



WisdomTree UK Limited & WisdomTree Ireland Limited  
("WisdomTree")

Switzerland – Rules of Conduct Statement

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## 1. Introduction

- 1.1. In June 2018, the Swiss parliament adopted the Swiss Financial Services Act ("**FinSA**") and the Swiss Financial Institutions Act ("**FinIA**"). These two acts came into force on 1<sup>st</sup> January 2020 and introduce a new regulatory framework governing Swiss financial markets.
- 1.2. FinSA impacts 'financial service providers' of which WisdomTree is one. FinSA aims to strengthen investor protection and align Swiss laws with the European regulatory framework, in particular MIFID II and the EU Prospectus Regulation.
- 1.3. In order for the Firm to implement these new rules, FinSA introduces a comprehensive set of requirements, which include the implementation of rules of conduct and client classification (the "**Swiss Rules of Conduct**"), that apply when dealing with clients in Switzerland. See the Swiss Rules of Conduct section below.
- 1.4. As part of this implementation, WisdomTree are required to produce a Swiss Rules of Conduct Statement outlining our compliance with the Swiss Rules of Conduct and with the rules applicable to offering activities in Switzerland and how WisdomTree will apply them throughout its investment business, policies and procedures.

## 2. Swiss Rules of Conduct

- 2.1. Although WisdomTree is a non-Swiss financial services provider, the Firm is still required to comply with the Swiss Rules of Conduct and with the rules applicable to offering activities in Switzerland, due to the Firm's Swiss offers activities including retail clients. Any placement activities, which is aimed directly at funds or at structured products, fall generally under the definition of "financial services", as a form of acquisition or disposal of financial instruments and, as a result, triggers compliance with the following requirements:
  - 2.1.1. to classify clients according to the FinSA classification;
  - 2.1.2. to comply with rules of conduct. The rules of conduct do not apply in respect of financial services provided to Institutional Clients. Professional Clients may partially waive, in writing, the rules of conduct;
  - 2.1.3. to affiliate to an ombudsman's office recognized by the Swiss Department of Finance (see section 3.2.6 & 3.2.7 for details).

2.2 First, the Firm is required to classify its clients in Switzerland as either institutional, professional, or retail clients. Client classification pursuant to the FinSA rules is as follows:

<b>Institutional clients</b>	<ul style="list-style-type: none"> <li>a. financial intermediaries as defined in the Federal Banking Act, Federal Financial Institutions Act and the Collective Investment Schemes Act, i.e. banks, securities firms, fund management companies, managers of collective assets, portfolio managers, trustees, representatives of foreign collective investment schemes, SICAV, limited partnership for collective investment, SICAF</li> <li>b. insurance companies as defined in the Federal Insurances Supervision Act</li> <li>c. foreign clients subject to a prudential supervision as the entities listed under a. and b. above</li> <li>d. central banks</li> <li>e. national and supranational public entities with professional treasury operations*</li> <li>f. other Swiss/foreign collective investment schemes and their management companies, which are not covered by lit. a-e but have declared that they wish to be treated as institutional client.</li> </ul>
<b>Professional clients</b>	<ul style="list-style-type: none"> <li>g. public entities with professional treasury operations*</li> <li>h. pension funds/schemes with professional treasury operations*</li> <li>i. companies with professional treasury operations*</li> <li>j. large companies, i.e. companies which exceeds two of the following criteria: (i) balance sheet total of CHF 20 million; (ii) turnover of CHF 40 million and (iii) capital equity of CHF 2 million</li> <li>k. private investment structures with professional treasury operations* created for high-net-worth retail clients</li> <li>l. high-net-worth retail clients and private investment structures created for them, provided they have declared an "opt-out"</li> <li>m. Institutional Clients may declare that they wish to be treated as Professional Clients (opting in).</li> </ul>
<b>Retail clients</b>	all other types of clients

2.2. In addition, the following rules of conduct apply to WisdomTree and all of its employees engaged in Swiss distribution activities.

