



BANQUE DE
PATRIMOINES PRIVÉS
Wealth Management

MiFID Pre-trade Information Brochure

October 2017

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1. Introduction

The main objectives of the MiFID II Directive are to increase the transparency and the level of protection of clients requesting the provision of investment or ancillary services, as well as to achieve a greater degree of integration of European securities markets.

Likewise, it includes in its articles the measures related to the transparency and level of protection of the investor following the steps of its predecessor (denominated MiFID I). Banque de Patrimoines Privés S.A. (hereinafter referred to as the "Bank" or "Banque de Patrimoines privés"), is authorized to provide investment services and regulated auxiliaries in both the MiFID I and MiFID II Directive, among which are the following:

- (i) The receipt and transmission of clients' orders in relation to one or more financial instruments;
- (ii) Investment advice;
- (iii) Discretionary and individualized portfolio management;
- (iv) Administration and custody of financial instruments on behalf of clients;
- (v) The placement and securing of issues of financial instruments;
- (vi) The preparation of financial investment and analysis reports or other forms of general recommendation relating to transactions in financial instruments.

One of the client's protection mechanisms established by both MiFID I and MiFID II consists of making available to retail clients certain information about the Bank that provides the investment services mentioned above and the conditions applicable in each of the services it provides.

2. Bank Information

Banque de Patrimoines Privés S.A., domiciled at Luxembourg, 30 Boulevard Royal, L-2449 Luxembourg, and registered in the Registre de Commerce et des Sociétés under the number B153890.

- SUPERVISORY BODY

Regulated by the Commission de Surveillance du Secteur Financier – domiciled at 283, Route d'Arlon, L-1150 Luxembourg (Register number: B00000361). Member of the Deposit Guarantee Scheme of Luxembourg (Fonds de garantie des Dépôts Luxembourg « FGDL »).

- ADDITIONAL INFORMATION

The Languages in which it is possible to relate and communicate with the Bank: The Client can receive the information in French or English. In addition, any other language for communications may be agreed between the parties.

Methods or channels of communication and relationship with the Bank: The client can communicate with the Bank through any of the following methods:

- i. Through the banker or manager assigned to you.
- ii. Formal letter addressed to the address that appears on the Bank's website: 30 Boulevard Royal, L-2449 Luxembourg
- iii. Telephone: Tel. Luxembourg 00 352 27 207 1
- iv. Email: info@banquedepatrimoinesprives.com

- Customer Service Department

- i. Address : 30 Boulevard Royal, L-2449 Luxembourg
- ii. Email: privatebanking@bbpp.lu

3. Client Categorization

The MiFID Directive requires investment firms to adopt different levels of protection depending on the categorization of their clients.

In this sense, the following categories are established:

- **Eligible counterparties**, Investment companies, insurance companies...
- **Professional clients**, entities which are required to be authorised or regulated to operate in the financial markets, such as institutional investors and large companies, such as those that meet two of the following three conditions:
 - a) balance of more than 20 million euros,
 - b) a net turnover of more than 40 million euros, and
 - c) own funds of more than 2 million euros.
- **Retail customers**, individuals and companies not classified in the previous categories.

3.1. Right to request changes in assigned MiFID category

Any client can request, the change of categorization, doing it expressly in writing. The classification changes that can be requested are the following:

Original Classification	Possible changes un classification
Retail client	Professional client
Professional client	Retail client Eligible counterparty
Eligible counterparty	Retail client Professional client

Every request must be approved by the Compliance department. The acceptance of such a request will depend on the client's compliance with the legal requirements, after an assessment of the expertise, experience and knowledge of the client.

When requesting the change from Retail to Professional Client, the request specifically implies the express waiver of treatment as a Retailer and the associated level of protection.

In this case, the said request must include the expected declarations of compliance with at least two of the three requirements indicated below and required by MiFID:

- In the last four quarters, the client has carried out significant volume of transactions in the securities markets with an average frequency of more than ten transactions per quarter.
- The size of the client's assets in securities deposited in financial companies and in cash exceeds 500,000 euros.
- To hold, or have held in the past, for at least one year, a professional position in the financial sector that requires knowledge of the operations or services envisaged.

Banque de Patrimoines Privés will inform the client of its decision and of the new classification assigned.

