



Information on the Federal Act on Financial Services (FinSA)

Part A - General Information

Section I - Information on the Bank and the financial services offered

On 1st January 2020, the Federal Financial Services Act (FinSA) entered into force. It aims to strengthen investor protection and establish a common standard for financial service providers. The purpose of this information is to provide the client, in accordance with the provisions of the Federal Financial Services Act (FinSA), the Financial Services Ordinance (FinSO) and the related implementation circulars (hereinafter referred to as the "Reference Regulations"), all necessary information about Banca del Sempione SA (hereinafter the "Bank") and the financial services offered by it so that the client can reasonably understand the nature, characteristics, risks and costs involved.

The Bank provides the following financial services:

- the purchase or sale of financial instruments on behalf of clients as well as the acceptance and transmission of mandates concerning financial instruments (*execution only*);
- investment advice through the provision of personalised recommendations on financial instruments (*advisory*);
- management of financial instruments (asset management)
- granting of loans to carry out transactions with financial instruments

(hereinafter also the "**Services**"). These Services are described in more detail in Section I below dedicated to information on the Bank and its Services.

In order to enable the client to make his/her investment decisions in an informed manner, appropriate information is provided below, in accordance with the relevant regulations:

- the Bank and Services;
- the main features and functioning of the individual Services, as well as the main rights and obligations arising for the client;
- the available investment universe;
- the verification of suitability and appropriateness in the provision of Services;
- the essential characteristics and functioning of specific types of financial instruments covered by the Services and the general and specific risks associated with them;
- complaint management;
- one-off and recurring costs and charges related to the Services;
- the allowances and a summary of the policy followed for the management of conflicts of interest in the event of economic ties with third parties (policy on conflicts of interest);
- the summary of the order transmission and execution strategy (best execution policy)
- client segmentation and related protections.

This information may be updated by making its new version available on the Bank's website (www.bancasempione.ch/documents) or, for those who have e-banking, among the communications sent via e-banking. Alternatively, the client may go to the Bank's headquarters or branches where he/she shall be able to view and obtain a copy of the updated information free of charge. In any case, the relevant changes shall be communicated through a specific notice on the occasion of the periodic communications or by separate sending to the contractually agreed address.

1. Banca del Sempione Group Profile

The Banca del Sempione Group is internationally active in the provision of financial services with a focus on private banking. The Group consists of Banca del Sempione SA, the Group's most important operating company, two companies based in Milan, (Italy), Accademia SGR SpA, which promotes and manages real estate investment funds under Italian law, and Sempione SIM SpA, which operates in securities brokerage, as well as a subsidiary in the Bahamas, Banca del Sempione (Overseas) Ltd. The complete list of holdings is presented in the annual report (www.bancasempione.ch/publications). The Group is also the promoter of a SICAV under Luxembourg law, Base Investments SICAV, authorised for distribution in Switzerland and Italy, of which it manages a large part of the capital.

2. Bank Name, Address and Contact Details

Banca del Sempione SA, a limited company under Swiss law founded in 1960, has its headquarters in Lugano and branches in Bellinzona, Chiasso and Locarno. The Bank provides its private and corporate customers with services typical of a universal bank. The core business is financial advisory services, asset management and trading in securities, derivative products and foreign exchange on behalf of clients, complemented by the full range of banking services, including services such as custody of securities and other financial instruments, brokerage services, payment services and financing or credit grating services. The Bank's range of products and services may vary depending on the country of residence of each client and may not be applicable to all clients.

The Bank's contact details are as follows:

Banca del Sempione SA - Via Peri, No. 5
6900 Lugano (Switzerland)
Telephone +41 91 9107111 - fax +41 91 9107160
e-mail banca@bancasempione.ch ;
website www.bancasempione.ch
Registered in the Commercial Register under No. CHE-105.962,616 and group leader of the Banca del Sempione Group.

3. Authorisation to Operate as a Bank and the Supervisory Authority Address

Banca del Sempione SA is a financial institution authorised to operate as a bank. It is subject to supervision of the Swiss Financial Market Supervisory Authority FINMA with its registered office at Laupenstrasse 27 - 3003 Bern (Switzerland)
Telephone: +41 31 327 91 00 - Fax: +41 31 327 91 01 |
E-mail: info@finma.ch

4. Communication methods that can be used with the Bank, including those relating to the sending and receipt of orders

Any communications, notifications, orders (including in the context of the acceptance and transmission of client mandates services) to and from the Bank may be made by ordinary or registered mail, as well as by fax, telephone or e-mail. You can communicate with the bank in all Swiss national languages (Italian, German and French) as well as in English.

5. Financial Services Provided

5.1. Type of services

The Bank provides its clients with the following financial services:

- the purchase and sale of financial instruments:



