

## **RULES OF TREATMENT OF PROFESSIONAL CLIENTS**

Clients classified by IPOPEMA Securities S.A. (“**IPOPEMA**”) into the category of professional clients within the meaning of the Act on Trading in Financial Instruments of July 29th 2005 (Consolidated text: Journal of Laws 2017, item 1768, as amended; the “**Act**”), or any clients treated by IPOPEMA as professional clients under Art. 3a.1 of the Act, shall be guaranteed the level of protection provided for in:

- the Act,
- Commission Delegated Regulation (EU) 2017/565 of April 25th 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive (“**Regulation 2017/565**”),
- Regulation of the Minister of Finance of May 30th 2018 on the procedures and conditions to be followed by investment firms, banks referred to in Art. 70.2 of the Act on Trading in Financial Instruments, and custodian banks (Journal of Laws 2018, item 1112; the “**Regulation**”),
- Regulation of the Minister of Finance of May 29th 2018 on detailed technical and organisational requirements for investment firms, banks referred to in Art. 70.2 of the Act on Trading of Financial Instruments, and custodian banks (Journal of Laws 2018, item 1111, the “**Regulation on Technical and Organisational Requirements**”).

These rules are specified explicitly (by direct reference to professional clients) or indirectly, through specific regulations applying to retail clients (which means that they do not apply to professional clients), and include in particular the following:

1. If the organisational or administrative arrangements established by IPOPEMA in accordance with applicable laws to prevent a situation where conflicts of interest have an adverse effect on the interests of its clients are not sufficient to ensure, with reasonable confidence, that the risks of damage to the interests of the client are prevented, IPOPEMA shall clearly disclose to the client, before a transaction is executed on the client’s behalf, the general nature and sources of conflicts of interest as well as the steps undertaken to mitigate the risks. The disclosure shall include specific description of the conflicts of interest that arise in the provision of investment or ancillary services, taking into account the nature of the client to whom the disclosure is being made. The description shall explain the general nature and sources of conflicts of interest, as well as the risks to the client that arise as a result of the conflicts of interest and the steps undertaken to mitigate these risks, in sufficient detail to enable that client to take an informed decision with respect to the brokerage services in the context of which the conflicts of interest arise (Art. 34(4) of Regulation 2017/565);
2. Information addressed to professional clients shall meet the requirements set out in Art. 44 of Regulation 2017/565, i.e. it must be fair, clear and not misleading, with the proviso that in relation to a professional client IPOPEMA shall be exempt from the requirement to include a warning that the investor’s return on a financial instrument, financial index or investment service may increase or decrease as a result of exchange rate movements, where the information delivered to the client is based on amounts denominated in a currency other than that of the Member State in which the client is resident (Art 44(4)(e) of Regulation 2017/565);
3. IPOPEMA shall provide its clients or potential clients with the general information specified in Art. 47 of Regulation 2017/565, including, without limitation:
  - a general description (which may be provided in summary form), of the conflicts of interest policy maintained by IPOPEMA,
  - at the request of the client, further details of that conflicts of interest policy, using a durable medium or by means of a website,

