

# capitalatwork

Wealth Management  Foyer Group

## MiFID Brochure

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## Did you know?

**MiFID** - An acronym of "Markets in Financial Instruments Directive"

MiFID is a European Directive that came into effect in 2007. Its main objectives were to protect investors and increase competition and transparency in the financial markets.

MiFID II is a follow up to this Directive aimed at significantly strengthening the aforementioned elements. The Directive came into force on 3 January 2018.

## Basic principles

- Act honestly, fairly and professionally to best serve the interests of clients.
- Provide accurate, clear and non-misleading information.

## MiFID II

- Strengthens regulations in the area of investor protection.
- Increases transparency in financial transactions and the integrity of markets.

## What does CapitalatWork do to effectively protect its clients?

These regulations revolve around better protection of clients. CapitalatWork already implements policies to protect the interests of its clients in an honest, fair and professional manner.

CapitalatWork works to ensure that all notifications addressed to clients are clear, honest and non-misleading so that clients are able to objectively assess the information provided. Below you will find an overview of the measures implemented within CapitalatWork to comply with the requirements of MiFID I and II.

## 1. Prior information to clients

CapitalatWork's main activity is discretionary management. For this type of service, we provide the client with detailed information about the costs and fees of this service before the signing of the service contract. Certain information about services and products (including the operation, performance and costs of related financial instruments) is provided to the client at that time.

A CapitalatWork client representative looks over the various items of information with the client before any service is provided.

It should also be noted that for clients without a management mandate, who initiate their orders themselves, CapitalatWork informs them, before any execution, of the costs and charges related to the transaction they wish to carry out. The order will only be executed once the client has been informed and has accepted these.

## 2. Classification of clients

For the requirements of investment services, there are three categories of clients, (1) retail clients (non-professional clients), (2) professional clients and (3) eligible counterparties. The distinction between these categories is based on the client's financial experience and knowledge. The categories of "professional clients" and "eligible counterparties" are reserved for clients who have extensive financial experience and knowledge, requiring less information and protection when it comes to their financial transactions.

By default, CapitalatWork considers all its clients to be retail clients. However, CapitalatWork can categorise certain clients in a different category, in accordance with the applicable MiFID regulations. These clients will be informed by notification letter.

The **classification** of clients according to MiFID is as follows:

- Non-professional or retail client
- Professional client
- Eligible counterparty

## 3. Investor profile

In order to best tailor its investment services, CapitalatWork has drawn up two questionnaires: the first - called the MiFID questionnaire - for its discretionary management clients, the second - called the appropriateness questionnaire - for clients who alone make their investment decisions and for whom CapitalatWork offers an order receipt, transmission and execution service.

The MiFID questionnaire gathers the following information about clients

- Their knowledge and experience in the area of investments and financial services
- Their financial situation
- Their investment objectives
- Their risk appetite
- Their ability to bear losses

Based on the answers provided in the MiFID questionnaire, CapitalatWork determines the risk profile of its clients. This profile will result in the most appropriate management mandate for each client. The client will be able to validate this mandate or opt for a less risky mandate. In view of its duty to provide information to clients, CapitalatWork can help its clients to improve their investment knowledge and explain to them the purpose of the questions asked but cannot under any circumstances answer them or influence the answers of clients.

It is essential that the information provided by clients is accurate and up-to-date throughout the term of the relationship, and therefore the profile is updated periodically and in the event of a change in client situation. CapitalatWork therefore invites its clients to update their answers to the questionnaires. If several reminders remain unanswered by the client and there is no indication of a change in situation, the answers to the questions will be considered to be accurate and up to date.

If the account is held by several holders, they may appoint a MiFID representative who will be responsible for making investment decisions in the name and on behalf of the joint holders. CapitalatWork will in that case take into account the knowledge and experience of the MiFID representative, and the financial situation and investment objectives of the persons represented. In the absence of a MiFID representative, the investor profile of the most defensive holder will serve as a reference for determining the management mandate.

If the account is held by a legal entity, CapitalatWork will in that case take into account the knowledge and experience of the person making investment decisions, and the financial situation and investment objectives of the legal entity.



If the service the client uses is limited to the receipt and transmission of orders, CapitalatWork ensures these orders are appropriate in view of your knowledge and experience in the event of the purchase of complex financial instruments. To do this, CapitalatWork provides its clients with an appropriateness questionnaire. If the client fails the assessment, CapitalatWork notifies him or her and the order will only be executed after confirmation from the client of his or her wish to place the order under his or her sole responsibility.

Any transaction involving a financial instrument not included in the list below may be subject to additional checks by CapitalatWork.

The following financial instruments are considered to be **non-complex** products. All others not included on this list will be considered complex products.

- UCITS, Undertakings for Collective Investment in Transferable Securities (with the exception of structured UCITS)
- Shares admitted to trading on a regulated market (European Union or equivalent third country) or MTF (Multilateral Trading Facility).
- Bonds admitted to trading on a regulated market (European Union or equivalent third country) or MTF.
- Most money market instruments.
- Most structured deposits.

## 4. Sustainability preferences

Under the Financial Services Sustainability Disclosure Regulation ("SFDR"), CapitalatWork must obtain the sustainability preferences of its clients.

Sustainability preferences means a client's choice as to whether and, if so, to what extent, one or more of the following financial instruments will be integrated into his or her investment portfolio:

- a financial instrument for which the client determines that a minimum proportion will be invested in environmentally sustainable investments;
- a financial instrument for which the client determines that a minimum proportion will be invested in sustainable investments;
- a financial instrument that considers principal adverse impacts on sustainability, factors where qualitative or quantitative elements demonstrating these considerations are determined by the client.

