

capitalatwork

Wealth Management  Foyer Group

From MiFID to MiFID II...

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From MiFID to MiFID II...

Did you know?

MiFID - An acronym for "Markets in Financial Instruments Directive"

MiFID is a European directive that came into force in 2007. Its main objectives were to protect investors and increase competition in financial markets, while promoting greater transparency within those markets.

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

Basic principles

- Act with honesty, fairness and professionalism to best serve the interests of clients.
- Provide accurate, clear and non-misleading information.

MiFID II

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

What does CapitalatWork do to effectively protect its clients?

These regulations revolve around a better protection of clients. CapitalatWork has already, for many years, done everything it can to protect the interests of its clients in an honest, fair and professional manner.

CapitalatWork aims to communicate in a clear, honest and non-misleading way so that the clients are able to objectively assess the information we provide. Below you will find a quick overview of the main measures implemented by CapitalatWork to comply with MiFID I and II.

1. Prior information to clients

CapitalatWork's core business is Discretionary Management. For this type of service, we inform the client in detail about the costs and charges of this service before signing the management mandate.

Certain information about services and products (including the operation, performance and costs of related financial instruments) must be communicated to the client at that moment.

A CapitalatWork account manager will explain the various items of information to the client before providing any service.

It should also be noted that for clients without a management mandate, who initiate their orders themselves, CapitalatWork informs them, before any execution, about the costs and expenses related to the transaction they wish to execute. The order will only be executed once the customer has read and accepted this information.

CapitalatWork is an **investment firm** authorised by and operating under the supervision of the regulatory authorities¹.

¹ For CapitalatWork Foyer Group SA, Luxembourg, it is the CSSF. For CapitalatWork SA, the regulatory authority is the FSMA and the NBB. For the Belgian subsidiary in Breda, the Netherlands, it is the AFM.

2. Classification of clients

The classification of clients is used to determine the level of regulatory protection granted to the client, as well as to determine the applicable procedures for reporting, and to determine the appropriateness of financial instruments for a client.

At CapitalatWork, all clients are, by default, considered to be non-professional clients, as such they always benefit from the highest level of protection.

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

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

3. Investor profile

CapitalatWork establishes, and regularly reviews, the investor profile of each existing discretionary management client. This profile is also essential in order to be able to provide new clients with the most suitable financial products and services.

Therefore, it is very important that this information is accurate and up-to-date throughout the term of the relationship.

Your **investor profile*** is based on a questionnaire focusing on the following areas:

- Your knowledge and experience in the area of investments and financial services
- Your financial situation
- Your investment objectives
- Your risk appetite

This profile allows CapitalatWork to verify the adequacy of the services offered to you.

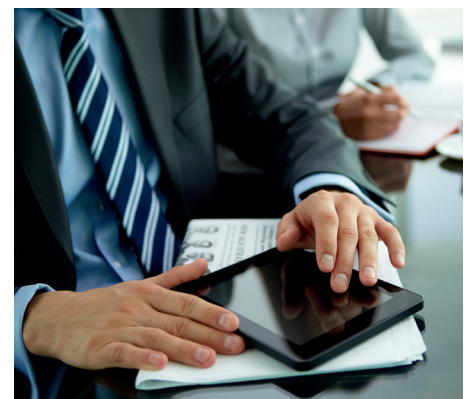
*For clients without a management mandate, only knowledge and experience are assessed.

New MiFID II

MiFID II adds two very important concepts, namely the client's ability to bear losses and his or her risk tolerance. These two concepts are incorporated into our questionnaire.

If the account is held by several holders, the investor profile of the most defensive holder acts as a reference to help the client choose the management strategy. Therefore the management mandate will be in line with the investment profile of all holders.

The investor profile of a legal person (entity) is determined by a questionnaire completed by a representative of the entity. The answers engage the entity, even when the entity then designates another person to represent it. If necessary, following the change of representative, the entity must submit a request in writing if they want to update the entity's risk profile.



4. Appropriateness of transactions

CapitalatWork is required to verify that clients without a management mandate who are investing in complex financial products have sufficient knowledge and experience to understand such products and comprehend the risks involved.

Any transaction involving a financial instrument, not included on the list below, will be subject to additional checks by CapitalatWork.

The following products are considered **non-complex**. All other products, not included on this list, will therefore 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.

5. Communication with clients

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

As from January 2018, the reporting relating to the position of the client's portfolio will be sent out at least every quarter 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.

**New
MiFID II**

The MiFID II Directive also establishes new 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 overview of his expenses and charges.

Loss reporting mechanism

Clients with a management mandate: CapitalatWork will send out a notification when the overall value of a client portfolio has depreciated by more than 10%, and at every drop with a multiple of 10%. This percentage is calculated based on the last periodic report received by the client. This provision is aimed at ensuring that clients are notified of any significant depreciation of their portfolio without having to wait until their next quarterly or monthly statement.

Clients holding instruments with to a leverage effect will have to be notified when the individual instrument depreciates by more than 10% of its value, and at every drop with a multiple of 10%. This percentage is calculated based on the average purchase value.

These two types of reports will have to be sent to the client on the day the loss has occurred.

CapitalatWork will notify its clients primarily via SMS or e-mail. If there are several co-holders, the SMS or e-mail can be sent to only one of them. Detailed information can be consulted on *My Capital*.

6. Cost of research

New
MiFID II

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.

It should be noted that certain institutions could pass on the cost of research to the end investor.

7. Prohibition on inducements and other commissions

New
MiFID II

MiFID II significantly tightens the rules concerning inducements and other commissions. The regulations differ depending on the investment services provided.

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

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



8. Conflicts of interest policy

MIFID requires financial institutions to take effective and appropriate steps to prevent conflicts of interest that may arise between themselves and their clients, or between individual clients, adversely affecting them.

Where an unavoidable conflict of interest arises within CapitalatWork, the clients concerned will be automatically notified in writing. 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. A number of years ago, CapitalatWork drafted a specific policy to fulfil 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

Under MiFID II, financial institutions will continue to obtain the best possible result for the client during the execution of orders.

**New
MiFID II**

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

For several years now, CapitalatWork has implemented an **order execution policy**. This policy stipulates that all necessary measures must be 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.

10. Fee transparency

**New
MiFID II**

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

Under MiFID II, CapitalatWork will provide estimates of fees before providing any 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, our client reporting has been revised and will provide you, among other things, with detailed information on costs or with graphics enabling you to assess the impact of costs on your return.

CapitalatWork will endeavour to provide you with the costs of services, as well as costs inherent to the products held in your portfolio.

11. Recording of telephone conversations

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

Therefore, our employees will not be able to accept client orders via their mobile phones. When a client order is submitted by e-mail or during a meeting, appropriate documentation will be retained by CapitalatWork.

CapitalatWork **records telephone conversations**.

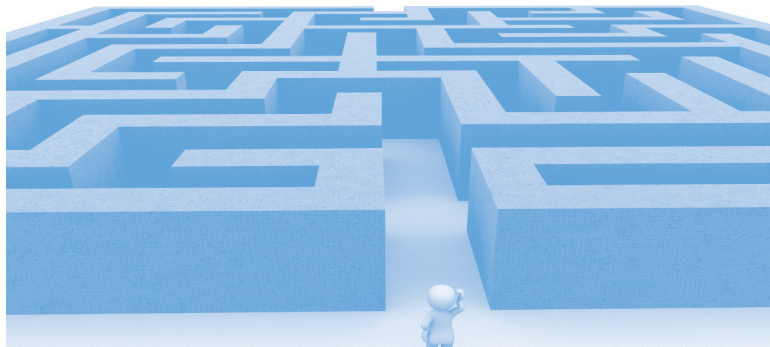
CapitalatWork implements the security measures necessary to avoid any unlawful use of the data recorded. Furthermore, recordings may only be accessed when necessary in order to obtain proof regarding a transaction carried out. The data will be retained only for a limited period of time.



How does CapitalatWork best serve its clients?

In the midst of a regulatory maze, investing in the equity and fixed income markets is a greater challenge than ever.

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



For more than 25 years, CapitalatWork has helped you achieve your goals by providing its investment methodology. We combine your personal expectations with our experience in financial markets and offer you a personalised approach to respond to your medium- and long-term needs.

Once you have selected an investment strategy matching your investor profile, we take care of the rest. We then build your portfolio in line with our strict, consistent investment philosophy, and we manage to find the best balance between potential return and capital growth.

We provide you with regular updates on the performance of your portfolio, on our management policy, on our vision on the financial markets, and are always available to respond to any questions or comments you may have.

Do you have any questions?

Get in touch with us and we will be happy to help you understand the MiFID legislation.

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