



Gibraltar
International Bank



**MiFID Information
Document &
Glossary of Terms**

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1. Information on GIB

Gibraltar International Bank (“**GIB**” or the “**Bank**”), with registered office in Ince’s House, 310 Main Street, Gibraltar, and incorporation number 109679, is authorised by the Gibraltar Financial Services Commission (“**GFSC**”) to carry on banking activities¹ as well as **Investment Services and Activities** and **Ancillary Services**. Details of the Bank’s authorisations can be found on the GFSC website: www.fsc.gi/regulated-entity/gibraltar-international-bank-limited-19582).

Bank’s contact details:

Address: Ince’s House, 310 Main Street, Gibraltar

Website: www.gibintbank.gi

Email: gibraltar@gibintbank.gi

Telephone (switchboard): (+350) 200 13900

GFSC’s contact details:

Address: PO Box 940, Suite 3, Ground Floor, Atlantic Suites, Europort Avenue, Gibraltar

Website: www.fsc.gi

Telephone: +350 200 40283

2. Introduction

As part of its investment products offering, the Bank has produced this document highlighting the key **Investment Services and Activities** which the Bank will undertake on your behalf as well as providing a Glossary of Terms which sets out all defined terms which are utilised across all GIB documents in relation to this service offering.

The Bank is a member of both the Gibraltar Deposit Guarantee Scheme and the Gibraltar Investor Compensation Scheme.

The Gibraltar Investor Compensation Scheme will compensate any investor if the Bank should no longer have enough funds to meet your compensation requirements. Please note that the scheme only applies to **Retail Clients** and as such does not protect professional or institutional investors (i.e., **Professional Clients** and **Eligible Counterparties**).

For more information on any of the Bank’s MiFID products and/or the Gibraltar Investor Compensation Scheme please contact your Relationship Manager who will be able to provide you with further information and guidance, or visit: www.gjics.gi

¹ For these purposes the Bank is authorised for the purpose of deposit taking and the provision of credit facilities to Clients in accordance with the Financial Services Act 2019.

3. Information on Investment Services

GIB is authorised to provide the following **Regulated Investment Activities**:

a. Execution of orders service on behalf of clients.

GIB is authorised to execute orders on behalf of clients. Through the execution of orders on behalf of clients, the Bank enters into purchase or sale agreements of **Financial Instruments** on behalf of clients. The Bank that has received the purchase and sale order, identifies from among several venues, i.e. **Regulated Markets, Multilateral Trading Facilities, Organised Trading Facilities, Systematic Internalisers**, the one on which to execute the order, seeking to obtain the best possible result for the client.

b. Reception and transmission of orders service in relation to one or more financial instruments.

GIB is authorised to receive and transmit orders on behalf of clients. Through the reception and transmission of orders service, concerning one or more **Financial Instruments**, the Bank that has received the purchase or sale order from the client, transmits it to another intermediary for its execution. Through the order transmission service, the client instructs the Bank to select another operator that will execute the client order. It will, therefore, be the care and duty of the Bank that received the order to identify the dealer capable of obtaining the best possible result for the client.

c. Dealing on own account.

GIB is authorised to deal on its own account. Dealing on own account is trading against proprietary capital resulting in the conclusion of transactions in one or more **Financial Instruments**. This involves position-taking, including proprietary trading and positions arising from market-making.

Ancillary Services offered by GIB

The Bank also offers the following **Ancillary Services** to all of its clients:

- Safe keeping and administration of financial instruments for the account of clients, including custodianship and related services such as cash/collateral management and excluding maintaining securities accounts at the top tier level;
- Foreign exchange services where these are connected to the provision of investment services. The scope of this ancillary service is restricted only to operations which are related to transactions which form part of an investment service. For example, where the Bank is given an order to purchase foreign shares and those shares can only be purchased in a currency that the client does not own. In such situations the Bank may engage in foreign exchange operations in order to execute the order.

