

# Essential customer information

Publication of:

- Essential information pursuant to Art. 21 FinMIA in conjunction with Art. 19 let. c FinMIO; und
- Information regarding small DLT trading facilities pursuant to Art. 73f FinMIA in conjunction with Art. 58m FinMIO

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## **I. Introduction**

This document informs participants of the material risks associated with the provided services (Art. 21 of the Financial Market Infrastructure Act (**FinMIA**), in conjunction with Art. 19 of the Financial Market Infrastructure Ordinance (**FinMIO**)). It also informs participants and issuers (customers) about the specific easements available to Seturion AG (SeturionX) as a small DLT trading facility (Art. 73f of the FinMIA in conjunction with Art. 58k and Art. 58l of the FinMIO).

## **II. Easements for a Small DLT Trading Facility**

Pursuant to Art. 73f FinMIA and Art. 58k FinMIO, SeturionX operates a small DLT trading facility and can therefore make use of eased requirements pursuant to Art. 58l FinMIO. Specifically, SeturionX makes use of the following easements:

- The capital requirements pursuant to Art. 66 of the FinMIA do not apply (Art. 58l para. 2 let. a of the FinMIO);
- The liquidity requirements pursuant to Art. 67 of the FinMIA do not apply (Art. 58l para. 2 let. b of the FinMIO).

## **III. Material Risks**

According to the FinMIA, DLT trading facilities must regularly disclose important information to participants, issuers, and the public (Art. 21 FinMIA in conjunction with Art. 19 FinMIO). The following describes the material risks associated with participating in a small DLT trading facility with integrated settlement on a public blockchain (Art. 19 let. c FinMIO).

### **1. Legal Risks**

#### **1.1. Compliance with Regulatory Requirements**

The customer is solely responsible for complying with all relevant laws, regulations, and rules. This includes applicable foreign standards when transactions are conducted outside of Switzerland or when third parties based abroad are involved.

#### **1.2. Data Protection and Data Transfer**

During the transaction process, personal and transaction-related data may be disclosed, processed, and stored abroad in accordance with applicable regulations, data usage terms, and legal and regulatory requirements. Due to the use of a public blockchain (e.g., Ethereum), certain transaction data is permanently accessible to the public.

#### **1.3. Third-Party Risks**

The actions of third parties commissioned by the customer, such as brokers or custodians, have direct legal consequences for the customer. The customer is responsible for risks arising from their misconduct or failure to comply with local legal requirements.

#### **1.4. Blocking of Assets**

Court, criminal, or regulatory orders against individual customers can result in the freezing of their assets. Even uninvolved customers can be affected.

## **2. Financial Risks**

### **2.1. Market Liquidity Risks**

Insufficient market liquidity or a lack of market depth in a financial instrument admitted to trading can result in transactions being concluded only at a significant price disadvantage, or trading being impossible altogether.

### **2.2. Counterparty Risks**

If a party fails to fulfill its obligations during settlement, the participant may suffer financial losses. The provisions of the SeturionX Settlement Regulations regarding late settlement and buy-in apply.

### **2.3. Market Risks**

The volatility of blockchain-based cryptocurrencies can lead to transaction costs that are significantly higher than those of traditional financial instruments. Price losses of the cryptocurrencies used can also result in a loss of value of the cryptocurrency holdings.

## **3. Operational Risks**

### **3.1. Technological Risks**

The settlement system and the issued digital assets are based on public blockchain technology. SeturionX cannot guarantee the stability or availability of this technology. Risks include network congestion, smart contract errors, forks, and blockchain attacks, among others.

### **3.2. Integrity and Authenticity of Communication**

Transactions transmitted via digital interfaces or web services may be subject to incorrect processing, forgery, or manipulation by third parties. Customers must take appropriate IT security precautions.

### **3.3. Tax Obligations**

Compliance with domestic and foreign tax obligations is the sole responsibility of the customer. SeturionX does not provide tax advice and assumes no liability for any resulting consequences.

### **3.4. Incorrect or Late Instructions**

SeturionX requires timely and accurate information from customers to process corporate actions and transactions. Incorrect or late instructions may result in financial losses, for which SeturionX assumes no liability.

#### **4. Settlement Risks**

##### **4.1. Transaction Finality**

Once transactions are validated and confirmed on the blockchain, they are irreversible. Incorrect transfers or entries cannot easily be reversed. Customers are liable for transactions they initiate.

##### **4.2. Network Dependency and Consensus Mechanism**

Settlement depends on the consensus mechanism (e.g., Proof of Stake). A lack of validator participation or manipulation of the consensus process can affect transaction processing.

#### **IV. Further Information**

More information about SeturionX, including its regulations and privacy policy, is freely accessible on the website.