- a summary description of the steps which it takes to ensure their protection, including summary details of any relevant investor compensation or deposit guarantee scheme which applies to it by virtue of its activities in a Member State,
  - a statement of the fact that IPOPEMA is authorised and the name and contact address of the competent authority that has authorised it;
  - the languages in which the client may communicate with IPOPEMA, and receive documents and other information from IPOPEMA;
  - the methods of communication to be used between IPOPEMA and the client including, where relevant, those for the sending and reception of orders (Art. 47(1) of Regulation 2017/565);
4. IPOPEMA shall provide its clients and potential clients, in good time before the provision of brokerage services to such clients, with a general description of the nature and risks of financial instruments, taking into account, in particular, the client's categorisation as either a retail client, professional client or eligible counterparty. That description shall explain the nature of the specific type of instrument concerned, the functioning and performance of the financial instrument in different market conditions, including both positive and negative conditions, as well as the risks particular to that specific type of instrument, in sufficient detail to enable the client to take investment decisions on an informed basis (Art. 48(1) of Regulation 2017/565);
  5. Where IPOPEMA provides a professional client with information on a financial instrument for which an issue prospectus has been prepared, IPOPEMA shall be under no obligation to inform the client where the prospectus is made available to the public (Art.48(3) of Regulation 2017/565);
  6. When providing brokerage services to professional clients, IPOPEMA shall have the right to agree with such clients on a limited application of the detailed requirements set out in Art. 50 of Regulation 2017/565. However, IPOPEMA shall not be allowed to agree such limitations when the services of investment advice or portfolio management are provided or when, irrespective of the brokerage service provided, the financial instruments concerned have an embedded derivative (Art. 50(1) of Regulation 2017/565);
  7. Where brokerage services (as specified in Art. 69.2 of the Act) are provided to a professional client, IPOPEMA shall be entitled to assume that in relation to the products, transactions and services for which the client is so classified, the client has the necessary level of experience and knowledge to understand the risks involved in the transaction or management of the client's portfolio (Art. 54(3) of Regulation 2017/565);
  8. Where brokerage services involving investment advice are provided to a professional client (excluding clients treated by IPOPEMA as professional clients under Art. 3a.1 of the Act), IPOPEMA shall be entitled to assume that the client is able financially to bear any related investment risks consistent with the investment objectives of that client (Art. 54(3) of Regulation 2017/565).
  9. When providing investment advice to a professional client, IPOPEMA shall be under no obligation to provide such client with a report that includes an outline of the advice given and how the recommendation provided is suitable for the client, including how it meets the client's objectives and personal circumstances with reference to the investment term required, client's knowledge and experience and client's attitude to risk and capacity for loss. Neither shall IPOPEMA be under an obligation to draw a professional client's attention to, or include in the suitability report, information on whether the recommended services or instruments are likely to require the retail client to seek a periodic review of their arrangements (Art. 54(12) of Regulation 2017/565);
  10. IPOPEMA shall be entitled to assume that a professional client has the necessary experience and knowledge in order to understand the risks involved in relation to those particular investment services or transactions, or types of transaction or product, for which the client is classified as a professional client (Art. 56(1) of Regulation 2017/565).

11. IPOPEMA shall enter into a written basic agreement with the client, in paper form or on another durable medium, setting out the essential rights and obligations of IPOPEMA and the client (Art. 58 of Regulation 2017/565);
12. The requirements applicable to reports as provided for in Art. 49 and 59 of Regulation 2017/565 shall apply to retail and professional clients (Art. 61 of Regulation 2017/565);
13. If IPOPEMA maintains a professional client account that includes positions in leveraged financial instruments or contingent liability transactions, IPOPEMA shall be under no obligation to inform the client where the initial value of an instrument depreciates by 10% and thereafter at multiples of 10% (Art. 62(2) of Regulation 2017/565);
14. Where IPOPEMA executes orders for professional clients, it shall be under no obligation to provide those clients with a summary of its order execution policy (Art. 66(9) of Regulation 2017/565);
15. Where IPOPEMA executes orders for professional clients, it shall be under no obligation to inform a professional client about any material difficulty relevant to the proper execution of orders promptly upon becoming aware of the difficulty (Art. 67(1)(c) of Regulation 2017/565);
16. Before entering into a brokerage services agreement with a professional client, IPOPEMA shall notify the professional client of the rules of treatment of professional clients applied by the investment firm and about the possibility of making a written request to be treated as a retail client, as referred to in Art. 45.(3)(b) of Regulation 2017/565 (Section 3.1 of the Regulation);
17. A professional client shall promptly notify IPOPEMA of any changes of data that are relevant to the decision whether or not the client may be treated as a professional client (Section 6.2 of the Regulation).
18. IPOPEMA shall disclose to a client or potential client clear, full and accurate information on any monetary benefits, including fees and commissions, or non-monetary benefits received from or provided to third parties in connection with the provision of brokerage services. Furthermore, before IPOPEMA starts to provide the relevant brokerage services, it shall disclose to the client or potential client information on the existence, nature and amount of any monetary benefits, including fees and commissions, or non-monetary benefits or, where their amount cannot be estimated, the calculation method for such benefits, as well information on the mechanisms of accepting or providing such monetary benefits, including fees and commissions, and non-monetary benefits, with the proviso that minor non-monetary benefits may be described in general, and other non-monetary benefits shall be estimated and disclosed separately (Section 9.1 and 9.2 of the Regulation);
19. Prior to execution of a brokerage services agreement, IPOPEMA shall notify the client, using a durable medium, of any existing conflicts of interest related to the provision of given brokerage services to the client, unless IPOPEMA's organisation and internal regulations ensure that in the event of a conflict of interest the client's interests will not be compromised. The notification shall include information enabling the client to make an informed decision on whether to enter into the agreement; the scope and manner of presenting the information should be adjusted to the client categorisation. A conflict of interest shall mean any circumstances known to IPOPEMA that may lead to a conflict between the interests of IPOPEMA or a person related to IPOPEMA and the obligation to act in a fair manner, taking into account the best interests of IPOPEMA's client, as well as any circumstances known to IPOPEMA that may lead to a conflict between the interests of different IPOPEMA clients. In the case referred to in the first sentence, the agreement on the provision of given brokerage services may be executed only if the client confirms receipt of the notification referred to in the first sentence and expressly confirms that the client wants to enter into the agreement with IPOPEMA for the provision of given brokerage services (Section. 21.1-2 of the Regulation);

