

Separation of securities in accordance with Article 73 of the Swiss Federal Financial Market Infrastructure Act (FMIA)

Under Article 73.4 of the FMIA, BCV must disclose the level of protection afforded to securities held directly for clients with Central Securities Depositories (CSDs) in Switzerland.

BCV, a Swiss bank domiciled in Switzerland, is a direct participant of SIX SIS AG (SIX SIS), a Swiss-domiciled CSD. Article 73.2 of the FMIA requires BCV to offer clients that are indirect participants the choice of placing their securities either in a collective account for indirect participants (an Omnibus Client Segregated Account) or in an individual account (an Individual Client Segregated Account). Only clients of a direct participant acting themselves as providers of securities accounts (generally, other banks) are considered indirect participants, according to Article 73.2 of the FMIA.

BCV records each client's individual ownership of securities held at BCV in a separate account in the client's name. BCV also opens accounts with SIX SIS in its own name in which it holds clients' securities. (These accounts are held in the name of BCV but designated as client accounts.) As a general rule, BCV makes two types of accounts with SIX SIS available to indirect participants: Individual Client Segregated Accounts (ISAs) and Omnibus Client Segregated Accounts (OSAs).

ISAs are used to hold the securities of a single indirect participant, separate from the securities of other clients and securities held by BCV itself.

OSAs are used to hold the securities of several indirect participants collectively. However, BCV does not itself hold securities in OSAs.

Both ISAs and OSAs carry additional fees on top of ordinary administration fees. BCV charges the following extra fees:

1. A one-time fee for the creation of an OSA or ISA, determined by the number of clients;
2. A regular maintenance fee determined by the size of the portfolio.

Your BCV advisor can tell you the exact amount of fees applicable in your case.

The Swiss Bankers Association has published a detailed document ("Risk Disclosure Paper (Article 73 para. 4 FMIA/Article 38(6) CSDR)"), which can be found on its website (<https://www.swissbanking.org/en/services/library/master-agreements-forms>). This document contains a discussion of the main legal implications of the different levels of segregation offered, including in the event that a bank subject to Swiss insolvency law were to become insolvent.

Please feel free to contact your BCV advisor with any questions.