Client Classification/Categorisation Policy

1. Introduction

The Company is operating under the Investment Services and Activities and Regulated Markets Law 87(I)/2017 (the "**Law**") which transposed into national legislation the EU Markets in Financial Instruments Directive (hereinafter "**MiFID II**").
In accordance with the Law, the Company is required to categorise its clients into one of the following three categories, each with different levels of protection and rights:

"**retail**",
"**professional**"
or "**eligible counterparty**".

It is the Company's policy to refrain from serving Retail Clients.

2. General Principles

The Company, prior to engaging in business relationship with its potential clients, it shall inform clients about their categorisation, their rights to request a different categorisation and about any limitations to the level of client protection that such change of categorisation would entail.
It should be noted that each category entails a different level of client protection - maximum degree of protection is given to Retail Clients while minimum protection is given to Eligible Counterparties.

2.1 Categorization Criteria

The categorisation criteria set by the Law are the following:

A. Retail Client

"Retail Client" is a client who is not a professional client or an eligible counterparty.
Retail Clients are entitled to receive the highest level of protection and information from the Company.
Public sector bodies, local public authorities, municipalities and private individual investors will be classified as Retail Clients, unless they have elected to be treated as Professional Clients (as 3 defined below) and thus to waive some of the protections afforded to them.

B. Professional Client

"Professional Client" is a client who possesses the experience, knowledge and expertise to make its own investment decisions and properly assess the risks that it incurs.
Certain categories of clients are considered to be Professional Clients on the basis of the provisions of MiFID II and Law 87(I)/2017.
These are referred to as "per se" professional clients.
Other clients may be treated as Professional Clients on request provided that the relevant criteria and procedures provided in MiFID II and Law 87(I)/2017 are satisfied. Those are referred to as "Elective" Professional Clients.

I. Per se Professional Clients

The following are all regarded as professionals in all investment services and activities and financial instruments for the purposes of MiFID II and Law 87(I)/2017:

1. Entities which are required to be authorised or regulated to operate in the financial markets (including entities authorised by a Member State under a Directive, entities authorised or regulated by an EU Member State without reference to a Directive and entities authorised or regulated by a non- EU Member State):

- Credit Institutions;
- Investment Firms;
- Other authorised 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;
- Local enterprises;
- Other institutional investors

2. Large undertakings which satisfy at least two of the following size requirements on a company basis:

- Balance sheet total at least Euro 20.000.000
- Net turnover at least Euro 40.000.000
- Own funds at least Euro 2.000.000

3. National and regional governments, 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.

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

II. **Elective Professional Clients**

Clients, other than those mentioned in paragraph I, who requested to be treated as Professional Clients, including:

- Public sector bodies;
- Local public authorities;
- Municipalities;
- Private individual investors.

C. Eligible Counterparties

“Eligible Counterparty” is a client who falls in one of the following categories:

- CIFs, other Investment Firms;
- Credit institutions;
- Insurance undertakings;
- UCITS and their management companies;
- Pension funds and their management companies;
- Other financial institutions authorized by a Member State or regulated under Community legislation or the national law of a Member State;

• Other undertakings and third country entities indicated in Sections 31 (3) and (4) of the Law;
• National governments and their corresponding offices including public bodies that deal with public debt;
• Central banks and supranational organizations.

In essence Eligible counterparties are "Professional Clients" of specified types who receive lower degree of protection in respect of the transaction with the Company or in respect of the ancillary service directly relating to the transaction in the course of execution of orders on behalf of clients and/or dealing on own account and/or receiving and transmitting orders and ancillary services related to any of these investment services (if applicable). For any other investment or ancillary service these clients are not treated as Eligible Counterparties.
Under the Law, CySEC shall recognise as eligible counterparties other undertakings meeting pre-determined proportionate requirements, including quantitate thresholds.

Retail Clients and Elective Professional Clients cannot be treated as Eligible Counterparties. Classification as an Eligible Counterparty shall be without prejudice to the right of such entities to request, either in a general form or on a trade-by-trade basis, treatment as clients whose business with the IF is subject to the protection afforded to Retail Clients or Professional Clients and thus subject to higher level of protection and information.

2.2 Request for different categorisation

It is noted that clients/perspective clients have the option at any time to request in a durable medium the change of categorisation, whether generally or for a particular service or transaction or type of transaction or product or instrument.
To this end, the Company allows the following requests to be submitted by the client/perspective clients and also reserves the right to decline any of the below requests for different categorisation:

• A Retail Client requesting to be categorised as a Professional Client. In that case the client will be afforded a lower level of protection;

• A per se Professional Client requesting to be categorised as a Retail Client. In that case the client seeks to obtain a higher level of protection;

• An Eligible Counterparty requesting to be categorised as a Professional Client or Retail Client. In that case, the client seeks to obtain a higher level of protection.

3. Professional Clients

The clients listed in paragraph 2.1 B-I above are considered as per se Professional Clients. In accordance with the Law, however, these entities are allowed to request non-professional treatment and the Company, at its sole discretion, may agree to provide a higher level of protection. Where a client is an undertaking referred to above, the Company must inform the client 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.

