



FxPro UK Limited

Client Categorisation Notice

Last modified: 1 April 2022 (Version 1.1)

Contents

- 1. Scope of the notice..... 3
- 2. Client categorisation rules 3
- 3. Retail clients..... 3
- 4. Eligible counterparties 6
- 5. Protection rights: retail clients 6
- 6. Protection rights: professional clients 7

1. Scope of the notice

- 1.1 FxPro UK Limited (**FxPro, us, we and our**) is required to classify each client as 'Retail', 'Professional Client' or 'Eligible Counterparty'.
- 1.2 We may occasionally review your categorisation and re-categorise you differently, if necessary.
- 1.3 Before opening an account and/or carrying out any activity with us, please ensure you take sufficient time to read this and any other additional documentation and information available to you via our website for your benefit and protection . You should contact us for any further clarification.
- 1.4 Unless otherwise defined here, capitalised terms have the same meaning as in the Terms and Conditions.

2. Client categorisation rules

- 2.1 There are three (3) client categories under the Financial Conduct Authority (**FCA**) rules. Each category, as presented below, entails a different level of protection:
 - a) retail;
 - b) professional; and
 - c) eligible counterparty.
- 2.2 You will automatically be categorised as a 'Retail Client', unless we notify you otherwise. If you wish to be re-categorised, you should contact us in writing requesting us to do so.
- 2.3 Re-categorisation requests should be product-specific, as it is possible to be considered a retail client for some products and a professional client for other products.
- 2.4 We may request additional information and documents to examine your re-categorisation request and may decline the same, if necessary.

3. Retail clients

- 3.1 A Retail Client is a client who is not a Professional Client or an Eligible Counterparty.
- 3.2 A Retail Client is not generally considered to have relevant or sufficient experience for investment business. Retail Clients are therefore afforded with the highest level of protection under FCA regulations, as indicated in section 6 below.

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:**

1. **An entity** required to be authorised or regulated to operate in the financial markets, whether authorised in the UK or a third country, including:
 - a. a credit institution;
 - b. an investment firm;
 - c. any other authorised and regulated financial institution;
 - d. an insurance company;
 - e. a collective investment scheme or its management company;
 - f. a pension fund or its management company;
 - g. a commodity or commodity derivatives dealer;
 - h. a local authority;
 - i. any other institutional investor.

2. In relation to the Markets in Financial Instruments Directive (**MiFID**) or equivalent third country business, **a large undertaking** meeting two (2) of the following size requirements on a company basis:
 - a. balance sheet total of EUR 20m or over;
 - b. net turnover of EUR 40m or over;
 - c. own funds of EUR 2m or more.

3. In relation to a business that is not MiFID or equivalent third country business, **a large undertaking** that meets 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 £5 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 (2) of the following conditions:
 - i. a balance sheet total of EUR 12.5m;
 - ii. a net turnover of EUR 25m;
 - iii. an average number of 250 employees during the year.
 - 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 (2) years) assets of at least GBP 10m (or its equivalent in any other currency at the relevant time) calculated by aggregating the value of the 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 (2) years):
 - i. at least 50 members; and
 - ii. assets under management of at least GBP 10 million (or its equivalent in any other currency at the relevant time)
- f. A **national or regional government**, including a public body that manages public debt at national or regional level, a central bank, an international or supranational institution (such as the World Bank, the IMF, the ECP, the EIB) or another similar international organisation;
- g. **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 You may elect to be treated as a Professional Client, namely to be categorised as an **Elective Professional Client**, provided that you meet both the Quantitative and Qualitative tests and the acknowledgements mentioned in paragraph 3 below are provided:

1. **Qualitative Test:** We undertake an assessment of your expertise, experience and knowledge that gives us reasonable assurance, in light of the nature of the transactions or services envisaged, that you are capable of making your own investment decisions and also understand the risks involved. Answers to the Appropriateness test may be used to perform the above assessment and/or additional information may be requested for the assessment.
2. **The Quantitative Test:** At least two (2) of the following criteria must be satisfied:
 - a) You have carried out transactions, in significant size, on the relevant market at an average frequency of ten (10) per quarter, over the previous four (4) quarters;
 - b) The size of your portfolio of financial instruments (defined as including cash deposits and financial instruments) exceeds EUR 500K;
 - c) You work or have worked in the financial sector for at least one (1) year in a professional position, which requires knowledge of the transactions or services envisaged.

3. Acknowledgements and Warnings:

- a) You must provide an acknowledgement in writing 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 provide you with a clear warning of the protections and investor compensation rights that you may lose; and
- c) You must provide an acknowledgement in writing, in a separate document from the contract, stating that you are aware of the consequences of losing such protections.

5. Eligible counterparties

5.1 **Eligible Counterparty** is a client that is either a 'per se' eligible counterparty or an 'elective' eligible counterparty.

5.2 We do not classify any clients as Eligible Counterparties.

6. Protection rights: retail clients

6.1 Considering that Retail Clients do not have relevant or sufficient experience for investment services, they are afforded with the highest level of protection under the FCA regulatory system. Specifically, the following protections are available to a Retail Client:

- i. **Disclosure of information:** We provide our Retail Clients with more information and disclosures regarding our company, its products, services, commission, costs and charges.
- ii. **Safeguarding of Client Instruments & Funds:** We ensure the safeguarding of client instruments and the separation, or 'segregation', of client money from our own money, which must be held in designated 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.
- iii. **Complaint Aid & Compensation:** Retail Clients have the right to submit their complaints to the [Financial Ombudsman Service \(FOS\)](#) and may also benefit from the maximum protection available under the [Financial Services Compensation Scheme \(FSCS\)](#).
- iv. The 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 (primary pooling event). Our Retail Clients fall

under the FSCS investments claim category, where the maximum compensation cover is GBP 85,000 per person, per regulated entity. If there was a shortfall of funds, then Retail Clients may be eligible under the FSCS for up to GBP 85,000 of the shortfall.

In addition to the above, 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 Clients 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 GBP85,000 per person, per institution. Further information about the compensation scheme arrangements is available from the FSCS. Moreover, a private Retail Client is classified as an eligible complainant and has the right to FOS referrals. Not all Retail Clients are eligible.

- v. **Best Execution:** When we execute an order on behalf of a Retail Client, we ensure the best possible results, which will be determined in terms of (a) the total consideration, representing the price of the financial instrument and (b) the costs related to execution, which includes (i) all expenses directly related to the execution of the order incurred by that client, including execution venue fees, clearing and settlement fees and (ii) any other fees paid to third parties involved in the execution of the order. Please refer to our Order Execution Policy.

7. Protection rights: professional clients

- 7.1 We assume that a Professional Client has the necessary experience and knowledge to understand the risks involved in relation to our investment services, transactions, or products.
- 7.2 Professional Clients are afforded significantly fewer protections under the FCA regulations than those afforded to Retail Clients, i.e., clients may lose their right to refer complaints to either the FCA or the FOS.
- 7.3 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. They may additionally lose their right to seek compensation from the FSCS in the event that the firm is unable to meet its obligations.
- 7.4 When providing Professional Clients 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 them.