GIB will not provide you with **Investment Advice or **Portfolio Management** services and will act solely on your instructions.**

4. Applicable Legal Regime

Prior to Brexit, Gibraltar implemented the requirements prescribed under the Markets in Financial Instruments Directive 2014/65/EU (“**MiFID II Directive**”) in relation to provision of **Investment Services and Activities**. The MiFID II Directive has been given effect in Gibraltar law under the Financial Services Act 2019 (“**FSA 19**”) and the Financial Services (Investment Services) Regulations 2020 (“**MiFID Regs**”). These requirements are supplemented, *inter alia*, by Commission Delegated Regulation (EU) 2017/565 (“**MiFID Org Regulation**” or “**CDR 2017/565**”) as well as Regulation (EU) No 600/2014 (“**MiFIR**”).

The effect of section 6 of Gibraltar’s European Union (Withdrawal) Act 2019 is that “direct EU legislation” (as defined in that Act) became part of UK law, as at **IP completion day** (and is known as “retained EU law” in accordance with section 9(7) of the same legislation). As such, **MiFIR** and all directly applicable regulations made under the **MiFID II Directive** and **MiFIR**, including the **MiFID Org Regulation**, the **MiFIR Delegated Regulation** (Commission Delegated Regulation 2017/567) and regulatory technical standards (“**RTS**”) became part of Gibraltar law, as at IP completion day. Therefore, whilst **FSA 19** and the **MiFID Regs** implement the **MiFID II Directive**, the rest of this body of retained EU law requires no further transposition to the extent it was direct EU legislation immediately prior to Brexit.

5. Information on Client Classification

In accordance with **Applicable Rules**, a financial service provider is obliged to categorise its clients who are provided with **Investment Services and Activities**. The Bank is therefore obliged to notify you of your categorisation as one of the following:

- An **Eligible Counterparty**.
- A **Professional Client**; or
- A **Retail Client**.

The Objectives of this classification are:

- To deliver to the client the appropriate services, according to the client’s needs and objectives; and
- To provide the client with the relevant information according to the client’s knowledge and experience of financial markets.

Clients who have been classified as a **Retail Client** will have the opportunity to request that they are re-classified either as a **Professional Client** or **Eligible Counterparty**. The Bank will also permit those clients who wish to opt-down to **Retail Client** or **Professional Client** status. Clients who wish to be re-classified should fill in either the Bank’s **Investment Services Opt-up client re-categorisation form** or **Investment Services Opt-down client re-categorisation form** as may be appropriate. These forms contain all relevant information which is required to assist you in making your re-classification request, however, you should contact your Relationship Manager or other points of contact in the event that you have any queries.

6. Client Assessment

All **Retail Clients** receiving investment services will be required to obtain an Appropriate Assessment, in which the Bank will assess whether the Client possesses the knowledge and experience to make their own investment decisions and properly assess or manage any risk which may be incurred by any of their investment decisions.

Accordingly, GIB has prepared an Appropriateness Questionnaire which has been specifically designed to assess the Client's experience in the financial sector and knowledge of financial products.

The Bank considers that all **Professional Clients** and **Eligible Counterparties** have the necessary experience and knowledge to understand the risks involved in relation to the products and services offered and therefore do not require such Clients to complete the Appropriateness Questionnaire prior to the provision of investment services.

7. Conflicts of Interest

The Bank offers various services to its Clients. As a result of such offering, there may be situations in which a conflict of interest may arise, either occasionally or permanently. Whilst financial institutions are not prohibited from being in such situations, the **MiFID Regs** require that the Bank identify, prevent and manage these conflicts in order to safeguard the interests of the Bank's clients. Accordingly, GIB has put in place all reasonable measures in order to covering the following:

- Conflicts of interest that are internal to GIB;
- Conflicts of interest between GIB and its Clients; and
- Conflicts of interest between different Clients and GIB.

Whilst, this situation is not unusual, GIB still has an obligation to identify, manage and, where relevant, report these situations in accordance with the regulations and the Bank's **Conflict of Interest Policy**.

8. Best Execution

We are required under the **MiFID II** regime to adopt sufficient measures to obtain the best possible result for their clients, known as "Best Execution".

Best Execution applies indiscriminately to all financial instruments, regardless of their execution venue, with reference to order execution services, but also, albeit with different degrees, to order reception and transmission services.

Intermediaries, when defining their order transmission and execution strategy, must take the following factors into account:

- the **price** of the financial instrument;
- the **costs** related to execution (including settlement costs);
- the **speed** of execution;

- the **likelihood** that an order will be **executed**;
- the **likelihood** that a transaction will settle;
- the **size** of the order;
- the **nature** of the order; and
- **any other consideration** relevant to the execution of the Order (for example, liquidity or nature of the market for the Financial Instrument).

When determining such factors, the Bank will also consider the following factors:

- the characteristics of the **client**, including the categorisation of the client as retail or professional;
- the characteristics of the **client order**, including where the order involves a securities financial transaction (**SFT**);
- the characteristics of **Financial Instruments** that are the subject of the order;
- the characteristics of the **Execution Venues** to which that order can be directed.

For further information on the Bank's obligation for to execute Orders in accordance with Best Execution, please see our summary Best Execution Policy available on the Bank's website: www.gibintbank.gi

9. Transaction Reporting

The Bank is required under **MiFIR** to provide clients with information after executing an order on behalf of said client. The Bank is also required to report market transactions to the regulatory authorities. This enhanced transparency of reporting is targeted to detect any market abuse and monitor the fair and orderly functioning of markets.

In order to comply with obligations imposed by the GFSC, the Bank will ensure that it complies with these reporting requirements, either directly or through its third-party service providers. Accordingly, the Bank will ensure that it provides all clients with complete and accurate details of such transactions in a **Durable Medium**. Any notice provided to a Client shall be provided as soon as possible and no later than the first business day following execution, or where the confirmation is received by GIB from a third party, no later than the first business day following receipt confirmation from the third party.

When determining what information is essential for the client, the Bank must consider the following:

- a. **Derivative transactions:**
 - The maturity, delivery or expiry date of the derivative;
 - In the case of an option, a reference to the last exercise date, whether it can be exercised before maturity and the strike price; and
 - If the transaction closes out an open futures position, all essential details required in respect of each contract comprised in the open position and each contract by which it was closed out and the profit or loss to the client arising out of closing out that position (a difference account).
- b. **Exercising options:**
 - The date of exercise, and either the time of exercise or that the client will be notified of that time on request;
 - Whether the exercise creates a sale or purchase in the underlying asset; and
 - The strike price of the option and, if applicable, the total consideration from or to the client.

- c. The fact that the transaction involves any dividend or capitalisation or other right which has been declared, but which has not been paid, allotted or otherwise become effective in respect of the investment, and under the terms of the transaction the benefit of which will not pass to GIB.

The Bank shall send a notice to the Client through a **Durable Medium** confirming the execution of the order as soon as possible and no later than the first business day following execution or, where the confirmation is received by GIB from a third party, no later than the first business day following receipt of the confirmation from the third party. This notice will contain the following information:

- a. the reporting firm identification;
- b. the name or other designation of the client;
- c. the trading day;
- d. the trading time;
- e. the type of the order;
- f. the venue identification;
- g. the instrument identification;
- h. the buy/sell indicator;
- i. the nature of the order if other than buy/sell;
- j. the quantity;
- k. the unit price;
- l. the total consideration;
- m. a total sum of the commissions and expenses charged and, where the client so requests, an itemised breakdown including, where relevant, the amount of any mark-up or mark-down imposed where the transaction was executed by GIB when dealing on own account, and GIB owes a fiduciary duty of best execution to the Client;
- n. the rate of exchange obtained where the transaction involves a conversion of currency;
- o. the client's responsibilities in relation to the settlement of the transaction, including the time limit for payment or delivery as well as the appropriate account details where these details and responsibilities have not previously been notified to the client; and
- p. where the client's counterparty was the investment firm itself or any person in GIB or another client of GIB, the fact that this was the case unless the order was executed through a trading system that facilitates anonymous trading.

The Bank may provide the information specified directly above, using Standard Codes, if GIB also provides an explanation for the codes used.

10. Fees

The Bank defines and structures fees, remunerations and expenses to be applied to the provision of its investment and ancillary services. These policies take into account multiple factors relating to both the type of service offered as well as the characteristics of the client to whom the services are offered.

