INFORMATION ABOUT FINSA REGULATION GOVERNING INVESTOR PROTECTION AND SERVICES

INTRODUCTION

Switzerland's Financial Services Act (FinSA) is designed to provide stronger investor protection. It applies to all **professional financial intermediaries** operating in or from Switzerland, whether based locally or serving Swiss clients cross-border. Under **FINMA Circular 2025/2 "Duties of Conduct under FinSA/FinSO"**, additional clarity is now provided concerning conduct obligations, including timing, transitional periods, and supervision by FINMA.

At Hottinger, Gaultier & Partners AG, ensuring investor protection through clear information, transparent practices, and client-focused procedures is an integral priority.

This brochure aims to:

1) Meet FinSA's duty-to-inform requirements;
2) Provide a clear overview of the services within FinSA's scope;
3) Highlight the documents or forms required under the current regulatory framework.

HOTTINGER, GAULTIER & PARTNERS AG

Hottinger, Gaultier & Partners AG is a FINMA-licensed securities firm based in Zurich (Hottingerstrasse 21) and supervised by the Swiss Financial Market Supervisory Authority (FINMA) and therefore subject to obligations under FinSA and FinSO.

HOW FINSA DEFINES "FINANCIAL SERVICES"

FinSA defines the following activities carried out for clients as regulated financial services:

- the purchase or sale of financial instruments
- the receipt and transmission of orders in relation to financial instruments
- portfolio management
- providing personal recommendations relating to transactions in financial instruments (investment advice)
- granting of loans for the purpose of executing transactions in financial instruments.

SERVICES COVERED UNDER FINSA

Various forms of financial services are offered for investment solutions: discretionary portfolio management, investment advice and execution-only (with no advice). All three types of financial services fall into the scope of FinSA and are governed by its requirements.

With discretionary portfolio management, investment decisions are delegated to the financial services provider. With investment advice and execution-only services, the client retains full responsibility for investment decisions. The financial service provider's duties therefore differ, in particular with regard to the level of information that must be provided to the client.

In cases where the assets are managed by a third party, if the client entrusts management of their assets to an External Asset Manager (EAM) the responsibility to comply with FinSA requirements when providing investment solutions then lies with the external asset manager.

When providing **execution-only services**, clients execute trades without advisory input. In such cases:

- No suitability or appropriateness test is conducted.
- Clients must be expressly informed that *no assessment* was performed.
- For private clients, a Key Information Document (KID) is mandatory before trade execution.

FINANCIAL INSTRUMENTS IN SCOPE
Under FinSA and FINMA Circular 2025/2, the following fall within heightened transparency and disclosure standards:

1. Equities
2. Debt instruments and bonds
3. Funds
4. Structured products
5. Derivatives (including CFDs)
6. Deposits whose redemption value or interest is risk-or price-dependent excluding those where the interest is linked to an interest-rate index.

INVESTMENT IN OWN OR AFFILIATED PRODUCTS
Under FINMA Circular 2025/2, Hottinger, Gaultier & Partners AG is required to disclose whether the offering includes **only own products**, **only third-party products**, or **both**, and explain how conflicts of interest are managed. Hottinger, Gaultier & Partners AG applies an open architecture investment approach, selecting financial instruments from both third-party and affiliated providers. This means, that in the course of managing portfolios or providing investment advice, Hottinger, Gaultier & Partners AG may invest client assets in financial instruments that are issued or managed, by Hottinger, Gaultier & Partners AG itself or by affiliated entities ("own products").

Such own products may include investment funds, structured products, Actively Managed Certificates (AMC's), or other financial instruments. These products are selected with the same diligence as third-party products and only if they align with the client's investment objectives and risk profile. In accordance with FinSA and FINMA Circular 2025/2, Hottinger, Gaultier & Partners AG has internal controls and governance processes in place to identify, mitigate, and monitor potential conflicts of interest. If such a conflict cannot be effectively managed, clients will be informed transparently about its nature, origin, and implications so they can make an informed decision.

In such cases, Hottinger, Gaultier & Partners AG may receive revenues from both offered financial services and its own financial products. Upon request, clients may receive information about the use of own or affiliated products in their portfolio and any compensation received by Hottinger, Gaultier & Partners AG in connection with them.

REMUNERATION AND OTHER BENEFITS RECEIVED FROM THIRD PARTIES
Hottinger, Gaultier & Partners AG may have to select, analyse and monitor financial products issued by third parties and receive a remuneration which varies according to the type of product and in accordance with the following scale (as a percentage of the investment volume on an annual basis): money market funds from **0% to 1%,** bonds, fixed income and equity funds from **0% to 1%**, alternative funds from **0% to 2%.**

When issuing specific financial products for the needs of one or more Clients **(structured products)**, Hottinger, Gaultier & Partners AG may receive a structuring fee of **0% to 2%** to cover the costs of selecting, analysing and monitoring the underlying and structuring the product.

