

# Client Categorisation

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## Overview

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Henyp Capital Markets (UK) Limited (“HYCM”, “The Company”, “The firm”, “we” or “us”), is authorised and regulated by the Financial Conduct Authority in the UK. The company appears on the FCA's Register: HYCM's FCA registration number is 186171. Further information may be obtained from the FCA's Register by visiting the FCA's website <http://www.fca.org.uk/register>.

HYCM notifies all its new clients of their categorisation as a retail client prior to the provision of services, additionally HYCM will offer the client the right to request a different categorisation; and any limitations to the level of client protection that such a different categorisation would entail.

## Client Categorisation

MiFID adopts two main categories of client: retail and professional. There is a separate and distinct third category for a limited range of business: eligible counterparty (ECP). MiFID attaches different regulatory protections to each of these categories – with the result that those falling within the retail category - the less experienced, knowledgeable and sophisticated investors will be afforded a higher level of protection than that afforded to investors in the professional or ECP category.

The term ‘client’ for the purposes of MiFID is used for any person or legal entity to whom a firm provides, intends to provide or has provided: (a) a service in the course of carrying on a regulated activity; or (b) in the case of MiFID business or an ancillary service, is a “client” of that firm. The term also includes a potential client. A person to whom a financial promotion or marketing communication is or is likely to be communicated, is a “client” of the firm that communicates or approves it.

**A RETAIL CLIENT IS A CLIENT WHO IS NEITHER A PROFESSIONAL CLIENT NOR AN ELIGIBLE COUNTERPARTY.**

**A PROFESSIONAL CLIENT IS DEEMED AS A CLIENT WHO POSSESSES THE EXPERIENCE, KNOWLEDGE AND EXPERTISE TO MAKE THEIR OWN INVESTMENT DECISIONS AND IS ABLE TO PROPERLY ASSESS THE RISKS INCURRED.**

Retail clients can request treatment as professional clients. MiFID refers to these clients as elective professional clients.

HYCM will take reasonable care to ensure that a retail client requesting treatment as an ‘elective’ professional client is able to meet the ‘qualitative’ criteria and, as part of this, a separate ‘quantitative’ test. The qualitative assessment requires HYCM to 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 of understanding, the risks involved.

In relation to MiFID business, at least two of the following quantitative criteria should be satisfied:

- the client has carried out transactions, in significant size, on the relevant market at an average frequency of 10 per quarter over the previous four quarters;
- the size of the client’s financial instrument portfolio, defined as including cash deposits and financial instruments exceeds EUR 500,000; and
- 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.

## Changes to Clients Categorisation

Therefore if a client wishes to be treated as a professional client the following procedure must be followed:

- Should a client request a different categorisation either to a category with higher or lower protection, such request should be in writing. HYCM will consider each request individually and is not required to accept such a request. Any request should specify whether this applies to one or more particular services or transactions, or to one or more types of product or transaction.
- HYCM will communicate its decision in writing including the effect on protection afforded to you and if the change is accepted, you will be required to sign a copy of the letter indicating you accept the recategorisation and the different protections such category affords, they must state in writing, in a separate document from the contract, that they are aware of the consequences of losing such protections.
- During the course of your relationship with HYCM, we will reassess your categorisation. Should we become aware of new information or your circumstances change we will make such changes to your categorisations as is necessary. We will notify you of any changes and the consequences of such changes in writing