

Principles and changes to client categorisation

PART ONE

Introductory provisions

1. CAPITAL MARKETS, o.c.p., a.s., with its registered office at Slávičie údolie 106, 811 02 Bratislava, Slovak Republic, Company ID No.: 36 853 054, registered in the Commercial Register of the Municipal Court Bratislava III, Section: Sa, File No.: 4295/B (hereinafter also referred to as the “Company” or the “Dealer”) is, pursuant to Sections 8a and 73u of Act No. 566/2001 Coll. on securities and investment services and on amendments to certain acts, as amended (hereinafter referred to as the “Securities Act”) and in accordance with Article 45 of Commission Delegated Regulation (EU) 2017/565 of 25 April supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms as well as defined terms for the purposes of that Directive (hereinafter referred to as **the “Regulation”**), to determine the Client’s category. In this regard, the Trader is obliged to classify all Clients into one of the following categories:
 - a) Professional Client,
 - b) Retail client and
 - c) Eligible Counterparty
2. Depending on the Client’s classification into one of the above categories, the Trader provides Clients with varying levels of protection.

Part Two

Client categorisation

Article 1

Professional client

1. A professional client (i.e. a client who possesses the professional knowledge, experience and expertise to make their own investment decisions and to properly assess the risks involved) means:
 - a) a securities dealer, a foreign securities dealer, a financial institution, a commodities and commodities derivatives dealer, a transmission system operator or a transmission network

operator in accordance with specific regulations, other regulations or guidelines in the field of network industries adopted on the basis of these regulations, any person acting on behalf of as a service provider for the purposes of carrying out their tasks under the aforementioned regulations or guidelines, and any operator or administrator of a mechanism for balancing energy deviations, a pipeline network or a system for maintaining the balance between energy supply and consumption in the performance of such tasks, provided that, in carrying out those activities, they also carry out investment activities or provide investment services relating to commodity derivatives for the purpose of carrying out those activities; this does not apply to the organisation of a secondary market, including a system for the secondary trading of financial transmission rights,

- b) a person who is authorised by the competent authority to carry out activities on the financial market or whose activities are specifically regulated by generally binding legal provisions,
- c) a large commercial company, meaning a commercial company meeting at least two of the following conditions on an individual basis:
 - the total value of its assets is at least EUR 20,000,000,
 - its net annual turnover is at least EUR 40,000,000,
 - its own funds are at least EUR 2,000,000.
- d) a state authority, a higher territorial unit, a state authority or 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 public 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 not listed in points (a) to (d) whose main business is investing in financial instruments, including a legal person that converts loans and credits into securities or carries out other transactions for financing purposes,
- f) a person who, at their request, may be treated as a Professional Client, provided that such person:
 - has, over the preceding four quarters, carried out an average of ten significant transactions in financial instruments per quarter on the relevant financial instruments market,
 - the size of their portfolio comprising financial instruments and cash deposits exceeds EUR 500,000,
 - has been or has been engaged for at least one year, in connection with the performance of their employment, profession or function, in financial market activities in a position requiring knowledge of the transactions or investment services provided or to be provided to that person.

and if

- the Dealer assesses the Client's expertise, experience and knowledge and issues a written statement that these provide a reasonable guarantee that, given the nature of the planned 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 investment firm that they request to be treated as a Professional Client in relation to one or more investment services or ancillary services or transactions, or to one or more types of financial instruments or transactions,
- the investment firm has provided that person with a clear written warning regarding the possibility of losing protection rights and rights to compensation,
- that person has stated in writing, in a document separate from the contract, that they are aware of the consequences of the loss of rights referred to in the previous point.

Article 2

Retail Client

1. The Trader classifies any Client who is not a Professional Client or an Eligible Counterparty as a Retail Client.

Article 3

Eligible Counterparty

1. For the purposes of the provision of services by the Trader, an Eligible Counterparty means:
 - a) a securities dealer or a foreign securities dealer,
 - b) a bank or a foreign bank,

