

## Customer Classification Policy

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### 1. The Concept of Classification

When they make contact with investors, the concerned employees of ProRealTime (hereinafter the "**Representatives**") shall classify clients into the categories of non-professional clients, professional clients or eligible counterparties in accordance with the current regulation.

The definitions of the different categories of clients can be found in [Appendix 1](#) of this document.

Pursuant to articles L.533-16 and D.533-11 of the French Monetary and Financial Code:

- "professional clients" means clients who should have the necessary experience, knowledge and expertise to make investment decisions and evaluate the risks they take. ProRealTime's obligations to provide information to them are lesser than those for non-professionals.

Are considered to be professional clients by nature:

- (i) investment companies, credit establishments, insurance companies, UCITS, management companies;
- (ii) the government and certain public establishments;

Are considered to be professional clients by size:

- (iii) companies that meet at least two of the three following criteria on the basis of individual accounting statements: (a) a total balance sheet greater than or equal to 20 million euros; (b) net revenue or net cash receipts greater than or equal to 40 million euros; (c) capital greater than or equal to 2 million euros;

- "eligible counterparties" means professional clients acting as counterparties (clients) of our establishment in the context of the supply of reception and transmission of orders services.

There is no obligation to provide information or warnings to eligible counterparties.

It should be noted that, while the first two sub-categories of professional clients mentioned above must automatically be considered by us to be eligible counterparties, the third sub-category (companies required to meet certain criteria) may only be considered as eligible counterparties after receipt of a specific confirmation by them that they agree to be treated as eligible counterparties.

- "non-professional clients" means clients who are neither professional clients nor eligible counterparties.

Non-professional clients benefit from all rules of protection concerning information as well as protections concerning the processing of their orders which must be executed in the best conditions (notably in terms of price).

It should be noted that non-professional clients may opt to be classified as professional clients, if they meet at least two of the following criteria:

- (a) the value of the client's portfolio of financial instruments, defined as including bank deposits and financial instruments is greater than 500,000 EUR;
- (b) the client has made at least ten transactions of significant size per quarter during the four previous quarters;
- (c) the client has had a job in the financial sector for at least one year that requires knowledge of the transactions or services they plan to use, or had such a job in the past for at least one year;

subject to the following: (i) an evaluation by our establishment of their skill, experience and knowledge which shows that they are able to make their own investment decisions and understand the risks they take, and (ii) our agreement concerning the change of category.

## **2. Classification Process**

In light of our activity, our establishment is likely to encounter non-professional clients frequently.

In practice, the classification process occurs in two steps:

- (i) Initial classification

The concerned Representatives must ensure that they have obtained the documents identifying the client necessary for their initial classification.

To do this, the relevant Representatives may refer to the identification papers or documents of the client during our Know Your Customer or "KYC" process, which is set out in our internal anti-money laundering and anti-financing of terrorism policy document and our relationship entry procedure.

Particular attention shall be given to unregulated legal entities governed by private law and to natural persons.

Unregulated private legal entities governed by private law shall be classified by ProRealTime in the "Professional" category if they meet at least two of the three following criteria:

- the total balance sheet is greater than or equal to 20 million euros; and/or
- the net revenue or net cash receipts are greater than or equal to 40 million euros; and/or
- the company's share capital is greater than or equal to 2 million euros;

It is specified that in the absence of documents and information from the unregulated private entity governed by private law which establish that they meet at least two of the criteria previously mentioned, the client that declares they meet these criteria shall be considered as a "non-professional".

Natural persons shall be classified by ProRealTime in the “Professional” category upon their request if they meet at least two of the three following criteria:

- the value of the client’s portfolio of financial instruments, defined as including deposits and financial instruments, is greater than 500,000 euros; and/or
- the client has made at least ten transactions of significant size per quarter during the four previous quarters; and/or
- the client has had a job in the financial sector for at least one year that requires knowledge of the transactions or services they plan to use, or had such a job in the past for at least one year.

It is specified that in the absence of documents and information from the natural person which establish that they meet at least two of the criteria previously mentioned, the client that declares they meet these criteria shall be considered as a “non-professional”.

(ii) Notification of the Classification on a Durable Medium

Once the initial classification of the client has been made, the client shall be notified of their initial classification, on a durable medium, as well as of the option to request a different classification and the consequences that would result concerning their degree of protection. A template for notification of classification is included in Appendix 2.

(iii) Classification Accepted

Following the client’s exercising or failure to exercise the different options they have, the Representatives will save the accepted classification in our computer system, and that will be the basis for our dealings with the client.

(iv) Downgrade

a. At the request of the Client

A client may apply to ProRealTime to be downgraded if it believes it does not have the appropriate experience or expertise to adequately assess and manage the risks to which it may be exposed. It is the responsibility of the professional client or eligible counterparty to inform the ISP of any changes that may affect its categorisation.

