

# Client Categorisation Notice

Effective Date: 1<sup>st</sup> August 2018

## Client Categorisation Notice

We are required by the Financial Conduct Authority (FCA) and the recast Markets in Financial Instruments Directive (MiFID2) to categorise our clients as Retail, Professional or Eligible Counterparty and prior to the provision of our services, notify our clients of any right that they have to request a different categorisation and any limitations to the level of client protection that such a different categorisation would entail. If you have been placed in any other category than Retail Client, you will receive notification in writing of such as part of our account opening procedure.

For your information and convenience we set out below an explanation of the differences in categorisation and protection afforded to each type of client.

### Retail Clients

A Retail Client is an individual or corporate who is not a professional client or an eligible counterparty.

If we categorise you as a Retail Client you are entitled to the maximum level of protection in relation to the FCA's Conduct of Business (COBs) and Client Money Rules (CASS); the services of the Financial Ombudsman Services (FOS), and you may qualify for the Financial Services Compensation Scheme (FSCS), or equivalent scheme in the jurisdiction where your money is held.

In respect of your funds held with us, any money that we receive from you or hold on your behalf will be treated as client money as defined under CASS rules. This means that your funds will be segregated from our own money and you will not rank as a general creditor of GMO-Z.com in the event of any insolvency or equivalent failure.

### Professional Clients

A Professional Client is a client who is categorised as either a Per Se Professional Client or an Elective Professional Client.

#### Per Se Professional Clients

A Per Se Professional Client includes any of the following:

**A** An entity required to be authorised or regulated to operate in the financial markets including:

- Credit Institutions;
- Investment Firms;
- Insurance Companies;
- Collective investment schemes or the management companies of such schemes;
- Pension funds or the management of a pension fund;
- Other authorised or regulated financial institutions;
- Commodity or commodity derivatives dealers;
- Locals; and
- Other institutional investors.

**B** A company meeting two of the following size requirements:

- Balance sheet total of EUR 20,000,000;
- Net turnover of EUR 40,000,000; and
- Own funds of EUR 2,000,000.

**C** A national or regional government, public body that manages public debt, central bank, international or supranational institution (e.g. World bank, the IMF, the ECP), or any similar international organisation.

**D** Any institutional investor whose main activity is to invest in financial instruments.

### **Elective Professional Client**

To be classified as an Elective Professional Client at least two of the following criteria must be satisfied:

1. You have carried out transactions, in significant size, on the relevant market at an average frequency of 10 per quarter over the previous four quarters;
2. The size of your financial instrument portfolio, defined as including cash deposits and financial instruments, exceeds EUR 500,000;
3. You work or have worked in the financial sector for at least one year in a professional position, which requires knowledge of the transactions or services envisaged;

And:

You must have the required expertise, experience, and knowledge that gives us reasonable assurance, in light of the nature of the transactions or services envisaged, that you are capable of making your own investment decisions and understanding the risks involved;

And:

the following procedure is followed:

1. you state in writing to the us that you wish to be treated as a professional client either generally or in respect of a particular service or transaction or type of transaction or product; and
2. you state in writing, in a separate document, that you are aware of the consequences of losing such protections.

As an Elective Professional Client, you will lose certain protections afforded to Retail Clients under FCA rules and this includes the following:

- You will not be eligible to seek the services of the Financial Ombudsman Service (FOS) and may not be eligible for compensation under the Financial Services Compensation Scheme (FSCS).

Professional Clients have the right to request a re-categorisation as a retail client. Whilst we will consider such a request, we cannot guarantee we would agree to it.

- Prioritise “total consideration” when providing you with Best Execution. We are not required to prioritise the overall costs of the transaction as being the most important factor in achieving Best Execution for you. For more information please see our Order Execution Policy which can be found on our website.

· Where we assess whether a product or service is appropriate for you, we can assume that you have the necessary level of knowledge and experience to understand the risks involved in it although we recognize that we are under separate regulatory obligations to assess your knowledge and experience if we decide to treat you as an an Elective Professional Client.

· Consistent with the agreements between us, any money you transfer to us will not be held as “client money under the FCA’s client money rules. Any money that you transfer to us is treated as a full transfer to us in order to secure or cover your present, future, actual, contingent or prospective obligations (please see the Client Agreement which can be found on our website for further details).

### **Eligible Counterparty**

An Eligible Counterparty is a client who is categorised as either a Per Se Eligible Counterparty or an Elective Eligible Counterparty.

### **Per Se Eligible Counterparty**

Per Se Eligible Counterparty includes any of the following and carries out eligible counterparty business:

- Credit Institutions;
- Investment Firms;
- Insurance Companies;
- Collective investment schemes or its management company;
- Pension funds or its management company;
- Another regulated financial institution;
- National Governments or its corresponding office;
- Central banks and
- Supranational organisations.

### **Elective Eligible Counterparty**

A firm may treat a client as an Elective Eligible Counterparty if:

- The client is an undertaking and a Per Se Professional client (except for a client that is only a per se professional client because it is an institutional investor)
- The client is an undertaking and requests such categorisation and is an Elective Professional client but only in respect of the services or transaction for which it could be treated as a Professional Client.

The firm has to provide the client with a clear written warning of the consequences for the client of such a request, including the protections they may lose and obtain express confirmation from the prospective counterparty that: (i) it agrees to be treated as an eligible counterparty and (ii) that the client is aware of the consequences of the protection they may lose as a result of the request.

As an Eligible Counterparty, a number of the protections and treatments afforded to a Professional Client will not apply and in particular in respect of the transactions that we carry on with you or any related ancillary services, we are not bound by the conduct of business requirements, including those that relate to:

- best execution, quality of execution and client order handling (COBS 11.2A, COBS 11.2B and COBS 11.3);
- certain information disclosure requirements, the general restrictions on receiving or paying inducements, rules on research and the restriction on marketing or providing an optional product for which a fee is payable (COBS 2 other than COBS 2.1.1AR, COBS 2.2A and COBS 2.4);
- certain rules relating to how and what we communicate to you including financial promotions (COBS 4 other than COBS 4.2, COBS 4.4.1 R, COBS 4.5A.9EU and COBS 4.7.-1AEU);
- information we have to provide on our firm, the services and remuneration (COBS 6.1);
- compensation information (COBS 6.1ZA.2.18R);
- obligations relating to entering into written agreements (COBS 8 and COBS 8A other than COBS 8A.1.5EU to COBS 8A.1.8G);
- obligations to conduct appropriateness assessments (COBS 10 and COBS 10A)
- labelling of non-independent research (COBS 12.2.18EU)

Such transactions remain subject to agreements made between us.

### **Language of Communications**

All GMO-Z.com Trade UK Limited legal documents are available in English, and can be found on the English version of our corporate website. Translations into other languages are provided for referential purposes only. For the avoidance of doubt, the English version shall prevail in the event of any inconsistencies or ambiguities.