



## Information on the MiFID Directive

### 1. Introduction

The purpose of this document is to inform the client about the organisation and solutions adopted by TARENO (hereafter referred to as the "Company") in order to comply with the requirements of the European Directive on Markets in Financial Instruments (hereafter referred to as "MiFID II").

### 2. Presentation of MiFID

#### 2.1 General framework

Since its implementation in November 2007, the Markets in Financial Instruments Directive ("MiFID I") has been the cornerstone of capital markets regulation in Europe. MiFID I was reinforced by the Markets in Financial Instruments Directive ("MiFID") and the Markets in Financial Instruments Regulation ("MiFIR"), together forming "MiFID II", which came into force on 3 January 2018.

With MiFID, the EU has established a comprehensive body of rules governing firms providing investment services and activities relating to financial instruments, as well as the trading platforms on which financial instruments are traded. The aim of MiFID is to promote fair, transparent, efficient and integrated financial markets.

This body of rules adopted by the EU aims to increase the competitiveness of financial markets by creating a single market for investment services and activities, and to ensure a high degree of harmonised protection for investors in financial instruments.

MiFID II aims to strengthen financial market rules in a number of areas, notably to:

- Ensure that organised trading takes place on regulated platforms;
- Introduce rules on algorithmic and high-frequency trading;
- Improve the transparency and supervision of financial markets;
- Strengthen investor protection and enhance the rules of conduct and competitive conditions in the trading and settlement of financial instruments;
- Introduce a harmonised system of position limits on commodity derivatives;
- Enhance investor protection by introducing requirements concerning the organisation and behaviour of market participants.

#### 2.2 Scope

This information note applies to the provision of the following investment services, as set out in Section A of Annex I of Directive 2014/65/EU (MiFID II):

- Reception and transmission of orders in relation to one or more financial instruments;
- Execution of orders on behalf of clients;
- Dealing on own account;
- Investment advice;
- Portfolio management.

MiFID II does not apply to all financial instruments used for investment purposes. MiFID applies only to transactions involving the following financial instruments:

- Securities;
- Money market instruments;
- Units in collective investment undertakings;
- Options, futures, swaps, forward rate agreements and all other derivative contracts relating to securities, currencies, interest rates or yields or other derivative instruments, financial indices or financial measures which may be settled by physical delivery or in cash;
- Options, futures, swaps, forward rate agreements and all other derivative contracts relating to commodities which must be settled in cash or may be settled in cash at the request of one of the parties (other than in the event of default or other termination event);
- Options, futures, swaps and any other derivative contracts relating to commodities that can be settled by physical delivery, provided they are traded on a regulated market and/or on a multilateral trading facility (hereafter "MTF") or an organised trading facility (hereafter "OTF"), with the exception of wholesale energy products which are traded on an OTF and must be settled by physical delivery;
- Options, futures, swaps, forwards and all other derivative contracts relating to commodities that can be settled by physical delivery, not intended for trading purposes, which have the characteristics of other derivative financial instruments in that they are notably cleared and settled through recognised clearing organisations or are subject to regular margin calls;
- Derivative instruments used to transfer credit risk;
- Financial contracts for differences;
- Options, futures, swaps, forward rate agreements and all other derivative contracts relating to climatic variables, freight rates, inflation rates or other official economic statistics which must be settled in cash or may be settled in cash at the request of one of the parties (other than in the event of default or other termination event), as well as all other derivative contracts concerning assets, rights, obligations, indices and measures, which have the characteristics of other derivative financial instruments in that they are notably traded on a regulated market, OTF or MTF, are cleared and settled through recognised clearing organisations, or are subject to regular margin calls;
- Emission allowances made up of all units recognised as complying with the requirements of Directive 2003/87/EC.

### 3. Services provided by TARENO

As a wealth management firm based on partnership, TARENO exploits a team of financial experts with numerous years of experience in financial markets, combining asset protection and performance.