Moreover, Hottinger, Gaultier & Partners AG may receive from its counterparties or its affiliated companies – in consideration of their reciprocal business volume – certain commissions that may amount to an annual equivalent of **0% to 0.4% of the average assets** deposited individually or collectively with the relevant counterparty. Other third party Banks used by the Client for his/her business with Hottinger, Gaultier & Partners AG may pay to the latter a portion of their own custody and administrative fees, fiduciary or brokerage fees, structuration / placement fees for structured products, or forex margin and the like, up to 0% to 50% of the respective fees.

In any case the total benefits received from third parties **represent up to 0.5% of the assets under management**.

To the extent authorised by art. 400 of the Swiss Code of Obligations, Hottinger, Gaultier & Partners AG shall notify the Client, upon request, of the amounts received.

CONFLICTS OF INTEREST

Hottinger, Gaultier & Partners AG has taken organisational measures to prevent situations of conflict arising between the interests of the Financial Institution (including its staff and of any other business partners) and those of its clients. However, because of circumstances and the nature of the businesses, conflicts of interest may still arise in the provision of its services.

Typically, conflicts of interest can arise in particular:

- when using own financial instruments or those of affiliated third parties for investment advice or asset management mandates, whereby Hottinger, Gaultier & Partners AG collects fees for investment advice and asset management services, but at the same time also for its own financial instruments and indirectly those of affiliated third parties (known as double dipping).
- when granting special conditions
- when selling financial services and instruments
- when offering incentives to employees
- when accepting gifts from third parties in connection with financial services
- when executing client orders
- by obtaining information that is not publicly known

Conflicts of interest in connection with the granting of special conditions cannot, by their very nature, be completely avoided. Accordingly, the possibility of individual clients being disadvantaged cannot be ruled out.

If Hottinger, Gaultier & Partners AG does identify a conflict of interest that it cannot resolve, it will notify the client of the nature and source of this conflict, the risk associated with it, and the measures taken to mitigate it, so that the client can take an informed decision.

CLIENT CLASSIFICATION

FinSA requires that financial services providers classify their clients in one of the following categories, for this purpose the attached or previously provided FinSA categorisation form has to be filled out and where applicable the knowledge and experience test has to be completed:

- **Private client** (default, highest protection)
- **Professional client** (public entities, large corporates, etc.)
- **Institutional client** (authorised intermediaries, insurers, central banks)

The classification determines the level of regulatory protection and testing obligations. The appropriate **FinSA client categorisation form** must be completed, including **knowledge and experience tests** when relevant.

CHANGE IN CLASSIFICATION (Opt-in / Opt-out)

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 or already declared in writing that they wish to be categorised as elective professional investors, provided that the criteria laid down by the regulations are met:

- on the basis of training, education and professional experience or on the basis of comparable experience in the financial sector, the clients possess the necessary knowledge to understand the risks associated with the investments and;
- have at their disposal bankable assets of at least CHF 500'000

  or
- have no knowledge and experience, but disposable assets in excess of CHF 2'000'000

Professional clients:
Occupational pension schemes and other institutions whose purpose is to serve occupational pensions with professional treasury operations and companies with professional treasury operations may declare in writing that they wish to be categorised as institutional clients (opting out) or, 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).

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

PRE-TRADE TESTS (SUITABILITY)
Under Articles 11–12 FinSA and clarified by FINMA Circular 2025/2:

- **Portfolio-based advice** (discretionary or advisory mandates) requires a **suitability test**: assessing client's experience, financial capacity, investment objectives, and matching investments to their risk profile.

No appropriateness or suitability test is required where solely executing or transmitting client orders and no prior consultation took place. The Financial Intermediary must inform clients that no test has been conducted prior to the service being rendered. For "execution only" clients, Hottinger, Gaultier & Partners AG is required to provide a KID prior to the trade execution, if the client is a private client (e.g. the Opting-Out Waiver was not signed).

When relevant, Hottinger, Gaultier & Partners AG will apply controls that are more protective to the investors than the requirements set forth in the provisions of the FinSA or the FINMA circular 2025/2.

RISK CONCENTRATION DISCLOSURES
In accordance with the FINMA circular 2025/2 we consider that a risk concentration is met if at least 10% of a portfolio is concentrated in an individual security or at least 20% of the same is associated to a single issuer. Exceptions apply for regulated diversified funds only.

BEST EXECUTION POLICY

In compliance with FinSA principles and FINMA expectations, Hottinger, Gaultier & Partners AG has a **best-execution policy** ensuring all client orders are transmitted and executed with due diligence. The policy details venue selection, monitoring, and execution quality.

MEDIATION BODY
In accordance with Swiss law, Hottinger, Gaultier & Partners AG is affiliated with the **Swiss Banking Ombudsman** (Foundation Swiss Banking Ombudsman, Bahnhofplatz 9, 8021 Zurich). Clients benefit from impartial, cost-effective mediation services in case of disputes. The contact details are included below.

Foundation Swiss Banking Ombudsman, Bahnhofplatz 9, 8021 Zürich,
www.bankingombudsman.ch

For all your remaining questions you may have, we kindly ask you to get in touch with your dedicated Relationship Manager.