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**RULES FOR THE CLASSIFICATION OF PPF BANKA A.S. CUSTOMERS  
for the purposes of providing investment services**

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**GENERAL PRINCIPLES FOR THE CLASSIFICATION OF CUSTOMERS**

In the provision of investment services, PPF banka a.s. (hereinafter referred to as ‘Trader’) is required to categorize its Customers. The Trader shall assign a different level of information and protection to each Customer category in keeping with Act No 256/2004 on business on the capital market, as amended (hereinafter referred to as ‘Capital Market Act’) and implementing regulations. The Trader distinguishes between three Customer categories: Professional Customer, Non-professional Customer and Eligible Counterparty. The Trader provides the highest level of protection to Non-professional Customers and the lowest level of protection to Eligible Counterparties.

The Trader classifies Customers in individual categories based on information obtained from a Customer Classification Questionnaire, filled in by the Customer, and based on additional information reported by the Customer or obtained by the Trader during the contractual relations (even without completion of the Customer Classification Questionnaire by existing Customers in a transitional period).

The Trader classifies a Customer under the relevant category and notifies the Customer of that decision.

**CUSTOMER CATEGORIES**

**1. Professional Customer (Section 2a(1) and (2) of the Capital Market Act)**

‘Professional Customer’ means a Customer who has sufficient expertise, experience and knowledge to take his own investment decisions and to duly assess the related risks; a Professional Customer is one of the following persons:

- (a) a person who holds a licence to engage in activities on the financial markets or who is subject to regulation. Such a person is a bank or electronic money institution, a savings and loan association, a securities trader, an insurance company, a reinsurance company, an investment company, an investment fund or a pension fund;
- (b) a person formed with a view to engaging in business who, according to his last financial statements, complies with at least two of the following requirements:
  - a total amount of assets equivalent to at least EUR 20,000,000,
  - net annual turnover equivalent to at least EUR 40,000,000,
  - equity equivalent to at least EUR 2,000,000;

- (c) a state or member state of a federation, a legal person competent to manage state assets in arrangements for the purchase, sale or administration of the state's receivables or other assets, or in the restructuring of commercial companies or other legal persons in the equity of which the state participates, the Czech National Bank, a foreign central bank or the European Central Bank, the World Bank, the International Monetary Fund, the European Investment Bank or another international financial institution;
- (d) a person whose core activity is
- securitization,
  - trading for own account in investment instruments for purposes of hedging in respect of trade in financial, commodity and exotic derivatives and similar investment instruments, within the meaning of the relevant provisions of the Capital Market Act,
  - trading for own account in commodities or commodity derivatives with the right to physical delivery or with the right to cash settlement, within the meaning of the relevant provisions of the Capital Market Act;
- (e) a foreign person with activities similar to those of any of the persons above.

## **2. Eligible Counterparty (Section 2a(1) of the Capital Market Act)**

'Eligible Counterparty' means a Professional Customer who is not a large commercial company (point 1(b) above).

In the context of the primary investment services of the receipt and delivery of instructions relating to Investment Instruments, the execution of instructions relating to investment instruments on the Customer's account, and trading in investment instruments for the Trader's own account, the Trader need not comply with the following obligations under the Capital Market Act in relation to an Eligible Counterparty:

- (a) rules on conduct with customers,
- (b) rules on communication with customers,
- (c) rules on the disclosure of information to customers,
- (d) rules on the requirement of information from customers,
- (e) the execution of instructions on the best possible terms,
- (f) rules on the processing of instructions,
- (g) the disclosure of information about instructions and the state of the customer's assets.

## **3. Non-professional Customer**

'Non-professional Customer' means a Customer who is not classified as a Professional Customer or as an Eligible Counterparty.

## **CHANGES TO CUSTOMER CLASSIFICATION**

A Customer may, at any time during contractual relations, ask the Trader to change the Customer's category in general for all investment services or for an individual investment service and individual transaction.

If the Customer delivers notice of changes in circumstances significant for classification purposes to the Trader, or a request for a change in classification in respect of which the Trader is required to change the Customer's classification, the Trader shall assess the notice of changes in circumstances significant for classification purposes or the request for a change in classification, document the change, and notify the Customer of the change in classification.