

## DISCLOSURE DOCUMENT RELATING TO THE CATEGORISATION OF CLIENTS

This disclosure document has been drawn up in accordance with Article 314-4 of the AMF General Regulations, effective from 1 November 2007, and has no contractual value between the Parties.

This disclosure document deals with:

1. The categorisation of clients by Newedge Group;
2. The possibility of clients changing category (options); and
3. The consequences of a change of category in terms of the level of protection offered to the client.

### **1 Categorisation of the Client by Newedge Group**

Newedge Group will categorise the Client into one of the following three categories: Retail Client, Professional Client or Eligible Counterparty in accordance with the regulations in force.

#### **Definitions**

##### Client

Any person who, depending on the context, shall receive or has received a Service or shall carry out or has carried out a Transaction with a European entity of Newedge Group ("Newedge Group"). Newedge Group categorises each of these persons into the categories of Professional Client or Retail Client. Furthermore, Professional Clients may, under certain conditions, be classified as an Eligible Counterparty.

##### Retail Client

A Retail Client is a client that falls in neither the professional client category nor the eligible counterparty category.

##### Professional Client

Article L.533-16 of the French Monetary and Financial Code stipulates that "*...A professional client is a client that possesses the necessary experience, knowledge and skill to make its own investment decisions and to correctly assess the risks involved...*".

Article D.533-11 of the same Code lists the criteria clients must fulfil to be considered as professional clients.

## Eligible Counterparty

Article L.533-20 of the French Monetary and Financial Code stipulates that *"Investment service providers authorised to receive and transmit orders on behalf of third parties, to execute orders on behalf of third parties...may instigate transactions between eligible counterparties or conclude transactions with these counterparties without complying with the obligations specified in Articles L.533-11 to L.533-16, L.533-18 and L.533-19 paragraph 1, relating to said transactions or any related service linked directly to these transactions."*

Article D.533-13 of the Code lists the criteria clients must fulfil to be considered as Eligible Counterparties.

## **2 Possible options**

In accordance with Articles 314-5 *et seq.* of the AMF General Regulations, Professional Clients and Eligible Counterparties may elect to become Retail Clients, Eligible Counterparties may elect to become Professional Clients and Professional Clients may elect to become Eligible Counterparties.

### **2.1 Recategorisation from Professional Client to Retail Client**

A Professional Client may be reclassified, on its request or by Newedge Group, as a Retail Client.

### **2.2 Recategorisation from Eligible Counterparty to Professional Client or Retail Client**

An Eligible Counterparty may be reclassified, on its request or by Newedge Group, as a Professional Client or Retail Client.

### **2.3 Recategorisation from Professional Client to Eligible Counterparty**

A Professional Client may be reclassified as an Eligible Counterparty on request.

## **3 Consequences related to a change of category**

The recategorisation of a Client results in the Client being subject to the regulatory protections applicable to such new category.

### **3.1 Recategorisation (higher level of protection)**

In this case, in accordance with the applicable regulations the Client will benefit from a higher level of protection in the context of investment services offered by Newedge Group.

### **3.2 Recategorisation (lower level of protection)**

Newedge Group draws the attention of Professional Clients to the consequences of recategorisation as an Eligible Counterparty.

IN THE CASE OF RECATEGORISATION TO A LOWER LEVEL OF PROTECTION, THE CLIENT WILL CEASE TO BENEFIT FROM THE PROTECTION AFFORDED TO ITS ORIGINAL CATEGORY, AS NEWEDGE GROUP IS NOT REQUIRED IN PARTICULAR TO COMPLY WITH THE OBLIGATIONS SPECIFIED IN ARTICLES L.533-11 TO L.533-16, L.533-18 AND L.533-19, PARAGRAPH 1 OF THE FRENCH MONETARY AND FINANCIAL CODE.

Newedge Group recommends that the Client contact its usual advisor before making any requests to be recategorised to a lower level of protection.

