

## **Request to be Categorised as an Elective Professional Client**

### **Introduction**

We provide this document to you under Financial Conduct Authority (“FCA”) rules 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 retail client. It is not comprehensive and it summarises certain provisions. While accurate at the time of publication, FCA rules are subject to change. We will seek to keep this document up to date and may update the contents of this document, but we are not required to notify you of any such changes.

Annex 1 of this document sets out the differences in regulatory protections that apply to a professional client as compared with a retail client in relation to MiFID or equivalent third country business in respect of services provided from the UK.

Annex 2 of this document sets out the Elective Professional Client criteria should sign and submit to Interactive Brokers (U.K.) Limited (“IBUK”) as part of your request.

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.

### **Elective Professional Client**

You have requested to be categorised as a professional client. Clients of the professional client category do not benefit from the higher degree of protection afforded to the retail client. Please refer to the warning below on the main differences in regulatory protections that apply to a professional client as compared with a retail client in relation to MiFID or equivalent third country business in respect of services provided by IBUK.

If IBUK accepts your request, you will be categorised as a professional client. Otherwise, If IBUK does not accept your request, IBUK will continue treating you as a retail client.

### **Re-categorisation as Retail Client**

If you are categorised as a professional client you are responsible for keeping IBUK informed about any change that could affect your categorisation. If IBUK becomes aware that you no longer fulfil the initial conditions that made you eligible for the categorisation, IBUK may re-categorise you as a retail client.

Additionally, you may request to be re-categorised as a retail client by entering into a written agreement with IBUK to the effect that you will not be treated as a professional client for the purposes of the applicable conduct of business regime. You can initiate such request from the MiFID Client Category section of your Account Management.

**Annex 1 – Warning on the differences in regulatory protections that apply to a professional client as compared with a retail client in relation to MiFID or equivalent third country business in respect of services provided by IBUK.**

The main differences in regulatory protections afforded to professional clients as compared with retail clients are:

1. **Description of the nature and risks of packaged investments:** A firm that offers an investment service with another service or product or as a condition of the same agreement with a retail client must:
  - (i) inform retail clients if the risks resulting from the agreement are likely to be different from the risks associated with the components when taken separately; and
  - (ii) provide retail clients with an adequate description of the different components of the agreement and the way in which its interaction modifies the risks.

The above requirements do not apply in respect of professional clients.

2. **Investor protection measures on the provision of Contracts for Differences (“CFDs”):** The European Securities and Markets Authority (“ESMA”) introduced product intervention measures on the provision of CFDs to retail investors. The measures include:
  - (i) New leverage limits on the opening of a position, which vary according to the volatility of the underlying.
  - (ii) A margin close out rule on a per account basis that standardises the percentage of margin at which providers are required to close out one or more open CFDs;
  - (iii) Negative balance protection on a per account basis.
  - (iv) A restriction on the incentives offered to trade CFDs; and
  - (v) A standardised risk warning, including the percentage of losses on a CFD provider’s retail investor accounts.

The above requirements do not apply in respect of professional clients.

3. **Communication with clients:** A firm must ensure that its communications with all clients are fair, clear and not misleading. However, the way in which a firm may communicate with professional clients (about itself, its services and products, and its remuneration) may be different from the way in which the firm communicates with retail clients. A firm’s obligations in respect of the level of details, medium and timing of the provision of information are different depending on whether the client is a retail or professional client. The requirements to deliver certain product-specific documents, such as Key Information Documents (“KID”) for Packaged Retail and Insurance-based Investment Products (“PRIIPs”), are not applied to professional clients.
4. **Depreciations in value reporting:** A firm that holds a retail client account that includes positions in leveraged financial instruments or contingent liability transactions must inform the retail client, where the initial value of each instrument depreciates by 10 per cent and thereafter at multiples of 10 per cent.

The above requirements do not apply in respect of professional clients.

