



TARGET MARKET ASSESSMENT for financial instruments and investment services provided in circumstances where Directive 2014/65/EU (MiFID II) and related regulations apply

1. MiFID II Product Governance

Where Linear Investments Limited (hereafter referred to as “**Linear**”, “**we**” or “**us**”) manufactures or distributes financial instruments falling within the scope of MiFID II (“**Financial Instruments**”) or related services, we have certain product governance obligations under Directive 2014/65/EU on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (recast) (“**MiFID II**”) and related regulations. Article 24(2) of MiFID II states that:

“Investment firms which manufacture financial instruments for sale to clients shall ensure that those financial instruments are designed to meet the needs of an identified target market of end clients within the relevant category of clients, the strategy for distribution of the financial instruments is compatible with the identified target market, and the investment firm takes reasonable steps to ensure that the financial instrument is distributed to the identified target market.

An investment firm shall understand the financial instruments they offer or recommend, assess the compatibility of the financial instruments with the needs of the clients to whom it provides investment services, also taking account of the identified target market of end clients as referred to in Article 16(3), and ensure that financial instruments are offered or recommended only when this is in the interest of the client”.

2. Linear as a Manufacturer

We manufacture a range of Financial Instruments which are intended to be transacted with, or distributed to, Professional Clients and Eligible Counterparties. In accordance with the Part 4A Permission that we have been granted under the Financial Services and Markets Act 2000 by the Financial Conduct Authority, we are unable to conduct designated investment business with or for Retail Clients and as such the Financial Products manufactured by us are not designed for Retail Clients.

The table set out below contains the details of the Target Market that we have identified for the Financial Instruments manufactured by us.

For the purposes of the Over-The-Counter Matched Principal Fixed Income business which we conduct, each tranche of the overall transaction flow (i.e. the individual buy-side and sell-side) is considered as a standalone bilateral contract. Therefore, where we face you as the seller of a Fixed Income instrument, we are the Product Manufacturer for this particular tranche of the transaction regardless of the fact that we have acquired this Financial Instrument as buyer in a separate bilateral contract with another counterparty.

With regard to Linear’s Portfolio Management business, we may utilise bespoke models. In such scenarios, we are the Product Manufacturer for these models notwithstanding the fact that the ultimate composition of the portfolio may contain Financial Instruments not manufactured by us.



3. Linear as a Distributor

As a distributor of Financial Instruments we have certain obligations under MiFID II, including a requirement to identify a target market for the Financial Instruments we distribute. We distribute Financial Instruments which have been manufactured either by us or by third parties.

Where we distribute Financial Instruments and/or related services to you, we will do so on the basis that you fall within the Target Market that we have identified for the relevant Financial Instruments in the table set out below.

4. Onward Distribution

To the extent you are not the end investor in any distribution chain for a particular Financial Instrument, you will define your own Target Market for the relevant Financial Instrument having regard to your knowledge of your own client base.

Since we do not possess sufficient information in order to assess whether all purchasers of Financial Instruments manufactured and/or distributed by us fall within the relevant Target Market, you should take into account the Target Market identified by us (as disclosed in the table below) and confirm in each case that the relevant Financial Instrument meets your investment needs and objectives or those of your underlying clients as the case may be.

5. Your Knowledge and Understanding

In dealing with you as a Professional Client or Eligible Counterparty, we are entitled to assume that you fully understand the risks and potential adverse consequences, including potential unlimited losses of the relevant Financial Instrument and that, in choosing to transact with us:

- a) you have chosen a Financial Instrument manufactured and/or distributed by us from among other financial instruments and/or related services available to you in the market generally;
- b) you have carried out independent analysis in relation to the Financial Instrument and its potential outcomes to the extent that you have deemed necessary;
- c) you have had the opportunity to request such information from us as you consider necessary or appropriate in connection with your decision to enter into or purchase the Financial Instrument and/or related services; and
- d) you understand both the risks associated with the Financial Instrument and the market factors which may cause the Financial Instrument to underperform (compared to other investments or strategies) or to result in losses for you.



Target Market for Financial Instruments manufactured and/or distributed by Linear

In the event that Linear defines a different Target Market for a particular Financial Instrument, the particular Target Market will be separately communicated to you in writing.

Based on an assessment of the relevant facts and circumstances, Linear may transact or distribute Financial Instruments (or related services) outside the Target Market set out in the table below and/or define a different Target Market.

Client Type	Products	Target Market Assessment
Eligible Counterparties and Per Se Professional Clients	All Financial Instruments manufactured and/or distributed by Linear unless otherwise specified.	<p>Knowledge and experience: Clients who have knowledge and experience of the relevant category of Financial Instruments or sufficient knowledge of the product features and risks of the relevant Financial Instrument.</p> <p>Financial situation with a focus on the ability to bear loss: Clients who have the capacity to incur a loss equal to the worst-case return of the relevant Financial Instrument. e.g., in the case of an option or other fully capital-at-risk product, the ability to lose the full amount of their initial investment. Certain Financial Instruments may require the ability to lose more than the initial amount paid by the counterparty/client.</p> <p>Risk tolerance and compatibility of the risk / reward profile: Clients should confirm that the risk/reward profile of the Financial Instrument is compatible with their risk appetite. Depending on the particular Financial Instrument, clients may need to be:</p> <ul style="list-style-type: none"> • willing to lose more than the initial amount paid; • willing to accept large fluctuations in price and returns; and • willing to accept concentrated (non-diversified) risk. <p>Clients' objectives and needs: Clients pursuing an investment or hedging strategy which is compatible with the terms of the Financial Instrument, including with respect to market risk, currency, liquidity, volatility and duration.</p> <p>Negative target market: Retail clients (as defined in MiFID II)</p> <p>Distribution strategy:</p> <ul style="list-style-type: none"> • Execution-Only • Portfolio Management • Advisory
Elective Professional Clients	All Financial Instruments manufactured and/or distributed by Linear, except non-generic and/or complex transactions in Financial Instruments for which the Client, in meeting Rule 3.5.3 of the Conduct of Business Sourcebook (of the FCA Handbook), has not demonstrated the necessary understanding or historical transactional volumes.	