

General information on the Swiss Financial Services Act (FinSA)



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Introduction

Protecting clients

- Total transparency
- Full traceability for your transactions
- Relevant financial information
- Investment proposals suited to each profile

Protecting investors and growing their wealth over the long term are central objectives for BCV.

The Swiss Financial Services Act (FinSA) came into force on 1 January 2020, helping to increase investor protection by imposing additional requirements on financial service providers.

FinSA contains rules of conduct that financial service providers must follow with respect to their clients in terms of providing information, carrying out checks and ensuring proper documentation.

At BCV, we regard these new obligations as an opportunity to further enhance the transparency and protection that our clients already enjoy.

This brochure presents BCV, the way we classify our clients, details about the services we offer – including asset management – and the protection measures that accompany them.

The information contained in this document is not meant to be exhaustive. Our advisors are here to help if you would like further information about the various financial services that BCV provides. You can simply request the additional documentation you need, which you will receive free of charge.

The most recent version of this brochure is available online at www.bcv.ch/en/Legal-information/FinSA.

About BCV

Banque Cantonale Vaudoise (BCV) is a corporation organized under public law registered with the Vaud Canton trade register. Our head office is located at Place St-François 14, 1003 Lausanne, Switzerland. BCV is a bank and securities dealer authorized in Switzerland by the Swiss Financial Market Supervisory Authority (FINMA, Laupenstrasse 27, 3003 Bern, Switzerland).

BCV is a member of the Swiss Bankers Association (SBA) and part of the deposit protection program managed by Swiss banks and securities dealers. Information about the protection provided under that program is available at esisuisse.ch/en.

BCV is Switzerland's fifth-largest full-service bank. We have four business sectors:

- retail banking
- corporate banking
- asset management (for private individuals and institutions)
- trading

More information about BCV's business activities is available in our annual report, which can be downloaded from www.bcv.ch/en/home/la-bcv/investor-relations.html.

Financial services

This section is about financial and other services covered by FinSA.

Financial and other services

BCV provides a comprehensive range of asset management services that meet the needs of even the most demanding investors.

Those financial services vary according to their level of sophistication and the level of control that the investor wishes to retain.

Execution-only service (receiving and placing orders)	<p>Our execution-only service consists simply of executing or placing orders, and is for investors who want to maintain full autonomy and independence when managing their assets.</p> <p>The service does not include any investment advice. This means that the client alone is responsible for analyzing financial instruments and the related risks.</p> <p>No checks on the appropriateness or suitability of transactions:</p> <p>If you opt for the execution-only service, you should note that BCV will not check the appropriateness or suitability of your transactions. What's more, we will not provide any subsequent reminders about the fact that such checks are not carried out.</p>
Occasional advisory service	<p>We can make personalized recommendations – which we refer to as occasional advice if they relate to isolated transactions – without taking into account your whole portfolio.</p> <p>When providing this service, we check the appropriateness of our recommendations, i.e., whether the financial instruments proposed are consistent with your experience and knowledge of the related risks.</p> <p>You are involved in the investment process and make the final decisions, while being able to benefit from BCV's advice on an occasional basis.</p>

Full advisory service	<p>With the full advisory service, BCV, as the financial service provider, makes recommendations in view of your portfolio and the investment strategy that has been defined for you.</p> <p>With this service, you are involved in the management of your assets and retain the final say on investments, while having the benefit of BCV's advice.</p>
Asset management service	<p>If you select the asset management service, you give BCV a mandate to manage certain assets on a discretionary basis.</p> <p>Assets are managed in line with BCV's investment policy, along with your selected investment strategy and any constraints within it.</p> <p>We carry out transactions without informing you beforehand.</p>

Loans to fund trading in financial instruments (e.g., Lombard loans)

Lending money to a client to invest in financial instruments is regarded as a financial service and therefore subject to FinSA.

Custody services

BCV provides custody services for clients of independent asset managers. Such clients have an execution-only relationship with BCV, and responsibility for meeting the following legal requirements, as applicable, lies entirely with their independent asset manager:

- establishing clients' investor profiles and risk profiles
- checking the suitability and appropriateness of advisory and asset management services
- providing clients with key information documents and prospectuses.

3. Institutional clients

Institutional clients are mainly:

- financial intermediaries such as banks, FINMA-registered independent asset managers, and fund managers
- asset managers overseeing collective investments and pension institutions
- insurance companies subject to the Swiss insurance supervision act
- foreign institutions subject to prudential supervision equivalent to that of FINMA.

Level of protection based on the client segment

Clients in the retail segment enjoy a high level of protection. In particular, they receive detailed information about investor protection, risks related to financial instruments, and the costs of financial services.

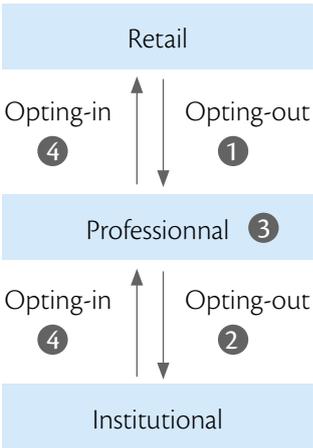
For full-advisory financial services and asset management services covering all of a client's securities portfolio, BCV checks that the financial instruments that it proposes or invests in on a discretionary basis are suited to the client's investment profile, based on information provided by the client.

