and disposal of financial instruments, including any activity directed solely at specific clients and specifically aimed at acquiring or disposing of a financial instrument
- receipt and transmission of orders related to financial instruments
- administration of financial instruments (portfolio management)
- provision of personal recommendations on transactions with financial instruments (investment advice)
- granting of financing for transactions with financial instruments.

4.2 What financial instruments fall within the FinSA?

The definition of financial instruments under the FinSA includes, but is not limited to:

- equity securities: shares, share-like securities that allow participation or voting rights
- debt instruments
- units/shares of collective investment schemes (funds)
- structured products
- derivatives: financial contracts whose value depends on one or more underlying assets and that are not cash transactions
- deposits: where the repayment value or interest depends on risk or price, excluding those where interest is linked to an interest rate index.

4.3 What does the FinSA establish as requirements for providing a financial service?

The FinSA contains rules to protect clients when financial services are provided to them.

The main rules are:

- ensuring the knowledge and training of personnel
- providing information about financial service providers
- providing information about the risks and costs associated with services and financial instruments
- conducting appropriateness and suitability assessments of investments and financial services
- ensuring documentation and reporting
- avoiding conflicts of interest
- ensuring transparency and care of client orders (including best execution)
- complying with product documentation rules for offering and issuing financial instruments.

5. How does MVC & PARTNERS SA apply appropriateness and suitability checks?

For professional clients, the FinSA allows the presumption of the required knowledge and experience in relation to the provided financial instrument. MVC & PARTNERS SA is not required to conduct any appropriateness or suitability checks when providing financial services to institutional clients. For execution-only transactions, MVC & PARTNERS SA does not evaluate neither appropriateness nor suitability unless required by law.

6. Where can clients find information on risks?

Financial markets are associated with opportunities and risks, and it is important to understand the risks before using a financial service or making transactions with a financial instrument.

The brochure by The Swiss Bankers Association (SBA) "Risks Involved in Trading Financial Instruments" contains general information on typical financial services and the characteristics and risks of financial instruments.

MVC & PARTNERS SA asks its clients to review this brochure. The brochure can be downloaded in various languages here: www.swissbanking.ch and/or is available upon request.

7. When will MVC & PARTNERS SA implement the FinSA?

MVC & PARTNERS SA has implemented the new requirements since January 1, 2020. Most of the law's articles are subject to transitional periods, but the articles concerning advertising and the provision of documents are already in force. Client classification and updated signed contracts must be completed by December 31, 2021, according to the FinSA. The corresponding MVC & PARTNERS SA relationship manager will be able to provide more details and indications.

8. What are the MVC & PARTNERS SA memberships?

SAM Swiss Association of Wealth Managers

Lugano
Associazione Svizzera di
Gestori di Patrimoni ASG
Villa Negroni
Via Morosini 1
6943 Vezia
Tel.: +41 91 922 51 50
lugano@vsv-asg.ch

AOOS Surveillance Authority

AOOS - Società anonima svizzera di vigilanza
Via Landriani 3
6900 Lugano
+41 91 940 40 00
infolugano@aos.ch

OFS – Ombudsman Finance Suisse

Disputes between a client and a financial service provider can be handled by a mediation agency recognized by the Swiss Federal Department of Finance.

MVC & PARTNERS SA is affiliated with the OFS mediation agency, to which its clients can turn for free and neutral mediation.

Rue du Conseil Général 10
1205 Geneva
Phone : +41 22 808 04 51

9. Any further questions?

The relationship manager at MVC & PARTNERS SA will be pleased to answer any further questions.