

MIFID II & EEA Domiciled Clients

The MiFID II (Markets in Financial Instruments Directive) regulation seeks to improve the competitiveness of EU financial markets by creating a single market for investment services and activities and to ensure a high degree of harmonized protection for investors in financial instruments.

EEA Professional Client Classification Procedures – DB WM Americas
<https://mydb.intranet.db.com/docs/DOC-460762>

All EEA clients (Account holder(s), Decision Maker(s) reside in EEA*)
For all EEA clients, non-discretionary DPM accounts will not be permitted.
As a reminder, soliciting EEA clients is not permissible; if a client reaches out to us, we are permitted to proceed with the relationship as long as we follow the cross border guidelines for the EEA country.
Referrals do NOT constitute reverse solicitation.
The person being referred must initiate the contact
Accommodation trades for all EEA clients, excluding German clients:
Buys for Mutual Funds/Hedge Funds will not be permitted, only sells.
Only buys and sells of stocks and bonds are permitted.

German domiciled clients (Account holder(s), Decision Maker(s) reside in Germany)
Any new clients or prospects who reside in Germany MUST be referred to the German American Team.
LatAm and USO Bankers are NOT permitted to open any new accounts for new German domiciled clients.
For bankers with existing relationships with non MIFID accounts (loans, deposit), if a DPM or Custody account is opened for a German client, client may need to transfer to GAT banker.
For bankers with existing German clients with loans and deposit, they can open additional non MIFID accounts (loans and deposit); this will require business manager exception.
Additional procedures for MIFID II Germany Domiciled Clients can be found on the Private Bank Operational Excellence page (<https://mydb.intranet.db.com/groups/private-banking-operational-excellence>)

EEA Client Classification Procedures

Under MiFID clients must be categorized as follows:
Retail (this is default categorization applied to all WM EU clients booking in the United States).
Professional (Opt Up or Per Se)
Eligible Counterparty

For certain reasons it may be appropriate to "professionalize" appropriately qualified clients, for example when a particular product offering is only

available to Professional clients or when a client wishes to purchase retail instruments in the US for which no Key Information Documents under PRIIPs are available. The attached KOP below defines the process that must be followed to categorize clients as Professional.

*EEA (European Economic Area) country list = Austria, Belgium, Bulgaria, Croatia, Republic of Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, United Kingdom, Iceland, Liechtenstein and Norway.

Cross Border (EEA)

New EEA Lead/Prospect

Upon completion of the non-target lead form in DB Force, the relationship manager's team must indicate whether this client was or was not solicited. If the client is not solicited, supporting details must be given.

Upon submission, the lead record will route to Business Manager for approval. The Business Manager must obtain and attach a number of approvals prior to approving in DB Force:

Regional Business Head or their delegate

EMEA legal AND compliance (US Compliance will be responsible for obtaining these approvals)

If the non-target request is rejected, the Regional Business Head may challenge the decision by escalating to Patrick Campion.

Once Business Manager approves, the lead is routed to BSO, who must ensure that all required approvals are attached to the non-target lead request prior to their approval.

EEA Client Declaration Form

<http://americas.awm.intranet.db.com/en/html/56462.php>

All EEA Clients (excluding Germany) must sign the EEA Client Declaration form as evidence of non-solicitation. Once the client provides the signed form, their banker must also sign.

If the client is a pre-existing client, and the new EEA Lead/Prospect approvals were not gathered for this particular account opening in the previous step, they must now be completed. Business Manager should only sign once ALL approvals have been obtained.

Once completed, the EEA client declaration form must be attached within the account opening process and routed, with the other account opening documents, to the Account Opening Review Group for review.

The Account Opening Review Group must ensure that the form is signed by the client, the Relationship Manager, and the Business Manger. If the form is incomplete, the account opening request must be rejected, and the case sent

back to the Relationship Manager for completion.

IMPORTANT NOTE REGARDING EEA-UK Brokerage Accounts:

In order for ISG to service brokerage accounts for a UK client, one of the following must apply:

Entity Account Holder meets the UK High Net Worth Company (HNWC) Exemption criteria as reflected on the High Net Worth Company Assessment & Declaration form <http://americas.awm.intranet.db.com/en/files/-WM189667_MRG027081_HNW_Company_Assessment_and_Declaration_Form_092718_Interactive_R2.pdf> ("HNWC Exemption form"); or
Exception approval was granted and is attached with account opening documents (for Entities which do not meet HNWC Exemption criteria, or for Individual accounts).

NOTE: For Entity clients meeting HNWC Exemption, Financial Promotions must come from ISG Investment Specialists only and a Financial Promotion Disclosure Letter must be attached.

How to process UK HNWC Exemption Forms

Once all required internal signatures are obtained, the form must be imaged to the client's record. As the client's UK HNWC Exemption status must be re-assessed annually, a new form will be required each year. Storing the form in dbForce will enable future identification of forms which are expiring and require update.

Please follow these steps to add the form to dbForce:

If a new account, HNWC Exemption form must be attached with all account opening docs

Go to dbForce Account record

Go to Open Activities subsection

Select New Task. Continue for "Task" record type.

Enter the following information in the Task fields:

Subject: UK HNWC Company Exemption

Due Date: Date of last signature on form (BSO's signature)

Type: Other

Status: In Progress

Assign to: Diana Canter

Select Attach File and upload signed form

Click Save

IMPORTANT NOTE REGARDING EEA (ex German) Clients: A Relationship Manager may cover an EEA customer under the following circumstances:

A Non Target approval, including supplemental approvals from Legal and Compliance in both the US and Europe, must be obtained.

All EEA Clients (excluding Germany) must be serviced on a fully REVERSE SOLICITATION basis. You may not make ANY recommendations to this customer.

All EEA Clients (excluding Germany) must sign the EEA Client Declaration form as evidence of non-solicitation. Once the client provides the signed form, the Relationship Manager and the Business Manager must also sign. For each new account opening request, large transactions, and marketing materials, reverse solicitation must be evidenced in a Cross Border Call Note, which gives a detailed explanation of how and when the customer asked you to provide said documents.

Account Opening Review Group by Product Type

Account Opening Review Group

Product Type

DBOI

Deposits, Custody, DPM and Trust

Middle Office

Brokerage

KYC/ABR

Residential and Structured Lending

Transaction Level Reverse Solicitation Requirements

Account Type

Transaction Activity

Additional Funds to an existing Acct

DPM

No

Yes

Custody

No

No

Brokerage

No

No

Deposit

No

Yes

Lending

No

No

A Cross Border Call Note is mandatory when discussing DBTCA's products and services with a non-US client. If the client is an EEA client with a DPM and/or Deposit account, and the communication is in reference to "Additional Funds" to an existing account(s) due to a client's liquidity event such as, sale of a real estate asset, inheritance, etc., the RM must also include a detailed explanation of reverse solicitation and/or attach proof on the Cross Border Call Note. Details of how "Additional Funds" were introduced during conversation and how the funds ended up allocated to the DPM or Deposit account must be included.

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