

Client segmentation

Under FinSA, financial service providers are required to classify clients into three categories: retail, professional, and institutional clients. Institutional clients form a specific subset of professional clients and include entities such as banks, insurance companies, and other prudentially supervised financial intermediaries, whether based in Switzerland or abroad.

The rules below summarize the various client categories and their respective levels of protection:

Institutional Clients:		
<p>a) Financial intermediaries, as defined by the Banking Act of 8 November 1934 (BankA), the Financial Institutions Act of 15 June 2018 (FinIA), and the Collective Investment Schemes Act (CISA)</p> <p>b) Insurance Companies as defined in the Swiss Insurance Act (ISA)</p> <p>c) Foreign Financial Intermediaries and Insurance Companies subject to prudential supervision as mentioned in a) and b)</p> <p>d) Central Banks</p> <p>e) National and Supranational public entities with professional treasury operations</p>	<p>The financial service provider is not obligated to comply with the duties related to providing information, reviewing, documenting, reporting, or adhering to transparency and conduct rules concerning client orders.</p>	<p>Financial Intermediaries Insurance Companies Foreign Financial Intermediaries and Insurance Companies Central Banks National and Supranational public entities with professional treasury operations</p>
Professional Clients:		
<p>a) Occupational pension schemes with professional treasury operations</p> <p>b) Occupational pension institutions providing professional treasury operations</p> <p>c) Companies with professional treasury operations</p> <p>d) Large companies which exceed two of the following parameters:</p> <p>a. balance sheet total of CHF 20 million;</p> <p>b. turnover of CHF 40 million;</p> <p>c. equity of CHF 2 million.</p> <p>e) Private investment structures with professional treasury</p>	<p>The financial service provider is subject to comprehensive transparency and conduct rules for client orders, as well as limited review obligations concerning appropriateness and suitability assessments, unless explicitly waived by professional clients.</p>	<p>Occupational pension schemes with professional treasury operations Occupational pension institutions providing professional treasury operations Companies with professional treasury operations</p> <p>Large companies which exceed two of the following parameters: a. balance sheet total of CHF 20 million; b. turnover of CHF 40</p>

operations created for high-net-worth retail clients.		million; c. equity of CHF 2 million. e) Private investment structures with professional treasury operations created for high-net-worth retail clients
Private or Retail Clients:		
The financial service provider must fully adhere to the conduct rules outlined in FinSA.	The financial service provider must fully adhere to the conduct rules outlined in FinSA.	Clients, that are not professional or institutional clients

Opting-In and Opting-Out

According to **Art. 5 of the Financial Services Act (FinSA)** and **Art. 10 para. 3 of the Collective Investment Schemes Act (CISA)**, clients of financial service providers are classified into different categories—retail, professional, and institutional clients. Both laws offer clients the possibility to change their classification by opting in or out, thereby adjusting the level of protection they receive. Retail clients may opt to be treated as professional clients if they meet specific financial and expertise criteria, while professional clients can request to be treated as retail clients for enhanced protection.

Retail client (as defined in art. 4 para. 2 FinSA)
<input type="checkbox"/> High-net-worth retail client who: <input type="checkbox"/> on the basis of training, education and professional experience or on the basis of comparable experience in the financial sector, I possess the necessary knowledge to understand the risks associated with the investments and have at my disposal assets of at least CHF 500,000 <input type="checkbox"/> has at his/her disposal assets of at least CHF 2 million <input type="checkbox"/> Private investment structure without professional treasury operations ² created for High net-worth retail client who: <input type="checkbox"/> on the basis of training, education and professional experience or on the basis of comparable experience in the financial sector, possesses the necessary knowledge to understand the risks associated with the investments and have at his/her disposal assets of at least CHF 500,000 <input type="checkbox"/> has at his/her disposal assets of at least CHF 2 million
<input type="checkbox"/> <u>Retail client</u> who does not meet any of criteria corresponding to the two-above categories (neither a high-net-worth retail client, nor a private investment structure created for high-net-worth retail client). A change of classification is not allowed in that case.
Professional Client (art. 4 para. 3 FinSA)

