

MiFID II – General Information and Principles

1. Introduction

The EU Markets in Financial Instruments Directive (MiFID) has regulated securities transactions in Europe since November 2007. Due to the changed market structure, innovations in the financial markets and the consequences of the financial crisis, the EU revised the directive at the beginning of 2014. The MiFID II Directive aims to increase market transparency and the efficiency and integrity of financial markets.

As a Member State of the European Economic Area (EEA), Liechtenstein is required to implement this EU directive into national law. Implementation is accomplished by adapting the Liechtenstein Banking Act and the associated Banking Ordinance.

2. Goal and purpose

The Banking Act and the associated Banking Ordinance of the Principality of Liechtenstein demand that banks providing investment services and/or ancillary services must furnish their clients with detailed information on the services and products they offer. These General Information and Principles are intended to give you an overview of Neue Bank AG and its services in connection with the performance of investment services. The core of this information is the third part on client classification and the fourth part on investment services and financial instruments offered by the bank.

This information does not claim to cover all aspects of the investment business in a comprehensive manner. Where necessary, reference is made to additional materials that we have already given to you or that may be obtained for free from us.

This General Information and Principles uses numerous technical terms and expressions. It relies on the terminology already used by the legislature. Where it appears necessary, we have explained terms in footnotes or referred to the relevant legal foundations.

We reserve the right to inform you only of significant changes to the content of this General Information and Principles.

3. General information

3.1 Information on the Neue Bank AG

The Neue Bank AG hereinafter referred to as “bank” is domiciled at the following address:

Marktgass 20
P.O. Box 1533
FL-9490 Vaduz

It is registered as a bank in the legal form of a company limited by shares in the Public Registry of the Principality of Liechtenstein. For its activities as a bank, it holds a license issued by the Liechtenstein Financial Market Authority (FMA), Landstrasse 109, P.O. Box 279, LI-9490 Vaduz, and is subject to FMA supervision.

We are a member of the Liechtenstein Bankers Association and, for purposes of protecting client assets, has joined the “Deposit Guarantee and Investor Protection Foundation of the Liechtenstein Bankers Association”. The scope of the liabilities protected by the Deposit Guarantee and Investor Protection Foundation is set out in a fact sheet published by the Liechtenstein Bankers Association, which may be obtained from us or directly from the Liechtenstein Bankers Association.

Additional information on the organisation and structure of us can be found in the business report, which we will be happy to provide to you upon request.

3.2 Language and means of communication

The authoritative language for the contractual relationship between our clients and us is German. However, you may always communicate with us in English or – upon prior agreement – in another language. As a rule, contractual materials and documents are provided in German, unless otherwise agreed between the client and us.

We will communicate with you in writing or orally. Orders by telephone, fax, e-banking, or e-mail are only accepted on the basis of a separate written agreement. If such an agreement exists or if you use one of these channels to communicate with us, we reserve the right to contact you in the same way.

4. Terms of contract and business

The rights and duties applicable between you and us in connection with the performance of investment services and/or ancillary services are governed by the terms of contract and business. In particular, the General Terms and Conditions of Business (GTC) of the bank containing the Deposit Provisions apply in this regard. The present General Information and Principles serves as supplemental information.

5. Client classification

5.1 Classification by the bank

The clients are informed of their categorisation as “non-professional client”, “professional client” and “eligible counterparty”. Existing clients are notified only if they are reclassified.

The banks are required to classify their clients in accordance with precisely defined criteria in one of the aforementioned client categories. If we have not already done so, we will inform you of your client classification. The classification serves to ensure treatment of our clients in accordance with knowledge, experience with transactions in financial instruments, as well as type, frequency, and scope of such transactions.

5.1.1 Non-professional client

We consider you to be a “non-professional client” (sometimes also termed a “small investor” or “private investor”) if you can neither be classified as a “professional client” nor as an “eligible counterparty”. This classification entitles you to the highest legally provided level of protection.

5.1.2 Professional client

In order to classify you or your company as a “professional client”, the criteria set out in point 2 of Annex 1 of the Banking Act (Annex II of the MiFID II Directive) must be met. A lower level of protection applies to a “professional client” than to a “non-professional client”. In contrast to “non-professional clients”, we assume in the case of “professional clients” that the acting persons have sufficient experience, knowledge, and expertise to make investment decisions and to adequately assess the associated risks.