GIB shall, in due time before any commitment is given by the Client, make available thereto the economic conditions and other information on the costs and charges associated with the provision of investment and ancillary services, as well as, when the legal requirements are met, on the costs and charges of the financial instruments traded, together with the payment modalities.

11. Product Governance

The Bank has established policies, processes and procedures for the purpose of ensuring the appropriate product monitoring and oversight. This complies with Investor Protection requirements. GIB has implemented a robust product governance architecture in place to ensure that products which are available to its clients are appropriate for the knowledge and experience which clients may have.

12. Information on the Complaints Handling Procedure

In the event that you have any dispute in respect of any investment service provided by the Bank, we ask that you notify the Bank in writing at the earliest opportunity.

Where the Client has a complaint regarding an account statement or other communication received from the Bank or regarding the non-receipt of such an account statement or other communication or regarding a transaction carried out on the account, the Client must file any complaints in writing as soon as possible, but in any event not later than thirty days from the date on which the complaint arose. If a complaint is not filed within this period, the Client will be deemed to have accepted the position. Where an account statement has been expressly or tacitly approved by the Client, such approval shall extend to all transactions logged by the Bank as of close of business on the day the account statement is produced.

Any complaints, queries or claims in relation to any matter whatsoever should be submitted in writing and addressed to the Chief Executive Officer of the Bank. A copy of the Bank's complaints handling policy is available on request.

In the event that the Client is not content with the response to the complaint given by the Chief Executive Officer, the Client may submit the complaint to the Financial Services Commission with regards to any matters generally and, in particular, alleged infringement by the Bank of the provisions of the Regulations. In the case of a dispute between the Client and the Bank concerning rights and obligations under the Regulations, the provision of the Gibraltar Arbitration Act will apply as if there were an existing arbitration agreement between the Client and the Bank providing for the referral of disputes to an official referee.

13. Record Keeping

For the purpose of ensuring the authenticity or content of oral instructions or other messages received from the client, or third parties, the Client agrees to allow the Bank to record all telephone conversations between its staff members and the client, the client's authorised agents or any other third parties. In the event of a dispute, the Bank reserves the right to use such recorded conversations as evidence.

Client transaction account records are kept for a minimum of 5 years following the date of the transaction. The Bank additionally provides for transparency of Client transactions through the regular publication of transaction advices, and account statements which can be reviewed by the Client on their online banking access. All Client data retention complies with the Gibraltar Data Protection legislation².

² Data protection legislation means the Gibraltar GDPR, the Data Protection Act 2004 and any regulations made under said Act and regulations made under Gibraltar law for the purposes of the EU GDPR (Regulation (EU) 2016/679) or the Law Enforcement Directive (Directive (EU) 2016/680).

14. Communications

The Bank aims to provide the most up to date forms of communications with its Clients. The Bank will ordinarily communicate with clients via the secure messaging platform on the ebanking system, through email, through text-message or via the Bank's mobile application. The Bank will only send emails to the email address provided by the client during the account opening process and will assume that the email has been received on the next working day. There is no guarantee that electronic communications will be secure, virus free or successfully delivered. The Bank accepts no liability in respect of email communications sent to the client by the Bank, and in particular due to circumstances beyond the Bank's reasonable control, email messages are intercepted, delayed, corrupted, not received or received by someone other than the Client. The Client shall make immediate contact with the Bank if it is believed that a problem exists with the Client's email account.

Where a Client wishes to correspond with the Bank by post, the Bank will assume that any communications from the Bank will assume that the communication has been received no later than four working days if posted locally in Gibraltar. If the communication is sent to an address outside of Gibraltar, the Bank will assume delivery ten working days from the date it was posted.

15. Custody

The Bank will deposit, register and record (as may be appropriate) any **Financial Instrument** obtained by a client in the client's current and/or deposit account which is held with the Bank.

Each current account and/or deposit account held by the client will constitute for all effects, assets which are separate to those of each other client and from that of the Bank. This will ensure that the Bank will always be able to reconstruct with certainty, at any time, both the financial instruments and the cash assets of each client.

