



Information for clients' categorization

The Company is obliged under MiFID II regime to categorize its clients. The purpose of the clients' categorization is to:

- identify and assess clients' experience, knowledge and risk tolerance in the investment services and the financial instruments that the clients request to be offered to them,
- classify each client in the applicable category under MiFID II regime,
- address the applicable warnings -if required- to clients depending their classification and the financial instruments they wish to invest,
- inform the clients about their investor protection rights and obligations towards the Company,
- allocate the frequency of the Company's reporting to the clients and if the relevant reporting should be detailed or less comprehensive and request where applicable from the clients their consents for understanding the warning consequences of their classification before the provision of the investment services.

This procedure safeguards that during the on-boarding procedure and during the business relationship, the Company will offer the applicable level of investor protection to the clients depending on the client's category.

The Company offers main and ancillary investment services to sophisticated clients. If the client upon his assessment is categorized as a retail client the Company may not be able to offer investment services to such client.

The Company categorizes its clients in one of the following categories:

Retail clients are the clients that enjoy full investor protection of the rules of the conduct of business under MiFID II regime and includes all the clients that are not professional clients and eligible counterparties.

Professional clients are the clients who possess sufficient experience, knowledge and expertise in order to make their own investment decisions and properly assess the investment risks that incur. The legal entities referred to below are considered to be professional per se and have lower level of investor protection of the rules of the conduct of business of MiFID II regime in relation to retail clients. Professional clients per se in relation to all investment services and activities and financial instruments of MiFID II regime are the following:

- Entities, which are required to be authorised or regulated to operate in the financial markets. The list below shall be understood as including all authorised entities carrying out the characteristic activities of the entities mentioned: entities authorised by a EU Member State under a Directive of the European Union, entities authorised or regulated by a EU Member State without reference to a Directive, and entities authorised or regulated by a third country:
 - a. Credit institutions;
 - b. Investment Firms;
 - c. Other authorized or regulated financial institutions;
 - d. Insurance companies;
 - e. Collective investment schemes and management companies of such schemes;
 - f. Pension funds and management companies of such funds;
 - g. Commodity and commodity derivatives dealers;
 - h. Locals;
 - i. Other institutional investors;
- Large undertakings meeting two of the following size requirements on a company basis:
 - balance sheet total: EUR 20 000 000
 - net turnover: EUR 40 000 000
 - own funds: EUR 2 000 000

Where the client is a large undertaking referred herein, the Company informs such client 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.

- National and regional governments, including public bodies that manage public debt at national or regional level, 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 organisations.
- Other institutional investors whose main activity is to invest in financial instruments, including entities dedicated to the securitisation of assets or other financing transactions.

Clients other than those mentioned above [i.e. *Professional Clients per se*] including public sector bodies, local public authorities, municipalities and private individual investors, may request to the Company and be allowed to waive some of the protections afforded by the applicable rules of business conduct of MiFID II regime. The Company shall, therefore, be allowed to treat any of those clients upon their own request as professional provided the relevant criteria and procedure mentioned below are fulfilled. Those clients shall not, however, be presumed to possess market knowledge and experience comparable to that of the category listed above as regards professional clients per se. Any such waiver of the protection afforded by the applicable rules of business conduct shall be considered to be valid only if an adequate qualitative and quantitative assessment of the expertise, experience and knowledge of the client, undertaken by the Company, as described below, grants reasonable assurance, in light of

the nature of the transactions or services recommended, that the client is capable of making investment decisions and understanding the risks involved.

Fitness test: The Company defines on an ex-ante basis the assessment of expertise and knowledge and the understanding of risks taken (qualitative criteria) by the elective professional clients and how to conduct this assessment in situations where a client is a legal person/entity including a small entity) or a group of two or more natural persons or where one or more natural persons are represented by another natural person.

The fitness test applied to managers and directors of entities in the financial field, may be regarded as an example of the assessment of expertise and knowledge and the understanding of risks taken (qualitative criteria) by the elective professional clients. In the case of small entities, the person subject to that assessment shall be the person authorised to carry out transactions on behalf of the entity. Where a representative is foreseen under applicable national law or is designated, information about knowledge and experience should be collected from that representative and the assessment should be done with regards to that representative. If the group of two or more natural persons involved have difficulties in deciding the person(s) with regard to whom the information on knowledge and experience should be assessed, the Company adopts the most prudent approach by taking into account the information on the person with the least knowledge and experience.

In the course of that assessment, as a minimum, two of the following criteria (quantitative criteria) must 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 EUR 500 000,
- ▶ 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.

The fitness test applies also to individuals that wish to be categorized as elective professional clients.

A client that does not meet at least two of the criteria set out above shall not be treated as elective professional client and the Company will not assess further if such client upon his request may insist on being classified as an elective professional client.

Procedure for categorizing a client as an elective professional client: If the Company is ensured that the above-mentioned requirements are fulfilled, those clients shall be waived from enjoying the full benefit of the rules of business conduct of MiFID II regime only where the following procedure is followed:

a) The clients must state in writing to the Company that they wish to be treated as professional, either generally or in respect of a particular investment service or transaction, or type of transaction or product. This written statement is in a separate form from the Client's Agreement/Terms of Business,

b) the Company must give to the client a clear written warning of the protections and investor compensation rights he will lose in case of being categorized as an elective professional,

c) the clients must state in writing, in a separate document from the Client's Agreement/Terms of Business, that they are aware of the consequences of losing such protections.

