

## CLIENT ASSETS MAINTENANCE POLICY

Pursuant to the activity licence issued by the Financial Supervision Authority, Admiral Markets AS (hereinafter “**Investment Firm**”) has the right to maintain the assets and securities of clients in accordance with the conditions and procedures specified by law, on the basis of a mandate from the clients.

The Investment Firm shall keep the client assets entrusted to it separate from its own assets and those of other clients of the Investment Firm, unless expressly agreed otherwise in writing with the client.

Assets of clients managed by the Investment Firm belong to the respective clients and shall not be included in the bankruptcy estate of the Investment Firm.

The claims of the creditors of the Investment Firm shall not be satisfied on account of such assets.

The accounting records of the Investment Firm shall ensure separate accounting of the assets of each client and shall ensure accuracy and truthfulness in relation to the actual assets maintained for the clients.

The Investment Firm shall regularly assess the correspondence of the accounting records, data and registers of third parties that maintain client assets with the accounting records of the Investment Firm.

Upon receiving money from the client, the Investment Firm shall promptly transfer it to one or more accounts with a central bank or with a credit institution that has an activity licence in the contracting state or a third state, or shall invest it in the shares or units of the respective money market fund.

The client shall have the right to disallow committing the client’s finances to shares or units of a money market fund.

The Investment Firm shall take into account the expertise and reputation of the said credit institutions or money market funds or their management companies in order to ensure the protection of the rights of clients and to prevent any legal claims or market practices related to the holding of clients’ assets that could adversely affect the rights of clients.

The money market fund shall meet the requirements of the Investment Funds Act or equivalent legal requirements of a contracting state, according to which supervision of the fund is carried out, and it shall satisfy the following conditions:

## HANDLING OF CONFLICTS OF INTEREST

In order to fulfill its duty of diligence and loyalty, the Investment Firm shall take measures to identify, manage, prevent and/or disclose any conflicts of interests within its organization, with its clients and between its clients to prevent conflicts of interest from adversely affecting the interests of clients.

For proper compliance with the duty of diligence and loyalty, the Investment Firm shall regulate the procedures for certain transactions by certain persons connected to it and for the processing of client transaction orders.

The Investment Firm shall regularly define, measure and manage (incl. control, prevent or disclose) any risks of a conflict of interests in connection with investment activities. The aforementioned function shall be performed by the person carrying out conformity audits in cooperation with the risk manager and the managers and employees of various business units.

When defining actions, which may entail a conflict of interest, the existence of the following circumstances during the performance of a service provision function shall be assessed:

- the Investment Firm or a relevant person makes or is likely to make a financial gain or avoid a financial loss;
- the interests of the Investment Firm or a relevant person in the provision of a service to a client or with regard to the outcome of a service provided on behalf of a client are distinct from the client’s interests;
- the Investment Firm or a relevant person has a financial or other incentive to favor the interests of one client over the interests of another client;
- the Investment Firm or a relevant person has business interests or is involved in the same area of business as the client;
- the Investment Firm or a relevant person receives, in connection with the service provided to a client, inducements from a third party which are not part of the standard commission or fee for that service.

## CLASSIFICATION OF CLIENTS

In order to provide investment services to clients, the Investment Firm requires, prior to provision of services, the clients to submit information, which is necessary to understand the principal circumstances associated



with the client and to provide the Investment Firm with reasonable grounds to believe that the client has necessary knowledge and experience to understand the risks associated with the product or investment service offered or requested by the client.

In order to determine the knowledge and experience of the customer with regard to investing, the information obtained by the Investment Firm shall cover at least the following aspects to the extent that is relevant in terms of clients' classification, the nature and scope of the service provided, the type and complexity of the envisaged service, product and transaction, and the associated risks:

- the types of investment services, transactions and securities of which the client has sufficient knowledge;
- the volume, nature and frequency of the client's transactions in securities and the period over which they were conducted;
- the level of education, profession or, if necessary, previous profession of the client or potential client.

The Investment Firm shall have the right to rely on the information provided by the client unless the Investment Firm is aware or should have been aware of the fact that the submitted information was outdated, inaccurate or incomplete.

A person who is not a professional client or eligible counter-party shall be considered by the Investment Firm to be a retail client.

The following persons shall be considered to be professional clients (professional client by nature):

- a person trading in commodities and commodity derivatives on the market;
- a company that meets at least two of the following conditions:
- its balance sheet equals at least 20 million Euros;
- its net turnover equals at least 40 million Euros;
- its equity capital equals at least 2 million Euros.