<input type="checkbox"/> Occupational pension scheme with professional treasury operations ² and other occupational pension institution providing professional treasury operations <input type="checkbox"/> Company with professional treasury operations ² <input type="checkbox"/> Large company <input type="checkbox"/> Private investment structure with professional treasury operations ² created for high-net-worth retail clients
Change of classification <input type="checkbox"/> Opting-out: despite the above, I confirm that I wish to be considered as an Institutional client <input type="checkbox"/> Opting-in: despite the above, I confirm that I wish to be considered as a Retail client
Institutional Client (art. 4 para. 4 FinSA)
<input type="checkbox"/> Financial intermediary ³ <input type="checkbox"/> Insurance companies ⁴
Change of classification <input type="checkbox"/> Opting-in: despite the above, I confirm that I wish to be treated as a <u>Professional client</u>

¹ Swiss Federal Act on Financial Services (Financial services Act, FinSA) of 15 June 2018 (Status as of 1 August 2021)

² As defined in the Financial Services Ordinance (FinSO) Article 3 paragraph d.8: "A company, or a private investment structure created for high-net-worth retail clients is deemed to have professional treasury operations if, within or outside the company or the private investment structure, it entrusts, on a permanent basis, the management of its funds to a professionally qualified person with experience in the financial sector."

³ As defined in the
- Swiss Federal Act on Banks and Savings Banks of (Banking Act, BankA) of 8 November 1934 (Status as of 1 January 2020),
- Federal Act on Financial Institutions (Financial Institutions Act, FinIA) of 15 June 2018 (Status as of 1 August 2021),
- and, the Swiss Federal Act on Collective Investment Schemes (Collective Investment Schemes Act, CISA) of 23 June 2006 (Status as of 1 January 2020)

⁴ As defined in the Swiss Federal Insurance Supervision Act (Insurance Supervision Act, ISA) of 17 December 2004 (Status as of 1 January 2020)

Opting-out

Clients classified as retail benefit from the most comprehensive investor protection measures concerning investment services, such as portfolio management and advisory services (hereinafter collectively referred to as "Services"). Consequently, financial institutions (FIs) must, before offering any Services to retail clients, assess the client's risk profile. This profile forms the basis for determining whether the proposed investments are appropriate or suitable. To facilitate this assessment, clients are required to accurately and thoroughly disclose the following information in their risk profile:

1. Knowledge & Experience in financial instruments/services
2. Financial situation (investment ability check)
3. Investment horizon/objectives and goals.

At the same time, financial institutions are required to meet specific information, documentation, and accountability standards for retail clients, both before and throughout the business relationship, including:

4. Providing detailed information about the recommended financial service or investment instrument, including associated risks and costs, and maintaining thorough documentation of such recommendations (e.g., reasons for providing the advice and its suitability for the respective client).
5. Supplying key investment documents for certain financial instruments, such as Key Information Documents (KIDs) or prospectuses, when applicable.

By opting out, the client acknowledges and consents to waive the obligations outlined in points 1-5. The client understands that Reynov Financial Solutions will not conduct investment appropriateness or suitability assessments for professional clients, either at the start or during the course of the business relationship. It is presumed that professional clients possess sufficient knowledge and experience in financial instruments, are aware of the inherent investment risks, and can bear potential financial losses.

Unlike retail clients, professional clients gain access to a broader spectrum of investment options, including higher-risk, higher-return instruments such as alternative investments and private equity.

Opting-in

Opting-in allows the client to be reclassified into a category offering a higher level of investor protection (e.g., switching from professional client to retail client status). However, opting in may limit the range of available investment options, as retail clients may be restricted from accessing certain higher-risk, higher-return instruments, such as alternative investments.

Client classification is in accordance with Article 10, paragraph 3ter of the CISA. The Client voluntarily **renounces their right to be considered a qualified investor under the CISA**. The Client acknowledges that this decision may prevent Reynov Financial Solutions from making investments in specific financial instruments, such as investment funds that are limited to qualified investors only, thereby impacting the portfolio management services provided.