

## CLIENT CLASSIFICATION POLICY dated 5 December 2016

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### Whenever the following are used:

<b>Financial Instruments</b>	shall be understood as financial instruments in the meaning of the Act;
<b>Client</b>	shall be understood as a natural person, a legal person or an organisational unit not having legal personality, that has entered into an Agreement with XTB;
<b>Website</b>	shall be understood as the website maintained by XTB at <a href="http://www.xtb.com/pl">www.xtb.com/pl</a> together with its pages;
<b>Agreement</b>	agreement for provision of services of carrying out orders for purchaser or sale of property rights, maintaining such rights accounts and monetary accounts, specifying in detail the terms and conditions for carrying out Transactions with Financial Instruments via the Investment Account, together with all appendices to the same;
<b>Act</b>	shall be understood as the Act on Trading in Financial Instruments dated 29 July 2005 (Dz. U. [ <i>Journal of Laws</i> ] No. 183, item 1538, as amended);
<b>XTB</b>	shall be understood as X-Trade Brokers Dom Maklerski S.A.;

### 1. Basic information

- 1.1 This Policy sets out the rules for classification of Clients applicable at XTB.
- 1.2 The purpose of carrying out the classification of Clients is to ensure them proper level of protection consisting in:
  - (a) providing the Clients with the scope of information relevant to their category,
  - (b) carrying out the assessment of adequacy of the Financial Instruments offered,
  - (c) applying transparent rules for XTB's providing investment services in respect of particular categories of Clients.

### 2. Basic rules

- 2.1 All XTB's Clients are divided into the following categories:
  - (a) Retail Clients,
  - (b) Professional Clients,
  - (c) Eligible Counterparties.
- 2.2 The Client category is allocated in respect of all services provided by XTB.
- 2.3 Before entering into an Agreement, XTB provides the Client with information regarding the category in which the Client has been classified and the level of protection to which the Client is entitled.
- 2.4 XTB may change the Client's classification on its own initiative.

### 3. Client classification

- 3.1 A Professional Client is a Client that is:
  - (a) a Bank,
  - (b) an investment firm,
  - (c) an insurance undertaking,
  - (d) an investment fund or a management company of investment funds,
  - (e) a pension fund or a management company of pension funds,
  - (f) a commodity brokerage house,
  - (g) an entity as referred to in Article 70.1.13 of the Act,
  - (h) another financial institution,
  - (i) another institutional investor conducting regulated activities on financial market,
  - (j) an entity conducting equivalent activity outside the Republic of Poland,

- (k) an undertaking meeting at least two of the following requirements, whereas the equivalent of the euro amounts shall be computed using the average euro exchange rate determined by the National Bank of Poland as at the date the given undertaking draws up the financial statements:
    - i. the balance sheet total of the undertaking amounts at least to 20,000,000 euro,
    - ii. value of net sales revenues generated by that undertaking amounts at least to 40,000,000 euro,
    - iii. the own capital or the own fund of that undertaking amounts at least to 2,000,000 euro,
      - whereas the equivalent of the euro amounts shall be computed using the average euro exchange rate determined by the National Bank of Poland as at the date the given undertaking draws up the financial statements.
  - (l) a national or regional government, a public body that manages public debt, a central bank, the World Bank, the International Monetary Fund, the European Central Bank, the European Investment Bank, or other similar international organisation with similar functions,
  - (m) another institutional investor whose main object of activity is to invest in financial instruments, including entities dealing in securitisation of assets or entering into other financial transactions,
  - (n) an entity other than those listed in sub-paragraphs 3.1(a)-(m), that has been regarded by XTb as a Professional Client at its own request.
- 3.2 An Eligible Counterparty is a Client with whom XTb enters into transactions or intermediates in entering into the same, within its services of carrying out orders, receiving and remitting orders or within purchasing or selling financial instruments on its own account, and which simultaneously is one of the entities referred to in sub-paragraphs 3.1(a)(n), except for the entity referred to in sub-paragraph 3.1(k).
- 3.3 A Retail Client is a Client that is a natural person or an undertaking not meeting the criteria referred to in paragraphs 3.1 and 3.2. XTb may also allocate the category of a Retail Client to other clients referred to sub-paragraphs 3.1(a)-(n) above, despite such entities not filing such a demand.

### 3. Rules for changing the classification

- 3.1 Each Client has a right to file an application to change the category allocated.
- 3.2 A Client may file the application personally at the registered office of XTb, by mail to the address of the registered office of XTb, or by e-mail to [support@xtb.pl](mailto:support@xtb.pl).
- 3.3 XTb has no obligation to consent to changing the Client's category.
- 3.4 The decision with regard to consenting to a change of classification shall be made by a Member of the Management Board.
- 3.5 If a Client files an application for changing the category and such category involving a lower scope of protection is allocated, when filing such an application the Client shall confirm in writing, in the contents of the application, that the Client is aware of the consequences of losing particular protection levels.
- 3.6 If a Retail Client applies for being allocated the category of a Professional Client, the Client shall be obliged to declare whether he/she meets at least two of the following criteria:
  - (a) the Client has entered into transaction of a value constituting at least Polish zloty equivalent of 50,000 euro each, on the relevant market, at an average frequency of at least 10 per quarter over the previous four quarters,
  - (b) the value of the financial instrument portfolio of that entity, including cash deposits contained therein, exceeds at least the Polish zloty equivalent of 500,000 euro,
  - (c) The Client works or has worked in the financial sector for at least one year in a position which requires professional knowledge of the transactions in the field of Financial Instruments or brokerage services envisaged to be provided to him/her by XTb under the Agreement being entered into.
- 3.7 At the written demand from a Professional Client or an Eligible Counterparty, within the scope set out in such a demand, XTb may regard the same as a Retail Client and apply to him/her the regulations regarding information obligations and rules for treatment of Retail Clients.

3.8 The Client shall be informed about his/her application having been examined, by e-mail within 14 days from the receipt thereof by XTB.

#### **4. Scope of protection for particular categories of Clients**

4.1 A Retail Client is subject to the widest scope of protection which consists in providing the Client with the following information:

- (a) basic rules for conflict of interest management at XTB,
- (b) a situation of occurrence of a conflict of interest in the event where XTB's internal regulations fail to fully prevent that the Client's interest will not be infringed,
- (c) rules for operations of XTB,
- (d) details of the services to be provided under the Agreement being entered into,
- (e) general description of the instruments contained within the given brokerage service and description of the risk involved in the same,
- (f) policy for XTB's carrying out the orders,
- (g) periodical reports regarding the performance of the agreement – in the event of provision of management services for portfolios comprising one or more instruments,
- (h) material circumstances making it impossible to carry out the Client's order,
- (i) assessment of adequacy of the product/service taking into account the Client's individual situation,
- (j) annual reports comprising the list of assets kept and registered, in the event of providing the service of safekeeping and registering financial instruments or maintaining monetary accounts.

4.2 A Professional Client is subject to reduced protection, which is manifested, inter alia, in that he/she is not provided with information regarding activities of XTB or material changes in circumstances making it impossible to carry out the Client's order, as well as is not subject to assessment of adequacy of the product or service considering the Client's individual situation.

4.3 An Eligible Counterparty is subject to the lowest level of protection. Considering his/her professionalism, in respect of an Eligible Counterparty, XTB's information obligation is limited only to the rules for conflict of interest management and events of occurrence of such a conflict where XTB's internal regulations fail to ensure fully that the same will not occur.

#### **5. Final provisions**

5.1 The Client is obliged to inform XTB about a change of data which may affect the possibility of treating the Client as a professional client.

5.2 This Policy is available on the Website.