

**LEONTEQ SECURITIES AG***(Incorporated in Switzerland)**("Leonteq" or the "Issuer")*

which may also be acting through its Guernsey or Amsterdam branch:

**LEONTEQ SECURITIES AG, GUERNSEY BRANCH***(the Guernsey branch of Leonteq Securities AG)***LEONTEQ SECURITIES AG, AMSTERDAM BRANCH***(the Amsterdam branch of Leonteq Securities AG)*

*This document (the "**Document**") constitutes a registration document for the purposes of Article 6.3 of the Prospectus Regulation (the "**Registration Document**"). The Registration Document, together with each securities note (the "**Securities Note**") and any summary (the "**Summary**") drawn up for use only in connection with the issue of Products (as defined below) will constitute a prospectus for the purposes of Article 6 of the Prospectus Regulation (including a base prospectus under Article 8 of the Prospectus Regulation). The Registration Document is to be read in conjunction with the Securities Note, the Summary (if applicable) and all information which is deemed to be incorporated by reference herein in relation to the Registration Document, as supplemented from time to time (see the section entitled "Documents Incorporated by Reference" below). When used in this Document, "**Prospectus Regulation**" means Regulation (EU) 2017/1129, as amended.*

Leonteq, subject to compliance with all relevant laws, regulations and directives, may from time to time issue financial products (the "**Products**"). The relevant Products will be specified in summary and securities notes which together with this registration document will constitute a prospectus in accordance with the Prospectus Regulation.

The prospectuses for the relevant Products will be published by making them available free of charge on the website [www.leonteq.com](http://www.leonteq.com) and at Leonteq, Europaallee 39, 8004 Zurich, Switzerland, and in any other form as may be required by law.

The Registration Document has been approved by the Commission de Surveillance du Secteur Financier (the "**CSSF**"), which is Luxembourg's competent authority for the purposes of the Prospectus Regulation, as a registration document issued in compliance with the Prospectus Regulation for the purpose of giving information with regard to Leonteq. CSSF has only approved the Registration Document as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation, and such approval should not be considered as an endorsement of the Issuer.

*The distribution of this Document and any document incorporated by reference into the Registration Document and the offer or sale of Products issued by Leonteq may be restricted by law in certain jurisdictions. Persons into whose possession this Document or any document incorporated by reference into the Registration Document or any Products issued by Leonteq come must inform themselves about, and observe, any such restrictions.*

*No person has been authorised to give any information or to make any representation not contained in, or not consistent with, this Document, including any documents incorporated by reference herein, and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any dealer appointed in relation to any issue of Products by the Issuer.*

*This Document, including any documents incorporated by reference herein, should not be considered as a recommendation by the Issuer or any dealer appointed in relation to any issue of Products that any recipient of this Document, including any document incorporated by reference herein, should purchase any Product.*

*Each prospective investor contemplating subscribing for or purchasing Products should consider the terms and conditions of such Products, as set out in the relevant base prospectus and final terms or other offering document, independently (or at the advice of its own professional advisers), in addition to making its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer.*

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## **I. RISK FACTORS**

*The following is a description of risk factors that are material to the specific situation of the Issuer and may affect the Issuer's ability to fulfil its obligations in relation to the Products*

### **1. Risks related to the business activities of the Issuer and the industry in which it operates**

#### *Risks relating to the creditworthiness of the Issuer*

The Issuer may partially or wholly fail to meet its obligations under the Products. Investors should therefore take the creditworthiness of the Issuer into account in their investment decision in relation to any Products. Credit risk means the risk of insolvency or illiquidity of the Issuer, i.e. a potential, temporary or final inability to fulfil payment and/or delivery obligations on time.

Although the return on the Products will be based on the specific terms of the Product and on the performance of the underlying, the payment of any amount due on, or delivery of any asset(s) deliverable under, the Products is subject to the credit risk of the Issuer. In relation to those Products which are unsecured obligations of the Issuer, investors will be entirely dependent on the Issuer's ability to pay all amounts due on, or deliver any asset(s) deliverable under, the Products. The Products will not be bank deposits and are not insured or guaranteed by the Swiss government or any other government or governmental or private agency or deposit protection scheme in any jurisdiction. Therefore, investors will be subject to the Issuer's credit risk and to changes in the market's view of the Issuer's creditworthiness.

Leonteq Securities is a member of a group of companies of which Leonteq AG is the parent company. However, the Products will not be insured or guaranteed by Leonteq AG, or any affiliate of Leonteq AG. As a holder of Products, you will not have any recourse against Leonteq AG or any other company in the Leonteq Group other than the Issuer.

In the event of the failure of the Issuer to fulfil its obligations under the Products, holders of Products may lose some or all of their investment. Therefore, before purchasing Products, you should carefully consider the risk factors below.

#### *The Issuer is exposed to market risks arising from open positions in interest rate, currency, commodity, credit, equity and other products*

The Issuer is exposed to market risk, which is the risk of loss resulting from negative movements in the market prices or model prices of financial assets. Market risks arise from changes in (a) share prices and related derivatives, (b) interest rate, (c) credit spread, (d) foreign exchange and commodity prices and related derivatives. The Issuer's market risk arises primarily from the issuance of structured products and the related hedging activity. Any risk mitigation strategies of the Issuer can expose the Issuer to remaining sources of risk as the hedge instrument and the position being hedged may not always move in parallel. Interest rate risks and foreign exchange risks may also arise in the normal course of business. The Issuer is also exposed to interest rate risk as a result of its Insurance & Wealth Planning Solutions business. The Issuer gives guarantees to its insurance cooperation partners on minimum returns, and this exposes the Issuer to risks involving falling interest rates and risks involving the increasing volatility of interest rates. Market risk may negatively affect the financial condition of the Issuer.

