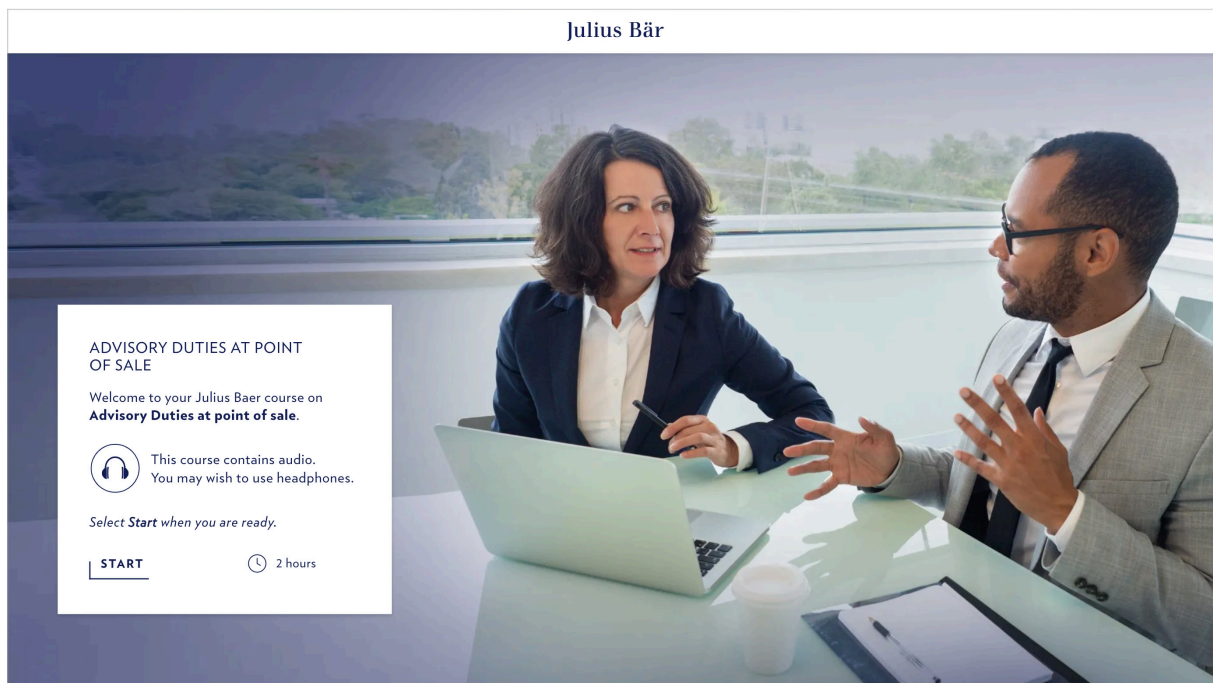


Julius Bär

# ADVISORY DUTIES AT POINT OF SALE



Welcome to your Julius Baer course on Advisory Duties at point of sale.

## WELCOME!

ADVISORY DUTIES AT POINT OF SALE
Julius Bär
4x
📖
🔊
🏠

### WELCOME!

The nine modules in this course will help you master the different aspects of your Advisory Duties at point of sale.

Once you have completed them all, you can attempt the Assessment Case Study.

The course will take no more than 2 hours to complete. You can take a break at any time. If you leave the course, your progress and data will be saved at the point you left off ready for your next session. You can select the modules in any order, but to get the most out of the training, we recommend you start with Module 1 and follow the suggested structure.

NOTE: The alerts displayed in this training are simulated and may vary in appearance and content from those found in actual tools. In certain modules, the client scenario may have been modified to more effectively illustrate the relevant concept.

Revisit Introduction

Select any Module to begin. You can come back to the menu at any time by selecting the 🏠 on the top right corner of the screen.

1: Client Profiling (10 mins)	<input type="checkbox"/>
2: Client Classification (10 mins)	<input type="checkbox"/>
3: Solicitation Types (15 mins)	<input type="checkbox"/>
4: Suitability & Appropriateness and Pre-trade Alerts (15 mins)	<input type="checkbox"/>
5: The Solicitation Framework (15 mins)	<input type="checkbox"/>
6: Monitoring and Portfolio Review (10 mins)	<input type="checkbox"/>
7: Mandatory Documents (5 mins)	<input type="checkbox"/>
8: MiFID (15 mins)	<input type="checkbox"/>
9: Client Reporting (5 mins)	<input type="checkbox"/>
Assessment: Case Study (15 mins)	<input type="checkbox"/>

🔒 Locked
☐ Not started
☐ Started
☒ Completed

The nine modules in this course will help you master the different aspects of your Advisory Duties at point of sale.

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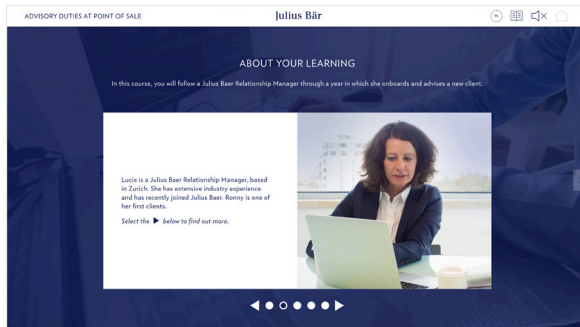
NOTE: The alerts displayed in this training are simulated and may vary in appearance and content from those found in actual tools. In certain modules, the client scenario may have been modified to more effectively illustrate the relevant concept.

**Select START when you are ready.**

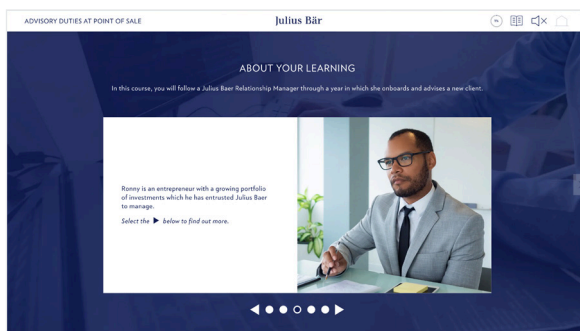


## ABOUT YOUR LEARNING

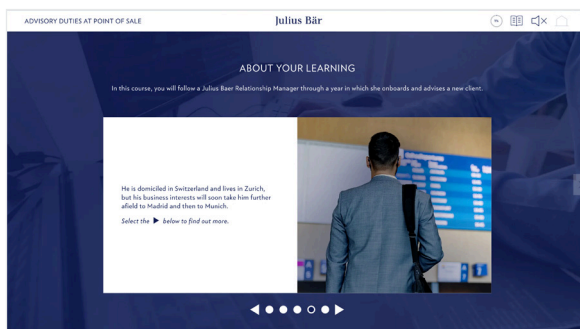
In this course, you will follow a Julius Baer Relationship Manager through a year in which she onboards and advises a new client.



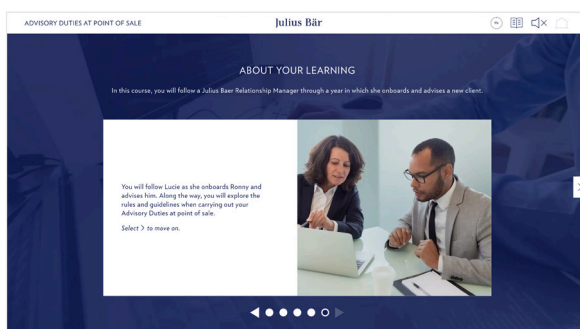
Lucie is a Julius Baer Relationship Manager, based in Zurich. She has extensive industry experience and has recently joined Julius Baer. Ronny is one of her first clients.



Ronny is an entrepreneur with a growing portfolio of investments which he has entrusted Julius Baer to manage.



He is domiciled in Switzerland and lives in Zurich, but his business interests will soon take him further afield to Madrid and then to Munich.



You will follow Lucie as she onboards Ronny and advises him. Along the way, you will explore the rules and guidelines when carrying out your Advisory Duties at point of sale.

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# MODULE 1 - CLIENT PROFILING

## CLIENT MEETING IN ZURICH

Lucie, a Relationship Manager, in Zurich, is meeting her client Ronny - who is domiciled in Switzerland - for his onboarding.

**Read the transcript below to find out more.**

ONBOARDING - COMPLETION OF CIP


Julius Bär

3%

CLIENT MEETING IN ZURICH

Lucie, a Relationship Manager, in Zurich, is meeting her client Ronny - who is domiciled in Switzerland - for his onboarding.

Select **Play** to watch the video. Then, select **>** to move on.



<

>

00:40

TRANSCRIPT

## TRANSCRIPT

It's a beautiful day in Zurich and Lucie is preparing to onboard her client Ronny who also lives in Switzerland. At the onboarding meeting, Lucie is discussing Ronny's circumstances and needs.

**RONNY:**

I want to transfer 60% of my assets to Julius Baer but keep 40% with another bank.

**RONNY:**

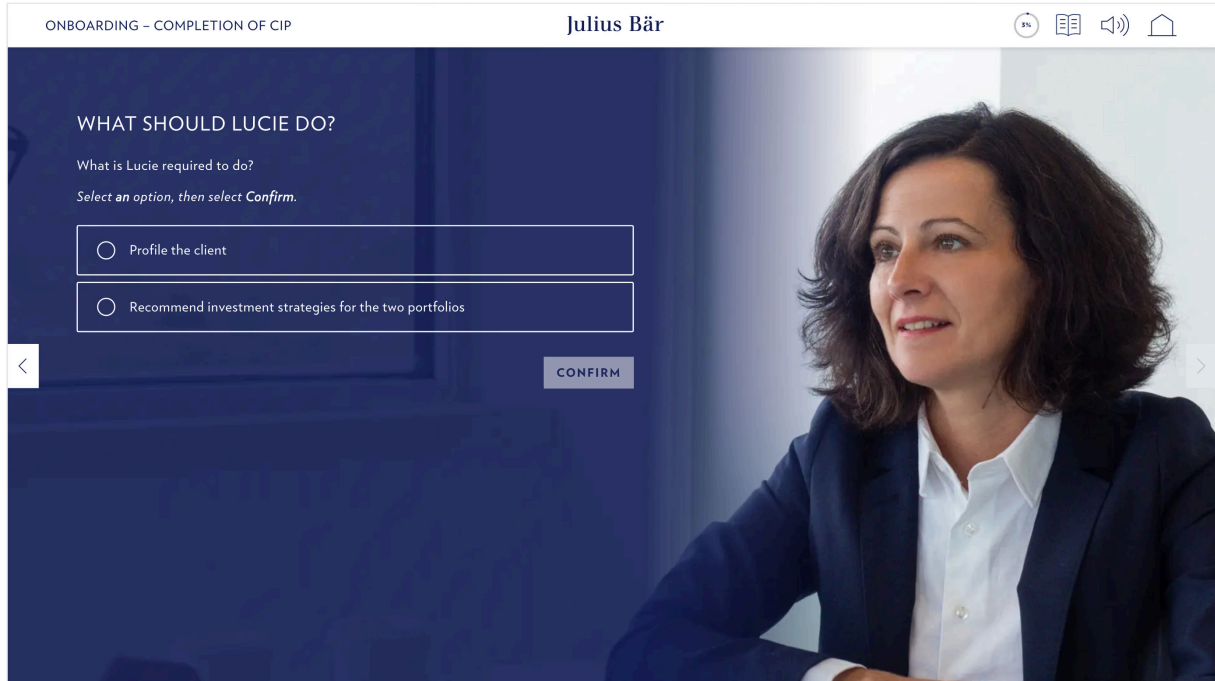
I'd also like to establish a discretionary mandate to maintain my current living standard...

**RONNY:**

Then, I'd also like an advisory mandate with a more aggressive investment strategy to deliver short-term gains. I plan to transfer CHF 10m: CHF 8m for the discretionary mandate and CHF 2m for investing in the Advisory Mandate.

## WHAT SHOULD LUCIE DO?

What is Lucie required to do?



The screenshot shows a digital interface for Julius Bär. At the top, it says 'ONBOARDING – COMPLETION OF CIP' and 'Julius Bär'. There are icons for a clock, a document, a speaker, and a home button. The main content area has a dark blue background with a woman's face on the right. The text reads: 'WHAT SHOULD LUCIE DO?' followed by 'What is Lucie required to do?' and 'Select an option, then select Confirm.' Below this are two radio button options: 'Profile the client' and 'Recommend investment strategies for the two portfolios'. At the bottom right is a 'CONFIRM' button. Navigation arrows are visible on the left and right sides of the content area.

Select one option.

- 1 Profile the client
- 2 Recommend investment strategies for the two portfolios

## COMPLETING THE CIP

Before recommending investment strategies, Lucie's client Ronny needs to be profiled.

Clients are profiled with the Client Investment Profile, or 'CIP'. For completing the CIP, the total wealth of the client is relevant and not only the assets booked with Julius Baer.

A few pages from the CIP form that need your attention are shown here for you to review. The relevant areas are highlighted along with explanations.

**Please note: All questions in the CIP need to be answered to get a proper calculation and to avoid rejection by Client Documentation Services (CDS).**

**Read through the form to review it.**

# Julius Bär

**CLIENT INVESTMENT PROFILE**  
**PRIVATE INDIVIDUALS**

**GENERAL DATA**

Main account holder<sup>1</sup> \_\_\_\_\_

In case of joint accounts, all account holders must be listed \_\_\_\_\_

**Application range of profile**  
 This profile applies for the following main business relation: \_\_\_\_\_

By default it also applies for all other business relations with the above-mentioned account holder constellation<sup>2</sup>. \_\_\_\_\_

Exception:  
☐ Applies only for the following business relations: \_\_\_\_\_

Julius Baer's assessment of your investment profile is based on information that you have provided and will serve us as a base for our assessment to adequately serve you in your best interests (e.g. when performing our suitability assessment for you before providing investment advice). Any inaccurate, incomplete or outdated information may affect Julius Baer's assessment, which could have an effect on the quality of our investment service provided to you. Please inform us immediately in writing should there be any changes with regard to the information that you have provided to us.

Your risk profile should not be used as the sole basis for any investment decision by you. You should make your own assessment and rely upon your own judgment before making any investment decision. Julius Baer recommends that investors independently assess, with a professional advisor, the specific financial risks as well as legal, regulatory, credit, tax and accounting consequences before making any investment decision.

This document establishes the account holder's investment profile and is to be considered as preparation and an information base for our investment services. The final investment agreement between you and Julius Baer is the legally valid document and always takes precedence. Further, this document does not constitute an offer, invitation or solicitation of any kind. Julius Baer does not provide any assurance that your investment objectives and expectations shall be achieved by acting on the basis of your investment profile derived at with this document. In particular, Julius Baer does not guarantee nor represent that the statements regarding your risk tolerance and other stated values in this investment profile (e.g. portfolio fluctuation, maximum loss, etc.) can be achieved.

The values stated in this profile do not constitute an obligation for Julius Baer to be monitored. They only serve as a basis for the evaluation of your investment objectives, your financial risk ability and your risk tolerance.

**Make sure you use the correct version of the CIP.**  
 There are different versions, depending on location and partner type (e.g. natural person versus legal entity). CLM provides you with the correct form and guides you through the process. Please be aware that this form is KRI scorecard relevant.

CH-00198 ESG-EN  
 CIP P14-ESG  
 20241024

1 In case a representative has been defined in a joint account constellation, the main account holder and the representative have to be same individual.  
 2 For clients holding accounts in more than one Julius Baer location: ESG Preferences indicated in this document may be considered only in certain Julius Baer locations and may, therefore, not apply for all business relations by default. For more information about the Julius Baer locations where ESG Preferences are considered, please contact your relationship manager or visit [www.juliusbaer.com/sustainable-finance](http://www.juliusbaer.com/sustainable-finance).

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BANK JULIUS BAER & CO. LTD.

## COMPLETING THE CIP

## Julius Bär

## INVESTMENT OBJECTIVES

What is your primary investment objective for the assets invested at Julius Bär?

**Capital preservation**

You want to preserve your capital with the least possible potential risk to your capital. Therefore you want to invest in instruments of a minimal risk type and/or high liquidity, recognizing that there is only a very limited growth potential and income earnings.

☐ Capital preservation**Balanced growth**

You want to achieve regular income from interest and dividend earnings. You therefore prefer to invest in instruments of a minimal to medium risk type, recognising that there may be only limited growth potential. You are willing to absorb some risk of potential loss to your capital.

☐ Balanced growth**Dynamic growth**

You want to grow the value of your investments and accumulate wealth over time through price appreciation. You therefore prefer to invest in instruments of a medium to higher risk type, recognising that the potential to accumulate wealth is much greater. You are willing to accept more risk, short-term loss of a higher magnitude and greater variance in the results year on year to achieve above-average growth.

☐ Dynamic growth**Supplementary investment objective****Cash flow generation**

You can choose cash flow generation as a supplementary objective to be combined with your primary objective "capital preservation" or "dynamic growth". With the supplementary objective you want to achieve regular income from interest and dividend earnings.

☐ Cash flow generation

What is your annual return objective for your planned investment under normal circumstances?

☐ Match cash / deposit rate of my reference currency☐ < 4 %☐ 4-7 %☐ 8-15 %☐ > 15 %

What is your annual cash flow expectation from your planned investment under normal circumstances?

Currency: \_\_\_\_\_

Cash flow: \_\_\_\_\_

## RISK PROFILE

**Financial risk ability**

What age range are you in?

☐ 70 years and above☐ 50-70 years☐ 30-50 years☐ Under 30 years

(0)

(1)

(2)

(3)

Is your retirement provision guaranteed (excluding assets invested under this profile)?

☐ Insufficient☐ Sufficient☐ More than sufficient

(1)

(2)

(3)

What is the planned investment horizon?

☐ Up to 1 year☐ Up to 4 years☐ Up to 10 years☐ More than 10 years

(2)

(3)

(4)


(6)

The "financial risk ability" and the "risk tolerance" are evaluated...

2/9



## COMPLETING THE CIP



## Julius Bär

**Risk tolerance**

Which of the ranges of annualised portfolio fluctuation below would you feel most comfortable with during an assumed investment horizon of 5 years?

	<input type="checkbox"/> A (1)	<input type="checkbox"/> B (2)	<input type="checkbox"/> C (4)	<input type="checkbox"/> D (6)	<input type="checkbox"/> E (8)
unrealised loss / unrealised gain	5%	10%	17%	31%	45%
	-2%	-4%	-7%	-16%	-25%

What is the maximum realised loss of the investment (including potential use of the leverage effect) that you can tolerate within 1 year?

<input type="checkbox"/> < 6%	<input type="checkbox"/> 6-10%	<input type="checkbox"/> 11-20%	<input type="checkbox"/> > 20%
(2)	(4)	(6)	(8)

How would you react if your investment loss exceeds your indicated maximum loss tolerance?

<input type="checkbox"/> Immediate sale of investments	<input type="checkbox"/> Would wait, but feel very uncomfortable	<input type="checkbox"/> Accept loss, aware of long-term trend and short-term volatility	<input type="checkbox"/> Would increase investment to benefit from lower prices
(2)	(4)	(6)	(8)

**Your overall risk tolerance is**

<input type="checkbox"/> Low (5-9)	<input type="checkbox"/> Moderate (10-14)	<input type="checkbox"/> Considerable (15-19)	<input type="checkbox"/> High (20-24)
------------------------------------	---	---	---------------------------------------


If you have any specific investment restrictions, please reach out to your relationship manager to discuss possible options.

**Overall risk profile**

According to your answers given on the pages before, the following classification applies:

Overall risk profile (select the lower value of financial risk ability and risk tolerance)

<input type="checkbox"/> Low	<input type="checkbox"/> Moderate	<input type="checkbox"/> Considerable	<input type="checkbox"/> High
<ul style="list-style-type: none"> <li>- You are willing and able to take only small risks resulting in almost no capital losses.</li> <li>- You will only accept low fluctuations in the value of your investment.</li> <li>- You prefer income-generating investments with small growth.</li> </ul>	<ul style="list-style-type: none"> <li>- You are willing and able to accept occasional short-term losses for potential positive returns.</li> <li>- You can accept moderate fluctuations in the value of your capital.</li> <li>- You want a combination of modest income and growth.</li> </ul>	<ul style="list-style-type: none"> <li>- You are willing and able to accept some investment risk for potentially higher returns.</li> <li>- You know that there will be fluctuations in market value.</li> <li>- You want to achieve the potential for capital growth and income.</li> </ul>	<ul style="list-style-type: none"> <li>- You are willing and able to accept a significant risk, including the possible loss of principal for the potential to maximise long-term returns.</li> <li>- You know that your capital will undergo significant fluctuations.</li> <li>- You want maximum growth opportunities for your investment.</li> </ul>



...with the lower of the two defining the final overall risk profile.

CH-00198ESG-EN CIPPI4-ESG 20241024

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4/9

## COMPLETING THE CIP

## Julius Bär

## INVESTMENT STRATEGY

Depending on the overall risk profile and the investment objectives, the investment strategy can be defined:

		Investment objectives		
		Capital preservation	Balanced growth	Dynamic growth
Overall risk profile	Low	1. ✓		
	Moderate	2. ✓	3. ✓	
	Considerable		3. ✓	4. ✓
	High			5. ✓

## Investment strategy

What is the investment strategy for managing your assets at Julius Bär?

- |   |                                       |
|---|---------------------------------------|
| <p><b>1. Fixed income</b></p> <ul style="list-style-type: none"> <li>– Long-term preservation of assets</li> <li>– Return: ongoing interest earnings</li> <li>– Minimum volatility of capital</li> </ul>  | <input type="checkbox"/> Fixed income |
| <p><b>2. Income</b></p> <ul style="list-style-type: none"> <li>– Long-term preservation / moderate growth of assets</li> <li>– Return: primarily from ongoing interest and dividend earnings and supplemented by modest capital gains</li> <li>– Low volatility of capital</li> </ul> | <input type="checkbox"/> Income       |
| <p><b>3. Balanced</b></p> <ul style="list-style-type: none"> <li>– Long-term asset growth</li> <li>– Return: from ongoing interest and dividend earnings as well as from capital gains</li> <li>– Medium volatility of capital</li> </ul>   | <input type="checkbox"/> Balanced     |
| <p><b>4. Growth</b></p> <ul style="list-style-type: none"> <li>– Long-term maximisation of asset growth</li> <li>– Return: mainly from capital gains, supplemented by very low ongoing interest and dividend earnings</li> <li>– High volatility of capital</li> </ul>                | <input type="checkbox"/> Growth       |
| <p><b>5. Capital gain</b></p> <ul style="list-style-type: none"> <li>– Maximisation of asset growth</li> <li>– Return: from capital gains</li> <li>– Very high volatility of capital</li> </ul>   | <input type="checkbox"/> Capital gain |



The investment objectives must match with the overall risk profile. The resulting overall investment strategy cannot be overwritten. The overall investment strategy serves as basis to recommend suitable investment strategies on portfolio level.

One CIP is required per ZR.

## GETTING THE STRATEGY RIGHT

Lucie guides Ronny to complete the CIP.

**Read the transcript below to find out more.**

CHOOSING A SUITABLE INVESTMENT STRATEGY

Julius Bär

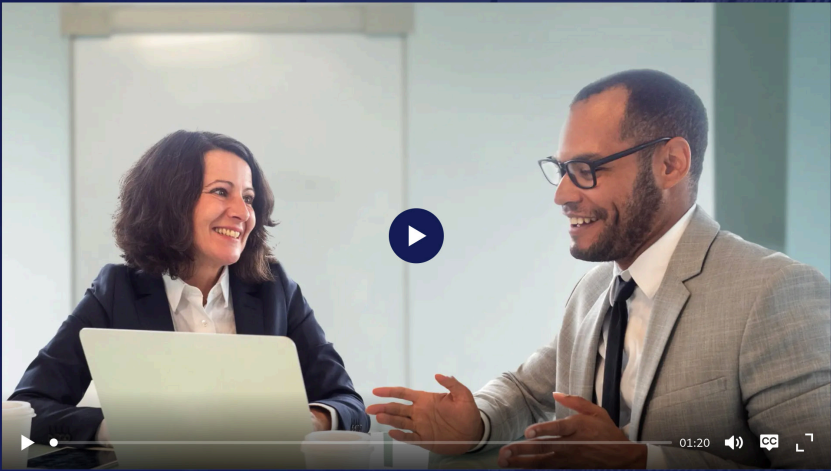
4%

GETTING THE STRATEGY RIGHT

Lucie guides Ronny to complete the CIP.

Select *Play* to watch the video.

Then, select *>* to move on.



TRANSCRIPT

## TRANSCRIPT

**LUCIE:**

“I have the form right here for you. I’ve added your name already. When answering the questions in the CIP, be sure to take into account your total wealth. In other words, the CHF 10m you want to transfer to Julius Baer plus the rest, which is being held with another bank. Take your time filling it in, Ronny. It is important to complete it properly, as it defines which strategy we can offer to you. Try not to miss out any of the questions. I think you missed the one on the annual return objective.”

**LUCIE:**

“That’s it... Great, thank you. So, your overall financial risk ability is “Moderate” and your overall risk tolerance is “Considerable”. Your overall risk profile is “Moderate”, Ronny, as we take the lower of the two. That’s done now. As you can see, your overall investment strategy is “Balanced”.

**RONNY:**

“But that’s wrong. I want a “Growth” strategy.”

**LUCIE:**

“We can’t do that. The CIP conducts a neutral assessment of your risk ability and risk tolerance, and results can’t therefore be overwritten. You can choose a different investment strategy for your portfolios. But they must ultimately be in line with the evaluated overall investment strategy of the CIP.”

## MANDATE SUITABILITY

All advisory and discretionary contracts and portfolios have an investment strategy, which is agreed with the client.

**Read the headings below to find out more.**

CHOOSING A SUITABLE INVESTMENT STRATEGY

Julius Bär

MANDATE SUITABILITY

All advisory and discretionary contracts and portfolios have an investment strategy, which is agreed with the client.

Select each **tab** to find out more. Then select **>** to move on.

RECOMMENDING A STRATEGY

TOOLS

SIMULATION FOR RONNY

If the RM recommends an investment strategy, it must be in line with the overall investment strategy of the CIP considering all portfolios. This means that the investment strategy of one portfolio can be riskier than the investment strategy of the second portfolio, if overall they are in line with the overall investment strategy of the CIP.

### RECOMMENDING A STRATEGY

If the RM recommends an investment strategy, it must be in line with the overall investment strategy of the CIP considering all portfolios. This means that the investment strategy of the satellite portfolio can be riskier than the investment strategy of the core portfolio, if overall they are in line with the overall investment strategy of the CIP.

CHOOSING A SUITABLE INVESTMENT STRATEGY

Julius Bär

MANDATE SUITABILITY

All contracts and portfolios have an investment strategy, which is agreed with the client.

Select each **tab** to find out more. Then select **>** to move on.

RECOMMENDING A STRATEGY

TOOLS

SIMULATION FOR RONNY

The Mandate Offering Configurator (MOC) and Mandate Solution Designer (MSD) are doing the calculation and warn if the investment strategies are not in line with the overall investment strategy of the CIP.

If no tool is used, the RM can simulate suitability of the strategies in the OIS Calculator available on the Suitability Wiki to check if chosen investment strategies are suitable.

Strategy	Rating	Range	
Fixed Income	-1	-1	-0.75
Income	-0.5	-0.74	-0.25
Balanced	0	-0.24	0.25
Growth	0.5	0.26	0.75
Capital Gain	1	0.76	1

## TOOLS

The Mandate Offering Configurator (MOC) and Mandate Solution Designer (MSD) are doing the calculation and warn if the investment strategies are not in line with the overall investment strategy of the CIP.

If no tool is used, the RM can simulate suitability of the strategies in the OIS Calculator available on suitability Wiki to check if chosen investment strategies are suitable.

CHOOSING A SUITABLE INVESTMENT STRATEGY Julius Bär

**MANDATE SUITABILITY**

All advisory and discretionary contracts and portfolios have an investment strategy, which is agreed with the client.

Select each **tab** to find out more. Then select **>** to move on.

**RECOMMENDING A STRATEGY** **TOOLS** **SIMULATION FOR RONNY**

Lucie simulates the "Income" strategy (Rating - 0.5) for the discretionary mandate (80%) and "Capital Gain" strategy (Rating +1.0) for the advisory portfolio (20%).

The calculation shows that the investment strategies of the portfolios are in line with the overall investment strategy in the CIP, because the weighted rating of both portfolios (-0.2) is in the allowed range for the "Balanced" Strategy.

ZR					
DM (Core) 80% Investment strategy: Income				Advisory Mandate 20% Investment strategy: Capital Gain	
Portfolio	Strategy	NAV	Percent	Rating	Weighted Rating
Portfolio 1	Income	8m	80%	-0.5	-0.4
Portfolio 2	Capital Gain	2m	20%	1	0.2
		<b>10m</b>			<b>-0.2</b>

Strategy	Rating	Range	
Fixed Income	-1	-1	-0.75
Income	-0.5	-0.74	-0.25
<b>Balanced</b>	<b>0</b>	<b>-0.24</b>	<b>0.25</b>
Growth	0.5	0.26	0.75
Capital Gain	1	0.76	1

## SIMULATION FOR RONNY

Lucie simulates the "Income" strategy (Rating - 0.5) for the discretionary mandate (80%) and "Capital Gain" strategy (Rating +1.0) for the advisory portfolio (20%).

The calculation shows that the investment strategies of the portfolios are in line with the overall investment strategy in the CIP, because the weighted rating of both portfolios (-0.2) is in the allowed range for the "Balanced" Strategy.



## CHOOSING THE RIGHT INVESTMENT STRATEGY

Lucie recommends an “Income” strategy for the discretionary mandate (core) and a “Capital Gain” strategy for the advisory portfolio (satellite)

Ronny wants to have a “Growth” strategy for the discretionary mandate instead of having an “Income” strategy.

### WHAT DO YOU THINK?

Would Ronny’s request to have a “Growth” strategy for the DM along with a “Capital Gain” strategy for the advisory portfolio be suitable?

CHOOSING A SUITABLE INVESTMENT STRATEGY

Julius Bär

CHOOSING THE RIGHT INVESTMENT STRATEGY

Lucie recommends an “Income” strategy for the discretionary mandate (core) and a “Capital Gain” strategy for the advisory portfolio (satellite).

Portfolio	Strategy	NAV	Percent	Rating	Weighted Rating
Portfolio 1	Income	8m	80%	-0.5	-0.4
Portfolio 2	Capital Gain	2m	20%	1	0.2
		10m			-0.2

Ronny wants to have a “Growth” strategy for the discretionary mandate instead of having an “Income” strategy.

Portfolio	Strategy	NAV	Percent	Rating	Weighted Rating
Portfolio 1	Growth	8m	80%	0.5	0.4
Portfolio 2	Capital Gain	2m	20%	1	0.2
		10m			0.6

WHAT DO YOU THINK?

Would Ronny’s request to have a “Growth” strategy for the DM along with a “Capital Gain” strategy for the advisory portfolio be suitable?

Select Yes or No, then select Confirm.

✓

✗

YES NO

CONFIRM

Select Yes or No.



Yes



No

## UNSUITABLE INVESTMENT STRATEGY?

If your client insists on having a more aggressive strategy than the CIP would allow, you need to warn them and document it in a client contact note stating that:

- a risk warning has been provided by the RM
- the client insists and decides on having the more aggressive strategy, and
- the rationale of the client for doing this.

**Please do not adjust the CIP to make it suitable for the mandate – it is the opposite way round!**

CHOOSING A SUITABLE INVESTMENT STRATEGY

Julius Bär


UNSUITABLE INVESTMENT STRATEGY?

If your client insists on having a more aggressive strategy than the CIP would allow, you need to warn them and document it in a client contact note stating that:

- a risk warning has been provided by the RM
- the client insists and decides on having the more aggressive strategy, and
- the rationale of the client for doing this.

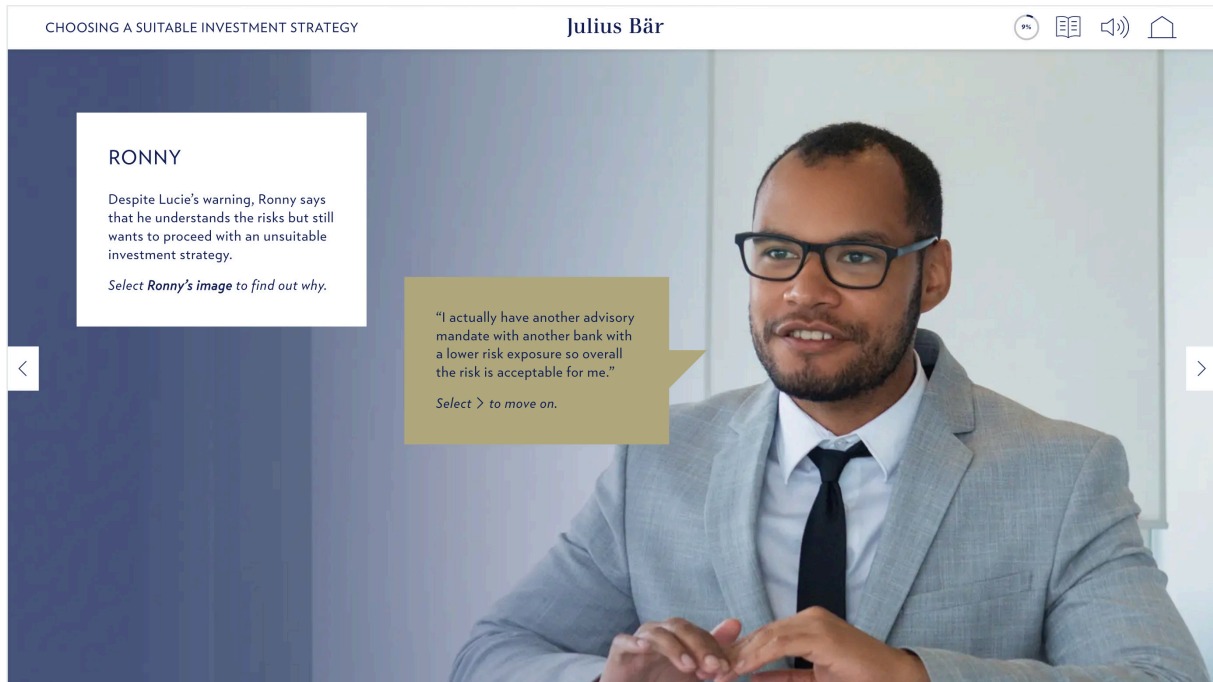
**Please do not adjust the CIP to make it suitable for the mandate – it is the opposite way round!**

Select > to move on.



