

Client Categorisation Notice

Introduction

Price Markets UK Limited (hereafter referred to as “Price Markets” or “We” or the “Company”) is required under the rules of the UK Financial Conduct Authority (“FCA”) and the Markets in Financial Instruments Directive II (“MiFID II”) to classify our clients as Retail, Professional, or Eligible Counterparty. The Company shall inform new clients and existing clients that the Company has newly categorised them and about the category in which they are classified by the Company. Clients may request to receive a different classification at any time, either generally or in respect of specific circumstances.

For your information, we have included below an explanation of the differences in classification and the protections afforded to each level.

Retail Client

A Retail Client is a client who is not a Professional Client or an Eligible Counterparty.

As a Retail Client, you are entitled to the maximum level of protection in relation to the FCA’s Conduct of Business (“COBS”) and Client Money and Assets (“CASS”) rules; and the services of the Financial Ombudsman Service (“FOS”) and Financial Services Compensation Scheme (“FSCS”).

With regards to funds held with us, any money we receive from you or hold on your behalf will be treated as “Client Money” as defined in the CASS rules. This means that any money we receive from you or hold on your behalf will be segregated from Price Markets’s own money and you will not rank as a general creditor of Price Markets in the event of insolvency or an equivalent failure.

More information regarding the additional protections afforded to retail clients are found below.

Clients are classified by default, as retail clients. Different classification may occur upon the clients’ request and following the Company’s assessment based on the criteria as defined in the categorization notice, below.

Per Se Professional Client

A Per Se Professional client includes any of the following (1- 4):

- 1) An entity required to be authorised or regulated to operate in the financial markets including:
 - a) credit institutions;
 - b) investment firms;
 - c) insurance companies;
 - d) collective investment schemes or the management
 - e) company of such schemes;
 - f) pension funds or the management company of a pension fund;
 - g) other authorised or regulated financial institutions;
 - h) commodity or commodity derivatives dealers;
 - i) locals; and
 - j) other institutional investors.
- 2) A company meeting two of the following size requirements:
 - a) balance sheet total of EUR 20,000,000;
 - b) net turnover of EUR 40,000,000; and

- c) own funds of EUR 2,000,000.
- 3) A national or regional government, public body that manages public debt, central bank, international or supranational institution (e.g. World Bank, the IMF, the ECP), or other similar international organisation.
- 4) Another institutional investor whose main activity is to invest in financial instruments.

Professional clients who may be treated as retail on request

A professional client is allowed to request non-professional treatment and the Company may agree to provide a higher level of protection. In this respect, the Company notifies its clients, prior to the provision of services, in a written form, of their option to be classified as retail clients and secure a higher degree of protection.

The higher level of protection will be provided by the Company when the client enters into a written agreement with the Company, to the effect that it shall not be treated as a professional. Such agreement shall specify whether this applies to one or more particular services or transactions or to one or more types of product or transaction.

It is the responsibility of the client who is classified as a professional client to ask for a higher level of protection when he is not in a position to properly assess and manage the risks involved in the transactions.

Elective Professional Client

Clients who have been initially classified by the Company as retail clients are allowed to request to be treated as Elective professional clients, if an adequate assessment of the expertise, experience and knowledge of the client undertaken by the Company gives reasonable assurance, in light of the nature of the transactions or services envisaged, that the client is capable of making investing decisions and understanding the risks involved (“the qualitative test”).

An example of the assessment of expertise and knowledge with regards to entities licensed under directives in the financial field could be the fitness test applied to the managers and directors of such entities. In the case of small entities, the person subject to that assessment shall be the person authorised to carry out transactions on behalf of the entity.

Before a client can be categorised as an Elective Professional Client, the client must meet two of the following criteria (the “quantitative test”):

- 1) Has carried out transactions, in significant size, on the relevant market at an average frequency of 10 per quarter over the previous four quarters;
- 2) Has a financial portfolio exceeding EUR 500,000; and
- 3) Has worked in the financial sector for at least one year in a professional position, which requires knowledge of the products to be traded.

Those clients may waive the benefit of the detailed rules of business conduct only where the following procedure is followed:

- The request must be made in writing to the Company via email at compliance@pricemarkets.com, stating that they wish to be treated as a professional client, either generally or in respect of a particular investment service or transaction, or type of transaction or product;
- the Company must give them a clear written warning of the protections and investor compensation rights they may lose;
- they must state in writing, in a separate document from the contract, that they are aware of the consequences of losing such protections.

An elective professional client will not be presumed to possess market knowledge and experience comparable to a Per Se professional client.

As a Per Se Professional Client or Elective Professional Client, you will lose the following protections afforded to Retail Clients under FCA rules:

- 1) You will not be eligible to seek the services of the FOS and may not be eligible for compensation under the FSCS.
- 2) Our communications, including financial promotions and monetary/non-monetary trading benefits, will not be subject to all the retail regulatory requirements.
- 3) Where we assess whether a product or service is appropriate for you, we can assume that you have the necessary level of knowledge and experience to understand the risks involved in it.
- 4) Consistent with the agreements between us, any money you transfer to us will not be held as “client money” under the FCA’s client money rules. Any money you transfer to us is treated as a full transfer to us in order to secure or cover your present, future, actual, contingent or prospective obligations, even where we are acting as your agent, and we may deal with it in our own right. If at any point your assessment is that the net balance between us is greater than is required to meet your current or future, prospective or actual obligations to us, you must ask for return of the excess.
- 5) The COBS rules relating to the confirmation of transactions will apply in a modified form. Provisions regarding extra reporting requirements for dealings with Retail Clients and provision of hard copies of confirmations not accessed electronically will not apply.