With regard to MiFID II, TARENO has a single business line, namely discretionary portfolio management (or "portfolio management") serving private and institutional clients, who are offered the option of entering into a management mandate with TARENO based on an investment profile.



The rights and obligations of the parties to the contract are set out in the management agreement between TARENO and its clients.

#### 4. MiFID client classification

##### 4.1 Client categories as defined in MiFID

MiFID has defined three client categories:

- Eligible Counterparties;
- Professional Clients;
  - clients who can be treated as professionals at their own request, or "opt-up" Professional Clients
  - clients considered as professionals, or Professional Clients "per se",
- Retail Clients.

It is the responsibility of TARENO to define the client's category. The decision is made on the basis of the information provided by the client. In the event of the client being reluctant to provide information or in the event of providing inaccurate information, TARENO rejects all liability for the classification of the client, reserving the right to unilaterally terminate the business relationship.

In the context of the transactions we carry out with you and on the basis of the information available to us, TARENO classifies its clients in the Retail Client category by default.

The client may request to be placed in another category at any time. TARENO will decide on a case-by-case basis whether such reclassification is acceptable.

##### 4.2 Notification of client category

Before providing any service within the scope of MiFID II, TARENO undertakes to notify the client of their assigned category. The duty of information is renewed in the event of a change of category.

Communication methods vary by client type.

- Retail Clients: Communication solely takes place via a durable medium.  
In the event of an upgrading request, the new classification only takes effect once the contract has been signed.
- Professional Clients "per se": Communication takes place in writing. Clients may at any time contest the assigned category or request to sign a "downgrading" contract. Until receipt of the notice of objection or the signed contract, TARENO will continue to treat the client as a Professional Client "per se". The notice of objection and the contract do not have retroactive effect.
- Opt-up Professional Clients: subject to the transitional provisions, TARENO may decide to treat the client as an opt-up professional at the client's express request, only when it is satisfied that the conditions for belonging to the category have been met.  
Membership of the opt-up professional category only takes effect once the upgrading or downgrading contract has been signed.  
Signature of the upgrading contract implies that the client has been notified and accepts said classification.  
The client may request a change of category at any time. Until the new contract is signed, the opt-up professional classification remains in force.

- Eligible Counterparties: Communication takes place in writing. Clients may at any time contest the assigned category or request to sign a "downgrading" contract.

##### 4.3 Change of category

TARENO may decide to change the client's assigned category:

- At the express request of the client;
- On its own initiative.

The category changes authorised under MiFID II are as follows:

- A Retail Client who meets the required conditions (see below) may be treated as an opt-up Professional Client;
- A Professional Client may be treated as a Retail Client;
- An Eligible Counterparty may be treated as a Professional Client or Retail Client.

No client has the right to request classification in a category for which they do not satisfy the conditions. Accordingly, a Retail Client will never be considered as a Professional Client "per se" or as an Eligible Counterparty.

Where a client expressly requests a change of category, they must acknowledge that they are aware of the consequences of changing to a higher category, notably that they have duly noted the change in the level of protection that will now be provided.

The following conditions must be met for the upgrading Retail Clients:

- The client has performed an average of at least ten transactions of significant size per quarter over the previous four quarters on the market in question;
- The value of the client's financial instrument portfolio, defined as bank deposits and financial instruments, exceeds EUR 500,000.00;
- The client has been in, or has previously held, a professional position in the financial sector requiring knowledge of the proposed transactions or services for a period of at least one year.

Moving from the Retail Client category to the opt-up Professional Client category results in a lower level of protection. The client will also lose certain rights to compensation. TARENO reserves the right to refuse upgrading if the client does not provide TARENO with reasonable assurance that they enjoy the necessary competence, experience and knowledge for making their own investment decisions and for understanding the incurred risks of the proposed services.

Downgrading means moving to a category guaranteeing the client a higher level of protection. Eligible Counterparties and Professional Clients "per se" may request a level of treatment applicable to a lower category.