5.1.3 Eligible counterparty

According to the Liechtenstein Banking Act, only supervised legal persons, large companies, governments, public bodies charged with or intervening in the management of public debt, central banks, and international or supranational organisations may be considered eligible counterparties. They are entitled to the lowest level of

protection. Also in the case of this category of clients, we assume that the acting persons have sufficient experience, knowledge, and expertise to make investment decisions and to adequately assess the associated risks. In addition, we do not provide investment advice and asset management services to such clients. If a client classified as an eligible counterparty nevertheless wants to take advantage of such services, we will treat the client the same as a professional client.

5.2 Reclassification

At any time, you have the option of agreeing on a different classification with us in writing. Please note that a change of classification entails a change of the legally provided level of protection applicable to you accordingly, we draw your attention to the fact that we can only agree to such reclassification if specific conditions precisely described in Annex 7.1 of the Liechtenstein Banking Ordinance (Annex II of the MiFID II Directive) are met. For instance, only clients who meet at least two of the following criteria may be reclassified from the status of “non-professional” to “professional” client:

- in the four preceding quarters, the client carried out an average of 10 transactions of significant volume each quarter on the relevant market;
- the financial instrument portfolio, defined as including cash deposits and financial instruments, exceeds the equivalent of EUR 500,000;
- at least one year of experience in a professional position in the financial sector requiring knowledge of the planned transactions or services.

To perform a reclassification from a “non-professional client” to a “professional client”, you must submit a written application to us. We will be happy to assist you in this regard. Your account representative will be happy to advise you on the precise modalities and effects of a reclassification.

Please note that we will in general only undertake a reclassification with respect to all investment services, ancillary services, and financial instruments.

If we should learn that you no longer meet the conditions for the client category in which you have been classified, we are required to undertake an adjustment of our own accord. We will then inform you immediately. It is also your obligation to notify the bank if one of the conditions is no longer fulfilled.

6. Information on the investment services and financial instruments offered by the bank

6.1 Financial instruments

Trading in financial instruments¹ involves financial risks. Depending on the financial instrument, these risks may differ. In principle, a distinction must be made between so-called “non-complex” and “complex” financial instruments. What types of financial instruments exist and what risks they are associated with is explained in more detail in the brochure “Risks in Securities Trading”.

6.2 Sustainability/ESG risks

Sustainability risks are environmental, social and governance (ESG) events or conditions that could potentially have a negative impact on the value of an investment. The sustainability/ESG risks are explained in more detail in the brochure “Risks in Securities Trading”.

6.3 Investment services and ancillary services

Wherever possible, we perform all types of investment services and ancillary services², for you, in particular in connection with the buying and selling of financial instruments and their custody. We perform buying and selling transactions either as an execution only or no-advice transaction or in the context of investment advice or asset management (also called “portfolio management”).

6.3.1 Execution only

We perform buying and selling transactions that are executed at your request and that concern “non-complex” financial instruments³ “execution only”, i.e. as a pure execution transaction. In such cases – irrespective of your client classification – we do not verify whether the financial instrument in question is appropriate to your experience and knowledge. Buying and selling of the financial instrument is at your own risk in such cases.

“Execution only” is permitted for the following financial instruments:

- shares admitted to trading,
- bonds and annuities admitted to trading,
- money-market instruments,
- UCITS funds (but not AIFs or structured UCITS),
- structured deposits,
- other non-complex financial instruments.

6.3.2 Investment advice and asset management

At your request, we perform investment advice or asset management services. We consider “investment advice” to mean giving a personal recommendation to the client that relates to one or more financial instruments. The buying or selling decision remains with the client.

The bank provides its clients with **independent investment advice** in order to advise them as objectively as possible and in their best interest.

In principle, the bank advises its clients on all types of financial instruments referred to in Annex 2 Section C of the Liechtenstein Banking Act, but it does not offer any transactions in complex financial instruments to non-professional clients. Financial instruments referred to in Annex 2 Section C include, in particular, shares, investment funds, bonds, certificates, fund units, derivatives, etc.

