



For the avoidance of doubt, the FCA is giving the following definition of a per se professional client

(1) An entity required to be authorized or regulated to operate in the financial markets e.g. an investment firm or credit institution

(2) In relation to MIFID or equivalent third country business a large undertaking meeting two of the following size requirements on a company basis:

- (a) Balance sheet total of EUR 20 million
- (b) Net turnover of EUR 40 million
- (c) Own funds of EUR 2 million

(3) In relation to business that is not MIFID or equivalent third country business a large undertaking meeting either of the following conditions:

- (a) A corporate body which has called up share capital of at least £10 million
- (b) A large undertaking meeting at least two of the following tests

- (i) A balance sheet total of EUR 12.5 million
- (ii) A net turnover of EUR 25 million
- (iii) An average number of employees during the year of 250
- (iv) A national or regional government, a public body that issues debt, a central bank, an international or supranational body
- (v) Another institutional investor whose main activity is not to invest in financial instruments (includes entities dedicated to the securitisation of assets or other financing transactions)

We may treat a client as an elective professional client if it complies with (1) and (3) below, and, where applicable (2):

(1) We undertake an adequate assessment of the expertise, experience and knowledge of the client that 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 understanding the risks involved (the “qualitative test”).

(2) In relation to MIFID or equivalent third country business in the course of that assessment, at least two of the following criteria are satisfied:

- (a) The client has carried out transactions, in significant size, on relevant markets at an average frequency of 10 per quarter over the previous four quarters
- (b) The size of the client’s financial instrument portfolio, defined as including cash deposits and financial instruments, exceeds EUR 500,000.
- (c) 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; (the “quantitative test”) and

(3) The following procedure is followed

(a) The client must state in writing to the firm that it wishes to be treated as a professional client either generally or in respect of a particular service or transaction or type of transaction or product

(b) The firm must give the client a clear written warning of the protections and investor compensation rights the client may lose and

(c) The client must state in writing, in a separate document from the contract, that it is aware of the consequences of losing such protection.