



Butterfield

P.O. Box 25, Regency Court, Glatigny Esplanade, St. Peter Port, GY1 3AP

[www.butterfieldgroup.com](http://www.butterfieldgroup.com)

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CLIENT CLASSIFICATION NOTIFICATION

Butterfield Bank (Guernsey) Limited

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Extract of Butterfield Bank (Guernsey) Limited's Client Categorisation Policy for client information only (a full version is available upon request).

#### B.4.6.1 Notification to Clients

**STANDARD** Prior to undertaking controlled investment business on behalf of a client the Bank will;

- a) Notify a client of its categorisation as a retail client, professional client, or eligible counterparty.- see below for definitions
- b) Inform a client about;
  - i. The effect of this categorisation;
  - ii. the right the client has to request a different categorisation; and
  - iii. any limitations to the level of client protection that such a different categorisation would entail.
- c) Notify a client that is classified as a professional client or an eligible counterparty of its right to request a different categorisation.
- d) If a client requests to be treated as an elective professional client the Bank must give clear written warning of the protections and investor compensation rights the client may lose and receive written confirmation from the client that they are aware of such consequences.

#### Retail clients

A retail client is a client who is not a professional client or an eligible counterparty.

#### Professional clients

A per se professional client or an elective professional client is a professional client.

Each of the following is a per se professional client unless and to the extent it is an eligible counterparty or is given a different categorisation:

- (a) not a member of the public; or
- (b) a large undertaking and/or a professional investor;

The Bank may treat a client as an elective professional client if the Bank undertakes 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 their own investment decisions and understanding the risks involved. If the client is an entity, the assessment should be performed in relation to the person authorised to carry out transactions on its behalf.

Note:

In making the assessment the Bank should have regard, inter alia for:-

- (i) the frequency of the client's dealing in the relevant controlled investments;
- (ii) the size of the client's portfolio of cash and controlled investments; and
- (iii) the client's relevant professional expertise.

The Bank may treat a client as an elective professional client if the following procedure is followed:



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(a) the client must state in writing to the Bank 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;

(b) the Bank must give the client a clear written warning of the protections and investor compensation rights the client may lose; and

(c) the client must state in writing, in a separate document from the contract, that it is aware of the consequences of losing such protections.

Note:

An elective professional client should not be presumed to possess market knowledge and experience comparable to a per se professional client.

If the Bank becomes aware that a client no longer fulfils the initial conditions that made it eligible for categorisation as a professional client, the Bank must take the appropriate action.

Note:

Professional clients are generally responsible for keeping the Bank informed about any change that could affect their current categorisation.

### **Eligible counterparties**

A per se eligible counterparty or an elective eligible counterparty is an eligible counterparty.

Each of the following is a per se eligible counterparty (including an entity licensed under similar local legislation in its own jurisdiction) unless and to the extent it is given a different categorisation as detailed above:

- (a) any entity licensed for Dealing, Managing or Advising under the Law;
- (b) an approved bank;
- (c) an insurance company;
- (d) a collective investment scheme;
- (e) a pension scheme or its management company;
- (f) a national government or its corresponding office, including a public body that deals with the public debt;
- (g) a central bank;
- (h) a supranational organisation: any other entity that is;
- (i) incorporated outside the Bailiwick; and
- (ii) is suitably licensed, authorised or qualified by primary or secondary legislation in its home jurisdiction.

The Bank may treat a client as an elective eligible counterparty if:

- (a) the client is an undertaking;
- (b) a per se professional client and;



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(c) the client requests such categorisation and the Bank undertakes 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 their own investment decisions and understanding the risks involved; and

(d) the Bank has obtained express confirmation from the prospective counterparty that it agrees to be treated as an eligible counterparty.

The Bank may obtain a prospective counterparty's express 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.

### **B.4.6.2 Categorisation Criteria**

**STANDARD** In making the assessment required to categorise a client correctly the Bank should have regard, inter alia to;

- a) The frequency of the client's dealing in the relevant controlled investments.
- b) The size of the client's portfolio of cash and controlled investments.
- c) The client's relevant professional experience.

The Bank will categorise all clients as applicable and in accordance with regulatory requirements. Where the Bank is appointed as custodian to a collective investment scheme, a default classification of Eligible Counterparty will be applied.