

SCOPE

The directive covers a very wide range of investment services and activities.

Although Candriam entities are not investment firms within the meaning of the MiFID regulation, Candriam has to respect MiFID rules when it provides the following activities:

- portfolio management
- investment advice
- receipt and transmission of orders in relation to one or more financial instruments

When Candriam provides an investment advice to its clients, such advice will be qualified as non-independent advice within the meaning of the MiFID regulation because Candriam's analysis will be limited to certain financial instruments (such as financial instruments issued by entities with which Candriam has legal or economic relationships).

CLASSIFYING INVESTORS

In recognition of the fact that not all investors have the same knowledge or experience with financial instruments and their associated risks, MiFID classifies investors into three categories: eligible counterparties, professionals and non-professionals. Each investor is assigned the level of protection appropriate to his classification.

Candriam classifies its client into two categories: professionals and non-professionals and communicates the classification to the concerned clients.

PROFESSIONAL INVESTORS

Professional investors have sufficient experience, knowledge and expertise to make investment decisions themselves. They can also properly assess and financially handle the risks inherent to their investments.

Included in this category are investment firms, credit institutions, insurance companies, mutual funds and their asset management companies, pension funds, national governments and central banks. This category also includes companies which meet at least two of the following three criteria:

- a total balance sheet of at least EUR 20 million
- a net revenue of at least EUR 40 million
- shareholders' equity of at least EUR 2 million

Classification as a "Professional Investor" implies, in particular, that the latter can communicate less information to their asset management companies than non-professional investors. In turn, Candriam has a lesser obligation of diligence towards professional investors than it does towards non-professional investors.

NON-PROFESSIONAL INVESTORS

Non-professional investors encompass all investors (individuals or legal entities) that do not fit into the category of “Professional investor”. These investors are consequently afforded the highest level of protection.

Investors may, under certain conditions, opt to be classified in a category other than the one assigned by Candriam.

CHANGE OF CLASSIFICATION

Investors in the “Professional Investor” category may therefore request to be classified as “Non-professional Investors”, which requires a higher obligation of diligence from Candriam.

Likewise, non-professional investors may prefer to be classified as professional investors if they meet the requirements set forth by MiFID. Specifically, they have to meet at least two of the following three criteria:

- The value of their financial instrument portfolio (including bank deposits) must exceed EUR 500,000
- They must have carried out an average of 10 large-scale transactions per quarter for the last four consecutive quarters on the market in question
- They must have at least one year of professional experience in the financial sector

All details concerning the procedure to follow and forms to complete if you wish to change your investor category can be found on our website.

INVESTOR PROFILE

When providing investment advice or portfolio management to its client, Candriam must obtain the necessary information regarding the client’s knowledge and experience in the investment field , that his financial situation including his ability to bear losses, and his investment objectives including his risk tolerance so as to enable Candriam to recommend to the client the investment services and/or financial instruments that are suitable for him.

Candriam determines the profile of its client based on its questionnaire.

INFORM YOUR CUSTOMER

MiFID requires all information addressed to clients to be fair, clear and not misleading.

MiFID also requires financial institutions to provide certain information to their customers. The level of information may depend on the client's classification (professional or non-professional).

MiFID II has enhanced transparency towards clients: information on cost and charges, suitability report, alert drop (in case of discretionary portfolio management)...

MiFID requires also to put in place procedure to protect clients:

BEST SELECTION

"Best Selection" is an integral part of "Best Execution".

Candriam entities must take all reasonable measures to obtain the best possible outcome when they transmit to other entities any orders for execution resulting from their decisions to trade financial instruments on behalf of their customers or the funds (UCITS or AIFs) under management.

To this end, they will notably take account, inter alia, of prices, costs, speed, probability of execution, liquidity and settlement. This constitutes an obligation of means and not an obligation of result. To meet this obligation, Candriam has developed a Best Selection policy, which it reviews on a regular basis and which can be downloaded by investors from our website, www.candriam.com.

CONFLICTS OF INTERESTS

Candriam must take all appropriate steps to identify and to prevent or manage conflicts of interest between itself, including their managers, employees and tied agents, or any person directly or indirectly linked to them by control and its clients or between one client and another that arise in the course of providing any investment services. If the conflict of interests is inevitable, Candriam shall prior to acting inform its client of the general nature and/or the source of the conflict of interests and the steps taken to mitigate the risks of damage to the interests of the client.

Candriam's conflicts of interests policy is available on the website.

COMPLAINTS PROCEDURE

Candriam's goal is to offer its clients high-quality services that will satisfy them and meet their needs.

If at any time this should not be the case and a client feels he has a reason to make a complaint, an out-of-court option has been put in place. Candriam will examine and resolve the complaint at no cost for the client.

The procedure to address any complaint is available on the website.

INDUCEMENTS

MiFID II prohibits firms providing portfolio management or independent investment advice from receiving and retaining any fees, commission, or monetary or non-minor non-monetary benefits from third parties.

For other services, such benefits are allowed under certain criteria.

Candriam may, within the provision of investment services, profit of certain minor non-monetary benefits provided by third parties, such as participation in conferences, seminars or other training events, in the acceptable limit fixed by the applicable regulation.

When a legal entity belonging to Candriam is providing non independent investment advice to a client to invest in shares of a UCITS/AIF managed by an entity belonging to Candriam Group or to New York Life Group (the investment manager), it may receive from the investment manager an intermediary fees which varies between 55 and 70% of the management fee received by the investment manager from the UCITS or the Sub-fund.

Further information can be obtained upon written request to Candriam.

RECORDS OF TELEPHONE CONVERSATION AND ELECTRONIC COMMUNICATION

Candriam is legally obliged to maintain records of all telephone conversation and electronic communication relating to, at least, investment advice and the acceptance, transmission and execution of client orders. Such records serve as proof of agreement and are stored in accordance with legal requirements.

The records can be released to the client at his request over a period of at least 5 years.