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. 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 conduct of business regime of the Company. 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.

It should be pointed out to all the clients that Professional Clients are not covered by the Investor Compensation Fund for clients of investment firms.

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 transactions or product, for which the client is classified as a Professional Client and also that the client is able financially to bear any related investment risks.

The Company is not required to prioritize the overall costs of a transaction as being the most important factor, when providing Professional Clients with best execution.

4. Retail Client who may be treated as Professional on request ("Elective Professional Clients")

4.1 Identification Criteria

The clients listed in paragraph 2.1 B-II above may request to be treated as Professional Clients by the Company.
Upon such request (Letter of Consent by an Elective Professional Client), the Company will undertake an assessment of the expertise, experience and knowledge (Fitness test) of the client in accordance to the Company's internal policies and procedures (appropriateness and suitability test of the KYC) and will consider whether, in light of the nature of the transactions or services recommended, the said client is capable of making investment decisions and understanding the risks involved.

In the course of that assessment, as a minimum, two of the following criteria will need to be satisfied:

- The client has carried out transactions, in significant size, on the relevant market at an average frequency of 10 per trimester over the previous four quarters based on official statement provided by the bank to the client;

- The size of the client's financial instrument portfolio, defined as including cash deposits and financial instruments exceeds EUR 500.000- based on official bank statement ;

- 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.

Professional Clients are not entitled to compensation under the Investor Compensation Fund for Clients of Investment Firms and lose the high level of protection and information as the Retail Clients.
Professional Clients are responsible for keeping the Company informed about any change, which could affect their current categorisation. Should the Company become aware however

that the client no longer fulfils the initial conditions, which made him eligible for a professional treatment, the Company is obliged to take appropriate action.

4.2 Procedure

Those clients may waive the benefit of the detailed rules of business conduct only where the following procedure is followed:
• They must state in writing to the Company that they wish 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 them a clear written warning of the protections and investor compensation rights they may lose;
• They must state in writing, in a separate document from the contract, that they are aware of the consequences of losing such protections.

Before deciding to accept any request for waiver, the Company must be required to take all reasonable steps to ensure that the client requesting to be treated as a Professional Client meets the relevant requirements stated in paragraph 4.1. of this Policy.

5. Elective Professional Client who may be treated as Retail Client on request

A client who has been re-categorised as a Professional Client may request non-professional treatment and go back to Retail in order to receive a higher level of protection and information. In the event a Professional Client wishes to be re-classified as a Retail Client it is the responsibility of the Client to do so, when he/she deems it is unable to properly assess or manage the risk involved.
Re-classification will be provided when a client who is considered to be a Professional Client enters into a written notification with the Company to the effect that it shall no longer be treated as a Professional Client for the purposes of the applicable conduct of business regime.

6. Protection Rights and Information Rights for Retail and Professional Clients

Where the Company treats a client as a Retail Client, the client is entitled to greater protection under the Law, than the cases where the client would be treated as a professional client. In summary, the protection to which Retail Clients are entitled to, is as follows:

A Retail Client will be given more information/disclosures with regards to the Company, its Services, its Financial Instruments, the nature and risks of Financial Instruments, Execution Venues and/or list of Entities where it transmits Client Orders for Execution, its Costs, Commissions, Fees and Charges of Client Financial Instruments and Client Funds, including summary details of any relevant Investor compensation or deposit guarantee scheme, as applicable.
Where the Company is providing Investment Services, 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, to enable the Company to assess whether the Investment Service or product envisaged is appropriate for the Client.
In case the Company considers, based on the information received, that the product or service is not appropriate for a Retail Client, it shall warn the Client accordingly.

On the other hand, the Company shall be entitled to assume that a Professional Client has the necessary experience and knowledge 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.
Consequently, 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 f or which he/she has been classified as a Professional Client.
When the Company transmits the Client Orders to Third Party(-ies), the Company must take all reasonable steps to act in the Best Interest of the Client when receiving and transmitting Orders f or Execution. Where the Company transmits the Client Orders to Third Party(-ies) of a Retail Client, the best possible result shall be determined in terms of the total consideration, representing the price of the Financial Instrument and the Costs related to Execution, which shall include all expenses incurred by the Client which are directly related to the Execution of the Order, including Execution Venue Fees, Clearing and Settlement Fees, and any other Fees paid to Third Parties involved, in the Execution of the Order. The Company shall also send a notice to a Retail Client confirming Execution of the Order by the Third Party(-ies) as soon as possible and not later than the first business day following the receipt of the confirmation from the Third Party(-ies), where and as applicable.
Professional Clients are also entitled to a confirmation for the execution of their orders however, there is no specific timeframe involved as to when the Professional Client will receive this information. Nevertheless, this confirmation shall be provided promptly.
The Company must inform Retail Clients of material difficulties relevant to the proper carrying out of their Order(s) promptly upon becoming aware of the difficulty.

The Company is required to provide Retail Clients with more information than Professional Clients as regards the service provided to them and the execution of their orders by the Third Party(-ies), where and as applicable.

Retail Clients may be entitled to compensation under the Investor Compensation Fund for Clients of Investment Firms, while Professional Clients are not entitled to compensation under the ICF.