
INFORMATION ABOUT FINSA REGULATION GOVERNING INVESTOR PROTECTION

August 2023

INTRODUCTION

At Pictet North America Advisors SA (PNAA), investor protection lies at the heart of what we do. In an increasingly complex financial world, information and transparency are key to ensuring that investors are able to take informed investment decisions.

The aim of this brochure is to provide general information about PNAA in compliance with our duty to provide information under the Financial Services Act (FinSA), which took effect on 1 January 2020, as well as to point out where you can find additional relevant information.

This document is not exhaustive and does not aim to provide detailed information about each financial service in our offering. Should you need more information, please contact your client relationship manager.

PICTET NORTH AMERICA ADVISORS SA

PNAA is an investment adviser offering both discretionary and non-discretionary investment advisory services to its clients. PNAA is headquartered in Geneva, Switzerland.

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Route des Acacias 48
1211 Geneva 73
Switzerland
<https://pnaa.group.pictet/>

SUPERVISORY AUTHORITY AND SUPERVISION

PNAA is an investment adviser registered with the U.S. Securities and Exchange Commission (SEC).

Name and address of the SEC:

U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549
U.S.A.

PNAA has also applied to the Swiss Financial Market Supervisory Authority (FINMA) to become a licensed portfolio manager.

Once registered with FINMA, PNAA will be supervised by the Swiss Association of Wealth Managers' supervisory organization (AOOS).

Name and address of registration authority:

Swiss Financial Market Supervisory Authority FINMA
Laupenstrasse 27
3003 Bern
Switzerland

Name and address of supervisory organization:

AOOS - Société anonyme suisse de surveillance
Rue Rousseau 30
1201 Geneva
Switzerland

HOW ARE FINANCIAL SERVICES DEFINED UNDER FINSA?

Under FinSA, the following services carried out for clients are considered financial services:

- › acquisition or disposal of financial instruments
- › receipt and transmission of orders in relation to financial instruments
- › management of financial instruments (portfolio management)
- › provision of personal recommendations on transactions with financial instruments (investment advice)
- › granting of loans to finance transactions with financial instruments

SERVICES OFFERED BY PNAA

Discretionary investment management

Clients entrust the management of their assets with PNAA and provide instructions to invest them on their behalf in accordance with a contractual agreement that sets out the client's investment goals and constraints. Investment decisions are made exclusively by PNAA.

Investment advisory advice

PNAA will provide investment advisory advice upon Clients' request and contact the client from time to time with recommendations that PNAA believes are appropriate for the client based on the Client Profile Questionnaire. Under the Advisory Mandate, the client will be solely responsible for making all investment decisions and PNAA will not have any discretionary authority over the client's account, will not regularly monitor positions held in a client's securities portfolio, and will not be responsible for automatically updating any information or recommendations previously provided, subject to adhering to PNAA's fiduciary relationship standards.

WHAT FINANCIAL INSTRUMENTS ARE SUBJECT TO FINSA?

The following financial instruments are subject to FinSA, which provides for enhanced information and transparency requirements:

1. equity securities
2. debt instruments and bonds
3. collective investment schemes
4. structured products
5. derivatives
6. deposits whose redemption value or interest is risk- or price-dependent, excluding those where the interest is linked to an interest-rate index.

MARKET OFFER TAKEN INTO CONSIDERATION

PNAA always strives to provide suitable investment services for its clients and operates on the principle of open architecture. When selecting or proposing financial instruments for its clients, PNAA will take into consideration market research and information on securities that are provided by several unrelated third parties, including financial data and information from affiliates of PNAA, before reaching any final and independent determination on behalf of PNAA's clients.

Therefore, when selecting or offering financial instruments for its clients, PNAA considers and proposes financial instruments of the Pictet Group and/or third-party financial instruments.

CLIENT CATEGORIZATION

FinSA requires that financial services providers classify their clients in one of the following categories:

- › private clients: applies to all clients by default
- › professional clients: applies to
 - a. public entities with professional treasury operations
 - b. occupational pension schemes and other institutions whose purpose is to serve occupational pensions with professional treasury operations
 - c. companies with professional treasury operations
 - d. large companies (a company which exceeds two of the following thresholds: (i) balance sheet total of CHF 20 million; (ii) turnover of CHF 40 million; or (iii) equity of CHF 2 million)
 - e. private investment structures with professional treasury operations created for high-net-worth private clients.
- › institutional clients: applies to
 - a. authorized financial intermediaries
 - b. insurance companies
 - c. foreign financial intermediaries and insurance companies subject to prudential supervision
 - d. central banks
 - e. national and supranational public-law entities with professional treasury operations.

