



CLIENT CATEGORISATION POLICY

PART ONE GENERAL PROVISIONS

1. The Brokerage Company CAPITAL MARKETS, o.c.p., a.s., with registered office at Slávičie údolie 106, 811 02 Bratislava, Slovak Republic, ID No.: 36 853 054, registered in the Business Register of the City Court Bratislava III, Section Sa, Insert No.: 4295/B, (hereinafter referred to as the "**Brokerage Company**") is required to determine the category of Client in accordance with Sections 8a and 73u of Act No. 566/2001 on securities and investment services (and amending certain laws), as amended (hereinafter referred to as the "**SA**") and in accordance with Section 45 of Commission Delegated Regulation (EU) 2017/565 of 25 April 2017 amending Directive 2014/65/EU of the European Parliament and of the Council with regard to organisational requirements and operating conditions for investment firms and defined terms for the purposes of the said Directive (hereinafter referred to as the "**Regulation**").

In this regard, the Brokerage Company is required to classify all Clients into one of the categories:

- a) Professional Client,
 - b) Retail Client; and
 - c) Eligible Counterparty.
2. Depending on the classification of the Client into one of the above categories, the Brokerage Company shall provide the Clients with a different level of protection.

PART TWO CLIENT CATEGORISATION

Article 1 Professional Client

1. A Professional Client (i.e. a client who has the expertise, experience and knowledge to make their own investment decisions and to properly assess the risks involved) is defined as:
 - a) a securities broker, a foreign securities broker, a financial institution, a commodities and commodity derivatives broker, a transmission system operator or a transmission system operator under specific regulations, other regulations or guidelines in the field of network industries enacted on the basis of such regulations, any person acting on their behalf as a service provider for the purpose of performing their tasks under those rules or guidelines, and any operator or administrator of an energy balancing mechanism, pipeline network or system for balancing the supply and use of energy in the performance of such tasks, only if, in performing those activities, they also perform investment activities or provide investment services related to commodity derivatives for the purpose of performing those activities; this shall not apply to the organisation of a secondary market, including a system for secondary trading of financial transmission rights,
 - b) a person authorised by the competent authority to perform their activities on the financial market or whose activities are specifically regulated by generally binding legislation,
 - c) a large undertaking, which means an undertaking meeting at least two of the following conditions on an individual basis:



- balance sheet total is at least EUR 20 000 000,
 - net annual turnover is at least EUR 40 000 000,
 - own funds are at least EUR 2 000 000.
- d) a state authority, a higher territorial unit, a state authority or a higher territorial unit of another state, the Debt and Liquidity Management Agency, an authority of another state entrusted with or involved in the management of national debt, the National Bank of Slovakia, the central bank of another state, the International Monetary Fund, the European Central Bank, the European Investment Bank and other similar international organisations,
- e) a legal person other than those referred to in points (a) to (d) the principal activity of which is investing in financial instruments, including a legal person which carries out the transformation of loans and advances into securities or other transactions for financing purposes,
- f) a person who, at their request, may be treated as a Professional Client if that person:
- has carried out transactions, of significant size, on the relevant market at an average frequency of 10 per quarter over the previous four quarters;,
 - the size of the client's financial instrument portfolio, defined as including cash deposits and financial instruments, exceeds EUR 500,000,
 - the client works or has worked in the financial sector for at least one year in a professional position, which requires knowledge of the transactions or services envisaged.
- and if
- the Brokerage Company assesses the Client's expertise, experience and knowledge and issues a written statement that these provide reasonable assurance that, given the nature of the intended transactions or the provision of investment services or ancillary services, the Client is capable of making their own investment decisions and understands the relevant risks involved,
 - that person has declared in writing to the securities broker that they request to be treated as a Professional Client in relation to one or more investment services or ancillary services or transactions or one or more types of financial instruments or transactions,
 - the securities broker has provided that person with clear written notice of the of the protections and investor compensation rights the client may lose,
 - that person has stated in writing, in a separate document from the Agreement, that they are aware of the consequences of the losing the rights referred to in the preceding point.

Article 2 Retail Client

1. Any Client who is not a Professional Client or an Eligible Counterparty is categorised by the Brokerage Company as a Retail Client.