Clients who have agreed an upgrading or downgrading with TARENO may request to revert to their original classification at any time.

Should TARENO discover that a client no longer meets the conditions to be considered as an Eligible Counterparty or Professional Client, it will take the following steps:

- Internal amendment of the client's classification;
- Notification of the category change to the client, in which case simple verbal communication will suffice solely on an informative and non-binding basis.



## 5. Suitability test for the service offered to the client

As an investment firm, TARENO is required to carry out a suitability test when providing a portfolio management service.

The term "suitability test" means the entire process of gathering information about the client and the subsequent analysis by TARENO of the suitability of a given investment product for said client, also based on the firm's in-depth knowledge of the products in which it can invest on behalf of the client.

### 5.1 Initial assessment of the suitability of the service in relation to the client's characteristics.

TARENO assesses the suitability of the services provided to the client in relation to the client's characteristics and knowledge, based on the following criteria:

- The client's investment profile and objectives, including risk tolerance. This evaluation is made on the basis of the answers provided by the client in response to the series of questions pre-established by TARENO. The questionnaire created for this purpose can be used to establish:
  - The client's investment objectives;
  - The client's risk tolerance;
  - The client's liquidity needs;
  - The client's general knowledge and experience of financial investments.

TARENO reserves the right to change the contents and scope of the questionnaire at any time.

- Specific investment knowledge and experience relevant to the specific type of product or service. When TARENO commences a business relationship with a client, or at any later time if necessary, it will take into consideration the client's level of knowledge regarding the types of securities, whether non-complex or complex.

The categories of Non-complex and Complex securities are defined in MiFID II and in accordance with the criteria set out in Guideline no. 7 issued by ESMA (European Securities and Markets Authority).

- Financial and mental capacity to bear losses. When an account is opened, TARENO obtains comprehensive information on the client's total assets and their ability to dispose of such assets.

Information about the client's financial situation includes relevant information about the source and size of regular income, assets, including liquid assets, investments and real estate, and regular financial commitments (recurring costs and expenses).

When opening an account, TARENO also enquires about the client's investment objectives, including risk appetite and tolerance. Information about the client's investment objectives notably includes the duration the client wishes to hold the investment, their risk and sustainability preferences, their risk profile and the purpose of the investment.

In order to determine more precisely the financial and psychological capacity to bear losses and the client's financial position, TARENO notably requires the client to provide personal information concerning their private status, such as:

- Marital status (notably the client's legal capacity to commit assets that may also belong to their partner);
- Family situation (changes in a client's family situation can have an impact on their financial situation, for example the birth of a new child or having a child of university age);
- Age (essentially ensuring correct assessment of investment objectives, notably the level of financial risk the investor is willing to take and the holding period/investment horizon, which indicates the willingness to hold an investment for a certain period of time);
- Professional situation (the degree of job security or the fact that the client will soon be retiring may have an impact on their financial position or investment objectives);
- Liquidity requirements for specific investments or the need to finance a future financial commitment (e.g. property purchase, school fees).

### 5.2 Duty of supervision

When providing a portfolio management service, TARENO obtains the required information to ensure that the transaction it intends to recommend or carry out as part of the management of a client's assets meets the client's investment objectives, including their risk tolerance, and that the client is financially capable of dealing with any related risk in line with their investment objectives, including with regard to the capacity to sustain and absorb losses.

TARENO also ensures that the client has the required experience and knowledge to understand the risks inherent to managing their portfolio.

Where TARENO is unable to obtain the required information, it will refrain from providing investment services to the client.

### 5.3 Scope of the management mandate test

Within the framework of a management mandate, TARENO assesses the suitability of the service with regard to the client's characteristics in the following manner:

- It is based on the management profile, which takes into account the client's investment profile. In order to establish the investment profile, TARENO refers to the client's characteristics and the information gathered during the suitability test.
- Within the contractual limits, it exploits any type of financial product it deems appropriate to achieve the specified objectives.