For example, in case the Company holds a retail client account that includes positions in leveraged financial instruments or contingent liability transactions, the Company must inform the retail client, where the initial value of each instrument depreciates by 10% and thereafter at multiples of 10%, no later than the end of the business day in which the threshold is exceeded or, in a case where the threshold is exceeded on a non-business day, the close of the next business day.

These requirements do not apply in respect of professional client accounts.

- 6) When providing you with Best Execution we are not required to prioritise the overall costs of the transaction as being the most important factor in achieving Best Execution for you.
- 7) As a professional client negative balance protection will not apply to you. We are required to restrict leverage between 30:1 and 2:1 on the CFDs we offer to retail clients. Higher leverage available to professional clients can work against investors and losses can exceed deposits. You will have an obligation to make additional payments should your account fall into a negative balance.
- 8) As a professional client, margin close-out protection will not apply to you. The Company shall not be required to automatically close out your position(s) when your funds fall to 50% of the margin needed to maintain your open CFD positions on your CFD account.
- 9) We are not required to provide you with the risk warnings we must provide to retail clients or any standardized risk warning that is introduced in future in relation to transactions in complex financial products.
- 10) The Company must inform retail clients about any material difficulty relevant to the proper carrying out of orders promptly upon becoming aware of the difficulty. This is not required in respect of professional clients.

Per Se Eligible Counterparty Client

Per Se Eligible Counterparty client includes any of the following and carries out eligible counterparty business:

- 1) credit institutions;
- 2) investment firms;
- 3) insurance companies;
- 4) authorised collective investment schemes or its management company;
- 5) pension funds or its management company;
- 6) another regulated financial institution;
- 7) national governments or its corresponding office;

- 8) central banks; and
- 9) supranational organisations.

Eligible counterparties who may be treated as retail or professional clients on request

An eligible counterparty is allowed to request, either on a general form or on a trade-by-trade basis, treatment as client whose business with the Company is subject to Articles 24, 25, 27 and 28 of MiFID II, and the Company may agree to provide a higher level of protection. In this respect, the Company notifies its clients, prior to the provision of services, in a written form, of their option to request such treatment.

The relevant request to the Company must be made in writing via email at compliance@pricemarkets.com and shall indicate whether the treatment as retail client or professional client refers to one or more investment services or transactions, or one or more types of transaction or product.

Where an eligible counterparty requests treatment as a client whose business with an investment firm is subject to Articles 24, 25, 27 and 28 of MiFID II, but does not expressly request treatment as a retail client, the firm shall treat that eligible counterparty as a professional client.

Elective Eligible Counterparty Client

A client can be treated as an Elective Eligible Counterparty if:

- 1) the client is an undertaking;
- 2) the client is a per se professional, except for a client that is only a per se professional because it is an institutional investor under COBS 3.5.2R(5); and
- 3) the client requests such a classification.

Where a client requests to be treated as an eligible counterparty, the following procedure shall be followed:

- a. the Company shall provide the client with a clear written warning of the consequences for the client of such a request, including the protections they may lose;
- b. the client shall confirm in writing via email at compliance@pricemarkets.com 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 they are aware of the consequences of the protection they may have lost as a result of the request.

Price Markets is required to obtain express confirmation from the prospective counterparty that it agrees to be treated as an elective eligible counterparty.

As a Per Se Eligible Counterparty Client or Elective Eligible Counterparty Client, the loss of protections and treatment of Professional Clients will apply, in addition to the below:

- 1) In respect of the transactions, which we carry on with you or any related ancillary services, we are not bound by certain FCA conduct of business rules and MiFID II requirements including on Best Execution and Order Handling. Such transactions however remain subject to the agreements made between us.
- 2) Information to clients: the information which may be provided to eligible counterparties on financial instruments and costs and charges (in some cases, with the client's agreement) may not be as comprehensive or detailed as it would be for a retail/professional client.
- 3) Target market identification and compatibility: the product governance protections/ obligations of the Company in relation to, inter alia:
 - a) the design of financial instruments to meet the needs of an identified target market;
 - b) the compatibility of the distribution strategy with the identified target market;
 - c) the distribution of the product to the identified target market;

- d) the understanding by the Company of the products offered and sold to clients;
- e) the assessment of compatibility of the products offered or sold as compared with the clients' needs;
- f) the offering/sale of products only where this is in the client's interest

do not apply in relation to eligible counterparties.

- 4) Remuneration and commissions: where the client is treated as an eligible counterparty, the restrictions and disclosure requirements in relation to the payment or receipt by the Company of a fee or commission or the provision or receipt by the Company of a non-monetary benefit in connection with the services provided to the client, to or by a third party do not apply.