In order for our investment advice to arrive at a recommendation regarding one or more financial instruments, the bank conducts an analysis as part of investment advice that is based on various public and non-public sources of information and is structured in principle as follows:

- The starting point is the specific needs and specifications for each client, which in principle emerge from the investment advisory agreement, the investor and sustainability profile and any instructions (which may be specific to an individual case). Consequently, all client-specific factors relevant to each individual investment advisory case are taken into account, such as the client's knowledge, experience, risk appetite and sustainability preferences.
- Based on several of these specifications (especially sectoral and geographical origin of the financial instrument and/or currency as well as sustainability preferences), a first narrowing of the range of suitable financial instruments is carried out.
- A second narrowing is carried out on the basis of quantitative factors.
- Finally, qualitative factors are applied to carry out the final narrowing.
- The results of these analysis steps, while taking into account any existing supplierside parameters such as the definition of the target market and any other regulatory requirements, are those financial instruments that can be recommended to the client in the specific individual case.

It should be noted that it cannot be ruled out that the bank's analysis may conclude that only one financial instrument or even no financial instrument at all can be recommended, given the client's needs and specifications. In such a case, the bank informs the client in a timely manner.

¹ on the term “financial instrument”, see Annex 2 Section C of the Liechtenstein Banking Act.

² An extensive catalogue of investment services and ancillary services can be found in Annex 2 Sections A and B of the Banking Act.

³ on the term “non-complex financial instrument”, see Annex 2 Section B of the Liechtenstein Banking Ordinance.

The bank does not make a regular assessment of the suitability of the recommended financial instruments available to the client.

We consider “asset management” to mean the management of a client’s individual financial instruments or portfolios on a client-by-client basis and in accordance with the investment strategy agreed between the client and us. In the case of asset management, the client delegates the decision on the individual investment to be made to us. We only accept an asset management assignment on the basis of a separate asset management agreement in writing.

In the case of both investment advice and asset management, we must by law obtain various information in advance, if such information is not already available. Where relevant, this includes information on:

- a) Your **knowledge and experience in the investment business**, including: information on the type of services, transactions, and financial instruments with which you are familiar and the type, scope, and frequency of the transactions with financial instruments you carry out, educational experience and profession or previous professional activities.
- b) Your **investment objectives**, including: Information on your risk capacity, in particular your investment horizon, and your willingness to take risks. This results in the risk or investor profile.
- c) Your **financial situation**, including: information on the origin and amount of regular income and regular liabilities, and on your total assets including liquid assets and real estate as well as the capacity to bear losses.
- d) Your **sustainability preferences**, including: information on the extent to which you choose to take environmental or social aspects into account in your investment. This information is used to create your sustainability/ESG profile.

Only by obtaining this information are we able to recommend suitable transactions with financial instruments or to perform such transactions in the context of asset management. We consider only services and financial instruments to be suitable:

- that correspond to your investment goals and your personal circumstances with regard to the required investment duration
- the investment risks of which you can bear financially;
- the sustainability/ESG criteria of which correspond to your individual sustainability preferences; and
- the risks of which you are able to understand on the basis of your knowledge and experience (suitability test).

After investment advice from the bank and before the transaction is made, the client receives a statement on suitability from the bank in a durable medium specifying the advice given and how that advice meets the preferences, objectives and other characteristics of the client. Where the agreement to buy or sell a financial instrument is concluded using a means of distance communication which prevents the prior delivery of the aforementioned suitability statement, the bank may provide the written statement on suitability in a durable medium immediately after you are bound by any agreement. This is possible provided the following conditions are met: a) you have consented to receiving the suitability statement without undue delay after the conclusion of the transaction, and b) the bank has given you the option of delaying the transaction in order to receive the statement on suitability in advance.

If you have been classified as a “professional client”, we assume that you have the requisite knowledge and experience and that you can financially bear any risks associated with the transaction. If you are considered to be a “born professional client” (cf. Annex II Section I of the MiFID II Directive), the bank continues to assume as part of its investment advice that you are financially able to bear any risks associated with the transaction.

In order to assess the experience and knowledge of legal persons, the bank draws on the experience and knowledge of the natural persons (executive bodies) acting on behalf of the legal person in relation to the bank. Where the experience and knowledge of such persons

differ from each other, the bank shall, together with such natural persons, establish a uniform profile of experience and knowledge applicable to the entire legal person.

In our assessment, we rely on the information you provide and assume that such information is accurate. Should you fail to provide us with the information we requested or if such information is insufficient, we are prohibited by law from giving you recommendations. It is therefore in your own interest to provide us with the required information.

6.3.3 No-advice transactions

Buying or selling transactions that are executed neither in the context of investment advice nor asset management nor as an execution only transaction are executed as no-advice transactions. In this case, we must again by law obtain the abovementioned information on your knowledge and experience in the investment field, in order to assess whether, on the basis of your experience and knowledge, you are able to understand the risks associated with the service or financial instrument (appropriateness test). However, your ability to financially bear the investment risks associated with the service or financial instrument is not verified. Similarly, no investment goal is defined.

