



RENAISSANCE CAPITAL LIMITED

**INFORMATION STATEMENT (CLIENT CLASSIFICATION AND DIFFERENCES IN
FCA PROTECTIONS)**

FOR ELIGIBLE COUNTERPARTIES AND PROFESSIONAL CLIENTS

Version 3 / June 2021

CUSTOMER WARNING

RENAISSANCE CAPITAL LIMITED DOES NOT OFFER SERVICES OR CARRY OUT ANY BUSINESS WITH CUSTOMERS CATEGORISED AS RETAIL CLIENTS. WHERE YOU ARE CLASSIFIED AS A PROFESSIONAL CLIENT OR AN ELIGIBLE COUNTERPARTY YOU SHALL NOT BENEFIT FROM CERTAIN INVESTOR PROTECTIONS WHICH ARE AVAILABLE TO RETAIL CLIENTS UNDER THE APPLICABLE LAWS AND REGULATIONS. WE ARE ENTITLED TO ASSUME THAT AS A PROFESSIONAL CLIENT YOU HAVE THE NECESSARY EXPERIENCE AND KNOWLEDGE TO UNDERSTAND THE RELEVANT RISKS INVOLVED IN THE FINANCIAL INSTRUMENTS OR INVESTMENT SERVICES OFFERED OR DEMANDED UNDER THE INVESTMENT SERVICES AGREEMENT ENTERED OR TO BE ENTERED INTO BETWEEN YOU AND RENAISSANCE CAPITAL LIMITED AND, THEREFORE, OUR OBLIGATION TO ASSESS THE APPROPRIATENESS THEREOF SHALL BE DEEMED FULFILLED. WE ARE UNDER NO OBLIGATION TO ASSESS THE APPROPRIATENESS OF THE FINANCIAL INSTRUMENTS OR THE INVESTMENT SERVICES OFFERED TO OR DEMANDED BY ELIGIBLE COUNTERPARTIES. WE DO NOT OFFER INVESTMENT ADVICE.

CATEGORISATION OF CUSTOMERS BY RENAISSANCE CAPITAL LIMITED (“RENAISSANCE”):

In accordance with the applicable rules Renaissance Capital Limited categorises its customers into one of the following three categories:

- Retail Client;
- Professional Client; or
- Eligible Counterparty

Retail Clients

A Retail Client is a client who is neither a Professional Client nor an Eligible Counterparty. Renaissance does not offer services or carry out any business with customers categorised as Retail Clients.

Professional Clients

A Professional Client is a client who possesses the experience, knowledge and expertise to make its/his/her own investment decisions with the ability to properly assess the risks incurred. In order for a customer to be considered as a Professional Client, there exist certain criteria that the customer must fulfill.

The following should be regarded as Professional Clients:

- Entities which are required to be authorised or regulated to operate in the financial markets:
 - 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 schemes
 - commodity and commodity derivatives dealers
 - local authorities
 - other institutional investors
- Large undertakings meeting two of the following size requirements on a company basis:
 - balance sheet total: €20m
 - net turnover: €40m
 - own funds: €2m
- National and regional governments, public bodies that manage public debt, Central Banks, international and supranational institutions such as the World Bank, the IMF, the ECB, the EIB and other similar international organisations.
- Other institutional investors whose main activity is to invest in Financial Instruments, including entities dedicated to the securitisation of assets or other financing transactions.

Professional Clients on Request – ‘Elective’ Professional Clients (opting-up)

Customers who are categorised as Retail Clients can request treatment as Professional Clients. These customers are referred as Professional Clients on request or Elective Professional Clients. We are allowed to treat any of these customers as Elective Professional Clients provided the relevant criteria and procedure mentioned below are fulfilled.

At least two of the following criteria should be satisfied by the customer, or in the case of small entities by the person authorised to carry out transactions on its behalf:

- the customer 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 customer’s financial instrument portfolio, defined as including cash deposits and Financial Instruments exceeds €500,000;
- the customer 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.

Renaissance must also be satisfied that the customer possesses the knowledge and experience, in light of the transactions or services envisaged, so that they are capable of making their own investment decisions and understanding the risks involved.

Professional Clients are responsible for keeping Renaissance informed about any change, which could affect their current categorisation. However, should Renaissance become aware that the customer no longer fulfills the initial conditions, which made it/him/her eligible for categorisation as a Professional Client, Renaissance will take appropriate actions.

Eligible Counterparties

An Eligible Counterparty (“ECP”) is a customer that is either a per se Eligible Counterparty or an Elective Eligible Counterparty. A customer can only be an Eligible Counterparty in relation to ECP business. ECP business is defined as the following services and activities:

- dealing on own account, execution of orders on behalf of clients or reception and transmission of orders; or
- any ancillary service directly related to a service or activity referred to above. Outside the limited range of ECP business, an undertaking will need to be categorised as a Professional Client or a Retail Client.