## RONNY

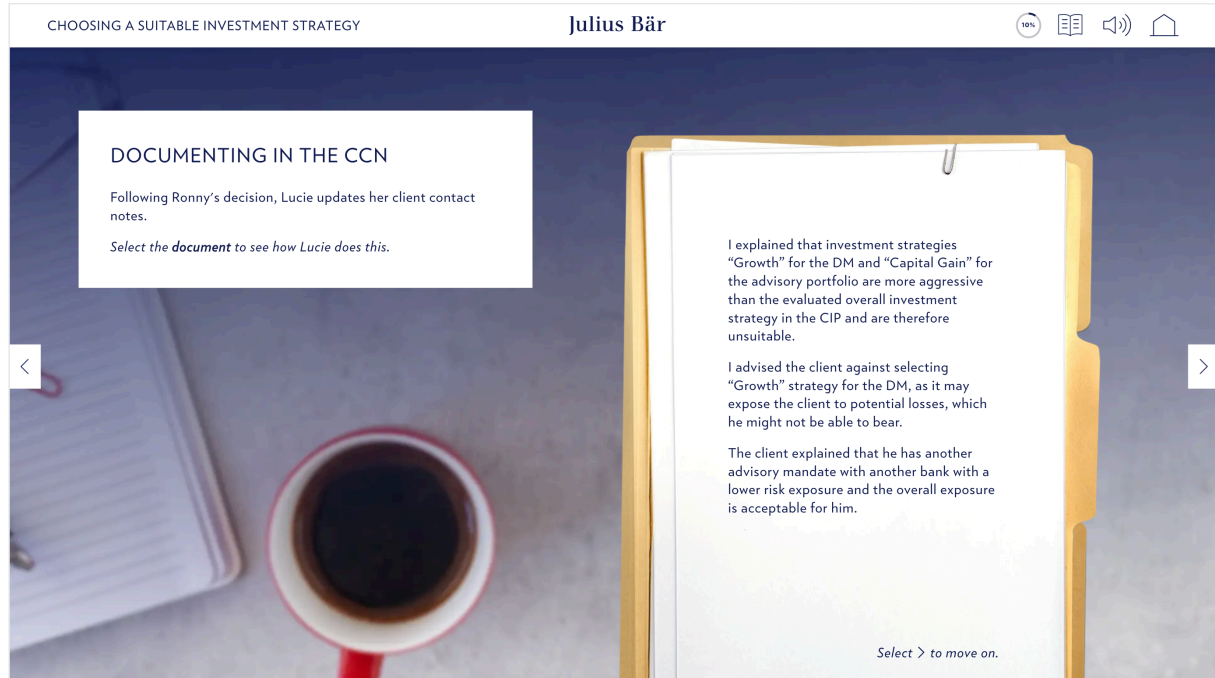
Despite Lucie's warning, Ronny says that he understands the risks but still wants to proceed with an unsuitable investment strategy.



**[Ronny]:** "I actually have another advisory mandate with another bank with a lower risk exposure so overall the risk is acceptable for me."

## DOCUMENTING IN THE CCN

Following Ronny's decision, Lucie updates her client contact notes.



I explained that investment strategies "Growth" for the DM and "Capital Gain" for the advisory portfolio are more aggressive than the evaluated overall investment strategy in the CIP and are therefore unsuitable.

I advised the client against selecting "Growth" strategy for the DM, as it may expose the client to potential losses, which he might not be able to bear.

The client explained that he has another advisory mandate with another bank with a lower risk exposure and the overall exposure is acceptable for him.

## WHAT HAPPENS NEXT

Lucie informs Ronny, that Ronny also needs to complete the K&E Form, to gather his Knowledge and Experience. Ronny informs Lucie that since he is travelling a lot, he wants to give his brother power of attorney so he can take investment decisions in his absence. How should Lucie proceed?

THE K&E FORM Julius Bär

10%

### WHAT HAPPENS NEXT

Lucie informs Ronny, that Ronny also needs to complete the K&E Form, to gather his Knowledge and Experience. Ronny informs Lucie that since he is travelling a lot, he wants to give his brother power of attorney as he can take investment decisions in his absence. How should Lucie proceed?

Select an option, then select *Confirm*.

☐ Tell Ronny that his brother needs to complete the CIP

☐ Tell Ronny that his brother needs to complete the K&E Form

☐ Neither of the two forms are needed for Ronny's brother

CONFIRM

Select an option.

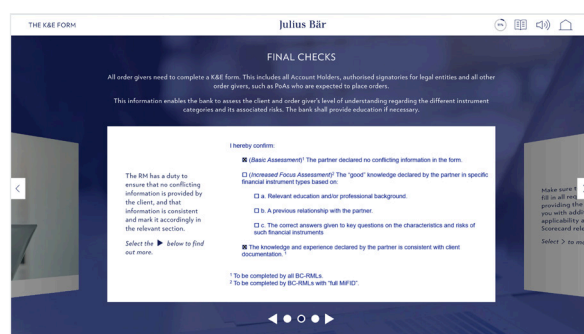
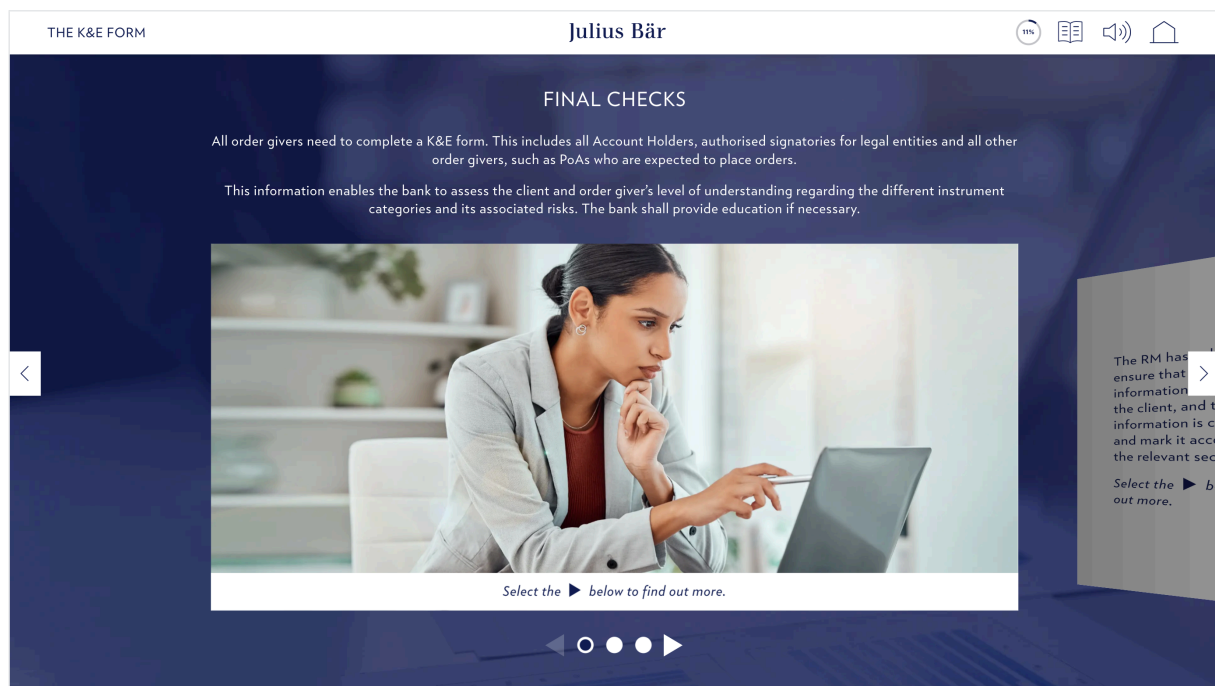
- 1 Tell Ronny that his brother needs to complete the CIP
- 2 Tell Ronny that his brother needs to complete the K&E Form
- 3 Neither of the two forms are needed for Ronny's brother

## FINAL CHECKS

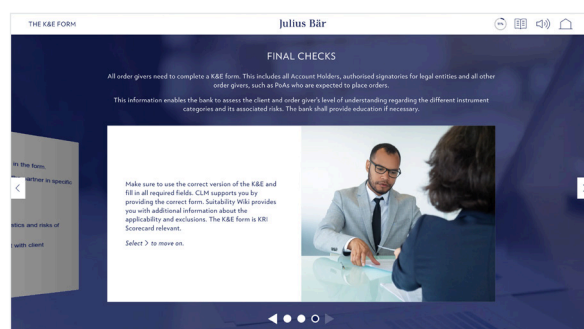
All order givers need to complete a K&E form. This includes all Account Holders, authorised signatories for legal entities and all other order givers, such as PoAs who are expected to place orders.

This information enables the bank to assess the client and order giver's level of understanding regarding the different instrument categories and its associated risks. The bank shall provide education if necessary.

**Read each of the headings below to find out more.**



The RM has the duty to ensure that no conflicting information is provided by the client, and that information is consistent and mark it accordingly in the relevant section.



Make sure to use the correct version of the K&E and fill in all required fields. CLM supports you by providing the correct form. Suitability Wiki provides you with additional information about the applicability and exclusions. The K&E form is KRI Scorecard relevant.



## KEY TAKEAWAYS

**Use CLM** – it will guide you to the right CIP. If you use AOF instead, make sure the right CIP is used (based on the partner type, RM location and ESG applicability)

**Guide your client** to complete the CIP correctly. Ensure that values are correctly calculated. Inconsistent CIPs are detected by CDS and require additional client interaction to be rectified.

**Consider all client assets** when answering the questions - not just the assets booked with Julius Baer.

**Complete the CIP** first, before concluding contracts.

**Remember the overall investment strategy** – don't recommend anything that is not aligned with the overall strategy of the CIP and don't adjust the CIP to make strategies suitable. If the client insists on an unsuitable investment strategy, advise against and document it in the client contact note or in the according alert in MOC, MSD and DiAS/Wealth Navigator.

**Fully complete the K&E** – for each order giver.

More information can be found on the Suitability Wiki.

Just type **Suitability** in your browser.

KEY TAKEAWAYS

Julius Bär

KEY TAKEAWAYS

**Use CLM** – it will guide you to the right CIP. If you use AOF instead, make sure the right CIP is used (based on the partner type, RM location and ESG applicability)

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**Fully complete the K&E** – for each order giver.

More information can be found on the Suitability Wiki. Just type **Suitability** in your browser.

You have now reached the end of this module. Select > to return to the Menu and select another module.

## MODULE 2 - CLIENT CLASSIFICATION




### ONBOARDING CONTINUES...

Lucie continues the onboarding process...

**Read the transcript below to find out more.**

CLASSIFYING CLIENTS


Julius Bär




100%   

ONBOARDING CONTINUES...

Lucie continues the onboarding process...

Select **Play** to watch the video. Then, select **>** to move on.



-00:25   

TRANSCRIPT

### TRANSCRIPT

**LUCIE:**

“Like all banks, at Julius Baer we are required to classify clients in order to meet regulatory requirements.”

**LUCIE:**

“By default, all clients are classified as Private clients. This means that they get the highest level of client protection. But, they have limitations to invest in certain financial instruments.”

**RONNY:**

“Could you explain that in more detail?”

## CATEGORIES AND DIFFERENCES

Regulations require the bank to classify its clients into different categories. Each category is assigned a different level of investor protection with regards to information duties, suitability and appropriateness obligations and documentation. Clients are classified into these four categories.

**Read the headings below to find out more.**

CATEGORIES AND DIFFERENCES
Julius Bär
10%


CATEGORIES AND DIFFERENCES

Regulations require the bank to classify its clients into different categories. Each category is assigned a different level of investor protection with regards to information duties, suitability and appropriateness obligations and documentation. Clients are classified into these four categories.

Select each **tab** to find out more. Then select **>** to move on.

FIDLEG PRIVATE
FIDLEG ELECTED PROFESSIONAL
FIDLEG PER SE PROFESSIONAL
FIDLEG INSTITUTIONAL

This is the default classification. Private clients benefit from the highest investor protection standards.



### FIDLEG PRIVATE

This is the default classification. Private clients benefit from the highest investor protection standards.

23

Elected Professionals must meet one of the following criteria:

- 24

CATEGORIES AND DIFFERENCES

Regulations require the bank to classify its clients into different categories. Each category is assigned a different level of investor protection with regards to information duties, suitability and appropriateness obligations and documentation. Clients are classified into these four categories.

Select each **tab** to find out more. Then select **>** to move on.

Julius Bär

100%   

FIDLEG PRIVATE FIDLEG ELECTED PROFESSIONAL FIDLEG PER SE PROFESSIONAL FIDLEG INSTITUTIONAL

This includes:

- Financial intermediaries as defined in the Banking Act (BA) or the Financial Institutions Act (FinIA) (including portfolio managers and trustees)
- Insurance companies as defined in the Insurance Supervision Act (ISA)
- Foreign financial intermediaries or insurance institutions subject to prudential supervision
- Central banks
- National or supranational public entities with professional treasury operation
- Public entities with professional treasury operations (such as municipality)
- Occupational pension schemes with professional treasury operation
- Companies with professional treasury operations
- Large companies, which meet at least two of the following criteria:
  - A balance sheet total of minimum CHF 20'000'000
  - A turnover of minimum CHF 40'000'000
  - Equity of minimum CHF 2'000'000
- Private investment structures with professional treasury operations, created for high-net-worth Private Clients.



## FIDLEG PER SE PROFESSIONAL

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  - Equity of minimum CHF 2'000'000
- Private investment structures with professional treasury operations, created for high-net-worth Private Clients.

This is a subset of Per Se Professional and includes:

- Clients domiciled in the EEA and the UK are classified according to MiFID. More information is available in Module 8.



## WHAT DO YOU THINK?

Look at these examples and see if you can help Lucie match each one to the correct category.

**Select the correct option for each statement.**

CATEGORIES AND DIFFERENCES

Julius Bär

### WHAT DO YOU THINK?

Look at these examples and see if you can help Lucie match each one to the correct category.

Select an option for each statement, then select **Confirm**.

	Private	Elected Professional	Per-Se Professional or Institutional
A Swiss publicly listed insurance company.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
An occupational pension scheme with one qualified person designated for the treasury operations.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A dentist with CHF 1.5 mio. of bankable assets, who does not actively follow the financial markets.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A client with CHF 3 mio. of bankable assets, who has opened the account to invest in our Private Markets offering.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

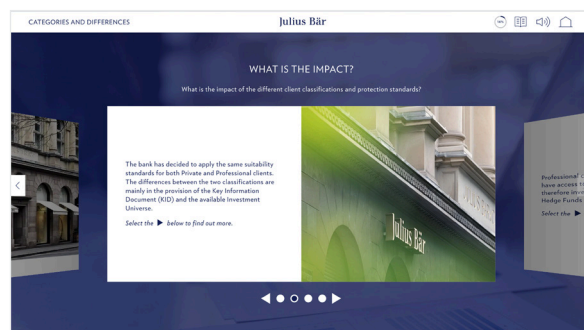
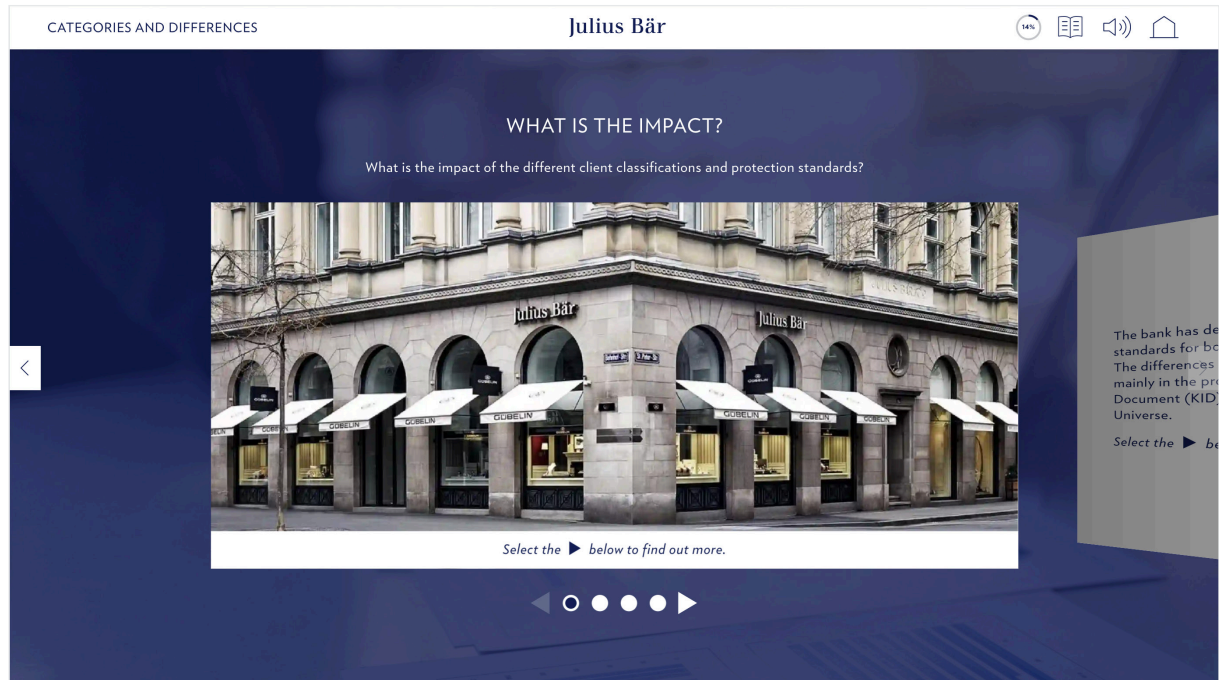
CONFIRM

STATEMENT	Private	Elected Professional	Per-Se Professional or Institutional
A Swiss publicly listed insurance company			
An occupational pension scheme with one qualified person designated for the treasury operations.			
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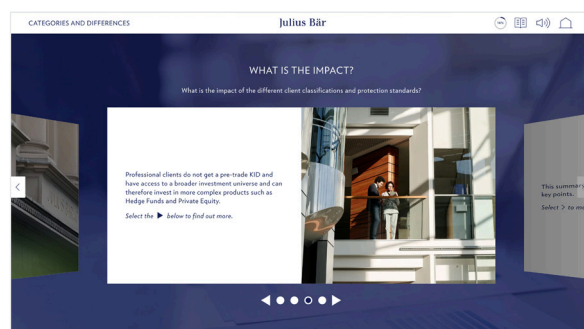
## WHAT IS THE IMPACT?

What is the impact of the different client classifications and protection standards?

Read each of the headings below to find out more.

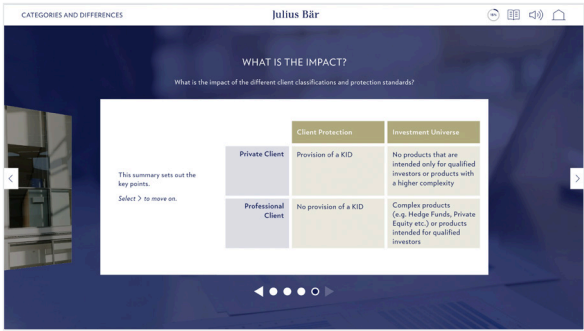


The bank has decided to apply the same suitability standards for both Private and Professional clients. The differences between the two classifications are mainly in the provision of the Key Information Document “KID” and the available Investment Universe.



Professional clients do not get a pre-trade KID and have access to a broader investment universe and can therefore invest in more complex products such as Hedge Funds and Private Equity.

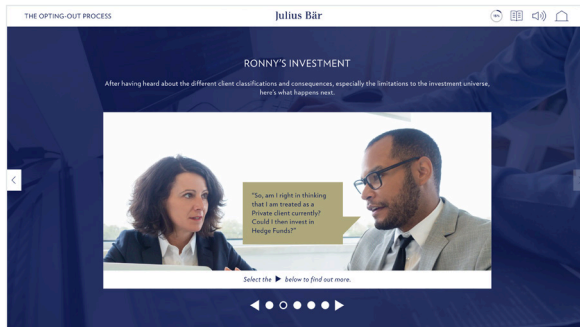
ADVISORY DUTIES AT POINT OF SALE



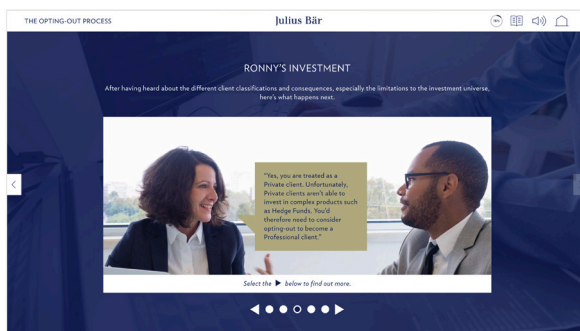
This summary sets out the key points.

## RONNY'S INVESTMENT

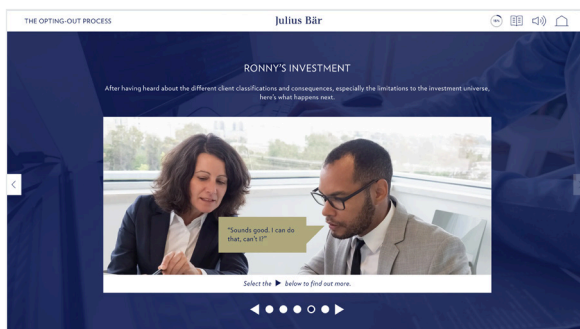
After having heard about the different client classifications and consequences, especially the limitations to the investment universe, here's what happens next.



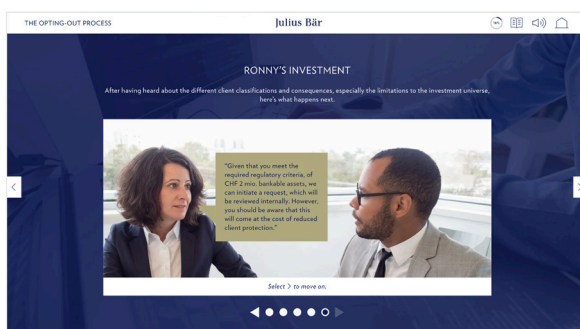
**[Ronny]:** So, am I right in thinking that I am treated as a Private client currently? Could I then invest in Hedge Funds?



**[Lucie]:** Yes, you are treated as Private client. Unfortunately, Private clients aren't able to invest in complex products such as Hedge Funds. You'd therefore need to consider opting-out to become a Professional client.



**[Ronny]:** Sounds good. I can do that, can't I?



**[Lucie]:** Given that you might meet the regulatory required criteria, of CHF 2 mio. bankable assets, we can initiate a request, which will be reviewed internally. However, you should be aware that this will come at the cost of reduced client protection.

## DECISION TIME

How should Lucie proceed?

THE OPTING-OUT PROCESS Julius Bär

16%

DECISION TIME

How should Lucie proceed?

Select all options that apply, then select **Confirm**.

- ☐ Complete the correct form and get it signed by the client to initiate the approval process
- ☐ Await the outcome of the internal review and approval
- ☐ Initiate Ronny's Hedge Fund investment as soon as possible to fulfil the client's wish
- ☐ Suggest Ronny opts out for a single instrument category (e.g. Hedge Funds)

CONFIRM

Select an option.

- 1 Complete the correct form and get it signed by the client to initiate the
- 2 Await the outcome of the internal review and approval
- 3 Initiate Ronny's Hedge Fund investment as soon as possible to fulfil the client's wish
- 4 Suggest Ronny opts out for a single instrument category (e.g. Hedge Funds)



## THE OPTING-OUT PROCESS

All clients are per default classified as FIDLEG Private clients. Only Account Holders are classified. Contrary to MiFID regulation, FIDLEG allows a pro-active discussion about the client classification on a one-to-one basis, if the client circumstances show that an opting-out would be possible, e.g. above CHF 2 mio. bankable assets.

**Read the headings below to find out more.**

THE OPTING-OUT PROCESS Julius Bär

16%

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Select each **tab** to find out more. Then select **>** to move on.

INITIATING AN OPT-OUT APPROVAL PROCESS IMPORTANT NOTE

An opting-out needs to be initiated by completing the respective forms and requires internal review and approval. Make sure you hand-in the correct form.

- FIDLEG Elected Professional (CH-01400)
- FIDLEG Per Se Professional (CH-01472)
- FIDLEG Institutional Client (CH-01694)

**Only EAMs are classified per default as Professional clients with the onboarding.**

### INITIATING AN OPT-OUT

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THE OPTING-OUT PROCESS
Julius Bär

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Select each **tab** to find out more. Then select **>** to move on.

INITIATING AN OPT-OUT

APPROVAL PROCESS

IMPORTANT NOTE

The approval process is supported by CRM / CLM. The RM needs to monitor and take action on pending items regarding the client classification process. The client classification is only considered valid once the reclassification is approved in CRM / CLM. After the approval, the RM must inform the client by letter and is only then able to invest accordingly.



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33

THE OPTING-OUT PROCESS

Julius Bär

THE OPTING-OUT PROCESS

INITIATING AN OPT-OUT

APPROVAL PROCESS

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Select each **tab** to find out more. Then select **>** to move on.

**Important note:**  
For collective and joint accounts, all Account Holders need to be classified as Professional client for the ZR/BR to be considered Professional.

The re-classification affects the entire client relationship. Opting-out for a single instrument category (e.g. Hedge Funds) is not possible.

## THE OPTING-OUT PROCESS

### Important note:

**For collective and joint accounts, all Account Holders need to be classified as Professional client for the ZR/BR to be considered Professional.**

The re-classification affects the entire client relationship. Opting-out for a single instrument category (e.g. Hedge Funds) is not possible.

## KEY TAKEAWAYS

**Correctly classify your client** – all clients are classified as Private clients by default.

**Only Account Holders are classified.** Any other role such as Power of Attorney, Beneficial Owner or Authorised Signatory is not relevant.

**The client classification has an impact on the protection level and the available investment universe.**

**Opting out requires approval and may delay an order.** So consider discussing client classification when onboarding your client.




**Discuss the client classification in a neutral way**, showing the pro's and con's. Only address a potential opting-out for FinSA clients and when individual client circumstances (AUM, knowledge and experience) suggest this may make sense.

More information can be found on the Suitability Wiki.


Just type **Suitability** in your browser.


KEY TAKEAWAYS


Julius Bär


10%   


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You have now reached the end of this module.  
Select > to return to the Menu and select another module.



## MODULE 3 - SOLICITATION TYPES

### DISCUSSION ON AN EXPIRED BARRIER REVERSE CONVERTIBLE (BRC)

Lucie has noticed that Ronny's Barrier Reverse Convertible (BRC) has expired.

**Read the transcript below to find out more.**

IDENTIFYING SOLICITATION TYPES

Julius Bär

19%

DISCUSSION ON AN EXPIRED BARRIER REVERSE CONVERTIBLE (BRC)

Lucie has noticed that Ronny's Barrier Reverse Convertible (BRC) has expired.

Select **Play** to watch the video. Then, select **>** to move on.

TRANSCRIPT

### TRANSCRIPT

**LUCIE:**

I've just had a notification that Ronny's BRC has expired. I'd better give him a call to let him know.

**LUCIE:**

Hello Ronny, it's Lucie from Julius Baer. Hope you're well. Do you have a few minutes?

**RONNY:**

Hi Lucie, I'm great thanks. Yes, no problem, what's it about?

**LUCIE:**

I'd like to inform you that the BRC has expired.

**RONNY:**

Thanks for the update, Lucie. Actually, I'd like to do another BRC, with ABB as underlying. What do you think?

**LUCIE:**

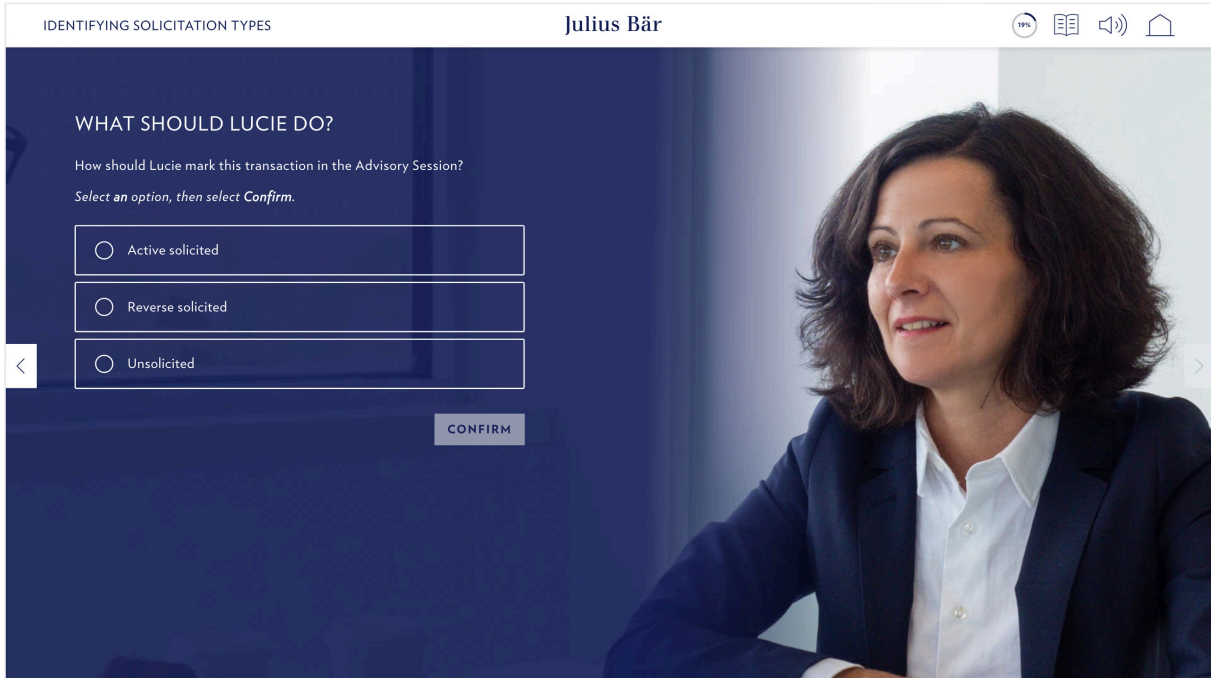
Let me look at our research...I can see that we have a buy rating for ABB.

**NARRATOR:**

Lucie shares Julius Baer's view on ABB, confirming Ronny's view of the choice of underlying, which he originally brought up.

## WHAT SHOULD LUCIE DO?

How should Lucie mark this transaction in the Advisory Session?



The screenshot shows a software interface titled "IDENTIFYING SOLICITATION TYPES" with the name "Julius Bär" in the top right. The main question is "WHAT SHOULD LUCIE DO?" followed by "How should Lucie mark this transaction in the Advisory Session?" and the instruction "Select an option, then select **Confirm**." There are three radio button options: "Active solicited", "Reverse solicited", and "Unsolicited". A "CONFIRM" button is at the bottom right. The interface is overlaid on a video feed of a woman, Lucie, who is smiling and looking to the side.

IDENTIFYING SOLICITATION TYPES Julius Bär

WHAT SHOULD LUCIE DO?

How should Lucie mark this transaction in the Advisory Session?

Select an option, then select **Confirm**.

☐ Active solicited

☐ Reverse solicited

☐ Unsolicited

CONFIRM

Select an option.

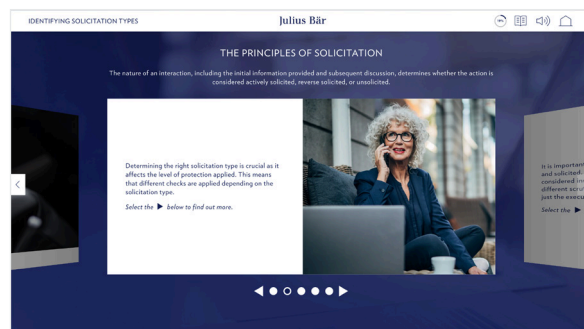
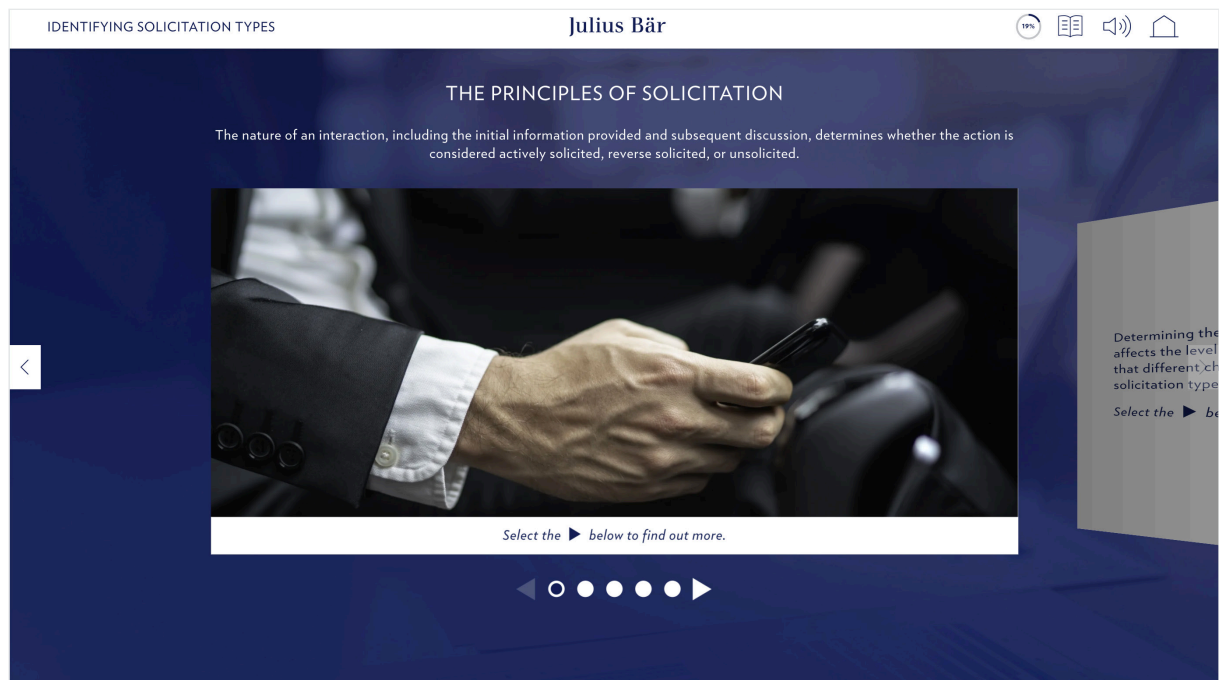
- 1 Active solicited
- 2 Reverse solicited
- 3 Unsolicited



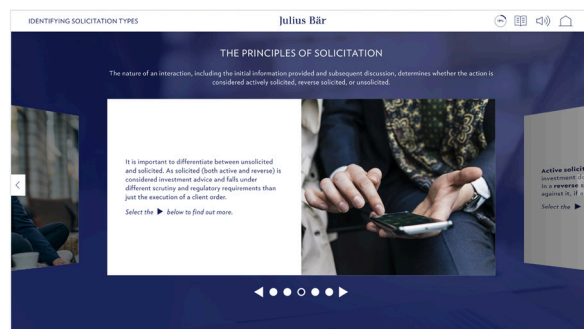
## THE PRINCIPLES OF SOLICITATION

The nature of an interaction, including the initial information provided and subsequent discussion, determines whether the action is considered actively solicited, reverse solicited, or unsolicited.