20. IPOPEMA shall be under no obligation to draw up rules for the provision of brokerage services if an agreement is entered into with:
  - a professional clients, unless the client has requested to be treated as a retail client and IPOPEMA has complied with the request;
  - a professional client, unless the client is treated by IPOPEMA as a retail client (Section 22.2 of the Regulation);
21. IPOPEMA shall be entitled to assume that a professional client has the necessary experience and knowledge in order to understand the risks involved in particular financial instruments or related services for which the client is classified as a professional client. In such a case IPOPEMA shall take into account differences in the assumed level of experience and knowledge between retail and professional clients, as well as between professional clients referred to in Art. 3a.1 of the Act and other professional clients (Section 37.13 of the Regulation);
22. IPOPEMA shall be under no obligation to make the conclusion of an agreement for execution of orders to buy or sell financial instruments on terms set out in Section 59.2 of the Regulation contingent on the submission by the professional client, in writing or by electronic means, of a statement on the client's financial situation, or to develop a system of criteria on the basis of which limits referred to in Section 59.3 of the Regulation are set, and on the basis of which a decision is made to propose to the client a specific procedure for paying for the execution of orders to buy financial instruments (Section 64.2 of the Regulation).
23. Where IPOPEMA enters into an agreement for execution of orders to buy or sell financial instruments with a professional client referred to in Art. 3.39b. a–m of the Act, or with an eligible counterparty, IPOPEMA may waive the requirements referred to in Section 79.1 and 79.2 of the Regulation, i.e. the requirements to:
  - make the conclusion of the agreement for execution of orders in accordance with Art. 73.2 of the Act (i.e. execution by the investment firm for its own account of agreements to sell financial instruments with the principal) contingent on the submission by the client, in writing or by electronic means, of a statement on the client's financial situation;
  - develop a system of criteria on the basis of which, following execution of the agreement, it will be determined whether an order may be executed in accordance with Art. 73.2 of the Act, and to present the criteria to the client prior to execution of the agreement, as well as to inform the client about any changes to such criteria (Section 79.3 3 of the Regulation);
24. Where activities related to the transfer of financial instruments are undertaken based on a professional client's instruction, IPOPEMA may waive the requirement to be provided with documents indicating the basis for the transfer of financial instruments (Section 84.3 of the Regulation).
25. Any information addressed by IPOPEMA to its clients or potential clients, including information disseminated by IPOPEMA to advertise or promote its services, shall be fair, clear and not misleading. Information disseminated to advertise or promote IPOPEMA's services shall be clearly identified as such (Art. 83c.2 of the Act).
26. When providing brokerage services IPOPEMA shall provide a retail client and a professional client, using a durable medium and within a time limit appropriate to the nature of the services provided, regular reports on the performance of the brokerage services agreement, taking into account the type and complexity of the financial instruments, the nature of the service provided, and the costs of transactions and services performed for the client (Art. 83j.1 of the Act);
27. Where a financial instrument of a professional client is transferred to be kept by another entity and the transfer is made at a written request of such client, IPOPEMA shall be under no obligation to ensure that the entity keeping the client's financial instruments operates in a state that has laws regulating activities involving keeping of financial instruments on behalf of another

entity and that such entity is subject to supervision by a competent authority in this respect (Section 3.2.2 of the Regulation on Technical and Organisational Requirements);

28. IPOPEMA shall analyse and prove the adequacy of agreements it enters into on collateral arrangements, as referred to in Art. 5.1.1 of the Act on Certain Financial Collateral Arrangements of April 2nd 2004, where the collateral consists in cash or financial instruments of professional clients or eligible counterparties, taking into account the relation between the professional client's or eligible counterparty's liability towards the investment firm and the client's assets representing the collateral provided for in such agreements (Section 15.1 of the Regulation on Technical and Organisational Requirements).

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