

The rules and procedures for categorization of Clients under Act 566/2001 on securities and investment services (Securities Act)

A securities dealer's client is a natural or legal person whom the securities dealer provides with an investment or ancillary service.

The Act defines three basic categories of clients:

- Professional client,
- Eligible counterparty,
- Non-professional client.

Each category of clients enjoys a specific scope of protection set out by the Securities Act, where non-professional clients enjoy the highest level of protection.

PARTNERS INVESTMENTS, o.c.p., a.s. ("PI") has implemented a client categorization system based on the requirements of the Securities Act, which is defined in the document entitled "Client Categorization Rules". PI's obligation to provide information differs according to the category to which a Client is assigned.

PROFESSIONAL CLIENT

A professional client is a Client who possesses the expertise, experience and knowledge to make their own investment decisions and properly assess the risks that they incur. Pursuant to Section 8a (2) of the Securities Act, professional clients include:

1. securities traders, foreign securities traders, financial institutions, commodity and commodity derivatives dealers, operators of transmission systems or transportation networks under special regulations, other legislation or directives in the area of network industries adopted based on such regulations, any person acting on their behalf as a service provider for the purposes of performance of their tasks under the above legislation or directives and for any operator or administrator of a mechanism serving to balance energy variations, pipeline network or system serving to balance supply and use of energy within performance of such tasks provided that they carry out, in addition to the above activities, investment activities or provide investment services related to commodity derivatives and persons holding the authorization to carry out their activities on the relevant financial market granted by competent authority or their activities are regulated by the legislation of general application;
2. Large undertakings, defined as individually meeting at least two of the conditions below:
 - Total assets of at least EUR 20,000,000,
 - Net annual turnover of at least EUR 40,000,000,

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- Own resources of at least EUR 2,000,000.
 - 3. Government authorities, higher territorial units, government authorities or higher territorial units of other countries, Debt and Liquidity Management Agency, public authorities of other countries charged with or intervening 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;
 - 4. Legal persons not mentioned in Clauses 1 to 3 whose main activity is to invest in financial instruments, including legal entities that carry out the securitization of credits and loans or other financing transactions,
 - 5. Entities which may at their request be treated by PI as professional clients provided that they meet at least two of the following conditions:
 - In the preceding four quarters, the entity executed ten significant trades per quarter on average with financial instruments on the relevant financial instrument market
 - The Client's portfolio, consisting of financial instruments and money deposits, exceeds EUR 500,000,
 - the Client has performed for at least one year in connection with their employment, occupation or function any activity in the financial market area in a position requiring knowledge of trading or the investment services provided or to be provided to them;
- and:
- a) PI assesses the expertise, experience and knowledge of the Client and issues a written statement that these provide a reasonable guarantee that, given the nature of the planned transactions or the provision of investment services or ancillary services, the Client is capable of making their own investment decisions and understands the relevant risks associated with it;
 - b) The Client declares in writing for PI that they request to be treated as a professional client in relation to one or several investment services or ancillary services or trading or one or several types of financial instruments or trading;
 - c) PI has provided the person with a clear written statement drawing their attention to the possibility of loss of protection and compensation rights;
 - d) The person has declared in a document separate from the contract that they are aware of the consequences of the loss of rights under sub-clause (c).

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ELIGIBLE COUNTERPARTY

In providing and performing investment services under Section 6 (1) (a), (b) or (c) of the Securities Act, PI may enter into deals with eligible counterparties. The rules applicable to performance of activities for Clients under Sections 73b to 73m and 73o to 73t of the Securities Act shall not apply to such deals or ancillary services directly associated therewith.