Eligible counterparties are investment firms, credit institutions, insurance companies, UCITS and their management companies, pension funds and their management companies, other financial institutions authorized or regulated under Union law or under the national law of a Member State, national governments and their corresponding offices including public bodies that deal with public debt at national level, central banks and supranational organizations. Eligible counterparties neither enjoy the full protection of the business conduct of MiFID II regime as per retail clients nor the intermediate investor protection as per professional clients, save to the provisions provided by the MiFID II regime. To this end, eligible counterparties have the minimum investor protection in comparison with the two other categories of retail clients and professional clients under MiFID II regime.

Appropriate warning consequences to clients that will be classified upon their request as elective professional clients: The Company grants to the clients who request to be elective professional the appropriate warning consequences i.e. that by being an elective professional client their investor protection rights will be decreased or lost and will be lower under the rules of business of conduct of MiFID regime. The Company submits to such clients a specific document that depicts comparisons with the rights that the client would have enjoyed if he had chosen to be treated as a retail client. The client is obliged to read, understand and sign the relevant document.

Appropriate warning consequences to clients that will be classified upon their request as eligible counterparties:

The Company grants to the clients who request to be eligible counterparties the appropriate warning consequences for such categorization i.e. that by being an eligible counterparty their investor protection rights will be lost under rules of business of conduct of MiFID II regime. The Company submits to such clients a specific document that depicts comparisons with the rights that the client would have enjoyed if he had chosen to be treated as a professional client or retail client. The client signs that has read and understood this document.

Disclosure on risks, financial instruments, costs and charges, remuneration and commissions: The Company informs retail and professional clients for the nature and complexity of risks incurred when an investor invests in any of the categories of financial instruments. The Company also informs such clients for all costs, charges, commissions in relation to the provision of investment services.

Where the client elects to be treated as an eligible counterparty, this information may not be available to him, unless agreed otherwise. You have to visit in the Company's website the relevant Risk Disclosure Statement.

Re-categorization of professional client per se to retail: Professional clients per se are allowed to request to the Company in written non-professional treatment for one or more transactions regarding one or more financial instruments or a total re-categorization to be retail clients and the Company may agree to provide a higher level of protection. However, Company's business model is to offer investment services to professional clients and it may not be able to offer services to a client that wishes to be treated as a retail.

Professional clients may request from the Company a variation of the terms of the Client's Agreement/Terms of Business in order to secure a higher degree of protection. It is the responsibility of the client, considered to be a professional client, to ask for a higher level of protection when it deems it is unable to properly assess or manage the risks involved in an investment service or/and financial instrument or transaction requested. This higher level of protection will be provided when a client who is considered to be a professional enters into a written agreement with the Company to the effect that it shall not be treated as a professional for the purposes of the applicable rules of business conduct, as provided by MiFID II regime. Such agreement shall specify whether this applies to one or more particular services or transactions, or to one or more types of product or transaction.

Re categorization of professional client to eligible counterparty: The professional clients may, also, request in written to be treated as an eligible counterparty if they are included in the list of legal entities referred herein. The re-categorization request may be posed to the Company for one or more transactions regarding one or more financial instruments. A professional client may request its total re-categorization to be an eligible counterparty. In all cases, however, it is not obligatory for the Company to accept such professional client's request.

A professional client that wishes to be re-categorized as an eligible counterparty must state in writing to the Company that wants to be treated as an eligible counterparty, either generally or in respect of a particular investment service or transaction, or type of transaction or product. In such a case, the Company shall give to the client a clear written warning of the consequences and the protections he loses by such re-categorization, and accordingly the clients must state in writing, in a separate document from the Clients Agreement/Terms of Business, that they are aware of the consequences of losing such investor protections.

Re categorization of eligible counterparty to professional client or retail client: An eligible counterparty has the right to request, either on a general form or on a trade-by-trade basis, treatment as a client whose business with the Company is subject to articles 25, 26, 28 and 29 of CY Investment Services Law which has incorporated the MiFID II. Where an eligible counterparty requests treatment as a client whose business with the Company is subject to articles 25, 26, 28 and 29 of CY Investment Services Law, but does not expressly requests treatment as a retail client, the Company shall treat him

as a professional client. Where the eligible counterparty expressly requests treatment as a retail client, the Company may agree to treat the eligible counterparty as a retail client.

Clients obligations during the business relationship: The client must inform the Company during the business relationship, if any of the elements that formed his categorization have changed or if any other new information regarding his experience, knowledge, risk tolerance and financial status may alter his initial categorization and request higher investor protection. The Company is not liable to any direct or indirect damages, losses may be incurred to the client or any third party for improper categorization of the client if the latter grants incorrect and untrue information or if the client does not inform for any alteration of the granted information. However, should the Company become aware that the client no longer fulfils the initial categorization conditions which made him eligible for a professional treatment, the Company shall take appropriate action.