5. **Appropriateness:** When assessing appropriateness for non-advised services, a firm 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 or demanded.

Where such an appropriateness assessment requirement applies in respect of a 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 or transactions, or types of transaction or product, for which the client is classified as a

professional client. A firm may not make such an assumption for a retail client and must determine that a retail client does have the necessary level of experience and knowledge.

IBUK provides non-advised services and is not required to request information or adhere to the assessment procedures for a professional client when assessing the appropriateness of a given service or product as with a retail client, and IBUK may not be required to give warnings to the professional client if it cannot determine appropriateness with respect to a given service or product.

**6. Exclusion of liability**

Firms' ability to exclude or restrict any duty or liability owed to clients is narrower under the FCA rules in the case of retail clients than in respect of professional clients.

**7. The Financial Services Ombudsman**

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

**8. Compensation**

IBUK is a member of the UK Financial Services Compensation Scheme. You may be entitled to claim compensation from that scheme if IBUK cannot meet its obligations to you. This will depend on the type of business and the circumstances of the claim; compensation is only available for certain types of claimants and claims in respect of certain types of business. Eligibility for compensation from the scheme is determined under the rules applicable to the scheme.

**Annex 2 – Elective Professional Client Attestation**

By signing the Client Consent, you are acknowledging the following:

- I confirm that I/this entity/we wish to be treated as a professional client in general; and
- I confirm that I/this entity/we\* satisfy at least two of the three criteria in the table below and have provided the supporting information to be considered.

Elective Professional client Criteria	Met	Supporting
I have: <ul style="list-style-type: none"> <li>- carried out transactions, in significant size (i.e. value of trades totalling EUR200,000 or more) on the relevant market at an average frequency of 10 per quarter over the previous 4 quarters; and</li> <li>- at least EUR50,000 account equity at present.</li> </ul>		<input type="checkbox"/> This is shown in the Interactive Brokers account.  <input type="checkbox"/> The trading activity is conducted in another account. The relevant activity statement is provided with this form.
The size of the financial instrument portfolio in this account, defined as including cash deposits and financial instruments, exceeds EUR 500,000.		<input type="checkbox"/> This is shown in the Interactive Brokers account.  <input type="checkbox"/> This is shown in the brokerage statement provided with this form.
I work or have worked in the financial sector for at least one year in a professional position, which requires knowledge of the transaction or services envisaged.		Specify the <b>company</b> you work/worked:  Specify the professional <b>position</b> :

**\*If the client is not a natural person, the qualitative test should be performed in relation to the person authorised to carry out transactions on its behalf.**

## Order Execution Policy for Direct Carried-Client of IBUK

IBUK carried-account clients are requested to read and consent to our Order Execution Policy, a copy of which may be found at:

<https://www.interactivebrokers.com/en/accounts/legalDocuments/mifidExecPolicy.php>.

### Client Consent

By signing this document, you are acknowledging the following:

1. I confirm that the information given in the Professional Client Category Request form is true, complete and accurate.
2. I understand the consequences of the professional client categorisation and agree to this categorisation, subject to IBUK approval.
3. I understand that under the Order Execution Policy the best possible order execution result will be determined primarily in terms of "Total Consideration". Total Consideration is the price of the relevant financial instrument, plus the costs related to execution. I understand that total consideration is the prioritised factor where the "Cost-Considered when Routing" functionality is active in the IB trading platforms. Otherwise SmartRouting will direct the order to the venue providing the best price.
4. I understand that there is a possibility that my orders may be executed outside of a trading venue and I consent to IB UK executing my orders outside of a trading venue.
5. In the event I place with IB UK a limit order in respect of shares admitted to trading on a regulated market which is not immediately executed under prevailing market conditions, I hereby instruct IB UK not to make the order public immediately where IB UK considers it appropriate not to do so.

I acknowledge the content of the Notification and agree to the Order Execution Policy.

Account number:

Print Name of Authorised Signatory:

Username:

Signature:

Date: