

THIRD ANNEX (article 2)

Professional Clients

Professional client is a client who possesses the experience, knowledge and expertise to make its own investment decisions and properly assess the risks that it incurs. In order to be considered a professional client, the client must comply with the following criteria:

A. Categories of client who are considered to be professionals

The following should all be regarded as professionals in all investment services and activities and financial instruments for the purposes of the Law:

1. Entities which are required to be authorised or regulated to operate in the financial markets. The list below should be understood as including all authorised entities carrying out the characteristic activities of the entities mentioned: entities authorised by a Member State under a Directive, entities authorised or regulated by a Member State without reference to a Directive, and entities authorised or regulated by a non-Member State:
 - (a) Credit Institutions
 - (b) Investment firms
 - (c) Other authorised or regulated financial institutions
 - (d) Insurance companies
 - (e) Collective investment schemes and management companies of such schemes
 - (f) Pension funds and management companies of such funds
 - (g) Commodity and commodity derivatives dealers
 - (h) Local undertakingsOther institutional investors
2. Large enterprises who satisfy two of the following size criteria on a proportional basis:

- balance sheet total	at least ... pounds, or	20 000 000 euros
- net turnover	at least ... pounds, or	40 000 000 euros
- own funds	at least ... pounds, or	2 000 000 euros
3. 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 organizations.
4. Other institutional investors whose main activity is to invest in financial instruments, including entities dedicated to the securitization of assets or other financing transactions.