



FxPro UK Limited

Client Categorisation Notice

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1. INTRODUCTION

- 1.1 This Client Categorisation Notice (the '**Notice**') is provided to you alongside the FxPro Client Agreement, and contains further information on how we will conduct business with you as a Client of FxPro UK Ltd ('**FxPro**').
- 1.2 **For your benefit and protection, please ensure you take sufficient time to read this and any other additional documentation and information available to you via our Website, prior to opening an account and/or carrying out any activity with us. You should contact us for any further clarification, or seek independent professional advice (if necessary).**

2. APPROPRIATENESS AND FCA CATEGORISATION RULES

- 2.1 Under the Financial Conduct Authority rules there are three Client categories. Each category has a different level of protection afforded to it: Retail, Professional and Eligible Counterparty.
- 2.2 We will automatically categorise you as a 'Retail Client', as notified within the Client Agreement. Should you wish to be re-classified, you should contact us requesting your re-categorisation in writing.
- 2.3 Upon registering with FxPro for an Account, you must take an 'Appropriateness Test' where you will be asked a number of questions to enable us to assess your knowledge and experience of trading leveraged products. This information will help us with the assessment, in the event of a re-categorisation request.
- 2.4 We are required to review your categorisation from time to time, and to re-categorise you if necessary.

3. RETAIL CLIENTS

- 3.1 A Retail Client is a client who is not a Professional Client or an Eligible Counterparty. Generally, a Retail Client is not considered to have relevant or sufficient experience for investment business. Therefore, Retail Clients are afforded with the highest level of protection under FCA regulation. Such protection includes the segregation of client money from the Firm's own money along with access to the Financial Ombudsman Service and the Financial Services Compensation Scheme. However, after conducting an Appropriateness Assessment, we will make a decision on whether you possess the minimum knowledge and experience to trade leveraged products.

4. PROFESSIONAL CLIENTS

4.1 A Professional Client is a client that is either a 'per se' professional client or an 'elective' professional client.

4.2 **Per Se Professional Client:** is an entity required to be authorised to operate in the financial markets, including:

- a credit institution;
- an investment firm;
- any other authorised and regulated financial institution;
- an insurance company;
- a collective investment scheme or its management company;
- a pension fund or its management company;
- a commodity or commodity derivatives dealer;
- a local;
- any other institutional investor.

In relation to MiFID or equivalent third country business, a large undertaking meeting two of the following conditions size requirements on a company basis:

- Balance sheet total of EUR 20m or over;
- Net turnover of EUR 40m or over;
- Own funds of EUR 2m or more.

In relation to a business that is not MiFID or equivalent third country business, a large undertaking meeting any of the following conditions:

- a) A body corporate (including a limited liability partnership) which has (or any of whose holding companies or subsidiaries has) (or has had at any time during the previous two years) called up share capital or net assets, of at least £51 million (or its equivalent in any other currency at the relevant time);
- b) An undertaking that meets (or any of whose holding companies or subsidiaries meets) two of the following tests:
 - i. a balance sheet total of EUR 12.5m;
 - ii. a net turnover of EUR 25m;
 - iii. an average number of employees during the year of 250.
- c) A partnership or unincorporated association which has (or has had at any time during the previous two years) net assets of at least £5 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;
- d) A trustee of a trust (other than an occupational pension scheme, SSAS, personal pension scheme or stakeholder pension scheme) which has (or has had at any time during the previous two years) assets of at least £10m (or its equivalent in any other

- currency at the relevant time) calculated by aggregating the value of cash and designated investments forming part of the trust's assets, but before deducting its liabilities;
- e) A trustee of a trust (other than an occupational pension scheme, SSAS, 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 at least £10 million (or its equivalent in any other currency at the relevant time)
 - f) a local authority or public authority;
 - g) A national or regional government, a public body that manages public debt, a central bank, an international or supernatural institution (such as the World Bank, the IMF, the ECP, the EIB) or another similar international organisation;
 - h) Another institutional investor whose main activity is to invest in financial instruments (in relation to the firm's MiFID or equivalent third country business) or designated investments (in relation to the firm's other business). This includes entities dedicated to the securitisation of assets or other financing transactions.

4.3 Elective Professional Client: You may elect to be treated as a Professional Client, provided that you meet (1) and (3) below, and where applicable, (2):

1. The qualitative test: we undertake an adequate assessment of your expertise, experience and knowledge that gives reasonable assurance, in light of the nature of the transactions or services envisaged, that you are capable of making your own investment decisions and understanding the risks involved;
2. The quantitative test: 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) you have carried out transactions, in significant size, on the relevant market at an average frequency of 10 per quarter, over the previous four quarters;
 - b) the size of your portfolio of financial instruments, defined as including cash deposits and financial instruments, exceeds EUR 500,000;
 - c) you work or have worked in the financial sector for at least one year in a professional position, which requires knowledge of the transactions or services envisaged; and
3. The below procedure is followed:
 - a) You must state in writing to us that you wish 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) We must give you a clear warning of the protections and investor compensation rights you may lose; and
- c) You must state in writing, in a separate document from the contract, that you are aware of the consequences of losing such protections.

