

ONE | FINANCIAL MARKETS

Client Categorisation and Protections between Classifications

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CLIENT CATEGORISATION AND PROTECTIONS BETWEEN CLASSIFICATIONS

This information is provided to you as a Retail Client of ours in order to explain the additional protections afforded to Retail Clients, so that you may adequately assess the suitability of the classification afforded to you in opening your account and properly consider the ramifications of any request to be re-classified as a Professional Client.

- A Professional Client will have been assessed and categorised as such based on his stated expertise, experience and knowledge in financial markets. We deem that Professional Clients are capable of making their own investment decisions and that they understand the risks involved; they waive their rights to certain protections.
- In addition to this qualitative assessment, we also make a quantitative assessment and consider a Professional Client to be classified as such based on the following additional criteria:
 - that they have carried out transactions of a significant size, on relevant markets, at an average frequency of ten per quarter (or more) over the previous four quarters;
 - that their financial instrument portfolio exceeds €500,000 (or equivalent);
 - that they have worked in the financial sector for at least one year in a professional position requiring knowledge of the transactions or services One Financial provides.
- Retail Clients are required to receive detailed information in respect of any charges or commissions made or taken by us and we are not required to provide the same degree of information to our Professional Clients.
- We must take reasonable steps to communicate with clients in a way that is 'clear, fair and not misleading' and that we act honestly, fairly and professionally and in accordance with the best interests of the client. When we communicate information to a Professional Client the threshold requirements are lowered. More specifically, when we communicate information to a Retail Client, it must follow specific rules and guidance in respect of the form, content and manner of communication, in addition to record keeping requirements; such rules are not applicable to the same extent for Professional Clients.
- We must apply the rules in respect of communications as may be proportionate for the client. As such, we are not required to communicate as much information or in the same manner or detail for a Professional Client as we are for a Retail Client.
- We may, under certain circumstances, allow another person, such as an exchange, a clearing house or an intermediate broker, to hold or control client money; in the case of a Retail Client, that client must be notified that the client money may be transferred to the other person whilst there is no such requirement for a Professional Client.
- You are hereby advised that we place client funds in Segregated Client bank accounts which provides that we may not use client monies for our own purposes. You are further advised that we may, subject to FSA rules and certain conditions, place client funds with non-bank institutions and other market counterparties from time to time.
- We must provide a Client Agreement to Retail Clients before entering into certain types of investment business, which it might not have to provide to Professional Clients. In fact, we provide all clients with a written Client Agreement before entering into any investment business.
- We must notify, in writing, a Retail Client about whether we intend or not to pay interest on client monies placed with us and if we do not, we must pay the client all interest earned on that money. This protection does not apply to a Professional Client. In fact, we do not pay interest on any client monies which are not used as trading margin. (Please see One Financial Customer Agreement: Terms & Conditions clause 6.9.)
- Section 6 of the One Financial Customer Agreement, Terms & Conditions outlines various protections and warnings which relate to our obligations in respect of client monies held on behalf of a Retail Client. Such requirements may not always apply to Professional Clients.
- When holding investments on behalf of clients we are obliged to follow certain 'custody rules'. The rules may be applied to a lesser extent in respect of Professional Clients over Retail Clients. We do not, however, hold investments on behalf of our clients.

- We are required to inform Retail Clients of certain information about us, the services we provide and our regulatory status. We are not required to provide such information to Professional Clients. A Retail Client is also required to be provided more detailed information in respect of any investments which we manage on his behalf, which would not be provided to Professional Clients; we do not, however, manage investments for its clients.
- We may not exclude or restrict any duties or liabilities we may have to a Retail Client in our communications unless it is fair so to do. This restriction may not apply to the same degree to our Professional Clients.
- Best Execution Policy: We must take reasonable steps to obtain the best overall result for our clients for the size and type of transactions concerned, rather than merely best price. In the case of a Retail Client, this must be determined with reference to the total consideration for the transaction, a requirement which is not applicable to Professional Clients. This includes the requirement to consider our own costs when executing any order with an Exchange (or alternative) when assessing the best possible result for the client. This consideration is not required when executing orders for our Professional Clients.
- Retail and Professional Clients must be advised of our Best Execution Policy, which can be found at <http://www.onefinancialmarkets.com/accounts/live-account/>.
- Retail Clients are empowered to receive detailed information on the policies and procedures by which we will execute their orders. Professional Clients are empowered only to receive 'appropriate' information.
- We are obliged to advise Retail Clients immediately in the event we experience any material difficulty in respect of orders we carry out on their behalf. Such protections are not afforded to Professional Clients.
- Suitability: Firms which provide discretionary portfolio management and investment advice are required to obtain sufficient information on the client's circumstances to be able to ascertain that the products and services it provides to him are 'suitable'. Where a client has been classified as Professional, there is a lighter touch to the rules and the firm may assume that the client has the knowledge and experience to understand the risks involved. A client who is a Professional Client by definition rather than one opted up from retail status is also deemed to be able to bear the risks associated with those particular transactions. We do not, however, offer discretionary portfolio management or investment advice.
- Appropriateness: Firms must consider, under certain circumstances, the appropriateness of a product or service in regard to the client. In order to do this, we will have assessed the client's experience and knowledge of the products and the inherent risks involved. This assessment will consider a client's educational and professional background, the types of products and services he is familiar with and the nature and frequency of the transactions undertaken.
- If, having made this assessment, we consider that a product or service is not appropriate, we may still provide that product or service but will advise the client of our opinion that it may be inappropriate for him.