



**CLIENT  
CATEGORISATION  
POLICY**

## CLIENT CATEGORISATION

Notesco UK Limited (Notescothe “Company”), whose registered office is at Broadgate Tower, 20 Primrose Street, London – EC2A 2EW, United Kingdom is authorised and regulated by the Financial Conduct Authority (hereafter the “FCA”) – Firm reference number: 585561.

FXGiants is a trade name of Notesco UK Limited. In line with the FCA Handbook and implementation of The Market in Financial Instruments Directive 2014/65/EU (MiFID II) is required to classify its Clients into one of the following three categories: retail, professional or eligible counterparty.

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

A retail client receives the highest possible level of protection as described in COBS 3 of the FCA Handbook and shall be entitled to the below (list not exhaustive):

- to receive information from the Company in relation to the provided investment services and financial instruments
- to receive information from the Company in regards to the fees and charges and the treatment of client funds.
- the assessment of the appropriateness of the products and services provided to him in accordance with his knowledge and experience
- to receive appropriate warnings in relation to the product or service offered
- to receive the best possible result for his order (“best execution”) in accordance with the Company’s order execution policy
- to be compensated under the Financial Services Compensation Scheme in accordance with the Company’s Financial Services Compensation Scheme notice.

**B. Professional Client** is a client who possesses the experience, knowledge and expertise to make his own investment decisions and properly assess the risks that he incurs. A professional client can be either a per se professional client or an elective professional client.

### **I. Per se Professional Clients**

The following should all be regarded as professionals in all investment services and activities and financial instruments:

- 1) Entities, which are required to be authorised or regulated to operate in the financial markets. The list below should be understood as including all authorised entities carrying out the characteristic activities of the entities mentioned: entities authorised by a Member State under a Directive, entities authorised or regulated by a Member State without reference to a Directive, and entities authorised or regulated by a non-Member State (Third Country):
  - a) Credit institutions
  - b) Investment firms
  - c) Other authorised or regulated financial institutions
  - d) Insurance companies

- e) Collective investment schemes and management companies of such schemes
  - f) Pension funds and management companies of such funds
  - g) Commodity and commodity derivatives dealers
  - h) Locals
  - i) Other institutional investors
- 2) Large undertakings meeting any two of the following size requirements on a company basis:
- a) balance sheet total at least EUR 20,000,000
  - b) net turnover at least EUR 40,000,000
  - c) own funds at least EUR 2,000,000
- 3) National and regional governments, public bodies that manage public debt, Central Banks, international and supranational institutions such as the World Bank, the International Monetary Fund, the European Central Bank, the European Investment Bank and other similar international organisations.
- 4) Other institutional investors whose main activity is to invest in financial instruments, including entities dedicated to the securitisation of assets or other financing transactions.

The entities mentioned above are considered to be professionals. They are however allowed to request non-professional treatment and the Company may agree to provide a higher level of protection. Where the client of the Company is an undertaking referred to above, the Company must inform him prior to any provision of services that, on the basis of the information available to the Company, the client is deemed to be a professional client and will be treated as such unless the Company and the client agree otherwise. The client may request a variation of the terms of the agreement in order to secure a higher degree of protection.

It is the responsibility of the client considered to be a professional client, to ask for a higher level of protection when it deems it is unable to properly assess or manage the risks involved.

This higher level of protection will be provided when a client who is considered to be a professional, enters into a written agreement with the Company to the effect that it shall not be treated as a professional for the purposes of the applicable conduct of business regime.

Such agreement should specify whether this applies to one or more particular services or transactions, or to one or more types of product or transaction.

## II. Elective Professional Clients

### 1. Identification criteria

Clients other than those mentioned in section I, including public sector bodies, local public authorities, municipalities and private individual investors, may also be allowed to waive some of the protections afforded by the conduct of business rules of the Company.

The Company should therefore be allowed to treat any of the above clients as professionals provided the relevant criteria and procedure mentioned below are fulfilled. These clients should not, however, be presumed to possess market knowledge and experience comparable to that of the categories listed in section I.

Any such waiver of the protection afforded by the standard conduct of business regime shall be considered valid only if an adequate assessment of the expertise, experience and knowledge of the client, undertaken by the Company, gives reasonable assurance, in light of the nature of the transactions or services envisaged, that the client is capable of making his own investment decisions and understands the risks involved.

The fitness test applied to managers and directors of entities licensed under European Directives in the financial field could be regarded as an example of the assessment of expertise and knowledge. In the case of small entities, the person subject to the above assessment should be the person authorised to carry out transactions on behalf of the entity.

In the course of the above assessment, as a minimum, two of the following criteria should be satisfied:

- the client has carried out transactions, in significant size, on the relevant market at an average frequency of 10 per quarter over the previous four quarters,
- the size of the client's financial instrument portfolio, defined as including cash deposits and financial instruments exceeds EUR 500 000,
- the client works or has worked in the financial sector for at least one year in a professional position, which requires knowledge of the transactions or services envisaged.

## 2. Procedures

The clients defined above may waive the benefit of the detailed rules of conduct only when the procedure below is followed:

- a. they must state in writing to the Company that they wish to be treated as a professional client, either generally or in respect of a particular investment service or transaction, or type of transaction or product,
- b. the Company must give them a clear written warning of the protection and investor compensation rights they may lose,
- c. they must state in writing, in a separate document from the contract, that they are aware of the consequences of losing such protection.