- a. **On its own behalf:** these are the purchase and sale of financial instruments in which the trader commits his/her own capital. In particular, the Bank may execute client orders by negotiating on its own behalf on a direct counterparty with the clients themselves;
- b. **On behalf of clients:** i.e. the conclusion of agreements for the purchase or sale of one or more financial instruments on behalf of clients, directing the orders received from clients to execution venues, where they can be executed by crossing with orders of opposite accounting;
- **The acceptance and transmission of mandates relating to financial instruments:** i.e. the mere receipt of orders that the client forwards to the Bank without prior advice or otherwise soliciting the purchase of a financial product and their timely execution, or transmission to another intermediary authorised for trading or placement for execution, in the manner described in the *Policy for the Execution of Client Mandates (best execution)* document; **as part of this service, the Bank does not, in principle, carry out any appropriateness or suitability checks on the transactions and financial instruments that are the subject of the client's orders from time to time. However, it reserves the right to carry out an appropriateness check at its own discretion if the client is not assisted by an external manager.** Within the context of this service, the assessment of investment instruments and the risks associated with them remains the client's sole responsibility.
- **Asset management:** the service consists of the management for a fee, on a discretionary and individualised basis, of investment portfolios that include one or more financial instruments, under a mandate given by the client. In carrying out this activity, the Bank must adhere to the investment objectives agreed upon with the client and manage the assets in accordance with the contract. In practice, the asset management service allows to take advantage of the knowledge and experience of professionals within the sector in choosing financial instruments to invest in and executing the relevant transactions. The obligation to manage includes both the obligation to make professional discretionary assessments of investment/divestment opportunities and the obligation to translate those assessments into transactions. The riskiness of asset management is expressed by the variability of the economic results achieved by the manager. The client can orientate the riskiness of the service by choosing from several management lines with different characteristics and a different levels of risk pointed out by the Bank. In any case, the Bank shall assess whether the client's choice of a management line is suitable for him/her. However, there remains a large margin of discretion, albeit within the limits set, as the securities to buy or sell or when to carry out transactions.
- **Investment advisory services:** the service consists in the formulation by the Bank, upon request made by the client or on its own initiative, of personalised recommendations made to the client with regards to one or more transactions relating to certain financial instruments and/or products in line with the Bank's investment policy. The recommendation is personalised when it is presented as suitable for the client or is based on the client's characteristics. The same shall be accompanied by all the information concerning the essential characteristics and functioning of the financial product, as well as the risks and any obligations undertaken by the client (possibly, for certain categories of financial instruments, also through the provision of the basic information sheet or equivalent document). A recommendation is not personalised if it is spread to the public through distribution channels. The client is free to follow up or not the recommendation, which may only be implemented upon his/her order. The purpose of this service is to ensure that the asset allocation of the assets under advisory is consistent with the client's knowledge, experience, investment objectives and

financial situation as reflected in the FinSA questionnaire set up by the client. The service usually precedes the provision of services of purchase and sale of financial instruments on its own behalf or on behalf of clients, as well as the acceptance and transmission of mandates relating to financial instruments. The advice provided is **not-independent**, as the recommendations made by the Bank to the client may relate to financial instruments issued or promoted by the Bank itself or by third parties with which the Bank has close links or by other issuers with which the Bank has entered into and is currently entering into contracts and, in particular, placement/distribution contracts, in relation to which it may receive compensation, in accordance with the regulations currently in force. However, financial instruments and products are only recommended if this is in the client's interest and compatible with the client's needs, characteristics and objectives; regarding the range of financial instruments that the Bank could recommend in the context of not-independent advice, including the relationship with the relevant issuers, please refer to point 5.2 on the investment universe.

- **Granting credit to carry out transactions with financial instruments:** the service consists in granting the client a variable credit limit with the exclusive aim of investing the funds thus obtained directly in financial instruments (leverage). The assets deposited on the client's account are pledged. Within the framework of the granted credit line, the maximum utilisation allowed shall depend on the performance of the assets under guarantee and the advance factors set by the Bank. If the value of the investments falls below a certain threshold, additional collateral (*margin call*) may be required to cover the credit. In the event of non-payment of further securities or repayments, the creditor may liquidate some or all of the assets used as security for the credit, possibly even at an unfavourable time.

The risk for the client consists in particular in the use of third-party capital which involves a change in the risk/return profile of the portfolio. While the expected return on equity can be increased, the investment risk increases. A risk given by the credit conditions (interest payable and capital repayment) which entail fixed costs, offset by uncertainty about the return achieved and the value of the investment (leverage effect). The leverage effect may therefore result in greater opportunities but may also degenerate into more pronounced risks of loss up to and including, in extreme cases, a total loss of equity and additional credit repayment obligations.

The object of the provision of services is, unless otherwise agreed, all financial instruments as defined by the FinSA and includes both own- and third-party financial instruments.

5.2. The Available Investment Universe

The Bank selects financial instruments for its asset management and advisory services on the basis of products from both entities within the Banca del Sempione Group and a wide range of third-party providers. In particular, the Bank promotes a Sicav, Base Investments Sicav, as well as some certificates. However, most collective investment schemes and investible structured products are managed by carefully selected third-party entities. The wide range of products to which the Bank has access makes it possible to select financial instruments objectively, identifying the product best suited to the client and his/her needs. Under the same conditions and where the characteristics of its products are similar to those of third-party products, the Bank may preferably recommend or select its financial instruments.

5.3. Risks involved in Trading Financial Instruments

Investments in financial instruments present opportunities but also involve risks. It is therefore important that clients know and understand the risks of the financial instrument in which they intend to invest. The new brochure published by the Swiss



Bankers Association entitled "Risks involved in Trading Financial Instruments" provides general information on typical investment services and on the characteristics and risks of financial instruments.

We therefore recommend, before proceeding with an investment transaction in financial instruments, to consider the information contained herein. The brochure "Risks involved in Trading Financial Instruments" can be downloaded free of charge from the Bank's website at the following link www.bancasempione.ch/documents or at www.swissbanking.org/it or obtained in printed form from your Client Relationship Manager.

5.4. Product Information

With the introduction of the FinSA, when financial instruments other than shares or bonds are recommended, in addition to the brochure "Risks involved in Trading Financial Instruments" referred to in Section 5.3, the key information sheet (KID) or equivalent documents (such as the corresponding prospectus (KID), fact sheet, term sheet, etc.) shall be made available to the client if they are provided by the manufacturer.