Based on these categories, the corresponding level of regulatory protection varies, depending on the client's knowledge and experience in investment matters:

- › private clients are afforded the highest level of regulatory protection
- › professional clients are deemed to have the necessary knowledge and experience to invest in all asset classes and to be able to financially bear the investment risks associated with the financial service
- › institutional clients are afforded the lowest level of regulatory protection

NB: Professional and institutional clients are automatically deemed qualified within the meaning of the Collective Investment Schemes Act (CISA). Clients that have entered into discretionary portfolio management mandates or advisory mandates are also considered qualified investors under CISA, meaning they are afforded a lower level of regulatory protection than non-qualified investors under CISA (they may nevertheless declare in writing that they wish to be treated as non-qualified investors). They will, however, remain private clients within the meaning of FinSA, unless they choose to opt out of this category (see below).

CHANGE IN CATEGORIZATION

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 in writing that they wish to be categorized as elective professional investors (opting out), provided the following conditions are met:

- › on the basis of their personal training and professional experience or a comparable experience in the financial sector, clients who have the necessary knowledge to understand the risks associated with the investments and bankable assets of at least CHF 500,000; or
- › clients who have bankable assets of at least CHF 2 million. NB: in accordance with PNAA's policy, clients domiciled in a country of the European Economic Area may not elect to be categorized as professional clients on the basis of this criteria.

Professional clients:

The following professional clients may declare in writing that they wish to be categorized as institutional clients (opting out):

- › occupational pension schemes and other institutions whose purpose is to serve occupational pensions with professional treasury operations
- › companies with professional treasury operations
- › Swiss and foreign collective investment schemes and their management companies that are not considered institutional clients under FinSA

Professional clients that are not institutional clients may declare in writing that they wish to be categorized as private clients (opting in).

In addition, professional clients may choose to expressly waive their rights to the rules of conduct by financial service providers set out in articles 8, 9, 15 and 16 FinSA (obligations regarding information, documentation and rendering of accounts).

Institutional clients:

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

PRE-TRADE TESTS

The category in which clients are classified and the type of services provided by PNAA involve different requirements in terms of information and explanations. The scope of tests to be performed before executing an order is explained in the next paragraph.

Before any service is rendered, the **appropriateness test** requires determining the client's level of knowledge and breadth of experience in respect of the products or services on offer and whether these are appropriate for the client.

The **suitability test** requires PNAA to gain an overview of the client's financial circumstances and investment objectives.

When relevant, PNAA will apply controls that are more protective to investors than the requirements set forth in the provisions of FinSA. For example, if the Investment Advisers Act of 1940 (the "Advisers Act") requires PNAA to apply controls, policies or procedures which are more extensive than those one required under FinSA, PNAA will apply those more extensive duties and obligations stipulated under the Advisers Act.

WHICH PRE-TRADE TEST FOR WHICH CLIENT

For **private clients**, both an appropriateness test and a suitability test are performed before any portfolio management or advisory service is rendered.

For **professional clients**, a suitability test is performed. No appropriateness test is required for professional clients as these clients are deemed to have sufficient knowledge and experience to be able to assess a specific service or product and be able to financially bear the associated investment risks.

FinSA does not require any test for **institutional clients**.

BEST EXECUTION

FinSA safeguards the principle of best execution of orders when trading in financial instruments. PNAA has taken all the necessary steps to ensure that orders are transmitted and executed in accordance with best-execution rules.

CONFLICTS OF INTEREST

PNAA is committed to identifying, mitigating and avoiding potential conflicts of interest between PNAA, its affiliated companies, its employees and any other related parties in its business activities whenever the potential for damage to clients arises, or the appearance thereof.

A conflict of interest arises when PNAA invests in or offers products from affiliates. PNAA has taken measures to limit conflicts of interest by following processes to prevent double-dipping of commissions, by using identical criteria when including third-party funds and affiliates' funds in the investment universe, as well as by not compensating investment advisors and specialists on the basis of volume and revenues. More information is contained in PNAA's ADVs and Compliance Manual provided to the Client on demand.

MEDIATION BODY

Swiss regulations require financial services providers to be affiliated with a mediation body so that disputes between a financial services provider and a client can be settled by way of mediation. The mediation proceedings must be straightforward, fair, quick, impartial and inexpensive or free of charge for the client. A client may, therefore, if necessary, initiate a mediation procedure with PNAA's mediation body.

PNAA is affiliated with the following mediation body:

The Swiss Banking Ombudsman
Bahnhofplatz 9
P.O. Box
8021 Zurich
Switzerland

INVESTMENT ADVISERS ACT OF 1940

Nothing in this document is intended to conflict with or supersede PNAA's duties and obligations as a registered investment adviser under the Advisers Act. If any duty or obligation described herein is less stringent than is otherwise required of PNAA under the Advisers Act, the Advisers Act will take precedence.

Disclaimer

This document has been issued by Pictet North America Advisors SA.

It is meant solely to provide information about how Pictet North America Advisors SA intends to comply with financial services and investors protection regulatory requirements.

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