

**PEAK WEALTH PTY LTD**

**Client Categorisation Policy**

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## 1. Introduction

Peak Wealth (Pty) Ltd (hereinafter “the Company”, “us”, “our” “we”) is incorporated in South Africa and registered under the Companies and Intellectual Property Commission (<http://www.cipc.co.za/za/>) with a registration number 2013/007163/07. The Company is authorised and regulated by the Financial Sector Conduct Authority (“FSCA”) with authorisation number FSP44681, to provide intermediary services in connection with derivative products, operating under the Financial Advisory and Intermediary Services Act (“FAIS Act”).

The Company is required under the Code of Conduct for Authorised Financial Service Providers (the “General Code”), to obtain information regarding the Client’s financial circumstances prior to entering into an agreement, to enable the Company to provide suitable intermediary services to the Client. #

The Company will categorise a Client in either of the 3 categories below:

**Retail Client:** This is a Client who is not a Professional Client by default, or an Eligible Counterparty. Retail Clients do not hold appropriate level of experience, knowledge and expertise and are afforded the highest level of protection.

**Professional Client:** This is a Client who has the experience, knowledge and expertise to make their own investment decisions, properly assessing the risks that they incur. For a Client to be considered a Professional, they need to fall into the categories described below in Paragraph 2 of this document.

**Eligible Counterparty:** is a type of Professional Client, which is considered to be the most sophisticated investor or capital market participant. They are offered a ‘light-touch’ protection which is only applicable to them when the service provided is of receiving and transmitting and/or executing Orders. In order for the Client to be considered as an Eligible Counterparty, the Client must fall under any of the categories described in paragraph 4 below.

## 2. Professional Clients by Default

The following entities that satisfy one or more of the following criteria shall be classified as Professional Clients by default:

(a) Entities which are required to be authorised or regulated to operate in the financial markets such as:

- Credit institutions
- Investment firms
- Other authorized or regulated financial institutions
- Insurance companies
- Collective investment schemes and management companies of such schemes
- Pension funds and management companies of such funds
- Commodity and commodity derivatives dealers
- Locals: firms which provide investment services and/or perform investment activities consisting exclusively in dealing on own account on markets in financial futures or options or other derivatives and on cash markets for the sole purpose of hedging positions on

derivatives markets or which deal for the accounts of other members of those markets or make prices for them and which are guaranteed by clearing members of the same markets, where responsibility for ensuring the performance of contracts entered into by such firms is assumed by clearing members of the same markets.

- Other institutional investors

(b) Large undertakings meeting two of the following size requirements, on a portfolio basis:

- Balance sheet total at least ZAR 301,632,000.00 (equivalent EUR 20.000.000)
- Net turnover at least ZAR 603,264,000.00 (equivalent EUR 40.000.000)
- Own funds at least ZAR 30,163,200.00 (equivalent EUR 2.000.000).

(c) National and regional governments, public bodies that manage public debt, Central Banks, international and supranational institutions such as the World Bank, the International Monetary Fund, the European Central Bank, the European Investment Bank and other similar international organizations.

(d) Other institutional investors whose main activity is to invest in financial instruments, including entities dedicated to the securitization of assets or other financing transactions.

The entities mentioned above are considered to be Professional Clients by default. So, where the Client fulfils one of the criteria referred to above, the Company shall inform it prior to any provision of services that, on the basis of the information available to the Company, the Client is deemed to be a Professional Client and will be treated as such unless the Company and the Client agree otherwise.

### 3. Non-Professional Clients who may be Treated as Professional on Request

#### A. General

Clients not mentioned in paragraph 2 above may also be allowed to be treated as Professional Clients and hence waive some of the protections afforded by the Law.

The Company is allowed to treat any such Clients as Professionals provided the relevant criteria and procedures mentioned herein below are fulfilled. These Clients should not, however, be presumed to possess market knowledge and experience comparable to that of the categories of paragraph 2. So, any waiver of the protection afforded to them shall be considered valid only if an adequate assessment of the expertise, experience and knowledge of the Client, undertaken by the Company, gives reasonable assurance, in light of the nature of the transactions or services envisaged, that the said Client is capable of making his own investment decisions and understanding the risks involved.

For this reason, the Company will apply a fitness test to assess their expertise and knowledge.

#### B. Assessment

In the course of the above assessment, as a minimum, two of the following criteria should be satisfied:

- the Client has carried out transactions, in significant size, on the relevant market at an average frequency of 10 per quarter over the previous four quarters;
- the size of the Client's financial instrument portfolio, defined as including cash deposits and financial instruments exceeds ZAR 7,633,375 (equivalent of 500,000 Euros);
- 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.

In the case of small entities, the person subject to the above assessment should be the person authorised to carry out transactions on behalf of the entity.

### C. Procedure

- The Client states in writing to the Company that it wishes to be treated as a Professional Client, either generally or in respect of a particular investment service or transaction, or type of transaction or product.
- The Company must give it a clear written warning of the protections and investor compensation rights it may lose.
- The Client must state in writing, in a separate document from the main Agreement, that it is aware of the consequences of losing such protections.
- Before deciding to accept any request for waiver, the Company must take all reasonable steps to ensure that the Client requesting to be treated as a Professional Client meets the relevant requirements stated above.

