



Investment
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Date:

Investment Services - Client Re- Categorisation

General Information

In accordance with regulations that provide for investor protection relevant to markets in financial instruments, we are required to categorise our investment clients in one of the following categories:

- Retail Clients
- Elective Professional clients
- Per se Professional clients
- Eligible counterparties

Different levels of investor protection apply to each category, Retail clients benefiting from the highest degree of protection and eligible counterparties benefiting from the lowest degree of protection.

Significance of the categorisation

To help you to understand the implications of any re-categorisation we summarise below details of our obligations in respect of the various MiFID client categories:

Retail client

A retail would obtain the highest level of investor protection, which implies, among other things, that:

- We must provide you with information about our prices and services in good time before you execute transactions
- we must ensure that you have sufficient knowledge or experience in trading in relevant financial instruments (securities)
- before purchasing selected investment certificates and certain other investment products we must, in good time, provide you with a Key Investor Information document or PRIIPs KID

- before advising you, we must obtain information about your investment objectives and profile so that we can offer you advice matching your needs. This includes obtaining information about:
 - your investment objectives
 - your educational background
 - your occupation
 - your knowledge and experience of investments
 - your investment time horizon and risk tolerance
 - your financial situation and ability to bear losses
- we must provide you with a statement on the suitability of any advice that we give you before any transactions are executed
- we are obliged in connection with the execution of orders to obtain the best possible price inclusive of trading costs, unless we execute the order according to other criteria determined by you
- every three months we send you a statement of your holdings
- once every twelve months, we send you a total overview of the amount paid in investment service costs and product costs

The Gibraltar Investor Compensation Scheme is available to retail clients. All clients who do not fulfil the requirements of being categorised as professional clients or eligible counterparties cf. below will be categorised as retail clients. Retail clients may therefore be both personal clients and business undertakings.

Elective professional clients

Clients trading very actively in some types of financial instruments may request a re-categorisation from retail client to "elective professional client". To become an elective professional client, the client must ask the Bank to make the re-categorisation. In accordance with the law, the Bank must make a thorough assessment as to whether the client is capable of making his/her own investment decisions and understands the risks involved. In addition, at least two of the following three criteria must be satisfied:

- The client has carried out transactions, in significant size, in the relevant market - at an average frequency of 10 per quarter over the previous four quarters.
- The size of the client's financial 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 transactions or services envisaged.

In comparison to that of a retail client, the categorisation as an elective professional client implies lower a lower level of protection including:

- The client and the Bank may agree that the client will receive less detailed information with respect to information about the costs and fees relevant to an investment service / product or transaction
- There is no requirement for the Bank to provide a statement as to the suitability of any advice that it might give before any transactions or services are executed
- There is no requirement for the bank to ensure that certain investor information is given (including Key Investor Information or PRIIPs KIID documents), although it would be made available upon client's request.
- Elective professional clients are **not** considered eligible investors for the purposes of the Gibraltar Investor Compensation Scheme, and as such would not be able to benefit from any investor compensation that it may provide for.

Per se professional clients

A per se professional client is a large undertaking meeting two of the following three size requirements on a company basis:

1. own funds of EUR 2,000,000
2. balance sheet total of EUR 20,000,000
3. net turnover of EUR 40,000,000

Seen in relation to the categorisation as a retail client the categorisation as a per se professional client implies a lower degree of protection in as much as:

- The Bank may take as its starting point the view that a per se professional client would have knowledge and experience in trading relevant financial instruments (including securities)
- The Bank may take as its starting point the view that a per se professional client's financial affairs would be strong enough to make the desired investments and the potential financial consequences of the investments are understood.

- There is no requirement of the Bank to provide a statement on the suitability of any advice that we give you before any transactions / services are executed
- With respect to information about costs and fees the client and the Bank may agree to give less detailed information
- There is no requirement for the bank to provide certain investor information (Key Investor Information or PRIIPs KID document) although it would be made available upon client's request.

Professional clients are **not** considered eligible investors for the purposes of the Gibraltar Investor Compensation Scheme and as such would not be able to benefit from any investor compensation that it may provide for.

Eligible counterparties

The legislation defines eligible counterparties as a specific type of undertaking, for instance: financial institutions, pension funds, insurance companies.

Eligible counterparties only benefit from a moderate degree of investor protection in the form of:

- Information on investment services and financial instruments
- Information about costs and fees for investment services
- Reporting on transactions and services rendered

An eligible counterparty receiving advisory services or portfolio management services is treated in the same way as professional clients.

Changes of categorisation

Clients may request the Bank to make a re-categorisation and there are specific regulatory requirements that must be met before a request to be placed in a category with a lower degree of investor protection can be agreed. Any request for a re-categorisation from retail client to elective professional client should be submitted using the form attached here.

Clients must inform the bank of any changes in circumstances that may affect their categorisation and in any event, should the bank become aware that a client no longer fulfils the any of the categorisation requirements, the bank will take appropriate action and inform the client of any changes to their categorisation accordingly.

FORM OF REQUEST FOR A RE-CATEGORISATION AS AN ELECTIVE PROFESSIONAL CLIENT.

Under the Markets in Financial Instruments regulations , we may treat you as an elective professional client if, after our assessment of your expertise, experience, and knowledge of you, we are reasonably assured that, in light of the nature of the transactions or services envisaged, you are capable of making your own investment decisions and understanding the risks involved. This is the “qualitative test”.

In making our assessment, we may rely on information we already hold about you and/or we may request additional information from you and/or call you to discuss your investment experience.

In addition to this qualitative test, you must satisfy at least 2 of the following 3 criteria:

1. You have carried out transactions, in significant size, on the relevant market at an average frequency of 10 per quarter over the previous 4 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 transaction or services envisaged.

CLIENT DECLARATION AND WARRANTIES:

I/we hereby warrant that I/we satisfy at least two of the three criteria listed above.

I/we confirm that all information provided to you by me/us (for the purposes of facilitating your assessment of my/our request to be categorised as a professional client) is true, accurate and complete

I / we confirm that I / we wish to be treated as a professional client by Trusted Novus Bank in respect of the following products and services:

- Ordinary equities and bonds
- Collective investments UCITS
- Collective investments non-UCITS (AIF, capital associations, hedge funds)
- Coco bonds
- Certificates



- Structured bonds
- Derivative securities (options, forward exchange contracts, repos, futures)
- FX derivatives (options and foreign exchange contracts)
- Commodities (options and futures)

I/we have read and understood the written warning below from Trusted Novus Bank regarding the protections and compensation rights that I/we may lose, and I/we am/are aware of the consequences of losing such protections.



WARNING REGARDING PROFESSIONAL VS RETAIL CATEGORISATIONS

Differences in regulatory protections afforded retail clients vs. professional clients include amongst others:

- With respect to information about costs and fees relating to investment products/services and transactions, the client may receive less detailed information.
- There is no requirement for the Bank to provide a statement on the suitability of any advice that it may give before any transactions / services are executed.
- There is no requirement for the bank to ensure that certain investor information (Key Investor Information Documents for Packaged Retail and Insurance Based Investment products/funds etc) is provided before any investment is made (although it would be made available upon request).
- Elective professional clients are **not** considered eligible investors for the purposes of the Gibraltar Investor Compensation Scheme and as such would not the benefit of investor compensation that it provides.

Finally, I/We confirm that I/We am/are aware that it is up to me/us to keep Trusted Novus Bank of any change that could affect my categorisation, and that I/We can request a change in classification to afford a higher degree of protection at any time .

Name of Account Holder(s):-----

Date: -----

Signature(s): -----

On behalf of: (Only if you are signing on behalf of a company):
