

CLIENT CLASSIFICATION POLICY

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1. PURPOSE

This policy outlines One Global Market Limited's ("OGM") approach to classifying clients in accordance with MiFID II and the FCA Conduct of Business Sourcebook (COBS).

It sets out the principles and standards by which OGM:

- Classifies clients as Retail, Professional, or Eligible Counterparty (ECP) to ensure that each receives the correct level of regulatory protection and disclosure under MiFID II.
- Applies consistent procedures and controls to maintain accuracy in classification throughout the client relationship, from onboarding and documentation to communication, execution, and ongoing review.

2. REGULATORY REFERENCE

This policy is based on the applicable requirements under MiFID II, the UK Financial Conduct Authority (FCA) Handbook, and related implementing provisions governing client categorisation and fair conduct.

- **FCA Handbook - Conduct of Business Sourcebook (COBS)**
 - 2.1: A *firm* must act honestly, fairly and professionally in accordance with the best interests of its *client*
 - 3.4: A *retail client* is a *client* who is not a *professional client* or an *eligible counterparty*.
 - 3.5: A *professional client* is a *client* that is either a *per se professional client* or an *elective professional client*.
 - 3.6: An *eligible counterparty* is a *client* that is either a *per se eligible counterparty* or an *elective eligible counterparty*.
 - 4: Communicating with a *client* in relation to its *designated investment business*
- **FCA Handbook - Principles for Businesses (PRIN)**
 - 6: Pay due regard to the *interests* of its *customers* and treat them fairly.
- **MiFID II Articles 24-25:**

When providing investment services or, where appropriate, ancillary services to clients, an investment firm act honestly, fairly and professionally in accordance with the best interests of its clients.

3. INTRODUCTION

OGM is committed to ensuring that all clients are treated fairly, honestly, and with integrity in every aspect of their relationship with the firm. The firm strives to provide services that are appropriate to each client's level of experience, knowledge, and financial situation. OGM is dedicated to maintaining full transparency in its communication by providing clear, accurate, and timely information regarding its products, the associated risks, and any related costs. The firm ensures that each client receives the level of protection appropriate to their regulatory classification, retail, professional, or eligible counterparty, and that this classification is applied consistently across all dealings. In doing so, OGM seeks to balance accessibility to financial markets with regulatory safeguards that uphold the client's best interests.

4. CLIENT CLASSIFICATION

Clients classified as Professional or Eligible Counterparty receive reduced FCA protection compared to Retail clients. Professional status removes significant safeguards including detailed suitability assessments, best execution reporting, segregation of funds, and in some cases, access to the Financial Ombudsman Service and Financial Services Compensation Scheme (FSCS).

All clients are classified at onboarding as one of:

- **Retail Client:** Highest protection, standard disclosure.
- **Professional Client (Per Se or Elective):** Reduced protection once eligibility is confirmed.
- **Eligible Counterparty:** Institutional clients only.

OGM ensures the classification process is clearly disclosed and consistently applied.

5. PROFESSIONAL CLIENTS OPT-UP PROCESS

When a retail client requests to be reclassified as an Elective Professional Client, OGM follows a formal assessment process to ensure compliance with COBS 3.5.3R-3.5.9R and that the client understands the implications of reduced regulatory protection.

WARNING: Loss of Protections

By opting up to Professional Client status, you will lose the following FCA protections:

- Detailed appropriateness and suitability assessments
- Comprehensive best execution reporting
- Enhanced disclosure requirements
- Access to Financial Ombudsman Service (in most cases)
- Full Financial Services Compensation Scheme (FSCS) protection may be limited

Your funds will NOT be held in segregated client money accounts (Title Transfer Collateral Arrangements apply)

Additionally: Professional clients' funds are not segregated under CASS rules. OGM may use your margin to post collateral with third-party liquidity providers. This means your funds are subject to counterparty risk to OGM and are not protected in the same way as retail client money. The opt-up process includes the following key stages:

1. **Client Request and Initial Assessment**

The client submits a written request (email or signed form) asking to be treated as a professional client. The account manager forwards the request to Compliance for review.

2. **Assessment Against the FCA's "Two-of-Three" Criteria**

Compliance verifies that the client meets at least two of the following:

- 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 EUR 500,000;

- 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;

3. **Evidence Collection**

The client must provide supporting documentation such as trading statements, account summaries, bank or brokerage statements, or proof of employment and experience. OGM retains this evidence for at least five years.

4. **Risk Disclosure and Opt-Up Declaration**

The client receives a Professional Client Opt-Up Declaration form, which:

- Explains in detail the reduced level of regulatory protection
- Outlines which FCA rules will no longer apply (e.g., suitability assessments, detailed best-execution reporting)
- Discloses Title Transfer Collateral Arrangements (TTCA), your funds will not be segregated and may be used to post margin at liquidity providers
- Confirms you understand the implications of counterparty risk
- Requires your explicit written consent and signature acknowledging full understanding of all implications

5. **Internal Review and Approval**

OGM's Compliance function reviews all documentation, verifies accuracy, and approves or declines the classification change. The decision is recorded in the client file and internal classification register.

6. **System Update and Confirmation**

The client's profile in OGM's systems (CRM, trading platform, and back office) is updated to "Professional."

A written confirmation is sent to the client summarising the new status and its effect.

7. **Periodic Re-Assessment**

- OGM performs an annual review of all professional clients to confirm they continue to meet eligibility criteria.
- If a client no longer qualifies, they are reclassified back to Retail and notified in writing.

8. **Record Keeping**

All records, request, evidence, approvals, and correspondence, are stored securely in the Client Classification Register for at least five years and are made available to the FCA upon request.

6. **COMMUNICATION & DISCLOSURE**

All client-facing materials (website, onboarding forms, and risk warnings) are written in clear, plain language to ensure understanding.

Before providing any services, OGM ensures that clients are fully informed of:

- Their classification (Retail, Professional, or Eligible Counterparty)
- The regulatory protections and limitations associated with their classification

- For Professional clients: the application of Title Transfer Collateral Arrangements (TTCA) and the non-segregation of funds
- The right to request reclassification or further information at any time

OGM does not promote or encourage clients to opt up to Professional status. Any such reclassification is initiated by the client and assessed objectively against FCA criteria.

7. CONCLUSION

At One Global Market Limited, the correct classification of clients is fundamental to how the firm conducts its business. Each client relationship is managed with honesty, transparency, and respect for the individual's experience, knowledge, and financial objectives.

The firm's classification framework ensures that every client is categorised appropriately as Retail, Professional, or Eligible Counterparty, and that the corresponding regulatory protections are applied consistently and fairly.

OGM does not promote or encourage clients to opt up to Professional status.

The firm ensures that clients who do request Professional classification fully understand the significant loss of regulatory protections, including the application of Title Transfer Collateral Arrangements and the associated counterparty risks.

This process promotes confidence in the firm's operations, safeguards clients according to their regulatory classification, and supports long-term relationships built on integrity, professionalism, and full transparency regarding the implications of each client category.