Article 3 Eligible Counterparty

1. For the purposes of the provision of services by the Brokerage Company, an Eligible Counterparty is defined as:



- a) a securities broker or foreign securities broker,
- b) a bank or foreign bank,
- c) an insurance undertaking, a foreign insurance undertaking or an insurance undertaking from another Member State,
- d) a management company, a foreign management company, a mutual fund, a European fund, a foreign investment company or a foreign mutual fund,
- e) pension management company, supplementary pension company, pension fund, supplementary pension fund, similar foreign companies and funds,
- f) other financial institution authorised or regulated under European Union or Member State law,
- g) a person of the operator who is obliged to comply with the provisions of a special regulation, who does not execute Client orders and does not provide any investment services or does not perform any investment activities other than trading on own account when trading with emission allowances, unless it uses the high-frequency algorithmic trading method,
- h) a person of a transmission system operator or transmission system operator under specific rules, other regulations or guidelines in the network industries adopted under those rules, any person acting on their behalf as a service provider for the purposes of performing their tasks under those rules or guidelines, and any operator or administrator of an energy balancing mechanism, pipeline network or system for balancing the supply and use of energy in the performance of such tasks, only if, in performing those activities, they also perform investment activities or provide investment services relating to commodity derivatives in order to perform those activities; this shall not apply to the organisation of a secondary market, including a system for the secondary trading of financial transmission rights,
- i) a public authority of the Slovak Republic or of another state, including the Debt and Liquidity Management Agency charged with performing certain activities related to public debt management and liquidity management according to a special regulation, and an authority of another state charged with or participating in the management of public debt,
- j) the National Bank of Slovakia or the central bank of another country, the European Central Bank,
- k) an international organisation,
- l) a Professional Client as referred to in Section 1(a)-(c), if not already referred to in (a) to (j),
- m) a Professional Client under Section 1(e) at their request and only in relation to investment services or ancillary services or transactions for which they may be considered a Professional Client.

PART THREE CHANGE OF CLIENT CATEGORY

1. All requests for recategorisation shall be submitted on the Brokerage Company's forms. A change of categorisation shall be effective upon receipt and acceptance of the Brokerage Company's written notice of acceptance of the Client's request for a change of categorisation, or upon the conclusion of a written agreement with the Client to change the categorisation.



Article 1

Change of Client Category in the Case of an Eligible Counterparty

1. Prior to concluding a trade in connection with the provision of order receipt and transmission, order execution and trading on own account services or ancillary services directly related to such trades with a person referred to in Section 3(k) or 3(l) above, the Brokerage Company is obliged to obtain confirmation from the prospective counterparty that they agree to be treated as an Eligible Counterparty. The Eligible Counterparty may give such consent for all trades or only for individual trades. An Eligible Counterparty shall also have the right to request in writing to be recategorised as a Professional Client or Retail Client. In the event that the Eligible Counterparty does not explicitly state in the request to be treated as a Retail Client, the Brokerage Company is obliged to treat the Eligible Counterparty as a Professional Client.

Article 2

Change of Client Category in the Case of a Professional Client

1. If the Client has been categorised as a Professional Client, they are obliged to inform the Brokerage Company of any change that could affect their categorisation. The Brokerage Company is then obliged to take all necessary steps to recategorise the Client to another category (if the legal conditions for such recategorisation are met).
2. If the Professional Client, with regard to the intended investment service/ancillary service, is unable to properly assess or manage the risks associated with this service, the Professional Client is entitled to request the Brokerage Company to treat them as a Retail Client prior to the aforementioned intent.
3. The Professional Client is entitled to exercise the right to be treated as a Retail Client by requesting a change of categorisation of the Professional Client to a Retail Client, in which the Professional Client is obliged to specify whether they request to be treated as a Retail Client for a specific investment service or for all future investment services. If the said Client's request contains all the requirements set out in the SA, the Brokerage Company shall accept the Client's request. Upon acceptance of the request, the Client shall receive protection to the extent provided to Retail Clients.
4. If the potential counterparties of a trade are governed by different jurisdictions, the Brokerage Company complies with the statute of the Eligible Counterparty established under the laws or regulations of the Member State in which the Eligible Counterparty has its registered office.

Article 3

Change of Client Category in the Case of a Retail Client

1. If the Client has been categorised as a Retail Client, they may apply for a change of categorisation to a Professional Client if the Client meets at least two of the following requirements, the fulfilment of which the Client is obliged to demonstrate to the satisfaction of the Brokerage Company (beyond any reasonable doubt):

the client has carried out transactions, in significant size, on the relevant market at an average frequency of 10 per quarter over the previous four quarters;

the size of the client's financial instrument portfolio, defined as including cash deposits and financial instruments, exceeds EUR 500,000;

- a) the client works or has worked in the financial sector for at least one year in a professional position, which requires knowledge of the transactions or services envisaged;