2.3. In case of direct contact, leading to the purchase or sale of financial instruments, with retail clients in Switzerland, the Firm undertakes to have any client advisers based in Switzerland registered in the Swiss Client Adviser Register. In case of doubt, please contact compliance.

2.4. WisdomTree has a **Duty to Provide Information** and shall ensure that all clients are aware of the following information:

- 2.4.1. the Firm's name and address;
  - 2.4.2. their field of activity and supervisory status;
  - 2.4.3. the possibility of obtaining information on employee training and continuing professional development of the distribution team;
  - 2.4.4. the possibility of initiating proceedings before a recognised ombudsman;
  - 2.4.5. the general risks associated with financial instruments, including in particular information on the essential features and functionalities of the financial instruments, as well as the risks of loss and any obligations arising from the financial instruments for the client.
- 2.5. As part of this duty, when creating documentation regarding financial services and financial instruments, WisdomTree must adhere to the following:
- 2.5.1. the financial services offered by WisdomTree and the associated risks and costs. Information on costs shall contain details of the one-time and running costs of the financial service and the costs incurred in connection with the purchase and sale of the respective financial instrument;
  - 2.5.2. the business affiliations and third parties connected with the services offered;
  - 2.5.3. the financial instruments offered and associated risks and costs;
  - 2.5.4. the market offer taken into account when selecting financial instruments;
  - 2.5.5. the form and manner of custody of the financial instruments and associated risks and costs.
- 2.6. The Firm is also required to provide clients with information on business affiliations with third parties (including Firm's affiliates if any) in connection with the financial services provided, insofar as these affiliations may give rise to conflicts of interests. The Firm commits to provide all its clients with the same level of information.
- 2.7. The information includes:
- 2.7.1. the circumstance giving rise to the conflict of interest;
  - 2.7.2. the risks which the client faces as a result of the conflict;
  - 2.7.3. the precautions taken by the Firm to reduce such risks.
- 2.8. Furthermore, all of this information must be comprehensible and given to clients in a standardised form, with the ability to be sent electronically. The information must be made available to clients before the signing of a contract or provision of service.
- 2.9. Retail clients have full and free access to the key information document and prospectus for all WisdomTree financial instruments.
- 2.10. All advertising undertaken by WisdomTree is indicated as such in the disclaimer section.

- 2.11. The second rule of conduct is for the **Appropriateness and Suitability of Financial Services** that covers the provision of appropriateness testing and suitability assessments for clients.
- 2.12. Due to the nature of WisdomTree's business, not providing direct financial instrument trading or brokerage services, which is considered under FinSA as investment advice or portfolio management services, it is exempt from this rule.
- 2.13. The Firm does however produce a European MIFID Template (EMT) and regularly review the target market and suitability of its financial instruments, within its role as a product manufacturer.
- 2.14. The third Swiss rule of conduct is **Documentation** covering how the investment firm creates and provides documentation for investors and clients.
- 2.15. Due to WisdomTree's business, not providing advice, trading, or brokerage services, which is considered under FinSA as investment advice or portfolio management services, this rule of conduct only applies to how the Firm retains and documents client information.
- 2.16. In particular, the Firm shall document the financial service provided for clients. Upon client's request the Firm shall provide clients with a copy of the documentation about the client relationship or shall make it accessible to them in another manner. Professional clients may waive, in writing, this duty.
- 2.17. The final rule of conduct is that of **Transparency and Diligence**, which covers best execution and handling client orders in good faith.
- 2.18. Due to WisdomTree's business, not providing advice, trading, or brokerage services, which is considered under FinSA as investment advice or portfolio management services, this rule of conduct does not directly apply to the Firm. However, WisdomTree does ensure transparency and diligence when creating and distributing its products.

