



114a Cromwell Road, Fourth Floor, London, SW7 4AG, United Kingdom
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Onyx Markets Client Categorisation Policy

Overview

This Client Categorisation Policy (“the Policy”) outlines the approach taken by Onyx Capital Advisory Limited (“Onyx Markets”) with respect to client categorisation. Under the COBS 3 of the Financial Conduct Authority (“FCA”) rules Onyx Markets is required to notify new clients, and existing clients that it has newly categorised, of their categorisation as a Retail Client, a Professional Client, or an Eligible Counterparty in accordance with Directive 2014/65/EU (“MiFID II”). Each category carries a different level of protection, with Retail Clients being afforded the highest level of protection. Clients may “opt” to be re-classified to an different category in accordance with this Policy.

Client Categories

Retail Client

A ‘Retail Client’ is a client who is **neither** a Professional Client **nor** an Eligible Counterparty. Retail Clients are entitled to the highest levels of protection.

Professional Client

‘Professional Clients’ can take two forms, either as “**Per se Professional Client**” or “**Elective Professional Clients**”. A Professional Client is a client who possesses the necessary experience, knowledge, and expertise to make their own investment decisions and properly assess the risks associated with a particular product or transaction.

Per se Professional Clients

Clients who are considered as Per se Professionals are as follows:

- An entity which is required to be authorised or regulated to operate in financial markets. Examples of entities conducting the characteristic activities are:
 - Credit institutions
 - Investment firms
 - Other authorised or regulated financial institutions.
 - Insurance companies
 - Collective investment schemes and management companies of such schemes
 - Pension funds and management companies of such funds
 - Commodity and commodity derivatives dealers
 - Other institutional services
- Large undertaking meeting two of the following size requirements on a company basis:
 - balance sheet total at least EUR 20,000,000
 - net turnover at least EUR 40,000,000
 - own funds at least EUR 2,000,000



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- Other institutional investors whose main activity is to invest in financial instruments, including entities dedicated to the securitisation of assets or other financing transactions.

Onyx Markets will verify that a client meets the above criteria by obtaining audited financial statements or management accounts evidencing the requisite level of income and assets outlined above, and (where applicable) proof as to the corporation's regulated status (in the UK or abroad).

Elective Professional Clients

A client may be treated as an Elective Professional Client provided following processes is complied with:

- First, Onyx Markets needs to undertake an qualitative assessment of the expertise, experience and knowledge of the client that gives reasonably confirms (in light of the nature of the transactions or services under consideration) that the client can make their own investment decisions and understands the risks involved. If the client is an corporate entity, this assessment will be applied to the person authorised to conduct transactions on its behalf.
- Second, Onyx Markets need to undertake a quantitative test to confirm that at least two (2) of the following criteria are satisfied:
 - The client has conducted 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 exceeds EUR 500,000
 - 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; and
- And third, the following procedure is followed:
 - The client must state in writing to the firm that it wishes to be treated as a professional client either generally or in respect of a particular service or transaction or type of transaction or product;
 - Onyx Markets must give the client a clear written warning of the protections and investor compensation rights the client may lose; and
 - The client must state in writing, in a separate document from the contract, that it is aware of the consequences of losing such protections.

Before deciding to accept any request for waiver, Onyx Markets will take all reasonable steps to make sure that the client requesting to be treated as a professional client meets the requirements stated above. Professional Clients are responsible for keeping Onyx Markets informed about any change which could affect their current categorisation. However, should Onyx Markets become aware that the client's circumstances have changed so that they no longer meet the definition of an Elective Professional, then Onyx Markets will take appropriate action.

Onyx Markets will verify that a client meets the above criteria (in the case of a corporate entity) by obtaining financial statements, and/or management accounts evidencing the requisite level of assets, in addition to any trade statements evidencing significant transactions (min. 40 in the past 12 months with Onyx Markets or another provider). In the case of an individual, Onyx Markets shall verify bank statements, trade statements, expertise and working experience to confirm that the client meets the Elective Professional definition.



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Eligible Counterparty

An Eligible Counterparty is a client that is excluded from the majority of investor protection requirements by virtue of the nature of its business and the perceived expertise and knowledge in its possession. Eligible Counterparties, like Professional Clients, can either be an “Per se Eligible Counterparty” or an “Elective Eligible Counterparty”.