#### **4 Communication between the Parties relating to Client categorisation**

Any request from the Client with a view to changing category, as well as any Client consents for such a change, must be signed by an/the Authorised Person(s) and forwarded to Newedge Group at the following address by mail:

- Paris : [PAR-mifid@newedgegroup.com](mailto:PAR-mifid@newedgegroup.com)
- Frankfurt : [FKT-mifid@newedgegroup.com](mailto:FKT-mifid@newedgegroup.com)
- Madrid : [MAD-mifid@newedgegroup.com](mailto:MAD-mifid@newedgegroup.com)
- London : [LDN-mifid@newedgegroup.com](mailto:LDN-mifid@newedgegroup.com)

In the case of a request for change of category, Newedge Group may seek additional information from the Client.

## APPENDIX 1 RULES APPLICABLE TO EACH CLIENT CATEGORY AND THE CONSEQUENCES LINKED TO RECATEGORYISATION

This appendix describes the main rules applicable to each Client category and the consequences of a recategorisation for the investments services and ancillary services offered by Newedge Group.

As a result of a recategorisation, the Client will be subject to the regime applicable to its new category. Newedge Group's organisational rules apply when a Service is provided to an Eligible Counterparty. Furthermore, as with a Professional Client, an Eligible Counterparty may have access to certain Financial Instruments traded by Newedge Group, depending on its experience and presumed knowledge of those Financial Instruments.

The rules on protection set forth below apply in accordance with the Client's situation. Each Client must therefore ensure it is familiar with the consequences before making a decision on whether to request a change in category. Newedge Group further recommends that the Client contact its usual advisor for further assistance.

This document is not exhaustive and aims to present the main levels of protection afforded to each Client category.

### **1 Information to be communicated by Newedge Group to the Client**

The information provided Newedge Group to the Client is tailored according to the Service, Transaction and situation in question. Subject to exceptions, this information will be forwarded by Newedge Group prior to providing a Service or carrying out a Transaction.

#### **1.1 Information on Newedge Group**

Newedge Group will communicate the following information to its Retail Clients:

- (a) information on the relevant contact details for effective communication with Newedge Group, including the languages and means of communication between the Parties;
- (b) information on Newedge Group's approvals, including the name and address of its supervisory or regulatory body;
- (c) information on the protection of Financial Instruments (including the compensation systems and sureties (*garantie des dépôts*)) in the event that Newedge Group holds Financial Instruments or funds for the Client;
- (d) information on the nature, frequency and dates of reports relating to the execution of services provided to the Client;
- (e) information on the management policy on conflicts of interest at Newedge Group and any additional information on this policy at the Client's request.

## **1.2 Information on the nature and characteristics of the Financial Instruments and the associated risks**

### **1.2.1 Information for all Clients**

The description of risks is tailored depending on the relevant Financial Instrument and the Client's category and level of knowledge, and includes the following information:

- (a) the risks associated with the Financial Instruments, namely information on the leveraging and the risk of loss in excess of the initial amount invested;
- (b) price volatility and/or low liquidity of the Financial Instrument;
- (c) financial commitments and other obligations, including debts, which may be assumed by a Client over and above the acquisition cost of the Financial Instrument;
- (d) Initial margin deposit, margin call or any similar obligations that may be required.

If the Financial Instrument benefits from a third-party guarantee, Newedge Group will provide the Client with information on the guarantor and guarantee.

In the event that a Financial Instrument is comprised of two or more instruments, Newedge Group will provide the Client with a description of the underlying instruments and how their interaction increases the risks.

If applicable, Newedge Group will inform the Client of the nature of the guarantees offered by a clearing house.

### **1.2.2 Information for Retail Clients only**

In the case, for example, of Financial Instruments incorporating a guarantee provided by a third party, Newedge Group will provide information to a Retail Client on the guarantee, including sufficient details on the guarantor and guarantee so that the Client is in a position to assess the guarantee correctly.

## **1.3 Information on the holding by Newedge Group of Financial Instruments on behalf of Clients warning**

### **1.3.1 Information for all Clients**

**Newedge Group will provide the following information:**

- if a Client's Financial Instruments account is governed by a law other than that of a Member State of the European Economic Area, information regarding the application of the applicable law and the consequences with regard to the Client's rights concerning the Financial Instruments;
- if Newedge Group has an interest, lien or right to compensation relating to a Client's Financial Instrument, information on the existence and characteristics of said interest, lien

or right to compensation, and where applicable information on the fact that a third party may hold an interest or a right to compensation relating to these Financial Instruments.