The table below illustrates how being placed in a given segment affects clients, with examples.

For each client segment, protection measures required under FinSA are flagged with the ✓ symbol. The ⊗ symbol indicates that the measure is not mandatory.

Examples of investor protection measures		Segment		
		Retail	Professional	Institutional
Obligation to provide information	General information on the Swiss Financial Services Act (FinSA)	✓	✓	⊗
Obligation to carry out checks	Checks that transactions are appropriate	✓ (full and occasional advisory service)	⊗	⊗
	Checks that transactions are suitable	✓ (full advisory service, asset management)	✓ (full advisory service, asset management)	⊗
Documents and reports	Key information document	✓	⊗	⊗
	Prospectus	✓	⊗	⊗

Changing segments



Changing segments and waiving protection

Clients can ask to change segments provided they meet the relevant criteria. At the client’s request, the advisor will provide the necessary information and the relevant form for the client to complete and sign.

High-net-worth retail clients can elect to be classified as professional clients (1) (known as opting out), allowing them to streamline the investment process.

Some professional clients – generally companies and pension institutions with professional treasury operations – can also elect to opt out, i.e., to be classified as institutional clients. (2)

By doing so, professional clients waive certain kinds of protection, thereby releasing financial service providers from their obligation to provide systematic documentation, reports relating to services provided, and reasons for each recommendation. (3)

Professional clients can ask to be treated as retail clients and institutional clients can ask to be treated as professional clients (known as opting in), and thus benefit from a higher level of protection. (4)

Other information

Financial instruments and inherent risks

Details about the main financial instruments and the risks they entail are provided in the brochure entitled “Risks Involved in Trading Financial Instruments,” available free of charge from the www.swissbanking.org/en website.

The aforementioned brochure also contains information about risks associated with the purchase, sale, and custody of financial instruments and banks’ obligation to disclose information to issuers, other financial institutions, financial market infrastructure providers, and authorities involved in processing transactions.

Information on potential investments offered to clients

For retail clients who wish to invest, BCV offers a range of asset allocation funds, which are diversified, comprehensive solutions based on our investment policy.

For private banking clients, we offer a full advisory service that regularly provides personalized investment ideas to help clients reach their financial goals. Clients with assets of at least CHF 500,000 can also enter into a discretionary management agreement with us.

We take an open architecture approach in recommending financial products to private banking clients. This means our proposals include third-party instruments carefully chosen by our product selection team to complement BCV’s own range.

Depending on the portfolio size, the client’s investment objectives, and the type of service provided (full advisory or discretionary management), we may focus on our own products. For some of our private banking services, our clients also have access to a list of individual securities selected by BCV.

Key information documents

Key information documents (KIDs) and the European Union equivalent, PRIIPs KIDs, are standardized documents that explain the characteristics, costs, and risk/return profile of financial instruments so retail clients can compare different products.

Whenever BCV makes investment recommendations to retail clients, we provide such clients with the relevant KID or PRIIP KID free of charge before the transaction is executed. And whenever BCV receives or sends orders on behalf of retail clients, we provide the relevant KID or PRIIP KID if it is available.

You can also obtain KIDs for many financial instruments at any time from your BCV advisor or via the links on the FinSA page of our website: www.bcv.ch/en/home/legal-information/finsa.html.

Order execution

BCV provides a professional, trustworthy service, and we are fully transparent in executing orders on the best possible terms when you buy or sell securities or any other financial instrument.

The principles governing the execution of client orders are set out in the “Best Execution Policy” document available at www.bcv.ch/en/Legal-information.

Conflicts of interest

BCV has set up internal procedures to avoid conflicts of interest between clients and BCV or our staff members, or between clients themselves. The measures we apply are described in the “Information on BCV’s policy for managing conflicts of interest” document available at www.bcv.ch/en/Legal-information.

Costs and fees

Details regarding the costs and fees of BCV’s financial and other services are available for each client type at www.bcv.ch/tarifs.

Remuneration of third parties

When setting prices for our clients, we take into account all the benefits we may receive and all the expenses we may have to pay in relation to our activities. As a result, by accepting our “General Conditions,” you accept the principle that benefits received from third parties accrue to BCV, except where otherwise stipulated contractually.

In addition to our “General Conditions,” we publish a brochure entitled “Client information regarding commissions, retrocessions, and other benefits,” which explains our policy in this area. This brochure is available at www.bcv.ch/en/Legal-information.

Making a complaint

Service quality is at the heart of everything we do at BCV. However, although we are committed to providing you with the highest quality of service, there may be occasions when we do not fully meet your expectations.

You can submit a complaint at any time by following the instructions provided at www.bcv.ch/complaint. Your complaint will be dealt with promptly and will help us to improve our service.

Mediation

If you are not satisfied with BCV's response to a complaint, you can refer the matter free of charge to the Swiss Banking Ombudsman. This is an independent information and mediation body that deals with complaints made by clients regarding banks based in Switzerland. You can contact the Ombudsman at www.bankingombudsman.ch/en/contact.

BCV's advisors are also available to answer any questions you may have.



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