

CLIENT CATEGORISATION AND REGULATORY PROTECTIONS

This Document on Client Categorisation and Regulatory Protections sets out the regulatory requirements for these areas. Capitalized terms in this Document shall have the meaning ascribed to them in the Client Agreement, unless otherwise defined herein. You must read this Document carefully before you enter into any trading with us. If any terms of this Document are unclear to you, you should seek independent legal advice.

Finalto Trading Limited Ltd ("Finalto Trading") is a regulated investment services firm, authorized in the conduct of its activities by the Financial Conduct Authority ("FCA") under registration number 607305. Finalto Trading is incorporated in England and Wales under company number 08663212 and is located on the 11th Floor Broadgate Tower, 20 Primrose Street, London, England, EC2A 2EW.

Finalto Trading is part of the Finalto Group Limited, the financial division of Playtech Plc, a company traded on the London Stock Exchange's Main Market and a constituent of the [FTSE 250 index](#).

Risk Warning: Spread bets and CFDs are complex instruments and come with a high risk of losing money rapidly due to leverage. 77% of retail investor accounts lose money when trading spread bets and CFDs with this provider. You should consider whether you understand how spread bets and CFDs work, and whether you can afford to take the high risk of losing your money. Please read the full [Risk Disclosure Statement](#) which gives you a more detailed explanation of the risks involved.

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1. INTRODUCTION

Scope

This Document on Client Categorisation and Regulatory Protections sets out the regulatory requirements for these areas.

Specifically, and in accordance with the rules of the UK Financial Conduct Authority ("FCA") and the EU Markets in Financial Instruments Directive (MiFID II), Finalto Trading Limited ("Finalto Trading", "we" or "us") is required to categorise all clients as Retail Clients, Professional Clients or Eligible Counterparty. This Document describes how Finalto Trading classifies clients into the available categories and what protections or loss of protections apply with the different client classifications.

This Document forms part of the Customer Legal Documents Pack between Finalto Trading and any client or prospective client.

Our business activities

Finalto Trading's business relates to enabling primarily retail clients to trade Contracts for Difference ("CFDs") via our online trading platforms. We effectively receive, transmit and execute clients' orders in CFDs.

We act at all times as Principal (counterparty) to the trading of our clients.

We do not offer investment advice or portfolio management services. Our limited investment research is at the date hereof undertaken by 3rd parties and is not addressed to any individual client or his/her investment objectives.

This Document relates solely to the client classifications we use when we provide the above services under our Client Agreement. This Document does not relate to client classifications (including the Eligible Client classification) when we provide any other services, such as hedging and risk mitigation services, to clients that may be regulated investment institutions or brokers.

2. THE LEGAL AND REGULATORY FRAMEWORK UNDER WHICH THIS DOCUMENT IS ISSUED AND IMPLEMENTED

This Document is issued pursuant to, and in compliance with the requirements of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU ("MiFID II"), the Financial Services and Markets Act 2000 (Markets in Financial Instruments) Regulations 2017 which transposed MiFID II into UK law as well as the key publications issued by the FCA.

In this Document, we collectively refer to the above as the "Applicable Law" or the "Law".

3. PROFESSIONAL CLIENTS

For the purposes of the Applicable Law, the following entities are regarded as professional clients in all investment services and activities and financial instruments:

- (i) Entities which are required to be authorized or regulated to operate in the financial markets, including organizations such as Credit institutions, Investment firms, other authorized or regulated financial institutions, Insurance Companies, Collective Investment Schemes and their management companies, pension funds and their management companies; commodity and commodity derivative dealers, locals, other institutional investors; or
- (ii) A market participant which meets two of the three following requirement:
 - a. Its balance sheet is equal to or exceeds €20,000,000;
 - b. Its net turnover is equal to or exceeds €40,000,000; or
 - c. Its own funds equals to or exceeds €2,000,000.
- (iii) A national or regional government, public body that manages public debt, central bank, international or supranational institution (e.g. World Bank, the IMF, the ECP), or other similar international organization; or
- (iv) Another institutional investor whose main activity is to invest in financial instruments.