4. Investment Services provided by Banque de Patrimoines Privés

The following investment services are the main services provided by the Bank in strict compliance under the MiFID regulation:

4.1. Reception and Transmission of Client Orders

Through the service of receiving and transmitting orders, the client may issue orders for the execution of transactions in financial instruments that must be transmitted to the Bank in a clear and precise manner and by the means of communication authorized for such purpose. The bank does not intervene in purchase / sale decisions.

Before validation of any order, the Bank must assess if a financial instrument is appropriate for the client based on the answers provided in the Appropriateness Test in order to ensure that the client knows or has clearly understood the characteristics of the product he wants trade with.

The Bank will transmit the customer's order to third parties in accordance with the provisions of the Best Execution Standards.

The Bank may refuse to execute any order or instruction issued by the client, if in the Bank's opinion, its compliance, execution or monitoring is contrary to the applicable regulations or is subject to limitations or restrictions.

4.2. Discretionary Portfolio Management Service

Through the Discretionary Portfolio Management service, the clients delegates to Banque de Patrimoines Privés investment decisions on part of its assets.

Prior to contracting Discretionary Portfolio Management Services, the Bank performs the assessment of suitability, exclusively for the selected service, through suitability test.

This service will only be provided under the conditions of suitability, meaning, within the limits of the suitability assessment made with regards to the customer.

For the subscription of this service, the client will provide the Bank with the investment criteria to which he/she is subject. The Bank, according to these criteria, will offer the appropriate model portfolio composed of certain assets, which at Bank's discretion, would meet the criteria defined by the client. Once subscribed, the Bank may, at its discretion and subject to the same risk profiles, modify the composition of the said portfolio.

Banque de Patrimoines Privés will ensure that the investments remain within the risk profile of the client at all times and if this is not possible, the service will be cancelled according to the provisions of the contract.

The management objective is to maximize the portfolio by making decisions based on fundamental macroeconomic, geographical and sectoral analysis of market conditions, trying to take advantage of the best opportunities that managers shall judge at all times.

4.3 Investment Advice Service

Banque de Patrimoines Privés provides its advisory services, in any of its modalities, under a scheme of Non Independent Advice, according to MiFID II definition.

Through the advisory service the client will receive personalized recommendations, on a recurring basis, on the products that best fit the client's investment objectives. For this purpose, the Bank, prior to making any recommendation to the client, will make an assessment of the suitability as described in section 5 below.

The advisory service may be carried out on a particular product, or on a portfolio.

4.4 Placing and Underwriting of issued financial instruments

Banque de Patrimoines Privés's bankers/manager can provide consistent services in the placement of securities issued by its own or by a third party. This service can be provided also by securing the issued instrument when there is a firm commitment which guarantees the success of the placement.

4.5 Safeguarding and administration of securities

Prior to the acquisition of any financial instrument or value the Bank will segregate the customer's account in order to manage separately the financial instruments transactions. (hereinafter "Safeguarding"). Through this segregated custody account, Banque de Patrimoines Privés will carry out the custody and administration of the client's securities and financial instruments, in particular the subscriptions, the collection of dividends, coupons, interest and other transactions associated with securities. Likewise, Custody Account will be associated to an account on which the incoming and outgoing cash flows corresponding to the operation with values made by the client will be realized.

As part of the custody service, the Bank is required to fulfil the Safeguarding of Clients' Assets Policy approved by the Bank, described below, and specifically to keep the client's positions accurate, to facilitate the exercise of the rights derived from the holding of the portfolio or inform him of the operations that require his instructions.

5. Information about the client: Appropriateness and Suitability Test

MiFID establishes a clear distinction with regards to the need of gathering information from the client (knowledge and experience, investment objectives and financial situation) depending on the type of service that he/she will be provided with and the classification granted. More details on the Suitability and Appropriateness Tests can be found in the Suitability and Appropriateness Assessment Rule approved by Banque de Patrimoines Privés.

5.1. Appropriateness Test

Its objective is to determine whether the client has the necessary experience and knowledge regarding a complex product that he / she wants to contract under brokerage, without advice, so that the Bank can evaluate if the product is suitable for the client.

However, it will not be necessary for the client to complete an appropriateness test every time he wants to contract a complex product, since the data that he reports are valid for a maximum of 1 year, unless the client wants to modify the latest data provided to the bank or the bank is aware that the customer data have been modified during the period.

If, based on the appropriateness test results, the Bank determines that the financial instrument is not appropriate for the client, it will expressly indicate it.