Pursuant to Section 73u (2) of the Securities Act, eligible counterparties include:

- Securities dealers and foreign securities dealers;
- Banks and foreign banks;
- Insurance companies, foreign insurance companies, insurance companies from other Member States;
- Asset management companies, foreign asset management companies, mutual funds, European mutual funds, foreign investment firms and foreign mutual funds;
- Pension fund management companies, supplementary pension companies, pension funds, supplementary pension funds, and similar foreign companies and funds;
- Other financial institutions authorized or regulated under the law of the European Union or a Member State,
- Persons mentioned in Section 54 (3)(i) and (j) of the Securities Act;
- Public authorities in 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 special regulation (Act 386/2002 on public debt and state guarantees) and authorities of other countries that are charged with or intervene in the management of public debt;
- The National Bank of Slovakia, other national central banks, and the European Central Bank;
- International organizations;
- Professional Clients mentioned in Clauses 1 to 3 of the definition of a professional client;
- Professional Clients referred to in Clause 5 of the definition of a professional client at their request, although only in respect of the investment or ancillary services or transactions for which the Client could be deemed a professional client.

A person falling under the Eligible Counterparty category shall automatically have the rights of a professional client. The eligible counterparty approach may be applied only based on a written agreement between PI and the eligible counterparty Client. Such an agreement may be made in respect of all transactions or only a specific transaction or transactions.

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NON-PROFESSIONAL CLIENT

Non-professional clients are all Clients and potential Clients who do not meet professional client and eligible counterparty definitions. A non-professional client usually does not possess sufficient expertise, experiences and knowledge to make decisions and assess the risks associated with investment decisions under the Securities Act.

CLIENT CATEGORIZATION RULES

1. In order to provide all Clients with increased protection, PI has defined the following rules for categorization of clients:

All Clients entering into contractual relationships with PI are automatically assigned to the **non-professional client** category.
2. Categorization under Clause 1 applies to all **Clients of the Company** upon entering into a contractual relationship, which means also Clients who meet, pursuant to the Securities Act, the criteria applicable to professional client or eligible counterparty categories and are assigned to the non-professional client category.
3. Subsequently, a non-professional Client **may apply** to be reassigned to the professional client category or the eligible counterparty category.
4. PI will **reassign** its non-professional Client to the professional client category provided that the Client meets the following criteria:
 - a) The Client is a person who meets the professional client requirements set out in Section 8a (2) of the Securities Act which are described herein above within the professional client definition;
 - b) A non-professional Client has applied in writing to be reassigned by PI to the professional client category.
5. PI will **review the grounds** behind the application of a non-professional Client who has applied for reassignment to the professional client category and:
 - a) **Issue a confirmation of reassignment** of the non-professional Client to the professional client category (provided that the Client meets the requirements set out in Section 8a (2) of the Securities Act). Commencing from the confirmation date, the Client will be categorized as a professional client.
 - b) **Issue a confirmation of rejection** of the application for reassignment of the non-professional Client to the professional client category (where the Client does not meet the

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requirements set out in Section 8a (2) of the Securities Act), specifying the grounds for refusing reassignment. The Client remains categorized as a non-professional client of PI.

6. PI **will reassign** a non-professional/professional Client to the eligible counterparty category if the following requirements are met: a) the non-professional/professional Client meets the requirements set out in Section 73u (2) of the Securities Act, which are described herein above within the eligible counterparty definition;
b) A non-professional/professional Client has applied in writing with PI for reassignment to the eligible counterparty category.
7. PARTNERS INVESTMENTS **will review the grounds** behind the application of the non-professional/professional Client who has applied for reassignment to the eligible counterparty category and:
 - a) **Issue a confirmation of reassignment** of the non-professional/professional Client to the eligible counterparty category (provided that the Client meets the requirements set out in Section 73u (2) of the Securities Act). Commencing from the confirmation date, the Client is categorized as an eligible counterparty.
 - b) **Issue a confirmation of the rejection of** the application for reassignment of the non-professional/professional Client to the eligible counterparty category (where the Client does not meet the requirements set out in Section 73u (2) of the Securities Act), specifying the grounds for refusing reassignment. The Client remains categorized as a non-professional/professional client of PI.
8. Should the Client previously reassigned, at their request, to a category with a lower protection level request reassignment to a category with a higher protection level, PI shall comply with the request and reassign the Client back to a category with a higher protection level.

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