#### *The Issuer's liquidity, profitability and businesses may be adversely affected by a reduction in its credit ratings*

The credit rating of the Issuer should be evaluated independently from similar ratings of other entities, and from the rating, if any, of the debt or derivative securities issued. A credit rating is not a recommendation to buy, sell or hold securities issued or guaranteed by the rated entity and may be subject to review, revision, suspension, reduction or withdrawal at any time by the assigning rating agency. A downgrade of the Issuer may adversely affect its ability to continue to issue structured products. Should this occur, the Issuer would likely reduce the price at which it is willing to repurchase structured products from investors in secondary market transactions or its willingness to repurchase such structured products at any price. This would adversely affect the returns for investors selling structured products prior to their maturity. In addition, a reduction in funding would adversely affect the Issuer's ability to enter into hedging arrangements necessary to manage market risks associated with the issuance of structured products. Furthermore, a reduction or withdrawal of the Issuer's credit rating could cause counterparties to reduce or eliminate their credit limits

towards the Issuer. Such reduction or elimination of such credit limits would adversely affect the Issuer's ability to hedge liabilities incurred from the issuance of structured products. The Issuer's liquidity, profitability and businesses, as well as the pricing and liquidity of structured products issued by the Issuer may be adversely affected by a reduction in its credit ratings.

***The Issuer is exposed to liquidity and funding liquidity risks***

Since the Issuer hedges its liabilities arising from issued structured products through the sale or purchase of derivatives or other financial and non-financial instruments, the Issuer is exposed to the risk that it may not be able to sell or buy such hedging assets at fair value to cover its liabilities for the corresponding structured products. The Issuer refers to this risk as liquidity risk related to outstanding structured products. As the product buyback price is linked to the price of unwinding the asset, liquidity risk arises as a result of uncertainty in the market related to trading activities.

Furthermore, the Issuer is exposed to funding liquidity and refinancing risks primarily due to its structured product issuances and issuances by its platform partners, for whom the Issuer provides derivative hedges. In addition, the Issuer is required to post collateral in order to secure the obligations relating to certain (collateralized) structured products.

The funding liquidity risk represents the risk that the Issuer will not be able to efficiently meet both expected and unexpected current and future cash flow and collateral needs without impacting either its daily operations or its financial condition.

Accordingly, the Issuer's exposure to liquidity and funding liquidity risk could have a material adverse effect on the Issuer's financial position.

***The Issuer is exposed to the credit risk of its counterparties, custodians and issuers of products which it holds***

Credit or default risk is the general risk of financial loss if a counterparty or an issuer of a financial security does not meet its contractual obligations. The Issuer is exposed to credit risks related to exchange traded (ETD) and over-the-counter (OTC) derivatives and securities lending and borrowing activities with counterparties as well as through the investment of proceeds from the issuance of structured products in bonds or other fixed income instruments. Large credit risks relating to its OTC derivatives and securities lending and borrowing activities are primarily with banks and insurance companies as a result of the Issuer's ETD and OTC derivatives, securities lending and Insurance & Wealth Planning Solutions business. In addition, the Issuer bears significant credit risk in relation to its investment portfolio, including the risk of corporate, financial, government and supranational issuers. The default by its contractual counterparties and/or issuers of securities held by it could have a material adverse effect on the financial position of the Issuer.

***The Issuer is exposed to the risks relating to its platform partners business***

The Issuer offers services in connection with development, structuring, distribution, hedging and settlement as well as the market-making and secondary market servicing of structured products to third parties, platform partners, pursuant to cooperation arrangements. The Issuer's platform partners business is based on a novel business model that is largely untested and there may not be sufficient demand to enable the Issuer to achieve meaningful operating income or cash flow or profitable operations. The Issuer is further exposed to reputational and potentially regulatory risks should one of its platform partner's default, which default could have a material adverse impact on the Issuer's operations.

***The Issuer is exposed to significant and increasing competition***

All aspects of the Issuer's business are highly competitive and the competitive conditions are expected to continue to intensify as a result of globalisation, which has the effect of increasing the number of competitors the Issuer faces from other jurisdictions and supports the mobility of clients. The Issuer's ability to compete depends on many factors, including its reputation, the quality of its services and advice, intellectual capital, product innovation, execution ability, pricing, sales efforts, and the talent of its employees. The significant and increasing competition may adversely affect the Issuer's future results of operations.

***The Issuer's IT systems and networks are susceptible to malfunctions and interruptions, including as a result of unauthorized access or other cyber-attacks***

Information security, data confidentiality, data protection and integrity as well as continuous access to systems and data are of critical importance to the Issuer's businesses. Despite the Issuer's security measures to protect the confidentiality, integrity and availability of systems and information, it is not always possible to anticipate the evolving threat landscape and mitigate all risks to systems and information. The Issuer could also be affected by risks to the systems and information of clients, vendors, service providers, counterparties and other third parties.

If any of the Issuer's systems does not operate properly or are compromised as a result of a threat materializing, the Issuer could be subject to litigation or suffer financial loss not covered by insurance, a disruption of the Issuer's businesses, liability to the Issuer's clients, regulatory intervention or reputational damage. Any such event could also require the Issuer to expend significant additional resources to modify protective measures or to investigate and remediate vulnerabilities or other exposures, all of which could adversely affect the Issuer's business, results of operations and financial condition.

***The Issuer may suffer losses due to employee fraud, misconduct or improper practice***

The Issuer will continue to be exposed to risks from employee fraud, misconduct, negligence or non-compliance with laws and policies. Such fraud, misconduct and improper practice could involve, for example, fraudulent transactions, the intentional or inadvertent release of confidential client information or failure to follow internal policies and procedures. Such actions by employees may require the Issuer to reimburse clients, pay fines or bear other regulatory sanctions, face the risk of legal action and may damage the Issuer's reputation. It is not always possible to deter employee misconduct and the precautions the Issuer takes to prevent and detect this activity may not always be effective. Such losses and reputational damages could adversely affect the Issuer's business, results of operations and financial condition.