### **1.3.2 Information for Retail Clients only**

- if it is possible for a third party to hold a Retail Client's Financial Instruments in the name of Newedge Group, information on this possibility and on Newedge Group's liability regarding any action, omission or insolvency of the third party holder and the consequences for the Client;
- if it is possible for a third party to hold a Retail Client's Financial Instruments in a master account, information on this possibility and a warning regarding the inherent risks;
- if the applicable law does not provide for the separate identification of the Retail Client's Financial Instruments held by a third party from said third party's own or Newedge Group's Financial Instruments, information regarding this point and a warning on the inherent risks;
- if Newedge Group proposes the temporary sale of securities using the Financial Instruments held in the Retail Client's name, or to use these Financial Instruments for its own purposes or on behalf of another Client, information on the obligations and liability relating to such use, the conditions for the return of said securities and the risks incurred.

### **1.4 Information on the costs and fees payable by Retail Clients**

Newedge Group will communicate the following information to the Retail Client:

- (a) the total price of the Financial Instrument or Service in question (including the related fees, commissions, charges and expenses, as well as all taxes payable through Newedge Group), and if the total price cannot be stated, information on the basis for calculating the total price;
- (b) the currency, exchange rate and applicable foreign currency charges, if a proportion of the total price must be paid or is expressed in a foreign currency;
- (c) other costs;
- (d) the terms of payment and any other formalities.

### **1.5 Information on the inducements paid or received by Newedge Group**

The Client will receive prior notification if Newedge Group has paid or received any remuneration, fee or inducement to or from a third party or through a third party payment. In particular, the Client will receive information on the nature and amount of this payment or inducement which is intended to improve the quality of service provided to the Client.

### **1.6 Presentation of information to Retail Clients**

In order for information to be fair, clear and not misleading, certain information presented by Newedge Group to a Retail Client must meet the requirements provided for by the applicable regulations.

This applies, for example, when information provided by Newedge Group shows or refers to:

- (a) the benefits relating to a Service or a Financial Instrument;
- (b) a comparison of Services, Financial Instruments or persons providing Services;
- (c) past performances, simulations of past or future performances;
- (d) specific tax treatment.

Furthermore, Newedge Group will not use the name of a competent authority to convey that this authority approves of or supports its products or its Services.

## **2 Assessment by Newedge Group of the suitability of the Service or Financial Instrument**

### **2.1 Relating to Professional Clients**

Professional Client is presumed to have the necessary experience and knowledge to understand the risks inherent in the Financial Instruments, Transactions or Services in question. This presumption does not apply if the Client is a Retail Client that becomes an “elective” Professional Client.

## **3 Transmission, execution and/or processing of orders by Newedge Group**

The obligations referred to below apply in relevant cases when Newedge Group provides an Eligible Service.

### **3.1 Obligations of Newedge Group in the context of the transmission of orders**

When Newedge Group transmits a Client's orders to other entities for execution, Newedge Group will comply with the obligation to act in the best interests of its Client.

### **3.2 Obligations of Newedge Group in the context of the execution of orders**

#### **3.2.1 Obligation to obtain the best possible result during the execution of orders**

During the execution of orders, Newedge Group will take all reasonable measures to obtain the best possible result for its Clients, given the price, cost, speed, probability of execution and settlement, size, nature of the order and any other consideration relating to the execution of the order.

### **3.2.2 Obligation to provide information on Newedge Group's policy regarding the execution of orders**

#### **3.2.2.1 Information for all Clients**

- information on Newedge Group's policy regarding the execution of orders, prior to undertaking transactions with a Client and the consent of the Client to this policy;
- information for the Client when Newedge Group envisages that the Client's orders will be executed outside a regulated market or a multilateral trading facility and on the consent of the Client prior to execution.

#### **3.2.2.2 Information for Retail Clients only**

- the importance that Newedge Group attaches to each factor taken into account for the execution service (namely the price, cost, speed, probability of execution and settlement, size and nature of the order) or the process by which it determines the importance of these criteria;
- a list of execution locations selected by Newedge Group with a view to regularly obtaining the best possible result in the execution of its Clients' orders;
- a clear warning stating that in the event of specific instructions given by a Client, Newedge Group may be prevented in light of such specific instructions from taking the necessary measures to obtain the best possible result for the execution of these orders.

