

# Client Categorisation

## INTRODUCTION

ATC BROKERS LIMITED (“ATC”) ensures that clients are appropriately categorised, prior to doing business with them, in order to ensure that regulatory protections are focused on those classes of client that need this the most. ATC is required by the FCA Rules to classify all clients and establish whether the client is a Retail Client, Professional Client or an Eligible Counterparty. Clients may request to receive a different classification at any time, either generally or in respect of specific circumstances. For your information, we have included below an explanation of the differences in classification and the protections offered to each level.

## RETAIL CLIENT

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 and Assets (CASS) rules; and the services of the Financial Ombudsman Service (FOS) and Financial Services Compensation Scheme (FSCS). With regards to funds held with ATC, any money we receive from you or hold on your behalf will be treated as “Client Money” as defined in these CASS rules. This means that any money we receive from you or hold on your behalf will be segregated from ATC’s own money, and you will not rank as a general creditor of ATC in the event of insolvency or an equivalent failure. ATC has the permissions to deal with Retail Clients and unless a client is deemed a professional client they will be a Retail Client. A Retail Client may include the following:

- A company, partnership or trust that does not qualify as a professional client;
- An individual who is not an authorised person;
- An individual who is an authorised person but is not acting in the course of carrying on the business for which he is authorised;
- An overseas individual who does not qualify as an overseas financial services firm;
- A group of individuals who are not in partnership but whom USI proposes to treat as a single customer;

## PROFESSIONAL CLIENT

Per Se Professional Client: Certain clients automatically fall within the definition of Professional Clients (“*per se*” Professional Clients). These are:

- All the categories of *per se* Eligible Counterparties;
- Other institutional investors (either authorised or regulated);

- Large undertakings meeting two of the following criteria:
  - Balance sheet total: €20m
  - Net turnover: €40m
  - Own funds: €2m
- Regional governments, international institutions;
- Other institutional investors whose main activity is to invest in financial instruments, including entities dedicated to the securitisation of assets or other financial transactions;
- Clients who do not qualify as *per se* Professional Clients, such as small companies and individual investors, may be treated as Professional Clients if they so request, provided they meet certain criteria relating to experience, expertise and wealth.

Elective Professional Client: For an Elective Professional Client, the client must meet the certain criteria as required by the FCA. These are:

- A client must pass a “Qualitative test” and we must assess their knowledge, experience and expertise to ensure they are capable of making their own investment decisions.
- A client must also satisfy a “Quantitative test” and satisfy 2 of the following where applicable:
  - Client has carried out transactions, in significant size and averaged a frequency of over 10 trades per quarter in relevant market over the period of the last 12 months;
  - Value of investment portfolio and cash investments over €500,000;
  - Be employed or had been employed in the relevant financial sector for over a year in a professional position which requires knowledge of the transactions or services envisaged;

As a Professional Client, you will lose the following protections afforded to Retail Clients under FCA rules:

- You will not be eligible to seek the services of the FOS and may not be eligible for compensation under the FSCS.
- We will not be obliged to comply with COBS rules relating to restrictions on and the required contents of direct offer financial promotions.
- We will not be required to provide you with the written risk warnings and notices required for Retail Clients in relation to transactions in complex financial instruments.
- We will not be required to disclose in writing any charges, remuneration or commission or other income payable to ATC or our Affiliates for conducting the regulated business.

- 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.
- If we are required to assess the suitability of a personal recommendation made to you, we can assume that you have the necessary experience and knowledge to understand the risks involved and assume that you are able financially to bear any investment risks consistent with our investment objectives.
- The COBS rules relating to the confirmation of transactions will apply in a modified form. Provisions regarding extra reporting requirements for dealings with Retail Clients and provision of hard copies of confirmations not accessed electronically will not apply.
- 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, nor do we have to consider our own commissions and costs relating to each of the eligible execution venues available when assessing which to use in order to provide Best Execution.

### **ELIGIBLE COUNTERPARTY**

Clients may only be classified as Eligible Counterparties in relation to certain limited services. These services are: dealing and arranging/reception and transmission of orders; the execution of orders; and dealing on own account, i.e. eligible counterparty business (and related ancillary services). In relation to all other investment services and activities, the Eligible Counterparty will be categorised a Professional Client (e.g. in respect of investment advice).

Eligible Counterparties will include capital market participants such as investment firms and banks; major market users and investors such as undertakings for collective investments in transferable securities and fund managers as well as national governments and other public bodies; central banks and supranational organizations. Clients that automatically fall within the Eligible Counterparty definition will be “per se” Eligible Counterparties.

The conduct of business rules in relation to best execution, order handling and certain conduct of business obligations do not apply when bringing about or entering into transactions with Eligible Counterparties or in respect of any ancillary service directly related to those transactions.