Where TARENO considers an investment to be unsuitable, it will refrain from executing the transaction without consulting the client.

### 5.4 Ongoing assessment of service suitability in relation to the client's characteristics

TARENO confirms service suitability to its clients on an annual basis. Suitability is covered by a statement of the risk exposure of the client's portfolio as at the submission date. It also enables us to verify that asset class allocation remains relevant to the objectives and investment horizon defined with the client, and to the client's risk exposure.

The custodian bank also provides periodic statements on portfolios and details of clients' positions and assets. Such



statements are forwarded via a durable medium or an online system, in accordance with Applicable Regulations.

## 6. Conflicts of interest

In accordance with Applicable Regulations, TARENO has established procedures to manage conflicts of interest between the Company and its clients.

TARENO conducts its business in accordance with its Conflicts of Interest Policy, which identifies situations that may give rise to conflicts of interest that have been identified, or may arise, incorporating measures taken to prevent, limit and manage conflicts of interest.

## 7. Costs and charges

### 7.1 Commissions and fees

TARENO invoices its clients for its services at the applicable rates contractually defined with its clients for the services in question, or at any other rate agreed with its clients in advance.

Information on all costs and charges, including those relating to the investment service and financial instrument, and which are not generated by the occurrence of an underlying market risk, are totalled up to enable the client to know the overall cost. Such information is provided to the client on a regular basis, and at least once a year, for the duration of the commercial relationship.

### 7.2 Benefits

During the course of providing services to the client, TARENO may pay or receive remuneration, commissions or non-monetary benefits to or from third parties in order to improve the quality of its services, yet without detracting from its obligation to act in the client's best interests. TARENO will notify the client where any such benefit exists in relation to a transaction, financial instrument or service provision.

## 8. Best execution

When providing investment services to their clients, investment companies are subject to a general obligation to act honestly, fairly and professionally in their clients' best interests.

Best execution extends this obligation by focusing on the way in which client orders are to be executed, as a rule requiring the investment firm to "take all reasonable steps to obtain the best possible result for its clients, taking into account price, costs, speed of execution, likelihood of execution and settlement, the size and nature of the order, or any other consideration relevant to the execution of a given order".

Obligations relating to order processing require prompt, fair and expeditious order execution. This entails accurate account-keeping, prompt and sequential execution of orders of a comparable nature and notification of Retail Clients should any major issue arise during order execution.

TARENO does not itself execute orders arising out of management decisions on behalf of the portfolios it manages. It

therefore has no direct impact on the markets. The Company's orders are executed on the markets by the custodian banks selected by its clients and to which the Company transmits its orders. Such intermediaries act with the clear objective of achieving best execution.

The duty of best execution is akin to an obligation of means incumbent on TARENO, in the absence of an obligation of result.

## 9. MiFID II - ESG

### 9.1 Background

MiFID II - ESG, applicable from 2 August 2022, is based on the Markets in Financial Instruments Directive (MiFID II) and the Sustainable Finance Disclosure Regulation (SFDR) of the EU. Both regulations have been designed to enhance investor protection and to increase transparency, by adding the factor of investment sustainability without undermining current risk assessment parameters.

### 9.2 Application

As an investment firm providing portfolio management services, TARENO must be able to recommend appropriate financial instruments to its clients and potential clients, and must therefore be able to pose questions in order to establish their individual sustainability preferences. In keeping with investment firms' obligation to serve their clients' best interests, the recommendations they make to existing or potential clients must reflect both their financial objectives and any sustainability preferences they may express.

TARENO first assesses the client's or potential client's other investment objectives, time horizon and individual situation, before enquiring about any sustainability preferences.

### 9.3 ESG preferences

ESG criteria are used to analyse whether the strategy of companies and issuers takes sustainable development and long-term environmental issues into account.