In compliance with conditions provided for by current legislation, the Bank has the right to sub-deposit the financial instruments pertaining to the Client with central depositories or with authorised depositories such as central banks, EU banks and third-party banks pursuant to and within the limits of the applicable legislation.

The Bank chooses sub-custodians (whether inside or outside the EU or Gibraltar) on the basis of their expertise and market reputation. The Bank will also consider the legislative and regulatory provisions or practices existing in the markets in which they operate and, where applicable, the country of issue of the financial instruments contributed to the sub-custodian.

The Bank adopts at its sub-custodians network the operating set-ups, including the account structure (e.g., omnibus accounts or individual accounts) most suited to the characteristics of the custody and settlement location of the financial instruments granted in sub-deposit and the Client's business requirements, also taking into account the legal and regulatory obligations or practices existing in the markets in which sub-custodians operate and / or markets in which the financial instruments are held or moved.

In order to avoid any risk of confusion of the assets of the various Clients, inherent in the use of such accounts, in case of reporting to an omnibus account structure for the sub-deposit of Client's financial instruments with the sub-custodians network, the Bank sets up and maintains specific account records indicating the sub-custodian of financial instruments held on behalf of each Client, and implements appropriate operational and contractual measures towards its sub-custodians to safeguard the financial instruments pertaining to Clients in any operational set-up. The Bank periodically checks the adequacy of the evidence produced by its sub-custodians against its own account situation.

The Bank periodically monitors the sub-custodian's activity, in order to review the efficiency and reliability of the service.

In any case the Bank's liability towards the Client for any act or omission of the entity with whom the financial instruments have been sub-deposited remains unaffected.

Accounts held in the Bank's name on behalf of third-parties are kept separate from those owned by the Bank itself. Accounts held in the name of the Bank shall not be conventionally set-off against the receivables claimed by the custodians or sub-custodians against the Bank, nor shall such actions by or in the interest of the Bank's creditors be permitted. The shares of individual Clients' creditors are admitted within the limits of assets owned by each Client.

16. Investor Protection

The Bank is a member of the Gibraltar Investor Compensation Scheme established under the Financial Services Act 2019 and is covered thereunder. Clients who have undertaken investments through the Bank will be covered by the scheme, **Retail Clients** being offered investor protection by the scheme with Professional and Eligible Counterparty Clients not being covered by the scheme. The provides investors with 90% of the investment amount lost, up to a maximum of €20,000 to each eligible investor. Further details of the scheme and how it operates are available on request or at the following website www.gjics.gi



17. Glossary of Terms

'Ancillary Services' means the ancillary services which are listed in paragraph 46 of Schedule 2 to FSA 19.

'Client' means any natural or legal person to whom an investment firm (in this case, the Bank) provides investment and/or ancillary services. The Bank's Clients are categorised into Retail, Per se Professional, Elective Professional or Eligible Counterpart.

'Durable Medium' means paper or any instrument which will enable the recipient to store information in a way accessible for future reference and for a period of time adequate for the purposes of the information and which allows the unchanged reproduction of the information stored. Accordingly, the Bank may provide such information by: (a) the GIB mobile banking application; (b) our online eBanking platform(s); (c) email; or (d) PDFs

'Execution Factors' means those factors listed in Section 2.1 of this document.

'Execution Venue' means a regulated market, a multilateral trading facility ('**MTF**'), an organised trading facility ('**OTF**'), a systematic internaliser, or a market maker or other liquidity provider or an entity that performs a similar function in a third country to the functions performed by any of the foregoing.

'Financial Instruments' means the financial instruments referred to in section 5(2)(e) FSA 19 which are listed in paragraph 46 of Schedule 2 to that Act, as read with extracts A to E, at paragraph 47 of Schedule 2 to that Act, derived from CDR 2017/565.

'FSA 19' means the Financial Services Act 2019 of Gibraltar, as amended.

'IP completion day' means midnight on 31st December 2020. This definition derives from Gibraltar's European Union (Withdrawal Agreement) Act 2020 and marks the ending of the 11-month 'implementation period' from 31st January 2020 during which the UK continued to be subject to EU rules.

