

Definition of Professional Client – Luxembourg

Professional client means 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 criteria set out in Annex III of the law of 5 April 1993 (the “1993 Law”) on the financial sector as modified by the law of 13 July 2007 transposing the Markets in Financial Instruments Directive 2004/39/EC (MiFID Directive).

Pursuant to Section A, Annex III of the 1993 Law, the following entities shall be considered to be professional clients unless agreement to the contrary:

- 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 European Directive, entities authorised or regulated by a Member State without reference to a European Directive, and entities authorised or regulated by a third country:
 - (a) Credit institutions.
 - (b) Investment firms.
 - (c) Other authorised or regulated financial institutions.
 - (d) Insurance undertakings and reinsurance undertakings.
 - (e) Collective investment schemes and their management companies.
 - (f) Pension funds and management companies of such funds.
 - (g) Commodity and commodity derivatives dealers.
 - (h) Local firms as defined in Article 3(1)(p) of Directive 2006/49/EC.
 - (i) Other institutional investors.
- 2) Large undertakings meeting two of the following size requirements on a company basis:
 - balance sheet total: 20 million euros;
 - net turnover: 40 million euros;
 - equity: 2 million 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 organisations.
- 4) Other institutional investors whose main activity is to invest in financial instruments, including entities dedicated to the securitisation of assets or other financing transactions.

Note: the above definition of “professional client” has been extracted from Section A, Annex III of the law of 5 of April 1993 (the “1993 Law”) on the financial sector as modified by the Law of 13 July 2007 transposing the Markets in Financial Instruments Directive 2004/39/EC (MiFID Directive). Please refer to the “1993 Law” for additional information.