If you have been classified as a “professional client” or even as an “eligible counterparty”, we assume that you have the requisite knowledge and experience to understand the associated risks.

In the case of legal entities or power of attorneys the comments set out in point 6.3.2 apply.

If, upon assessing appropriateness, we conclude that the service or financial instrument is not appropriate for you, or if we do not have all necessary information available to assess appropriateness, we will warn you accordingly. If we are unable to reach you for purposes of such a warning, whether because you have requested that we do not contact you or because we cannot reach you on short notice, we reserve the right to refrain from executing the order, for your protection.

7. Principles of executing orders

We perform all investment services and ancillary services in an honest, fair, and professional manner and in the best interest of our clients. We take all measures that appear necessary in our estimation to achieve the best execution of client orders. In this regard, we take adequate account of the various types of clients. The principles according to which the bank executes its clients’ orders are summarised in the information concerning the principles for executing orders in financial instruments. When selecting trading venues, the bank also takes into account its own costs in connection with the respective trading venue. Inducements for the preferential treatment of a particular trading venue (benefits for routing) are subject to the general requirements for inducements and measures to prevent conflicts of interest.

8. Costs and associated charges in connection with investment services and ancillary services

Our costs and associated charges in connection with investment services and ancillary services provided are determined in accordance with our general fee schedule. The bank will disclose to you the costs and associated charges of investment and ancillary services as well as costs and associated charges in connection with the conception and management of the financial instruments. In this context, the bank will also provide you with an illustration of the impact of the total costs on the return on investment. The cost transparency requirements also apply in principle in relation to professional clients. Insofar as the bank provides you with information on costs in advance (ex ante), these are estimates. The costs actually incurred are disclosed to you subsequently (ex post) and may differ from the ex-ante estimate. In the ex-post presentation of costs, the bank relies on data supplies from product providers and information service providers. These providers may use different settlement dates, different securities prices (e. g. daily average prices, closing prices) as well as different exchange rates and exchange times for foreign currencies. This can lead to settlement, rounding and other differences.

9. Principles for dealing with potential conflicts of interest

We have taken a range of measures to avoid potential conflicts in advance between your interests and the interests of our bank, our employees, or other clients. These measures are summarised for you in the “Information on dealing with potential conflicts of interest”.

10. Client statement/Reporting

Immediately upon executing a securities transaction on your behalf, we will send you a corresponding statement (transaction statement). Prior to execution of your order, we will only inform you of the status of execution upon your express wish or if any difficulties arise with respect to the execution of the order. On a periodic basis, as a rule as of the end of the year, we will send you an itemisation of the financial instruments held on your behalf (statement of assets), unless such an itemisation has already been transmitted in another periodic statement. Upon special request, we will issue additional statements to you. These provisions are subject to other special agreements concluded.

The bank provides you with regular client reporting on the performed transactions in a durable medium, usually on a quarterly basis after the end of the respective calendar quarter. In the case of individual securities notifications, reporting takes place once every twelve months at the beginning of the new year; in the case of credit-financed portfolios, reporting takes place monthly after the end of the respective month.

As part of our asset management for non-professional clients the reporting includes an updated explanation of how portfolio management meets the client's preferences, objectives and other characteristics.

In the context of asset management, the bank provides you with an oral or written report (loss threshold reporting) if the total value of the portfolio falls by 10% since the beginning of the quarter and then in steps of 10% for each subsequent loss in value.

The same applies to an account for private clients that includes positions with credit-financed financial instruments or transactions with contingent liabilities (in the case of financing by third parties, only if the bank is aware of this).

11. Product governance

The bank applies an appropriate product governance process when distributing financial instruments in order to ensure that the products offered are compatible with the requirements, characteristics and aims of the relevant target market.

12. PRIIP

Pursuant to the Regulation on Key Information Documents for Packaged Retail and Insurance-Based Investment Products (PRIIP), the bank provides non-professional clients with a key information document before the purchase of a financial instrument subject to PRIIP – this means, for example, funds, structured products or foreign exchange futures transactions. This contains in particular information about the risks and costs of the financial product. The key information documents for the bank's OTC foreign exchange derivatives (FX forwards and FX options) are published on the website www.neuebankag.li. Physical or digital copies thereof are available upon request.