Read each of the headings below to find out more.



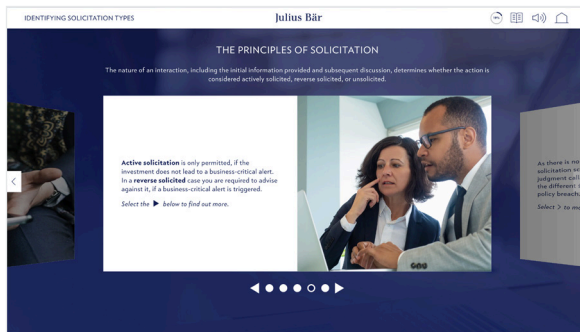
Determining the right solicitation type is crucial as it affects the level of protection applied. This means that different checks are applied depending on the solicitation type.



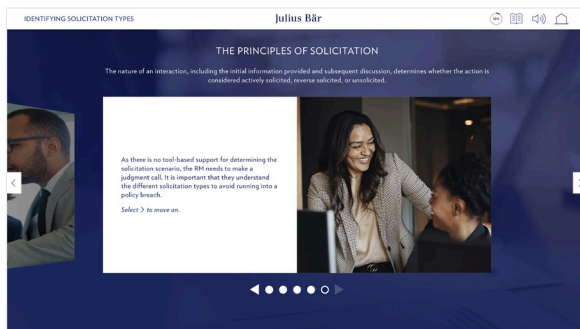
It is important to differentiate between unsolicited and solicited. As solicited (both active and reverse) is considered investment advice and falls under different scrutiny and regulatory requirements than just the execution of a client order.



## ADVISORY DUTIES AT POINT OF SALE



**Active solicitation** is only permitted, if the investment does not lead to a business-critical alert. In a **reverse solicited** case you are required to advise against it, if a business-critical alert is triggered.

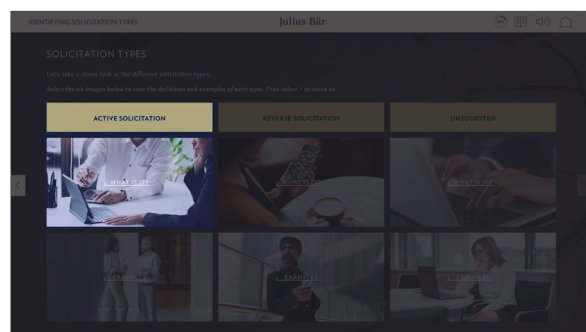
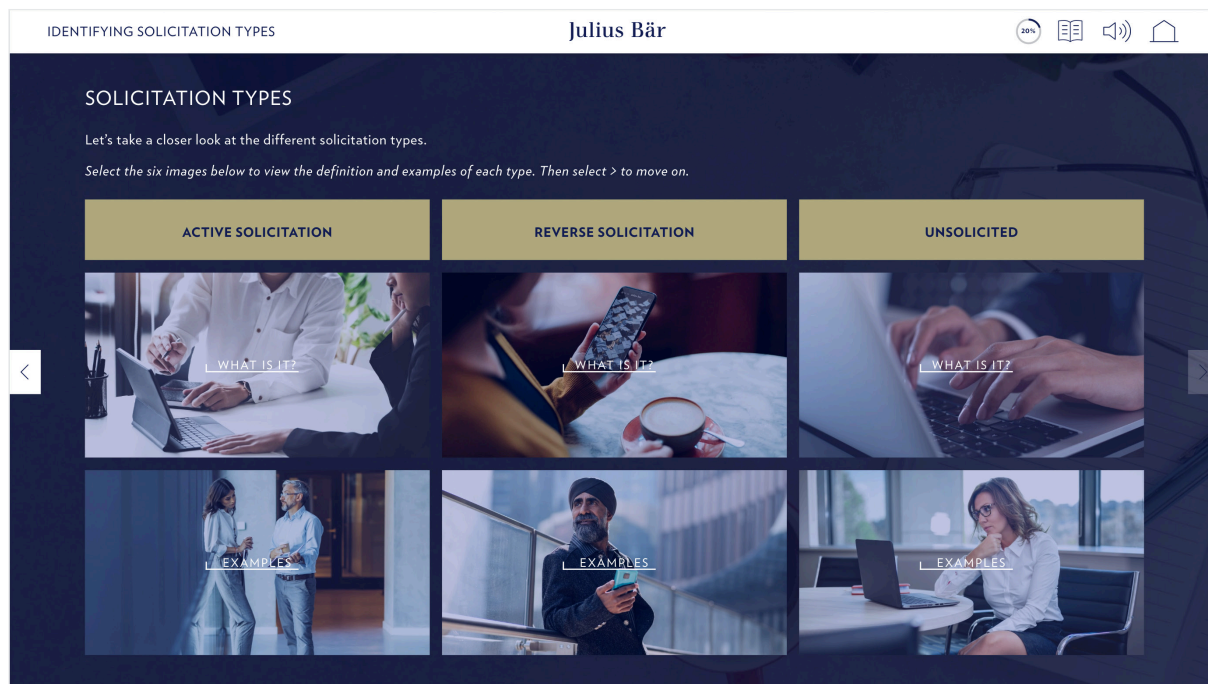


As there is no tool-based support for determining the solicitation scenario, the RM needs to make a judgment call. It is important that they understand the different solicitation types to avoid running into a policy breach.

## SOLICITATION TYPES

Let's take a closer look at the different solicitation types.

Read each of the headings below to find out more.



### EXAMPLES OF ACTIVE SOLICITATION

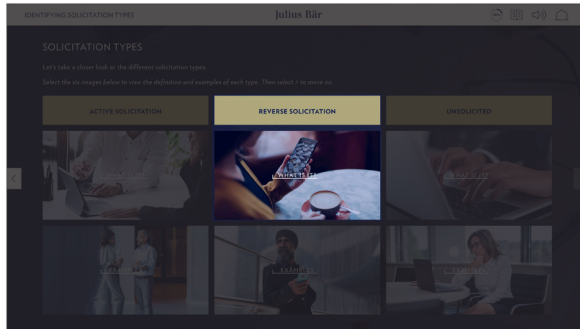
- Proposals / Switch Recommendations
- A list with a selection of financial instruments or forwarding one instrument
- Forwarding Marketing Material and expressing a recommendation
- A monitoring alert with a specific recommendation (sell instrument or replace with XY)
- A client approaches the RM with an unspecific request and the RM recommends a certain financial instrument

### WHAT IS ACTIVE SOLICITATION?

Where the Relationship Manager (RM) recommends one or more financial instrument(s) to the client. In other words, the RM makes a selection based on the client's circumstances and/or portfolio.

A recommendation includes a 'call for action' meaning to buy/increase, to hold, to sell/reduce a financial instrument, or to change one financial instrument for another (switch). This includes any recommendation regarding the amount or the underlyings.

**Who initiated the contact is not relevant to distinguish between advice and unsolicited (i.e. execution-only). What matters is whether the RM is making a recommendation, in which case it is advice (either actively or reverse solicited).**



## EXAMPLES OF REVERSE SOLICITATION

- A client asks the RM for their opinion on Apple shares
- A client wants to invest in a newly issued bond (1st criteria) in European (2nd criteria) health care companies (3rd criteria) and asks the RM for a recommendation
- The RM actively proposes to buy CHF 500k of Nestle shares. The client wants to buy CHF 1 million of shares, which leads to an unsuitable investment, which requires the RM to advise against the transaction

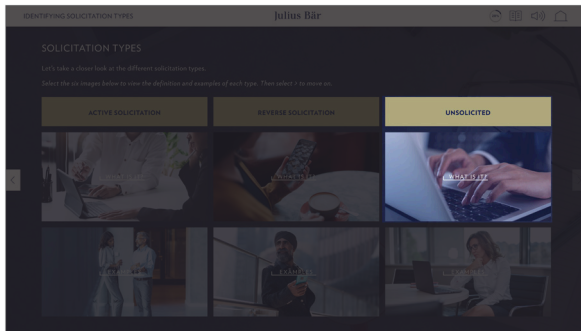
## WHAT IS REVERSE SOLICITATION ?

Where a client asks for advice on a specific financial instrument or on a specific investment idea using at least three of the following criteria:

- Instrument class or sub-asset class
- Region/Geography/Country or currency
- Specific market, industry sector or branch
- Issuer, provider or manager
- Investment strategy or topic (e.g. automation and robotics, artificial intelligence)
- Instrument features (e.g. duration or hedging)

OR

A client changes the parameters (quantity / underlying) of an actively solicited transaction, where the RM needs to perform another suitability check and share the result with the client (either approve or advise against, because the investment becomes unsuitable).



## EXAMPLES OF UNSOLICITED

Transactions initiated by the client upon receipt of the following material, under the condition that no advice has been provided to the client:

- Investment views
- Fund/Equity updates
- Market opportunities
- Targeted investment idea
- Pitchbooks
- Investment Advisory/Portfolio Management brochures

**Under MiFID, targeted marketing material is considered investment advice, requiring suitability checks before sharing, and subsequent investments must be marked as 'actively solicited'.**

## WHAT IS UNSOLICITED?

A client trades or instructs the RM to trade a specific financial instrument, without asking for advice and the RM does not provide any advice. This includes:

- Trades based on Marketing Material sent out to the client, without any further recommendation provided by the RM (reason: material is not individualised for one client)
- Trades based on factual information\* provided to client
- Support provided on the timing of a transaction, transaction specifics (limit vs. market orders) or parameters of a structured product other than underlyings

\*Factual information includes:

- The financial statements, or corporate news regarding a certain company
- The analyst consensus view (rating & target price) for a certain stock
- Ratios derived from the financial statements (e.g. price/earnings)
- Publicly available information on the characteristics of an instrument, without expressing a view on future performance (e.g. credit rating, maturity, bid/ask of a bond)
- Legal documents (e.g. KID, factsheet, prospectus) for an instrument
- Technical analysis if it only concerns price trends and no trading recommendation
- Client education material (for K&E)

## CHECK YOUR UNDERSTANDING

Do you think you know the three solicitation types? You need to be able to distinguish between what is considered investment advice (solicited) and what isn't (unsolicited) and select the right type when entering orders.

**Remember, the first question you must always ask yourself is whether the information is tailored to the client and if the client would understand it as a personal recommendation. If this is the case it is considered investment advice, even if you do not explicitly phrase a recommendation / call for action.**

There are 14 scenarios to test your understanding.

Good luck!

SOLICITATION TYPES: SCENARIOS

Julius Bär

21%

CHECK YOUR UNDERSTANDING

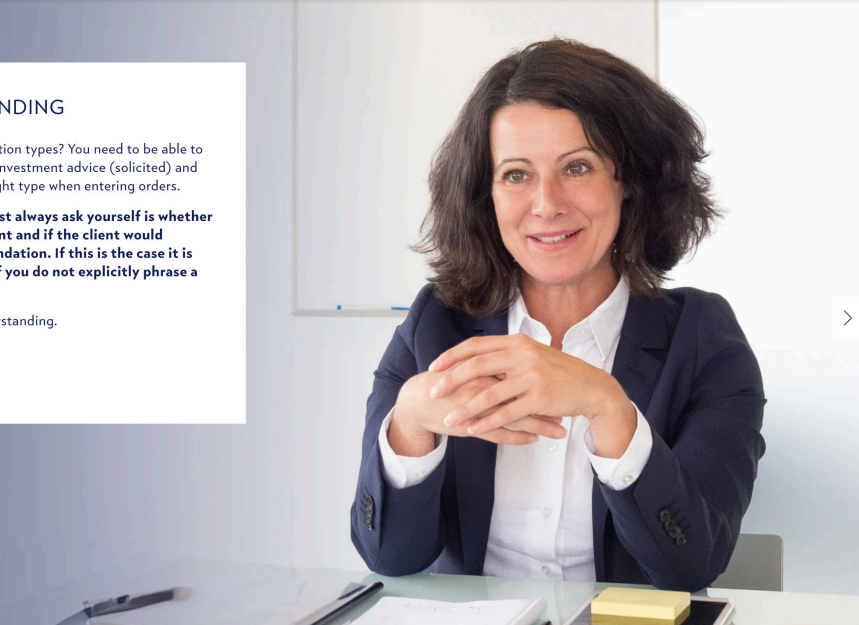
Do you think you know the three solicitation types? You need to be able to distinguish between what is considered investment advice (solicited) and what isn't (unsolicited) and select the right type when entering orders.

**Remember, the first question you must always ask yourself is whether the information is tailored to the client and if the client would understand it as a personal recommendation. If this is the case it is considered investment advice, even if you do not explicitly phrase a recommendation / call for action.**

There are 14 scenarios to test your understanding.

Good luck!

Select > to move on.



## SCENARIOS 1 TO 3

Read the scenarios, then choose the solicitation type which you would enter in Wealth Navigator.

**Select an option for each scenario.**

SOLICITATION TYPES: SCENARIOS
Julius Bär

2%
📄
🔊
🏠

### SCENARIOS 1 TO 3

Read the scenarios, then choose the solicitation type which you would enter in Wealth Navigator.

Select an option for each scenario, then select **Confirm**.

	Active solicitation	Reverse solicitation	Unsolicited
A client wants to buy shares after the RM has shared research with the client.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A client wants to buy shares after Marketing Material has been forwarded to them without reference to the client's needs or portfolio.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A client wants to invest after Marketing Material has been shared with them making reference to their needs/portfolio, for example, "could be interesting for you", or "this would further diversify your portfolio".	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

CONFIRM

STATEMENT	Active solicitation	Reverse solicitation	Unsolicited
A client wants to buy shares after the RM has shared research with the client.			
A client wants to buy shares after Marketing Material has been forwarded to them without reference to the client's needs or portfolio.			
A client wants to invest after Marketing Material has been shared with them making reference to their needs/portfolio, for example, "could be interesting for you", or "this would further diversify your portfolio".			






## SCENARIOS 4 TO 7

Continue by reading the next four scenarios, then select the relevant solicitation types.

**Select an option for each scenario.**

SOLICITATION TYPES: SCENARIOS

Julius Bär

10%   

SCENARIOS 4 TO 7

Continue by reading the next four scenarios, then select the relevant solicitation types.  
Select an option for each scenario, then select *Confirm*.

	Active solicitation	Reverse solicitation	Unsolicited
The RM recommends an investment, and the client wants to invest, but with a higher amount as initially recommended, which makes the transaction unsuitable.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A client wants to invest in American tech shares. They contact the RM who proposes two shares. The client wants to invest in one of them.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A client wants to invest in a financial instrument on which Julius Baer has a negative view. The RM informs the client about the negative view.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A client wants to invest in a financial instrument on which Julius Baer has a negative view. The RM advises the client against the transaction.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

CONFIRM

STATEMENT	Active solicitation	Reverse solicitation	Unsolicited
The RM recommends an investment, and the client wants to invest, but with a higher amount as initially recommended, which makes the transaction unsuitable.			
A client wants to invest in American tech shares. They contact the RM who proposes two shares. The client wants to invest in one of them.			
A client wants to invest in a financial instrument on which Julius Baer has a negative view. The RM informs the client about the negative view.			
A client wants to invest in a financial instrument on which Julius Baer has a negative view. The RM advises the client against the transaction.			

SCENARIOS 8 TO 10

Continue by reading the next three scenarios, then select the relevant solicitation types.

Select an option for each scenario.

SOLICITATION TYPES: SCENARIOS

Julius Bär

4%

SCENARIOS 8 TO 10

Continue by reading the next three scenarios, then select the relevant solicitation types.  
Select an option for each scenario, then select Confirm.

	Active solicitation	Reverse solicitation	Unsolicited
A client wants to invest after the RM has shared a list with all US-Treasury-Bonds maturing in the near term or unfiltered 'Top Picks' list.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A client wants to invest, after the RM has shared details of all offered Bonds out of the Products & Services Portal (PSP) at the client's request.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A client wants to invest, after the RM has shared a list with five selected bonds out of PSP at the client's request.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

CONFIRM

STATEMENT	Active solicitation	Reverse solicitation	Unsolicited
A client wants to invest after the RM has shared a list with all US-Treasury-Bonds maturing in the near term or unfiltered 'Top Picks' list.			
A client wants to invest, after the RM has shared details of all offered Bonds out of the Products & Services Portal (PSP) at the client's request.			
A client wants to invest, after the RM has shared a list with five selected bonds out of PSP at the client's request.			

## SCENARIOS 11 TO 14

Continue by reading the final four scenarios, then select the relevant solicitation types.

**Select an option for each scenario.**

SOLICITATION TYPES: SCENARIOS
Julius Bär

4%
📖
🔊
🏠

### SCENARIOS 11 TO 14

Continue by reading the final four scenarios, then select the relevant solicitation types.

Select an option for each scenario, then select **Confirm**.

	Active solicitation	Reverse solicitation	Unsolicited
A client wants to switch (sell one instrument and invest in another), after the RM has informed them about a monitoring alert.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A client wants to invest after the RM has informed them about a monitoring alert and proposed an investment in a new financial instrument (switch).	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The RM recommends a structured product with five offered underlyings. The client asks to replace one of them with another offered instrument. The RM provides advice on the structured product containing one underlying requested by the client.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The RM recommends a structured product with five offered underlyings. The client asks to replace one of them with an 'out of monitored' instrument. The RM informs the client that she cannot advice on a structured product containing an underlying for which Julius Baer has not established a view.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

CONFIRM

STATEMENT	Active solicitation	Reverse solicitation	Unsolicited
A client wants to switch (sell one instrument and invest in another), after the RM has informed them about a monitoring alert.			
A client wants to invest after the RM has informed them about a monitoring alert and proposed an investment in a new financial instrument (switch).			
The RM recommends a structured product with five offered underlyings. The client asks to replace one of them with another offered instrument. The RM provides advice on the structured product containing one underlying requested by the client.			
The RM recommends a structured product with five offered underlyings. The client asks to replace one of them with an 'out of monitored' instrument. The RM informs the client that she cannot advice on a structured product containing an underlying for which Julius Baer has not established a view.			

## THE CONVERSATION CONTINUES ...

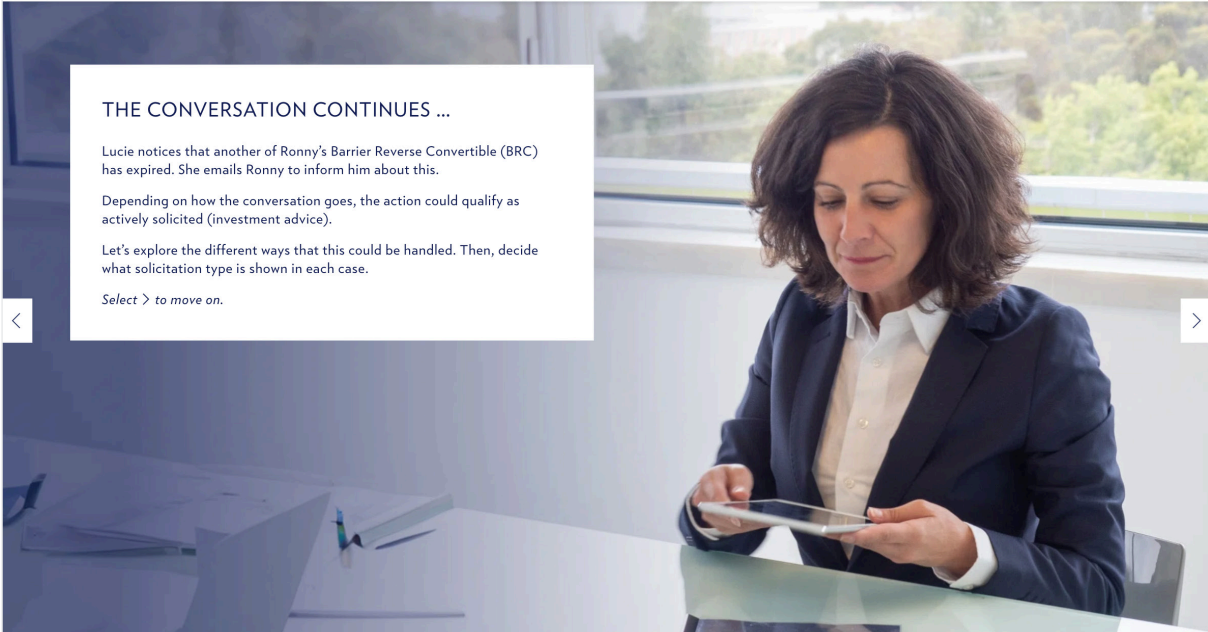
Lucie notices that another of Ronny's Barrier Reverse Convertible (BRC) has expired. She emails Ronny to inform him about this.

Depending on how the conversation goes, the action could qualify as actively solicited (investment advice).

Let's explore the different ways that this could be handled. Then, decide what solicitation type is shown in each case.

USE CASE STUDIES

Julius Bär

A woman with dark, wavy hair, wearing a dark blue blazer over a light-colored shirt, is sitting at a desk and looking down at a tablet computer. The background shows a window with a view of greenery outside. The image is part of a presentation slide with navigation arrows on the left and right sides.

THE CONVERSATION CONTINUES ...

Lucie notices that another of Ronny's Barrier Reverse Convertible (BRC) has expired. She emails Ronny to inform him about this.

Depending on how the conversation goes, the action could qualify as actively solicited (investment advice).

Let's explore the different ways that this could be handled. Then, decide what solicitation type is shown in each case.


Select > to move on.


## USE CASE 1

What solicitation type is this?

USE CASE STUDIES Julius Bär

USE CASE 1

 I am writing to you because your BRC has expired.

Please roll-over to a new BRC with equivalent parameters. 

What solicitation type is this?  
Select an option, then select **Confirm**.

☐ Active solicitation

☐ Reverse solicitation

☐ Unsolicited

**CONFIRM**

Select an option.




- 1 Active solicitation
- 2 Reverse solicitation
- 3 Unsolicited

## USE CASE 2


What solicitation type is this?


USE CASE STUDIES


Julius Bär

7%   

USE CASE 2

 I am writing to you because your BRC has expired.

 What can I do with the released funds?

 I would recommend a roll-over to a new BRC with equivalent parameters.

What solicitation type is this?  
Select an option, then select **Confirm**.

☐ Active solicitation

☐ Reverse solicitation

☐ Unsolicited

CONFIRM

Select an option.

- 1 Active solicitation
- 2 Reverse solicitation
- 3 Unsolicited






## USE CASE 3


What solicitation type is this?


USE CASE STUDIES


Julius Bär

7%   

USE CASE 3

 I am writing to you because your BRC has expired.

 I want to open another BRC with another underlying.

 I would recommend a BRC with ABB as underlying.

What solicitation type is this?  
Select an option, then select **Confirm**.

☐ Active solicitation

☐ Reverse solicitation

☐ Unsolicited

CONFIRM

Select an option.

- 1 Active solicitation
- 2 Reverse solicitation
- 3 Unsolicited

## USE CASE 4


What solicitation type is this?

USE CASE STUDIES

Julius Bär


8%

USE CASE 4




I am writing to you because your BRC has expired.

<



I want to open another BRC with Nestle and Rieter as underlying.  
What do you think?

>



That's a good idea. It fits to your portfolio.

What solicitation type is this?  
Select **an** option, then select **Confirm**.

☐ Active solicitation

☐ Reverse solicitation

☐ Unsolicited

CONFIRM

Select an option.





- 1 Active solicitation
- 2 Reverse solicitation
- 3 Unsolicited

## USE CASE 5


What solicitation type is this?

USE CASE STUDIES

Julius Bär





USE CASE 5



I am writing to you because your BRC has expired.

I want to open another BRC with the same underlying, but please consider the current market conditions.





I would suggest a shorter maturity date.

What solicitation type is this?  
Select an option, then select **Confirm**.

☐ Active solicitation

☐ Reverse solicitation

☐ Unsolicited

**CONFIRM**

Select an option.

- 1 Active solicitation
- 2 Reverse solicitation
- 3 Unsolicited

## USE CASE 6


What solicitation type is this?

USE CASE STUDIES

Julius Bär


10%

USE CASE 6



I am writing to you because your BRC has expired. For your information, the same issuer is issuing another BRC maturing in 2027.

I want to invest the released funds into this other BRC.



What solicitation type is this?

Select an option, then select **Confirm**.

☐ Active solicitation

☐ Reverse solicitation

☐ Unsolicited

CONFIRM

Select an option.

- 1 Active solicitation
- 2 Reverse solicitation
- 3 Unsolicited

## KEY TAKEAWAYS

**Set the correct solicitation type** – this is essential as it defines the workflow and checks applied.

**Take care with active solicitation** – it is not allowed, if an investment would lead to a business-critical alert (negative suitability assessment).

**Remember: The solicitation type and any advice against a transaction** is documented in the PIR / Suitability report. Proper documentation is also a regulatory requirement and can be requested by the client and might be used in a legal case.

**Consider the impact** – Negligent or intentional wrong documentation of the solicitation type can harm the client, you and the Bank.

More information can be found on the Suitability Wiki.  
Just type **Suitability** in your browser.

KEY TAKEAWAYS

Julius Bär

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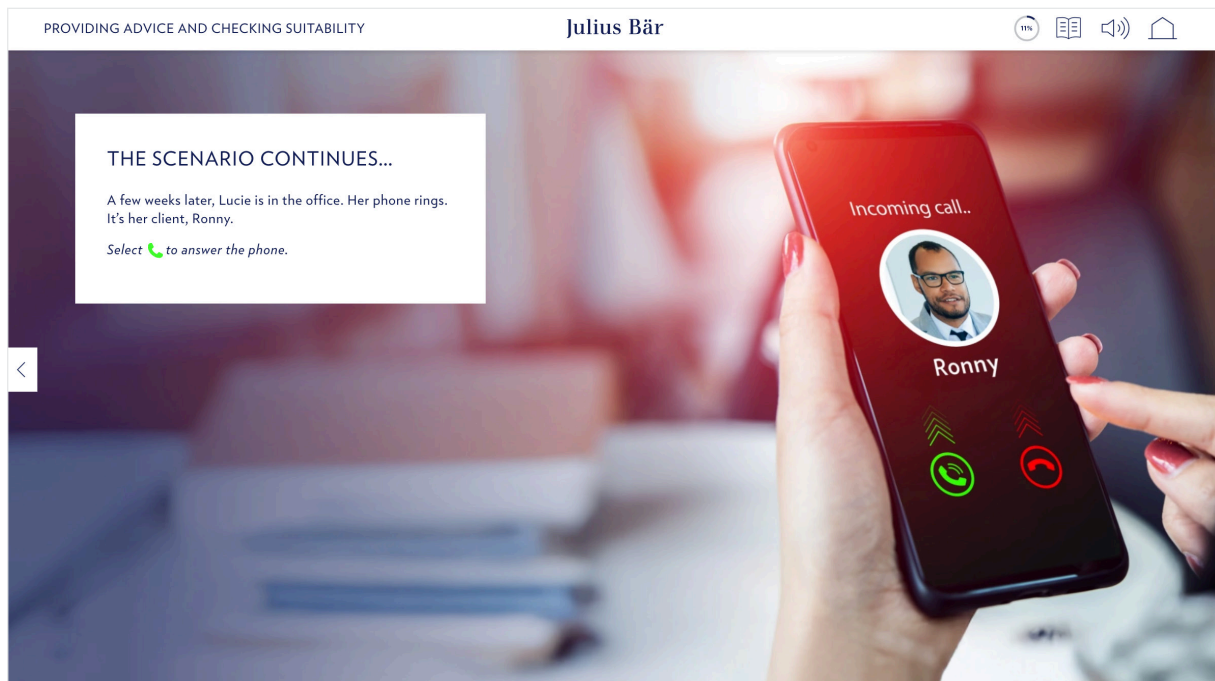
More information can be found on the Suitability Wiki. Just type **Suitability** in your browser.

You have now reached the end of this module.  
Select > to return to the Menu and select another module.

## MODULE 4 - SUITABILITY & APPROPRIATENESS AND PRE-TRADE ALERTS

### THE SCENARIO CONTINUES...

A few weeks later, Lucie is in the office. Her phone rings. It's her client, Ronny.





Read the transcript below to find out more.



## TRANSCRIPT

**RONNY:**

“Hi Lucie. I wanted to ask your opinion on Volkswagen shares. I read a research paper earlier this week and I’m thinking of investing CHF 200k. What do you think?”

## DECISION TIME

How should Lucie proceed?

PROVIDING ADVICE AND CHECKING SUITABILITY Julius Bär

100%

DECISION TIME

How should Lucie proceed?

Select **an** option, then select **Confirm**.

Place the order right away – it's a reputable company and Ronny read the research report.

Run an Advisory Session to conduct suitability checks.

CONFIRM

Select an option.

- 1 Place the order right away – it's a reputable company and Ronny read the research report
- 2 Run an Advisory Session to conduct suitability checks

## PROVIDING ADVICE

Providing suitable advice is a regulatory requirement and a basic principle when serving our clients. Therefore, before giving advice, the respective suitability checks must be performed in the Advisory Session.

To ensure that all investments in a client's portfolio are suitable, Julius Baer conducts a suitability assessment for both solicited and unsolicited transactions. There are two alerts relating to the suitability assessment.

**Read the headings below to find out more.**

PROVIDING ADVICE AND CHECKING SUITABILITY
Julius Bär

PROVIDING ADVICE

CONSOLIDATED PRODUCT RISK (CPR)
ESG CATEGORY MISMATCH

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To ensure that all investments in a client's portfolio are suitable, Julius Baer conducts a suitability assessment for both solicited and unsolicited transactions. There are two alerts relating to the suitability assessment.

Select each **tab** to find out more. Then select **>** to move on.

Every financial instrument has an assigned Product Risk Rating (PRR) from 1 to 7. The CPR is the weighted average of the PRRs of all positions in one portfolio. In case a portfolio is leveraged (with a Lombard loan), this leverage factor is also considered.

The weighted average of all positions is compared to the Risk Budget defined for each portfolio. If the Consolidated Product Risk is higher than the Risk Budget, due to Buy transaction, an alert is triggered.

- In such case no active solicitation is possible.
- In case of a reverse solicited transaction, the RM needs to advise against the unsuitable investment (provide negative advice).



### CONSOLIDATED PRODUCT RISK (CPR)

Every financial instrument has an assigned Product Risk Rating (PRR) from 1 to 7. The CPR is the weighted average of the PRRs of all positions in one portfolio. In case a portfolio is leveraged (with a Lombard loan), this leverage factor is also considered.

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- In case of a reverse solicited transaction, the RM needs to advise against the unsuitable investment (provide negative advice).

59

PROVIDING ADVICE AND CHECKING SUITABILITY
Julius Bär
14%

PROVIDING ADVICE

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Select each **tab** to find out more. Then select **>** to move on.

CONSOLIDATED PRODUCT RISK (CPR)

ESG CATEGORY MISMATCH

This checks if the ESG Category of the product meets the ESG preferences selected by the client in the CIP. If the ESG category of the product is lower than the ESG preference selected in the CIP, an alert is triggered.



## ESG CATEGORY MISMATCH

This checks if the ESG Category of the product meets the ESG preferences selected by the client in the CIP. If the ESG category of the product is lower than the ESG preference selected in the CIP, an alert is triggered.

60




## THE ADVISORY SESSION...

Lucie conducts an Advisory Session to carry out suitability checks for Ronny's transaction.

**Read the transcript below to find out more.**

PROVIDING ADVICE AND CHECKING SUITABILITY

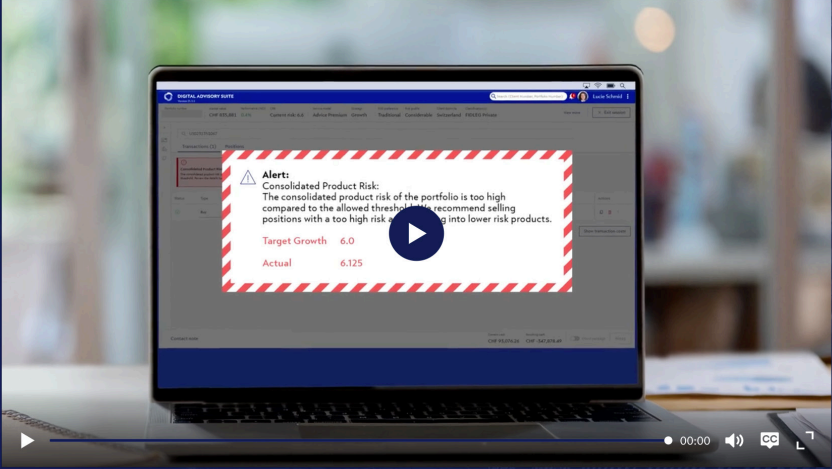
Julius Bär

15%   

### THE ADVISORY SESSION...

Lucie conducts an Advisory Session to carry out suitability checks for Ronny's transaction.

Select **Play** to watch the video. Then, select **>** to move on.