2. The Brokerage Company shall assess the Client's expertise, knowledge and experience (the Brokerage Company's assessment is based on a written test of the Retail Client's expertise completed by the Client) and issue a written confirmation that these provide adequate assurance that, considering the nature of the intended trades and/or investment/ancillary services, the Client is able to make their own investment decisions and understand the relevant risks involved and the Client has been notified by the Brokerage Company of all protections/rights that may be lost as a result of the change in categorisation, the notice has been delivered to the Client or the Client acknowledges receipt of the notice by their signature, and also declares in writing that they have been duly notified and is aware of any potential consequences of the loss of protection rights associated with the change in categorisation.
3. In the event of such change, the Brokerage Company is entitled to assume that the Client has the expertise, experience and knowledge to make their own investment decisions and to properly assess the risks involved, and therefore the Client loses the protection and certain rights provided to Retail Clients.
4. In this regard, the Brokerage Company is not obliged to provide the Professional Client with the right to protection to the full extent specified in Section 1 of this Article of this Policy. In accordance with the provisions of Article 54(3) and Article 56(1) of the Regulation, it is presumed that the Professional Client has the necessary knowledge to be aware of all the related risks associated with the intended investment transactions/services and therefore the Brokerage Company is not obliged to investigate the knowledge and financial capabilities of the Professional Client and to provide them with adequate protection.

PART FOUR RIGHTS OF A RETAIL CLIENT

1. In particular, the Brokerage Company is obliged to:
 - a) provide the Retail Client with all necessary information (information about the Brokerage Company, financial instruments and investment strategies, venue and costs of service execution, as well as instructions on the risks related to them and on the protection of the Client's financial instruments/assets), which are necessary for understanding the nature and risks of the investment service/financial instrument;
 - b) inform the Retail Client on a durable medium or website in accordance with Article 46 of the Regulation, well in advance of being bound by any agreement for the provision of investment/ancillary services or prior to the execution of any trade, (i) of the detailed terms of the agreement under which such trade is to be executed, (ii) of the facts under Article 47 of the Regulation relating to such agreement or such investment/ancillary services;
 - c) when providing investment advice or portfolio management, obtain the necessary information about the Client regarding the Client's knowledge and experience in the field of investments related to the trade or the management of their portfolio and whether the Client is financially able to manage investment risks in accordance with their investment objectives and whether the Client has the necessary level of knowledge and experience to understand the risks involved;
 - d) in the case of the provision of services other than those referred to in point (c), determine whether the Retail Client has the necessary investment experience and knowledge in relation to the particular type of financial instrument, investment service or ancillary service offered or requested to ensure that the Retail Client is aware of the risks associated with the relevant investment services or ancillary services or trades or the types of trade or financial instrument for which they are considered to be a Retail Client;
 - e) send to the Retail Client a notice on a durable medium confirming the order execution no later than on the first Business Day after its execution, or if the Brokerage Company has received such confirmation



from a third party, no later than on the first Business Day after the receipt of the confirmation from that party in accordance with Article 59(1) of the Regulation;

- f) in the case of orders concerning units of open-end mutual funds or securities of foreign collective investment undertakings which are executed on a regular basis, the Brokerage Company is obliged to send a notification to the Retail Client in accordance with the provision of Article 59(3) of the Regulation;
- g) if the Retail Client chooses to receive information on individual trades executed within the portfolio management, the Brokerage Company is obliged to send the Retail Client a notification confirming the executed trade no later than on the first Business Day following the execution of the trade, or, if the confirmation is received by the securities broker from a third party, no later than on the first Business Day following the receipt of the confirmation from such third party according to Article 60(4) of the Regulation;
- h) send periodic statements of the activities performed on behalf of the Retail Client and related to portfolio management, structured according to Article 60(3) of the Regulation;
- i) achieve the best possible result in connection with the Summary of Best Interest and Order Execution Policy when executing an order on behalf of a Retail Client;
- j) provide the Retail Client with information on the order execution policy on a durable medium or via a website in reasonable time in accordance with Article 66(3) of the Regulation prior to the provision of the investment service, in particular:
 - a) an assessment of the importance the Brokerage Company attaches to the criteria determining the best possible result or the process by which it determines the importance of those criteria,
 - b) a list of Execution Venues,
 - c) a list of the factors used to select the Execution Venue,
 - d) a clear and prominent warning to the Retail Client that their particular instruction may prevent the Brokerage Company from complying with the Brokerage Company's Summary of Best Interest and Order Execution Policy to achieve the best possible result when executing orders in relation to that particular instruction,
 - e) inform the Retail Client in advance of any serious impediments to the proper order execution of which the Brokerage Company is aware.

PART FIVE FINAL PROVISIONS

1. This document was approved by the Brokerage Company's Board of Directors on 27.10.2023. On the same date, it also became effective.
2. This document is published on the Brokerage Company's website.