***The fallout from the developing COVID-19 global pandemic may have a material adverse effect on the business, operations and financial position of the Issuer***

The COVID-19 global pandemic, and the measures implemented by relevant government authorities to contain it, such as the closure of public services, travel restrictions, border controls and measures to encourage social distancing such as the shutting of business premises, is having a major economic impact on financial markets and the willingness of clients to enter into new transactions. It is not known when the COVID-19 global pandemic will be contained and for how long governments in key jurisdictions will keep their measures in place and whether certain measures will need to be adjusted or even re-implemented from time to time. If the fallout from the COVID-19 global pandemic persists, it will likely have a material adverse effect on the business, operations and financial position of the Issuer including through losses resulting from significant changes in the ability of the Issuer to hedge risks resulting from its issuance of structured products, the default of hedging counterparties or a significantly reduced demand for structured products issued and sold by the Issuer. Such losses would likely adversely affect the Issuer's business, results of operations and financial condition.

**2. Risks related to internal controls and the structure, organisation and operations of the Issuer**

***The Issuer is exposed to the risk that its valuation and risk measurement model may be incorrect and that its risk management measures may not prove successful***

Model risk is the risk of financial loss due to inappropriate model assumptions or inadequate model usage. In the Issuer's business, the major model risks arise when models are used to value securities and to calculate hedging ratios. The consequence of an inadequate model could be an incorrect valuation leading to incorrect risk measurement and incorrect hedging positions, both of which could result in a financial loss.

The Issuer is exposed to the risk that its risk management and mitigation measures do not prove successful. Management of the Issuer's risks can be very complex given the highly complex nature of many of the Products, structured solutions and other operations of the Issuer. The Issuer's risk management strategies and procedures may leave it exposed to unidentified or unanticipated risks. If the measures used to assess and mitigate risks prove insufficient, that may lead to adverse effects on the Issuer's operations and financial condition.

***The Issuer's activities and results of operations may be adversely affected by operational risks***

Operational risk is the risk of losses occurring due to inadequate or failed internal processes, people and systems or due to external causes. Losses can take the form of direct financial losses or regulatory sanctions or foregone revenues, e.g. due to the failure of a service or system. Such events may also lead to reputational damage that could have longer-term financial consequences. Operational risks may adversely affect the Issuer's activities and results of operations.

**3. Risks related to resolution and recovery proceedings**

The financial position of the Issuer could deteriorate and may prevent the Issuer from fulfilling its obligations under the Products. The default or insolvency of the Issuer may lead to a partial or total loss under the Products. Investors in Products are therefore exposed to the credit risk of the Issuer. The Issuer is subject to the Swiss bank insolvency rules and the Swiss Financial Market Supervisory Authority's ("FINMA") banking insolvency ordinance, which empowers FINMA as the competent authority to apply certain recovery and resolution measures. If FINMA applies such measures, this may have a significant negative impact on the investor's rights by suspending, modifying and/or wholly extinguishing obligations of the Issuer under structured products and may lead to a partial or total loss of the invested capital.

**4. Legal, regulatory and tax risks**

***The Issuer may be adversely affected by compliance, legal, regulatory, and reputational risks***

The Issuer operates in an industry that is highly regulated and may be adversely affected by compliance, legal or regulatory risks. Compliance risk and legal risk are the risks arising from violations of, or non-compliance with, laws, rules, regulations, prescribed practices or internal policies and procedures, or the non-enforceability of legal rights, including contractual rights. Legislation and rules adopted around the world have imposed substantial new or more stringent regulations, internal practices, capital requirements, procedures and controls and disclosure requirements in different areas. The trend and scope of increased compliance requirements may require the Issuer to invest in additional resources to ensure compliance.

The Issuer is exposed to the risk of fines, civil financial penalties, payment of damages and the voiding of contracts. Compliance and legal risks can lead to reputational harm, limited business opportunities, reduced expansion potential and an inability to enforce contracts.

Furthermore, the Issuer is exposed to the risk that changes in applicable laws or interpretations and enforcement thereof, including regulatory and tax laws, may have a material negative impact on its results. Regulatory or similar changes in any jurisdiction in which the Issuer operates may adversely affect its business, results of operations and financial condition.

Reputational risk is defined as the potential loss of reputation due to a financial loss or any other real or perceived event with a negative impact on reputation. In particular, this includes the risk arising from any cases of legal and compliance risk, which includes the risk arising from being unable to enforce existing or anticipated rights against third parties but also arising when the Issuer or a person, irrespective of its legal status, acting on its behalf, fails to meet an obligation owed to a third party or fails to respect the rights of a third party but also arising from a breach of applicable laws, rules and regulations or the departure from internal or external codes of conduct or generally accepted practices or standards. Such failure or breach can be factual as well as perceived by a third party. The Issuer's reputation is critical in maintaining its relationships with clients, investors, regulators and the general public, and is a key focus in its risk management efforts.

***The Issuer may be adversely affected by tax risks***

Tax risk is defined as the risk of losses arising, in particular, from changes in taxation (derived from tax legislations and decisions by the courts) including the misinterpretation of tax regimes as well as the manner in which they may be applied and enforced. This also applies to new international tax laws that could have a negative impact on the taxation of structured products, making them unattractive for investors. Such tax risk may adversely affect the Issuer's business, results of operations and financial condition.

***The Issuer has significant exposure to legal liability***

The Issuer faces significant legal risks in its businesses. The volume and amount of damages claimed in litigation, regulatory proceedings and other adversarial proceedings against financial services firms are generally increasing. The Issuer is currently subject to a number of legal proceedings.

An adverse result in these proceedings could potentially have a material adverse effect on the Issuer's business, financial condition, results of operations and reputation. In connection with any case, the Issuer may incur substantial costs as well as the diversion of management from the day to day operations of the Issuer's business.

In addition, it has become increasingly difficult to predict or quantify the outcome of the legal proceedings that the Issuer is involved in, and therefore it has become harder to create sufficient levels of legal, regulatory and accounting provisions. The uncertainty of outcomes of settlements or litigation and the changing views of regulators is increased by the apparent recent trend of increasing fines and settlement amounts. In addition, the Issuer's management may make estimates regarding the outcome of legal matters and make a charge to income when losses with respect to such matters are probable and can be reasonably estimated. If provisions taken turn out to be insufficient, the Issuer will incur further losses. Such losses may occur potentially years after the event that caused them. Insufficient provisions, changes in estimates or judgmental errors when provisioning may have a material adverse effect on the Issuer's business, financial condition and results of operations. All of these factors combined could materially and adversely affect Issuer's business and financial condition.