TRANSCRIPT

## TRANSCRIPT

### NARRATOR:

Lucie enters details of the transaction in the system...

...and gets this CPR alert on her screen.

## HANDLING CPR ALERTS


So, what are CPR alerts and how should you handle them? Let's find out by taking a closer look at the CPR alert that Lucie sees:

**Read each of the headings below to find out more.**

PROVIDING ADVICE AND CHECKING SUITABILITY
Julius Bär
100%

### HANDLING CPR ALERTS

So, what are CPR alerts and how should you handle them? Let's find out by taking a closer look at the CPR alert that Lucie sees:



Select the ► below to find out more.

PROVIDING ADVICE AND CHECKING SUITABILITY
Julius Bär

### HANDLING CPR ALERTS

So, what are CPR alerts and how should you handle them? Let's find out by taking a closer look at the CPR alert that Lucie sees:

Each Financial Instrument has a calculated Product Risk Rating (PRR) from 1-7. Each Investment Strategy has a predefined Risk Budget.

Select the ► below to find out more.

Contractual Investment Strategy	Risk Budget
Fixed Income	1 – 3
Income	2 – 4
Balanced	3 – 5
Growth	4 – 6
Capital Gain	5 – 7

Each Financial Instrument has a calculated Product Risk Rating (“PRR”) from 1-7. Each Investment Strategy has a predefined Risk Budget.

PROVIDING ADVICE AND CHECKING SUITABILITY
Julius Bär

### HANDLING CPR ALERTS

So, what are CPR alerts and how should you handle them? Let's find out by taking a closer look at the CPR alert that Lucie sees:

The CPR is the weighted average of the PRRs of all positions in one portfolio.

Select the ► below to find out more.

Title	Amount	Weight	PRR	Weighted PRR
Cash	250000	12.5%	0	0
Bond 1	200000	10%	4	0.4
Fund 1	200000	10%	5	0.5
Fund 2	200000	10%	6	0.6
Equity 1	200000	10%	6	0.6
Equity 2	200000	10%	7	0.7
Equity 3	200000	10%	7	0.7
Alternative 1	200000	10%	7	0.7
Alternative 2	350000	17.5%	7	1.225
<b>Total</b>	<b>2000000</b>	<b>100%</b>		<b>5.425</b>

The CPR is the weighted average of the PRRs of all positions in one portfolio.



## ADVISORY DUTIES AT POINT OF SALE

PROVIDING ADVICE AND CHECKING SUITABILITY Julius Bär

### HANDLING CPR ALERTS

So, what are CPR alerts and how should you handle them? Let's find out by taking a closer look at the CPR alert that Lucie sees.

Please note that the PRR can be different even for instruments in the same category or asset class.  
Select the ► below to find out more.

Title	Amount	Weight	PRR	Weighted PRR
Cash	250000	12.5%	0	0
Bond 1	200000	10%	4	0.4
Fund 1	200000	10%	5	0.5
Fund 2	200000	10%	6	0.6
Equity 1	200000	10%	6	0.6
Equity 2	200000	10%	7	0.7
Equity 3	200000	10%	7	0.7
Alternative 1	200000	10%	7	0.7
Alternative 2	350000	17.5%	7	1.225
<b>Total</b>	<b>2000000</b>	<b>100%</b>		<b>5.425</b>

Please note that the PRR can be different even for instruments in the same category or asset class.

PROVIDING ADVICE AND CHECKING SUITABILITY Julius Bär

### HANDLING CPR ALERTS

So, what are CPR alerts and how should you handle them? Let's find out by taking a closer look at the CPR alert that Lucie sees.

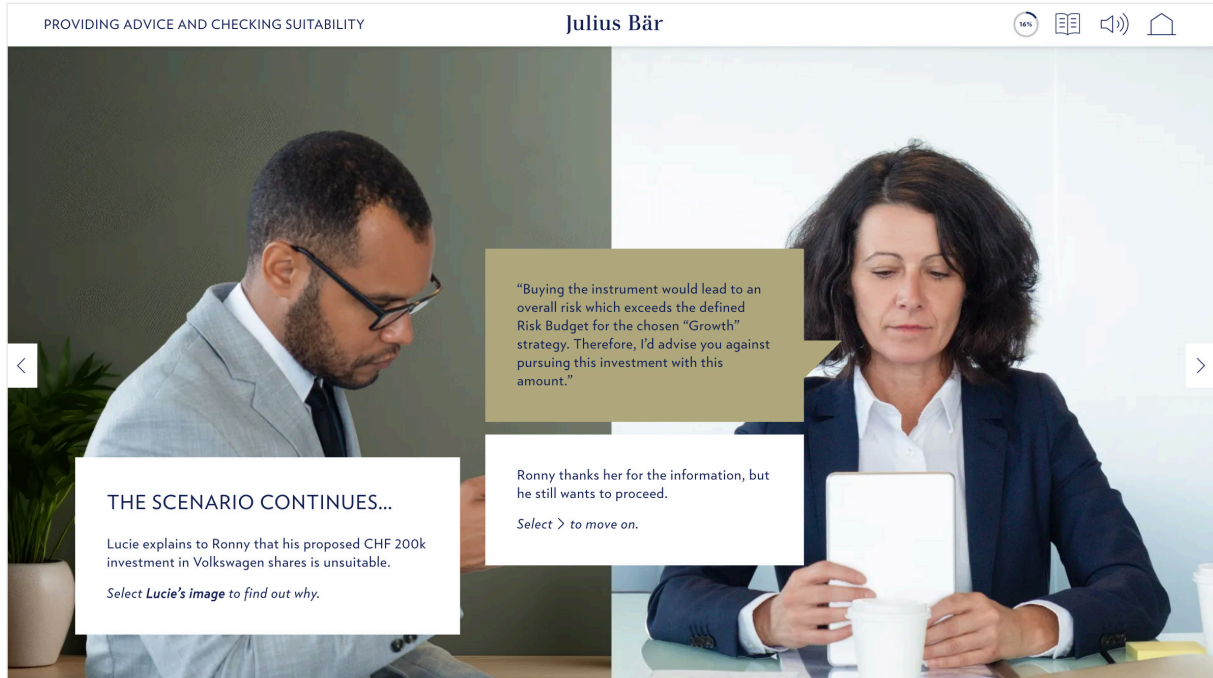
If the portfolio composition is already at the upper edge of the risk budget, then buying a share with a PRR 7 may become an unsuitable investment.  
Select ► to move on.

Title	Amount	Weight	PRR	Weighted PRR
Cash	50000	2.5%	0	0
Bond 1	200000	10%	4	0.4
Fund 1	200000	10%	5	0.5
Fund 2	200000	10%	6	0.6
Equity 1	200000	10%	6	0.6
Equity 2	200000	10%	7	0.7
Equity 3	200000	10%	7	0.7
Vollkaskoan	200000	10%	7	0.7
Alternative 1	200000	10%	7	0.7
Alternative 2	350000	17.5%	7	1.225
<b>Total</b>	<b>2000000</b>	<b>100%</b>		<b>6.125</b>

If the portfolio composition is already at the upper edge of the risk budget, then buying a share with a PRR 7 may become an unsuitable investment.

## THE SCENARIO CONTINUES...

Lucie explains to Ronny that his proposed CHF 200k investment in Volkswagen shares is unsuitable.



**[Lucie]:** “Buying the instrument would lead to an overall risk which exceeds the defined Risk Budget for the chosen “Growth” strategy. Therefore, I’d advise you against pursuing this investment with this amount.”

Ronny thanks her for the information, but he still wants to proceed.

## WHAT SHOULD LUCIE DO?

Lucie now sees this alert. Which option should she choose?

PROVIDING ADVICE AND CHECKING SUITABILITY Julius Bär

WHAT SHOULD LUCIE DO?

Lucie now sees this alert. Which option should she choose?

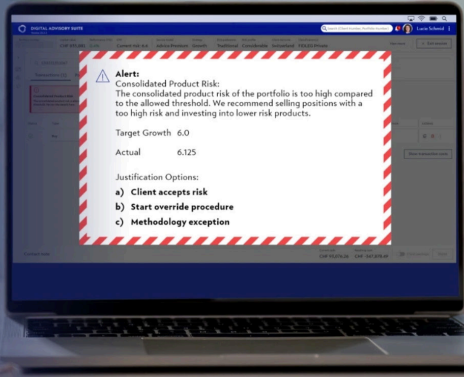
Select an option, then select **Confirm**.

☐ Client accepts risk

☐ Start override procedure

☐ Methodology exception

CONFIRM



Select an option.

- 1 Client accepts risk
- 2 Start override procedure
- 3 Methodology exception

## THE PIR / SUITABILITY REPORT

Advice provided and the result of the suitability and appropriateness assessment need to be documented. This is a regulatory requirement.

At Julius Baer, everything is documented in the PIR / Suitability Report. The Report can be requested by the client.

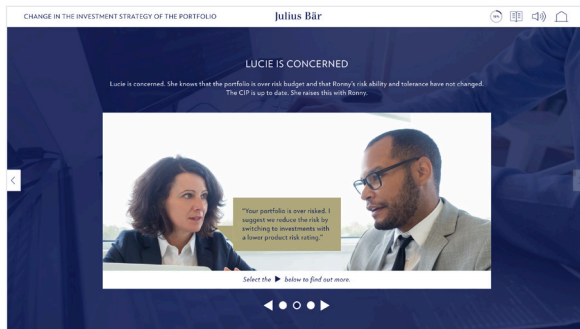
Lucie documents the advice she provides, along with the results of the suitability and appropriateness assessment. A few pages from Ronny's PIR / Suitability Report are shown here for you to review. The relevant areas are highlighted along with explanations.

**Read through the form to review it.**

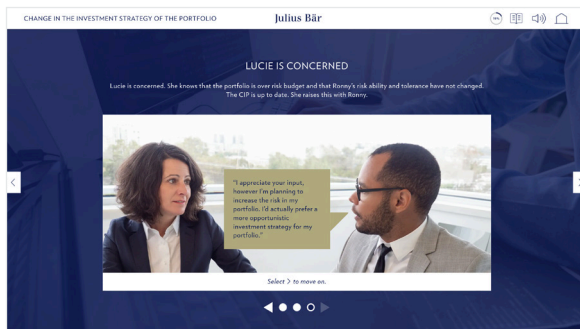
THE FOLLOWING SUMMARY SHOWS OUR RECOMMENDATIONS						
TRANSACTION INITIATED BY	INSTRUMENT NAME IDENTIFIER	PRICE FX RATE	P/L MARKET P/L FX	QTY, /NOMINAL INDICATIVE AMOUNT	JB RATING / RISK / JB ESG CAT. S&P/FITCH/MOODY'S	REASON FOR ADVICE
FUND SPLITTING	SECTOR	PRICE DATE	P/L TOTAL	MATURITY / YIELD	MSCI ESG RATING / CONTROL	
EQUITIES AND SIMILAR POSITIONS			Documentation of non-suitability of the investment and that advice against has been provided.			
BUY	Pref. EHS Volkswagen AG	101.45 EUR	0.00%	200'000	Buy / 7 / Traditional Investment	See details below.
Client	DE0007664039	0.95495	0.00%	193'759.36 CHF	BBP+/A-/Baa1	
	Consumer Cyclical	21.03.2025	0.00%	-	B / Orange	
• Advice was provided on your request. The transaction leads to a deviation from the investment guidelines, which we do not recommend (please carefully read the next page(s)). Should you proceed with the trade, we understand you accept these deviations and the risks involved.						
Sub-Total Equities & similar positions			Documentation of non-suitability of portfolio.			22.98% 193'759.36 CHF
TOTAL BUY RECOMMENDATIONS (IN % OF THE PORTFOLIO MARKET VALUE)						22.98% 193'759.36 CHF
PORTFOLIO ASSESSMENT						
The portfolio was in line with your investment guidelines - prior to the above listed transactions.						
The order instruction(s) initiated by you deviated from the investment guidelines. We would like to point out:						
• The resulting risk level of your portfolio considering the above listed transactions does not correspond to the defined risk level in the mandate.						
We understand you are aware of and accepted the corresponding risk(s) following the trade(s) noted herein.						

## LUCIE IS CONCERNED

Lucie is concerned. She knows that the portfolio is over risk budget and that Ronny's risk ability and tolerance have not changed. The CIP is up to date. She raises this with Ronny.



**[Lucie]:** Your portfolio is over risked. I suggest we reduce the risk by switching to investments with a lower product risk rating.



**[Ronny]:** I appreciate your input, however I'm planning to increase the risk in my portfolio. I'd actually prefer a more opportunistic investment strategy for my portfolio.




## DECISION TIME

The more opportunistic investment strategy requested by Ronny would mean a switch to “Capital Gain” strategy which would not be in line with the overall investment strategy in the CIP.

How should Lucie proceed?

CHANGE IN THE INVESTMENT STRATEGY OF THE PORTFOLIO

Julius Bär

100%   

DECISION TIME

The more opportunistic investment strategy requested by Ronny would mean a switch to “Capital Gain” strategy which would not be in line with the overall investment strategy in the CIP. How should Lucie proceed?

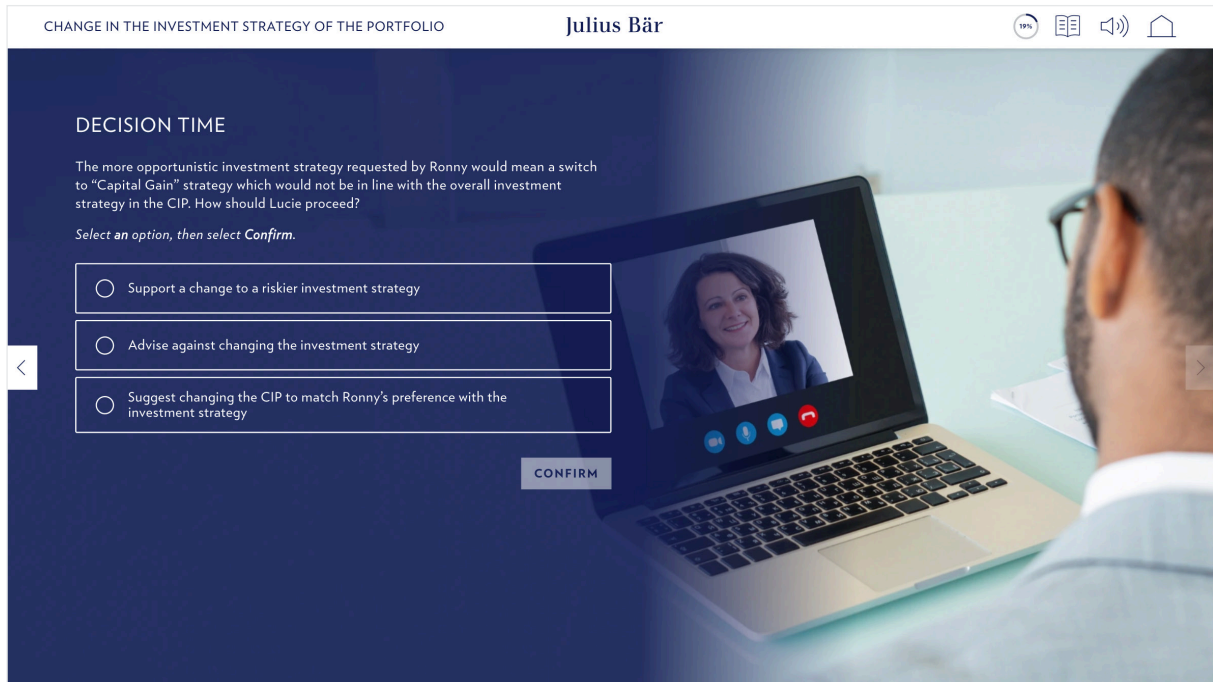
Select an option, then select Confirm.

☐ Support a change to a riskier investment strategy

☐ Advise against changing the investment strategy

☐ Suggest changing the CIP to match Ronny's preference with the investment strategy

CONFIRM



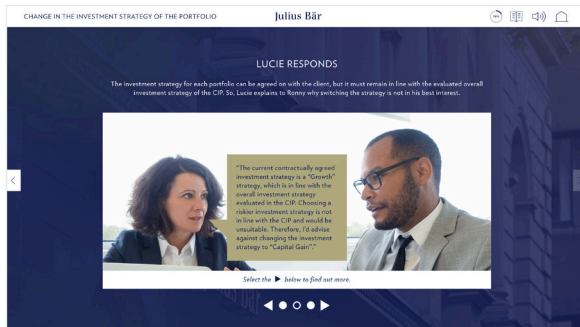
Select an option.

- 1 Support a change to a riskier investment strategy
- 2 Advise against changing the investment strategy
- 3 Suggest changing the CIP to match Ronny's preference with the investment strategy

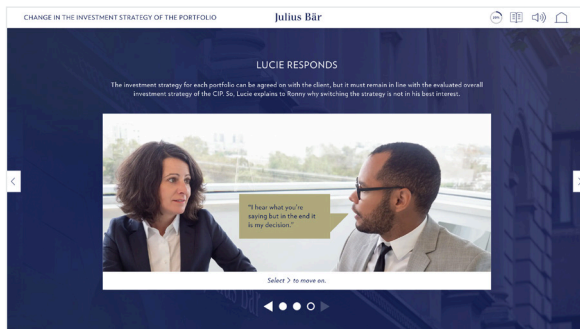


## LUCIE RESPONDS

The investment strategy for each portfolio can be agreed on with the client, but it must remain in line with the evaluated overall investment strategy of the CIP. So, Lucie explains to Ronny why switching the strategy is not in his best interest.



**[Lucie]:** The current contractually agreed investment strategy is a “Growth” strategy, which is in line with the overall investment strategy evaluated in the CIP. Choosing a riskier investment strategy is not in line with the CIP and would be unsuitable. Therefore, I’d advise against changing the investment strategy to “Capital Gain”.



**[Ronny]:** I hear what you’re saying but in the end it is my decision.

## UNSUITABLE INVESTMENT STRATEGY?

Lucie sends a new contract reflecting Ronny's chosen investment strategy and documents this in the contact note stating:

- that she has warned Ronny that the investment strategy "Capital Gain" is not in line with the overall investment strategy calculated in the CIP
- that Ronny insisted and chose a more aggressive strategy in the contract than CIP would allow
- Ronny's rationale for doing this.

Later, Lucie confirms the conversation via e-mail.

CHANGE IN THE INVESTMENT STRATEGY OF THE PORTFOLIO Julius Bär 21%

### UNSUITABLE INVESTMENT STRATEGY?

Lucie sends a new contract reflecting Ronny's chosen investment strategy and documents this in the contact note stating:

- that she has warned Ronny that the investment strategy "Capital Gain" is not in line with the overall investment strategy calculated in the CIP
- that Ronny insisted and chose a more aggressive strategy in the contract than CIP would allow
- Ronny's rationale for doing this.

Later, Lucie confirms the conversation via e-mail.

Select the **document** to see how Lucie writes this up.

I explained to Ronny that:

- his current contractually agreed investment strategy is a "Growth" strategy, which is in line with the overall investment strategy evaluated in the CIP.
- choosing a riskier investment strategy is not in line with the CIP and would therefore be unsuitable.
- I'd advise against changing the investment strategy to "Capital Gain".

Client insisted and still wished to proceed.

Select > to move on.

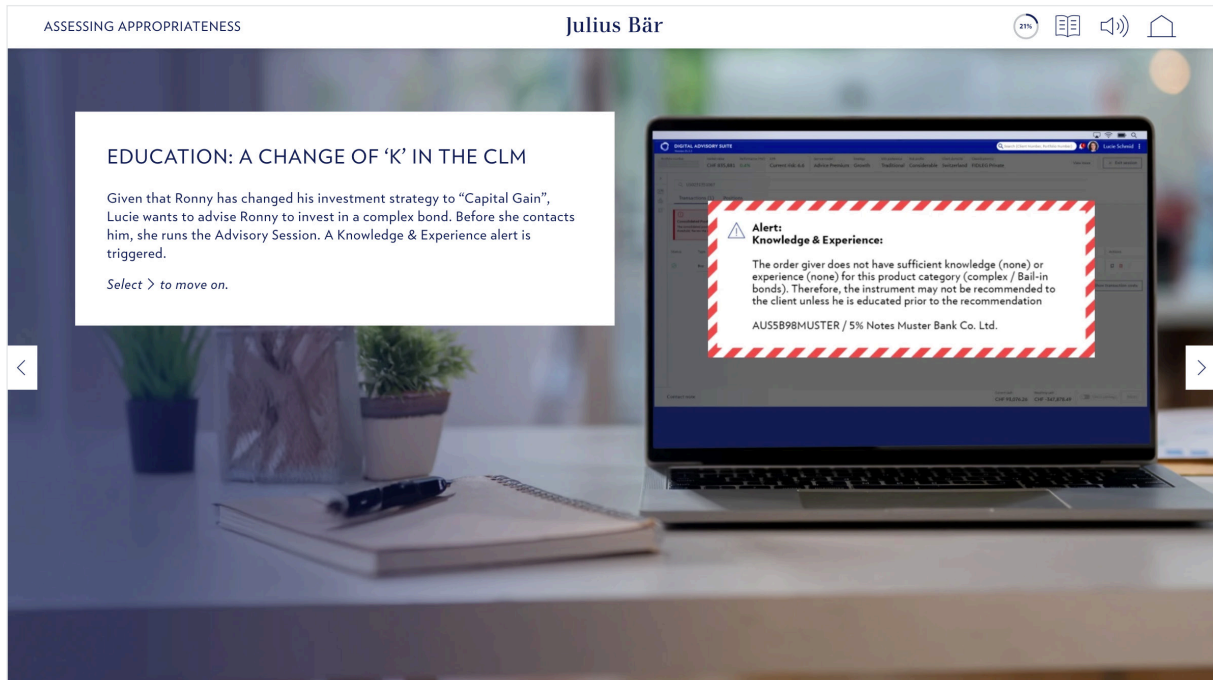
I explained to Ronny that:

- his current contractually agreed investment strategy is a "Growth" strategy, which is in line with the overall investment strategy evaluated in the CIP.
- choosing a riskier investment strategy is not in line with the CIP and would therefore be unsuitable.
- I'd advise against changing the investment strategy to "Capital Gain".

Client insisted and still wished to proceed.

## EDUCATION: A CHANGE OF 'K' IN THE CLM

Given that Ronny has changed his investment strategy to “Capital Gain”, Lucie wants to advise Ronny to invest in a complex bond. Before she contacts him, she runs the Advisory Session. A Knowledge & Experience alert is triggered.



## WHAT DO YOU THINK?

What should Lucie do in this situation?

ASSESSING APPROPRIATENESS Julius Bär 21%

WHAT DO YOU THINK?

What should Lucie do in this situation?

Select an option, then select Confirm.

Stop the Advisory Session as she cannot actively solicit the product to Ronny

Actively solicit the product but she needs to educate Ronny

CONFIRM

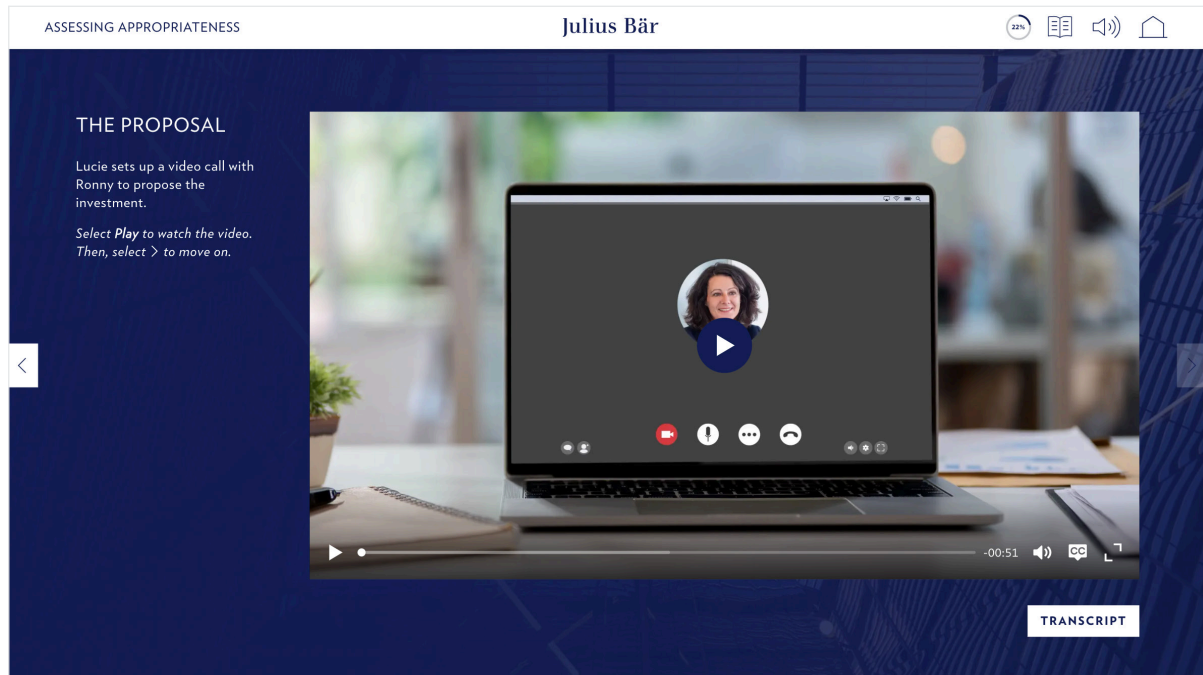
Select an option.

- 1 Stop the Advisory Session as she cannot actively solicit the product to Ronny
- 2 Actively solicit the product but she needs to educate Ronny

## THE PROPOSAL

Lucie sets up a video call with Ronny to propose the investment.

**Read the transcript below to find out more.**



## TRANSCRIPT

### LUCIE:

"Thanks for your time today. I got in touch because I saw a bond that could be of interest for you..."

### LUCIE:

"But I noticed that you don't have the required knowledge for this instrument."

### LUCIE:

"I can explain the risks and characteristics of this instrument type. Can you see my screen?"

### NARRATOR:

Lucie shares the education material and spends some time walking Ronny through it.

### LUCIE:

"Do you have any questions?"

### RONNY:

"No, I've got it."

### LUCIE:

"Oh hello boy. Ronny, your dog is so cute... That's it. Going forward, your knowledge of complex bonds will be considered "good"."

### RONNY:

"Ok, thanks. Got it."

### NARRATOR:

After the call, Lucie confirms that education has been performed. After DiAS session including education is completed, Ronny's status is automatically updated to "good" which Ronny has confirmed.

## CHANGE OF 'E' IN THE CLM

A few months later, Ronny wants to invest in a complex bond. Lucie enters the transaction in the session and a K&E alert is again triggered. Lucie is puzzled since she educated Ronny on this asset class herself and since then Ronny has made a handful of investments. He should have reached a certain level of experience by now. Strange...

**Read the headings below to find out more.**

ASSESSING APPROPRIATENESS

Julius Bär

28%

### CHANGE OF 'E' IN THE CLM

A few months later, Ronny wants to invest in a complex bond. Lucie enters the transaction in the session and a K&E alert is again triggered. Lucie is puzzled since she educated Ronny on this asset class herself and since then Ronny has made a handful of investments. He should have reached a certain level of experience by now. Strange...


Select each **tab** to find out more. Then select **>** to move on.

WHY?

HOW?

ACTION?

Julius Baer does not have a trade counter, hence "Experience" will not be updated automatically in CLM.



### WHY?

Julius Baer does not have a trade counter, hence "Experience" will not be updated automatically in CLM.



ASSESSING APPROPRIATENESS
Julius Bär
23%

### CHANGE OF 'E' IN THE CLM

A few months later, Ronny wants to invest in a complex bond. Lucie enters the transaction in the session and a K&E alert is again triggered. Lucie is puzzled since she educated Ronny on this asset class herself and since then Ronny has made a handful of investments. He should have reached a certain level of experience by now. Strange...


Select each **tab** to find out more. Then select **>** to move on.

WHY?

HOW?

ACTION?

Lucie needs to manually update the "Experience" in CLM. She must document which trades, their respective sizes, and the time periods that led to an increase in "Experience", after discussing this with Ronny. A CCN is also required.



## HOW?

Lucie needs to manually update the "Experience" in CLM. She must document which trades, their respective sizes, and the time periods that led to an increase in "Experience", after discussing this with Ronny. A CCN is also required.

ASSESSING APPROPRIATENESS

Julius Bär

24%

CHANGE OF 'E' IN THE CLM

A few months later, Ronny wants to invest in a complex bond. Lucie enters the transaction in the session and a K&E alert is again triggered. Lucie is puzzled since she educated Ronny on this asset class herself and since then Ronny has made a handful of investments. He should have reached a certain level of experience by now. Strange...

Select each **tab** to find out more. Then select **>** to move on.

WHY?

HOW?

ACTION?

Once "E" is updated in CLM, no more alerts will be triggered for this financial instrument. Lucie updates the system, by clicking on the "Update K&E" field.

## ACTION?

Once "E" is updated in CLM, no more alerts will be triggered for this financial instrument. Lucie updates the system, by clicking on the "Update K&E" field.

## RONNY'S IDEA

A few weeks later, Ronny calls Lucie with another idea.

**Read the transcript below to find out more.**

CONTRACTUAL AGREED PRE-TRADE ALERTS

Julius Bär


24h

RONNY'S IDEA

A few weeks later, Ronny calls Lucie with another idea.

Select **Play** to watch the video.

Then, select **>** to move on.



TRANSCRIPT

## TRANSCRIPT

**RONNY:**

"I want to invest CHF 500k in a bond issued by a Chinese Cement company. Could you please recommend something?"

**LUCIE:**

"Sounds good. But I'll need to conduct a suitability assessment first..."

"Hold on a minute, the software is just loading on my screen..."

**NARRATOR:**

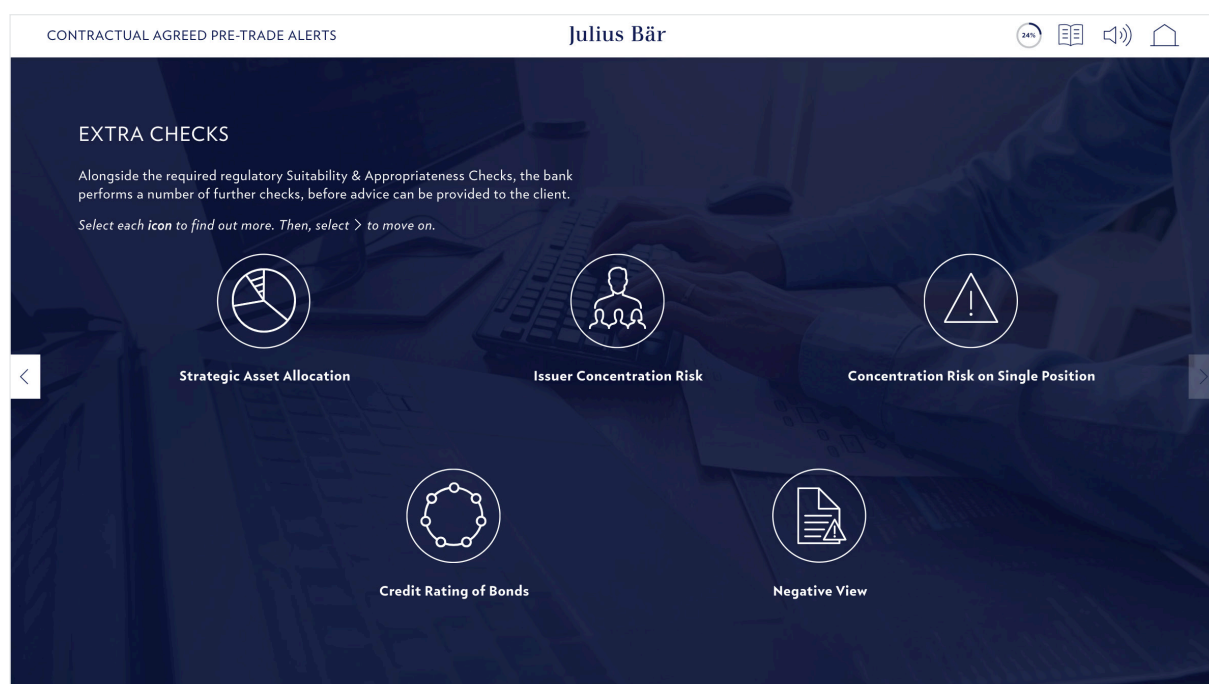
When Lucie performs the suitability assessment, a number of alerts are triggered, including:

- Strategic Asset Allocation
- Issuer Concentration Risk
- Concentration Risk on Single Position
- Credit Rating of Bonds and
- Negative View

## EXTRA CHECKS

Alongside the required regulatory Suitability & Appropriateness Checks, the bank performs a number of further checks, before advice can be provided to the client.

**Read the headings below to find out more.**



### Strategic Asset Allocation

The SAA checks if the exposure to an asset class deviates from the bandwidth defined for a certain investment strategy.

### Issuer Concentration Risk

The Issuer Concentration checks if the exposure towards a single issuer exceeds the defined threshold.

### Concentration Risk on Single Position

The Position Concentration checks if the exposure towards a single instrument exceeds the defined threshold.

### Credit Rating of Bonds

It checks if the bond rating is either below the defined minimum threshold, or a bond gets downgraded below the minimum threshold.

### Negative View

The Negative View checks if Julius Baer has a negative view on an instrument.

## BACK TO LUCIE AND RONNY...


How should Lucie close the alert?

CONTRACTUAL AGREED PRE-TRADE ALERTS

Julius Bär


25%

BACK TO LUCIE AND RONNY...



I'd advise you not to invest in the bond of this cement company, Ronny, as Julius Baer has a negative view on it.

OK, I hear your concern. But I'm convinced it's a good investment and I want to go ahead anyway.



How should Lucie close the alert?

Select an option, then select **Confirm**.

☐ Client accepts risk

☐ Start override procedure

CONFIRM

Select an option.

- 1 Client accepts risk
- 2 Start override procedure

## BACK TO LUCIE AND RONNY...


How should Lucie close the alert?

CONTRACTUAL AGREED PRE-TRADE ALERTS


Julius Bär

26%

HANDLING OTHER ALERTS




With such an investment, your portfolio will be mis-aligned with your Strategic Asset Allocation, and you'll also run into an Issuer Concentration Risk and a Single Position Risk.