5.5. Suitability and Appropriateness

Before providing wealth management services (advisory or discretionary mandates), the Bank has a legal obligation to consider whether the financial products and/or instruments are suitable for the client.

The suitability assessment validates that a client has the required knowledge and experience to be able to adequately understand the underlying nature and risk of the offered financial service or financial instrument, and that the client has the ability to bear any related financial risk (e.g. financial loss). The Bank shall therefore assess if the investment strategy and financial instruments suit the client's investment objectives. In particular, in order to identify the most suitable financial service, as well as the most suitable management line and/or financial instruments, the Bank, through a questionnaire (the so-called "FinSA Questionnaire") which the client is required to fill in, is informed of: (i) the client's personal and financial situation; (ii) the client's investment objectives, including the client's investment horizon; (iii) the client's investment knowledge and experience; and (iv) the client's financial situation, including financial risk ability and risk tolerance.

Instead, the Bank carries out an appropriateness assessment aimed at examining only the client's knowledge and experience when providing investment advice on specific transactions without taking the client's entire portfolio into account. In such cases, before recommending a financial instrument, it checks whether it is suitable for the client. Within the context of the appropriateness assessment, its check shall be based on the information received from the client regarding his/her knowledge and experience with the aim of establishing whether the client is able to understand the nature and risks associated with a financial instrument. If in the context of the provision of a financial service a particular financial service involving the performance of a suitability or appropriateness test, a financial instrument proves to be unsuitable or inappropriate, the Bank shall notify the client before execution and advise him/her against it. The client may, however, insist on the transaction, which will then be executed on an execution-only basis.

For this reason, it is essential that the information reported in the FinSA questionnaire is complete, timely, truthful and up to date. In the event of a refusal to complete the FinSA questionnaire or only partial completion of the same, the Bank shall not be able to carry out any preliminary verification of the suitability/appropriateness of a service or financial instrument. For the same reasons, clients are required to inform the Bank immediately of any change that might mean that the information provided in the FinSA questionnaire no longer reflects the actual situation.

The assessment of suitability and appropriateness is carried out as described below:

Suitability of Investment Strategies: Based on the FinSA questionnaire, a suitable overall investment strategy is defined for the client. This serves as the basis for selecting a suitable investment strategy for the asset management services. If a client has several mandates, compliance with individual investment strategies is assessed on each mandate.

Suitability of Specific Operations: The Bank makes recommendations on financial instruments for specific transactions only after verifying their suitability on the basis of the FinSA questionnaire drawn up by the client, taking the characteristics of the product and its riskiness into account. If a client requests advice on a financial instrument deemed unsuitable, the Bank shall inform the client accordingly. If a client insists in proceeding despite this, the transaction will be considered as not being advised by the Bank, and executed on an execution-only basis.

Appropriateness of Specific Operations: When a client, without an advisory mandate, executes specific transactions, if recommended, the Bank assesses whether the client is able to understand the nature and risks associated with a financial instrument before executing the order (appropriateness assessment). This assessment is based on the knowledge and experience information received from the client. If a financial instrument is deemed inappropriate, the Bank either instructs the client about the characteristics of the respective instrument or warns the client that his/her knowledge and experience are not sufficient to understand the risks associated with the financial instruments. In order to assess the appropriateness of a transaction, the Bank verifies the knowledge and experience of the person placing the order, which might be the account holder or joint account holder (as well as a representative or an authorised signatory on behalf of a company). In the case of joint account holders, the knowledge and experience shall be that resulting from the summary of the profiles of the joint account holders or that of the representative where appointed. On the other hand, no assessment are carried out on bank attorneys unless they have been appointed as representatives.

Execution Only: **The client also expressly acknowledges and accepts that, in principle, no suitability or appropriateness assessment is carried out when the service provided by the Bank consists solely of the execution and/or transmission of the client's mandates (execution only).** However, the Bank reserves the right, at its own discretion and where it has the necessary information to do so, to carry out an appropriateness assessment for *execution-only* clients who do not avail themselves of an independent asset manager.

5.6. Rendering of account

The client may, at any time, request a copy of the contracts signed with the Bank in relation to the financial services provided and of the communications received in the pre-contractual phase and during the business relationship. The Bank also provides, upon request, the composition, evaluation and evolution of the portfolio, as well as the costs related to financial services. The client shall be notified of each transaction carried out using financial instruments no later than on the first working day following registration.

For each financial service provided, the Bank shall, in principle, ensure a statement of account in accordance with the following provisions. However, regardless of the service chosen, the client may agree with the bank on a different frequency. The Bank may also make the above documents available to clients via e-banking if the client has signed the relevant agreement.

Custody and Administration of Securities: With reference to the client's financial instruments and liquid assets held by the Bank, the Bank sends the client annually, within 30 working days of the end of the calendar year, the balance sheet summarising the financial instruments and liquid assets on a



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hard copy. The client may agree with the Bank on a different frequency.

Asset Management Services: For the asset management service, the Bank shall send the client a periodic statement at least once every 6 months (June/December). The year-end report shall also include a macroeconomic and financial analysis of the markets and a comment on the management activity carried out on centrally managed portfolios.

Advisory Investment Service-: When the Bank makes a recommendation, it shall provide to the client on a hard copy a report containing the essential elements of the recommendation and a statement of suitability, containing a description of the advice given and an indication of the reasons why the recommendation corresponds to the client's preferences, objectives and other characteristics, as well as to his/her target market. In addition, every six months, the Bank sends the client a statement within 30 working days from the end of each semester (June/December).

