

INFORMATION ABOUT CLIENT'S RIGHT TO REQUEST A DIFFERENT CATEGORIZATION UNDER THE SECURITIES ACT

1. Introductory provisions

Pursuant to Directive 2014/65/EU of the European Parliament and Council of 15 May 2014 on markets in financial instruments, Commission Delegated Regulation 2017/565/EU of 25 April 2016 (together hereinafter only as the „**MiFID II**“) and Act No. 566/2001 on securities and investment services and amendment of certain acts, as amended (hereinafter only as the „**Securities Act**“), Citibank Europe plc with its registered seat at 1 North Wall Quay, Dublin 1, Republic of Ireland, registered with the Companies Registration Office, registration number 132781, conducting its business activity in the Slovak Republic through Citibank Europe plc, pobočka zahraničnej banky with its registered seat at Dvořákovo nábrežie 8, 811 02 Bratislava, Slovak Republic, business number 36 861 260, registered with the Commercial Register of District Court Bratislava I, Section Po, Insert No. 1662/B (hereinafter only as the „**Bank**“), is required to categorize its clients pursuant to sections 8a and 73u of the Securities Act. In this respect the Bank is obliged to categorize all its clients, which are being provided with investment services, into three categories – eligible counterparty, professional client, retail client. Based on the particular client categorization the Bank is required to ensure various levels of protection.

2. Client categories

Client categorization principles are based on provisions of section 8a and 73u of the Securities Act, which has implemented into the Slovak law the MiFID II requirements and such principles are specified in article 4 hereto.

3. Change of client categorization

3.1 Re-categorization of eligible counterparty into professional/retail client

Eligible counterparty may request to be treated the same as a professional client or retail client. The request must be made in writing, and must indicate whether the treatment as retail or professional client refers to one or more investment services or transactions, or one or more types of transaction or product. If the eligible counterparty does not expressly request treatment as a retail client, the Bank shall treat that eligible counterparty as a professional client. If the client requests a re-categorization, the Bank may decline to provide some or all of its services to that client.

3.1.2 Re-categorization of eligible counterparty into retail client

If the eligible counterparty expressly requests to be deemed as a retail client, such treatment will be provided when the client enters into a written agreement with the Bank to the effect that it shall not be treated as a professional client for the purposes of applying business conduct rules vis-à-vis the client. Such agreement shall specify whether it applies to one or more investment services or ancillary services or transactions or to one or more types of financial instrument or transaction.

3.2 Re-categorization of professional client

If the client was categorized as professional client it is obliged to notify any change to the Bank in accordance with section 8a (9) of the Securities Act, which could have impact on its categorization. Then the Bank is obliged to take any necessary steps to re-categorize the client.

3.2.1 Re-categorization of professional client into retail client

If the professional client deems that it is unable to properly assess or manage the risks involved in a specific investment service or ancillary service, it may request to be treated the same as a retail client. Such treatment will be provided when the client enters into a written agreement with the Bank to the effect that it shall not be treated as a professional client for the purposes of applying business conduct rules vis-à-vis the client. Such agreement shall specify whether it applies to one or more investment services or ancillary services or transactions or to one or more types of financial instruments or transactions.

The right of the professional client to be treated as the retail client can be exercised through the Bank's form (opt down request), in which the professional client is obliged to specify if it is to be treated as the retail client for a specific investment service or transaction, or all future investment services or transactions. If the client requests a re-categorization, the Bank may decline to provide some or all of its services to that client.

3.2.2 Re-categorization of professional client into eligible counterparty

Professional client may request to be treated the same as an eligible counterparty and this re-categorization shall apply only to the following investment services and activities:

- a) reception and transmission of client orders in relation to one or more financial instruments;
- b) execution of orders on behalf of clients;
- c) dealing on own account.

If a professional client requests to be treated as an eligible counterparty the client must confirm in writing the request to be treated as an eligible counterparty either generally or in respect of one or more investment services or a transaction or type of transaction or product and that it is aware of the consequences of the protection it may lose as a result of the request.

Under Securities Act and MiFID II, the client is granted fewer protections if it is classified as an eligible counterparty than it receives if classified as a professional client or a retail client. In particular, the Bank shall not be obliged to:

- a) provide the client with best execution in executing its orders, provide the eligible counterparty all necessary information of its instruction execution strategy (execution policy) and receive a prior consent of the eligible counterparty with such strategy before the first instruction is performed;
- b) assess the appropriateness of a product or service that it provides to the client but may assume that the client has the expertise to choose the most appropriate product or service for itself;
- c) disclose to the client any information regarding any fees, commissions, monetary or non-monetary benefits that the Bank pays or receives;
- d) provide the client with information regarding the protection of client's funds and financial instruments and execution of client's orders pursuant to Articles 49 and 59 of the Commission Delegated Regulation (EU) 2017/565 of 25 April 2016;
- e) to provide to the client with all information on costs and associated charges relating to the investment services and ancillary services according to article 50 of the Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 a

- f) provide the eligible counterparty information that its instruction strategy (execution policy) enables to execute instructions of the eligible counterparty outside the regulated market or multilateral trading facility and is also entitled to execute instructions of the eligible counterparty outside the regulated market or multilateral trading facility without receiving a prior explicit consent of the eligible counterparty to execute such instruction,
- g) provide the client with the same level of protection with respect to information addressed or disseminated to clients and client order handling as in case of professional clients, and
- h) indicate to the client the fact that some specific products or services which the Bank offers in a combined manner, are also available individually, including specifying the related costs per component.