I'm also concerned the bond is rated as BB- which is therefore below the agreed bond rating.

I realise that. But it's a good investment and I still want to go ahead.



How should Lucie close these alerts?  
Select an option, then select Confirm.

☐ Client accepts risk

☐ Start override procedure

CONFIRM

Select an option.

- 1 Client accepts risk
- 2 Start override procedure



## DOCUMENTING IN THE PIR / SUITABILITY REPORT

By selecting that Ronny accepts the risk, Lucie has documented that the client still wants to invest in the financial instrument, even though Lucie advised against. Everything is documented in the PIR / Suitability Report that is archived and available to the client upon request.

CONTRACTUAL AGREED PRE-TRADE ALERTS


Julius Bär

27%

DOCUMENTING IN THE PIR / SUITABILITY REPORT

By selecting that Ronny accepts the risk, Lucie has documented that the client still wants to invest in the financial instrument, even though Lucie advised against. Everything is documented in the PIR / Suitability Report that is archived and available to the client upon request.

Select > to move on.



## RONNY'S COMPLAINT

Ronny is annoyed. The Bond Rating Threshold is being constantly breached and Lucie has informed him about this for the third time now. Ronny asks her to stop warning him about this.

What should Lucie do?

CONTRACTUAL AGREED PRE-TRADE ALERTS Julius Bär

**RONNY'S COMPLAINT**

Ronny is annoyed. The Bond Rating Threshold is being constantly breached and Lucie has informed him about this for the third time now. Ronny asks her to stop warning him about this.

What should Lucie do?

Select an option, then select **Confirm**.

☐ Stop warning Ronny about this and close the alert

☐ Tell Ronny that the Bond Rating Threshold can be changed

**CONFIRM**

Select an option.

- 1 Stop warning Ronny about this and close the alert
- 2 Tell Ronny that the Bond Rating Threshold can be changed

## KEY TAKEAWAYS

**Suitability & Appropriate Assessments are a regulatory requirement** and therefore must be checked before any advice is given.

**Ensure additional contractually agreed pre-trade checks are performed** before advice is provided.


**Do not actively advise the client on an unsuitable financial instrument:** If the client asks for your advice (reverse solicitation), and pre-trade alerts are triggered, advise against the investment.


**Consider a change of investment strategy or portfolio configuration** - if alerts are continuously triggered and if this is in line with the client's investment objectives and risk ability.


More information can be found on the Suitability Wiki.


Just type **Suitability** in your browser.


KEY TAKEAWAYS


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 More information can be found on the Suitability Wiki. Just type **Suitability** in your browser.

*You have now reached the end of this module.*  
Select > to return to the Menu and select another module.

Julius Bär





# MODULE 5 - THE SOLICITATION FRAMEWORK

## THE SOLICITATION FRAMEWORK

At Julius Baer, we are committed to only solicit financial instruments to our clients, which have been carefully evaluated by our internal specialists and for which we have a positive opinion. We have developed a solicitation framework to help our Relationship Managers.

**Read the transcript below to find out more.**

THE PRINCIPLES OF THE SOLICITATION FRAMEWORK

Julius Bär

29%

THE SOLICITATION FRAMEWORK

At Julius Baer, we are committed to only solicit financial instruments to our clients, which have been carefully evaluated by our internal specialists and for which we have a positive opinion. We have developed a solicitation framework to help our Relationship Managers.

Select **Play** to watch the video. Then, select **>** to move on.

-01:32

TRANSCRIPT

## TRANSCRIPT

The solicitation framework is built around four key aspects that the Relationship Manager needs to consider when helping to find the financial instruments that can be solicited to our clients.

Financial Instrument Solicitation Rules (FISR) are the rules that help us internally allocate instruments into different investment universes. Please note that we are only permitted to actively solicit financial instruments that are part of the offered universe.

The Business Model Offering (BMO) provides automated checks for regulatory rules - such as cross-border product distribution and tax rules - as well as selling restrictions defined by the product manufacturer, e.g. a fund management company.

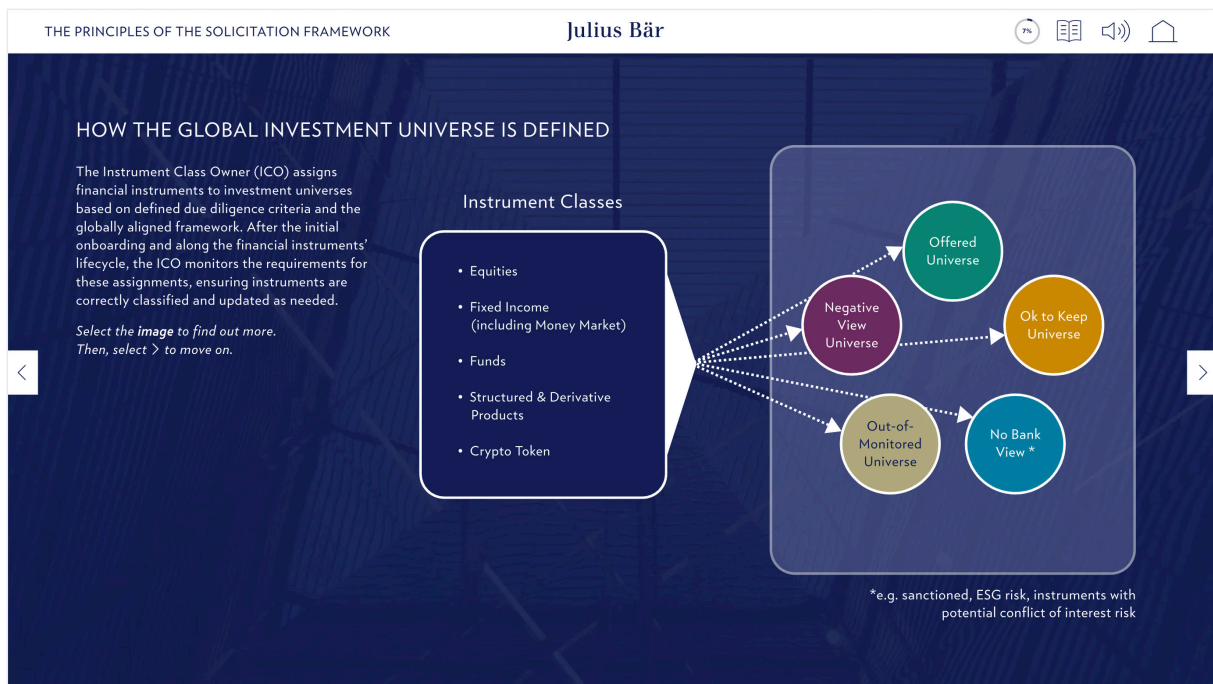
The Distributor Target Market (DTM) is Julius Baer's internal distribution rules per product type, for example, Julius Baer does restrict the selling of Coco Bond to retail clients as these products are intended for professional investors. The DTM rules are based on risk considerations, to ensure that the right products are distributed to the right clients. Further common examples include the retail client block for Non-Traditional-Funds and Private Equity or the restrictions for Digital Assets.

Share Class Selection Logic (SCSL) refers to the 'Duty of Care' towards the client that is required by law and means that the most appropriate fund share class is solicited to the client.

Remember: the solicitation framework helps you finding financial instruments that can be solicited to your clients.

## HOW THE GLOBAL INVESTMENT UNIVERSE IS DEFINED

The Instrument Class Owner (ICO) assigns financial instruments to investment universes based on defined due diligence criteria and the globally aligned framework. After the initial onboarding and along the financial instruments' lifecycle, the ICO monitors the requirements for these assignments, ensuring instruments are correctly classified and updated as needed.



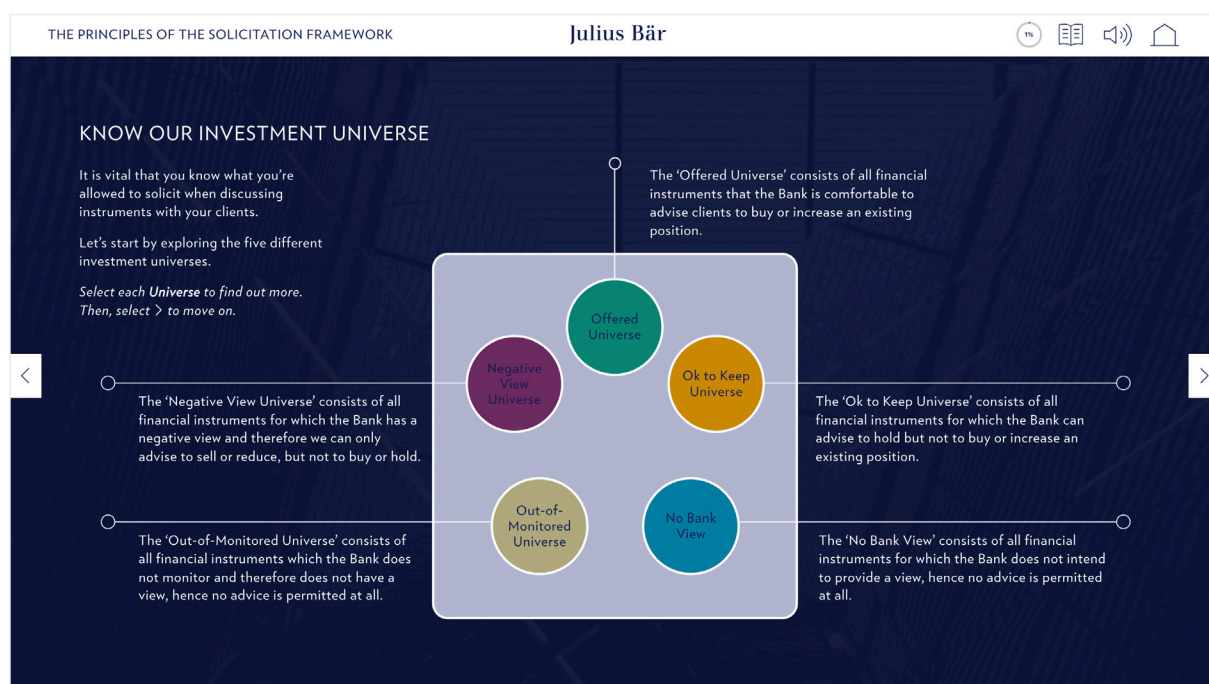


## KNOW OUR INVESTMENT UNIVERSE

It is vital that you know what you're allowed to solicit when discussing instruments with your clients.

Let's start by exploring the five different investment universes.

**Read the headings below to find out more.**



### Offered Universe

The 'Offered Universe' consists of all financial instruments that the Bank is comfortable to advise clients to buy or increase an existing position.

### Ok to Keep Universe

The 'Ok to Keep Universe' consists of all financial instruments for which the Bank can advise to hold but not to buy or increase an existing position.

### No Bank View

The 'No Bank View' consists of all financial instruments for which the Bank does not intend to provide a view, hence no advice is permitted at all.

### Out-of-Monitored Universe

The 'Out-of-Monitored Universe' consists of all financial instruments which the Bank does not monitor and therefore does not have a view, hence no advice is permitted at all.

### Negative View Universe

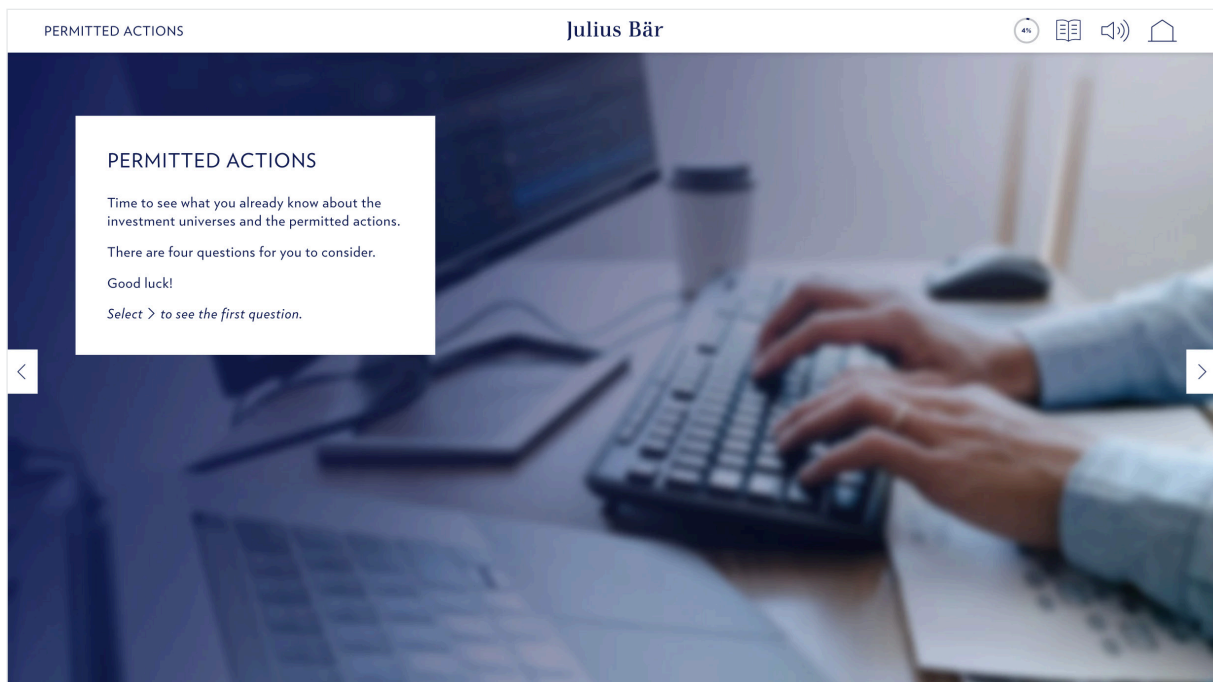
The 'Negative View Universe' consists of all financial instruments for which the Bank has a negative view and therefore we can only advise to sell or reduce, but not to buy or hold.

## PERMITTED ACTIONS

Time to see what you already know about the investment universes and the permitted actions.

There are four questions for you to consider.

Good luck!



## Q1: PERMITTED ACTIONS FOR OFFERED UNIVERSE

What are we allowed to advise for '**Offered Universe**'?

PERMITTED ACTIONS Julius Bär

Q1: PERMITTED ACTIONS FOR OFFERED UNIVERSE

What are we allowed to advise for '**Offered Universe**'?  
Select **all** options that apply, then select **Confirm**.


☐ Buy

☐ Hold

☐ Reduce

☐ Sell

CONFIRM



Select an option.

- 1 Buy
- 2 Hold
- 3 Reduce
- 4 Sell

## Q2: PERMITTED ACTIONS FOR OK TO KEEP UNIVERSE

What are we allowed to advise for 'Ok to Keep Universe'?

PERMITTED ACTIONS Julius Bär

Q2: PERMITTED ACTIONS FOR OK TO KEEP UNIVERSE

What are we allowed to advise for 'Ok to Keep Universe'?  
Select **all** options that apply, then select **Confirm**.


☐ Buy

☐ Hold

☐ Reduce

☐ Sell

CONFIRM



Select an option.

- 1 Buy
- 2 Hold
- 3 Reduce
- 4 Sell

### Q3: PERMITTED ACTIONS FOR NEGATIVE VIEW UNIVERSE

What are we allowed to advise for '**Negative View Universe**'?

PERMITTED ACTIONS Julius Bär

Q3: PERMITTED ACTIONS FOR NEGATIVE VIEW UNIVERSE

What are we allowed to advise for '**Negative View Universe**'?  
Select *all* options that apply, then select *Confirm*.


☐ Buy

☐ Hold

☐ Reduce

☐ Sell

CONFIRM



Select an option.

- 1 Buy
- 2 Hold
- 3 Reduce
- 4 Sell



## Q4: PERMITTED ACTIONS IN A NO BANK VIEW SCENARIO

What are we allowed to advise in a '**No Bank View**' scenario?

PERMITTED ACTIONS Julius Bär

Q4: PERMITTED ACTIONS IN A NO BANK VIEW SCENARIO

What are we allowed to advise in a '**No Bank View**' scenario?  
Select *all* options that apply, then select *Confirm*.

☐ Buy

☐ Hold

☐ Reduce

☐ Sell

CONFIRM

The diagram consists of five colored circles arranged in a pentagon shape. The top circle is teal and labeled 'Offered Universe'. The bottom circle is teal and labeled 'No Bank View'. The top-left circle is purple and labeled 'Negative View Universe'. The top-right circle is orange and labeled 'Ok to Keep Universe'. The bottom-left circle is grey and labeled 'Out-of-Monitored Universe'.

Select an option.

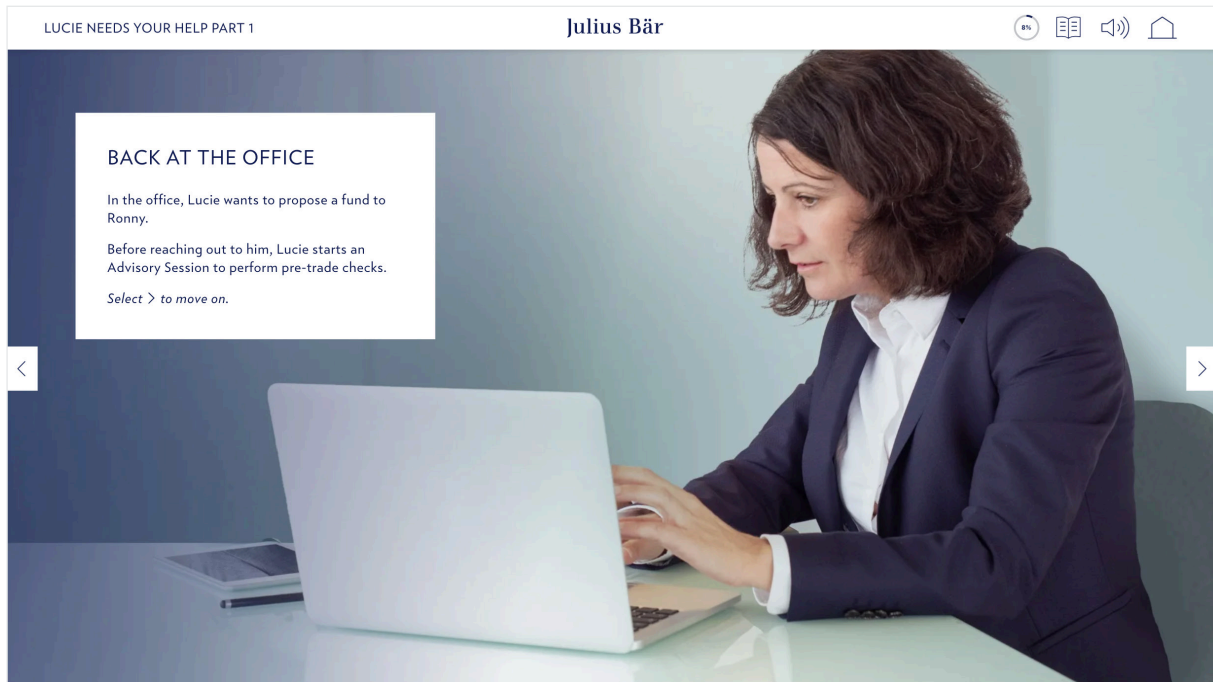
- 1 Buy
- 2 Hold
- 3 Reduce
- 4 Sell



## BACK AT THE OFFICE

In the office, Lucie wants to propose a fund to Ronny.

Before reaching out to him, Lucie starts an Advisory Session to perform pre-trade checks.



## SCENARIO 1: ACTIVE SOLICITATION

Lucie wants to propose a fund to Ronny that is Outside the Monitored Universe.

So, when Lucie opens an Advisory Session and enters the instrument, it triggers a Solicitation Policy alert.

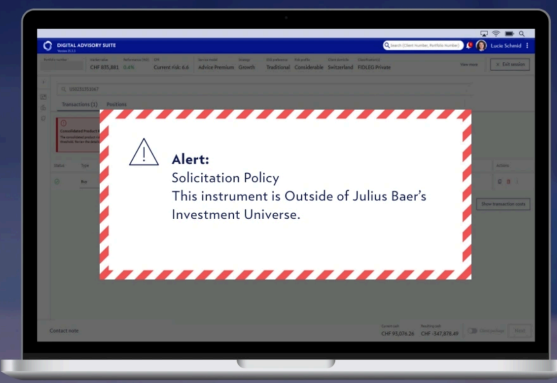
How should Lucie handle this alert?

LUCIE NEEDS YOUR HELP PART 1

Julius Bär

SCENARIO 1: ACTIVE SOLICITATION

Lucie wants to propose a fund to Ronny that is Outside the Monitored Universe.  
So, when Lucie opens an Advisory Session and enters the instrument, it triggers a Solicitation Policy alert.



How should Lucie handle this alert?  
Select *an option*, then select *Confirm*.

☐ Start override procedure.

☐ Propose a different fund from the Offered Universe.

CONFIRM

Select an option.

- 1 Start override procedure.
- 2 Propose a different fund from the Offered Universe.

## SCENARIO 2: REVERSE SOLICITATION

Ronny asks Lucie for her opinion about a stock, for which Julius Baer has a negative view.

When Lucie opens an Advisory Session and enters the ISIN, it triggers a Solicitation Policy alert.

What should Lucie do?

The screenshot shows a simulation interface titled "LUCIE NEEDS YOUR HELP PART 1" and "Julius Bär". The main content area is titled "SCENARIO 2: REVERSE SOLICITATION". It contains the following text:

Ronny asks Lucie for her opinion about a stock, for which Julius Baer has a negative view.

When Lucie opens an Advisory Session and enters the ISIN, it triggers a Solicitation Policy alert.

What should Lucie do?

Select **an option**, then select **Confirm**.

Two options are presented in a list:

- ☐ Tell Ronny that Julius Baer has a negative view of this stock and advise him that he should not invest.
- ☐ Tell Ronny that Julius Baer has a negative view of this stock, but because it fits his portfolio, she recommends it.

A "CONFIRM" button is located at the bottom right of the options.

The laptop screen displays an alert message with a red and white striped border:

**Alert:**  
Solicitation Policy  
Julius Baer has a **NEGATIVE VIEW** for this instrument.

Select an option.

- 1 Tell Ronny that Julius Baer has a negative view of this stock and advise him that he should not invest.
- 2 Tell Ronny that Julius Baer has a negative view of this stock, but because it fits his portfolio, she recommends it.




## THE CONVERSATION CONTINUES

Lucie informs Ronny about the negative view and advises against investing, but he insists that he wants to invest.

How should Lucie handle this alert?


LUCIE NEEDS YOUR HELP PART 1

Julius Bär

100%   

THE CONVERSATION CONTINUES

Lucie informs Ronny about the negative view and advises against investing, but he insists that he wants to invest.



How should Lucie handle this alert?

Select an option, then select **Confirm**.

☐ Justify with 'Client accepts risk'.

☐ Start override procedure.

CONFIRM

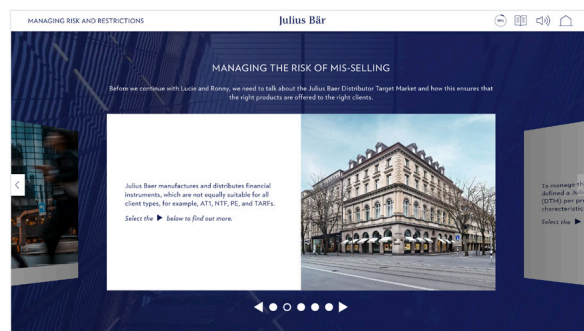
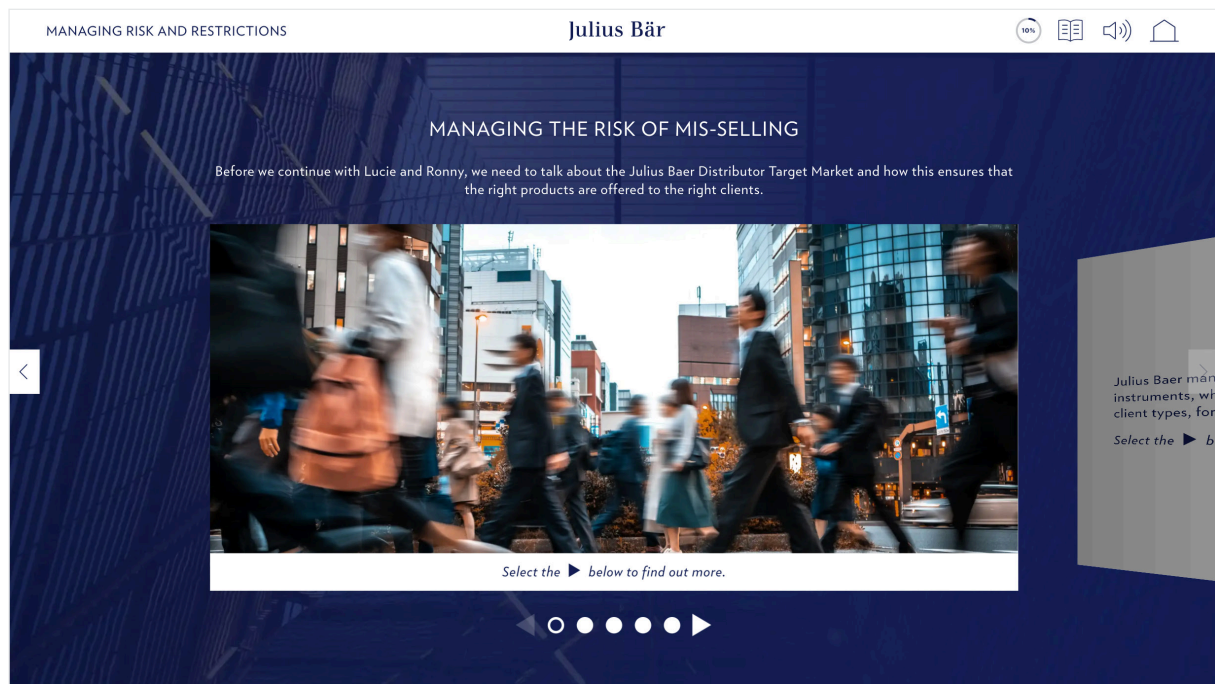
Select an option.

- 1 Justify with 'Client accepts risk'.
- 2 Start override procedure.

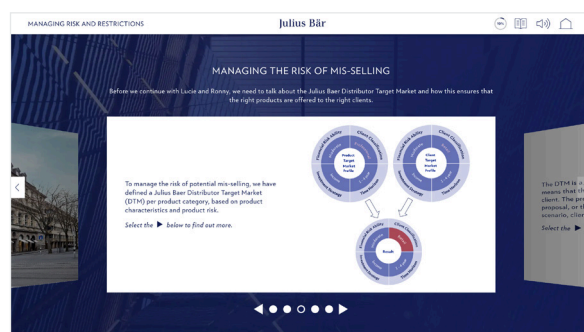
## MANAGING THE RISK OF MIS-SELLING

Before we continue with Lucie and Ronny, we need to talk about the Julius Baer Distributor Target Market and how this ensures that the right products are offered to the right clients.

Read each of the headings below to find out more.

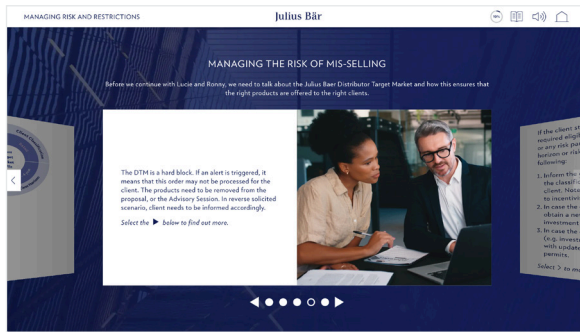


Julius Baer manufactures and distributes financial instruments, which are not equally suitable for all client types, for example, AT1, NTF, PE, and TARFs.

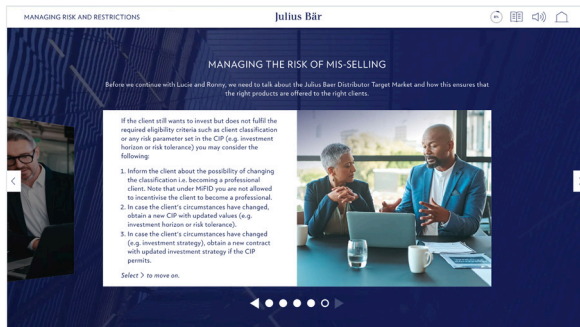


To manage the risk of potential mis-selling, we have defined a Julius Baer Distributor Target Market (DTM) per product category, based on product characteristics and product risk.

## ADVISORY DUTIES AT POINT OF SALE



The DTM is a hard block. If an alert is triggered, it means that this order may not be processed for the client. The products need to be removed from the proposal, or the Advisory Session. In reverse solicited scenario, client needs to be informed accordingly.



If the client still wants to invest but does not fulfil the required eligibility criteria such as client classification or any risk parameter set in the CIP (e.g. investment horizon or risk tolerance) you may consider the following:

1. Inform the client about the possibility of changing the classification i.e. becoming a professional client. Note that under MiFID you are not allowed to incentivise the client to become a professional.
2. In case the client's circumstances have changed, obtain a new CIP with updated values (e.g. investment horizon or risk tolerance).
3. In case the client's circumstances have changed (e.g. investment strategy), obtain a new contract with updated investment strategy if the CIP permits.



Lucie opens an Advisory Session and enters the ISIN. This triggers a Julius Baer Distributor Target Market alert. Ronny's father is a FIDLEG Private client, and the alert shows that Julius Baer has decided not to distribute this fund to FIDLEG Private clients.

## MANAGING RISK AND RESTRICTIONS

# Julius Bär

47%

### SCENARIO 3: UNSOLICITED / TARGET MARKET RESTRICTIONS

Ronny asks Lucie for her opinion on a Hedge Fund that he recently read about. He wants to invest 100k into the fund for his father.

Lucie opens an Advisory Session and enters the ISIN. This triggers a Julius Baer Distributor Target Market alert. Ronny's father is a FIDLEG Private client, and the alert shows that Julius Baer has decided not to distribute this fund to FIDLEG Private clients.

What should Lucie do?

*Select an option, then select **Confirm**.*

☐ Inform Ronny that the Hedge Fund is not intended for Private clients and therefore she cannot subscribe this fund for Ronny's father's account.

☐ Start override procedure because Ronny's father is a knowledgeable investor and can invest in this fund.

CONFIRM

- 1 Inform Ronny that the Hedge Fund is not intended for Private clients and therefore she cannot subscribe this fund for Ronny's father's account.
- 2 Start override procedure because Ronny's father is a knowledgeable investor and can invest in this fund.



## THE SOLICITATION RULES

After all other internal and regulatory solicitation rules are checked (FISR, BMO, Julius Baer DTM), a final check evaluates if there is a cheaper share class available. SCSL is only relevant for funds and looks for the cheapest share class within the same fund.

The Advisory Service Models used in Switzerland allow the Bank to retain retrocessions. RMs are allowed to advise on inducement-loaded share classes as long as it is the most appropriate one. This is ensured by the SCSL as shown on the right hand side.

Please note that investment publications do not show the most appropriate share class. This is because admission to certain (often cheaper) share classes depends on specific factors like the investment amount, the type of client contract, or the client's classification. Since these details vary from client to client, they cannot be reflected in general, mass-distributed publications.

MANAGING RISK AND RESTRICTIONS
Julius Bär

### THE SOLICITATION RULES

After all other internal and regulatory solicitation rules are checked (FISR, BMO, Julius Baer DTM), a final check evaluates if there is a cheaper share class available. SCSL is only relevant for funds and looks for the cheapest share class within the same fund.

The Advisory Service Models used in Switzerland allow the Bank to retain retrocessions. RMs are allowed to advise on inducement-loaded share classes as long as it is the most appropriate one. This is ensured by the SCSL as shown on the right hand side.

Please note that investment publications do not show the most appropriate share class. This is because admission to certain (often cheaper) share classes depends on specific factors like the investment amount, the type of client contract, or the client's classification. Since these details vary from client to client, they cannot be reflected in general, mass-distributed publications.

Select > to move on.

### All share classes

BMO rules	Distribution rules (e.g. fund registration) & tax rules
Prospectus restrictions	Minimum investment, Investor type
Identify same conditions	Share class currency, hedging, distributions
Cost element	Ongoing charges / TER

↓

### Most appropriate share class

## SCENARIO 4: A-CLASS (USD ACCUMULATION)

Lucie has received a new list with the recommended funds.

**Read the transcript below to find out more.**

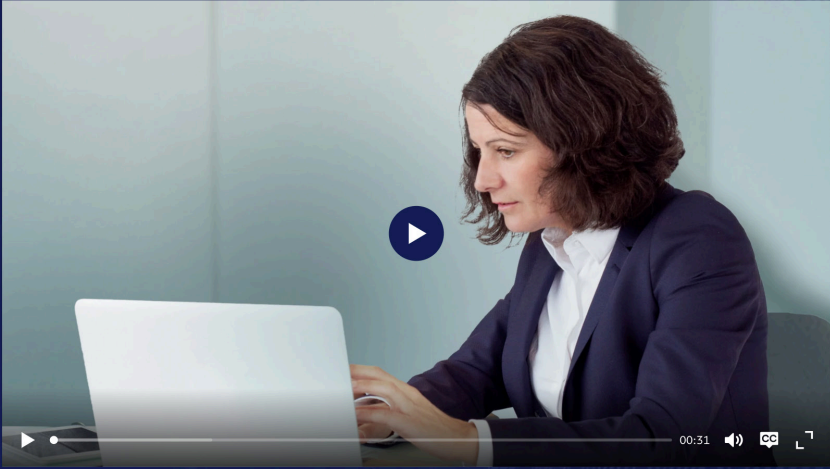
LUCIE NEEDS YOUR HELP PART 2

Julius Bär

48%  
📖 🔊 🏠

SCENARIO 4:  
A-CLASS (USD  
ACCUMULATION)

Lucie has received a new list  
with the recommended funds.  
*Select **Play** to watch the video.  
Then, select **>** to move on.*



00:31 🔊 📄 🗑

TRANSCRIPT

## TRANSCRIPT

**LUCIE:**

I've just received the new list of recommended funds.

**NARRATOR:**

Lucie opens an Advisory Session, and enters the ISIN with an investment amount of 500k US dollars. There was a significant inflow of money, and the advisory portfolio now has additional cash of 3 million Swiss Francs. She performs all the checks before calling Ronny.

**RONNY:**

Sounds great. I'd like to invest 1m US dollars.

**NARRATOR:**

When Lucie enters the requested investment amount, this triggers a Share Class Selection alert.

## WHAT SHOULD LUCIE DO?

This is the Share Class Selection alert Lucie sees.

What should she do next?

LUCIE NEEDS YOUR HELP PART 2
Julius Bär
49%

### WHAT SHOULD LUCIE DO?

This is the Share Class Selection alert Lucie sees.

What should she do next?

Select an option, then select **Confirm**.

☐ Inform Ronny that a cheaper share class is available and select 'Accept the proposed more appropriate share class (IE000WINB9887)'.

☐ Not inform Ronny of the cheaper share class, as the Bank can charge more, and instead start the override procedure.

CONFIRM

Select an option.

- 1 Inform Ronny that a cheaper share class is available and select 'Accept the proposed more appropriate share class (IE000WINB9887)'.
- 2 Not inform Ronny of the cheaper share class, as the Bank can charge more, and instead start the override procedure.




## IT'S GOOD NEWS!

Lucie has good news for Ronny...

**Read the transcript below to find out more.**

LUCIE NEEDS YOUR HELP PART 2


Julius Bär




100%   

**IT'S GOOD NEWS!**

Lucie has good news for Ronny...

Select **Play** to watch the video.  
Then, select **>** to move on.



00:24   

**TRANSCRIPT**

## TRANSCRIPT

**LUCIE:**

I can see that a less expensive share class is available due to the higher investment amount.

**RONNY:**

Even better. Let's go ahead with that.

**NARRATOR:**

Ronny fulfils all the prerequisites – a minimum investment of 1 million US dollars - to invest in the cheaper share class, so Lucie accepts the proposal. The initially entered share class A will be replaced by share class K with lower costs.

## KEY TAKEAWAYS

**The main goal of the solicitation framework is to offer the client high quality products**, meeting internal and regulatory standards.

**Solicitation Alerts (FISR in actively solicited scenario as well as BMO and DTM) are hard blocks** – they cannot be overruled based on the RM's judgment call or client's acceptance.

**If the client's circumstances change, investments might become possible**, for example:

- Where there is a change in financial circumstances (for example if the client has inherited), which could lead to a different financial risk ability and overall investment strategy (reflected in the CIP) or
- Where the client asks for an opting-out to become a Professional client

More information can be found on the Suitability Wiki.

Just type **Suitability** in your browser.

KEY TAKEAWAYS

Julius Bär

51%

📖

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🏠

KEY TAKEAWAYS

🔄

The main goal of the solicitation framework is to offer the client high quality products, meeting internal and regulatory standards.

⚠️

Solicitation Alerts (FISR in actively solicited scenario as well as BMO and DTM) are hard blocks – they cannot be overruled based on the RM's judgment call or client's acceptance.

💡

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ℹ️

More information can be found on the Suitability Wiki.

Just type **Suitability** in your browser.

<

>

You have now reached the end of this module.

Select > to return to the Menu and select another module.

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## MODULE 6 - MONITORING AND PORTFOLIO REVIEW

### THE SCENARIO CONTINUES...

As part of her morning routine, Lucie opens the Advisory Tool to scan for any overnight alerts or notifications related to her clients.

**Read the transcript below to find out more.**

OVERNIGHT MONITORING ALERTS

Julius Bär

**THE SCENARIO CONTINUES...**

As part of her morning routine, Lucie opens the Advisory Tool to scan for any overnight alerts or notifications related to her clients.

Select **Play** to watch the video. Then, select **>** to move on.

TRANSCRIPT

### TRANSCRIPT

**NARRATOR:**

Overnight, there's been an exciting development...

**NARRATOR:**

Lucie sees the alerts...

**NARRATOR:**

...and then checks the news on her screen while she drinks her morning coffee.

**NARRATOR:**

There is a takeover of a company that Ronny is invested in and the share price has soared.

**NARRATOR:**

There are several overnight alerts in Ronny's portfolio.



## DECISION TIME

How should Lucie proceed?

The screenshot shows a mobile application interface. At the top, there is a header bar with the text 'OVERNIGHT MONITORING ALERTS' on the left, 'Julius Bär' in the center, and three icons (a clock, a document, and a speaker) on the right. Below the header, the main content area has a dark blue background with a faint image of two people in a meeting. The title 'DECISION TIME' is displayed in white. Below it, the question 'How should Lucie proceed?' is shown, followed by the instruction 'Select an option, then select **Confirm**.' Two white boxes with rounded corners present the options, connected by a horizontal line with circular nodes. The first box contains the text 'Disregard the alerts as Ronny has bought this position on his own initiative, with no advice from the bank.' and a circular icon of a smartphone. The second box contains the text 'Create an investment proposal and send it to Ronny.' and a circular icon of a document with a hand. Below these options is a grey button with the text 'CONFIRM'. Navigation arrows are visible on the left and right sides of the main content area.

Select an option.

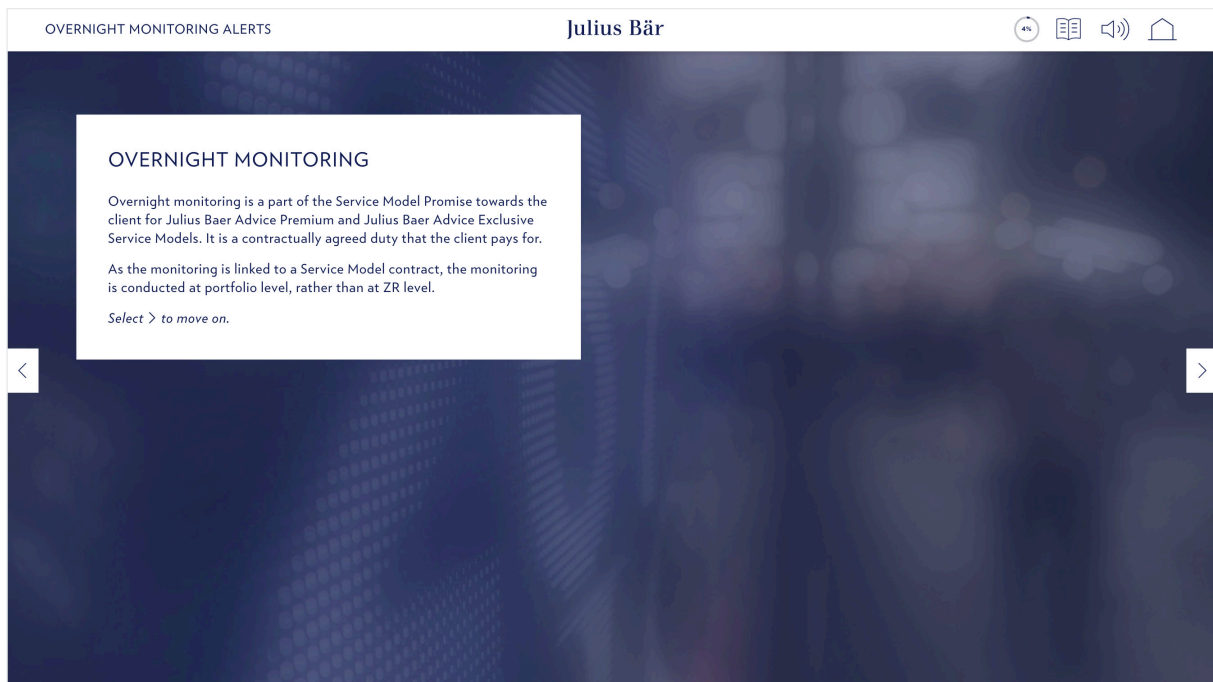
- 1 Disregard the alerts as Ronny has bought this position on his own initiative, with no advice from the bank.
- 2 Create an investment proposal and send it to Ronny.



## OVERNIGHT MONITORING

Overnight monitoring is a part of the Service Model Promise towards the client for Julius Baer Advice Premium and Julius Baer Advice Exclusive Service Models. It is a contractually agreed duty that the client pays for.

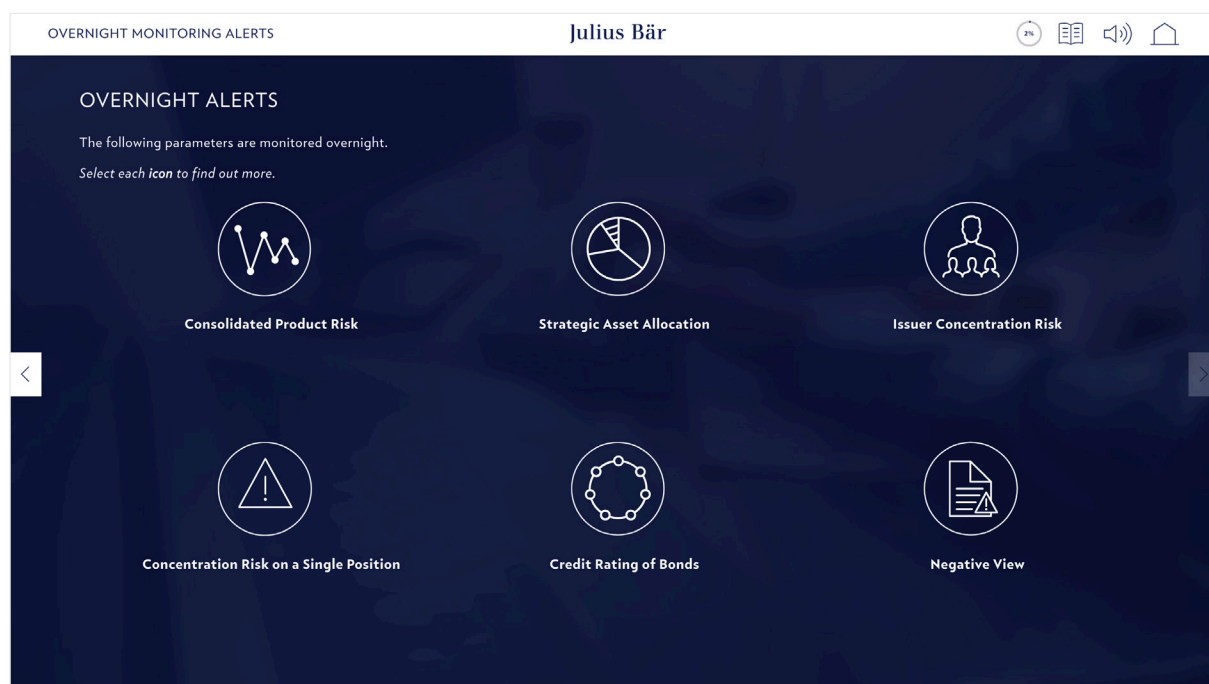
As the monitoring is linked to a Service Model contract, the monitoring is conducted at portfolio level, rather than at ZR level.



## OVERNIGHT ALERTS

The following parameters are monitored overnight.

**Read the headings below to find out more.**



### Consolidated Product Risk

Every financial instrument within the Julius Baer investment universe has a Product Risk Rating (PRR). The CPR is the weighted average of the PRR of each portfolio position.

### Strategic Asset Allocation

The SAA checks if the exposure to an asset class deviates from the bandwidth defined for a certain investment strategy.

### Issuer Concentration Risk

The ICR checks whether the exposure to a particular issuer exceeds the defined threshold.

### Concentration Risk on a Single Position

The Position Concentration checks if the exposure towards a single instrument exceeds the specified threshold.

### Credit Rating of Bonds

The Minimum Bond Rating Threshold check monitors whether the bond's rating falls below a predetermined minimum threshold.

### Negative View

The Negative View check informs the RM of the bank's negative view on a certain financial instrument.

**There is one monitoring check, which considers all portfolios under one ZR/BR. It is the Overall Investment Strategy Check or "OIS".**

## SHARE PRICE SOARS...

Let's go back to the soaring share price of Ronny's investment...

**Read the transcript below to find out more.**

OVERNIGHT MONITORING ALERTS

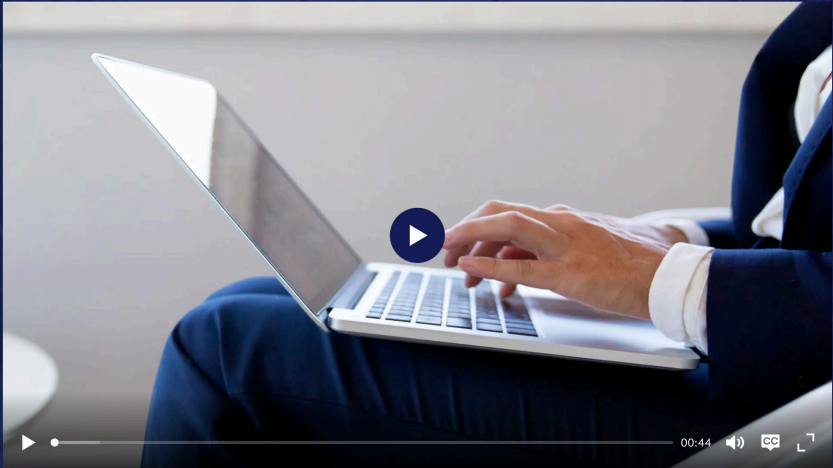
Julius Bär

4%

SHARE PRICE SOARS...

Let's go back to the soaring share price of Ronny's investment...

Select **Play** to watch the video. Then, select **>** to move on.



TRANSCRIPT

## TRANSCRIPT

### NARRATOR:

Based on this market development and the subsequent portfolio alerts, Lucie creates an investment proposal – a PIR – and sends it to Ronny.

### NARRATOR:

Then, based on her proposal, she calls Ronny to discuss the takeover announcement.

### LUCIE:

“Following recent developments, we need to review your portfolio to ensure you are not exposed to unnecessary risks. Therefore, I prepared a proposal, which I would like to discuss with you.”

### LUCIE:

“We should address the deviations from the Strategic Asset Allocation, the Consolidated Product Risk, the Issuer Concentration Risk and the Concentration Risk on a Single Position, which we monitor in your portfolio on an ongoing basis.

## WHAT DO YOU THINK?

What advice should Lucie give Ronny now?

OVERNIGHT MONITORING ALERTS Julius Bär

WHAT DO YOU THINK?

What advice should Lucie give Ronny now?

Select an option, then select **Confirm**.

☐ Recommend that Ronny sells or reduces his shares of the takeover company

☐ Recommend that Ronny increases or buys more shares of the takeover company

☐ Recommend that Ronny holds his shares of the takeover company

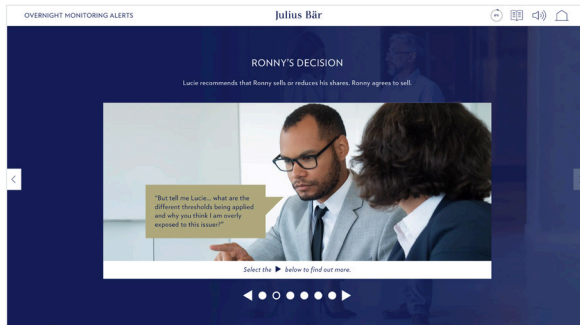
CONFIRM

Select an option.

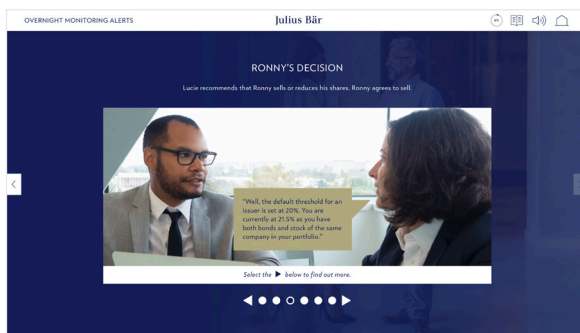
- 1 Recommend that Ronny sells or reduces his shares of the takeover company
- 2 Recommend that Ronny increases or buys more shares of the takeover company
- 3 Recommend that Ronny holds his shares of the takeover company

## RONNY'S DECISION

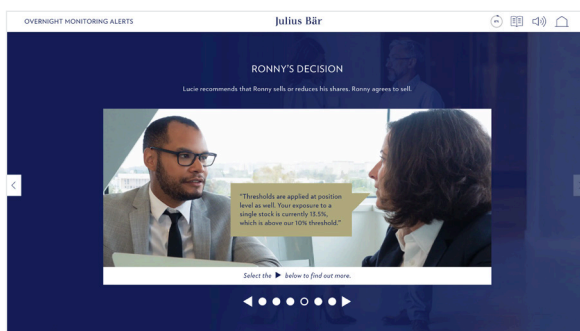
Lucie recommends that Ronny sells or reduces his shares. Ronny agrees to sell.



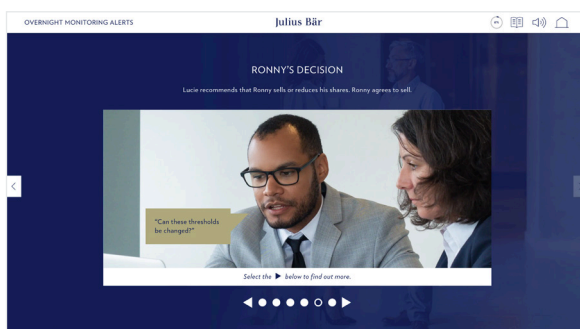
**[Ronny]:** "But tell me Lucie... what are the different thresholds being applied and why you think I am overly exposed to this issuer?"



**[Lucie]:** "Well, the default threshold for an issuer is set at 20%. You are currently at 21.5% as you have both bonds and stock of the same company in your portfolio."

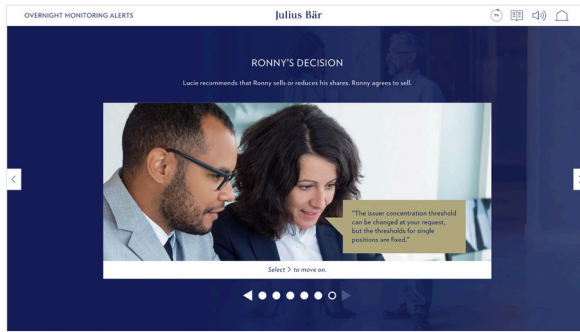


**[Lucie]:** "Thresholds are applied at position level as well. Your exposure to a single stock is currently 13.5%, which is above our 10% threshold."



**[Ronny]:** "Can these thresholds be changed?"

## ADVISORY DUTIES AT POINT OF SALE



**[Lucie]:** “The issuer concentration threshold can be changed at your request, but the thresholds for single positions are fixed.”



## LUCIE CHANGES THE RISK THRESHOLD

Ronny instructs Lucie to increase the threshold for the issuer concentration to 30%.

Lucie changes the Issuer Concentration Risk threshold in the portfolio configuration. What does this mean for Ronny?

OVERNIGHT MONITORING ALERTS Julius Bär

**LUCIE CHANGES THE RISK THRESHOLD**

Ronny instructs Lucie to increase the threshold for the issuer concentration to 30%.

Lucie changes the Issuer Concentration Risk threshold in the portfolio configuration. What does this mean for Ronny?

Select an option, then select **Confirm**.

☐ From now on, the 30% threshold will apply to all issuers

☐ From now on, the 30% threshold will only apply to this specific company

CONFIRM

Select an option.

- 1 From now on, the 30% threshold will apply to all issuers
- 2 From now on, the 30% threshold will only apply to this specific company

## THE OVERALL INVESTMENT STRATEGY CHECK (OIS)

We have now covered the monitoring activities on portfolio level. However, there is also a monitoring activity that encompasses all portfolios under the ZR.

Read each of the headings below to find out more.

MONITORING ALERTS ACROSS DIFFERENT PORTFOLIOS Julius Bär

### THE OVERALL INVESTMENT STRATEGY CHECK (OIS)

We have now covered the monitoring activities on portfolio level. However, there is also a monitoring activity that encompasses all portfolios under the ZR.

The Overall Investment Strategy Check (OIS) spans across all portfolios under one ZR and compares the investment strategies of the portfolios on a weighted basis against the evaluated Overall Investment Strategy in the CIP. All investment strategies have an assigned rating.

Select the below to find out more.

MONITORING ALERTS ACROSS DIFFERENT PORTFOLIOS Julius Bär

### THE OVERALL INVESTMENT STRATEGY CHECK (OIS)

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Select the below to find out more.

Strategy	Rating
Fixed Income	-1
Income	-0.5
Balanced	0
Growth	0.5
Capital Gain	1

The Overall Investment Strategy Check (OIS) spans across all portfolios under one ZR and compares the investment strategies of the portfolios on a weighted basis against the evaluated Overall Investment Strategy in the CIP.

All Investment Strategies have an assigned rating.

MONITORING ALERTS ACROSS DIFFERENT PORTFOLIOS Julius Bär

### THE OVERALL INVESTMENT STRATEGY CHECK (OIS)

We have now covered the monitoring activities on portfolio level. However, there is also a monitoring activity that encompasses all portfolios under the ZR.

The weighting is an important factor. The client can select an investment strategy ("Capital Gain") that exceeds the Overall Investment Strategy in the CIP (e.g. "Balanced"), provided they balance it out with a more conservative strategy in the other portfolio (e.g. "Income").

Select the below to find out more.

Portfolio	Strategy	NAV	Percent	Rating	Weighted Rating
Portfolio 1	Income	8m	80%	-0.5	-0.4
Portfolio 2	Capital Gain	2m	20%	1	0.2
		10m			-0.2

The weighting is an important factor. The client can select an investment strategy ("capital gain") that exceeds the Overall Investment Strategy in the CIP (e.g. "balanced"), provided they balance it out with a more conservative strategy in the other portfolio (e.g. "income").

## ADVISORY DUTIES AT POINT OF SALE



An OIS alert is triggered if investment strategies are – on a weighted average – unsuitable.

## RESOLVING OIS ALERTS

OIS alerts can be resolved in different ways. Which of the following action can be taken?

MONITORING ALERTS ACROSS DIFFERENT PORTFOLIOS Julius Bär

**RESOLVING OIS ALERTS**

OIS alerts can be resolved in different ways. Which of the following action can be taken?  
*Select all options that apply, then select Confirm.*

- ☐ Asking the client to sign a new contract with a more conservative investment strategy
- ☐ If the client's circumstances changed, ask the client to fill in a new CIP
- ☐ In the case of multiple portfolios, by reviewing and amending the setup

**CONFIRM**

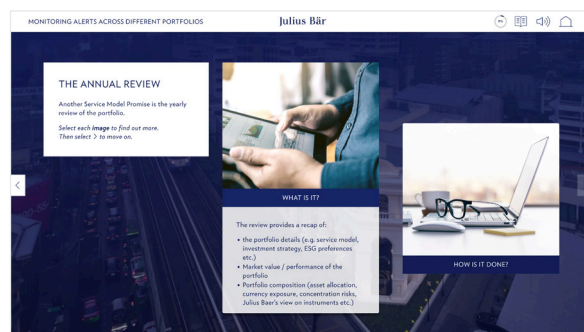
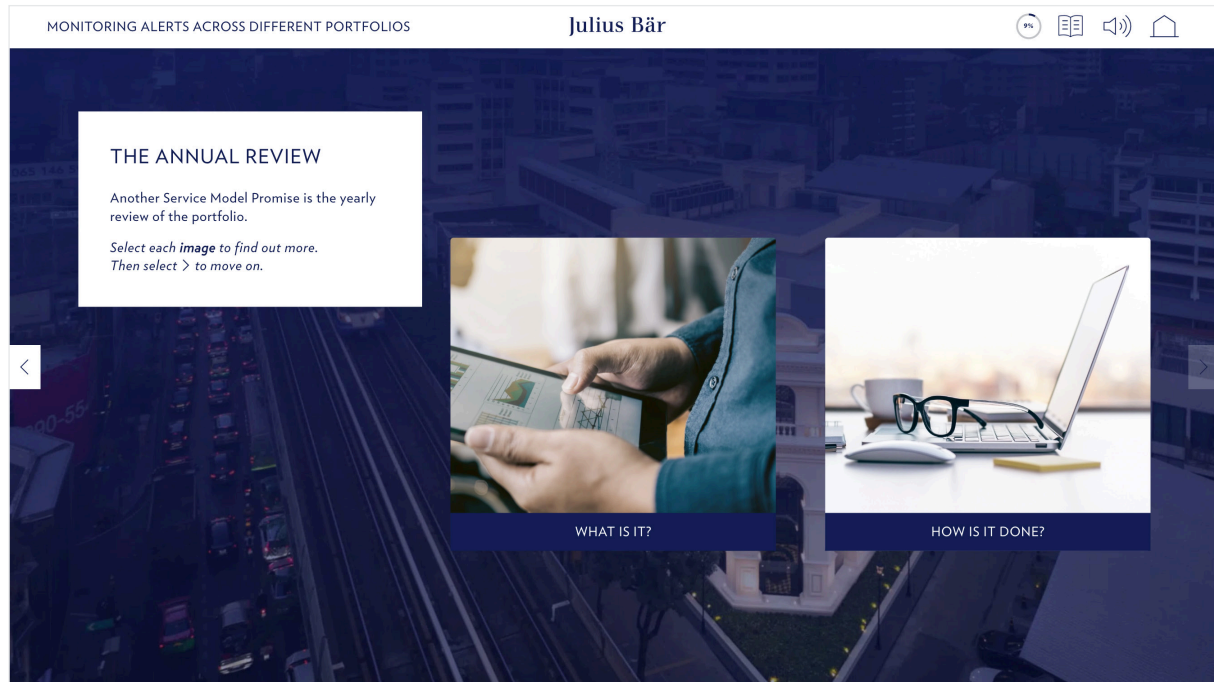
Select all options that apply.

- 1 Asking the client to sign a new contract with a more conservative investment strategy
- 2 If the client's circumstances changed, ask the client to fill in a new CIP
- 3 In the case of multiple portfolios, by reviewing and amending the setup

## THE ANNUAL REVIEW

Another Service Model Promise is the yearly review of the portfolio.

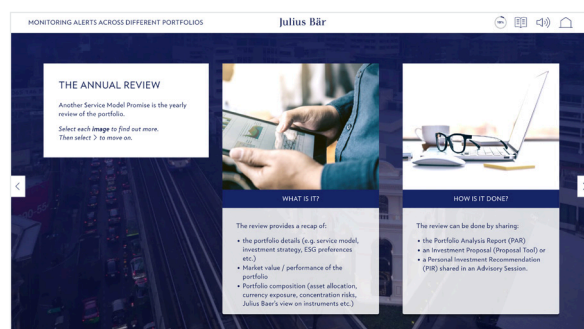
Read each of the headings below to find out more.



### WHAT IS IT?

The review provides a recap of:

- the portfolio details (e.g. service model, investment strategy, ESG preferences etc.)
- Market value / performance of the portfolio
- Portfolio composition (asset allocation, currency exposure, concentration risks, Julius Baer's view on instruments etc.)



### HOW IS IT DONE?

The review can be done by sharing:

- the Portfolio Analysis Report (PAR)
  - an Investment Proposal (Proposal Tool) or
  - a Personal Investment Recommendation (PIR) shared in an Advisory Session.
- than just the execution of a client order.



## KEY TAKEAWAYS

**Overnight monitoring is contractually agreed** and part of our Service Model Promise.

Alerts need to be communicated to the client **within 5 business days**.

This communication is also an opportunity for portfolio rebalancing and further investment proposals.




**A yearly portfolio review is required** – this can be done by sending an Investment Proposal, PIR or a PAR.

More information can be found on the **Suitability** Wiki.


Just type Suitability in your browser.


KEY TAKEAWAYS


Julius Bär


10%   


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 More information can be found on the Suitability Wiki. Just type **Suitability** in your browser.

*You have now reached the end of this module.  
Select > to return to the Menu and select another module.*





Read the transcript below to find out more.

## TRANSCRIPT

A Mandatory Disclosure Document alert is triggered, requiring Lucie to take additional steps.

## WHAT SHOULD LUCIE DO?

What does Lucie need to do?

PRE-TRADE DOCUMENTS Julius Bär 12%

**WHAT SHOULD LUCIE DO?**

What does Lucie need to do?  
*Select an option, then select **Confirm**.*

Skip the alert and proceed with the trade. Upload a PRIIPS-KID.

CONFIRM

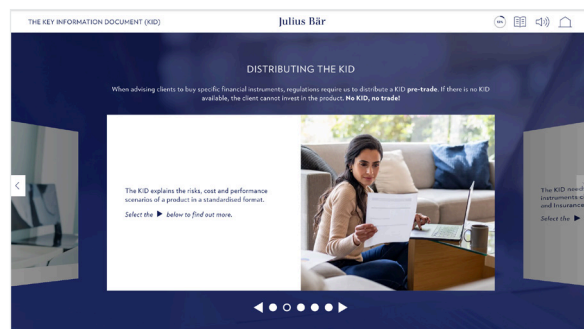
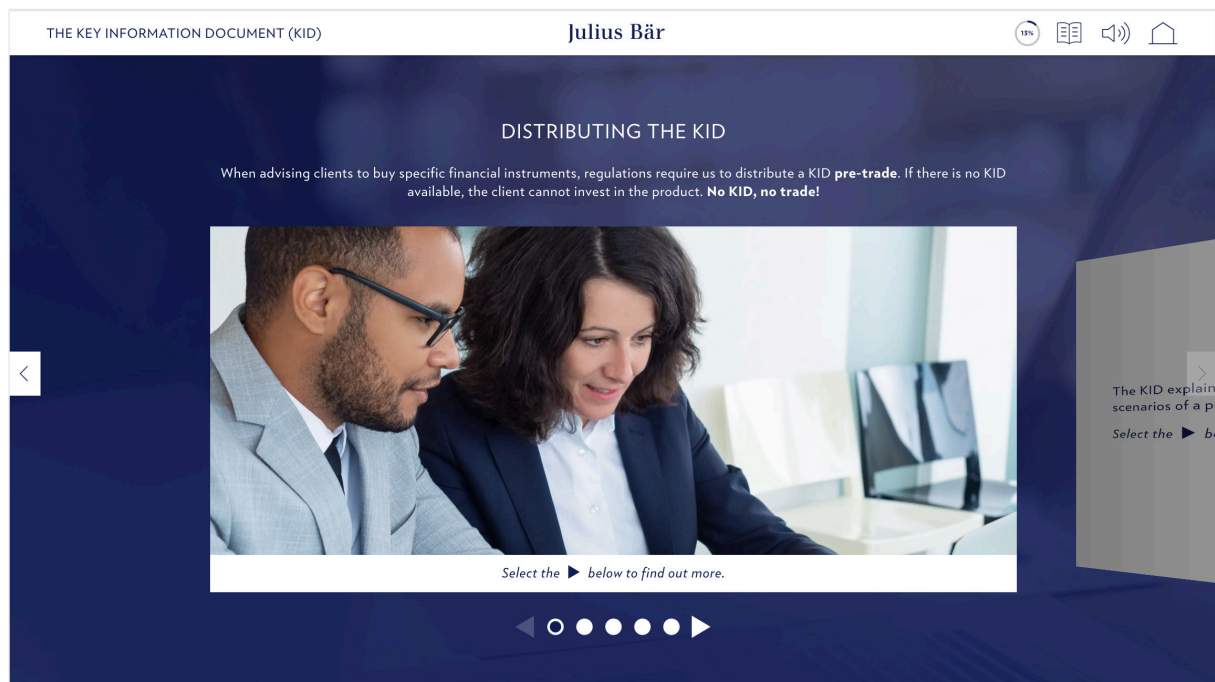
Select an option.

- 1 Skip the alert and proceed with the trade.
- 2 Upload a PRIIPS-KID.

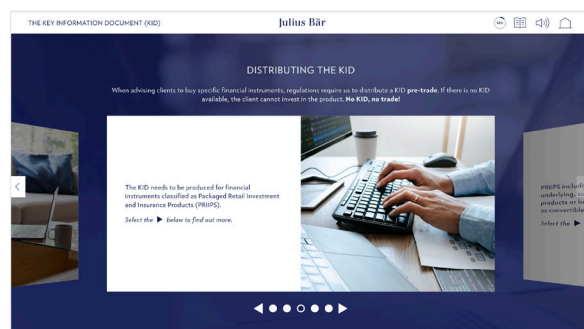
## DISTRIBUTING THE KID

When advising clients to buy specific financial instruments, regulations require us to distribute a KID pre-trade. If there is no KID available, the client cannot invest in the product. **No KID, no trade!**

Read each of the headings below to find out more.

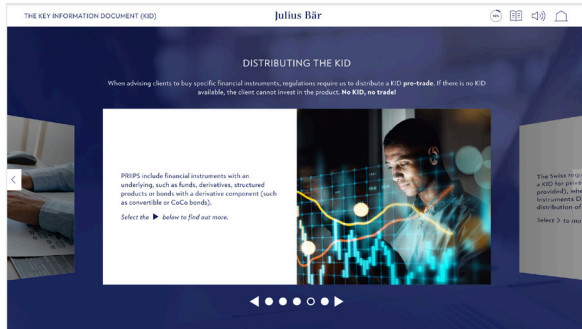


The KID explains the risks, cost and performance scenarios of a product in a standardised format.

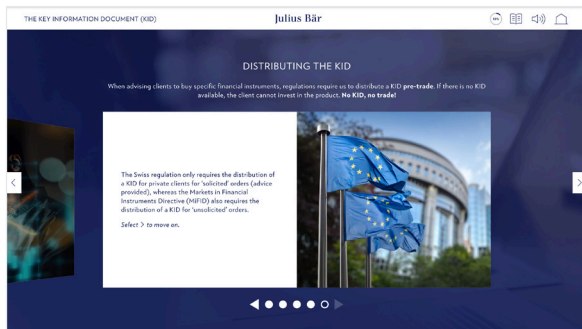


The KID needs to be produced for financial instruments classified as Packaged Retail Investment and Insurance Products (PRIIPS).

## ADVISORY DUTIES AT POINT OF SALE



PRIIPS include financial instruments with an underlying, such as funds, derivatives, structured products or bonds with a derivative component (such as convertible or CoCo bonds).



The Swiss regulation only requires the distribution of a KID for private clients for 'solicited' orders (advice provided), whereas the Markets in Financial Instruments Directive (MiFID) also requires the distribution of a KID for 'unsolicited' orders.

## WHERE TO ACCESS THE KID

You can access PRIIPS-KIDs on the PSP or on the Julius Baer Homepage (Product Information). Further links to KIDs for third party products and ETDs can be found on the Suitability Wiki.

KIDs are usually retrieved automatically and available in the Advisory Session for distribution to the client so that delivery to the client is ensured. However, in case of collective signatories the KID needs to be manually distributed to the other signatory before placing the client order. If a KID cannot be retrieved in the Advisory Session, it needs to be uploaded manually.

There may be other pre-trade documents, for example, Digital Assets Waiver or derivatives waiver, which must be provided to the client, however they are not part of this training.

THE KEY INFORMATION DOCUMENT (KID)


### WHERE TO ACCESS THE KID

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Select > to move on.



Julius Bär

Product & Service Portal

Product & Service Portal

Investment Staff

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App

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**JB Equity Global Excess. Mid Cap Ah CHF acc**

**PRODUCTION HISTORY**

**Information/Performance**

**Recommendation**

**Marketing Material**

**Disclosure Documents**

**Provider Documentation**

**Distribution/Tax Information**

**Marketing Material**

**Disclosure Documents**

**Provider Documentation**

**Distribution/Tax Information**

## HOW SHOULD LUCIE PROCEED?

Lucie gets a Mandatory Disclosure Document Alert for Ronny's father's investment. How should she proceed?

THE KEY INFORMATION DOCUMENT (KID) Julius Bär

HOW SHOULD LUCIE PROCEED?

Lucie gets a Mandatory Disclosure Document Alert for Ronny's father's investment. How should she proceed?

Select an option, then select **Confirm**.

- ☐ Upload the KID manually to the Advisory Session from PSP, Julius Baer repository or another source and send it to Ronny's father before proceeding with the order.
- ☐ Proceed with the order and then send the KID to Ronny's father after the trade has been processed.
- ☐ Upload the factsheet to the Advisory Session and send it to Ronny's father and proceed with the order.

**CONFIRM**

**Inset Image Content:**

Justification

Mandatory Disclosure Document Availability

Description	Target	Actual
XF4108220001	(None)	

PSPPS-KID is required

PSPPS-KID

The maximum document size is 5mb

Upload

Justification

Select Justification

Please state how (channel) and when (date) document was provided.

\*Comment

0/700

Cancel Justify & meet

Select an option.

- 1 Upload the KID manually to the Advisory Session from PSP, Julius Baer repository or another source and send it to Ronny's father before proceeding with the order.
- 2 Proceed with the order and then send the KID to Ronny's father after the trade has been processed.
- 3 Upload the factsheet to the Advisory Session and send it to Ronny's father and proceed with the order.



## KEY TAKEAWAYS

**No KID, no trade!** If there is no KID available, the client cannot invest in the product.

**There are no KIDs** for US ETFs.

**The requirement cannot be** waived by a client.

**In case of an alert**, upload the correct PRIIPs-KID.

**You can access KIDs** in the following ways:

- On **PSP**
- In the Julius Baer **Repository**
- In the toolbox (Julius Baer's own Structured Products)
- Via the webpage for third party Structured Products / Funds – links can be found on the Suitability Wiki
- Exchanges for ETDs – links can be found on the Suitability Wiki

More information can be found on the Suitability Wiki.

Just type **Suitability** in your browser.

KEY TAKEAWAYS

Julius Bär

100%

KEY TAKEAWAYS

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- In the toolbox (Julius Baer's own Structured Products)
- Via the webpage for third party Structured Products / Funds – links can be found on the Suitability Wiki
- Exchanges for ETDs – links can be found on the Suitability Wiki

More information can be found on the Suitability Wiki.  
 Just type **Suitability** in your browser.

*You have now reached the end of this module.  
 Select > to return to the Menu and select another module.*

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## MODULE 8 - MiFID




### RONNY MOVES TO AN EEA COUNTRY

It's been a busy day. Lucie is about to go home when her phone rings...

**Read the transcript below to find out more.**

WHEN A CLIENT RELOCATES TO AN EEA COUNTRY

Julius Bär

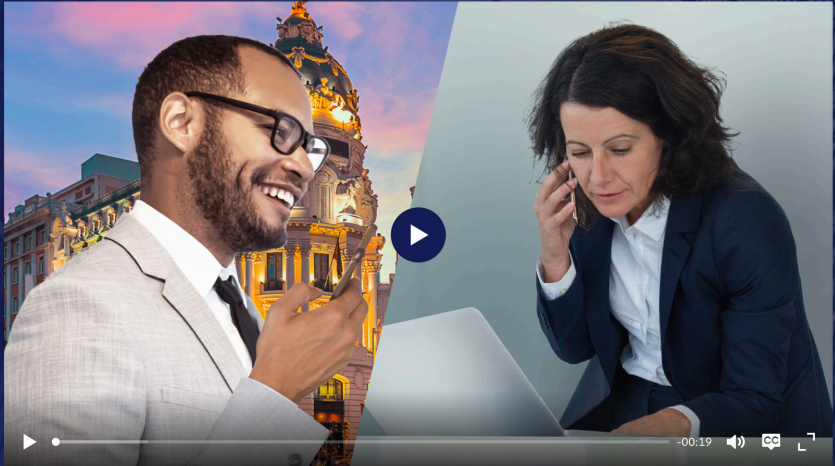
100%   




**RONNY MOVES TO AN EEA COUNTRY**

It's been a busy day. Lucie is about to go home when her phone rings...

Select **Play** to watch the video. Then, select **>** to move on.

<



-00:19   

TRANSCRIPT

### TRANSCRIPT

**RONNY:**

I'm calling to give you some news.

**RONNY:**

I've been offered another job, so I've moved from Zurich to Madrid.

**RONNY:**

I need to give you my new address. I'll share it with you later.

**LUCIE:**

That's great. Thanks Ronny, and congratulations.

**NARRATOR:**

What does this mean for Lucie and the client relationship?

## APPLICABILITY OF MiFID “ADD-ON”

If a client is based in a European Country (the EEA or the UK) but served out of Switzerland, then the MiFID Standard applies (called MiFID “add-on”).

**Read the headings below to find out more.**

WHEN A CLIENT RELOCATES TO AN EEA COUNTRY

Julius Bär

100%

### APPLICABILITY OF MiFID “ADD-ON”

If a client is based in a European Country (the EEA or the UK) but served out of Switzerland, then the MiFID Standard applies (called MiFID “add-on”).

Select each **tab** to find out more. Then select **>** to move on.

WHY?

MiFID “ADD-ON” STANDARD IN ADDITION TO THE FinSA STANDARD

ADDITIONAL MiFID “ADD-ON” STANDARD

The reason for this is that Switzerland ratified the Lugano Convention, according to which local judgments (based on local laws and regulations) can be directly enforced in Switzerland.






### WHY?

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WHEN A CLIENT RELOCATES TO AN EEA COUNTRY

Julius Bär

10%   

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<

WHY?

MiFID “ADD-ON” STANDARD IN ADDITION TO THE FinSA STANDARD

ADDITIONAL MiFID “ADD-ON” STANDARD

The MiFID “add-on” Standard is stricter than the FinSA Standard and applies to clients domiciled in a European Country in addition to the FinSA Standard. Hereinafter, we are covering the MiFID “add-on” Standard.



>

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WHEN A CLIENT RELOCATES TO AN EEA COUNTRY

Julius Bär

2%

📄 🔊 🏠

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If a client is based in a European Country (the EEA or the UK) but served out of Switzerland, then the MiFID Standard applies (called MiFID “add-on”).

Select each **tab** to find out more. Then select **>** to move on.

<

WHY?

MiFID “ADD-ON” STANDARD IN ADDITION TO THE FinSA STANDARD

ADDITIONAL MiFID “ADD-ON” STANDARD



The following additional requirements apply under the MiFID “add-on” Standard:

- Client Classification according to MiFID Standard
- Pre-Trade PRIIPS-KID for unsolicited transactions
- Pre-Trade Cost Disclosure
- 10% loss notification for leveraged products (e.g. options)
- Post-Trade PIR / Suitability Report

Please be aware that further country-specific rules apply in cross-border client relationships. For more information, please open JBG-G-2038 (D-1046) “Country Guideline Overview” in [Navex](#).

>

### ADDITIONAL MiFID “ADD-ON” STANDARD

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## ADDITIONAL REQUIREMENTS OF MiFID “ADD-ON”

Read the headings below to find out more.

WHEN A CLIENT RELOCATES TO AN EEA COUNTRY

Julius Bär

100%

### ADDITIONAL REQUIREMENTS OF MiFID “ADD-ON”

Select each **tab** to find out more. Then select > to move on.

CLIENT CLASSIFICATION ACCORDING TO MiFID STANDARDS >


PRE-TRADE PRIIPS-KID FOR UNSOLICITED TRANSACTIONS >

PRE-TRADE COST DISCLOSURE >

10% LOSS NOTIFICATION FOR LEVERAGED PRODUCTS (E.G. OPTIONS) >

POST-TRADE PIR / SUITABILITY REPORT >

Clients are classified under MiFID Standards per default as MiFID Retail. For the reclassification upon client's request, clients must meet the MiFID criteria and respective forms must be used.



MiFID Elected Professional	Form ID CH-01150
MiFID Per Se Professional	Form ID CH-01151
MiFID Eligible Counterparty	Form ID CH-01152

### CLIENT CLASSIFICATION ACCORDING TO MiFID STANDARDS

Clients are classified under MiFID Standards per default as MiFID Retail. For the reclassification upon client's request, clients must meet the MiFID criteria and respective forms must be used.



A PRIIPS-KID must be sent pre-trade to MiFID Retail clients also for unsolicited orders.

WHEN A CLIENT RELOCATES TO AN EEA COUNTRY
Julius Bär
17%

### ADDITIONAL REQUIREMENTS OF MiFID “ADD-ON”

Select each **tab** to find out more. Then select > to move on.

CLIENT CLASSIFICATION ACCORDING TO MiFID STANDARDS >
PRE-TRADE PRIIPS-KID FOR UNSOLICITED TRANSACTIONS >
PRE-TRADE COST DISCLOSURE >
10% LOSS NOTIFICATION FOR LEVERAGED PRODUCTS (E.G. OPTIONS) >
POST-TRADE PIR / SUITABILITY REPORT >

A Pre-Trade Cost Disclosure must be sent out to MiFID Retail clients for all orders and to MiFID Professional clients for solicited orders.

Indicative cost simulation Julius Bär

Relationship no. \_\_\_\_\_  
Account Currency \_\_\_\_\_  
Portfolio no. \_\_\_\_\_

**Your intended buy order - 31.03.2025, 07:11:57**  
Your intended subscription / buy order

Quantity	Description	Currency	Indicative price
100	Units Premium Selection Units Icar JB Fix Income Asset: Aic/Quant/PMG/AJD Val. 123844276 ISIN IE000WFBH543	AUD	74.0044
<b>Transaction amount</b>		AUD	7'400.44
<b>Transaction costs</b>			
	Brokerage	AUD	356.75
	Product expense ratio		4.3.10

## PRE-TRADE COST DISCLOSURE

A Pre-Trade Cost Disclosure must be sent out to MiFID Retail clients for all orders and to MiFID Professional clients for solicited orders.

132


WHEN A CLIENT RELOCATES TO AN EEA COUNTRY Julius Bär 17% 📖 🔊 🏠

### ADDITIONAL REQUIREMENTS OF MiFID “ADD-ON”

Select each **tab** to find out more. Then select > to move on.

- CLIENT CLASSIFICATION ACCORDING TO MiFID STANDARDS >
- PRE-TRADE PRIIPS-KID FOR UNSOLICITED TRANSACTIONS >
- PRE-TRADE COST DISCLOSURE >
- 10% LOSS NOTIFICATION FOR LEVERAGED PRODUCTS (E.G. OPTIONS)** >
- POST-TRADE PIR / SUITABILITY REPORT >

A 10% loss notification must be sent to all MiFID Retail clients, if the position value for leveraged instruments decreases by 10%.



### 10% LOSS NOTIFICATION FOR LEVERAGED PRODUCTS (E.G. OPTIONS)

A 10% loss notification must be sent to all MiFID Retail clients, if the position value for leveraged instruments decreases by 10%.

WHEN A CLIENT RELOCATES TO AN EEA COUNTRY
Julius Bär
10%

## ADDITIONAL REQUIREMENTS OF MiFID “ADD-ON”

Select each **tab** to find out more. Then select > to move on.

CLIENT CLASSIFICATION ACCORDING TO MiFID STANDARDS >

PRE-TRADE PRIIPS-KID FOR UNSOLICITED TRANSACTIONS >

PRE-TRADE COST DISCLOSURE >

10% LOSS NOTIFICATION FOR LEVERAGED PRODUCTS (E.G. OPTIONS) >

POST-TRADE PIR / SUITABILITY REPORT >

The PIR / Suitability Report must be sent out post-trade to all MiFID Retail clients.

## POST-TRADE PIR / SUITABILITY REPORT




The PIR / Suitability Report must be sent out post-trade to all MiFID Retail clients.

## WHAT DO YOU THINK?

Ronny has moved from Zurich to Madrid. How should Lucie proceed?

WHEN A CLIENT RELOCATES TO AN EEA COUNTRY

Julius Bär

18%   

WHAT DO YOU THINK?

Ronny has moved from Zurich to Madrid. How should Lucie proceed?

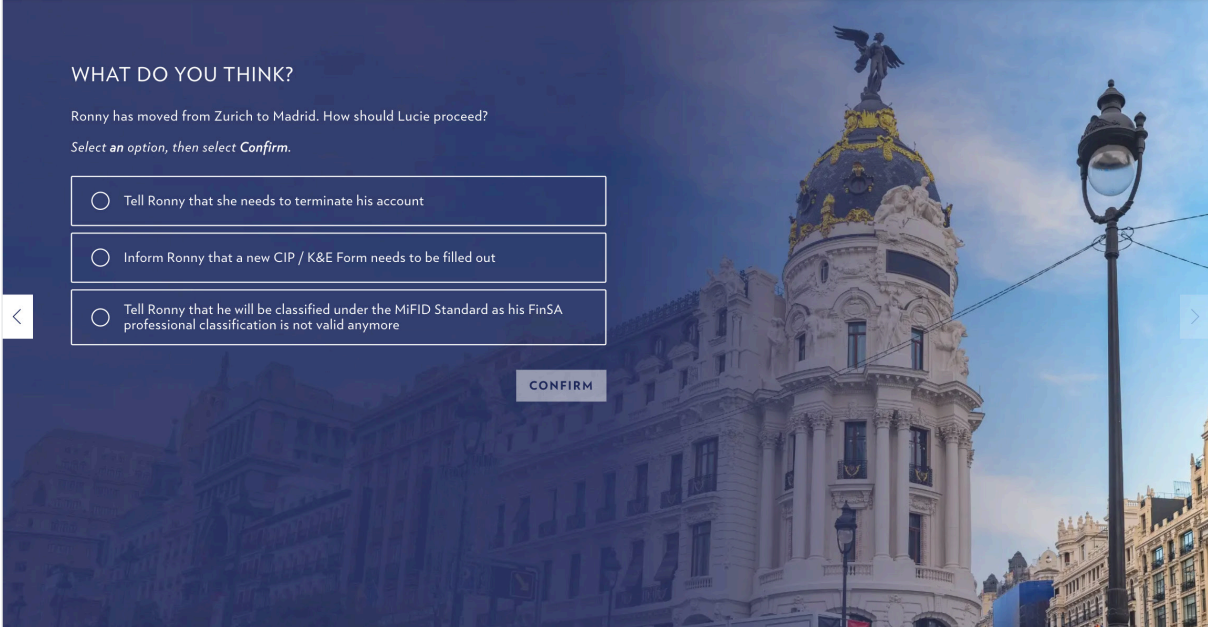
Select an option, then select **Confirm**.

☐ Tell Ronny that she needs to terminate his account

☐ Inform Ronny that a new CIP / K&E Form needs to be filled out

☐ Tell Ronny that he will be classified under the MiFID Standard as his FinSA professional classification is not valid anymore

**CONFIRM**



Select an option.

- 1 Tell Ronny that she needs to terminate his account
- 2 Inform Ronny that a new CIP / K&E Form needs to be filled out
- 3 Tell Ronny that he will be classified under the MiFID Standard as his FinSA professional classification is not valid anymore

## WHAT IS THE IMPACT?

Because Ronny has moved from Switzerland (a non-EEA country) to an EEA country, he will be classified under the MiFID Standards.

WHEN A CLIENT RELOCATES TO AN EEA COUNTRY

Julius Bär

19%

WHAT IS THE IMPACT?

Because Ronny has moved from Switzerland (a non-EEA country) to an EEA country, he will be classified under the MiFID Standards.

Select **Lucie** to find out why.

Ronny will lose his FinSA professional status and he needs to go through the opting-out process again to become a MiFID Professional client. This is because the requirements for client classification under FinSA and MiFID are different.

Select > to move on.

<

>

**[Lucie]:** Ronny will lose his FinSA professional status and he needs to go through the opting-out process again to become a MiFID Professional client. This is because the requirements for client classification under FinSA and MiFID are different.



## CHANGING CLIENT CLASSIFICATION REGIME...

Let's find out what this means for Ronny...

**Read the transcript below to find out more.**

WHEN A CLIENT RELOCATES TO AN EEA COUNTRY

Julius Bär

20%

CHANGING CLIENT CLASSIFICATION REGIME...

Let's find out what this means for Ronny...  
 Select **Play** to watch the video.  
 Then, select **>** to move on.

TRANSCRIPT

## TRANSCRIPT

### NARRATOR:

Ronny needs to make the opting-out request on his own initiative.

### NARRATOR:

Lucie needs to ensure she uses the right form for the opt-out.

### NARRATOR:

Ronny will also need to meet at least two of the three criteria shown here.

### NARRATOR:

He will need bankable assets of 500'000 Euros. This criterion must always be fulfilled and per account holder.

### NARRATOR:

An average of 10 transactions. This is verified using the K&E form. Sufficient experience must be declared by having more than five trades in the majority of asset classes and trading experience must be stated.

### NARRATOR:

Or, a professional background. This is also verified by means of the K&E form. Ronny's respective source of knowledge must reflect his professional experience.

### NARRATOR:

For more information, visit the Suitability Wiki.

## APPLICABILITY OF MiFID

WHEN A CLIENT RELOCATES TO AN EEA COUNTRY
Julius Bär
21%

### APPLICABILITY OF MiFID


**Important:**

The client needs to make the opting-out request on their own initiative. Under MiFID, you must strictly refrain from incentivising, inducing or pressuring a Retail client to request to be treated as an Elected Professional!

< You need to stay neutral. For example, you can provide information on the possibility of opting-out but you should also point out the reduction in client protection level.

Further information can be found on the Suitability Wiki.

Select > to move on.



### Important:

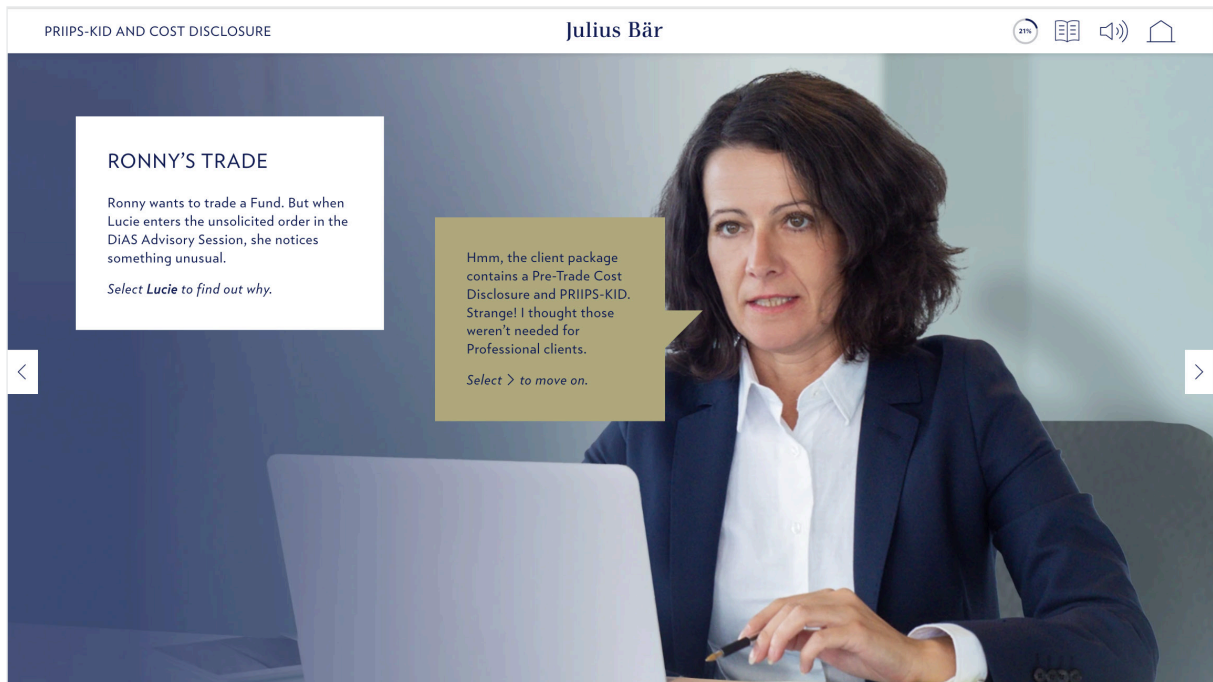
The client needs to make the opting-out request on their own initiative. Under MiFID, you must strictly refrain from incentivising, inducing or pressuring a Retail client to request to be treated as an Elected Professional!

You need to stay neutral. For example, you can provide information on the possibility of opting-out but you should also point out the reduction in client protection level.

Further information can be found on the Suitability Wiki.

## RONNY'S TRADE

Ronny wants to trade a Fund. But when Lucie enters the unsolicited order in the DiAS Advisory Session, she notices something unusual.



**[Lucie]:** “Hmm, the client package contains a Pre-Trade Cost Disclosure and PRIIPS-KID. Strange! I thought those weren’t needed for Professional clients.”

## WHAT DO YOU THINK?

When Lucie checks the client classification in CRM / CLM, she realises that Ronny is marked as a MiFID Retail client.

How should she proceed?

PRIIPS-KID AND COST DISCLOSURE Julius Bär

WHAT DO YOU THINK?

When Lucie checks the client classification in CRM / CLM, she realises that Ronny is marked as a MiFID Retail client.

How should she proceed?

Select all options that apply, then select **Confirm**.

- ☐ Suggest Ronny to opt out so he stops receiving these documents going forward
- ☐ Inform Ronny that due to his relocation to Madrid he is classified as a MiFID Retail client, which is why he is now receiving additional documents
- ☐ Send out the client package containing the Pre-Trade Cost Disclosure and the PRIIPS-KID

CONFIRM

Select an option.

- 1 Suggest Ronny to opt out so he stops receiving these documents going forward
- 2 Inform Ronny that due to his relocation to Madrid he is classified as a MiFID Retail client, which is why he is now receiving additional documents
- 3 Send out the client package containing the Pre-Trade Cost Disclosure and the PRIIPS-KID



## APPLICABILITY OF PRE-TRADE COST DISCLOSURE AND PRIIPS-KID

When a client moves out of Switzerland to a European country, it is important to be aware of a change in our disclosure obligations.

Read each of the headings below to find out more.

MiFID requires a **Pre-Trade Cost Disclosure** for:

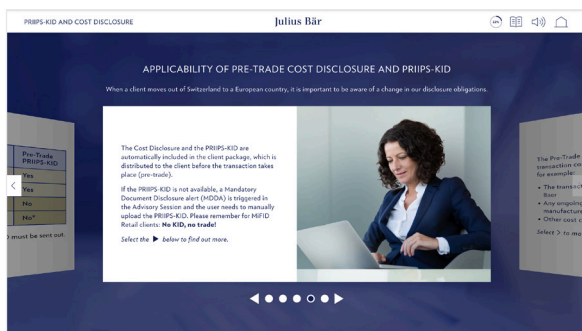
- 1) **MiFID Retail clients** for all orders
- 2) **MiFID Professional clients** only for solicited orders.



The PRIIPS Regulation requires us to send a **Pre-Trade PRIIPS-KID** for:

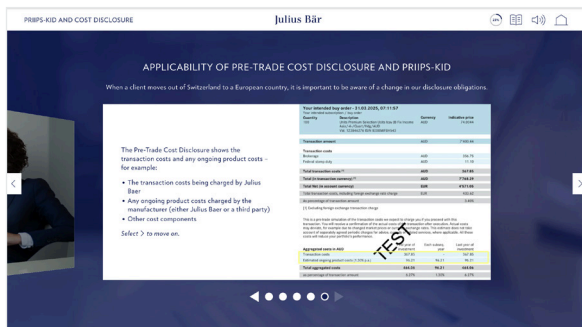
- **MiFID Retail clients** for all orders in instruments for which a PRIIPS-KID is required (e.g. funds and structured products).

For Professional clients, the regulation does not require us to provide a PRIIPS-KID. However, if the Pre-Trade Cost Disclosure is not complete for solicited orders (for example, due to missing product costs), it is essential that we send a PRIIPS-KID, setting out these costs.



The Cost Disclosure and the PRIIPS-KID are automatically included in the client package, which is distributed to the client before the transaction takes place (pre-trade).

If the PRIIPS-KID is not available, a Mandatory Document Disclosure alert (MDDA) is triggered in the Advisory Session and the user needs to manually upload the PRIIPS-KID. Please remember for MiFID Retail clients: **No KID, no trade!**



The Pre-Trade Cost Disclosure shows the transaction costs and any ongoing product costs – for example:

- The transaction costs being charged by Julius Baer
- Any ongoing product costs charged by the manufacturer (either Julius Baer or a third party)
- Other cost components

## VOLATILE MARKETS

Read the transcript below to find out more.

PRIIPS-KID AND COST DISCLOSURE Julius Bär

**VOLATILE MARKETS**

Select **Play** to watch the video.  
Then, select **>** to move on.



00:12

**TRANSCRIPT**

## TRANSCRIPT

**NARRATOR:**

The markets are volatile and prices moved dramatically. Ronny calls Lucie.

**RONNY:**

I received a 10% loss notification in my e-Banking account.

**RONNY:**

Why am I receiving these now?



## 10% LOSS NOTIFICATIONS

The bank must inform its Retail clients by the end of the business day when the position value for leveraged instruments decreases by 10% of the initial value. The Loss Notification is then retriggered in steps of 10%.

The client receives the Loss Notification automatically through e-Banking or e-Mail.

**10% LOSS NOTIFICATIONS**

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The client receives the Loss Notification automatically through e-Banking or e-Mail.

Select > to move on.

**Note:** For Discretionary Mandates, the calculation is performed on portfolio level. If the portfolio decreases by 10% of the initial value, a Loss Notification is sent out to the client.

**Julius Bär**

Relationship no. 03xx.x06  
Portfolio no. 03xx.x06.02.01

**EXAMPLE**

Dear Client,

Investment firms are required to notify their clients each time the value of their portfolio decreases by a threshold of 10%, or a further multiple of 10%, against the value at the beginning of the most recent reporting period.

Since 30.06.2019, the net asset value of your portfolio 03xx.x06.02.01 has decreased by -10.20%, recorded as at 25.07.2019.

Should you have any questions or require further information, please contact your relationship manager.

Yours faithfully,  
Bank Julius Bär & Co. Ltd.

**Note:** For Discretionary Mandates, the calculation is performed on portfolio level. If the portfolio decreases by 10% of the initial value, a Loss Notification is sent out to the client.

## RONNY'S NEW ROLE

A few months later, Ronny is moving again.

**Read the transcript below to find out more.**

WHEN A CLIENT RELOCATES TO GERMANY

Julius Bär


24%

📖 🔊 🏠

**RONNY'S NEW ROLE**

A few months later, Ronny is moving again.

Select **Play** to watch the video. Then, select **>** to move on.



TRANSCRIPT

## TRANSCRIPT

**NARRATOR:**

Ronny is leaving Madrid...

**NARRATOR:**

...and he is moving to Munich.

**RONNY:**

I'm calling to let you know that I've moved to Munich. I'll share my new address soon.

**NARRATOR:**

What does this mean for Ronny and the ongoing client relationship?

## WHAT DO YOU THINK?

Ronny has moved from Madrid to Munich. What impact does this have on his professional classification?

WHEN A CLIENT RELOCATES TO GERMANY

Julius Bär

25%  
📖 🔊 🏠

WHAT DO YOU THINK?

Ronny has moved from Madrid to Munich. What impact does this have on his professional classification?

Select an option, then select *Confirm*.

☐ Ronny needs to be reclassified again

☐ Ronny's classification stays unchanged

<

CONFIRM

>

Select an option.

- 1 Ronny needs to be reclassified again
- 2 Ronny's classification stays unchanged

## APPLICABILITY OF FULL MiFID

Julius Baer has obtained a cross-border license in the form of a standard exemption “Freistellungsverfügung” from the German regulator “BaFin”.

**Read the headings below to find out more.**

WHEN A CLIENT RELOCATES TO GERMANY

Julius Bär

30%

### APPLICABILITY OF FULL MiFID

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Select each **tab** to find out more. Then select **>** to move on.

WHAT THIS MEANS

FULL MiFID STANDARD IN ADDITION TO THE FINSA AND THE MiFID “ADD-ON” STANDARD

FULL MiFID STANDARD

Because of this standard exemption “Freistellungsverfügung”, Julius Baer is under the supervision of the German Regulator “BaFin” and must comply with the Full MiFID Standard, similar to a domestic bank.

### WHAT THIS MEANS

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WHEN A CLIENT RELOCATES TO GERMANY

Julius Bär

20%

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WHAT THIS MEANS

FULL MiFID STANDARD IN ADDITION TO THE FINSA AND THE MiFID "ADD-ON" STANDARD

FULL MiFID STANDARD

The Full MiFID Standard is stricter than the FinSA together with the MiFID "add-on" Standard, and is applied on top of them to clients domiciled in Germany. Hereinafter, we are covering the Full MiFID Standard.

```

graph BT
    A[FinSA] -- "+" --> B[MiFID add-on]
    B -- "+" --> C[Full MiFID]
  
```

### FULL MiFID STANDARD IN ADDITION TO THE FINSA AND THE MiFID "ADD-ON" STANDARD

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WHEN A CLIENT RELOCATES TO GERMANY Julius Bär

2%

APPLICABILITY OF FULL MiFID

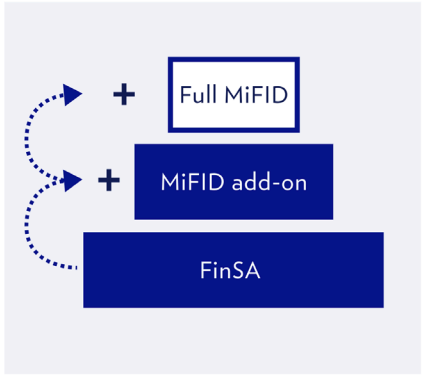
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WHAT THIS MEANS

FULL MiFID STANDARD IN ADDITION TO THE FINSA AND THE MiFID "ADD-ON" STANDARD

FULL MiFID STANDARD



The following additional requirements apply under the Full MiFID Standard:

- Pre-trade PIR / Suitability Report
- Yearly distribution of Cost & Charges Summary
- Portfolio Cost Simulation
- Phone recording
- Cost-Benefit Analysis for Switch Recommendation
- MiFID Target Market Check
- Pre-trade PIB ("Produktinformationsblatt")

Please be aware that further country-specific rules apply in cross-border client relationships. For more information, please open JBG-G-2038 (D-1046) "Country Guideline Overview" in **Navex**.

## FULL MiFID STANDARD

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## ADDITIONAL REQUIREMENTS OF FULL MiFID

Read the headings below to find out more.

WHEN A CLIENT RELOCATES TO GERMANY

Julius Bär

27%

### ADDITIONAL REQUIREMENTS OF FULL MiFID

Select each **tab** to find out more. Then select > to move on.

PRE-TRADE PIR / SUITABILITY REPORT >

YEARLY DISTRIBUTION OF COST & CHARGES SUMMARY >

PORTFOLIO COST SIMULATION >

PHONE RECORDING >

COST BENEFIT FOR SWITCH RECOMMENDATION >


MANUFACTURER TARGET MARKET (MTM) CHECK >

PRE-TRADE PIB ("Produktinformationsblatt") >

The PIR / Suitability Report must be sent **pre-trade to MiFID retail clients for all advised orders.**

Julius Bär

PERSONAL INVESTMENT RECOMMENDATION



### PRE-TRADE PIR / SUITABILITY REPORT

The PIR / Suitability Report must be sent **pre-trade to MiFID retail clients for all advised orders.**


WHEN A CLIENT RELOCATES TO GERMANY
Julius Bär
27%

### ADDITIONAL REQUIREMENTS OF FULL MiFID

Select each **tab** to find out more. Then select > to move on.

PRE-TRADE PIR / SUITABILITY REPORT >
YEARLY DISTRIBUTION OF COST & CHARGES SUMMARY >
PORTFOLIO COST SIMULATION >
PHONE RECORDING >
COST BENEFIT FOR SWITCH RECOMMENDATION >
MANUFACTURER TARGET MARKET (MTM) CHECK >
PRE-TRADE PIB ("Produktinformationsblatt") >

An annual Cost & Charges Report summarising costs, charges and compensations of third parties (inducements) is sent out automatically in each first quarter of a year.



### YEARLY DISTRIBUTION OF COST & CHARGES SUMMARY

An annual Cost & Charges Report summarising costs, charges and compensations of third parties (inducements) is sent out automatically in each first quarter of a year.

WHEN A CLIENT RELOCATES TO GERMANY
Julius Bär
27%

### ADDITIONAL REQUIREMENTS OF FULL MiFID

Select each **tab** to find out more. Then select > to move on.

- PRE-TRADE PIR / SUITABILITY REPORT >
- YEARLY DISTRIBUTION OF COST & CHARGES SUMMARY >
- PORTFOLIO COST SIMULATION >**
- PHONE RECORDING >
- COST BENEFIT FOR SWITCH RECOMMENDATION >
- MANUFACTURER TARGET MARKET (MTM) CHECK >
- PRE-TRADE PIB ("Produktinformationsblatt") >

The Portfolio Cost Simulation is a mandatory cost disclosure document which must be handed out pre-contractually to Full MiFID clients to provide them with the indication of the costs and charges related to a mandate.