Execution and Transmission of Client Mandates (Execution Only): When providing the service of execution and transmission of client mandates (*execution only*), with regards to each transaction carried out, the Bank shall send the client, no later than the first working day following the day of registration, or, if the Bank receives the investment instruction from a third party (e.g. an external asset manager to whom the client has delegated the relevant management), no later than the first working day following the registration of the instruction, a notice confirming the carrying out of the transmitted order, prepared in accordance with applicable legislation.

Section II - Complaints Handling

Client feedback and complaints are best addressed directly in writing to the Bank's complaints department. Clients should include the reason as well as their contact details and account number in their written complaint. The Bank undertakes to deal with observations and complaints as soon as possible and in any event within 60 days of receipt. In the event of complaints against the Bank for which it has not been possible to find a solution that fully satisfies the client's expectations, the latter has the right to initiate a conciliation procedure by contacting the Swiss Banking Ombudsman, a neutral Swiss information and mediation body that is free of charge for the client.

Contact details:
Swiss Banking Ombudsman
Bahnhofplatz, 9
8021, Zurich, Switzerland
P.O. Box
www.bankingombudsman.ch



Section III. Information on financial service costs

1. Costs and charges for the provision of financial services and securities transactions

For the provision of financial services and securities transactions, the Bank applies, in principle, the one-off and recurring costs set out in the "Economic conditions for the provision of banking and financial services" (hereinafter the "Economic conditions") published on the Bank's website under the link: www.bancasempione.ch/documents or physically delivered by the Bank upon request. All charges listed in the Economic Conditions refer to the time of publication and are subject to change at any time. These fees are applied to the single business relationship. Clients having several business relationships are, in principle, subject to separate payments for each relationship.

For all services not expressly covered by the Economic Conditions, the conditions and charges indicated in the relevant prospectuses or in the Bank's general terms and conditions apply. In any case, the client has the right to request more information to his/her Client Relationship Manager on the applicable fees as well as on services and charges that are not included in the Economic Conditions.

It should be noted that the Bank may, in the context of the provision of financial services, be subject to a conflict of interest to the extent that it advises or allows the intermediation of investments in instruments issued, administered, promoted and/or designed, or which are the subject of specific commercial agreements with third parties which provide for the payment of compensations and fees or retrocessions in favour of the Bank. On this point, see sections IV (*Identification and Management of Conflicts of Interest*) and V (*Compensation*) for more details.

2. Costs and Charges within Individual Financial Services

Except for the application of particular or flat-rate conditions agreed upon with individual clients for specific services, the Bank generally applies the usual trading fees, custody account charges, value upkeep expenses, closing and annual account costs, as well as all other charges related to the administration, management and custody of securities. For the provision of asset management mandate and the advisory investment services, these costs are generally added: (i) a management/advisory fee, charged quarterly on the basis of average assets over the quarter; (ii) where applicable, a performance fee charged annually in arrears only in the event of a positive management result; and (iii) any taxation charges arising from the execution of the mandate.

The management and custody or administration fees for the securities depository ("custody account charges") are calculated on the value of the assets at the end of each month and charged quarterly. Other recurring fees listed in the schedule of charges are also generally charged on a quarterly basis according to the same principle. On the other hand, transaction costs are charged at the same time as individual transactions.

3. Third-party Commissions and Expenses

Third-party commissions and expenses are also charged back to the client. These are costs known to the Bank only afterwards and which are completely independent from the Bank's will, because they are determined by the market or by counterparties unrelated to the Bank.

4. Tax Regime

For clients domiciled in Switzerland and the Principality of

Liechtenstein, VAT, where applicable, shall be added to the prices listed in the "Economic Conditions". Clients domiciled abroad are not subject to value added tax.

The taxes applied to the transactions offered by the Bank vary according to the customs in force in the country of the transaction and are charged separately in addition to the Bank's fees.

5. Special Transactions

The Bank reserves the right to collect individual surcharges in the event of transactions requiring particular attention and/or execution.



Section IV. Identification and Management of Conflicts of Interest

In regulating the general organisational requirements to be adopted by banks, the relevant legislation includes a specific section dedicated to the adoption of all possible measures to identify, manage and monitor conflicts of interest. For this reason, the Bank provides the following information constituting a summary of its internal guidelines in relation to the management of conflicts of interest. If the client requests it, the Bank shall provide further details about the conflicts of interest policy adopted.

Conflicts of interest may arise within the context of the provision of financial services which may damage the interests of a client if, as a result of the provision of such services, the Bank, a relevant person¹ or a person having a direct or indirect control relationship with them:

- (a) can achieve a financial gain or avoid a financial loss at the client's expense;
- (b) have an interest in the outcome of the service provided to the client which is separate from that of the client;
- (c) have a financial or other incentive to favour the interests of clients or a group of clients other than those to whom the service is provided;
- (d) carry out the same business as the client;
- (e) receive or may receive from third parties, in connection with the service provided to them, any monetary or non-monetary benefits or services which may influence investment decisions or investment recommendations for the client;
- (f) receive or may receive from the client, by way of gratuity, sums of money or gifts of non-negligible value.

The Bank has therefore formulated a written policy for the management of conflicts of interest that allows:

- (i) the identification, in relation to the specific investment services and activities provided, of circumstances which give rise, or could give rise, to a conflict of interest that may seriously damage the interests of one or more clients;
- (ii) define the procedures to be followed and the measures, including organisational measures, to be taken to prevent or manage the conflicts referred to in point (i) above.