## II. INFORMATION ABOUT THE ISSUER

This Registration Document should be read and construed in conjunction with each supplement to this Registration Document and the documents incorporated by reference into this Registration Document. The information contained in the following documents, each filed by the Issuer with the Commission de Surveillance du Secteur Financier (the "CSSF"), is hereby incorporated by reference into this Registration Document and deemed to be part of this Registration Document:

### 1. Documents incorporated by reference in relation to the Issuer

- (i) the 2019 Annual Report of Leonteq Securities AG for the financial year ended 31 December 2019 (which can be accessed from the following hyperlink: <https://common.leonteq.com/corporate/investors/annual-report/2019/leonteq+securities+ag-annual+report-2019-en.pdf>) (the "**2019 Annual Report**"); and
- (ii) the 2018 Annual Report of Leonteq Securities AG for the financial year ended 31 December 2018 (which can be accessed from the following hyperlink: <https://common.leonteq.com/corporate/investors/annual-report/2018/leonteq+securities+ag-annual+report-2018-en.pdf>) (the "**2018 Annual Report**").

Any information incorporated by reference that is not included in the below cross-reference table is considered to be additional information and is not required by the relevant annexes of Commission Delegated Regulation (EU) 2019/980 (the "**Delegated Regulation**").

The table below sets out the relevant page references for the information incorporated into this Registration Document in respect of the Issuer.

Cross-reference table: information incorporated by reference in respect of the Issuer		Page reference
From the 2019 Annual Report*		
Report of Statutory Auditor		89 to 92
Income Statement		22
Statement of Other Comprehensive Income		22
Statement of Financial Position		23
Statement of Changes in Equity		24 to 25
Statement of Cash Flows		26 to 27
Notes to the Financial Statements		28 to 88
From the 2018 Annual Report*		
Report of Statutory Auditor		81 to 85
Income Statement		1
Statement of Other Comprehensive Income		2
Statement of Financial Position		3
Statement of Changes in Equity		4 to 5
Statement of Cash Flows		6 to 7
Notes to the Financial Statements		8 to 80

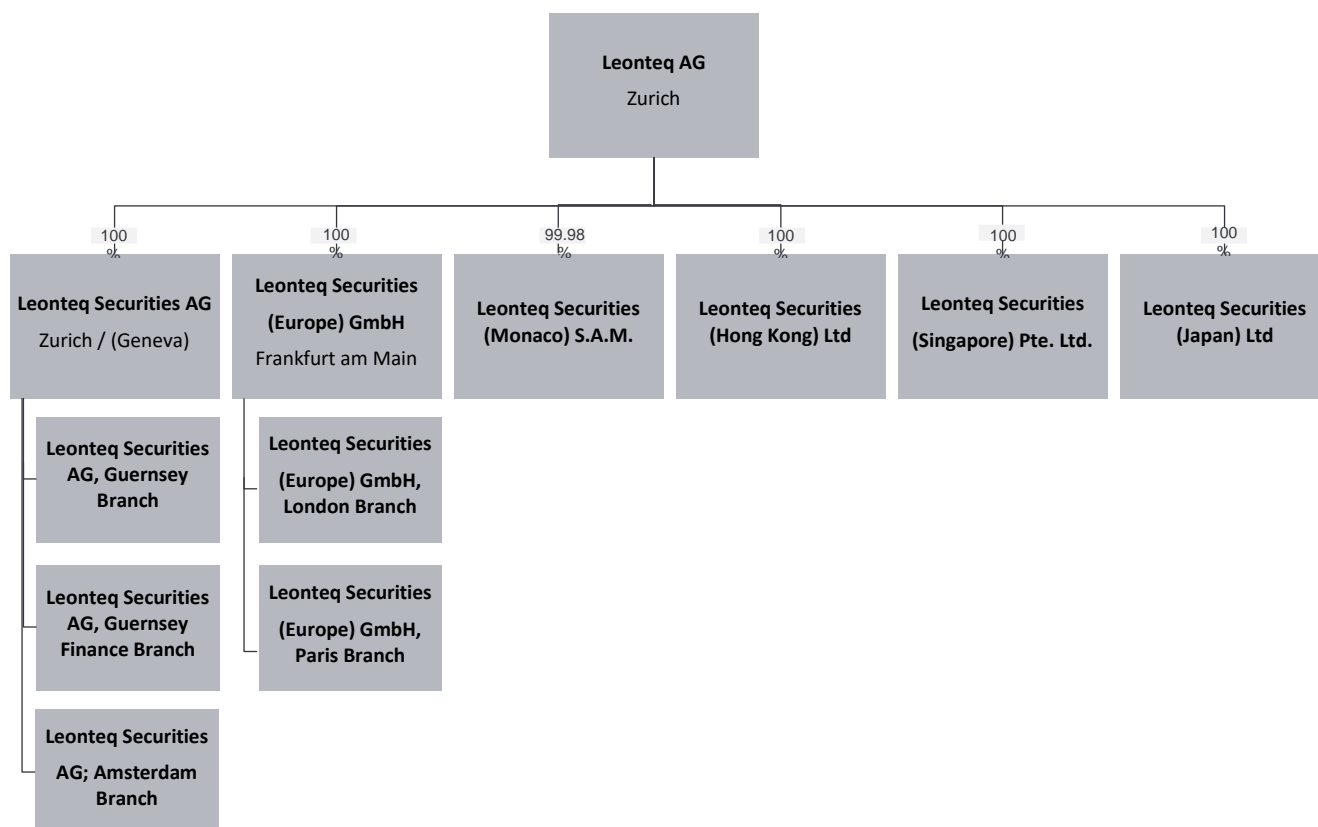
\*The page numbers referenced above in relation to the 2018 Annual Report and the 2019 Annual Report relate to the PDF version of such document.

