POLICY:	Client Categorisation
APPROVED BY:	Board of Directors, Butterfield Bank (Channel Islands) Limited ("**Bank**")
APPROVAL DATE:	11 May 2026
EFFECTIVE DATE:	11 May 2026
PREVIOUS UPDATES:	April 2021, January 2022, July 2022, May 2023
SCOPE:	Client Relationship Departments and Asset Management
POLICY SPONSOR:	VP - Head of Asset Management, VP - Custodian Trustee, VP - Head of Corporate and Private Banking (collectively **"the Product Sponsor"**)
NEXT REVIEW DATE:	May 2027

1. POLICY STATEMENT

The Bank is committed to compliance with its regulatory obligations with regard to Client Categorisation for controlled investment business clients in Guernsey and Class C and D investment business clients in Jersey ("**Clients**").

It is the expectation of the Bank's Board of Directors that all staff will adhere to this Policy and its related Standards, as well as the procedures and controls through which they are implemented. By doing so, the requirements under The Licensees (Conduct of Business) Rules and Guidance, 2021 and Code of Practice for Investment Business 2022 ("**the Rules**") are achieved. Clients are notified of their categorisation as one of the following:

- A Retail client, or
- A Professional client, or
- (in Guernsey), an Eligible Counterparty.

This Policy should be read in conjunction with the Best Execution Policy which describes the way the Bank will execute securities transactions for Clients.

2. SCOPE AND RESPONSIBILITIES

This Policy applies to all employees with responsibility for the provision of investment services to Clients and those employees who are responsible for ensuring that Clients are accurately categorised.

It also applies to the departments who conduct the ongoing periodic review of Clients to ensure that the Clients categorisation has been accurately assessed and reviewed; and those that maintain the Client records to ensure that they reflect the correct categorisation.

The Product Sponsor shall be responsible for reviewing this Policy, as and when required by legal, regulatory or business requirements, and at least on an annual basis.

3. STANDARDS

3.1 Notification to Clients

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Client Categorisation

Prior to undertaking investment business as detailed in point 1 above, on behalf of a Client the Bank will:

(a) Notify a Client of their categorisation as a Retail client, Professional client, or Eligible Counterparty.

(b) Inform a Retail Client about:
   i. the right the Client has to request a different categorisation; and
   ii. any limitations to the level of client protection that a different categorisation would entail.

(c) Notify a Client that is classified as a Professional Client or an Eligible Counterparty of their right to request a different categorisation.

3.2 Categorisation Standards

Retail Clients

A Retail Client is a Client who is not a Professional Client or an Eligible Counterparty.

Private Clients are treated as Retail Clients, unless they specifically request (and qualify) for another categorisation.

Professional Clients

A per se Professional Client or an elective Professional Client is a Professional Client.

Each of the following is a per se Professional Client unless and to the extent it is an Eligible Counterparty or is given a different categorisation: -

(a) a large undertaking; or
(b) a professional investor; but
(c) not a member of the public

Professional Clients are generally responsible for keeping the Bank informed about any change that could affect their current categorisation. If the Bank becomes aware that a Client no longer fulfils the initial conditions that made it eligible for categorisation as a Professional Client, the Bank must take the appropriate action.

Fiduciary Clients, managed by a licenced/regulated Fiduciary Company, can be treated as per se Professional Clients where an appropriate internal framework to support that categorisation is in place, or they can specifically request an alternative categorisation.

Eligible Counterparties

A per se Eligible Counterparty or an elective Eligible Counterparty is an Eligible Counterparty.

Each of the following is a per se Eligible Counterparty (including an entity licensed under similar local legislation in its own jurisdiction) unless and to the extent it is given a different categorisation as detailed above: -

(a) any entity licensed for Dealing, Managing or Advising under the Law;
(b) an approved bank;
(c) an insurance company;

(d) a collective investment scheme;
(e) a pension scheme or its management company;
(f) a national government or its corresponding office, including a public body that deals with the public debt;
(g) a central bank;
(h) a supranational organisation; any other entity that is;
(i) incorporated outside the Bailiwick; and

(j) is suitably licensed, authorised or qualified by primary or secondary legislation in its home jurisdiction.

The Bank may treat a Client as an elective Eligible Counterparty if: -

(a) The Client is an undertaking; and
(b) A per se Professional Client.

3.3 Opt Up Requests

A Client may request in writing to be treated as an elective Professional or Eligible Counterparty either generally or in respect of a particular service, transaction or type of transaction, or product and can only be accepted as a Professional Client or Eligible Counterparty if the following procedure is followed: -

(a) The Bank undertakes an assessment of the expertise, experience and knowledge of the Client taking into consideration the following: -

- The frequency of the Client's dealing in the relevant controlled investments;
- The size of the Client's portfolio of cash and controlled investments. It is unlikely that a Professional Client will be valued at less than GBP500,000 ; and
- The Client's relevant professional experience and/or qualification.

This provides reasonable assurance, in light of the nature of the transactions or services envisaged, that the Client is capable of making their own investment decisions and understands the risks involved. If the Client is an entity, the assessment should be performed in relation to the person authorised to carry out transactions on its behalf.

Where a Retail Client requests an elective Professional Client status but the Bank have determined under the assessment that they do not qualify, the Client's request for professional status would be declined by the Bank and the services would be offered on a Retail basis only.

(b) The Bank must give the Client a clear written warning of the protections and investor compensation rights the Client may lose;

(c) A prospective elective Professional Client must state in writing, in a separate document from the Discretionary Investment Management Agreement or General Terms and Conditions relating to the account, that it is aware of the consequences of losing such protections and expressly confirms acceptance of the documented categorisation.

(d) The Bank may obtain a prospective elective counterparty's express confirmation that it agrees to be treated as an Eligible Counterparty in the form of a general agreement.

Client Categorisation

3.4 Record Keeping and Training

This Policy should also be read in conjunction with the Group Records Retention Policy which requires Client records to be retained for seven (7) years, which is in excess of the requirements of **the Rules** that records must be made at the time of categorisation and should be retained for at least six (6) years after the Bank ceases to carry on business with or for the Client.

The Bank will record the category assigned to all Clients where this Policy applies. Where the Bank's default position has not been adopted, a record of the decision-making process will also be documented.

The Bank has a responsibility to ensure that all employees have received appropriate and relevant training in respect to Client Categorisation.

3.5 Compliance Monitoring

The Bank's Compliance Department will, as part of its Compliance Monitoring Programme, periodically review Client Categorisation to ensure that clients have been accurately categorised and that records reflect the correct categorisation.

4. POLICY EXCEPTIONS

Policy exceptions may be required for specific customers. When an exception is required, the reason for doing so should be documented formally and submitted to Operational Risk for escalation and approval in accordance with delegated authority levels. All customer exceptions must be reviewed on an annual basis to ensure they are still relevant. The Operational Risk Department should be advised of all approved exceptions.

5. CONSEQUENCES

It is the responsibility of every Employee, as a condition of employment, to understand and comply with the Policies of Butterfield that are relevant to their employment duties. In the event that these are not followed, management may pursue a variety of disciplinary action, with serious violations being considered as grounds for dismissal.

It is also the responsibility of every Employee to report any suspected violations of this Policy or any rules or procedures established in support of its proper application to his or her Division / Department Head (who may, in turn, wish to consult with the Jurisdictional Head of Compliance, Group Internal Audit or Human Resources). Reports may be made orally or in writing and may also be submitted anonymously.