The following persons can be classified as eligible counter-parties only in relation to the provision of the service of reception and transmission of securities orders, execution of securities orders on behalf or on account of clients and dealing in securities on own account:

- persons whose principal business is dealing in commodities or commodity derivatives on own account;
- persons who deal on own account on financial futures, options or other derivative instrument markets and money markets only for the purpose of securing the investments made on the derivative instrument markets, or who make transactions on account of the participants in the said markets or establish pricing principles for them, and whose transaction executions are secured by persons who organize settlement on the same markets.

The Investment Firm shall notify the client on a durable medium of the client's classification and of the right to request re-classification as a different type of client and the associated restrictions in the level of client protection.

A retail client may request re-categorization as a professional client if the client has in his own opinion sufficient experience, knowledge and expertise to make independent investment decisions and to assess adequately the associated risks.

If treated as a professional client, the rights of the retail client arising from the Securities Market Act (SMA) and the subordinate legislation shall not be applicable to the client.

The Investment Firm shall notify the client of the rights that the client may lose if treated as eligible counter-party and the client shall confirm in a format, which can be reproduced in writing that he is aware of the rights he will lose when treated as eligible counter-party.

The Investment Firm shall have the right, at its own initiative or at the request of the client, to treat an eligible counter-party as a retail client or professional client.

An eligible counter-party may request to be treated as a client with broader regulative protection (professional client or retail client) in general or with regard to a specific transaction.

## **FILING OF COMPLAINTS**

The clients shall file complaints in an electronic format, by sending a respective letter to **complaints@admiralmarkets.com**. The Investment Firm shall have the right to refrain from reviewing a complaint that does not comply with the format requirements. The Investment Firm may accept complaints in other formats if the requirement of the



specified format is not practical or reasonable under the circumstances.

If a complaint is filed in another format than the electronic format, the applicant shall be notified of the format requirements and the applicant shall be asked to submit the complaint in the electronic format, taking into account the principle of reasonableness.

Complaints shall be filed within 24 hours from the occurrence of the circumstances, which constitute the basis of the complaint. The Investment Firm shall have the right to refrain from reviewing a complaint that was filed after the aforementioned term.

The client shall provide the following information in the complaint: the client's name, account identification number, the time of the circumstances constituting the basis of the complaint, identification numbers of relevant orders and positions, a description of violation, a clear claim and, if possible, documents or copies of documents supporting the claim.

All complaints shall be subject to resolution.

Resolution of a complaint begins with the filing of the complaint by the client and ends with a response from the Investment Firm to the applicant or with a compromise agreement.

- Complaints shall be resolved within 7 (seven) business days from the receipt of the complaint by the Investment Firm.
- If resolving is delayed for more than two business days due to complicated nature of the complaint or clarification of further circumstances, the applicant shall be notified thereof by e-mail or telephone, and shall be informed of the new term for response to the complaint.

## **RISKS ASSOCIATED WITH TRADING**

Risk means a potential that certain event(s), action(s) or omissions may, at any part of the system, pose a threat to the property or reputation of the company and be harmful for the achievement of its goals. Investment risk is a risk of loss or lower profit than expected. Risks are unavoidable in investment and trading business. Risks are associated with adverse price movements or other factors related to the specific nature of the market and failure to remain firm to one's personal trading principles.

Admiral Markets AS recommends paying attention to the following risks:

### **Price risk**

Price risk is a risk of losses due to changes in market prices. Price can be affected by different news, publication of financial results and/or unemployment. In order to avoid greater loss, a trader should consider the amount of its deposit, lot size, and should decide on the expected profit from the transaction and tolerable loss from trading.

### **Market risk**

Market risk is a chance of loss due to adverse movement of financial markets – changes in exchange rates, interest rates and values of securities. Market risk is macro-economical in nature. Market risk affects most of the banking services, incl. loans, deposits, derivatives and securities.

### **Country risk**

Country risk includes two elements: economical and political risk.

The economical risk pertains to the general level of economic and financial management in a country and the country's competitiveness on the world market, the balance of payments status, stability of the national currency, etc.

The extent of the political risk is determined by the stability of the political system, relations with neighboring countries and security guarantees. Economic and political risks should be assessed together as a whole. Correspondingly, a trader is subject to risk of losses or partial or total loss of investments in the currency or financial instruments of the respective country.

### **Currency risk**

Currency risk means potential losses due to adverse movement of exchange rates, devaluation, long periods of currency depreciation, cancellation of fixed exchange rates.

### **Technical risk**

Technical risk is a chance of losses due to various faults in the systems associated with trading. Losses may occur as a result of breakdown of the Internet connection, which could interfere with the availability of information and transmission, modification or cancellation of transaction orders.