



Rabobank



MiFID II client categorisation

What does it mean for you?

In addition to the categorisation letter, in which we inform you of the categorisation that we have assigned to you, we would like to provide you with more information on MiFID II and the various client categories.

What is MiFID II?

The Markets in Financial Instruments Directive (MiFID) has been in force since 2007 and applies among others to investment firms across the European Economic Area, such as Rabobank. MiFID was introduced to improve the transparency and competitiveness of the European financial market and to ensure protection for investors in financial instruments. Per 3 January 2018, a revision of the Markets in Financial Instruments Directive and the new Markets in Financial Instruments Regulation (together: MiFID II) entered into force. MiFID II aims to further enhance investor protection and to improve the functioning of and transparency on the financial markets.

What is client categorisation under MiFID II?

MiFID II requires an investment firm to categorise any natural or legal person to whom it provides or intends to provide an investment service or an ancillary service. An investment service is, for example, the execution of orders on behalf of clients. Advising entities on capital structure is an example of an ancillary service. The client categorisation determines the level of protection the client is entitled to receive from the investment firm providing the service. MiFID II distinguishes three client categories:

- Retail clients
- Professional clients
- Eligible counterparties

What are the client categories under MiFID II?

Retail clients

Under MiFID II, Retail clients are clients that cannot by default be categorised as Professional clients or Eligible counterparties. Retail clients cannot be presumed to possess adequate knowledge or experience to assess the risks they incur when receiving a service.

Therefore, for example, more extensive information requirements apply to Retail clients. Retail clients receive the highest level of investor protection under MiFID II.

Professional clients

Under MiFID II, Professional clients are clients who possess the experience, knowledge and expertise to make their own investment decisions and to assess the risks involved. MiFID II lists types of clients that are considered to be Professional clients, such as financial institutions. Additionally large entities can qualify as Professional clients if they meet certain quantitative criteria on balance sheet total and net turnover. Professional clients are subject to a lower level of investor protection compared to Retail clients, but receive more protection compared to Eligible counterparties.

Eligible counterparties

Under MiFID II, Eligible counterparties are considered to be the most mature investors and are presumed to be able to assess and manage the risks involved in the service or product obtained. Eligible counterparties receive the lowest level of protection. Please note that the categorisation of Eligible counterparty is only available for a limited range of brokerage services. If you were categorised as an Eligible counterparty and you are provided a service to which this categorisation is not applicable, you will be treated as a Professional client.

What does this mean for you?

We categorise our clients into one of these categories, in accordance with the legal requirements that apply to each client category and our internal policies. We have sent you a categorisation letter to inform you of the client categorisation that we have assigned to you, as the outcome of our MiFID II client categorisation process.

Can you request a different client category?

You are allowed to request to be categorised into a different client category. A request for a different categorisation must always be initiated by you and must be done in writing. Please reach out to your Rabobank Relationship Manager if you would like to request a different categorisation. We will assess such a request and inform you of the outcome accordingly. We are not obliged to grant this request.

You can request to opt down, for example from Professional client to Retail client, when you believe you do not possess the necessary knowledge or experience to properly assess the risks involved in the product or service you obtain from us and would like to have a higher level of investor protection. You can also choose to request an opt-up, for example from Professional client to Eligible counterparty, in case you believe you are capable of managing the risks involved in the service and/or product obtained from us. You should be aware that an opt-up means a decrease in the level of investor protection you receive with regard to the product and/or service you obtain from us. If you obtain an investment service from us and you choose to opt up, we will send you a written warning on the protections you may lose by being categorised in a different client category. The protections you may lose can relate to our communications with you, the information and reports we provide you with and your entitlement to an investor compensation scheme.