

FinSA IN BRIEF

The Financial Services Act (FinSA) has entered into force on January 1, 2020.

It aims at :

- ▶ strengthening investor protection (clients), based on their classification (private, professional, institutional)
- ▶ defining a code of conduct governing the offering of financial instruments and the providing of financial services
- ▶ creating comparable conditions amongst the financial services providers

All financial service providers (whether under prudential supervision or not) must apply the Financial Services Act (FinSA) since January 1, 2020 with a two years maximum transitional deadline for certain provisions.

This implies obligations relating to the provision of financial services and the offering of financial instruments.

WHAT DOES FINANCIAL SERVICES MEAN ?

- ▶ the acquisition or disposal of financial instruments
- ▶ the receipt and transmission of orders in relation to financial instruments
- ▶ portfolio management
- ▶ investment advice (punctual or ongoing)
- ▶ the granting of loans to finance transactions with financial instruments

As a financial service provider, SELVI will therefore have new obligations towards its clients which will be enforced by 31.12.2021 at the latest.

HOW WILL YOU BE IMPACTED BY THE NEW REGULATION?

SELVI will have the obligation to apply rules of conduct within the framework of the services provided to you which implies performing certain verifications and abiding by certain obligations.

These rules of conduct will vary depending on the client's classification and the type of service provided.

Hence, SELVI will :

- ▶ Classify its clients
- ▶ Identify their risk profile
- ▶ Apply the appropriate rules of conduct



**CLIENTS
CLASSIFICATION**



RISK PROFILE



CODE OF CONDUCT



CLIENTS CLASSIFICATION

In order to ensure an adequate level of protection, SELVI must categorise the entirety of its clients.

FinSA plans for the obligation to classify clients within one of the three following categories.



PRIVATE CLIENT



PROFESSIONAL CLIENT



INSTITUTIONAL CLIENT

*This categorisation is made by relying on objective elements at our disposal
(knowledge of the client and Know-Your-Customer documentation)*



PRIVATE CLIENTS BENEFIT FROM THE HIGHEST LEVEL OF PROTECTION



PRIVATE CLIENT

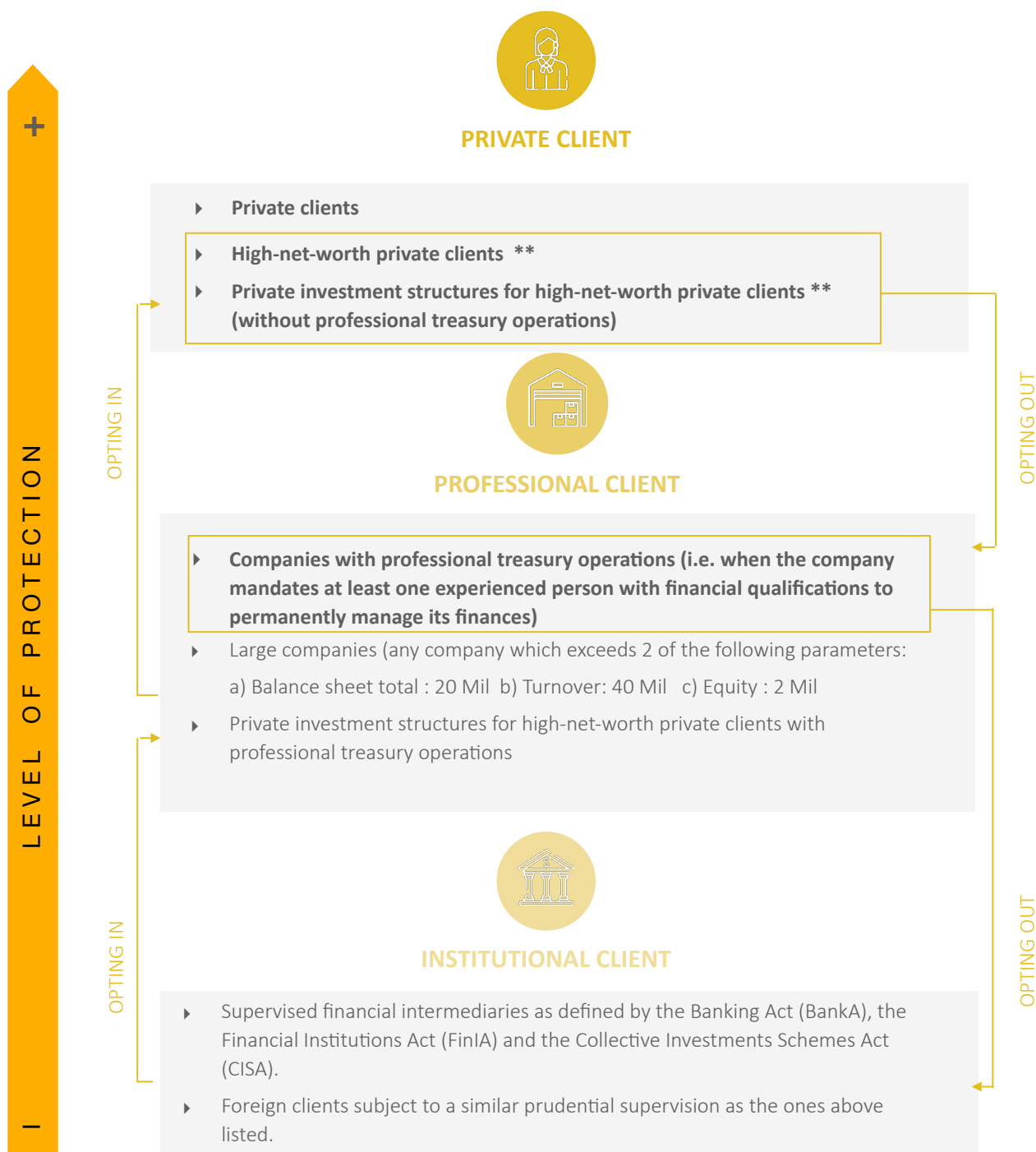
If you are categorised as a private client, it entails that, depending on the type of financial service provided :