The adoption of the procedures and measures outlined above ensures that relevant persons engaged in activities involving a conflict of interest carry out such activities with an appropriate degree of independence, considering the size and activities of the Bank as well as the significance of the risk of damage to the client's interests. If the measures adopted are not sufficient to ensure, with reasonable certainty, that risks of damaging the interests of clients is avoided, the Bank shall inform clients clearly and in writing, in the appropriate contractual forums or by specific documentation, before acting on their behalf, about the nature and sources of the conflicts as well as the measures taken to mitigate these risks, so that they can make an informed decision on the services provided, having regard to the context in which the conflict situations arise.

The Bank identifies in the Compliance service the function responsible for verifying compliance with the procedures and directives relating to conflicts of interest and the keeping of the so-called "Conflict Register" - indicating potential conflicts that are monitored.

From this perspective, the measures the Bank has identified for the management of conflicts of interest are summarised below.

1. Identification of Cases of Conflicts of Interest

Situations that may generate conflicts of interest identified include:

- those involving clients with concurrent interests;
- those involving, with concurrent interests, clients and the Bank;
- those involving, with concurrent interests, relevant persons or persons having a direct or indirect controlling link with the Bank and the Bank itself or its clients.

The following list illustrates, by way of example but not limited to, conflicting situations that may arise between the Bank and its clients and which relate to

- the Bank's own (revenue) interest in selling and trading financial instruments, including instruments issued or promoted by the Bank or an entity of the Banca del Sempione Group;
- the receipt of compensation from third parties (for details on compensation, see section V Compensation);
- performance-based compensation of employees and compensation granted to intermediaries (where applicable and permitted);
- relationships (e.g. service, collaboration or revenue-sharing agreements) that the Bank may have with issuers of financial instruments that are offered or recommended to clients.

2. Measures established by the Bank to Identify Conflicts of Interest

In a first step, the Bank endeavours to properly identify potential conflicts of interest in order to manage them. Therefore, the Bank keeps a register ("**Register of Conflicts of Interest**") which, in a detailed and progressive manner, indicates, noting the types of financial services or investment activities concerned, the situations referred to in points (a) to (f) of this section in which a conflict of interest has arisen, or, in the case of an ongoing service or activity, may arise, which risks seriously damaging the interests of one or more clients. This register is updated regularly.

3. Measures established by the Bank to Avoid, Manage or Mitigate Conflicts of Interest

In order to ensure professional expertise and integrity as well as an effective level of independence, the Bank has implemented a policy with minimum standards. Employees are obliged to comply with this policy at all times. The Bank has also put, where appropriate, a broad range of organisational measures and procedures in place in order to the best identify, avoid, and mitigate conflicts of interest, as illustrated by the following, non-exhaustive overview:

- To prevent or control the exchange of information between relevant persons involved in activities entailing a risk of conflict of interest, when it could materially harm the interests of one or more clients;
- To ensure separate supervision of relevant persons whose principal functions involve interests potentially in conflict with those of the client on whose behalf a service is provided;
- To ensure a remuneration practice that provides for incentive systems that do not compromise the quality of the financial services provided to clients;
- To prevent or restrict the exercise of undue influence over the performance by a relevant person of investment services or activities;
- To prevent or control the simultaneous or consequential participation of a relevant person in separate investment services or activities, where such participation may impair the proper management of conflicts of interest;

- the Bank's employees;
- any other natural person whose services are available and under the control of the Bank and who participates in the provision of investment services, including on the basis of a delegation.

¹ By "Relevant Persons" we mean:

- the Bank's shareholders in proportion to their shareholding;
- the members of the Bank's Board of Directors;
- the members of the Bank's Executive Board;
- the Bank's senior management;



- To define rules concerning transactions on staff accounts and approval and review processes for external mandates, secondary professional activities and significant employee shareholdings;
- To establish rules on the acceptance, provision and disclosure of benefits (including *soft commissions*, gifts and/or other forms of benefits);

More generally, the Bank has therefore implemented, where appropriate, the organisational and functional separation of sectors and relevant persons primarily engaged in functions involving the exercise of activities on behalf of clients or the provision of services to clients, whose interests may conflict, or who otherwise represent different interests that may conflict, including those of the Bank. These procedures are consistent with the provisions of the Finma circular on Market Abuse.

4. Other Measures

The Bank has also put in place additional measures for the management of conflicts of interest such as independent remuneration, code of ethics, ensuring "*best execution*" in carrying out client's orders and assessing the appropriateness/suitability of the financial instrument and/or investment service with respect to the client's profile. In addition, the Bank shall apply the regulations in force regarding the correct allocation of orders and executions, ensuring that individual clients are treated equally.

5. Information for Clients

The Bank makes every effort to identify, avoid or mitigate any conflicts of interest that could arise with regard to the services offered to clients. If however, the procedures and the measures implemented by the Bank cannot prevent disadvantages for clients, or the same could only be avoided with a disproportionate effort, the Bank shall inform the client in an appropriate manner, before acting on his/her behalf, about the nature and sources of conflicts, to ensure that an informed decision is taken.

6. Strategy Monitoring and Review

The Bank has implemented regular checks at the level of business units and independent control functions to ensure that its measures and policy on conflicts of interest are effective, appropriate and complied with. The Bank shall carry out a formal review of its conflict-of-interest policy at least once a year. Any changes to the policy shall be made available to clients via the company's website or other channel deemed appropriate for the purpose.