Since 2 August 2022, any client who completes or updates a MiFID questionnaire must express his or her sustainability preferences. CapitalatWork's objective is therefore to focus its investments so that the client's portfolio under management is in line with his or her preferences.

## 5. Communication with clients

The Directive sets out specific rules concerning the content and frequency of statements of transactions and clients' portfolio positions:

- the reporting relating to the position of the client's portfolio will be quarterly and will include a review of the compatibility of the portfolio with the investor profile, while also presenting the activity in the portfolio over the period.
- the establishment of client notification requirements aimed at providing the client with a better overview of performance and of the risks associated with the securities held in the portfolio. In particular, the Directive requires the implementation of a loss alert mechanism. At least once a year, the client will receive a detailed statement of his or her fees and charges.

### Loss reporting mechanism

**Discretionary management clients:** CapitalatWork will send a notification when the overall value of the client portfolio has depreciated by more than 10% of its value, and thereafter at multiples of 10%. This percentage is calculated based on the last periodic report received by the client. This provision is aimed at ensuring clients are notified of any significant depreciation in their portfolio without having to wait until their next quarterly or monthly statement.

**Clients holding instruments subject to a leveraged effect or transactions involving contingent liabilities** will also have to be notified when the individual instrument depreciates by more than 10% of its value, and thereafter at multiples of 10%. This percentage is calculated based on the average purchase value.

These two types of reports must be sent to the client without delay. CapitalatWork will notify its clients primarily by text message or e-mail. If there are several joint holders, the text message or e-mail can only be sent to one of them. Detailed information can be viewed on *My Capital*.

## 6. Cost of research

CapitalatWork places a great deal of importance on the quality of the **research** that it obtains and has decided to bear the full cost of such research.

## 7. Prohibition on inducements and other commissions

MiFID II strictly regulates inducements and other commissions received by financial institutions. The rules vary depending on the type of investment services.

Commissions and inducements are expressly prohibited within the context of the provision of discretionary management services.

CapitalatWork has, for many years, implemented a **policy in relation to inducements** to ensure transparency.



## 8. Conflicts of interest policy

MiFID requires financial institutions to take effective and appropriate steps to prevent any situation in which conflicts of interest may arise between themselves and their clients, or between individual clients, can adversely affect clients.

Where an unavoidable conflict of interest arises within CapitalatWork, the clients concerned will be automatically notified in writing. In this way, the client will be able to make an independent decision in full knowledge of the facts.

CapitalatWork does everything it can to avoid situations likely to create conflicts of interest. CapitalatWork has developed a specific policy with a view to fulfilling its obligations in terms of preventing conflicts of interest.

This document is regularly updated and is available on our website. It can also be obtained from one of our offices upon request.

## 9. Order execution policy

CapitalatWork, like all financial institutions that directly or indirectly execute orders in financial instruments on behalf of their clients, must take all necessary measures to achieve the best possible execution of orders taking into account a series of factors such as the price, cost, probability and speed of execution, and the size and nature of the order.

CapitalatWork annually publishes the five most frequently-used execution platforms and brokers in terms of volume for each class of financial asset.

## 10. Fee transparency

CapitalatWork has, for many years, endeavoured to offer the most transparent price list possible.



## 11. Recording of telephone conversations

The purpose of such recording is to retain proof of orders submitted by telephone.

Only employees' landlines are recorded. Orders placed via employees' mobile phones are therefore not accepted. Where a client order is submitted by e-mail or during a meeting, appropriate documentation will be retained by CapitalatWork.

For several years now, CapitalatWork has implemented an **order execution policy**. This policy stipulates that all necessary measures are put in place to achieve the best possible result in terms of the execution of client orders. This policy is available on our website or can be obtained from one of our offices upon request.

Under MiFID II, CapitalatWork will provide estimates of fees before the provision of the investment service. These fees will also be outlined in greater detail in the client reporting.

To satisfy the requirements of the Directive and reflect real costs, client reporting provides, among other things, detailed information on costs, or graphics enabling you to assess the impact of costs on the return.

CapitalatWork endeavours to provide you with the costs of the service, as well as those inherent to the products held in the portfolio.

CapitalatWork **records its telephone conversations**.

CapitalatWork undertakes to put in place the security measures necessary to avoid any unlawful use of the data recorded. Furthermore, listening to recordings is only permitted where necessary in order to obtain proof regarding a transaction carried out. The data are retained only for a set period of time.



## How does CapitalatWork best serve its clients?

In the midst of a regulatory maze, investing in the share and bond markets is a greater challenge than ever.

**Clarity, transparency and competence are the main strengths of our discretionary management service.**



For more than 30 years, CapitalatWork has enabled its clients to achieve their objectives by making its investment methodology available to them. CapitalatWork combines its clients' personal expectations with its experience of financial markets and offers a personalised approach to cater for their medium- and long-term needs.

When an investment strategy matching the investor profile is chosen, CapitalatWork takes over and then builds the portfolio in line with its investment philosophy, which aims to be strict and consistent. CapitalatWork manages it so as to find the best balance between potential return and capital growth.

CapitalatWork regularly updates its clients on the performance of their portfolios, its management policy and its view of the financial markets, and is always available to answer questions or comments.

## Do you have any questions?

Get in touch with us and we will be happy to help you understand the MiFID legislation and find the service that is best suited to you as an investor.



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