### D. Keeping the Company Informed

All Clients are responsible for keeping the Company informed about any change which could affect their current categorisation.

However, if the Company becomes aware that the Client no longer fulfils the initial conditions which made it eligible for a professional treatment, the Company should take appropriate action.

## 4. Eligible Counterparties

Eligible Counterparty are considered to be any of the following entities:

- Investment Firms, credit institutions, insurance undertakings, UCITS and their management companies, pension funds and their management companies and other financial institutions authorized by a member state or regulated under community legislation or the national law of a member state, national governments, and their corresponding offices, including public bodies that deal with public debt, central banks and supranational organizations.

The Eligible Counterparty category is applicable only for the following investment services and activity:

- Reception and transmission of Client Orders;
- Execution of Orders on behalf of Clients.

## 5. Request for Different Classification

A Client may request a change in their classification. The following requests may be submitted to the Company:

- a) A Retail Client can request to be categorised as a Professional Client. The Client therefore accepts a lower level of protection.
- b) A Professional Client has the right to request a different classification to be treated as a Retail Client in order to obtain a higher level of protection.
- c) A Professional Client can request to be treated as an Eligible Counterparty, obtaining therefore a lower level of protection.
- d) An Eligible Counterparty can request to be categorised as a Professional Client. The Client therefore obtains higher level of protection.

The Company maintains the right to reject any of the above requests for a change in classification.

Professional Clients and Eligible Counterparties are responsible and expected to keep the Company informed of any changes that may affect their classification. If the Company at any point becomes aware that a Client does not meet their classification, shall take appropriate action.

## 6. Protection Rights

Company treating a Client as a Retail Client, the Client is entitled to more protections under the Law, than if the Client was treated as a Professional Client. A Retail Client will be given more information disclosures with regards to the Company, its services, its financial instruments and their performance, the nature and risks of financial instruments, its costs, commissions, fees and charges.

The Company offers investment services of reception and transmission of orders, and the Execution Venue offers the investment service of execution of orders for the Clients of the Company. It is stressed that the Company does not offer investment advice to its Clients. The Company has, therefore, different obligations under the law regarding the provision investment services of reception and transmission of orders and execution of orders on behalf of its Clients than the provision of investment service of investment advice.

Where the Company is providing the services of Reception & Transmission of orders and/or Execution of Client orders, the Company shall ask a Retail Client to provide information regarding his knowledge and experience in the investment field relevant to the specific type of product or service offered or demanded, so as to enable the Company to assess whether the investment service or product envisaged is appropriate for the Client. In case the Company considers, on the basis of the information received, that the product or service is not appropriate to a Retail Client, it shall warn the Client accordingly. Please note that the Company is not required to assess appropriateness in certain cases specified by the Law (for example but not limited to the situation where on an execution only basis the financial instrument concerned is not complex).

When executing Clients' orders, the Company must take all sufficient steps to achieve what is called "best execution" of the Client's orders, that is to obtain the best possible result for its Clients.

## 7. Testing Client Appropriateness

A non-exhaustive list of requirements a Company follows when offering investment services of reception and transmission of orders on behalf of clients:

- a) The Company is obliged to assess the appropriateness of either one or more particular service(s) and/or transaction(s) regarding each of its Clients. The assessment focuses on solely on the level of understanding of a Client i.e. the relevant knowledge and experience of the Client in relation to one or more particular services or transactions, and not to their financial situation or investment objectives.
- b) The Client is required to provide proof of their knowledge and experience in the field of investment, prior to being onboarded/accepted as a Client and prior to the provision of such services. The Company, using the information provided by the Client, will assess whether the specified type of products or services requested and/or offered to the client are appropriate. In case the Company considers, on the basis of the information received, that the product or service is not appropriate for a Retail Client, it shall warn the Client accordingly.
- c) For non-complex products, the Client understands that the Company is not required/obliged to apply the appropriateness test.
- d) The Company 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. Following the above and unlike the situation with a Retail Client, the Company should not generally need to obtain additional information from the Client for the purposes of the assessment of appropriateness for those products and services for which they have been classified as a Professional Client.

## 8. Obtaining Information

The Company obtains the below information through an online questionnaire which all Clients need to complete prior to the onboarding of a Client for the provision of services.

- a) The types of services, transactions, and financial instruments the Client is familiar with;
- b) The level of education and professional experience (or relevant former profession);
- c) The nature, volume, and frequency of the Client's transactions in financial products and over which period they had been carried out.

## 9. Record Keeping

The Company is required by law to maintain all records for each individual client for a period of up to five (5) years from. The Company maintains a register of all the information shared by the Client and all other information obtained through the appropriateness questionnaires and further testing as detailed in this policy.

## 8. General Information.

For more detailed information, the Client can visit the website of the Financial Sector Conduct Authority's at: <https://www.fsca.co.za/Pages/Home.aspx>