## **2. Statutory Auditors**

For the financial years ended 31 December 2018 and 31 December 2019, the independent auditors of Leonteq Securities AG were PricewaterhouseCoopers AG, Birchstrasse 160, CH-8050 Zurich. PricewaterhouseCoopers AG have audited the financial statements of Leonteq Securities AG for the financial years ended 31 December 2018 and 31 December 2019. PricewaterhouseCoopers AG is a member of the Swiss Institute of Certified Accountants and Tax Consultants.

### III. ORGANISATIONAL STRUCTURE CHART OF THE LEONTEQ GROUP

Leonteq Securities AG, which may also be acting through its Guernsey branch Leonteq Securities AG, Guernsey Branch or its Amsterdam branch Leonteq Securities AG, Amsterdam Branch, together with the below described group companies, is a wholly owned subsidiary of Leonteq AG (Leonteq AG, together with its subsidiaries the "**Leonteq Group**")<sup>12</sup>. Leonteq AG's shares are listed on the SIX Swiss Exchange (security no. 19089118, ISIN CH0190891181, symbol LEON), included in the Swiss Performance Index SPI and are held amongst others by Raiffeisen Switzerland Cooperative, Credit Suisse Funds AG, Swisscanto Fondsleitung AG, Rainer-Marc Frey, Lukas Ruffin, Sandro Dorigo, members of the management and employees of Leonteq Group entities. Leonteq Group is supervised on a consolidated basis by FINMA. The below table provides a chart of the corporate and shareholder structure as at the date of this Document.



<sup>1</sup> Leonteq (Middle East) Ltd. is expected to be incorporated as a 100% subsidiary of Leonteq AG in July-August 2020.

<sup>2</sup> Leonteq Securities (Europe) GmbH submitted to BaFin a passport notification to establish a new branch in Italy (Milan).

## **IV. CORPORATE AND OTHER INFORMATION ABOUT LEONTEQ SECURITIES AG**

### **1. History, Purpose and Regulation**

#### ***History***

Leonteq Securities AG was incorporated and registered in Zurich, Switzerland on 24 September 2007 as a stock corporation under article 620 et seq. of the Swiss Code of Obligations for an unlimited duration. As from that day, it is registered in the Commercial Register of the Canton of Zurich, Switzerland, under the number CHE-113.829.534. Originally named "EFG Financial Products AG", effective as of 17 June 2013, the Issuer was renamed to "Leonteq Securities AG", which remains the legal and commercial name of the Issuer.

#### ***Purpose***

According to article 2 of the Articles of Association of Leonteq Securities AG, the purpose of Leonteq Securities AG is the structuring, issuance, and distribution of financial products such as structured products and derivatives for its own account and for the account of third parties and the market making for such financial products, and the commercial dealing in securities for its own account. Leonteq Securities AG may also commercially distribute collective investment schemes and may provide asset management and investment advisory services for third parties, including collective investment schemes, in Switzerland and abroad as well as administrative services relating to this. Leonteq Securities AG may provide market making services for collective investment schemes and may commercially deal securities for the account of third parties with or without carrying of client accounts with itself or third parties for execution of the securities dealing. Further, Leonteq Securities AG may provide all of the services in connection with the above mentioned activities. Leonteq Securities AG may take interests in all types of businesses in Switzerland and abroad, in particular in the areas of banking, finance, asset management and insurance. It has the power to establish new businesses, acquire a majority or minority interest in existing businesses and provide related financing.

Leonteq Securities AG has the power to acquire, mortgage and sell real estate properties, both in Switzerland and abroad.

#### ***Regulation***

Leonteq Securities AG is authorised as a securities firm and subject to supervision by FINMA.

Under the Swiss Financial Institutions Act which came into force on 1 January 2020, Leonteq Securities AG is subject to various obligations relating to its conduct, organisational measures and other obligations. As a securities firm, which does not hold accounts for clients, Leonteq is not subject to the Capital Adequacy Ordinance, but must permanently hold capital equal to at least one quarter of the fixed costs of the last annual financial statement, or CHF 20 million, whichever is lower.

Leonteq Securities AG, Guernsey Branch is regulated by the Guernsey Financial Services Commission ("GFSC").

Leonteq Securities AG, Amsterdam Branch is registered with the Netherlands Authority for the Financial Markets ("AFM") as an exempt third country investment firm pursuant to section 10 of the Dutch Exemption Regulation Act on Financial Supervision and prudentially supervised by FINMA.

### **2. Business Overview**

#### ***Principal Activities***

Leonteq Securities AG's main business activities include the development, structuring, distribution, hedging and settlement, lifecycle management and market-making of structured products, as well as the design and management of structured certificates and unit-linked life insurance policies.

Leonteq Securities AG provides some of these core services to platform partners under the terms of cooperation agreements. Additionally, Leonteq Securities AG provides among others insurance and wealth planning solution services to third parties in Switzerland and abroad.

Leonteq Securities AG distributes its financial products directly to institutional investors and indirectly to retail investors through third party financial intermediaries.

### ***Business outlook***

Subject to market conditions, the Issuer intends to further extend its services offering as well as the existing product range of certificates, notes, leverage products and other structured products. In addition, the Issuer intends to strengthen its tailor-made business. The Leonteq Group is continuing to develop its proprietary IT and investment service platform and intends to further expand its services offering to other platform partners. The Issuer also plans to further extend its activities in insurance and wealth planning solutions. Leonteq Group aims at expanding its business activities into selected European and Asian markets (see Section "Principal Markets" below).

### ***Principal Markets***

As at the date of this Document, the Issuer's business activities are mainly focussed on Switzerland. The Issuer is intending to expand its service offering to other regions, including Asia. Leonteq Securities AG's products are publicly offered in Switzerland, Italy, Germany, Austria, Czech Republic, the Netherlands and Ireland only. The Issuer plans to extend the offering of its products in other countries within the European Economic Area, simultaneously Leonteq Securities AG's products are increasingly offered in Asia.