Section V. Compensation

1. Description

Compensation is an advantage that the Bank may receive by virtue of economic ties with another legal entity (including companies of the Banca del Sempione Group or third parties) and that is not paid directly by a client or on behalf of a client (hereinafter the "Compensation"). Charges paid directly by a client to the Bank, such as advisory fees, custody fees or transaction fees (including fees that are part of the issue price of an instrument) are not considered as compensation. The most common form of compensation occurs between providers and distributors of financial instruments, whereby providers forward part of their revenues from financial instruments to the distributor in exchange for distribution services. For example, in the area of investment funds, the fund provider charges the investor a management fee for managing the fund assets, which is disclosed in the fund's prospectus. The fund provider may use part of the revenues generated with this management fee to remunerate distributors, such as banks or financial advisors, for access to their distribution network or for administrative efforts they need to undertake when distributing the fund provider's products.

2. Identification and Management of Third-Party Compensation

Because compensation may lead to potential conflicts of interest, the Bank has developed its own strategies to effectively identify and manage economic ties with third parties. The Bank may only retain such indemnities if the

client has been adequately informed of their existence and has expressly and validly waived them in accordance with Art. 400 of the Swiss Code of Obligations (CO) when signing contracts for the provision of individual financial services. Otherwise, the Bank is obliged to pass on the compensation received to the client. In order for the waiver to be valid, the client must be provided in advance with all the necessary information to enable him to calculate or estimate with sufficient precision the sum to be waived. Evidence of the existence, nature and amount of the compensation or, if the amount cannot be ascertained, of the method of calculating that amount should therefore be provided. Upon request, the client may be provided with information on the amounts actually received to the extent that a breakdown or allocation to the individual client is possible.

In principle, the Bank only offers discretionary mandates that do not provide for the payment of a compensation which, if paid, would in any case be returned to the client. Conversely, under the advisory mandate, the Bank endeavours to recommend best-in-class investment products (both compensation-free and compensation-loaded products), always taking into account suitability and appropriateness as well as potential investment restrictions by the product itself, with the Bank entitled to retain such allowances, subject to the client's consent.

3. Calculation of Compensation

The amount of compensation depends on the financial instrument, its provider and the volume of assets invested in the financial instrument. This generally amounts to between 0 and 60% of a management fee for the instrument concerned, which in turn usually varies between a minimum of 0.5% and a maximum of 2.5% for third-party investment funds, while it can be as high as 2% of the nominal value for structured products. In any case, such compensation may not exceed 1% per year of the assets under management or administration deposited on the account. The client explicitly accepts that the Bank is entitled to receive and retain such compensation according to the conditions set out in the relevant service agreements and/or the General Terms and Conditions and Deposit Regulations.

4. Compensation Paid by the Bank to Third Parties

If the Bank has established a business or account relationship with a client, e.g. through a third party acting as a financial intermediary, or if there are clients who have engaged an external independent asset manager (or other financial intermediary), who relies on the Bank for custody and trade execution, the Bank may pay the third party a respective fee (revenue, transaction or asset-based) on a one-off and/or ongoing basis. At the request of clients, the Bank shall inform them of the existence and nature of such payments to third parties, where such relationships exist. In addition, each of these parties must comply with its own indemnity-related obligations, particularly with respect to restrictions on receipt, disclosure requirements and management of conflicts of interest in accordance with the intermediaries' business relationship with the client. The Bank accepts no liability for the obligations of third parties in this respect.

The client is free to contact his/her Client Relationship Manager to obtain further information. In any event, the Bank shall endeavour, as far as possible, to avoid conflicts arising or, in cases where they are unavoidable, to ensure that they do not adversely affect the client.



Section VI Policy for the Execution of Client Mandates (best execution)

1. Preamble

In the provision of financial services, the Bank shall ensure equal treatment of its clients and shall take all necessary measures to obtain, when executing transactions on their behalf (including the right to use third-party financial institutions for execution), the best possible result in financial, time and quality terms (*best execution*). Where the Bank uses third parties in the execution of client mandates, it shall ensure that the third parties guarantee the principles of *best execution* and that the best execution criteria are shared.

2. Best Execution Criteria

To this end, the Bank takes into consideration the following execution factors to determine the best possible result for its clients:

- **Price:** this is the price a financial instrument is executed at;
- **Cost:** all costs and expenses directly related to the execution of the order;
- **Speed:** this is the time it takes to execute a client transaction;
- **Likelihood of Execution and Settlement:** this is the likelihood that the Bank will be able to complete a client transaction and the guarantee of delivery of the traded instruments;
- **Nature and Volume of the Order:** the characteristics and volume of the transaction executed on behalf of a client, considering how this affects the execution price as well as the need to ensure equal treatment for any quantity of order placed on the market;
- **Any other considerations relevant to the execution of the transaction** (such as market impact) - this is how the particular characteristics of a client transaction can affect how best execution is achieved.

In principle, the price of the financial instrument and the costs relating to the execution of the order (total consideration) will merit the highest relative importance in obtaining the best possible result. However, the overall result of a particular transaction for a client may be affected by other factors. Therefore, the Bank may in specific cases attach a higher importance to other execution factors than the immediate price and cost, such as:

- (i) the characteristics of the client, including his/her segmentation as a retail or professional client;
- (ii) the characteristics of the order;
- (iii) the characteristics of the financial instruments that are the subject of the order and the liquidity of the same;
- (iv) the characteristics of the execution venues to which the order may be directed.

For certain markets and/or financial instruments, for example, the likelihood of order execution is a non-negligible factor in the choice of brokers in order to guarantee the best possible result for the client.

The client may give specific instructions for the execution of a transaction. In this case, the Bank will carry out those instructions even if this could prevent (in whole or in part) the application of the *best execution* policy and prejudice the achievement of the best possible result for the client. In the case of partial instructions received from the client, the order is transmitted according to these instructions, applying the best execution policy for the part left to the Bank's discretion.