5. ELIGIBLE COUNTERPARTIES

5.1 A client that is either a 'per se' eligible or an 'elective' eligible counterparty. Clients can only be an eligible counterparty if the firm is undertaking one of the following activities for them:

- a) Executing orders (acting to conclude agreements to buy or sell one or more financial instruments on behalf of clients);
- b) Dealing on their own account (trading against proprietary capital resulting in the conclusion of transactions in one or more financial instruments);
- c) Receiving and transmitting orders.

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

5.2 For further information on eligible counterparties, please contact FxPro's Compliance Department at compliance@fxpro.co.uk.

6. PROTECTION RIGHTS: RETAIL CLIENTS

6.1 Retail Clients will be afforded with the highest level of protection under the FCA regulatory system, more so than a Professional Client or Eligible Counterparty. A Retail Client will, for example, be given more information and disclosures regarding the Firm, its products, services, charges, and commission charges as per the FCA's Conduct of Business Rules. We are required to ensure the safeguarding of Client instruments and the segregation of Client money from our own money, which must be held in designated client bank accounts as per the regulatory CASS rules. Retail clients have the rights to refer complaints to the Financial Ombudsman Service ('FOS') and may also benefit from the maximum protection available under the Financial Services Compensation Scheme ('FSCS').

6.2 We must comply with the FCA's Client Assets ('CASS') rules to ensure that all Retail Client money is protected and fully segregated. We clearly distinguish client money from our own by holding such funds in segregated client bank accounts. Segregation of client money ensures that in the event we become insolvent, funds held in these accounts will be returned to the clients, minus the administrators' cost in handling and distributing these funds, instead of being treated as recoverable assets by general creditors of the Firm.

- 6.3 The Financial Services Compensation Scheme ('FSCS') is the UK's compensation funds of last resort for clients of authorised financial services firms, such as FxPro. This means that FSCS can pay compensation to consumers should we become insolvent or cease trading. Our Retail Clients fall under the FSCS investments claim category, where the maximum compensation cover is £50,000 per person, per regulated entity. If there was a shortfall of funds then Retail Clients may be eligible under the FSCS for up to £50,000 of the shortfall.
- 6.4 In the event the Firm's bank holding client money on behalf of the Firm goes into liquidation (secondary pooling), any losses would be shared by the Retail Client in proportion to their share of total funds held with a bank which has failed. In the UK, any funds lost as a result of secondary pooling would be covered by the FSCS under the 'banks/building societies' compensation claim category, up to a limit of £85,000 per person, per institution. Further information about the compensation scheme arrangements is available from the FSCS.
- 6.5 A private Retail Client is classified as an eligible complainant and has the right to FOS referrals. Not all Retail Clients are eligible.
- 6.6 Where the Firm executes an order on behalf of a Retail Client, the best possible result shall be determined in terms of the total consideration, representing the price of the financial instrument and the costs related to execution, which shall 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. Further information can be found on our Order Execution Policy.

7. PROTECTION RIGHTS: PROFESSIONAL CLIENTS

- 7.1 The Firm shall be entitled to assume that a Professional Client has the necessary experience and knowledge to understand the risks involved in relation to the Firm's particular investment services, transactions, or products, for which the Client has been assessed for appropriateness and is classified as a Professional Client.
- 7.2 Professional Clients are afforded significantly fewer protections under the FCA regulations than those afforded to Retail Clients. Professional Clients may lose their right to refer complaints to either the FCA or the FOS. Some Professional Clients and Eligible Counterparties such as large institutions and FCA regulated firms will not be considered as an eligible complainant for referrals to the FOS. In addition, they may lose their right to seek compensation from the FSCS in the event that the Firm is unable to meet its obligations.
- 7.3 The Firm may provide Professional Clients with financial promotions that may not have been approved by an approved person authorised by the FCA and which may not conform to the

rules issues by the FCA. As a Professional Client should be in a position to understand and make proper evaluation of the risks involved in investing in such promotions.

- 7.4 When providing Professional Clients with best execution the Firm is not required to prioritise the overall costs of the transaction as being the most important factor in achieving best execution for them.

8. FAQs AND CONTACT INFORMATION

- 8.1 Questions regarding this document should be addressed, in the first instance, to our Customer Support Department.
- 8.2 You may contact our Customer Support Department via e-mail at support@fxpro.co.uk, or via phone on the numbers you will find on the Contact section of our website.

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FxPro UK Ltd is authorised and regulated by the Financial Conduct Authority

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