



## FinSA Information on Client Classification

The Swiss Financial Services Act (FinSA) divides clients of financial service providers into three categories: private (retail), professional and institutional. This classification ensures additional regulatory client protection and is based on a person's individual financial circumstances, level of knowledge and experience as well as financial expertise, or the size of the company defined by law or professional treasury operations.

The client classification differs as follows:

### Private clients

Private clients are clients that are not classified as professional clients or as institutional clients. This can be natural persons, legal entities or partnerships. By being classified as a private (retail) client, you enjoy the highest available level of protection. However, the range of financial instruments available to you may be restricted.

Unless agreed otherwise with the client, Van Lanschot Kempfen (Switzerland) Ltd. (hereafter "Van Lanschot Kempfen") classifies all clients as private clients, giving them the most comprehensive level of client protection.

### Professional clients

Clients may be classified as professional clients if they meet the legal requirements. Professional clients per se include occupational pension schemes, companies with professional treasury operations and large companies.

Professional clients are treated as sophisticated clients who possess the knowledge, experience and understanding to make investment decisions and to assess the associated risks, as well as the capacity to bear the financial risks related to a service, financial product and/or transaction. As a result, a lower level of client protection than for private clients applies to them, but they have access to a larger investment universe, including financial products targeted at professional clients only or products not registered for distribution to private clients.

### Institutional clients

Only legal entities or public entities may be classified as institutional clients. These include, inter alia, banks, insurance companies and other financial intermediaries subject to prudential supervision in Switzerland or abroad. Given their structure, experience, and financial resources, these clients are considered highly sophisticated and less vulnerable. Therefore, they benefit from the lowest available level of protection under FinSA.

Depending on the client classification, various levels of client protection apply, in particular with regard to information duties, assessment of appropriateness and suitability as well as documentation and reporting duties.

Provided you meet the necessary legal requirements, you may request a change of client classification. You may opt for:

- a **lower level of protection**: i.e. a re-categorization from private (retail) client to professional client, or from professional client to institutional client (so called "opting-out"); or
- a **higher level of protection**: i.e. a re-categorization from institutional client to professional client or from professional client to retail client (so called "opting-in").

If you wish to apply for a change of your classification, you must submit a written request to Van Lanschot Kempen. However, we may reject an application for re-classification if the respective requirements are not met. Your International Wealth Manager will be able to provide more information and the designated declaration form for opting-in and/or opting-out.

A change of client classification relates to the entire business relationship and not just to individual portfolios, services or products provided or offered to you. As soon as we become aware that you no longer meet the conditions for your classification, we will adjust your classification and inform you accordingly. We kindly ask you to notify us immediately of any changes in the circumstances underlying your client classification.

### Effects of client classification on client protection

FinSA provides for the following client classifications: private (retail) clients, professional clients, and institutional clients. This overview shows you the effects of client classification on client protection under FinSA:

	Private	Professional	Institutional
When providing investment advisory services, depending on the type of advice, we conduct an appropriateness or suitability assessment. When providing portfolio management services, we conduct a suitability assessment. <sup>1</sup> Note: In the case of “execution-only” transactions without advice from Van Lanschot Kempen, neither an appropriateness nor a suitability assessment is conducted.	Yes <sup>2</sup>	Yes <sup>3</sup>	No
We document your needs and the reasons for our recommendation during the investment advisory process and may provide you the documentation (“advisory minutes”) on request.	Yes	Yes <sup>4</sup>	No
You have access to funds for qualified investors in accordance with the Collective Investment Schemes Act (“CISA”). <sup>5</sup>	No <sup>6,7</sup>	Yes <sup>8</sup>	Yes
You can invest in structured products not meeting the minimum requirements as stated in FinSA.	No <sup>9</sup>	Yes	Yes
When you purchase certain financial instruments, we may provide you with a Key Information Document (KID) as part of our investment advisory services. In the case of “execution-only” transactions, this information is only provided if available.	Yes	No (except at client’s request)	No (except at client’s request)
We are obliged to obtain best execution when handling your securities orders (purchase/sale). <sup>10</sup>	Yes	Yes	No

<sup>1</sup> Clients served by an external asset manager (EAM), please contact your EAM.

<sup>2</sup> For “execution-only” transactions, we check the knowledge and experience for private clients (appropriateness assessment).

<sup>3</sup> For professional clients it can be assumed that they have relevant knowledge and experience and that they are able to bear the investment risks associated with the financial services. For “execution-only” transactions, neither an appropriateness nor a suitability assessment is conducted.

<sup>4</sup> Professional clients can waive advisory minutes, so they are not being produced. Without the waiving request, advisory minutes are only provided on request.

<sup>5</sup> Alongside the client classification under FinSA, CISA provides for an additional client classification based on different levels of investor qualification. These are to be considered in connection with the offer or purchase of funds. CISA classifies investors as either qualified investors or non-qualified investors. Qualified investors do not enjoy the same level of investor protection as non-qualified investors but are able to invest in funds that are reserved exclusively for such investors.

<sup>6</sup> Exception: private clients who have entered into a written agreement on a long-term investment advisory or portfolio management relationship with a FINMA-licensed Swiss financial intermediary or a foreign financial intermediary subject to equivalent supervision are classified as qualified Investors pursuant to CISA for the purpose of these services and may acquire funds for qualified investors with advice or within the scope of the portfolio management relationship. Their classification according to FinSA remains that of private clients.

<sup>7</sup> A client wishing to waive the status of qualified investors must make the corresponding declaration in writing. Any investments reserved exclusively to qualified investors must be sold. Van Lanschot Kempen additionally reserves the right to terminate the investment advisory or portfolio management relationship.

<sup>8</sup> Being a professional client under FinSA, you automatically become a qualified investor under CISA and have access to funds not meeting the Swiss distribution criteria (additional restrictions apply for funds without Swiss representative and paying agent).

<sup>9</sup> Except within the framework of an investment advisory or portfolio management relationship.

<sup>10</sup> For more information, please contact your International Wealth Manager.