



L1 Digital AG
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Status: September 2022

Information on the Swiss Federal Financial Services Act ([FinSA](#))

FinSA came into effect on 1 January 2020. This law aims to improve client protection and to create comparable regulatory framework conditions for the rendering of certain financial services by various financial services providers.

In this context, the focus is placed on rules of conduct that financial services providers must comply with in relation to their clients when rendering financial services in the field of investments (hereinafter 'financial services'). These rules of conduct supplement the provisions of the Civil Code relevant to the contractual relationship between clients and L1 Digital AG (hereinafter "L1DAG").

This FinSA-related document is intended to provide L1DAG's clients with information on how this legislation affects L1DAG's client relationships.

1. General information about L1DAG

a. Contact, legal form

L1DAG is an *Aktiengesellschaft* incorporated and existing under the laws of Switzerland, having its registered office at Limmatquai 1, 8001 Zurich, Switzerland and registered with the Canton of Zurich under the number CHE-376.585.439.

b. Regulatory status

The Swiss Financial Market Supervisory Authority (FINMA) has authorized L1DAG as a manager of collective assets in January 2022.

L1DAG is a member of the *Asset Management Association Switzerland* as of September 2022.

2. L1DAG's financial services

a. General information

L1DAG acts as a portfolio manager and investment adviser to foreign collective investment schemes and offers those investment schemes in Switzerland. L1DAG only services professional and institutional clients as defined in FinSA.

b. Asset management

L1DAG has entered into an investment management agreement with a foreign collective investment scheme reserved for professional and institutional investors as defined in FinSA.

c. Investment advisory

L1DAG has entered into investment advisory agreements with foreign collective investment schemes reserved for professional and institutional investors as defined in FinSA.

d. Acceptance and handling of client orders (execution-only transactions)

L1DAG does not accept client orders.

3. Client segmentation

In the context of the delivery of financial services, FinSA gives rise to an obligation to categorize clients. For this reason, L1DAG assigns its clients to the three categories of 'Private Clients', 'Professional Clients' and 'Institutional Clients'. L1DAG does not provide financial services to Private Clients.

A brief description of the client segments:

a. Private Clients

Private Clients are generally deemed to be all clients who are not Professional or Institutional Clients. In contrast to those clients belonging to the two other categories, more extensive client protection regulations are in place with regard to Private Clients. These regulations specifically include duties to provide

information and rules of conduct relating to reviewing the suitability and appropriateness, with which a financial services provider must comply.

b. Professional clients

In addition to regulated financial intermediaries (e.g. banks or regulated asset managers), Professional Clients include insurance companies and central banks, as well as occupational pension schemes with professional treasury operations and other occupational pension institutions providing professional treasury operations, public bodies and enterprises with a professional treasury operation, large enterprises (that exceed two of the following thresholds: total assets of CHF 20 million, revenue of CHF 40 million or equity of CHF 2 million) and private investment structures with professional treasury operations put in place for high-net-worth individuals. Less extensive client protection regulations are in place with regard to Professional Clients compared to Private Clients, but these are more extensive than those that need to be complied with vis-à-vis Institutional Clients.

c. Institutional Clients

Certain Professional Clients are deemed to be Institutional clients and are treated as a separate client category. These are regulated financial intermediaries (e.g. banks or regulated asset managers), insurance companies, central banks and certain public bodies with professional treasury operations. The clients assigned to this category are subject to the least extensive client protection regulations, as they typically require a reduced level of protection, or no protection, on account of their structure, experience, and financial resources.

d. Change in client category

High-net-worth individuals may declare in writing to L1DAG their wish to be treated as Professional Clients (opting-out) if they either (i) have assets of at least CHF 500,000 and have, due to their personal training and professional experience or due to comparable experience in the financial sector, the knowledge required to enable them to understand the investment risks; or (ii) have assets of at least CHF 2 million at their disposal.

Attributable financial investments are deemed to be bank deposits, certificates, stock rights including securities, collective investment

schemes and structured products, derivatives, precious metals, life insurance policies with a surrender value and fiduciary deposits. Non-attributable financial investments are specifically deemed to be direct investments in real estate and social security entitlements or occupational pension credits.

Private investment structures not qualifying as Professional investors may also declare in writing to L1DAG their wish to be treated as Professional Clients (opting-out) if certain conditions are met.

Please contact us in the following cases:

- I. Private Clients may declare that they wish to be treated as Professional Clients. Please contact us if you wish to [opt-out to become classified as a Professional Client](#).
- II. Professional Clients (who are not Institutional Clients) may declare that they wish to be treated as Private Clients. In this case L1DAG will not be able to enter in any type of relationship with the Client. Please contact us if you wish to [opt-in to become classified as a Private Client](#).
- III. Institutional Clients may declare that they wish to be treated as Professional Clients. Please contact us if you wish to [opt-in to become classified as a Professional Client](#).
- IV. Professional Clients may declare that they wish to be treated as Institutional Clients. Please contact us if you wish to [opt-out to become classified as an Institutional Client](#).
- V. Professional Clients may declare that they wish to waive L1DAG's FinSA information and documentation duties. Please contact us if you wish to [waive FinSA duties](#).

Our [COO](#) is available to explain the details and consequences of any change in client category.

4. Prices and fees

L1DAG charges fees for its financial services. These include management, advisory, performance, and carried interest fees charged in the context of the investment management and investment advisory agreements with the respective collective investment schemes.

5. Execution of client orders

L1DAG executes or advises on transactions performed by the collective investment schemes.

6. Organisational measures

a. Conflicts of interest

As a financial services provider, L1DAG must take appropriate organizational measures to avoid as far as possible any conflicts of interest that may arise in the delivery of financial services or to rule out any disadvantages for its Clients, should it not be possible to completely avoid a conflict of interest. L1DAG takes account of these requirements. Such guidelines may include, but are not limited to, the following: the functional and organizational separation of units within L1DAG, general market conduct rules, and guidelines on employee transactions.

7. Risks inherent in trading with financial instruments

Trading with financial instruments involves financial risks. These risks can vary greatly depending on the financial instrument. The risks associated with an investment in collective investment schemes managed or advised by L1DAG can be found in the corresponding legal prospectus or establishment documents.

8. Complaint management and Ombudsman

Clients are entitled to initiate a mediation procedure with Finanzombudsstelle Schweiz (FINOS) Talstrasse 20, 8001 Zürich, e-mail: info@finos.ch, phone: +41 44 552 08 00, website: www.finos.ch. This procedure is free of charge for the client concern and is intended to settle the dispute by conciliation between the parties.