- c) an insurance company, a foreign insurance company or an insurance company 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) a pension management company, a supplementary pension company, a pension fund, a supplementary pension fund, similar foreign companies and funds,
- f) another financial institution authorised or regulated under the law of the European Union or a Member State,
- g) an operator who is required to comply with the provisions of specific legislation, who, when trading in emission allowances, does not execute clients' orders and does not provide any investment services or carry out any investment activities other than trading on own account, unless using high-frequency algorithmic trading methods,
- h) a person acting as a transmission system operator or transmission network operator in accordance with specific regulations, other regulations or guidelines in the field of network industries adopted on the basis of such regulations, any person acting on their behalf as a service provider for the purposes of carrying out their tasks under the aforementioned regulations or guidelines, and any operator or administrator of a mechanism for balancing energy deviations, a pipeline network or a system for maintaining the balance between energy supply and consumption in the performance of such tasks, provided that, in carrying out those activities, they also carry out investment activities or provide investment services relating to commodity derivatives for the purpose of carrying out those activities; this does 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 another state, including the Debt and Liquidity Management Agency authorised to carry out certain activities relating to the management of public debt and liquidity in accordance with a specific regulation, and an authority of another state authorised to or involved in the management of public debt,
- j) the National Bank of Slovakia or the central bank of another state, the European Central Bank,
- k) an international organisation,

- l) a professional client as defined in point 1(a) to (c), provided that it is not already listed in points (a) to (j),

- m) A professional client as defined in point 1(e), at their request and only in relation to investment services or ancillary services or transactions in respect of which they may be regarded as a professional client.

PART III

Change of client category

1. All requests for a change of client category must be submitted using the Trader's forms. A change of client category shall take effect upon receipt and acceptance of the Trader's written notification of acceptance of the Client's request for a change of client category, or upon the conclusion of a written agreement on the change of client category with the Client.

Article 1

Change of Client category in the case of an Eligible Counterparty

1. Prior to concluding a transaction in connection with the provision of services relating to the receipt and transmission of orders, the execution of orders and trading on own account, or ancillary services directly related to such transactions with a person referred to in point 3(k) or (l) in the preceding section, the Trader is obliged to obtain confirmation from the prospective counterparty that they agree to be treated as an Eligible Counterparty. An Eligible Counterparty may grant such consent for all trades or only for individual trades. An Eligible Counterparty has the right to request in writing to be reclassified as a Professional Client or a Retail Client. Unless the Eligible Counterparty expressly states in the request that it wishes to be treated as a Retail Client, the Trader is obliged to treat that Eligible Counterparty as a Professional Client.

Article 2

Change in Client categorisation in the case of a Professional Client

1. Where a Client has been categorised as a Professional Client, they are obliged to inform the Trader of any change that could affect their categorisation. The Trader is subsequently obliged to take all necessary measures to reclassify the Client into a different category (provided the legal conditions for such reclassification are met).
2. If, in view of the intended investment service/ancillary service, a Professional Client is unable to properly assess or manage the risks associated with that service, they have the right, prior to proceeding with the intended service, to request that the Dealer treat them as a Retail Client.
3. The Professional Client's right to be treated as a Retail Client may be exercised by submitting a request to change the Professional Client's classification to that of a Retail Client, in which the Professional Client must specify whether they are requesting to be treated as a Retail Client for a specific investment service or for all future investment services. If the Client's request in question contains all the particulars required by the ZCP, the Trader shall accept this request from the Client. Upon acceptance of the request, the Client shall be afforded the protection provided to Retail Clients.
4. If, in a transaction, the potential counterparties are governed by different legal systems, the Trader shall be subject to the status of an Eligible Counterparty as established by the laws or regulations of the Member State in which that Eligible Counterparty is established.

Article 3

Change of Client Classification in the Case of a Retail Client

1. Where a Client has been categorised as a Retail Client, they may request a change of categorisation to Professional Client if the Client meets at least two of the following conditions, the fulfilment of which the Client is required to demonstrate to the Trader's satisfaction (beyond any doubt):
 - a) Over the previous four quarters, the Client has carried out an average of ten significant transactions in financial instruments per quarter on the relevant financial instruments market,

