

Classification as a professional client

Bordier UK provides discretionary portfolio management services to clients on the basis that all clients are treated as retail clients under the Financial Conduct Authority ('FCA') rules and are therefore afforded the widest level of protection under the rules.

However, Bordier UK may, from time to time, offer clients the opportunity to subscribe to other products (such as private equity funds) that cannot be offered to retail clients under FCA rules (usually because of the nature of the risk involved or the complexity of such products). To subscribe to such products, retail clients may be reclassified as professional clients for the purposes of these products only.

Throughout this document, "we", "us" and "Bordier UK" all refer to Bordier & Cie (UK) PLC. All fees and charges are subject to VAT as appropriate.

Process of reclassification

Firstly, the client must state to Bordier UK that they have an interest in the products, and that they wish to understand the consequences of being classified as a professional client.

Professional clients are then assessed by us to make sure that we believe that they have the necessary expertise, experience and knowledge to be categorised as elective professional clients under FCA rules.

Secondly, Bordier UK will present this document, which is designed to make clear potential issues relating to any reclassification. We provide this document to you as a clear written warning of the protections and investor compensation rights you may lose by being categorised as an elective professional client, as opposed to a retail client. We have summarised the key FCA rules in relation to this process. While accurate at the time of publication, applicable regulations are subject to change. We will seek to keep this document up to date and will publish the most recent version on our website (www.bordieruk.com/statementsandriskwarnings).

Thirdly, we will ask the prospective professional client to confirm they understand the risks and consequences of the reclassification as set out in this document.

This document sets out the differences in regulatory protections that apply to a professional client as compared with a retail client.

- Terms used in this document have the same meanings as in our terms of business unless the contrary intention appears.
- References in this document to professional clients shall include both "per se" and "elective" professional clients, as defined by the FCA rules.
- References to MiFID business includes equivalent UK and third-country business unless the contrary intention appears.

It is important that you read and understand this document before you consent to being treated as an elective professional client. Should you have any questions, please do not hesitate to contact us.

Consequences of categorisation as a professional client

1) Provision of information by Bordier UK

- (a) *Communication with clients:* All FCA regulated firms must ensure that communications with every client are fair, clear and not misleading. However, the way in which we may communicate with professional clients (about us, our services and products, and our remuneration) may be different from the way in which we communicate with retail clients, because professional clients are expected to have a higher level of understanding about the products and their associated risks. Our obligations in respect of the level of detail, the medium of communication and timing of the provision of information may also be different depending on whether the client is a retail or professional client.
- (b) *Information about costs and associated charges:* We must provide clients with information on costs and associated charges relating to their products or services. The information provided may not be as comprehensive for professional clients as it must be for retail clients.
- (c) *Description of the nature and risks of packaged investments:* If we offer an investment service as part of a package, we are obliged to inform retail clients if the risks resulting from the agreement or package are likely to be different from the risks associated with the separate components when taken separately, and the way in which the interaction of the parts change the risks. These requirements do not apply in respect of professional clients.
- (d) *Information about a financial instrument in respect of which a prospectus is available:* If we were to provide retail clients with information about a financial instrument that is the subject of a current offer to the public, and a prospectus has been published in connection with that offer, we must inform such retail clients where that prospectus is made available to the public, and do so in good time before the provision of investment services or ancillary services. These requirements do not apply in respect of professional clients.
- (e) *Information about currency fluctuations:* Where we provide a retail client with information that contains an indication of the past performance of a financial instrument, a financial index or an investment service, and the indication relies on figures denominated in a currency other than that of the state in which that retail client is resident, we must state the relevant currency and provide enhanced warnings that returns may increase or decrease as a result of currency fluctuations. This requirement does not apply in respect of professional clients.

2) Order execution policy

- (a) *Order execution policy summary:* We must provide a retail client with a summary of the Bordier UK order execution policy, showing how costs are incurred and linked to the most recent execution quality data for each execution venue used. Firms are not obliged to provide a summary that complies with these specific requirements to professional clients, but Bordier UK make this information available on our website for anyone who wishes to see it.