## **3. Trend and other information**

In March, the global spread of COVID-19 and the oil price shock resulted in extraordinary high levels of volatility and a turmoil of global capital markets affecting all asset classes underlying structured products. It resulted in a significant impact on the financial performance and position of the Leonteq Group for the current period. For the long-term, there has been no material adverse change in the prospects of Leonteq Group since the date of its last published audited financial statements for the year ended 31 December 2019.

## **4. Administrative, Management, and Supervisory bodies; Board practices**

### ***Board of Directors***

The Board of Directors is responsible for the management of Leonteq Securities AG's business.

Under Swiss company law, the board of directors has the following non-transferable and inalienable duties: (i) overall direction of the company and issuing the necessary directives; (ii) determining the way the company is organised; (iii) appointing and dismissing the persons entrusted with management and representation and determining the method of signature; (iv) ultimate supervision of the persons entrusted with company management; (v) organisation of accounting, financial control and financial planning, to the extent that the latter is necessary for management of the company; (vi) drawing up the annual report; (vii) preparing for the general meeting and executing its decisions and (viii) notifying the judiciary should the company become over-indebted.

As at the date of this Document, the Board of Directors comprises of the following members, all of whom are non-executive directors:

<b>Name</b>	<b>Position held</b>	<b>Significant outside activities</b>
Christopher M. Chambers	Chairman	Executive Chairman of the Board of Lonrho Limited, UK.  Member of the Board of Swiss Prime Site AG, Switzerland.  Chairman of the Board of Oxford Sciences Innovation Plc, UK.
Philippe Weber	Vice - Chairman	Chairman and Managing Partner of law firm Niederer Kraft Frey AG, Zurich.  Member of the Board of Medacta Group AG,

		Castel San Pietro.
		Member of the Board of EDAG Engineering Group AG, Arbon.
		Member of the Board of Banca del Ceresio SA, Lugano.
Jörg Behrens	Member	Managing Partner and Vice Chairman of the Board of Directors of Fintegral AG, Switzerland.
		Vice Chairman of Stiftung Buechweid, Russikon.
Patrick De Figueiredo	Member	Member of the Board of Directors of EFG Bank European Financial Group SA, Switzerland.
Richard A. Laxer	Member	Chairman of the Board of Directors of Aion SA, Belgium.
		Member of the Board of Directors of Vodeno IT, Warsaw.
Thomas R. Meier	Member	Managing Director and member of the Board of TRM Consulting AG and a member of the Board of Directors of VP Bank AG, Liechtenstein.
		Member of the Advisory Board of CCB Trust, Beijing.
Susana Gomez Smith	Member	Ambassador for the INSEAD directors' network.
		Member of the Board of Directors of Banco CTT, Portugal.
Dominik Schärer	Member	Member of the Board of Directors of PK Advisory, Basel.
		Partner and Member of the Board of Directors of JBV Vermögensverwaltung, Olten.

The independent members of the Board of Directors are: Jörg Behrens, Christopher M. Chambers, Philippe Weber, Susana Gomez Smith, Thomas Meier and Richard A. Laxer. Patrick de Figueiredo acts as representatives of the founding partners. Dominik Schärer acts as representative of Raiffeisen Switzerland.

#### ***Executive Committee***

Subject to the organisational regulations of the board of directors and mandatory law, the Board of Directors of Leonteq Securities AG has delegated Leonteq Securities AG's operational management to the Executive Committee. As at the date of this Document, the Executive Committee comprises the following members:

<b>Name</b>	<b>Position held</b>	<b>Significant outside activities</b>
Lukas T. Ruffin	Chief Executive Officer (CEO)	None
Marco Amato	Deputy CEO; Chief Financial Officer	None

Jochen Kühn	Head of Insurance & Wealth Planning Solutions	None
Manish Patnaik	Chief Operating Officer	Member of the Board of Directors of Leonteq Securities (Hong Kong) Limited, Leonteq Securities (Singapore) Pte. Ltd. and Leonteq Securities (Japan) Ltd.
Reto Quadroni	Chief Risk Officer	None
David Schmid	Head of Investment Solutions	Member of the Board of Directors of Leonteq Securities (Hong Kong) Limited, Leonteq Securities (Singapore) Pte. Ltd. and Leonteq Securities (Japan) Ltd.
Ingrid Silveri	General Counsel	Member of the Board of Directors of Leonteq Securities (Hong Kong) Limited, Leonteq Securities (Singapore) Pte. Ltd. and Leonteq Securities (Japan) Ltd.

The business address of the members of the Board of Directors and of the Executive Committee of Leonteq Securities AG is Europaallee 39, 8004 Zurich, Switzerland.

#### ***Potential Conflicts of Interest***

The members of the Board of Directors and the Executive Committee of Leonteq Securities AG have additional positions as described above which may potentially result in conflicts of interest between their duties towards Leonteq Securities AG and their private interests or other duties. In particular conflicts of interest may potentially result with respect to the Members of the Board acting as representative of the founding partners or as representative of a third party respective insofar as some of the members of the Board of Directors and the Executive Committee have additional functions within other entities of the Leonteq Group or within entities not pertaining to the Leonteq Group that may engage in activities, transactions and/or contractual arrangements with the Issuer. According to Leonteq Securities AG's Organisational and Management Regulations in their currently valid version, all members of the Executive Committee and all members of the Board of Directors shall use their best efforts to avoid any action, position or interest that conflict with the interests of Leonteq Securities AG, and, if a conflict of interest is believed to exist, the relevant member is obliged to inform immediately of such conflict and abstain from voting upon, all matters involving the interest at stake.

#### ***Corporate Governance***

As a privately owned Swiss company, Leonteq Securities AG is not subject to Swiss corporate governance rules. The parent of the Issuer, Leonteq AG, as a publicly-listed Swiss company is subject to and must comply with the relevant disclosure provisions of the Swiss Code of Obligations and with Corporate Governance Directive and its Annexes and Commentary, issued by the SIX Exchange Regulation, in accordance with the principle "comply or explain" pursuant to which if a company opts not to disclose certain information, then the annual report must contain an individual, substantiated justification for each instance of such non-disclosure.