In cases where customers or prospective clients do not provide the requested information or do not provide sufficient information in relation to their knowledge and experience, the Bank will advise them that it is not in a position to determine whether the intended service or product is suitable for them.

5.2. Suitability Test

Its objective is to obtain information from the client regarding his/her knowledge, experience, financial situation and investment objectives in order to determine its risk profile, and to be able to evaluate the suitability of the products to be recommended to customers, in investment advisory services and portfolio management. It is not applicable to eligible counterparties.

In the case that the service is provided to more than one account holder, when evaluating the suitability, the Bank will take into account the information obtained from the holder who signed the suitability test.

In cases where the client does not provide Banque de Patrimoines Privés with all necessary information in order to carry out the evaluation of its suitability or that the result of such evaluation is that the product is not suitable for the client, the Bank will not be able to provide discretionary portfolio management services and investment advice services.

5.3. Product Categorization

Under the catalogue of financial instruments subject to MiFID I and II, the Bank has classified the products as complex and not complex. Investments related to complex products assume a higher level of risk on client's side and consecutively, its understanding requires greater financial knowledge.

MiFID Complex products	MiFID Non complex products
Non UCITS, Structured or Hedge Funds	Shares admitted to trading in a regulated market or equivalent Bonds, obligations admitted to trading on a regulated market or equivalent Currency market instruments Stock and shares in Collective Investment Schemes
Exchange trade Funds (ETF)	
Structured, Coverage, Convertible and Bonds	
Subordinate debt	
Preference shares	
Structured Products	
Shares incorporating derivatives	
Structured deposits	
Currency market instruments that embed derivatives	

6. Client information

All information that the Bank communicates to the retail clients must be impartial, clear and not misleading.

The Bank provides its clients with all information prior to the formalization of the relationship with the client, at the time of its formalization, and after ; as described below:

- Pre-contractual information: This MiFID pre-trade information brochure or any information sheet on each of the products or services in the quality of information on the level of risk of each instrument;
- Contractual information: Clauses in the advisory agreement and discretionary portfolio management contract, information contained in the Terms and Conditions included in the contract package;

- Post-contractual information: Confirmation of the transactions carried out in the brokerage and advisory services (as well as in the discretionary portfolio management service if requested by the client), as well as periodic reports on the status of the portfolios advised or managed.

7. Safeguarding of Assets

The Bank has put in place a Safeguarding of Clients' Assets Policy detailing the control measures used to comply with the custody obligations of financial instruments or client funds established by MiFID II.

In this way, Banque de Patrimoines Privés will comply with the following requirements:

- (i) Maintain the necessary records and accounts so that it can at any time and without any delay distinguish the assets of a client from those of the other clients and their own assets. These values will be kept in Omnibus accounts opened on behalf of the Bank in each of the sub custodians which in turn will have individualized accounts for each of the clients.
- (ii) Records and accounts shall ensure the accuracy of the data contained therein and their correspondence with financial instruments and client funds.
- (iii) The Bank will regularly reconcile its internal accounts and records with those of the third parties in whose possession the assets of its clients are held. Daily reconciliation of movements and monthly positions will be carried out by the Bank.
- (iv) The Bank will adopt all necessary measures to ensure:
 - That the financial instruments of clients deposited at a third party are distinguished from those belonging to the Bank and those belonging to the third party.
 - Accounting of Client funds is performed by the depositary on an account or accounts different from those on which the accounting of the Bank's assets is registered.
 - Adopt necessary organizational measures to minimize the risk of loss or decrease of the client's assets' value or of the related rights, as a consequence of misuse of the assets, fraud, poor management, inadequate maintenance of the records or negligence.

The Bank will also inform the clients about:

- The possibility that Securities Accounts containing client assets are or will be subject to a law other than that of a Member State and that the rights relating to such assets may differ accordingly.
- Any right of retention or guarantee over the client's assets, or any right of compensation that the Banks has in relation to those assets.

The Bank cannot use for its own account or carry out any financial operations of the client's securities without obtaining the client's express authorization and without informing him/her of the possible risks inherent in the proposed operation.

8. Conflicts of interest management

The Bank has put in place Conflicts of Interest Policy in which all the circumstances that give rise to or can give rise to some type of conflict of interest between the Bank and its clients or between the different clients are identified and managed.