They are based on three pillars:

- Environmental criteria examine the impact of the company's activities on climate change and on the preservation and management of natural resources, such as carbon emissions, recycling and electricity consumption.
- Social criteria examine how the company manages its relations with employees, clients and suppliers, such as the employment of disabled people, workplace safety and employee training. In addition to the internal aspect of social criteria for the company there is also the external factor, i.e. the company's image as perceived by the public (strikes, etc.).
- Governance criteria analyse the way in which the company is managed, such as executive remuneration, the number of women on the board and the fight against corruption.

The investor profile questionnaire (Suitability Test) gives due consideration to client preferences in terms of sustainability. Depending on the degree of market and data maturity, TARENO will offer discretionary management formulas designed to promote or guarantee client portfolio composition based on ESG or sustainability criteria.



**APPENDIX: Client categories within the meaning of MiFID**

The table in the appendix to this document sets out the criteria for the aforementioned client classification process, together with the corresponding levels of protection.

Category	Description	Protection level
<b>Eligible Counterparties</b>	<p>The following are considered Eligible Counterparties:</p> <ul style="list-style-type: none"> <li>■ Investment companies;</li> <li>■ Credit institutions;</li> <li>■ Insurance companies;</li> <li>■ Undertakings for Collective Investment in Transferable Securities (UCITS) and their management companies;</li> <li>■ Pension funds and their management companies;</li> <li>■ Other financial institutions authorised or regulated under EU regulations or the national law of a member state;</li> <li>■ National governments and their departments, including public bodies responsible for managing public debt;</li> <li>■ Central banks and supranational organisations.</li> </ul> <p>Where TARENO provides the aforementioned types of client with a management mandate service, the client should be aware that such clients are treated as Professional Clients.</p>	<p>The Eligible Counterparty category has the lowest level of protection. When dealing with this type of client, TARENO:</p> <ul style="list-style-type: none"> <li>■ Is not subject to the obligation to execute orders at the most favourable terms for the client;</li> <li>■ In certain circumstances, may agree with Eligible Counterparties to limit its obligations to provide information on related costs and fees.</li> <li>■ Is not required to assess the suitability of the service to be provided.</li> </ul>
<b>Professional Clients</b>	<p>The following are considered to be Professional Clients "per se":</p> <ol style="list-style-type: none"> <li>1. Entities that are required to be licensed or regulated in order to operate on financial markets, namely: <ul style="list-style-type: none"> <li>■ Credit institutions;</li> <li>■ Investment companies;</li> <li>■ Other licensed or regulated financial institutions;</li> <li>■ Insurance companies;</li> <li>■ Collective investment undertakings and their management companies;</li> <li>■ Pension funds and their management companies;</li> <li>■ Traders in commodities and commodity derivatives;</li> <li>■ Local businesses;</li> <li>■ Other institutional investors.</li> </ul> </li> <li>2. Large companies meeting two of the following criteria: <ul style="list-style-type: none"> <li>■ Balance sheet total: 20 million euros;</li> <li>■ Net revenue: 40 million euros;</li> <li>■ Shareholders' equity: 2 million euros.</li> </ul> </li> <li>3. National and regional governments, public bodies managing public debt, banks.</li> <li>4. Other institutional investors whose main activity is to invest in financial instruments, notably entities involved in asset securitisation or other financing operations.</li> </ol>	<p>TARENO is subject to a lower duty of care when dealing with Professional Clients.</p> <ul style="list-style-type: none"> <li>■ Duty to provide information on costs and charges: In certain circumstances, TARENO may agree with Professional Clients to limit its obligations to provide information on related costs and fees.</li> <li>■ Where TARENO provides an investment service to a Professional Client, it is entitled to assume that, with regard to the products, transactions and services for which it is classified as a Professional Client, the client possesses the required level of experience and knowledge to understand the risks inherent to the transaction or to the management of its portfolio.</li> </ul>
<b>Retail Clients</b>	<p>Retail Clients are defined as those who are neither an Eligible Counterparty nor a Professional Client.</p>	<p>This client group enjoys the highest level of protection.</p>