### 3. Compliance with the Swiss Rules of Conduct

- 3.1. WisdomTree can demonstrate compliance with the Swiss Rules of Conduct as outlined below. The Firm believes that this statement and demonstration of compliance confirms that WisdomTree have implemented FinSA and will operate in Switzerland under the new rules going forwards.
- 3.2. Duty to Provide Information

- 3.2.1. The WisdomTree website [ <https://www.wisdomtree.eu/>] allows clients to access the Firm's name, address legal and supervisory information. There is a dedicated Swiss site which covers these items in English, German, French and Italian.
- 3.2.2. The Firm does undertake employee training and currently uses the Chartered Institute for Securities and Investment (CISI) to log employee continuous professional development (CPD). Each employee is required to undertake and log minimum of 10 hours (or 15 hours for distribution staff) CPD per annum. This requirement is contained within the WisdomTree compliance manual and specific details about the policy or training can be provided upon request to clients or potential clients.
- 3.2.3. The Firm informs clients on risks and costs associated with investment on specific financial instruments. These can be found on each individual product page, the product key information document (or key investor information document where relevant) and within the issuer prospectus.
- 3.2.4. The Firm inform clients on its website [ <https://www.wisdomtree.eu/>] or by email on business affiliations with third parties (including Firm's affiliates if any) in connection with the financial services provided, insofar as these affiliations may give rise to conflicts of interests.
- 3.2.5. WisdomTree UK Limited is regulated by the UK Financial Conduct Authority. WisdomTree Ireland Limited, WisdomTree Management Limited, and WisdomTree Multi Asset Management Limited are regulated by the Central Bank of Ireland. WisdomTree Management Jersey Limited is regulated by the Jersey Financial Services Commission.
- 3.2.6. Depending on the product investors can apply to the relevant ombudsman service within these regulatory jurisdictions, as well as in Switzerland, where WisdomTree are affiliated with Terraxis, an authorised Swiss Ombudsman Service that has been recognised by the Swiss Department of Finance. This affiliation began on 18/08/2020.
- 3.2.7. Terraxis offer ombudsman and mediation services for WisdomTree in Switzerland. If any client wishes to proceed with an ombudsman claim, they can contact Terraxis via their website (<https://terraxis.ch/>) or phone (+41 227326119).
- 3.2.8. Regarding documentation about WisdomTree's financial services and products, the Firm creates a number of documents and provides information on its website. These include, a dedicated product page for each financial instrument, a key information document or key investor information document (KID and KIID).

3.3. Appropriateness and Suitability of Financial Services

- 3.3.1. Due to the nature of WisdomTree's business, not providing direct financial instrument trading or brokerage services, which is considered under FinSA as investment advice or portfolio management services, it is exempt from this rule.
- 3.3.2. The Firm does however produce a European MIFID Template (EMT) and regularly review the target market and suitability of its financial instruments, within its role as a product manufacturer.

3.4. Documentation

- 3.4.1. WisdomTree do not provide advice, trading, or brokerage services, which is considered under FinSA as investment advice or portfolio management services, so the scope of this rule is limited to financial promotions and how the Firm retains documentation and client information.
- 3.4.2. The Firm create and produce financial promotions for its professional clients to assist in distribution of products. These range from product factsheets to infographics to presentations.
- 3.4.3. All financial promotions are created in line with the Firm's Compliance Manual by the marketing team. They are then reviewed by compliance who provide comments (if relevant) and final sign off through the WisdomTree Connect online approval system.
- 3.4.4. Regarding the Firm's retention of client information, this is all through our Salesforce client management system, whereby all client information and records of correspondence and documentation sent are kept.
- 3.4.5. This data is under constant review and is updated on an ongoing basis where necessary.
- 3.4.6. All of the WisdomTree data retention is in line with its Data Protection Policy, the General Data Protection Regulation and the Data Protection Act 2018.
- 3.4.7. Upon client's request, WisdomTree provides them with a copy of the following documentation within ten (10) business days:
  - 4.4.7.1 financial services agreed and rendered;
  - 4.4.7.2 composition and relevant portfolio information (subject to relevant confidentiality arrangements applicable to the portfolio assets);
  - 4.4.7.3 costs and charges associated with the services provided.