Before deciding to accept any request for waiver, the Company is required to take all reasonable steps to ensure that the client requesting to be treated as an elective professional client meets the relevant requirements stated above.

Professional clients are responsible for keeping the Company informed about any change, which could affect their current categorisation. Should the Company become aware however that the client no longer fulfils the initial conditions, which made him eligible for professional treatment, then the Company will take appropriate action.

## C. Eligible Counterparty

I. Eligible Counterparty is a Client that is either a per se eligible counterparty or an elective eligible counterparty.

Clients can only be an eligible counterparty in relation to eligible counterparty business if the firm categorises the following types of clients for the purposes of the FCA Handbook:

- 1) a properly constituted government (including a quasi-governmental body or a government agency) of any country or territory;
- 2) a central bank or other national monetary authority of any country or territory;
- 3) a supranational whose members are either countries or central banks or national monetary authorities;
- 4) a State investment body, or a body charged with, or intervening in, the management of the public debt at national level;
- 5) another firm, or an overseas financial services institution;
- 6) any associate of a firm (except an OPS firm), or of an overseas financial services institution, if the firm or institution consents;
- 7) a client when he is classified as an eligible counterparty in accordance with 1.2; or
- 8) a recognised investment exchange, regulated market or clearing house.

II. A firm may classify a client (other than another firm, regulated collective investment scheme, or an overseas financial services institution) as an eligible counterparty for the purposes of the law under II (C) (I) (7) above if:

1) the client at the time he is classified is one of the following:

- a) a body corporate (including a limited liability partnership) which has (or any of whose holding companies or subsidiaries has) called up share capital of at least £10 million (or its equivalent in any other currency at the relevant time);
- b) a body corporate that meets (or any of whose holding companies or subsidiaries meets) two of the following tests:
  - (i) a balance sheet total of 12.5 million euros (or its equivalent in any other currency at the relevant time);
  - (ii) a net turnover of 25 million euros (or its equivalent in any other currency at the relevant time);
  - (iii) an average number of employees during the year of 250;
- d) a partnership or unincorporated association which has net assets of at least £10 million (or its equivalent in any other currency at the relevant time) (and calculated, in the case of a limited partnership, without deducting loans owing to any of the partners);
- e) a trustee of a trust (other than an occupational pension scheme, SSAS, personal pension scheme or stakeholder pension scheme) with assets of at least £10 million (or its equivalent in any other currency), calculated by aggregating the value of the cash and designated investments forming part of the trust's assets, but before deducting its liabilities;

- e) a trustee of an occupational pension scheme or SSAS, or a trustee or operator of a personal pension scheme or stakeholder pension scheme where the scheme has (or has had at any time during the previous two years):
- (i) at least 50 members; and
  - (ii) assets under management of not less than £10 million (or its equivalent in any other currency at the relevant time); and

If the firm is not conducting any of these transactions then the client cannot be classed as an eligible counterparty.

### III. Per se Eligible Counterparties:

Each of the following is a per se eligible counterparty (including an entity that is not from an EEA state that is equivalent to any of the following) unless and to the extent it is given a different categorisation under COBS 3.6:

- An investment firm;
- A credit institution;
- An insurance company;
- A collective investment scheme authorised under the UCITS Directive or its management company;
- A pension fund or its management company;
- Another financial institution authorised or regulated under EU or the national law of an EEA State;
- A national government or its corresponding office, including a public body that deals with the public debt at national level;
- A central bank;
- A supranational organisation.

### IV. Elective Eligible Counterparties

A firm may treat a client as an elective eligible counterparty if:

1. The client is an undertaking and:
  - a. Is a per se professional client (except for a client that is only a per se professional client because it is an institutional investor under COBS 3.5.2 R (5)) and, in relation to business other than MiFID or equivalent third country business:
    - i. Is a body corporate (including a limited liability partnership) which has (or any of whose holding companies or subsidiaries has) called up share capital of at least £10 million (or its equivalent in any other currency at the relevant time); or

- ii. Meets the criteria in the rule on meeting two quantitative tests (COBS 3.5.2 R (3)(b)) (see (b) under ‘Per se Professional Clients’); or
- b. Requests such categorization; and
2. The firm adheres to the procedure set out at COBS 2.3.4. BEU.
  3. The firm has, in relation to MiFID II or equivalent third country business, obtained express confirmation from the prospective counterparty that it agrees to be treated as an eligible counterparty.

The categories of elective eligible counterparties include an equivalent undertaking that is not from an EEA State provided the above conditions and requirements are satisfied.

### **Request for Different Classification**

A Retail Client has the right to request a different classification to become an Elective Professional Client but he will be afforded a lower level of protection.

A Per se Professional Client has the right to request a different classification to become an Elective Eligible Counterparty but they will be afforded a lower level of protection.

A Per se Professional Client has the right to request a different classification as a Retail Client in order to obtain a higher level of protection.

A Per se Eligible Counterparty has the right to request a different classification of either a Professional Client or Retail Client in order to obtain a higher level of protection.

The Company has the right to decline any of the above Client’s requests for different classification.

*Version 2018/002*

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