3) Best execution

- (a) We must take all sufficient steps to obtain the best possible results for our clients when executing orders. The application of and the relative importance of the relevant execution factors can vary depending on whether the client is a retail or professional client. For retail clients, total consideration (net of all payable fees and expenses) must be the overriding factor in determining best execution. For professional clients, the various execution factors can be different (in terms of speed, venue etc) and only have to obtain the best possible result for the execution of its professional clients' orders.
- (b) In relation to order execution, we must inform retail clients about any material difficulty relevant to the proper carrying out of orders, as soon as we become aware of the difficulty. This is not required in respect of professional clients.

4) Custody

- (a) *Registration and recording of legal title:* In order to effect the registration or recording of legal title to a safe custody investment in a firm's own name as permitted in certain circumstances by the FCA's CASS rules or MiFID II regime as applicable, we are only required to notify a professional client that the firm may do this, whereas the consent of a retail client is required.

5) Client money

- (a) *Information on holding of client money:* For retail clients, the requirements under the client money rules in the FCA handbook are more prescriptive and provide more protection than is required for professional clients. In particular, we are obliged to pay a retail client any interest earned on client money held for that client unless it has otherwise notified them in writing, which is not the case for professional clients.

6) Depreciation in value reporting

- (a) When we hold a retail client account on a discretionary basis, we must inform the retail client where the initial value of each instrument depreciates by 10 per cent in a reporting quarter. and thereafter at multiples of 10 per cent. This must be done no later than the end of the business day in which the threshold is exceeded. These requirements do not apply in respect of professional client accounts.

7) Suitability and appropriateness

- (a) *Suitability:* If we make a personal recommendation or manage investments for a client, we are required to obtain and consider the following information in relation to the client:
- the client's knowledge and experience in the investment field relevant to the specific type of investment or service;
 - the financial situation of the client; and
 - the client's investment objectives.

However, when making a personal recommendation to or managing investments on behalf of a professional client, we are entitled to assume that (in relation to the products, transactions and services for which the professional client is so classified) the client has the necessary level of experience and knowledge in order to understand the risks involved in the transaction or in the management of his portfolio. This assumption cannot be made for a retail client.

Where we make personal recommendations to a retail client, we are required to provide retail clients with a suitability report but are not required to provide such a report to professional clients.

(b) *Appropriateness*: When assessing appropriateness for non-advised services (i.e. where we do not make personal recommendations or carry on portfolio management), we may be required to determine whether the client has the necessary experience and knowledge in order to understand the risks involved in relation to the product or service offered. Where such an appropriateness assessment requirement applies in respect of a professional client, the firm may assume that a professional client has the necessary experience and knowledge in order to understand the risks involved in relation to those particular investment services, transactions, or products for which the client is classified as a professional client.

8) Remuneration and incentivisation of staff

(a) For retail clients, we are specifically required not to make any arrangement to incentivise staff to recommend a particular financial instrument to a retail client when the firm could offer a different financial instrument that would better meet that client's needs. For professional clients, the requirement is that we do not remunerate or assess the performance of staff in a way that would conflict with their duty to act in the best interests of their clients.

9) The Financial Services Ombudsman

(a) *Ombudsman*: The services of the Financial Ombudsman Service ('FOS') in the UK may not be available to professional clients, unless they are, for example, individual consumers, small businesses or individuals acting outside of their trade, business, craft or profession.

(b) *Financial Services Compensation Scheme*: If Bordier UK was to fail, retail clients would be able to claim compensation from the Financial Services Compensation Scheme ('FSCS'). Eligibility for compensation from the scheme is determined under the rules applicable to the scheme and your rights (if any) to make a claim are unlikely to be directly affected by your categorisation as a professional client.

10) Cancellation rights

(a) The FCA does not require us to offer cancellation rights to professional clients.

11) Reporting to clients

(a) Retail clients receive quarterly reports from their discretionary fund manager. The nature and timing of reporting to professional clients is more at the discretion of the firm for professional clients, but reports must be given at least annually.

Important information

This document is issued and approved by Bordier & Cie (UK) PLC ('Bordier UK'), which is authorised and regulated by the Financial Conduct Authority ('FCA').

We offer Restricted advice as defined by the FCA, which means that if we make a personal recommendation of an investment solution to you, it will be from Bordier UK's range of investment propositions and will reflect your needs and your approach to risk. We do not provide advice on any aspect of pensions, drawdown, pension transfers and income drawdown.

Please remember past performance is not a reliable indicator of future results. The value of an investment and the income from it can go down as well as up and the investor may not get back the amount invested.

Investing carries a number of risks and it is important that you are aware of these, and fully understand them.