### **3.2.3 Equitable and rapid processing of Client orders**

#### **3.2.3.1 Relating to all Clients**

Newedge Group adopts and applies procedures guaranteeing the rapid and equitable execution of a Client's orders relative to orders from its other Clients or for its own account.

#### **3.2.3.2 Relating to Retail Clients**

Newedge Group will inform Retail Clients of any major factors likely to affect the correct execution of orders as soon as it is aware of these difficulties.

### **3.2.4 Client Service/Transaction report**

#### **3.2.4.1 Relating to all Clients**

Newedge Group will forward to Professional Clients the key information relating to the execution of orders, using a durable medium.

#### **3.2.4.2 Relating to Retail Clients**

Newedge Group will forward as soon as possible to Retail Clients a report confirming the execution of orders. The report shall include any costs related to the Transactions carried out and the Services provided for the Client.

## **4 Drawing up of contracts between the Parties**

### **4.1 Creation of a file by Newedge Group containing the document(s) approved by the Parties setting out their rights and obligations.**

The signature of an agreement between Newedge Group and any new Retail Client relating to the provision of an investment Service.

## GLOSSARY<sup>1</sup>

**Authorised Person:** any legal representative of the Client or any person appointed as such in an agreement between the Parties, or subsequently appointed by the Client to give instructions or information to Newedge Group in the name of and on behalf of the Client.

**NEWEDGE GROUP:** an authorised credit institution acting as an investment service provider, whose registered office is located at 52/60 avenue des Champs Elysées , 75008 Paris, and authorised to provide its Services by Autorité de Contrôle Prudentiel – Banque de France (ACP), located at 39 Rue Croix des Petits Champs, 75001 Paris. Newedge Group provides its Services and undertakes its business activities in all countries within the European Economic Area in accordance with the rules in force on the free establishment and free provision of services. Outside the European Economic Area, Newedge Group provides its Services in accordance with the applicable law.

**Client:** any person who, depending on the context, shall receive or has received a Service or shall carry out or has carried out a Transaction with Newedge Group. Newedge Group categorises each of these persons into the categories of Professional Client or Retail Client. Furthermore, Professional Clients may, under certain conditions, be classified as an Eligible Counterparty.

**Eligible Counterparty:** for the Services of executing orders and trading on its own account and/or receiving and transmitting orders, a Client categorised as such by Newedge Group, and following consent from said Client in certain cases stipulated above.

**Eligible Service:** the Service of executing orders and trading on its own account and/or receiving and transmitting order provided by Newedge Group.

**Financial Instrument:** a financial instrument included on the list (as transposed in the various laws and/or local regulations) in Section C of Appendix 1 of Directive 2004/39/EC of 21 April 2004 on markets in financial instruments.

**Parties:** Newedge Group and the Client.

**Professional Client:** any person, entity or other organisation categorised as such by Newedge Group in accordance with the applicable law, and any Retail Client or any Eligible Counterparty having made a request to Newedge Group for this categorisation under the conditions set forth above.

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<sup>1</sup> Where applicable, the terms used in the singular also apply to the plural, and vice versa.

**Retail Client:** a Client that is not categorised by Newedge Group as a Professional Client or Eligible Counterparty, including a Professional Client or any Eligible Counterparty that has made a request to Newedge Group to be categorised as a Retail Client under the conditions set forth above.

**Recategorisation (higher level of protection):** a change of category from Professional Client to Retail Client, or from Eligible Counterparty to Professional Client or Retail Client.

**Recategorisation (lower level of protection):** a change of category from Retail Client to Professional Client, or from Professional Client to Eligible Counterparty.

**Service:** an investment service, an auxiliary service or a business activity provided by Newedge Group and included on the lists (as transposed in the various laws and/or local regulations) in Sections A and B of Appendix 1 of Directive 2004/39/EC of 21 April 2004 on markets in financial instruments.

**Transaction:** an operation carried out in accordance with an agreement between the Parties relating to (a) Service(s) and/or (a) Financial Instrument(s).