### **5. Major Shareholders**

As at the date of this Document, the share capital of Leonteq Securities AG amounts to CHF 15'000'000 divided into 15'000 registered shares with a face value of CHF 1'000 each; the shares are fully paid-in. There is only one class of shares. Each share entitles the holder to one vote at the ordinary and extraordinary general shareholders meetings. The general shareholders meetings, among others, elect and dismiss the members of the board of directors and the auditors, approve the annual report, approve the annual accounts and decide on the appropriation of net income, particularly fixing the dividend and directors' shares of profits grant discharge to the members of the board of directors. One or more shareholders representing not less than one-tenth of the issued share capital may ask the board of Leonteq Securities AG to convene an extraordinary general shareholders meeting. Ordinary shares confer on the shareholders the right to an equal share in

dividends and in case of a wind up of Leonteq Securities AG, the right to an equal share in the distribution of the remaining assets of Leonteq Securities AG.

The share capital of Leonteq Securities AG is held in its entirety by Leonteq AG.

As at the date of this Document, Leonteq AG's shares are listed on the SIX Swiss Exchange and are held amongst others by Raiffeisen Switzerland Cooperative, Credit Suisse Funds AG, Swisscanto Fondsleitung AG, Rainer-Marc Frey, Lukas Ruffin, Sandro Dorigo, members of the management and employees of Leonteq Group entities.

## **6. Historical Financial Information**

For the financial year ended 31 December 2018, the Issuer has published the 2018 Annual Report (which is incorporated by reference into this Registration Document) which includes the Audited Financial Statements of Leonteq Securities AG for the financial year ended 31 December 2018 (the "**2018 Financial Statements**"). The 2018 Financial Statements include the Independent auditors' report, the Income Statement, the Statement of other comprehensive income, the Statement of financial position, the Statement of changes in equity, the Statement of cash flows and the Notes to the financial statements.

For the financial year ended 31 December 2019, the Issuer has published the 2019 Annual Report (which is incorporated by reference into this Registration Document) which includes the Audited Financial Statements of Leonteq Securities AG for the financial year ended 31 December 2019 (the "**2019 Financial Statements**"). The 2019 Financial Statements include the Independent auditors' report, the Income Statement, the Statement of other comprehensive income, the Statement of financial position, the Statement of changes in equity, the Statement of cash flows and the Notes to the financial statements.

The 2018 Financial Statements and the 2019 Financial Statements have been prepared in accordance with International Financial Accounting Standards, as issued by the International Accounting Standards Board (IASB).

### ***Auditing of Historical Financial Information***

The external auditor of the Issuer (see Section III.2. "*Information about the Issuer - Statutory Auditors*") has audited the historical financial information of Leonteq Securities AG for the financial years ended 31 December 2018 and 31 December 2019, as described above, and has issued an unqualified opinion in each case.

### ***Interim and other Financial Information***

The Issuer has not published interim financial information since the date of its last audited financial statements.

## **7. Legal and Arbitration Proceedings**

The Issuer and/or Leonteq Group are from time to time involved in governmental, legal or arbitration proceedings that arise in the normal course of business and other than the below, the Issuer is not involved in any governmental, legal or arbitration proceedings (including such proceedings which are pending or threatened of which the Issuer is aware).

Following a tax audit relating to the accounts and tax returns for the years 2013, 2014 and 2015 of Leonteq Securities AG, the tax authority in Zurich issued assessments for federal, cantonal and municipal tax purposes, in essence applying a different method of calculation for the so-called participation relief (*Beteiligungsabzug*). The participation relief under applicable Swiss tax law reduces income tax liability provided dividends are received from qualifying Swiss or foreign shares. In addition, a transfer price adjustment for interest payments made by Leonteq Securities AG to Leonteq AG was considered. The tax authority assessed the potential additional tax liability for the years 2013, 2014 and 2015 in the amount of approximately CHF 12 million in the aggregate, plus interest. Leonteq filed a formal objection (*Einsprache*) against the tax assessments and a decision on this objection is still outstanding to date. Based on the evaluation of Leonteq Securities AG's method of calculation performed by independent tax professionals that Leonteq Securities AG engaged, Leonteq Securities AG believes that its application of the relevant tax provisions relating to participation relief is in compliance with and justifiable under applicable tax laws, and Leonteq Securities AG

continues to apply this method of calculation in good faith. However, it cannot be excluded that the tax authority confirms its initial position. Leonteq Securities AG intends to file appeals, if this should be the case. If, contrary to Leonteq Securities AG's expectations, the courts were to decide in favour of the tax authority regarding the relevant participation relief provision, such outcome would have a significant negative impact on Leonteq Group's profit. In addition, while the tax assessments cover the historical periods 2013, 2014 and 2015, to the extent that Leonteq Group would have to revisit its method of calculation of the participation relief going forward, this could have a significant negative impact on the overall profitability of Leonteq Group during more profitable years.