The client must send a written request specifying the scope of application to [accounts@prorealtime.com](mailto:accounts@prorealtime.com). Unless specifically agreed otherwise, the new categorisation will come into effect on the date the acceptance email from ProRealTime is sent.

b. At the initiative of ProRealTime

ProRealTime may deem it necessary to change the classification of a Customer. ProRealTime shall inform the Customer in writing on the effective date the scope of the new categorization.

### 3. Modifications

This policy may be modified at any time without prior notice. The latest version of this document is available on ProRealTime’s website.

## Appendix 1: Definition of the Different Categories of Clients

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### Non-Professional Clients

These are clients other than professional clients and eligible counterparties.

### Professional Clients

In accordance with article D.533-11 of the French *Monetary and Financial Code* ("Code monétaire et Financier"), the following are professional clients as defined by article L. 533-16, for all investment services and for all financial instruments:

- 1.a) Credit establishments mentioned in article L.511-9;
  - b) Investment companies mentioned in article L.531-4;
  - c) Other certified or regulated financial establishments;
  - d) Insurance companies and re-insurance companies respectively mentioned in the first paragraph of article L.310-1 and article L.310-1-1 of the French *Insurance Code* ("Code des Assurances"), group insurance companies mentioned in article L.322-1-2 of the same code, the mutual insurance companies and groups of mutual companies described in Book II of the French *Code of Mutual Insurance* ("Code de la Mutualité") other than those mentioned in L.510-2 of the same code, and the contingency institutions governed by Book IX of the French *Social Security Code* ("Code de la Sécurité Sociale");
  - e) The collective investment undertaking entities mentioned in article L.214-1 and the collective investment undertaking management companies mentioned in article L.543-1;
  - f) The retiree reserve fund mentioned in article L.135-6 of the French *Social Security Code*, the professional retirement institutions mentioned in article L.370-1 of the French *Insurance Code* for their transactions mentioned in article L.370-2 of the same code, as well as the legal entities administering a professional retirement institution mentioned in article 5 of the Decree No. 2006-344 of 23 March 2006 concerning supplemental professional retirements;
  - g) Persons whose main activity is trading goods or financial instruments for their own account on goods mentioned in m) of 2° of article L.531-2;
  - h) [Repealed];
  - i) The French Deposit and Consignment Office and other institutional or regulated investors.
2. Entities that meet at least two of the three following criteria on the basis of individual accounting statements:
    - total balance sheet greater than or equal to 20 million euros;
    - net revenue or net cash receipts greater than or equal to 40 million euros;
    - capital greater than or equal to 2 million euros;
  3. The French government and the following other French public entities: the Caisse de la dette publique, the Caisse d'amortissement de la dette sociale, the Banque de France, the Institut d'émission des départements d'outre-mer, the Institut d'émission d'outre-mer;
  4. Other institutional investors whose main activity is investing in financial instruments and notably investment companies mentioned in article 6 of the Decree of 2 November 1945, capital risk companies mentioned 1 of Law No. 85-695 of 11 July 1985 and financial innovation companies mentioned in III of article 4 of Law No. 72-650 of July 11th, 1972;

5. Entities governed by non-French law equivalent to those mentioned in 1 to 4 above or which have the status of a professional client in another member state of the European Community or another state that is part of the agreement concerning the European Economic Area;
6. Public international financial organizations of which France or another OECD government is a member.

## **Eligible Counterparties**

In accordance with article D.533-13 of the French *Monetary and Financial Code*, the following have the status of an eligible counterparty as defined by article L.533-20:

- 1.a) Credit establishments mentioned in article L.511-9;
  - b) Investment companies mentioned in article L. 531-4;
  - c) Other certified or regulated financial establishments;
  - d) Insurance companies and re-insurance companies respectively mentioned in the first paragraph of article L.310-1 and article L.310-1-1 of the French *Insurance Code*, group insurance companies mentioned in article L.322-1-2 of the same code, the mutual insurance companies and groups of mutual companies described in Book II of the French *Code of Mutual Insurance* ("*Code de la mutualité*") other than those mentioned in L.510-2 of the same code, and the contingency institutions governed by Book IX of the French *Social Security Code*;
  - e) The collective investment undertaking entities mentioned in article L.214-1 and the collective investment undertaking management companies mentioned in article L.543-1;
  - f) The retiree reserve fund mentioned in article L.135-6 of the French *Social Security Code*, the professional retirement institutions mentioned in article L.370-1 of the French *Insurance Code* for their transactions mentioned in article L.370-2 of the same code, as well as the legal entities administering a professional retirement institution mentioned in article 5 of Decree No. 2006-344 of 23 March 2006 concerning supplemental professional retirements;
  - g) Persons whose main activity is trading for their own account goods or financial instruments on goods mentioned in m) of 2° of article L.531-2;
  - h) [Repealed];
2. The French government and the following other French public entities: the Caisse de la dette publique, the Caisse d'amortissement de la dette sociale, the Banque de France, the Institut d'émission des départements d'outre-mer, the Institut d'émission d'outre-mer;
  3. Public international financial organizations of which France or another OECD government is a member.
  4. Entities that meet at least two of the three following criteria on the basis of individual status:
    - total balance sheet greater than or equal to 20 million euros;
    - net revenue or net cash receipts greater than or equal to 40 million euros;
    - capital greater than or equal to 2 million euros;