- 3.4.8. Unless agreed otherwise, the documentation is transmitted to Clients in electronic form, by email.

### 3.5. Transparency and Diligence

- 3.5.1. Due to WisdomTree's business, not providing advice, trading, or brokerage services, which is considered under FinSA as investment advice or portfolio management services, this rule of conduct does not directly apply to the Firm. However, WisdomTree does ensure transparency and diligence when creating and distributing its products.

## 4. Swiss Offering Activities

- 4.1. The offer of financial instruments, including investment funds and structured products, in Switzerland is a regulated activity under Swiss law.
- 4.2. An offer is defined as any proposal to acquire a financial instrument that contains sufficient information (*essentiale negoti*) on the terms of the offer and the financial instrument itself, and, therefore, allowing an immediate investment decision. The requirements to be able to offer financial instruments to investors in Switzerland mainly depend on the type of investors targeted in Switzerland.
- 4.3. Swiss law classify investors in the context of funds' offering in two categories: (i) Qualified Investors and (ii) Non-Qualified Investors.
- 4.4. **Qualified Investors** are defined as:
  - 4.4.1 Professional Clients as defined above
  - 4.4.2 Private clients having entered into a discretionary asset management agreement with a regulated financial intermediary or with a foreign financial intermediary subject to an equivalent prudential supervision, unless these clients have opted-in, i.e. declared that they wish to be considered as Non-Qualified Investors and consequently benefit of the protection granted to such investors; and
  - 4.4.3 Private clients having entered into a long-term advisory agreement with a regulated financial intermediary or with a foreign financial intermediary subject to an equivalent prudential supervision, unless these clients have opted in, i.e. declared that they wish to be considered as Non-Qualified Investors and consequently benefit of the protection granted to such investor.
- 4.5. Any investor that is not a Qualified Investor is deemed a **Non-Qualified Investor**.

- 4.6. In order to be able to offer an investment fund to Non-Qualified Investors in Switzerland, the fund must be registered with FINMA. There is an exception from the fund registration requirements provided that the Fund is advertised or offered solely to Qualified Investors in Switzerland. No registration is required as well if the fund is offered to HNWIs who have opted-out.
- 4.7. The rules applicable to the offer of foreign funds in Switzerland may be summarized as follows (the "**Fund Offering Requirements**"):
  - 4.7.1. Fund offering activities targeting Non-Qualified Investors in Switzerland require, in particular, the prior registration of the relevant foreign funds with the Swiss financial regulator and the appointment of a Swiss representative and a Swiss paying agent;
  - 4.7.2. Fund offering activities targeting opted-out high-net worth individuals and private investment structures established for high-net worth individuals without professional treasury operations in Switzerland require the appointment of must a Swiss representative and a Swiss paying agent prior to any offering activity;
  - 4.7.3. The offering of the foreign collective investment schemes to Qualified Investors other than opted-out high-net worth individuals and private investment structures established for high-net worth individuals without professional treasury operations is not subject to any requirements at the level of the fund. In particular, the appointment of a Swiss representative and a Swiss paying agent is not required.
- 4.8. The Firm complies with all the requirements applicable to the offering of investments funds in Switzerland, including registration of the funds with FINMA where the Firm targets Non-Qualified Investors in Switzerland, as well as hiring of a Swiss representative and Paying agent where required.
- 4.9. The Firm also complies with the specific rules applicable to the offering of structured products to Retail clients in Switzerland. In particular, the issuing of structured products is guaranteed or secured by a bank, a securities firm, an insurance company, or a foreign institution that is subject to equivalent supervision in its home jurisdiction.
- 4.10. Where financial instruments, including structured products, are offered to Retail clients in Switzerland, the Firm undertakes to submit the prospectus to the Swiss Reviewing Body prior to publication.