As announced on 13 April 2018 by Leonteq AG, Leonteq Securities AG was informed by the legal representatives of Old Mutual International Isle of Man Ltd and Old Mutual International Ireland dac (together, "OMI") that OMI filed a claim form with the High Court of Justice of the Isle of Man against Leonteq Securities AG and other (non-Leonteq Group) parties in relation to structured products transactions and related fees and commissions. In addition, on an application by OMI, the High Court of Justice of the Isle of Man allowed Leonteq Securities (Europe) GmbH to be added as a defendant to the proceedings and Leonteq Securities (Europe) GmbH was served with the proceedings, including the particulars of claim, on 20 December 2018. The allegations against Leonteq Securities (Europe) GmbH, as set out in the particulars of claim, are not materially different from those made by OMI against Leonteq Securities AG previously. Both Leonteq Securities (Europe) GmbH and Leonteq Securities AG intend to contest the proceedings. OMI states, in the particulars of claim, that between 2012 and 2016 OMI invested approximately GBP 200 million in approximately 1,386 structured products. OMI alleges that it suffered losses of approximately GBP 22 million (as of 31 October 2018). On 27 February 2020, the High Court of Justice of the Isle of Man handed down its judgment and concluded that it had no jurisdiction in the OMI proceedings against Leonteq Securities (Europe) GmbH and Leonteq Securities AG. Following the 27 February 2020 judgment (against which OMI filed an appeal that was dismissed by the Isle of Man Appeal Court on 19 June 2020), OMI (renamed to Quilter International Isle of Man Limited and Quilter International Ireland dac) issued proceedings against Leonteq Securities AG and Leonteq Securities (Europe) GmbH in England on 12 May 2020. While Leonteq Group entities aim to vigorously defend their position, the outcome of any matter or litigation in relation to OMI is difficult to predict. If a court was to decide in full or even in partial favour of OMI, such a decision could have an adverse impact on Leonteq Group's business and results of operations.

## **8. Material Contracts**

As of 31 December 2019 the outstanding amount of subordinated liabilities of Leonteq Securities AG towards its parent Leonteq AG amounted to CHF 127.7 million, deriving from the issuance of contingent convertible loan notes in the amount of CHF 100.0 million by Leonteq Securities AG and a subordinated loan from Leonteq AG in the amount of CHF 25.5 million, plus accrued interest. As of 28 February 2020 the subordinated loan was fully repaid and terminated and replaced with an inter-company credit facility in the amount of up to CHF 30.0 million. As of 31 December 2018 the outstanding amount of subordinated liabilities toward its parent was CHF 127.644 million deriving from the issuance of contingent convertible loan notes in the amount of CHF 100.00 million and the receipt of a subordinated loan in the amount of CHF 25.5 million, plus accrued interest.

The Issuer has entered into and maintains shared service agreements with other Leonteq Group entities.

Furthermore, the Issuer has entered into and maintains different (service) agreements with respect to its Investment and Insurance & Wealth Planning Solutions business.

Since 2013, Leonteq Securities AG has built a network of issuance and platform partners in Switzerland, Europe and Asia which includes: Cornèr Bank, EFG International, PostFinance, Raiffeisen Switzerland and Standard Chartered Bank.

On 6 April 2018, Raiffeisen Switzerland Cooperative, Leonteq Securities AG and Leonteq AG (as guarantor), entered into a credit framework agreement pursuant to which Raiffeisen Switzerland Cooperative has granted Leonteq Securities AG credit facilities. The credit facility framework agreement has a maximum limit of CHF 300 million (unsecured).

In 2016, Leonteq Securities AG and Raiffeisen Switzerland Cooperative underpinned their strategic cooperation with a ten-year agreement under which the Issuer is acting as core provider of technology and services for the manufacturing and distribution of structured products. This agreement was replaced in April

2018 by a cooperation agreement pursuant to which Raiffeisen Switzerland Cooperative and Leonteq Securities AG agreed to cooperate in the structuring, issuance, hedging, distribution, market making and lifestyle management of structured products and the provision of related services. This agreement ends in March 2026.

EFG International AG and EFG International AG group entities have entered into different agreements with Leonteq Group entities, including with respect to the provision of a credit facility.

In addition thereto, the Issuer continued its insurance partnership with Helvetia Schweizerische Versicherungsgesellschaft AG (Helvetia) and Swiss Mobiliar.

## **9. Credit Ratings**

As at the date of this Document, Leonteq received a long-term issuer default rating of BBB- (Stable), and a short-term issuer default rating of F3 by Fitch Ratings Ltd. ("**Fitch**")<sup>3</sup>.

As at the date of this Document, Leonteq received a long-term issuer rating of BBB+ (Stable) by Japan Credit Rating Agency, Ltd. ("**JCR**")<sup>4</sup>.

A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

## **10. Registered office and Legal Entity Identifier**

The registered office of Leonteq Securities AG is at Europaallee 39, 8004 Zurich, Switzerland, and the general telephone number is +41 58 800 1111.

The Legal Entity Identifier of Leonteq Securities AG is ML61HP3A4MKTTA1ZB671.

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<sup>3</sup> According to Fitch Rating Definitions, "BBB" ratings indicate that expectations of default risk are currently low with the capacity for payment of financial commitments is considered adequate. The capacity is nevertheless likely to be impaired by adverse business or economic conditions.

<sup>4</sup> According to JCR's Types of Credit Ratings and Definitions of Rating Symbols, BBB indicates an adequate level of certainty to honour the financial obligations. However, this certainty is more likely to diminish in the future than with the higher rating categories.

## **V. GENERAL INFORMATION**

### **1. Responsibility Statement**

Leonteq Securities AG, Zurich, which may also be acting through its Guernsey branch Leonteq Securities AG, Guernsey Branch, or its Amsterdam branch Leonteq Securities AG, Amsterdam Branch, accepts responsibility for the information provided in the Registration Document.

Leonteq Securities AG hereby declares that, to the best of its knowledge, the information contained in the Registration Document is in accordance with the facts and that no material circumstances have been omitted.

### **2. Documents Available for Inspection**

Copies of the following documents can be ordered free of charge from or will be available during the usual business hours for inspection at Leonteq Securities AG, Europaallee 39, 8004 Zurich, Switzerland and may also be viewed free of charge electronically at the following websites:

- (i) the Articles of Association of Leonteq Securities AG; available at <https://ch.leonteq.com/contact-us/regulatory-information#leonteq-securities-ag>;
- (ii) the 2018 Annual Report and the 2019 Annual Report, available at <https://ch.leonteq.com/investors/results-center/full-year-results>; and
- (iii) this Registration Document, available at <https://structuredproducts-ch.leonteq.com/services/prospectuses>.

The information on such websites do not form part of this Registration Document and has not been scrutinised or approved by the CSSF.

24 June 2020

**Leonteq Securities AG, Zurich**