'Investment Services and Activities' means any service or activity in relation to Financial Instruments which relates to **Regulated Investment Activities**

'Market Maker' means (as per para 44, Sched 2, FSA 19) a person who holds himself out on the financial markets on a continuous basis as being willing to deal on own account by buying and selling financial instruments against that person's proprietary capital at prices defined by that person.

'MiFID 2 Directive' means the Directive 2014/65/EU of the European Parliament and Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU, as it applied immediately before IP completion day.

'MiFID Org Regulation' means Commission Delegated Regulation 2017/565 of 25th April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive

'MiFID Regs' means the Financial Services (Investment Services) Regulations 2020.

'MiFIR' means Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15th May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012

‘Multilateral trading facility or “MTF”’ means (as per para 1, Sched 2, FSA 19) a multilateral system, operated by an investment firm or a market operator, which brings together multiple third-party buying and selling interests in financial instruments (in the system and in accordance with non-discretionary rules) in a way that results in a contract and- (a) in Gibraltar, complies with provisions contained in or made under the Gibraltar Financial Services Act 2019 (a “Gibraltar MFT”); (b) in the United Kingdom, complies with the requirements of Article 2.1 (14A)(b) of Regulation (EU) No 600/2014 as it applies in the United Kingdom after IP completion day (a “UK MFT”); or (c) in an EU State, complies with Title III of Directive 2014/65/EU (an “EU MFT”)

‘Order’ means an instruction to buy or sell a Financial Instrument which is accepted by us for execution or transmission to a third-party

‘Organised Trading Facility “OTF”’ means (as per para 1, Sched 2, FSA 19) a multilateral system which is not a regulated market or an MTF and in which multiple third-party buying and selling interests in bonds, structured finance products, emission allowances or derivatives are able to interact in the system in a way that that results in a contract and- (a) in Gibraltar, complies with provisions contained in or made under the Financial Services Act 2019 (a “Gibraltar OTF”); (b) in the United Kingdom, complies with the requirements of Article 2.1(15A)(b) of Regulation (EU) No 600/2014 as it applies in the United Kingdom after IP completion day (a “UK OTF”); or (c) in an EU State, complies with the requirements of Title III of Directive 2014/65/EU (an “EU OTF”)

‘Professional Client’ means a professional client as defined in regulation 2(1) of the MiFID Regs, and meeting the criteria laid down in Schedule 1 of the MiFID Regs. Note that Professional Clients may be sub-categorised into *Per se* Professional Clients, and Elective Professional Clients.

‘Regulated Market’ means (as provided at para 1, Sched 2, FSA 19) a multilateral system operated and/or managed by a market operator, which brings together or facilitates the bringing together of multiple third-party buying and selling interests in financial instruments (in the system and in accordance with its non-discretionary rules) in a way that results in a contract, in respect of the financial instruments admitted to trading under its rules and/or systems, and which (a) in Gibraltar, is authorised and functions regularly in accordance with provisions contained in or made under this Act (a “Gibraltar regulated market”); (b) in the United Kingdom, is a UK regulated market within the meaning of Article 2.1(13A) of Regulation (EU) No 600/2014 as it applies in the United Kingdom after IP completion day (a “UK regulated market”); and (c) in an EU State, is authorised and functions regularly in accordance with Title III of Directive 2014/65 EU (an “EU regulated market”);

‘Regulated Investment Activities’ means any of the regulated activities in paragraphs 48 to 56 of FSA 19, which are summarised immediately below for convenience:

Reception and transmission of orders [para 48]

Execution of orders on behalf of clients [para 49]

Dealing on own account [para 50]

Portfolio management [para 51]

Investment advice [para 52]

Underwriting or placing of financial instruments on a firm commitment basis [para 53]

Placing of financial instruments without a firm commitment basis [para 54]

Operating an MTF [para 55]

Operating an OTF [para 56]

‘Retail Client’ means a client who is not a Professional Client.

‘Systemic Internaliser’ – an investment firm which, on an organised, frequent and systematic basis, deals on own account by executing Client transactions outside a Regulated Market, an MTF or an OTF without operating a multilateral system.