Per se Eligible Counterparty

An Eligible Counterparty is any one of the following entities:

- Investment firms
- Credit institutions
- Insurance companies
- UCITS and their management companies
- Pension funds and their management companies
- Other financial institutions authorised or regulated under community or national law.
- Commodity and commodity derivative traders (dealing on own account)
- National governments and their corresponding offices including public bodies which manage public debt
- Central Banks
- Supranational organisations

Elective Eligible Counterparties

Onyx Markets may treat a client as an Elective Eligible Counterparty if:

- Firstly, the client is an entity and:
 - is a Per se Professional client, and:
 - is a body corporate which has called up a share capital of at least £10 million; or
 - meets the criteria in the Per se Professional rule on meeting two quantitative tests
 - or requests such categorisation and is an elective professional client, but only in respect of the services or transactions for which it could be treated as a professional client; and
- And secondly, Onyx Markets has obtained express confirmation from the prospective Counterparty that it agrees to be treated as an Eligible Counterparty.

Onyx Markets will verify that a client meets the above criteria by obtaining audited financial statements and/or management accounts evidencing the requisite level of income and assets to be considered a Per se Professional client, and (where applicable) proof as to the corporation’s regulated status (in the UK or abroad).

Request For Different Categorisation and Protection Rights

- A Retail Client has the right to request to be treated as an Elective Professional Client, but this will mean that they will lose some of investor protections.



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- A Professional Client has the right to request to be treated as a Retail Client to obtain a higher level of protection.
- An Eligible Counterparty has the right to request a different classification of either a Professional Client or Retail Client to obtain a higher level of protection.

It is the responsibility of the client to ask for a higher level of protection. Onyx Markets reserves the right to cease business with the client if a different client categorisation is requested. If a new client category is applied by Onyx Markets a new written agreement will be issued.

Onyx Markets has the right to decline any of the above Client's requests for a different classification.

Key Differences Between Retail Clients and Professional Clients

The key differences between the relative levels of protection between Retail client and Professional clients include the following:

- Retail Clients are entitled to specific protections under FCA rules with respect to Contracts for Difference and Spread Bets (see COBS 22.5). Professional Clients are not covered by these protections.
- Retail Clients are entitled to additional information with respect to the risks involved with the envisaged services. Onyx Markets is required to ascertain if they have the knowledge and experience to understand the risks relating to a particular product or service to determine if the product or service offered or requested is suitable for the client. For Professional Clients, Onyx Markets is entitled to assume that they have the necessary experience and knowledge to understand the risk relating to a particular product or service and they are able to bear any related investment risk for such a product or service.
- Complaints received from Retail Clients are required to be managed in accordance with particular complaint handling rules as directed by the Financial Ombudsman Service ("FOS"). Professional Clients are not eligible to refer complaints to the FOS.
- Retail Clients are entitled to make claims under the Financial Services Compensation Scheme ("FSCS"). Professional Clients are not eligible to make claims to the FSCS.
- When dealing with Retail Clients Onyx Markets must ensure there are enhanced protections over the client's money and assets in its possession.
- With Retail Clients, we will always apply the principles of best execution required under MiFID II, unless specific instructions received from a client restrict our ability to apply the principles fully. When executing on behalf of Professional Clients, Onyx Markets are not required to prioritise the overall costs of the transaction as being the most important factor in achieving Best Execution for them, nor does Onyx Markets have to consider its own commissions and costs relating to each of the execution venues available when assessing which to use in order to provide Best Execution.

Key Differences Between Eligible Counterparties and Professional Clients

Certain FCA rules which apply to us when acting for Professional Clients do not apply when the client is an Eligible Counterparty:

- Eligible Counterparty's orders are not subject to the strict requirements of best execution.



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- Onyx Markets is not required to assess the appropriateness of a product or service that it provides to an Eligible Counterparty but can assume that the Eligible Counterparty has the expertise to choose the most appropriate product or service for itself.
- Eligible Counterparties are not entitled to automatically receive information including relating to: the services Onyx Markets provides; the financial instruments and proposed investment strategies; the execution venues Onyx Markets utilises; and remuneration details Onyx Markets receives in relation to the services offered.
- Certain risk disclosures are not required to be provided to an Eligible Counterparty, who is assumed to be able to understand and assess the risk associated with the services under consideration.
- Onyx Markets is not required to provide detailed reports to an Eligible Counterparty on the execution of its orders.

Contact

If you have any questions or concerns about this Policy, please contact our Compliance Department by emailing: compliance@onyxcapitalgroup.com