



The Evolution of Compliance in Advisory and Execution

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The Compliance in Asian
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Impact of GFC on Trade Documentation

- ✓ Post GFC, there was an increased focus on pre-trade/pre-sales documentation.
- ✓ Producing pre-trade documentation with relevant data for each trade a client could potentially execute was not tenable.
- ✓ Factsheets with static data, updated once a quarter or once a year served as the solution to fulfil regulatory requirements.



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The Future of Pre-Trade Documents

- ✓ A move from static to dynamic documentation.
- ✓ In Europe, Packaged Retail and Insurance-Based Investment Products Regulation (PRIIPs Regulation) came into force in January 2018.
- ✓ PRIIPs aims to increase the transparency and comparability of investment products through the issue of a standardised short form disclosure document – the PRIIPs Key Information Document (KID).



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KID's Components

What is the product?

- Product description and economic data

What are the risks and returns?

- Risk Indicator
- Scenario analysis


What happens if the issuer is unable to pay?

What are the costs related to the product?

How long does the client have to hold the product and can money be taken out early?

How to lodge a complaint?

What are the risks and what could I get in return?

1	2	3	4	5	6	7
Lower risk			Higher risk			
 <p>The risk indicator assumes you keep to the product until maturity. The actual risk can vary significantly if you cash in at an early stage and you may get back less. You will have to pay significant extra costs to cash in early. You may not be able to sell your product easily or may have to sell at a price that significantly impacts on how much you get back.</p>						

The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because we are not able to pay you. We have classified this product as class 6 out of 7, which is the second-highest risk class. This rates the potential losses from future performance at a medium-high level, and poor market conditions are very likely to impact our capacity to pay you.

The issuer will make its best efforts to organize and maintain a secondary market on the product but there is no guarantee that you can sell your product before maturity. Furthermore, in such a case exit costs will apply. If LexiFi is not able to pay you what is owed, you could lose your entire investment.

Investment	10 000 EUR	1 year	2 years	4 years (recommended holding period)
Stress scenario	What you might get back after costs	4,941 EUR	5,899 EUR	3,533 EUR
	Average return each year	-50.59%	-23.19%	-22.96%
Unfavourable scenario	What you might get back after costs	9,187 EUR	9,330 EUR	9,926 EUR
	Average return each year	-8.13%	-3.41%	-0.19%
Moderate scenario Exit: 2019-01-14	What you might get back after costs	10,288 EUR	Not applicable	Not applicable
	Average return each year	2.88%	Not applicable	Not applicable
Favourable scenario Exit: 2021-01-12	What you might get back after costs	10,971 EUR	11,383 EUR	12,903 EUR
	Average return each year	9.71%	6.69%	8.90%

Market developments in the future cannot be accurately predicted. The scenarios shown are only an indication of some of the possible outcomes based on recent returns. Actual returns could be lower.

This table shows the money you could get back over the recommended holding period, under different scenarios, assuming that you invest 10 000 EUR. The scenarios shown illustrate how your investment could perform. You can compare them with the scenarios of other products. The scenarios presented are an estimate of future performance based on evidence from the past on how the value of this investment varies, and are not an exact indicator. What you get will vary depending on how the market performs and how long you keep the investment. The stress scenario shows what you might get back in extreme market circumstances, and it does not take into account the situation where we are not able to pay you. This product cannot be easily cashed in. This means it is difficult to estimate how much you would get back if you cash in before maturity. You will either be unable to cash in early or you will have to pay high costs or make a large loss if you do so. The figures shown include all the costs of the product itself, and includes the costs of your advisor or distributor. The figures do not take into account your personal tax situation, which may also affect how much you get back.

What happens if LexiFi SA is unable to pay out?

The investor bears the risk of losing the capital initially invested. If, as part of recovery and resolution measures covering credit institutions and investment companies, the resolution authority establishes the known or foreseeable default of the issuer, it may decide to take measures impacting the value of the securities (bail-in). In this case, the investor bears the risk of losing all or part of the amount invested and any interest (if applicable). The product is not covered by an investor compensation or guarantee scheme in Luxembourg.



Beyond Pre-Trade

- ✓ For KID post-trade updates to be done every 12 months or when a trigger event happens.
- ✓ Performance reports which give clients a snapshot of an investment performance mid-tenor.



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Product Performance Report

14 January 2020

PERFORMANCE REPORT

Structured Products

1Y USD Phoenix Guaranteed Coupon on Microsoft Facebook Tesla - SE034-19

Terms of the Product

Rating:	A Fitch / A S&P / Moody's	Final Observation Date:	23 Jan 2020
Currency:	USD	Frequency:	Quarterly
Current Price:		Series Level:	60%
ISIN:	CH0464866200	Coupon per Annum:	14.2%
Denomination:	1,000.00	Barrier Level:	50.00% (Daily)
Issue Date:	07 Mar 2019	Settlement Type:	Physical Delivery
First Observation Date:	23 Oct 2019	Autocall Level:	100%
Initial Valuation Date:	23 Apr 2019	Issuer:	Barclays Bank PLC

Reference Underlyings

Underlying	Bloomberg Ticker	Initial Level	Autocall Level	Barrier Level
Worst of				
Microsoft Corp	MFT US Equity	135.44	126.44	62.72
Facebook Inc	FB US Equity	183.78	183.78	91.89
Tesla Inc	TSLA US Equity	269.90	262.9	131.95

Underlying Performance

Performance Analysis

Underlyings	Current Market Levels	Next Autocall Date	Next Autocall Barrier	Next Coupon	Dist from Next Autocall	Dist from Barrier	Current Worst of Underlying
MICROSOFT_CORP	163.28	23 Jan 2020	100%	3.55%	+23.77%	+61.59%	FACEBOOK_INC_A
FACEBOOK_INC_A	221.91	23 Jan 2020	100%	3.55%	+17.18%	+68.59%	
TSLA_UW	524.86	23 Jan 2020	100%	3.55%	+49.72%	+74.86%	

Total Return

Sum of coupons paid (%)	7.1%	Total Return	7.6%
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Wealth Management LexiFi



Beyond Pre-Trade

- ✓ Portfolio performance reports which give clients an overview of the overall performance of their portfolios.
- ✓ In addition to giving clients more insights, these reports can serve as a basis for a more fruitful discussion between financial institutions and clients.



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Challenges of Dynamic Documentation

- ✓ A report is only as good as the data it contains.
- ✓ To help mitigate the challenge of generating and collating data and generating reports, FIs must have the right technology in place.
- ✓ The technology should generate data and documents fast, seamlessly, with minimum effort and cost-effectively.
- ✓ The technology should also be able to handle multiple pay-offs.



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Dynamic Documents Beyond Compliance

- ✓ There is a shift from static documents to dynamic ones.
- ✓ Besides regulatory compliance, documents with the most up to date data provide clients with increased clarity and transparency.
- ✓ These documents will help FIs serve their clients better.



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Thank You!

For further information regarding data and document generation, please visit us at the LexiFi booth.



www.lexifi.com



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