

RULES FOR THE CATEGORISATION OF CZECH EXPORT BANK CLIENTS FOR THE PURPOSES OF INVESTMENT SERVICE PROVISION

I. General principles of client categorisation

Czech Export Bank (hereinafter only the “**Bank**”) must categorise its Clients in connection with the provision of investment services. Each category of Client is provided, pursuant to legal regulations, with a different scope of information and protection. The Bank as standard identifies two categories of Client, namely Retail Client and Eligible Counterparty. The Bank provides Retail Clients with the full scope of protection pursuant to the requirements of legal regulations, while for Eligible Counterparties the Bank is not obligated to comply with rules of treatment.

The Bank categorises Clients on the basis of information acquired from the Categorisation Questionnaire completed by the Client, and on the basis of other information provided by the Client or acquired by the Bank during the contractual relationship.

The Bank decides on the placement of a Client into the relevant category and informs the Client about this decision.

Although the law also envisages the existence of the category of Professional Client, with the intention of providing Clients with the highest possible level of protection the Bank primarily categorises as Retail Clients even those Clients that could be categorised as Professional Clients according to legal criteria.

II. Possibility of changing categorisation

A Client has the right to request the Bank for a change in categorisation.

If it wishes to change its categorisation, a simple written request is sufficient for an entity categorised as an Eligible Counterparty to request a change in categorisation to Retail Client.

In the case of a request from a Retail Client that wishes to be categorised as an Eligible Counterparty it is necessary to credibly demonstrate compliance with specific criteria stipulated through legal regulations.¹

III. The meaning of the categorisation

Eligible Counterparty

Entities indicated in Section 2a (1) of the Capital Market Undertakings Actⁱⁱ are automatically categorised as Eligible Counterparties during the provision of the main investment services of

- (a) the acceptance and submission of instructions relating to Investment Instruments,
- (b) the performance of instructions relating to Investment Instruments on the account of Clients and
- (c) trading in Investment Instruments on the account of the Bank.

For these entities the Bank is not obligated to comply with the following obligations pursuant to the Capital Market Undertakings Act:

- (a) the rules for the treatment of clients,
- (b) the rules for communication with clients,
- (c) the rules for providing information to clients,
- (d) the rules for requesting information from clients,
- (e) the implementation of instructions under the best conditions,
- (f) the rules for processing instructions,
- (g) the provision of information about instructions and the state of a client's assets.

The Bank is authorised to assume that an Eligible Counterparty has expert knowledge and experience in the field of investments enabling it to make its own investment decisions and evaluate the risks it is subject to in connection with an investment service, and that it has sufficient funds enabling it to bear the connected investment risks related to its investment objectives.

Retail Client

Every entity not categorised as an Eligible Counterparty is categorised as a Retail Client as standard.

The categorisation of a Client as a Retail Client provides the Client with the highest possible level of protection required by legal regulations. The Bank does not assume that Retail Clients have the expert knowledge and experience needed to make their own investment decisions and assess risks. A Retail Client also has the right to the automatic provision of detailed information connected with the provided investment services.

ⁱ This means compliance with at least two of the following criteria:

- (a) in each of the preceding 4 consecutive quarters it has implemented transactions with an investment instrument relating to the requested investment service of a significant volume and numbering at least 10 transactions a quarter,
- (b) the client's assets composed of financial funds and investment instruments are of an amount of at least EUR 500 000,
- (c) the client performed or has performed activity in the field of the financial market that requires knowledge of transactions or services that the request relates to for at least 1 year.

ⁱⁱ The following entities are automatically considered as Eligible Counterparties:

a bank, credit union, investment firm, insurance company, reinsurance company, investment company, investment fund, pension fund, pension company, an entity whose decisive activity is securitisation, an entity that trades on its own account with investment instruments for the purpose of reducing risk (hedging) from derivatives trading and this activity is among its decisive activities, an entity that trades on its own account with commodity derivatives or commodities and this activity is among its decisive activities, a legal entity competent to manage state assets when securing the purchase, sale or management of its receivables or other assets, or during the restructuring of trading companies or other legal entities with state ownership, and also a foreign entity performing a similar activity.

Further, a state or member state of a federation, the Czech National Bank, a foreign central bank or the European Central Bank, the World Bank, the International Monetary Fund, the European Investment Bank or another international financial institution.