An investment service provider that concludes transactions in accordance with the measures of article L.533-20 with a legal entity mentioned in the first paragraph of this item 4 must obtain specific confirmation from that entity that they agree to be treated as an eligible counterparty. The investment service provider may obtain this confirmation in the form of a general agreement or for each transaction.

5. The French Deposit and Consignment Office and other institutional or regulated investors.
6. At their request, the legal entities that belong to one of the categories of clients who may request to be treated as professionals in accordance with the provisions of the fifth paragraph of article L.533-16. In this case, the legal entity concerned must only be recognized as an eligible counterparty for the services or transactions for which they would be treated as a professional client;
7. Entities governed by non-French law equivalent to those mentioned in 1, 2 and 4 above. When a legal entity mentioned in 4 has its headquarters or center of effective management outside of mainland France and French overseas territories, the investment service provider will take into account the status of the said legal entity as defined by the provisions in force in the State where the entity has its headquarters or center of effective management.

## Appendix 2: Template for Notification of Classification

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### Subject: Client Classification for Reception-Transmission of orders

Dear Sir or Madam \_\_\_\_\_ ,

Thank you for opening an account with ProRealTime.

Based on the information you provided and on our policy, you have been classified as a non-professional client for investment services.

You may ask to have your category changed and ask to be treated as a professional client (at any time or for a specific transaction, or for a type of transaction or product), subject to certain conditions, in accordance with applicable law.

Please note that ProRealTime reserves the right to respond favorably to this request.

If you want more information on the consequences of changing your category and the procedure for making a request, please refer to the attached PDF.

Please note that the notions of "non-professional" client and "professional client" for the purposes of reception and transmission of orders are regulatory notions which only concern the service of reception and transmission of orders supplied by ProRealTime as defined in article D.321-1 of the French Monetary and Financial Code. These notions should be clearly distinguished from "professional" and "non-professional" for the purposes of reception of market data from Data Providers.

### PDF Attached to the Notification: Information Concerning Changes of Category

Any client that wishes to be classified as a "Professional Client", either at all times, either only for an investment service or a transaction, either only for certain types of instruments or transactions as defined by article L.533-16 of the French Monetary and Financial Code, must complete the categorisation change request form available on the ProRealtime platform.

This form establishes that the client meets at least two of the following criteria:

- the client has a portfolio of cash and financial instruments the value of which is greater than 500,000 euros; and/or
- the client has made at least ten transactions of a significant size per quarter during the four previous quarters in the market in question; and/or
- the client has had a job in the financial sector for at least one year that requires knowledge of the transactions or services they plan to use, or had such a job in the past for at least one year.

ProRealTime will only agree to classify the client as a “Professional Client” after it has (i) received the previously mentioned documents, and (ii) evaluated the skill, experience and knowledge of the client, which provide ProRealTime with reasonable assurance that the client is able to make their own investment decisions and understand the risks they may take.

Clients that change categories from “Non-Professional” to “Professional” give up the higher level of protection they could have benefited from when they were categorized as a “Non-Professional.” In particular, our establishment:

- shall be justified in presuming that, with respect to the instruments, transactions and services for which they are categorized as a “Professional Client,” they have the necessary experience and knowledge to understand the risks inherent in those instruments, transactions or services;
- shall not be required to provide Key Information Documents (KID) required by article 1<sup>st</sup> of EU Regulation 1286/2014
- shall not be required to provide the information concerning costs and related fees required by article 314-42 of the *General Regulations* of the French Financial Market Authority;
- shall not be required to provide a copy of the customer agreement on a durable medium (Special Conditions of Use and Sale Applicable to Investment Services);
- shall not be required to inform the client of any serious difficulty that could influence the transmission of their orders as soon as we realize this difficulty;
- shall not be required to select the providers in charge of the execution of orders, based solely on total cost;
- shall not be required to provide an example of its best selection policy prior to providing our services;
- shall not be required to provide a transaction confirmation, when required, containing the information set out in article 314-89 of the *General Regulations* of the French Financial Market Authority.

Finally, subject to the above, in order to go from the “Non-Professional Client” category to the “Professional Client” category, the client must declare in writing, in an e-mail addressed to [accounts@prorealtime.com](mailto:accounts@prorealtime.com), that they understand the consequences of waiving the protections described above.