- ▶ SELVI may have to provide you with more information prior to and after the execution of a transaction (information documents)
- ▶ You may have a more limited access to certain financial services and instruments

Under certain conditions, upon your request, you may change category.

The category change must be made through the appropriate request form :

- > Opt-in (choosing an increased level of protection) or
- > Opt-out (choosing a reduced level of protection)



**** A client is considered "high-net-worth" if :**

- Assets equal to or above 500K and training/education and experience in the financial sector
- OR
- Assets equal to or above 2 Million



RISK PROFILE

In order to identify the applicable rules of conduct to your relationship, depending on your categorisation and the type of required financial service, SELVI may need to determine your risk profile through a dedicated form.

The risk profile enables SELVI to identify :





CODE OF CONDUCT

Depending on your classification, our obligations are the following :



**PRIVATE
CLIENT**



**PROFESSIONAL
CLIENT**



**INSTITUTIONAL
CLIENT**

BEFORE PROVIDING SERVICES (PRE-TRADE)



INFORM

Inform you



DURING THE PROVIDING OF SERVICES



VERIFY

Verify the suitability and appropriateness of the provided financial services



**BEST
EXECUTION**

Ensure transparency and care in clients' orders



AFTER THE PROVIDING OF SERVICES (*POST-TRADE*)



DOCUMENT

Document the transaction and report



Applicable



Client may waive the obligation



Not applicable



DUTY TO INFORM

Before the providing of financial services, you will receive information regarding :

SELVI and its activities (general information)

- ▶ Factual data on SELVI (Address / field of activity / supervision regime)
- ▶ Possibility to resort to mediation
- ▶ General risks associated with financial instruments

Information pertaining to your relationship with SELVI (specific information)

- ▶ Types of provided financial services / risks and costs thereto related
- ▶ Existence of business affiliation with third parties*
- ▶ Market offers taken into account when selecting the financial instruments

For private clients

- ▶ A key information document (KID)** is provided for each personalised recommendation bearing on financial instruments referred to by the legislation (e.g. investment funds, SICAV, structured products...).
- ▶ KIDs contain information on characteristics / risks / costs for the referred to financial instrument.

* SELVI is not remunerated by third parties. Should this be the case, the client is reimbursed for the amount.

** E.g. : Priips KID



VERIFY

Depending on your classification and the type of service provided, we are required to verify the **appropriateness or suitability** of the transaction. In order to identify the appropriateness and suitability, we base ourselves on the **client's risk profile**.

TYPE OF SERVICE REQUIRED

INVESTMENT ADVICE		ASSET MANAGEMENT	EXECUTION ONLY
Individual transactions	Entirety of portfolio		

ASSESSMENT OF THE APPROPRIATENESS

Client's experience + knowledge	Client's experience + knowledge	Client's experience + knowledge	N/A Absence of verification (client informed)
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ASSESSMENT OF THE SUITABILITY

N/A	Client's financial situation + investment objectives	Client's financial situation + investment objectives	N/A Absence of verification (client informed)
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- ▶ We shall inform you if the assessment of the appropriateness or suitability is impossible.
- ▶ The appropriateness and the ability to undertake the risk is assumed for professional clients.
- ▶ There is no assessment of appropriateness or suitability for institutional clients.
- ▶ If the analysis concludes that the transaction is inappropriate or unsuitable, it will be advised against. If you wish to maintain the instruction, the lack of appropriateness / suitability and your desire to maintain the instruction will be recorded in your file.
- ▶ A lack of knowledge and experience can be compensated by explanations given by the provider.
- ▶ The client who has signed a portfolio management mandate in favour of a third party, can request to benefit from the categorisation (professional / institutional) of the manager, based on the latter's knowledge and experience.



BEST EXECUTION

We ensure transparency and care with respect to orders. This means that we provide you with the best results in terms of costs, quality and speed in the execution.



DOCUMENT

Upon your request or according to an agreed frequency, we provide you with :

- ▶ All documentation related to the financial services provided
- ▶ Reporting on :
 - the financial service agreed upon and provided
 - the composition, valuation and evolution of the portfolio
 - the costs associated with the financial services

SELVI is registered with a mediation body - the Banking Ombudsman - so as to enable an adequate resolution to a potential dispute.

A mediation request is admissible at all times and the process will remain confidential.

This booklet is provided by SELVI exclusively as information.

It does not describe the entirety of the elements comprised in the FinSA, but only the main aspects which could bear a direct impact on your relationship with SELVI.

SELVI remains at your disposal for any questions you may have on this subject.