3. Best Execution and Review Policy

The Bank has implemented a *best execution* policy, through which it defines its *best execution* principles and procedures. The policy includes processes for the implementation, control, periodic monitoring and review of said policy. The policy and *best execution* criteria are subject to annual review as to the completeness and effectiveness of the procedures and criteria selected, or whenever material changes occur that would affect the Bank's ability to obtain the best possible results for its clients on an ongoing basis.

4. Choice of Negotiating Intermediaries

The brokers used by the Bank were selected using the following criteria:

- consistency of the execution policy with the order of importance of the criteria defined by the Bank;
- direct access to the reference regulated markets of the financial instruments subject to the orders;
- expertise in the management and execution of orders on specific categories of financial instruments;
- expertise in the management and execution of orders in specific markets;
- high speed and quality of execution for particular types of order;
- availability of technological platforms for placing orders (for large orders);
- financial solvency of the broker.

In order to guarantee the transmission of orders at the most favourable conditions for the client (*best execution*), the Bank mainly makes use of the work of primary intermediaries through the Bloomberg electronic trading platform for the negotiation of the instruments listed therein, where it can identify the best execution venues in relation to the characteristics of each order, or through a proprietary system of a third party bank which, in turn, guarantees compliance with *best execution* through which efficient real-time access to most of the equity and bond markets traded is guaranteed. Where trading takes place with a third-party intermediary, the same intermediary may apply a *mark-up* to bond trading as consideration for complying with a *best execution* policy. In such cases, the execution price confirmed to the client, to which the bank applies its commissions in accordance with the price list, also includes the *mark-up*, which is a fixed amount, negotiated in advance and having a maximum impact of 0.05% on the price.

5. Periodic Assessment of Brokers.

In the context of the provision of financial services, the Bank, in order to verify that the best results are obtained for its clients, periodically reviews the choice of the broker assignment by analysing compliance with the criteria that led to the choice pursuant to paragraph 4 and the quality of the execution obtained. In particular, the following is verified: (a) the continued consistency of the execution policy with the order of importance of the factors defined by the Bank; and (b) the broker's financial solvency. In addition, the following are reviewed on an annual basis: (i) price; (ii) fees charged; (iii) timeliness of reporting of executions; (iv) ability to access various execution venues; (v) ability to operate in conditions of high market volatility; (vi) minimisation of defaults, timeliness and quality of execution information, quality of settlement of transactions. In order to be able to carry out these activities, it is verified on a regular basis that the brokers provide the Bank with necessary updates.



Part B - Information on the Client segmentation

1. Definition

For the purposes of classifying clients in accordance with Articles 4 and 5 of the Federal Act on Financial Services (FinSA) and Articles 4 and 5 of the Ordinance on Financial Services (FinSO), clients are deemed to be the natural or legal persons to whom the Bank provides services.

In order to implement this legislation, clients must necessarily fall into one of the following three categories:

- a) retail client;
- b) professional client;
- c) institutional client.

Each category is assigned a different level of investor protection, mainly with regard to: (i) information duties, (ii) the assessment of suitability or appropriateness, (iii) documentation and accountability duties, (iv) the content of contracts and, in general, the *due diligence* rules set out in the FinSA.

a. Retail Client

This category includes clients who are neither professional nor institutional clients.

As a rule, the Bank treats clients as retail clients, unless they have been informed otherwise. Retail clients receive the highest level of investor protection according to FinSA, FinSO and their implementing circulars. They must be given extensive information regarding product risk, e.g. Key Information Document (KID) or the basic information sheet, before a service can be provided or a trade can be executed. The range of financial instruments available is generally limited to products targeted at retail clients or to products explicitly registered for distribution to retail clients.

Retail clients, if they meet the necessary requirements to be considered as high-net-worth within the relevant legislation, and private investment structures set up for such high-net-worth clients, who have expressly requested this in writing - may declare that they wish to be considered as professional clients (*opting-out*, see point 2).

With regards to the provision of collective investment schemes professional and retail clients who have concluded a management mandate agreement are considered by law as qualified investors. This gives these clients access to collective equity instruments aimed at qualified investors.

b. Professional Client;

A professional client is a client who possesses the necessary experience, knowledge and ability to make informed investment decisions and to bear financial losses.

In particular, classification as a professional client implies a lower level of investor protection recognised by the law than for retail clients on the basis of their level of knowledge and experience and their ability to bear financial losses. Some rules of conduct do not apply to professional client, such as, for example:

- the obligation to make available the Key Information Document (KID) or the prospectus of financial instruments which are the subject of a recommendation in the context of an advisory mandate or a client order (*execution only*);
- an assessment of appropriateness and suitability, since the Bank may assume that a professional client has the necessary knowledge and experience and is able to financially bear the investment risks associated with the financial service.

Professional clients have a broader investment universe at their disposal, including financial products intended exclusively for professional clients or which are not registered for distribution to private clients.

The following are professional clients **by right**:

- i. financial intermediaries as defined in the Banking Act (BankA), the Financial Institutions Act (FinIA) and Law on Collective Investment Schemes (LICol) (e.g. banks, asset managers, fund management companies, brokerage firms or securities brokers; collective investment schemes, etc.)
- ii. Insurance companies as defined in the Insurance Supervision Act (ISA);
- iii. foreign clients subject to prudential supervision such as the persons referred to in points i. and ii above;
- iv. central banks;
- v. public entities with professional treasury;
- vi. occupational pension schemes with professional treasury operations and other occupational pension providing professional treasury operations;
- vii. companies with professional treasury operations;
- viii. large companies²;
- ix. private investment structures with professional treasury operations created for high-net-worth retail clients..