Eligible Counterparties can be any of the following:

- investment firms;
- credit institutions;
- insurance companies;
- UCITS and management companies of such schemes;
- pension funds and management companies of such funds;
- other financial institutions authorized or regulated under Community legislation or the national law of an EEA State;
- national governments and their corresponding offices including public bodies that dealt with public debt;
- central Banks and supranational organizations;
- large undertakings meeting pre-determined proportionate requirements, including quantitative thresholds;
- third country entities equivalent to the categories of entities stated above.

Eligible Counterparties on Request – ‘Elective’

Eligible Counterparties (opting-up) Renaissance may treat a customer as an Elective Eligible Counterparty if:

- (a) the customer is an undertaking (i.e. body corporates or partnerships, or unincorporated association carrying on a trade or business, with or without a view to profit) and:
 - (i) is a Professional Client except for a customer that has that categorisation because it is an institutional investor; or
 - (ii) 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;

- (b) Renaissance has obtained express confirmation from the customer that it agrees to be treated as an Eligible Counterparty.

Renaissance may obtain a customer's confirmation that it agrees to be treated as an Eligible Counterparty either in the form of a general agreement or in respect of each individual transaction.

The right to request treatment as an Eligible Counterparty is limited to undertakings, therefore natural persons acting outside of their trade, business or profession cannot be treated as an Eligible Counterparty under any circumstances.

Retail Client on request (opting-down):

Renaissance may agree to a request from a Professional Client or an Eligible Counterparty to be categorised as a Retail Client, but in this case Renaissance will not be able to offer services or carry out any business with such customer.

DIFFERENCES BETWEEN THE TREATMENTS OF RETAIL CLIENT, PROFESSIONAL CLIENT AND ELIGIBLE COUNTERPARTY:

Retail Clients are entitled to the fullest protection under FCA rules. In particular:

- a) Investment firms are required to provide Retail Clients with information with regard to the firm and its services and the places of execution of orders;
- b) Investment firms are required to provide Retail Clients with the best execution, best price and best possible result when executing orders, with total consideration being the overriding factor;
- c) Investment firms are required to disclose to Retail Clients information regarding any fees and commissions that investment firms pay or receive;
- d) Investment firms will assess the appropriateness of a product or a service that is provided to Retail Clients considering the Retail Client's investment objectives, knowledge and experience in the financial market;
- e) Investment firms will provide Retail Clients with risk disclosures on the products and service that the Retail Client selects;
- f) Investment firms will provide a statement of the account on a monthly basis;
- g) The Financial Services Compensation Scheme ("FSCS") is the U.K.'s compensation funds of last resort for clients of authorised financial services firms. This means that FSCS can pay compensation to consumers should an investment firm become insolvent or cease trading. Retail Clients may fall under the FSCS investments claim category, where the maximum compensation cover is £85,000 per person, per regulated entity;
- h) A private Retail Client is classified as an eligible complainant and has the right to Financial Ombudsman Service ("FOS") referrals. Not all Retail Clients are eligible;
- i) The requirements under the client money rules in the FCA Handbook (CASS) are more prescriptive and provide more protection for Retail Clients than for Professional Clients. For example, investment firms cannot conclude title transfer collateral arrangements for the purpose of securing or covering present or future, actual or contingent or prospective obligations with Retail Clients.

Where you require the level of protection granted to Retail Clients and wish to be categorised as a Retail Client we won't be able to offer you any Services or carry out any business with you.

Where we treat you as a **Professional Client**, some of the FCA rules will cease to apply. In particular:

- a) you will be given fewer information disclosures with regard to Renaissance, its services and any costs, commissions, fees and charges;
- b) when we assess whether a product or Service is appropriate for you, we can assume that you have the necessary level of knowledge and experience to understand the risks involved in it;
- c) if we are ever required to assess the suitability of a personal recommendation made to you (for example, if providing the investment services of investment advice or portfolio management), we can assume that you have the necessary experience and knowledge to understand the risks involved, and can sometimes assume that you are able financially to bear any investment risks consistent with your investment objectives;
- d) when providing you with best execution we are not required to prioritise the overall cost of the transaction as being the most important factor in achieving best execution for you;
- e) we do not need to inform you of material difficulties relevant to the proper carrying out of your Orders promptly;
- f) should we provide you with periodic statements, we are not required to provide them as frequently as for Retail Clients.

- g) The Financial Ombudsman Service may not be available to Professional Clients;
- h) You may not be entitled to compensation (or the same level of compensation) under the Financial Services Compensation Scheme in the event that the Firm is unable to meet its obligations.

Where we treat you as an **Eligible Counterparty**, you will be entitled to fewer protections under FCA rules than you would be entitled to as a Professional Client. In particular:

- a) we are not required to provide you with best execution when executing your Orders;
- b) we are not required to disclose to you information regarding any fees or commissions that we pay or receive;
- c) we are not required to assess the appropriateness of a product or a Service that we provide to you but can sometimes assume that you have the expertise to choose the most appropriate product or Service for yourself;
- d) we are not required to provide you with information about ourselves, our services and the agreements through which we will be remunerated; and
- e) we are not required to provide you with risk disclosures on the products or Services that you select from us.