

## **POLICY ON THE CATEGORISATION OF CLIENTS**

### **1. Introduction**

The present Policy on the Categorisation of Clients is applied in the companies of the Piraeus Bank Group which provide investment services under the meaning of L. 3606/2007 or other laws of member-states of the European Union with which the European Directive MiFID was incorporated in those member-states (hereinafter 'the Directive').

The companies of the Piraeus Bank Group (hereinafter the 'Group' or 'Piraeus Bank Group') which are covered by the present Policy are included in Appendix A. The terms 'Group' and 'Piraeus Bank Group' include as to the application of the present the branches of the Bank or companies of the Group abroad.

The present policy is strictly followed by the Piraeus Bank (Cyprus) Ltd and is fully harmonised with the provisions of L. 144(I)/2007 and the relevant Directives of the Central Bank.

The Directive distinguished the following categories of Clients:

- Retail clients
- Possible professional clients
- Professional clients, distinguished in:
  - Professional because of their nature
  - Professional because of their size
- Eligible Counterparties

### **2. Definitions and categorisation of clients**

Natural and legal persons are considered as clients to which the Group provides investment or ancillary services under the meaning of the Direction.

#### **Retail clients**

Clients who cannot be considered as Professional under the meaning of the Directive are categorised as Retail. Retail clients enjoy a higher protection level than Professional clients which comprises of, in particular, a more detailed determination of the kind and type of information provided by the Group.

#### **Professional clients**

According to the provisions of the Direction, the professional clients are mainly legal persons and are distinguished in:

- Professionals because of their nature, and
- Professional because of their size.

#### **Professional because of their nature**

Professional clients because of their nature are considered to be the following:

- The businesses which are obliged to obtain an operation license or are obligatory subjected to supervisory rules to perform their distinctive activities in financial markets, regardless of whether they have obtained a license from a member-

state by application of community legislation or have obtained a license or are subjected to supervisory rules of a member-state without a mentioning to a directive or are businesses which have obtained a license or are subjected in supervisory rules of a third country. These businesses are mainly, credit institutions, investment companies (EPEY), other financial institutions, insurance companies, collective investment organisations and their management companies, pension funds and their management companies, negotiators in trading stock exchange, local businesses, anonymous portfolio investment companies and other institutional investors.

- The national and district governments, public authorities which manage the public debt, central banks, national and international organisations like the World Bank, the National Monetary Fund, the European Central Bank and European Investment Bank.
- Other institutional investors whose main activity is investing in financial instruments, including companies which exclusively title assets or other financial transactions.

### **Professional because of their size**

Big businesses which possess individually at least two of the following size requirements:

- Balance: 20.000.000 euro
- Clear circle of activities: 40.000.000 euro
- Same funds: 2.000.000 euro

### **Eligible Counterparties**

Under the meaning of the Directive eligible counterparties are the by nature professional clients according to the abovementioned, when the investment service provided to them comprises of the receiving, transmission or execution of their order. The categorisation of the client as eligible is not valid in relation to his other investment and ancillary services (as those are defined by the Directive), including investment advice and portfolio management.

### **Possible professional clients**

Possible professional clients are those retail clients who fulfil the additional criteria, as those are defined by the Directive, and can for that reason apply to the dealt with as professionals for the financial instruments and services for which it is considered that they fulfil the criteria. The criteria for the classification in the particular category, where at least must be fulfilled, are the following:

- Client performed an average of ten (10) transactions of substantial size per semester in the relevant market during the last four semesters.
- The value of the financial instruments portfolio of the client, defined as cash deposits plus financial instruments, exceeds five-hundred thousand euro (€500.000).
- The client possesses or possessed for at least a year a professional post in the financial industry which requires knowledge of planned transactions or services.

### **3. Cases where the clients' consent will be taken in relation to his categorisation**

The Group is not required to take the explicit consent of the client in relation to his categorisation, provided that he is a professional or retail and has been categorised in the relevant category according to the provisions of the Directive.

The Group informs professional clients that they are allowed to request to change categorisation to retail in order to obtain higher protection. The client who has been categorised by the Group as professional can request a higher level of protection if he considers that he is not in a position to evaluate or correctly manage the dangers in which he is being exposed. The highest level of protection is provided if the client who is considered professional enters into a relevant agreement with the Group for his categorisation as retail. The agreement must define if that applies for one or more services or transactions or for one or more kinds of products or transactions.

The Group takes the explicit consent of the retail-possible professional client for his categorisation as professional, as well as the professional client's consent for his categorisation as an eligible counterparty.

More specifically, for the categorisation of a possible professional client to a professional a previous application by the client is required, in a separate document, with a relevant declaration attached as to which particular services and financial instruments he is applying to be treated as professional, as well as that he is aware of the consequences flowing from his loss of protection as a retail client. The Group can accept the application only if it is reasonably convinced, after a suitable evaluation of the skill, experience and knowledge of the client that, taking under consideration the nature of the planned transactions or services, the client is capable to take certain investment decisions on his own and understand the dangers involved in them.

