



Client Categorisation

INTRODUCTION

ATC BROKERS LIMITED (“ATC”, “we”, “us”, “our”) ensures that clients are appropriately categorised, prior to doing business with them, in order to provide our clients with the appropriate level of regulatory protections. ATC is required by the rules and guidance of the Financial Conduct Authority (FCA Rules and the FCA) to categorise each of our clients as: a Retail Client, a 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.

Defined terms that are not specifically defined in this document bear the meanings assigned to them in the FCA Rules.

RETAIL CLIENT

A Retail Client is entitled to the maximum level of regulatory protection. With regard to funds held with ATC, any money we receive from a Retail Client or which we hold on behalf of a Retail Client will be treated as “Client Money” as defined in the CASS rules. This means that any money we receive from a Retail Client or which we hold on behalf of a Retail Client will be segregated from ATC’s own money, and that a Retail Client will not rank as a general creditor of ATC in the event of insolvency or an equivalent failure. ATC has FCA permission to deal with Retail Clients.

A Retail Client is a client who is not a Professional Client or an Eligible Counterparty.

PROFESSIONAL CLIENT

There are two types of Professional Client: Per Se Professional Clients and Elective Professional Clients.

1. **Per Se Professional Client:** Per Se Professional Clients are clients which automatically fall within the definition of Professional Client unless and to the extent that they are Eligible Counterparties (carrying out Eligible Counterparty Business). These are:
 - Credit institutions;
 - Investment firms;
 - Any other authorised or regulated financial institutions;
 - Insurance companies;
 - Collective investment schemes or the management companies of such schemes;

- Pension funds or the management companies of pension funds;
 - Commodity dealers or commodity derivatives dealers;
 - Locals;
 - Other institutional investors (which are authorised and regulated to operate in the financial markets);
 - Large undertakings meeting two of the following criteria (on a company basis):
 - Balance sheet total: €20m
 - Net turnover: €40m
 - Own funds: €2m;
 - National or regional governments, including public bodies that manage public debt at a national or regional level, a central bank, an international or supranational institution or other similar international organisations; and
 - Other institutional investors whose main activity is to invest in financial instruments, including entities dedicated to the securitisation of assets or other financial transactions.
2. **Elective Professional Client:** An Elective Professional Client is a client who does not qualify as a Per Se Professional Client, but who asks to be categorised as a Professional Client and who satisfies both the qualitative test and the quantitative test as described below:
- **The “qualitative test”:** We assess the client’s expertise, experience and knowledge and we conclude that, in light of the nature of the transactions or services envisaged, the client is capable of making their own investment decisions and understanding the risks involved.
 - **The “quantitative test”:** At least two of the following statements apply to the client
 - The client has carried out transactions, in significant size and averaged at a frequency of over 10 trades per quarter on relevant market over the period of the previous four quarters;
 - The value of the client’s investment portfolio (which includes Financial Instruments and cash deposits) is over €500,000;
 - The client works or has worked in the relevant financial sector for over a year in a professional position which requires knowledge of the transactions or services envisaged.

Provided the above criteria are met, ATC may treat a client as an Elective Professional Client only if the following procedure is followed:

- The client must state in writing that it wishes to be treated as a Professional Client generally or in respect of a specific service or transaction or type of transaction or product;
- ATC must give the client a written warning of the protections and investor compensation rights the client may lose (see below); and
- The client must state in writing in a separate document from this contract, that it is aware of the consequences of losing said protections.

As stated above, Professional Clients receive a lower level of regulatory protection under FCA rules:

- **Communication:** We must ensure that a communication or a financial promotion is fair, clear and not misleading. In complying with this requirement, however, we may have regard to the nature of the client. As such, a communication addressed to a Professional Client may not need to include the same information, or to be presented in the same way, as a communication addressed to a Retail Client.
- **Direct offer financial promotions:** Some FCA Rules regarding direct offer financial promotions are less onerous in the context of Professional Clients. For instance, we may not communicate a direct-offer financial promotion relating to a non-readily realisable security to a Retail Client except in particular circumstances. There is no such restriction on communicating a direct-offer financial promotion relating to a non-readily realisable security to a Professional Client.
- **Suitability and appropriateness:** When we assess (i) the suitability of a personal recommendation made to a Professional Client or (ii) the appropriateness of a non-advised service for a Professional Client, we are entitled to assume that, in relation to the products, transactions and services in respect of which the client has been categorised as a Professional Client, the client has the necessary level of experience and knowledge to understand the risks involved in the management of their investments. We may not make this assumption when assessing the suitability of a personal recommendation made to a Retail Client or the appropriateness of a non-advised service for a Retail Client.

- **Client Money Rules:** Some of the Client Money Rules are less onerous in the context of Professional Clients. For instance, we may not enter into a title transfer collateral arrangement in respect of an asset that belongs to a Retail Client. We may enter into a title transfer collateral arrangement in respect of an asset that belongs to a Professional Client.
- **Financial Ombudsman Service:** It is unlikely that a Professional Client would be eligible to receive the services of the Financial Ombudsman Service (though being a Professional Client does not automatically mean that a person cannot receive the services of the Financial Ombudsman Service).
- **Financial Services Compensation Scheme:** It is unlikely that a Professional Client would be eligible to receive the services of the Financial Services Compensation Scheme (though being a Professional Client does not automatically mean that a person cannot receive the services of the Financial Services Compensation Scheme).
- **Execution:** When we firm execute an order on behalf of a Retail Client, we must determine the best possible result in terms of the total consideration, representing the price of the financial instrument and the costs related to execution, which must include all expenses incurred by the client which are directly related to the execution of the order, including execution venue fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order. We may have regard to other matters when determining what amounts to best execution for Professional Clients.

ELIGIBLE COUNTERPARTY

Clients may only be classified as Eligible Counterparties in relation to certain limited services. These services are:

- Dealing on own account, execution of orders on behalf of clients or reception and transmission of orders; or
- Any ancillary service directly related to one of above services or activities; or
- Arranging in relation to business which is not (i) within the scope of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments (aka MiFID II) or (ii) equivalent third country firm business.

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).

There are two types of Eligible Counterparty: Per Se Eligible Counterparties and Elective Eligible Counterparties.

3. **Per Se Eligible Counterpartis:** Per Se Eligible Counterparties are clients which automatically fall within the definition of Eligible Counterparty unless and to the extent that they are lawfully given a different categorisation. These are:

- Investment firms;
- Credit institutions;
- Insurance companies;
- Collective investment schemes authorised under the European Parliament and Council Directive of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (aka the UCITS Directive) or the management companies of such schemes;
- Pension funds or the management companies of pension funds;
- Other financial institutions that are authorised or regulated under European Union legislation or the national law of a European Economic Area State;
- national governments (or their corresponding offices) including public bodies that deal with public debt at national level;
- central banks; and
- supranational organisations.

4. **Elective Eligible Counterparties:** Firms may treat certain types of client, other than Per Se Eligible Counterparties, as Eligible Counterparties. However, this is only an option in the context of business which is not governed by Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments (aka MiFID II). As such none of ATC's clients will be Elective 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.