This Policy reflects the specific procedures that allow the Bank to proactively identify, record, manage and, when they cannot be avoided (as a last resort), to disclose to the customers any potential conflict of interest situations that may be detrimental to them.

Banque de Patrimoines Privés should take into account, as a minimum criterion to identify potential conflicts, whether it is itself, or a competent person or another person directly or indirectly linked to it through a control relationship, is in any of the following situations:

- The Bank or person in question may obtain a financial benefit, or avoid a financial loss, at the client's expense.
- The Bank or person in question has an interest in the outcome of the service rendered or the operation carried out on behalf of the client, other than the client's interest.
- The Bank or person in question has financial or other incentives to promote the interests of third-party clients, against the client's own interests.
- The Bank or person in question has a professional activity that is identical to that of the client.
- The Bank or person in question receives or will receive from a third party an inducement in relation to the service rendered to the client, in money, goods or services, other than the usual commission or remuneration for the service in question.

The employees of the Bank will adopt as general principles of conduct to act with honesty, impartiality and professionalism, in the best interest of the clients. Thus, the interests of one client or group of clients will not be favoured against others, thus offering an equal treatment to all of them.

Banque de Patrimoines Privés has a record of the different services or activities in which a conflict of interest has arisen or may arise and will be maintained and updated periodically by the Compliance Department. In the event of a conflict of interest, the measures deemed necessary in order to mitigate it will be taken, and in case these are not deemed sufficient, the said conflict will be communicated to the clients before the provision of the investment service.

9. Best Execution

Banque de Patrimoines Privés has a Policy for Best Execution of Orders that is applicable to all retail and professional clients to whom the services of portfolio management, reception and transmission of orders and execution of orders on financial instruments are rendered. It is

possible for the Bank to issue the client's order to another company in the group or to a third party, but it will always act in the best interest of the client, ensuring timely, fair and prompt execution of the orders requested by the client.

- Selection of intermediaries and execution centers

The Bank considers that, in determining the best possible outcome for clients and selecting the specific execution center for their orders from among those available, the factors of price, cost, speed, probability of execution must be taken into account, as well as liquidation, volume, nature of the transaction and any other element relevant to the execution of the order.

The price may vary depending on the execution center for the same financial instrument taking into account the market depth and taking into consideration criteria such as liquidity and volume (supply and demand).

Although price, costs, volume, speed and probability of execution of operations are generally the decisive factors in order to obtain the best possible result, the relative importance of each of these factors will be determined according to the following criteria:

- i. The clients' profile, including their classification as either retail or professional customer.
- ii. The characteristics of the order given by the customer.
- iii. The characteristics of the financial instrument object of the order.
- iv. The characteristics of the execution centers to which the order can be directed.

The precepts contained in the Best Execution Standard of the Bank will not be applicable in the operation with those financial instruments for which the Bank does not make any decision on the execution of the order, but it is the client who accepts a specific offer of the Entities to buy or sell a financial instruments from their own portfolio. For example, in the operation of clients with non-stock exchange fixed income and derivatives not listed on organized markets (OTC) in which the Bank merely quotes the price to customers, which are those who decide to carry out the contracting of the operation according to the proposed conditions.

- Management of orders to clients

The Bank has procedures and systems that ensure the reception and transmission, for prompt, prompt and prompt execution of customer orders, against other orders of customers or the Group's particular interests.

The Bank does not carry out accumulation of orders in any case, neither of those of several clients nor of the ones with operations for their own account.

The information provided by the selected intermediary for the execution of the orders in relation to the five Execution Centers used in terms of trading volume for each type of MiFID financial instrument will be available annually.

10. Risk factors of the financial instruments

Any decision related to the Financial Instruments detailed in this brochure entails risks that must be known and valued by you before making such a decision. Different risks may occur in the same financial instrument, varying according to different circumstances. Risk is typical for financial instruments and implies the possibility of not obtaining profitability and, in the worst case scenario, even the loss of the capital invested.

As an example we highlight the following:

- Price risk: means that, at the time of the sale of a financial instrument, the selling price may be lower than the purchase price. The prices of financial instruments are exposed to the general expectations about the economy, the specific behaviour of certain sectors or companies, etc.
- Foreign exchange risk: it affects investments made in currencies other than those of the origin account, and is caused by possible changes in the exchange rates of related currencies.
- Interest risk: measures how changes in market interest rates affect the return on investments.
- Credit risk or insolvency: it is the risk that the issuer of a security cannot face its payments, both coupons and repayment of the principal, or that there is a delay in them. The issuer may be a company, a financial institution, a state or a public body.
- Liquidity risk: refers to a possible penalty in the price obtained when the investment is undone, in case it is necessary to sell it quickly. In extreme cases, it could mean the impossibility of recovering the money at the desired time.
- Leverage Risk: it is the risk of generating a position from which the possibility of a real loss much greater than the amount disbursed is derived. These risks will only affect the contracting of derivative products and the Free Collective Investment Institutions known as Hedge Funds.