The Group is allowed, provided it ascertains that a client no longer fulfils the criteria by which he was categorised as professional, to take appropriate measure and in particular, to categorise him as a retail client and inform him accordingly.

For the categorisation of a professional client as an eligible counterparty the previous consent of the client is required and an agreement of the parties that object of the agreement is exclusively the provision of receiving, transmission and/or execution or orders. Only if the client consents to the relevant suggested by the Group categorisation as an eligible counterparty will he be treated as an eligible counterparty. Provided that this client is treated as a retail client he would have to explicitly request for this protection by a written application and the Group would have to accept the relevant application.

### **4. Effects of the categorisation of clients**

#### **Retail clients**

Retail clients as far as their investment possibilities and information enjoy the greatest possible protection according to the provisions of the Directive. From this fact it is ascertained, amongst others, that certain financial instruments, investment services or negotiation strategies in the market might not be suitable or compatible with the profile of the retail client with a result that in these cases the drawing up of transactions on the client's behalf by the Group is not possible.

Additionally, the framework of pre-contractual and constant update, including the information on charges, has on the outset been defined as to the kind and form, the

contractual possibility on the other hand to establish a different system of updating to be extremely restricted.

Furthermore, the way of defining the better execution of the orders of retail clients restricts the ability of the Group for a wider evaluation of other parameters (for example speed, quality in the execution of the order) since in relation to retail clients the best possible outcome is defined at the beginning on the basis of the principle of the 'total price'.

### **Professional clients**

Professional clients, whose knowledge and experience is assumed according to the provisions of the Directive, to begin with, have wider margins to choose financial instruments, investment services and negotiation strategies in the market. The framework of pre-contractual and constant update is more flexible as to its context but as to its form as well. Different matters which concern the way of providing investment services, including the update, can be regulated with an agreement between the Group and the client.

Lastly, in the framework of defining the best outcome for professional clients the Group can take into consideration other parameters (for example speed, quality in the execution of the order).

It is noted that the locating and correct management of every conflict of interests concern all categories of clients including eligible counterparties and all provided investment services and ancillary services.

## **5. Policy on the categorisation of clients of the Piraeus Bank Group**

The present Policy on the Categorisation of Clients of the Group can be summarised as follows:

- The Group suggests to eligible counterparties, to whom the services of receiving, transmission and/or execution of orders are provided to, their categorisation as eligible counterparties in relation to all financial instruments. Until their consent, as well as the case of their non-consent, the particular clients are categorised by the Group as professional clients in relation to all services and financial instruments.
- The remaining categories of clients are categorised by the Group as retail clients for all services and financial instruments. Especially in relation to professional clients because of size, the relevant notification letter of their categorisation, which is sent by the Group, includes an offer to enter into a relevant agreement for their re-categorisation to a retail client. The consent of particular clients in their re-categorisation is enough even if it is silent and the agreement is considered to exist and entered into provided that they do not explicitly reject their categorisation or continue to receive the provided by the Group investment or ancillary services.
- Retail clients/possible professional clients are categorised by the Group as retail for all services and financial instruments.

The Policy on the Categorisation of Clients of the Group can be amended according to the change of categorisation choice or circumstances of the clients of the Group, always within legal boundaries.

Provided that the amendment requires the explicit or silent consent of the clients the necessary notifications are made and the relevant consents are obtained.

## **6. Suitability and appropriateness testing**

In cases where the Group provided investment advice or portfolio management advice, suitability testing will be performed by using predetermined questionnaires with the aim of concentrating enough information in relation to the experience of the client in investment services and transactions, his financial situation and investment goals.

The defined professional clients will be considered to have acquired the required knowledge and experience beforehand.

In relation to professional clients there will be suitability testing with the aim of gathering information in relation to their investment goals in the case of providing the service of investment advice.

In case the service of portfolio management is provided, there will be additional testing of the client's financial situation in order to ensure that he is in a position to take over the dangers involved in the transaction.

No suitability or appropriateness testing is performed in relation to eligible counterparties. For the simple execution of orders and/or the receiving and transmitting in complex financial instruments, the Group will perform appropriateness tests only to retail clients in order to examine the knowledge and experience of the client in order to be in a position to evaluate the appropriateness of the product choice.

Appropriateness testing for retail clients will not be performed in relation to the simple execution of orders and/or receiving transmitting of orders in non complex financial instruments.

### **Companies of the Group covered by the present Policy**

The companies of the Piraeus Bank Group covered by the present Policy are the following:

- Piraeus Bank S.A
- Piraeus Bank (Cyprus) Ltd
- Piraeus Bank Bulgaria A.D.
- Piraeus Bank Romania S.A.
- S.S.I.F Piraeus Securities Romania S.A.
- Piraeus Securities S.A
- Piraeus Asset Management M.F.M.C
- Piraeus Asset Management Europe S.A