3.2.3 Re-categorization of retail client into professional client

Retail client may request to be treated the same as a professional client. Retail client may be treated as a professional client if it meets at least two of the following conditions:

- a) has carried out transactions of a significant size on securities markets at an average frequency of at least ten per quarter over the previous four quarters; for this purposes a 'transaction of significant size' means a transaction in securities amounting to more than EUR 6,000;
- b) the size of its securities portfolio exceeds EUR 500,000;
- c) an individual (natural person) works or has worked for at least one year in the financial sector in a position which requires knowledge of securities investment (this condition shall apply only to individuals).

In case of such re-categorization, the Bank may assume that the client possesses the expertise, experience and knowledge to make its own investment decisions and to properly assess the risks involved in them and therefore:

- a) client loses its legal right to protection and some rights granted to the retail clients as investors under the provisions of the Securities Act and MiFID II;
- b) the Bank is not obliged to examine knowledge and experience of the professional client;
- c) the client will be provided with less information with regard to the Bank, its services and any investments (for example on costs and associated charges, commissions, fees and charges and prospectuses);
- d) when providing the client with best execution, the Bank is not required to prioritise the overall costs of the transaction as being the most important factor in achieving best execution for the client;
- e) the Bank does not need to inform the client in advance of material difficulties relevant to the proper carrying out of client's order; and
- f) where the risks associated with an investment service offered together with another service or product as part of a package or as a condition for the same agreement or package, are likely to be different from the risks associated with the components taken separately, the client loses its right to obtain adequate description of the different components of the agreement or package and the way in which its interaction modifies the risks.

4. Client Categorization Principles

4.1. Eligible counterparty

Eligible counterparty is:

- a) securities dealers and foreign securities dealers;
- b) credit institutions and foreign credit institutions;
- c) insurance companies, foreign insurance companies and insurance companies from another Member State;
- d) asset management companies, foreign asset management companies, mutual funds, European mutual funds, foreign investment firms and foreign mutual funds;
- e) pension fund management companies, supplementary pension companies, pension funds, supplementary pension funds, and similar foreign companies and funds;
- f) other financial institutions authorized or regulated under the law of the European Union or a Member State;
- g) persons mentioned in section 54(3)(i) and (j) of the Securities Act;
- h) public authority bodies of the Slovak Republic or other countries, including the Debt and Liquidity Management Agency, which are charged with performing certain activities related to the management of public debt and liquidity in accordance with a separate regulation, and authorities of other countries that are charged with or intervene in the management of public debt;
- i) the National Bank of Slovakia, other national central banks, and the European Central Bank;
- j) international organizations;
- k) professional clients as referred to in article 4.2 (a) to (c) hereto which are not already mentioned in letters (a) to (j).

4.2 Professional client

Professional client means a client who possesses the expertise, experience and knowledge to make its own investment decisions and properly assess the risks that it incurs. The following shall be regarded as professional clients:

- a) securities dealers, foreign securities dealers, financial institutions, commodity and commodity derivatives dealers, persons under section 54(3)(j) of the Securities Act, and entities authorized to operate in the financial market by a competent authority or whose activity is separately regulated by generally binding legal regulations;
- b) large undertakings meeting two of the following requirements on an individual basis:
 - a balance sheet total of not less than EUR 20 000 000;
 - net annual turnover of not less than EUR 40 000 000;
 - own funds of not less than EUR 2 000 000;
- c) state, state authorities of other countries, the Debt and Liquidity Management Agency, public authorities of other countries that are charged with or intervene in the management of public debt, the National Bank of Slovakia, other central banks, the International Monetary Fund, the European Central Bank, the European Investment Bank and other similar international organizations;
- d) legal persons not mentioned in subparagraphs (a) to (c) whose main activity is to invest in financial instruments, including entities that carry out the securitization of credits and loans or other financing transactions;
- e) entities which may at their request be treated as professional clients provided that the conditions laid down in article 3.2.3 hereto are met.

4.3 Retail client

In compliance with the Securities Act all clients and potential clients that do not come under the categorization of professional client or eligible counterparty in compliance with the Securities Act are categorized by the Bank as retail clients.