Depending on the potential exposure of a financial instrument to a particular risk, or to a combination of several, it is said that the instrument has a low to high level of risk.

At the time of the commercialization of any financial instrument affected by the MiFID Directive or the subscription of a MiFID instrument through the investment advisory service, Banque de Patrimoines Privés will provide you with appropriate guidance and warnings about the risks associated with investments in these instruments or in relation to particular investment strategies and whether the financial instrument is intended.

11. Commissions and Charges

Banque de Patrimoines Privés will receive, for the development of its activity and for the provision of investment services on the financial instruments that are at any moment in the scope of application of MiFID II, the fees and commissions established in the corresponding Terms & Conditions, which are enclosed in the opening package.

The Bank will publish on its website (<http://banquedepatrimoinesprives.com/en>), Terms & Conditions, which can be downloaded by all customers. The commission fees have the character of maximums, notwithstanding special conditions may apply.

Prior to contracting the MiFID financial instruments, Banque de Patrimoines Privés will provide, sufficiently in advance, in order to be able to adopt an investment decision, information on all associated costs and expenses including the information related to investment services, including the cost of advice, where applicable, the cost of the recommended or marketed financial instrument and how this is expected to be paid, as well as any payments related to third parties.

Information on all costs and expenses, including those relating to the investment service and the financial instrument, which are not caused by the existence of an underlying market risk, shall be aggregated so that you can understand the total cost as well such as the cumulative effect on return on investment. You will have the right to ask Banque de Patrimoines Privés for a breakdown by concept. This information shall be provided by the Bank on a regular basis, and at least once a year, throughout the life of the investment through a Communication on commissions, expenses, costs, incentives and benefits in accordance with the standard format determine by the code of conduct applicable to the provision of investment services.

12. Inducements

The Bank has adopted Inducements Policy, in which a set of rules and conditions additional to those established under the Conflicts of Interest Policy in the provision of MiFID Investment Services of the Bank are specified. This Policy defines inducements as any monetary or in kind remuneration provided or received by the Bank to/by customers or third parties for the provision of investment services, ancillary services or a combination of both.

Under the applicable regulations, are not allowed fees or commissions, monetary or non-monetary, received or paid, in relation to the provision of an investment service or an auxiliary service, to a third party or from third party other than the client or the person acting on behalf of the client, unless the payment or benefit:

- (a) is designed to improve the quality of the relevant service provided to the customer;
- b) does not prejudice compliance with the Bank's obligation to act with honesty, impartiality and professionalism, in the best interests of its clients.

In any case, it will be considered that a non-monetary fee, commission or benefit is designed to raise the quality of the relevant service to the customer if all the following conditions are met:

- it is justified by the provision of an additional or higher level service to the customer in question, proportional to the level of inducements received;
- it does not directly benefit the receiving entity, its shareholders or employees without a material benefit to the client in question;
- it is justified by the provision of a continuous benefit to the customer in question in relation to a continuous inducement.

The Bank's Products and Services Committee will be responsible for determining, among the legally established assumptions, which ones are related to a specific inducement analyzed in the process of approval of a new investment product and/or service, or the revision of an existing product or service, in order to adequately and proportionately justify the provision of an additional service to the customer.

INCENTIVES REGIME UNDER MiFID II					
Service	Independent advice	Discretionary management	Non-Independent Advice	Reception and Transmission of Orders	Execution
MiFID II Incentive Scheme	<input checked="" type="checkbox"/> Not allowed Exception: Minor Non-monetary benefits can be perceived if: (a) Disclosed to the customer; (b) Do not interfere with the duty to act in the best interest of customers.		<input checked="" type="checkbox"/> Allowed As long as: (a) Disclosed to Customer; (b) Increase the quality of service; Y (c) Do not damage the fulfilment of the obligation of the Institution to act with honesty, impartiality and professionalism in the best interest of its clients.		