Elective Professional Clients ("EPC")

Finalto Trading Limited can treat a client as an elective professional client if there is evidence which supports that the below criteria have been satisfied. It should be noted that EPC cannot be presumed to have market knowledge and experience

comparable to Per Se Professional Clients.

- A. Qualitative Test – the completion of an adequate assessment of the experience and knowledge of the client so as to provide a reasonable assurance that the client is capable of making his own investment decisions and understanding the risks involved in the nature of the transactions or services being offered by Finalto Trading.
- B. Quantitative Test – ensure that the client satisfies two of the following three criteria:
 - a. The client has carried out transactions on the relevant market at an average frequency of 10 per quarter over the previous four quarters;
 - b. The size of the client's financial instrument portfolio defined as including cash deposits and financial instruments exceeds €500,000;
 - c. The client works or has worked in the financial sector for at least one year in a professional position which requires knowledge of the transactions or services envisaged.

We reserve the right to request independent documentary evidence to support the above criteria. We will not permit the elective classification to a Professional Client if the above are not met.

- C. Ensure that the client states in writing that they wish to be treated as a professional client.

Finalto Trading must also provide the client with a written warning of what the categorisation means. The client must, separately from the agreement, state that they are aware of such consequences. If the client is an entity, the qualitative test should be performed on the person trading the account.

Professional clients electing at their request to be treated as Retail clients

A Professional client has the right to request to be classified as Retail client in order to obtain a higher level of regulatory protection. It is the responsibility of the client, to request a higher level of protection when they deem it challenging to properly assess or manage the risks involved in trading in complex financial instruments.

The highest level of protection will be provided to a client who, although is considered to be eligible to be treated as a Professional, following the client's request, we agree in writing that he can be treated as a Retail client. Such agreement will specify whether this applies to one or more particular services or transactions, or to one or more types of products or transactions. Please note that a request for a different categorization is subject to our discretion.

4. PER SE ELIGIBLE COUNTERPARTY

For the purposes of the Applicable Law, the following entities are regarded as Eligible counterparties in relation to eligible counterparty business (ECB) which includes dealing on own account, execution of orders on behalf of clients, or reception and transmission of orders:

- Investment Firm;
- Credit Institutions;
- Insurance Companies
- Collective investment schemes; or the management company of such schemes;
- Pension funds or the management company of a pension fund;
- Another regulated financial institution;
- Certain own account dealers in commodities or commodity derivatives;
- National governments or its corresponding office;
- Central banks; and
- Supranational organisations.

5. RETAIL CLIENTS

A Retail Client is any client who does not satisfy the criteria to qualify as a Professional Client or Eligible Counterparty.

As part of our policy of treating customers fairly, we may decide, either as result of the Law, any other regulatory Directive or guidance note or under internal policy, to sub categorize Retail clients, into such categories as Experienced Retail Clients and Less Experienced Retail Clients.

Such subcategories do not affect the classification or protections afforded under the Law.

Such subcategories will however be subject to the benefits or restrictions we may place in order to further enhance the protection

of clients. They may include restrictions to leverage levels, margin requirements, specific risk warning acknowledgment etc. Relevant details will at all times be included in our Client Agreement.

6. TYPES OF CLIENT CLASSIFICATION AND THE DIFFERENCES IN PROTECTION

Where we treat you as a Professional Client, you will be entitled to fewer protections under the Law, than you would be entitled to as a Retail client. In particular:

- a. you will be given fewer information disclosures with regard to Finalto Trading, its services, products and financial instruments such as Contracts for Difference ("CFDs") (for example on costs, commissions, fees and charges, information on risks associated with CFDs or any other particular product);
- b. you will not be provided with the written Risk Warning and notices required for the Retail Clients;
- c. where we assess whether a product or service is appropriate for you, we can assume that you have the necessary level of knowledge and experience to understand the risks involved in it, including for CFDs the risks involved in trading with leverage / margin;
- d. if we are ever required to assess the suitability of a personal recommendation made to you, we can assume that you have the necessary experience and knowledge to understand the risks involved, and can sometimes assume (unless you are a non-financial institution Professional Client, then an assessment of your ability to bear the financial risk will be undertaken) that you are able financially to bear any investment risks consistent with your investment objectives;
- e. when providing you with Best Execution we are not required to prioritize the overall costs of the transaction as being the most important factor in achieving Best Execution for you;
- f. we do not need to inform you of material difficulties relevant to the proper carrying out of your order(s) promptly;
- g. should we provide you with periodic statements, we are not required to provide them as frequently or as detailed as for Retail Clients;
- h. where we are holding your client money, we are not required to notify you of whether interest is payable on it;
- i. you will be ineligible to seek the services of the Financial Ombudsman Service ("FOS") and may not be eligible for compensation under the Financial Services Compensation Scheme ("FSCS"); and
- j. Client Money Rules, by default, apply to eligible counterparties and professional clients. It is Finalto Trading's policy to require all professional and eligible counterparties to be subject to title transfer arrangements. Any money transferred to Finalto Trading will not be held as "Client Money" under the FCA client money rules. Instead, it is treated as a full transfer to the firm in order to secure or cover present, future, actual, contingent or prospective obligations, and Finalto Trading may deal with it in its own right. However, Finalto Trading permits Professional and ECP clients to be able to hold their money with the Client Money Rules and yet continue to be treated as a Professional client in all other areas. This is endorsed if the client expressly requests to be treated as such.

Change of Categorisation / CASS Protections

A client can request a different categorisation at any time, although Finalto Trading has no obligation to comply with such request. Upon receipt of the request for re-categorisation, Finalto Trading shall conduct an assessment of the client with a view to the products and services to which the client is currently subscribed in order to make a decision as to whether or not Finalto Trading shall comply with the request.

If the firm becomes aware that the client is no longer properly categorised, Finalto Trading shall also conduct an assessment and re-categorise the client as appropriate. In each case, the client will be notified of their re-categorisation.

If a client who is subject to Title Transfer requests that their money and/or assets to be protected under the FCA's CASS rules, Finalto Trading shall ensure that both client's request and the firm's response is documented. On agreeing to the request for protection Finalto Trading is obliged to inform the client of its agreement and to state when the protection would come into effect taking into account the time required to update its records and return assets or monies to the client segregated account.

7. PROVISIONS AND PROTECTIONS

Retail Clients are entitled to the highest level of protection in relation to the FCA's Conduct of Business (COBS) and Client Money Assets (CASS) rules; and the services of the Financial Ombudsman Service (FOS) and the Financial Services Compensation Scheme (FSCS).

With regards to funds held with Finalto Trading, any money we receive from or hold on behalf of a Retail Client must be treated as "Client Money" and any non-cash assets will be treated as "Client Assets" as defined in the CASS rules.

8. RECORD KEEPING

Finalto Trading shall make a record of all notices provided to clients and retain such records for a minimum of five years after the

client ceases to do business with the firm. For each categorisation Finalto Trading shall also retain the information that supports such categorisation.

9. OFFERING OF CFDS IN CERTAIN JURISDCITIONS

CFDs are not eligible for sale in certain jurisdictions or countries. This Document is not directed to any jurisdiction or country which is included in the Company's Banned Jurisdictions as these are defined in the Agreement. This Document does not constitute an offer, invitation or solicitation to buy or sell CFDs.

10. APPLICABLE LANGUAGE

Please note that where you have been provided with a copy of this Document other than in the English language, such Document is provided to you for information purposes only. The English version of this Document is the version that is binding on Finalto Trading at all times.

11. QUESTIONS

For any questions regarding this Document, please contact at a first instance the Customer Support Department through the [Contact Us](#) page.