- b) the size of the Client's portfolio comprising financial instruments and cash deposits exceeds EUR 500,000,
 - c) the Client has, for at least one year, carried out or is carrying out, in connection with the performance of their employment, profession or function, activities in the financial markets in a position requiring knowledge of the transactions or investment services provided or to be provided to that person.
2. The Trader shall assess the Client's professional knowledge and experience (the Trader shall carry out this assessment on the basis of a written test of the Non-Professional Client's professional knowledge prepared by the Client) and issue a written confirmation that these provide a reasonable guarantee that, given the nature of the planned transactions and/or investment/ancillary services, the Client is capable of making their own investment decisions and understanding the relevant risks involved, and the Client has been made aware by the Trader of all types of protection/rights that they may lose as a result of the change in categorisation, the notice has been delivered to the Client or the Client confirms receipt of the notice by their signature, and at the same time declares in writing that they have been duly informed and are aware of all possible consequences of the loss of protection rights associated with the change in categorisation.
 3. In the event of such a change, the Trader is entitled to assume that the Client possesses the professional knowledge, experience and expertise to make their own investment decisions and to properly assess the risks associated therewith, and therefore the Client loses their entitlement to protection and certain rights afforded to Retail Clients.
 4. In this regard, the Trader is not obliged to provide the Professional Client with the right to protection to the full extent specified in point 1 of this article of these Principles. Pursuant to Article 54(3) and Article 56(1) of the Regulation, it is presumed that a Professional Client possesses the necessary knowledge to be aware of all the risks associated with the intended investment transactions/services, and therefore the Trader is not obliged to assess the Professional Client's knowledge and financial capacity or to provide them with appropriate protection.

Part Four

Rights of a Retail Client

1. In particular, the Trader is obliged to:
 - a) provide the Retail Client with all necessary information (information about the Trader, financial instruments and investment strategies, the place and costs of service provision, as

well as guidance on the risks associated with them and on the protection of the Client's financial in s/funds), which is necessary for understanding the nature and risks of the investment service/financial instrument;

- b) inform the Retail Client on a durable medium or via a website in accordance with Article 46 of the Regulation, in good time before the Retail Client is bound by any contract for the provision of investment/ancillary services, or before the execution of any transaction, (i) the detailed terms of the contract under which such a transaction will be executed, (ii) the facts within the meaning of Article 47 of the Regulation relating to such a contract or these investment/ancillary services;
- c) when providing investment advice or portfolio management, to obtain the necessary information about the Client regarding their knowledge and experience in the field of investments relevant to the transaction or the management of their portfolio, and whether the Client is financially capable of bearing the investment risks in accordance with their investment objectives and whether they possess the necessary level of knowledge and experience to understand the associated risks;
- d) in the case of the provision of services other than those referred to in point (c), to ascertain whether the Retail Client has the necessary experience and knowledge in the field of investment relating to the specific type of financial instrument offered or requested, investment service or ancillary service, so that they are aware of the risks associated with the relevant investment services or ancillary services or transactions, or with the types of transaction or financial instrument for which they are considered a Retail Client;
- e) send the Retail Client a notice on a durable medium confirming the execution of the order no later than the first business day following its execution, or, if the Trader has received such confirmation from a third party, no later than the first business day following receipt of the confirmation from that person in accordance with Article 59(1) of the Regulation;
- f) in the case of orders relating to units of open-ended mutual funds or securities of foreign collective investment undertakings which are executed on a regular basis, the Trader is obliged to send the Retail Client a notification in accordance with Article 59(3) of the Regulation;
- g) if the Retail Client decides to receive information on individual transactions executed as part of portfolio management, the Dealer is obliged to send the Retail Client a notification confirming the executed transaction, no later than the first business day following the execution of the transaction, or, where the securities dealer has received confirmation from a third party, no later than the first business day following receipt of such confirmation from that third party in accordance with Article 60(4) of the Regulation
- h) send regular statements of activities carried out on behalf of the Retail Client and relating to portfolio management, structured in accordance with Article 60(3) of the Regulation;
- i) when executing an order on behalf of a Retail Client, to achieve the best possible result in accordance with the Order Execution Policy;
- j) to provide the Retail Client, on a durable medium or via a website, in good time prior to the provision of the investment service, in accordance with Article 66(3) of the Regulation, with information on the order execution policy, in particular:

- a) an assessment of the importance the Trader attaches to the criteria determining the best possible result or the procedure by which it determines the importance of these criteria,
 - b) a list of execution venues,
 - c) a list of the factors used in selecting the execution venue,
 - d) a clear and prominent warning to the Retail Client that their specific instructions may prevent the Trader from acting in accordance with the Trader's Order Execution Policy with a view to achieving the best possible result in the execution of orders in relation to that specific instruction,
2. to inform the Retail Client in advance of any serious obstacles to the proper execution of orders of which the Trader is aware.

Part Five**Final Provisions**

1. This document was approved by the Merchant on 1 June 2026. It came into effect on the same day.
2. This document is published on the Merchant's website.