Professional clients may - by filling in an application form or, alternatively, by entering into a written agreement with the Bank - at any time whatsoever, apply in **writing** to the Bank to be considered as retail clients and thus obtain a higher level of investor protection (*opting-in*).

In any case, the onus is on the professional client to demand a higher level of investor protection if he/she considers that he/she is unable to properly assess or manage the risks he/she has taken.

c. Institutional Clients;

The following are considered institutional clients:

- the professional clients referred to in point a. i. - iv. as well as

- national and supranational public entities with professional treasury operations.

Classification as an institutional client entails the non-application of the rules of conduct set out in the relevant Regulations (on: information duties; suitability, appropriateness and mere execution of orders; documentation and accountability; transparency and diligence in processing client orders; *best execution* of client orders).

The classification of the client as an institutional client does not prejudice the client's right to request to be treated as a professional client and thus obtain a higher level of investor protection. Such a request, to be made in writing, is subject to acceptance by the Bank.

2. How to Become a Professional Client (Opting Out)

High-net-worth retail clients may declare that they wish to be treated as professional clients (*opting-out*). To this end, they must meet at least one of the following requirements:

- i. On the basis of training, education and professional experience or on the basis of comparable experience in the financial sector, they possess the necessary knowledge to understand the risks associated with the investments and have at their disposal assets of at least CHF 500,000; or
- ii. They have at their disposal assets of at least CHF 2 million and have carried out transactions of a significant amount on the market with an average frequency of 10 per quarter over the previous four quarters.

Clients resident in Switzerland can also be considered professionals if they have assets of at least CHF 2 million, regardless of the transactions carried out.

The clients acknowledge that the Bank will evaluate the **plausibility** of the above declaration. The Bank reserves the right to request supporting documentation to prove what

² Companies that exceed two of the following parameters may qualify as large companies, and as such be treated as professional clients:
- a balance sheet total of CHF 20 million;

- a turnover of CHF 40 million;
- equity of CHF 2 million.



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have been declared. Once the classification as a professional client has been established, the client shall have the right to request, at any time, to be reclassified as a retail client (opting-in).

Retail client who wish to be re-classified as professional clients can do so by filling in a special form. Opting out cannot be requested in respect of individual services or classes of financial products only; opting out applies to the entire range of products and services covered by the relationship with the Bank.

3. Segmentation of Clients with joint accounts

In the case of joint accounts, the classification must be the same for all jointly account holders and for this purpose classification in the category providing the highest level of protection shall prevail.

If joint account holders with assets amounting to at least CHF 500,000 or more wish to be treated as professional clients ("*opting-out*"), they must apply jointly and at least one of them must have the necessary knowledge and experience to understand the risks of the investments.



Part C – Information on the *Shareholder Rights Directive II (SRDII)* - (Directive (EU) 2017/828 of the European Parliament and of the Council dated 17th May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement)

1. Preamble

On 3rd September 2020, the new European Directive on Shareholder Rights (SRDII) came into force. The aim of the SRDII is to strengthen the rights of shareholders of companies listed on regulated markets and based in a member state of the European Union (EU) or in another Contracting State of the European Economic Area (EEA) (hereinafter the "Issuers") by improving the cross-border flow of information and facilitating the exercise of voting rights at company meetings.

Despite being a European directive, SRDII has a global impact on all institutions acting as intermediaries, regardless of where they have their registered office. Consequently, Banca del Sempione SA (hereinafter the "Bank") is also subject to it.

2. Rights and Obligations Arising from SRDII

In particular, in order to encourage the long-term commitment of Issuers and improve communication between them and their shareholders, the new legislation:

- a.) introduces the right of Issuers to obtain from financial intermediaries the identification of their shareholders regardless of the place of residence of the shareholders;
- b.) formalises the obligation to provide shareholders with all information on the share capital transactions of the Issuers or other corporate events necessary to exercise their rights as shareholders and which are already included in a service we offer to our customers;
- c.) introduces the right for customers, who hold shares of a specific Issuer in deposits with the Bank, when expressly requested, to receive any information that may be communicated to the Bank in relation to upcoming general meetings of said Issuer, thus facilitating exercise of the right to vote.

For this reason, the Bank will be required, upon simple request, to forward to the Issuer, directly or through other banking intermediaries, the identification data of its customers who are holders of the Issuer's shares..

The identification data of the shareholder include, among others:

- name and address, including e-mail address, where available;
- the registration number or a unique identifier (*Legal Entity Identifier* (LEI)) if the shareholder is a legal person;
- the number of shares held on deposit with the Bank;
- the type of investment held and/or the date of purchase;
- any information on third parties who may make investment decisions on behalf of the shareholder.

It is important to emphasise that the provision of this information cannot be refused by the customer.

In addition, the Bank will continue, as it has done up to now, to inform its customers of the Issuers' capital transactions so that they can exercise the inherent rights.

3. Information on General Meetings

The customer may also request the Bank to provide him with information on general meetings scheduled by the Issuers whose shares he/she holds on deposit whose shares are held on deposit. To this end, he/she must contact his/her Client Relationship Manager in order to prepare the necessary documentation to provide the requested service.

The customer acknowledges that if he/she does not avail him/herself of this service, the Bank will not inform him/her of upcoming general meetings. Any information may, in any case, be obtained directly from the Issuers, e.g. from their respective Internet pages.



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Part D - Important Legal Information

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