## PORTFOLIO COST SIMULATION

The Portfolio Cost Simulation is a mandatory cost disclosure document which must be handed out pre-contractually to Full MiFID clients to provide them with the indication of the costs and charges related to a mandate.


WHEN A CLIENT RELOCATES TO GERMANY
Julius Bär
27%

### ADDITIONAL REQUIREMENTS OF FULL MiFID

Select each **tab** to find out more. Then select > to move on.

PRE-TRADE PIR / SUITABILITY REPORT >
YEARLY DISTRIBUTION OF COST & CHARGES SUMMARY >
PORTFOLIO COST SIMULATION >
**PHONE RECORDING >**
COST BENEFIT FOR SWITCH RECOMMENDATION >
MANUFACTURER TARGET MARKET (MTM) CHECK >
PRE-TRADE PIB ("Produktinformationsblatt") >

All incoming and outgoing landline calls from and to Germany (area code +49) and all calls from masked numbers are recorded. The phone recording must be requested via ServiceNow. For business-related conversations, a recorded device must be used. More information can be found on the Suitability Wiki.



## PHONE RECORDING

All incoming and outgoing landline calls from and to Germany (area code +49) and all calls from masked numbers are recorded. The phone recording must be requested via ServiceNow. For business-related conversations, a recorded device must be used. More information can be found on the Suitability Wiki.


WHEN A CLIENT RELOCATES TO GERMANY
Julius Bär
27%

## ADDITIONAL REQUIREMENTS OF FULL MiFID

Select each **tab** to find out more. Then select > to move on.

PRE-TRADE PIR / SUITABILITY REPORT >
YEARLY DISTRIBUTION OF COST & CHARGES SUMMARY >
PORTFOLIO COST SIMULATION >
PHONE RECORDING >
**COST BENEFIT FOR SWITCH RECOMMENDATION >**
MANUFACTURER TARGET MARKET (MTM) CHECK >
PRE-TRADE PIB ("Produktinformationsblatt") >

In case a Switch is recommended (sell of one position and simultaneously re-invest in another financial instrument), a cost benefit analysis must be performed. The RM needs to explain why the benefit of this switch recommendation outweighs the costs and the Advisory Session supports accordingly. The rationale is included in the pre-trade PIR / Suitability Report.



## COST BENEFIT FOR SWITCH RECOMMENDATION

In case a Switch is recommended (sell of one position and simultaneously re-invest in another financial instrument), a cost benefit analysis must be performed. The RM needs to explain why the benefit of this switch recommendation outweighs the costs and the Advisory Session supports accordingly. The rationale is included in the pre-trade PIR / Suitability Report.

WHEN A CLIENT RELOCATES TO GERMANY
Julius Bär
2%

### ADDITIONAL REQUIREMENTS OF FULL MiFID

Select each **tab** to find out more. Then select **>** to move on.

PRE-TRADE PIR / SUITABILITY REPORT >
YEARLY DISTRIBUTION OF COST & CHARGES SUMMARY >
PORTFOLIO COST SIMULATION >
PHONE RECORDING >
COST BENEFIT FOR SWITCH RECOMMENDATION >
**MANUFACTURER TARGET MARKET (MTM) CHECK >**
PRE-TRADE PIB ("Produktinformationsblatt") >

Under MiFID II, all product manufacturers (e.g. external fund companies) and distributors (banks such as Julius Baer) have to define a target market for a product along different criteria (e.g. classification, financial risk ability, etc.).

The target market either defines:

- which client group the product is aimed at (= positive target market: e.g. this product is for Retail and Professional clients) or
- which client group the product is not intended for (= negative target market: e.g. this product is not for Retail clients).

The information from the manufacturers and distributors is sourced and checked according to a worst-of approach (most restrictive). If the client does not fulfill the defined target market criteria of the product, further actions might be required, including the possibility that the product cannot be sold.



## MANUFACTURER TARGET MARKET (MTM) CHECK

Under MiFID II, all product manufacturers (e.g. external fund companies) and distributors (banks such as Julius Baer) have to define a target market for a product along different criteria (e.g. classification, financial risk ability, etc.).

The target market either defines:

- which client group the product is aimed at (= positive target market: e.g. this product is for Retail and Professional clients) or
- which client group the product is not intended for (= negative target market: e.g. this product is not for Retail clients).

The information from the manufacturers and distributors is sourced and checked according to a worst-of approach (most restrictive). If the client does not fulfill the defined target market criteria of the product, further actions might be required, including the possibility that the product cannot be sold.

155



WHEN A CLIENT RELOCATES TO GERMANY
Julius Bär
27%

## ADDITIONAL REQUIREMENTS OF FULL MiFID

Select each **tab** to find out more. Then select > to move on.

PRE-TRADE PIR / SUITABILITY REPORT >
YEARLY DISTRIBUTION OF COST & CHARGES SUMMARY >
PORTFOLIO COST SIMULATION >
PHONE RECORDING >
COST BENEFIT FOR SWITCH RECOMMENDATION >
MANUFACTURER TARGET MARKET (MTM) CHECK >
PRE-TRADE PIB ("Produktinformationsblatt") >

A PIB must be provided pre-trade to Retail clients for equities and bonds.



## PRE-TRADE PIB ("PRODUKTINFORMATIONSBLETT")

A PIB must be provided pre-trade to Retail clients for equities and bonds.

## WHAT DO YOU THINK?

When Ronny moves from Madrid to Munich, what is Lucie expected to do?

WHEN A CLIENT RELOCATES TO GERMANY

Julius Bär

27%

WHAT DO YOU THINK?

When Ronny moves from Madrid to Munich, what is Lucie expected to do?

Select an option, then select **Confirm**.

☐ Set up phone recording

☐ Reclassify Ronny under the German MiFID Standard

<

CONFIRM

>

Select an option.

- 1 Set up phone recording
- 2 Reclassify Ronny under the German MiFID Standard

## KEY TAKEAWAYS

Clients domiciled in an EEA country or the UK are served under the MiFID Standard.

There are two Standards: 1. **MiFID “add-on”** for all EEA countries (excluding Germany) and the UK and 2. **Full MiFID** Standard for Germany.

The standards are cumulative, with FinSA as the core standard, and MiFID introducing supplementary requirements that can be applied as MiFID “add-on” or as Full MiFID Standard.

More information can be found on the Suitability Wiki.

Just type **Suitability** in your browser.

**KEY TAKEAWAYS**

- Clients domiciled in an EEA country or the UK are served under the MiFID Standard.
- There are two Standards: 1. **MiFID “add-on”** for all EEA countries (excluding Germany) and the UK and 2. **Full MiFID** Standard for Germany.
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- More information can be found on the Suitability Wiki. Just type **Suitability** in your browser.

**MiFID “ADD-ON”**

Clients domiciled in an EEA country (excluding Germany) or the UK are served under the MiFID “add-on” Standard. In addition to the FinSA Standard, the following additional requirements must be met:

- **Client Classification according to the MiFID Standard:** MiFID opting-out process needs to be started, but this can only be done upon the request of the client – not induced by the bank.
- **Pre-Trade PRIIPS-KIDs** is sent to MiFID Retail clients for solicited as well as unsolicited orders. Pre-Trade PRIIPS-KIDs must also be sent to MiFID Professional clients if the Pre-Trade Cost Disclosure in solicited transaction is not complete.
- **Pre-Trade Cost Disclosure** is sent out to MiFID Retail clients for both solicited and unsolicited orders and to MiFID Professional clients for solicited orders.
- **10% loss notification** is sent out to MiFID Retail clients.
- **Post-Trade PIR / Suitability Report** is sent out post trade to MiFID Retail clients.

### MIFID “ADD-ON”

Clients domiciled in an EEA country (excluding Germany) or the UK are served under the MiFID “add-on” Standard. In addition to the FinSA Standard, the following additional requirements must be met:

- **Client Classification according to the MiFID Standard:** MiFID opting-out process needs to be started, but this can only be done upon the request of the client – not induced by the bank.
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- **Pre-Trade Cost Disclosure** is sent out to MiFID Retail clients for both solicited and unsolicited orders and to MiFID Professional clients for solicited orders.
- **10% loss notification** is sent out to MiFID Retail clients.
- **Post-Trade PIR / Suitability Report** is sent out post trade to MiFID Retail clients.

KEY TAKEAWAYS

Clients domiciled in an EEA country or the UK are served under the MiFID Standard.

There are two Standards: 1. **MiFID "add-on"** for all EEA countries (excluding Germany) and the UK and 2. **Full MiFID** Standard for Germany.

The standards are cumulative, with FinSA as the core standard, and MiFID introducing supplementary requirements that can be applied as MiFID "add-on" or as Full MiFID Standard.

More information can be found on the Suitability Wiki. Just type **Suitability** in your browser.

20%

Julius Bär

Select each tab for a recap.

MiFID "ADD-ON"

FULL MiFID

Clients domiciled in Germany are served under the Full MiFID Standard. Beyond the FinSA and the MiFID "add-on" Standard, the following additional requirements must be met:

- **Pre-trade PIR / Suitability Report** is sent pre-trade to MiFID Retail clients.
- **Annual distribution of Cost & Charges Summary** is sent automatically.
- **Portfolio Cost Simulation** must be sent pre-contractually.
- **Phone recording** is required and must be set up by the RM via a Service Now request.
- **Manufacturer Target Market (MTM) Check** is performed for MiFID Retail and Professional clients.
- **Cost-Benefit Analysis** for Switch Recommendations – Switch group must be created in the Advisory Session and rationale must be added.
- **Pre-Trade PIB "Produktinformationsblatt"** is sent out pre-trade to MiFID Retail clients.

You have now reached the end of this module.  
Select > to return to the Menu and select another module.

## FULL MIFID

Clients domiciled in Germany are served under the Full MiFID Standard. Beyond the FinSA and the MiFID "add-on" Standard, the following additional requirements must be met:

- **Pre-trade PIR / Suitability Report** is sent pre-trade to MiFID Retail clients.
- **Annual distribution of Cost & Charges Summary** is sent automatically.
- **Portfolio Cost Simulation** must be sent pre-contractually.
- **Phone recording** is required and must be set up by the RM via a Service Now request.
- **Manufacturer Target Market (MTM) Check** is performed for MiFID Retail and Professional clients.
- **Cost-Benefit Analysis** for Switch Recommendations – Switch group must be created in the Advisory Session and rationale must be added.
- **Pre-Trade PIB "Produktinformationsblatt"** is sent out pre-trade to MiFID Retail clients.

## MODULE 9 - CLIENT REPORTING

### LUNCH WITH RONNY

Lucie has arranged to meet Ronny for lunch to discuss his portfolio.

**Read the transcript below to find out more.**

CONTACT DOCUMENTATION


Julius Bär

20%

#### LUNCH WITH RONNY

Lucie has arranged to meet Ronny for lunch to discuss his portfolio.

Select **Play** to watch the video. Then, select **>** to move on.



TRANSCRIPT

### TRANSCRIPT

**NARRATOR:**

Lucie and Ronny discuss the economic environment and if Ronny should invest in the pharmaceutical sector.

**NARRATOR:**

They discuss the sector outlook and agree that Lucie will send out a proposal with concrete investment ideas.

**NARRATOR:**

When Lucie returns to the office, she does not document the meeting, since no investment decision has been made.




## BACK IN THE OFFICE

Lucie does not document the meeting. Is this the right decision?

CONTACT DOCUMENTATION

Julius Bär

100%





BACK IN THE OFFICE

Lucie does not document the meeting. Is this the right decision?

Select an option, then select **Confirm**.

YES





NO

CONFIRM

Select an option.

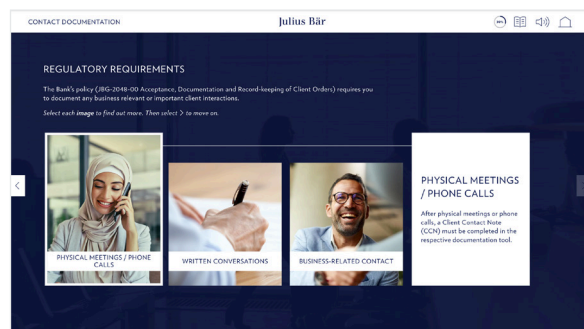
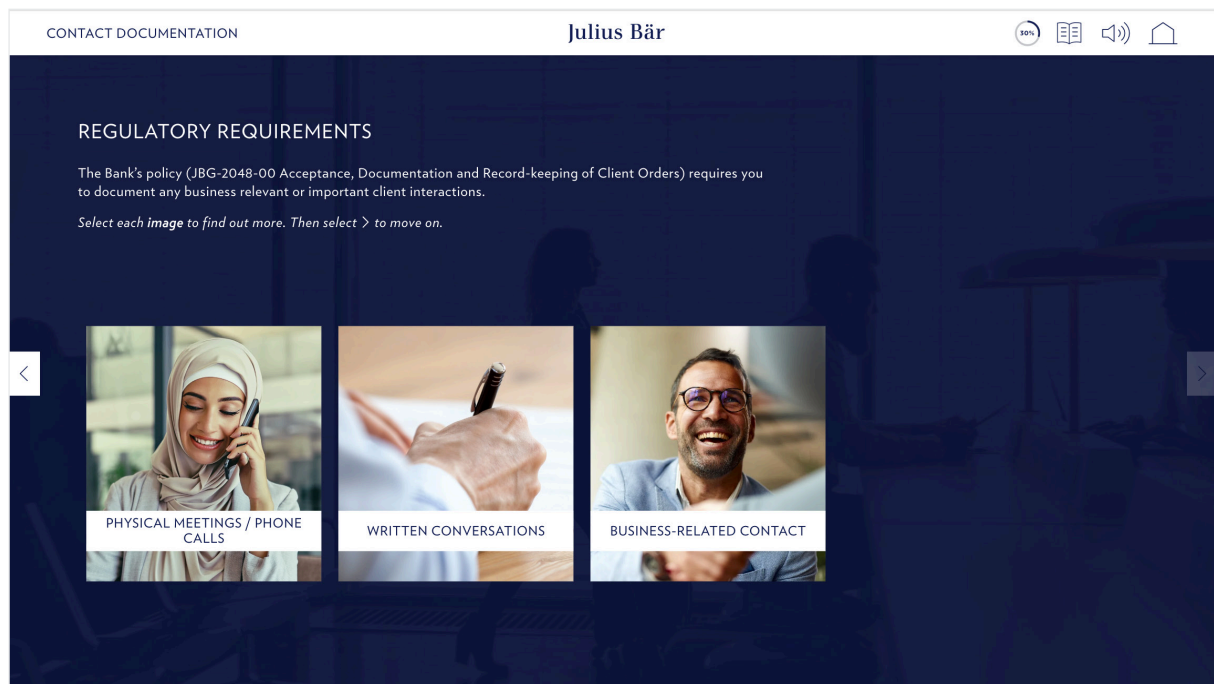
- 1 Yes
- 2 No



## REGULATORY REQUIREMENTS

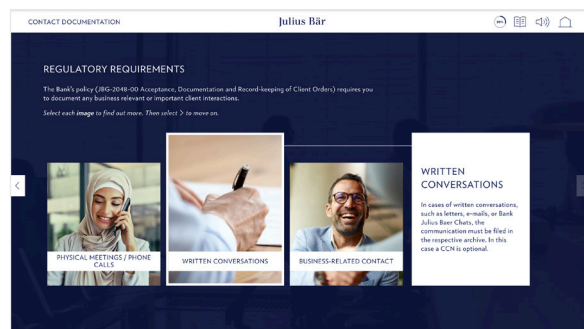
The Bank's policy (JBG-2048-00 Acceptance, Documentation and Record-keeping of Client Orders) requires you to document any business relevant or important client interactions.

**Read each of the headings below to find out more.**



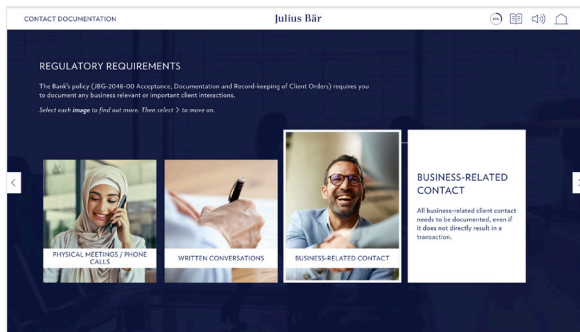
### PHYSICAL MEETINGS / PHONE CALLS

After physical meetings or phone calls, a Client Contact Note (CCN) must be completed in the respective documentation tool.



### WRITTEN CONVERSATIONS?

In cases of written conversations, such as letters, e-mails, or Bank Julius Baer Chats, the communication must be filed in the respective archive. In this case a CCN is optional.



### **BUSINESS-RELATED CONTACT**

All business-related client contact needs to be documented, even if it does not directly result in a transaction.

## THE PROPOSAL

Lucie sends Ronny a proposal.

**Read the transcript below to find out more.**

CONTACT DOCUMENTATION

Julius Bär


91%

THE PROPOSAL

Lucie sends Ronny a proposal.

Select **Play** to watch the video.

Then, select **>** to move on.



TRANSCRIPT

## TRANSCRIPT

**NARRATOR:**

As part of the proposal, Lucie suggests Ronny buys CHF 100k of Novartis shares.

**NARRATOR:**

She then makes a corresponding contact note to indicate she has sent out an investment proposal, and that the suggested investment is CHF 100k.

**NARRATOR:**

A few days later, Ronny calls Lucie. But she is at a wedding so Noah, an Assistant Relationship Manager, answers her phone instead. Ronny instructs Noah to invest CHF 100k in Novartis shares.

**NARRATOR:**

Noah marks this trade as 'unsolicited', since he thinks that Ronny has instructed him without having received advice.




## BACK IN THE OFFICE

Is Noah right to mark this transaction as 'unsolicited'?

CONTACT DOCUMENTATION

Julius Bär

32%





BACK IN THE OFFICE

Is Noah right to mark this transaction as 'unsolicited'?

Select an option, then select **Confirm**.

YES





NO

CONFIRM

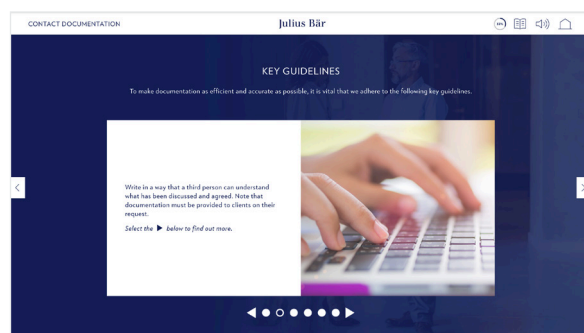
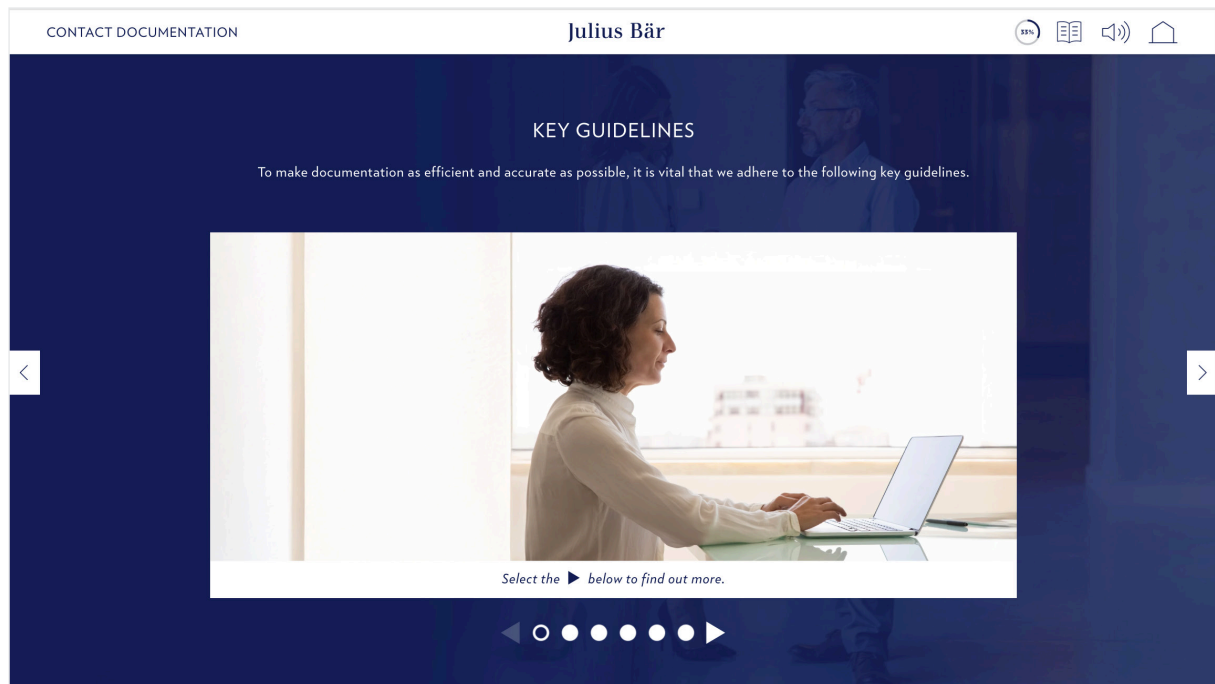
Select an option.

- 1 Yes
- 2 No

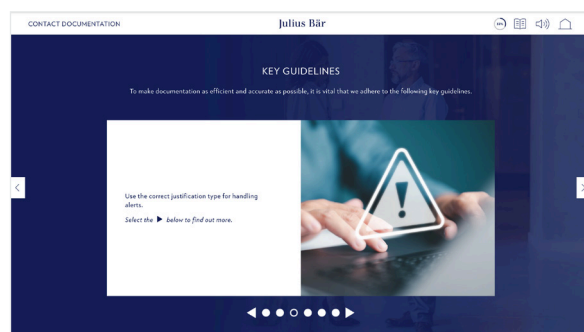
## KEY GUIDELINES

To make documentation as efficient and accurate as possible, it is vital that we adhere to the following key guidelines.

**Read each of the headings below to find out more.**

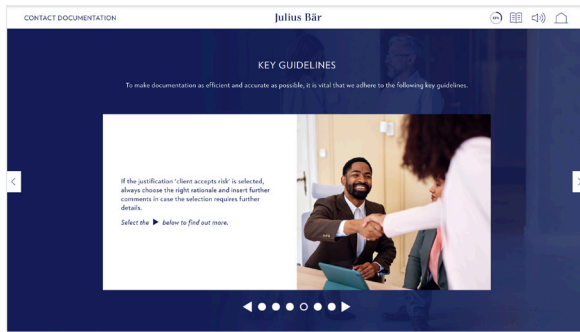


Write in a way that a third person can understand what has been discussed and agreed. Note that documentation must be provided to clients on their request.

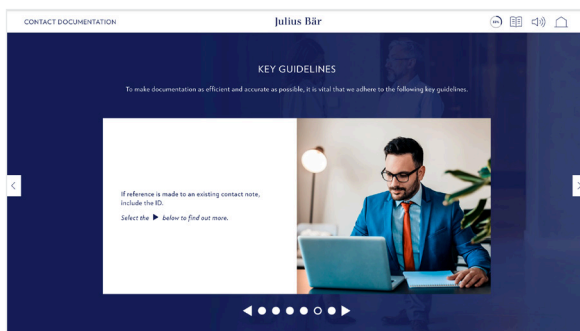


Use the correct justification type for handling alerts.

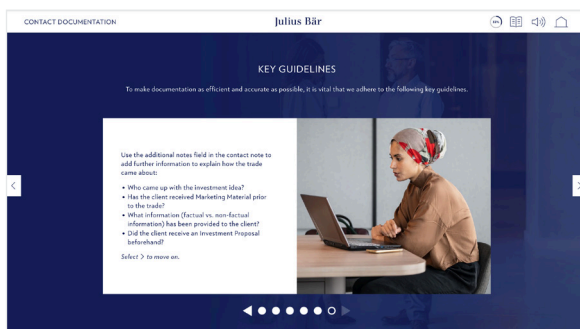
## ADVISORY DUTIES AT POINT OF SALE



If the justification 'client accepts risk' is selected, always choose the right rationale and insert further comments in case the selection requires further details.



If reference is made to an existing contact note, include the ID.



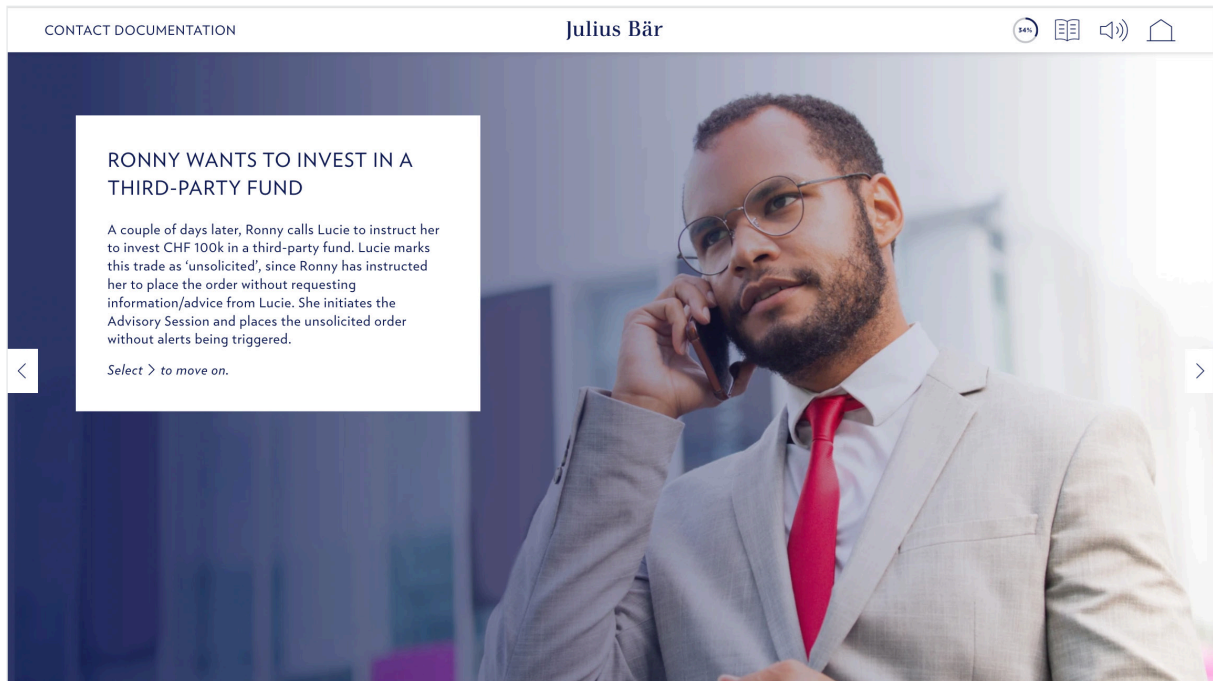
Use the additional notes field in the contact note to add further information to explain how the trade came about:

- Who came up with the investment idea?
- Has the client received Marketing Material prior to the trade?
- What information (factual vs. non-factual information) has been provided to the client?
- Did the client receive an Investment Proposal beforehand?



## RONNY WANTS TO INVEST IN A THIRD-PARTY FUND

A couple of days later, Ronny calls Lucie to instruct her to invest CHF 100k in a third-party fund. Lucie marks this trade as 'unsolicited', since Ronny has instructed her to place the order without requesting information/advice from Lucie. She initiates the Advisory Session and places the unsolicited order without alerts being triggered.



## HOW SHOULD LUCIE PROCEED?

What should Lucie do next in the Advisory Session?

CONTACT DOCUMENTATION Julius Bär

HOW SHOULD LUCIE PROCEED?

What should Lucie do next in the Advisory Session?

Select an option, then select **Confirm**.

Close the Advisory Session without further documentation, since the system records all necessary information related to the client interaction.

Document the details of the call in the additional notes field before closing the Advisory Session.

CONFIRM

Select an option.

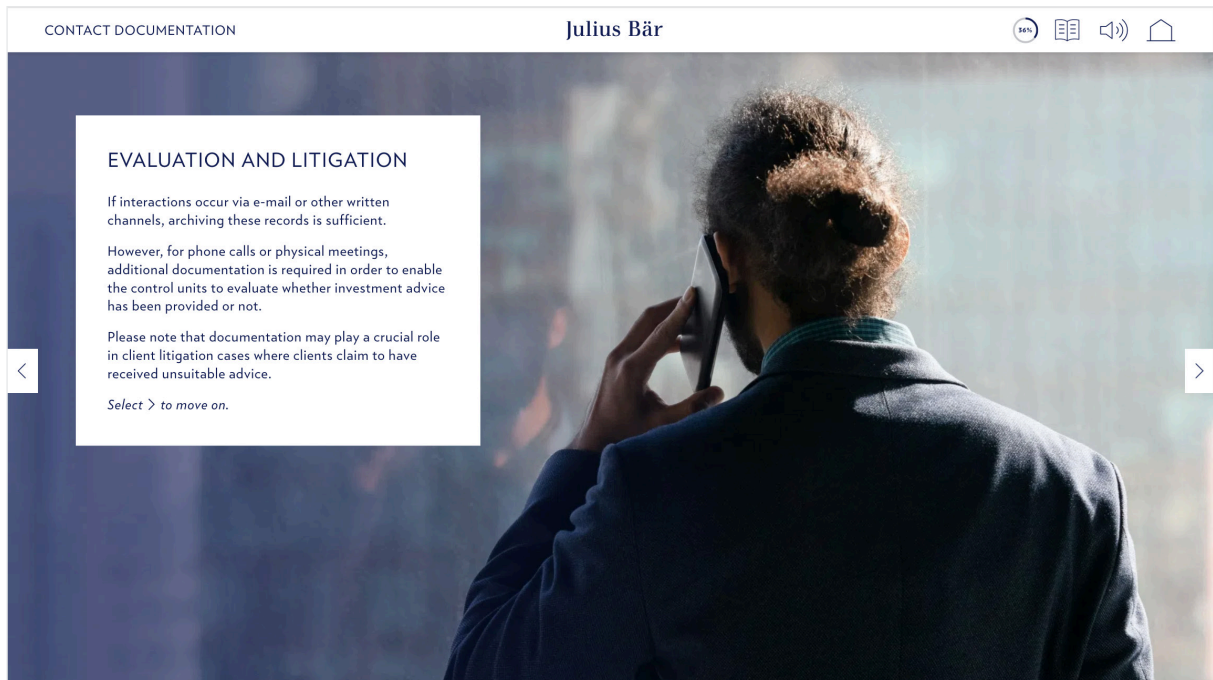
- 1 Close the Advisory Session without further documentation, since the system records all necessary information related to the client interaction.
- 2 Document the details of the call in the additional notes field before closing the Advisory Session.

## EVALUATION AND LITIGATION

If interactions occur via e-mail or other written channels, archiving these records is sufficient.

However, for phone calls or physical meetings, additional documentation is required in order to enable the control units to evaluate whether investment advice has been provided or not.

Please note that documentation may play a crucial role in client litigation cases where clients claim to have received unsuitable advice.



## CONTACT NOTE GUIDANCE

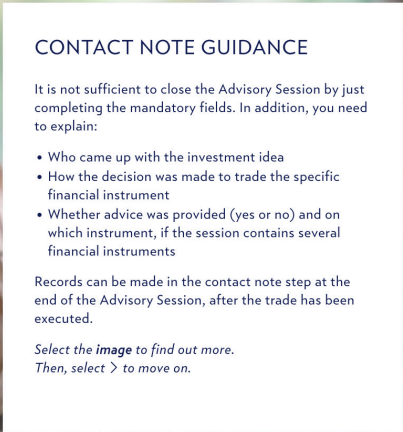
It is not sufficient to close the Advisory Session by just completing the mandatory fields. In addition, you need to explain:

- Who came up with the investment idea
- How the decision was made to trade the specific financial instrument
- Whether advice was provided (yes or no) and on which instrument, if the session contains several financial instruments

Records can be made in the contact note step at the end of the Advisory Session, after the trade has been executed.

CONTACT DOCUMENTATION

Julius Bär



CONTACT NOTE GUIDANCE

It is not sufficient to close the Advisory Session by just completing the mandatory fields. In addition, you need to explain:

- Who came up with the investment idea
- How the decision was made to trade the specific financial instrument
- Whether advice was provided (yes or no) and on which instrument, if the session contains several financial instruments

Records can be made in the contact note step at the end of the Advisory Session, after the trade has been executed.

Select the *image* to find out more.  
Then, select > to move on.

Contact note

A contact note must be completed to document the Advisory Session. This will be sent to your local CRM system at the end of the session. Do not forget to add any additional notes or upload any relevant documents. All mandatory fields have been prefilled for you. You may make your own adjustments.

Title

Advisory Session

Initiated by

Relationship Manager

Bank representatives

Add

Client representative

A. L./1956/not known/Account Ho...

Communication channel

Email

Date of contact

04/04/2025

Time of contact

02:39 PM

Qualified contact

☒ Yes
 ☐ No

Cross border activity

☐ Yes
 ☒ No

Country

Select -

Trip id

Additional notes (e.g. Other representatives)

Client instructed by phone and by email separately to buy 961 shares 8.75% CostaMuster Preferred shares at the limit USD 26.00, to buy 1930 shares Gaskuster Partners preferred shares at the limit USD 25,00, and to buy USD 100'000 – 8.50% Muster 2028 at 101.50%, all valid until 27.01.2025. All transactions were unsolicited.

Attachments

Upload

Cancel

Submit & finish

## KEY TAKEAWAYS

**All business-related contact** needs to be documented in a way that an independent third party can understand.

**Archive written communication** in the respective tool.

**Physical meetings and phone calls** require additional documentation in the advisory tool in order to enable control units to understand the situation and to strengthen our position in potential litigation cases.

**Always check** whether investment advice has been provided and if consequently the transaction has to be marked as 'active' or 'reverse solicited'.

More information can be found on the Suitability Wiki.  
Just type **Suitability** in your browser.

KEY TAKEAWAYS

Julius Bär

37%

KEY TAKEAWAYS

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You have now reached the end of this module.  
Select > to return to the Menu and select another module.

