



Client Categorisation

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General

In compliance to the Investment Services and Activities and Regulated Markets Law 87(I)/2017, as subsequently amended from time to time ("the Law"), each Client is categorised by the Company as a "Retail Client" or a "Professional Client". In addition, certain professional Clients may be further categorised as "Eligible Counterparties". Categorisation is undertaken on the basis of objective criteria. A Client may be put in place different categories for particular investment services or transactions or types of transactions or products. The Company notifies each Client of his categorisation as a Retail Client or Professional Client or, as the case may be, Eligible Counterparty.

The Client accepts that when categorising the Client and dealing with him, the Company will rely on the accuracy, completeness and correctness of the information, provided by the Client in his Account Opening Application Form and the Client has the responsibility to immediately notify the Company in writing if such information changes at any time thereafter.

It is understood that the Company has the right to review the Client's Categorisation and change his Categorisation if this is deemed necessary (subject to Applicable Regulations).

It is stressed that different rules and different levels of protection apply to Clients depending on their categorisation.

"Retail Client"

"Retail Client" is a Client who is not a Professional Client or an Eligible Counterparty, by default, as defined in paragraph further below. It is noted that Retail Clients are afforded with the highest level of protection

"Professional Client"

"Professional Client" is a Client who possesses the experience, knowledge and expertise to make his own investment decisions and properly assess the risks that he incurs. In order to be considered a Professional Client, a Client must comply with one of the following criteria:

- (i) Entities which are required to be authorised or regulated to operate in the financial markets. The list below should be understood as including all authorised entities carrying out the characteristic activities of the entities mentioned: entities authorised by a Member State under the Markets in Financial Instruments Directive, entities authorised or regulated by a Member State without reference to the above Directive, and entities authorised or regulated by a non-Member State:
 - (a) Credit Institutions;
 - (b) Investment Firms;
 - (c) Other Authorised 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) Commodities and commodity derivatives dealers;
 - (h) 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.

- (i) Other Institutional Investors (like Portfolio Investment Companies).
- (ii) 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
- (iii) National and regional governments, public bodies that manage public debt, Central Banks, international and supranational institutions such as the World Bank, the IMF, the ECB, the EIB and other similar international organisations.
- (iv) Other institutional investors whose main activity is to invest in financial instruments, including entities dedicated to the securitisation of assets or other financing transactions.
- (v) Clients who may be treated as professionals on request, following approval by the Company (please see further below under 'Opt-up for retail Clients').

The entities mentioned above from (i) to (iv) are considered to be professionals in relation to all investment services and activities and financial instruments. The Clients mentioned in (v) may be treated as professionals generally or in respect of a particular investment service or transaction, or type of transaction or product. 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.

Eligible Counterparty

"Eligible Counterparty" is any of the following entities to which an investment firm provides the services of reception and transmission of orders on behalf of Clients and/or execution of such orders and/or dealing on own account: Cyprus Investment Firm/Greek Investment Firm, other investment firms, credit institutions, insurance companies, UCITS and their management companies, Portfolio Investment Companies, pension funds and their management companies and other financial institutions authorised by a Member State of the European Union or regulated under Community legislation or the national law of a Member State, undertakings exempted from the application of the Investment Services and Activities and Regulated Markets Law 87(I) of 2017 in accordance with Section 31(2), 31(3) and 31(4) of the Law, , national governments and their corresponding offices, including public bodies that deal with public debt, central banks and supranational organisations.

On request, the Company may also recognise as an Eligible Counterparty which fall within a category of Clients who are to be considered professional Clients in accordance to the fitness test. In such cases, however, the undertaking concerned shall be recognised as an Eligible Counterparty only in respect of the services or transactions for which it could be treated as a Professional Client. In the event of a transaction where the prospective counterparty is located in another EU Member State, the Company shall defer to the status of the other undertaking as determined by the legislation of the said Member State in which that undertaking is established.

Opt-down

A Client that has been categorised as a Professional Client may, at any time, request the Company to be treated as a retail Client (and hence benefit from the higher level of protection of retail Clients). Likewise, an Eligible Counterparty may, at any time, request the Company to be treated as a Professional Client or as a retail Client. If the Company accepts such request, the Client shall enter into a written agreement with the Company.

The agreement will specify the particular services or transactions, or the types of products or transactions to which the opt-down applies.

Opt-up

Opt-up for retail Clients

A Client who has been categorised as a retail Client by the Company may ask the Company in writing to be treated as a Professional Client (and hence may lose certain protection and investor compensation rights), either generally or in respect of a particular investment service or transaction, or type of transaction or product. The Company may, at its discretion, decide not to take into consideration such treatment.

If the Company agrees to take into consideration such request, it will upon receipt of such request assess whether the Client meets the objective opt-up conditions. The Company will further assess the expertise, experience and knowledge of the Client and any other element that it deems appropriate. In the course of the above assessment, as a minimum, two of the following criteria should be satisfied:

- (a) 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,
- (b) the size of the Client's financial instrument portfolio, defined as including cash deposits and financial instruments exceeds EUR 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.

The Company will notify the Client if and when it agrees to categorise the Client as a Professional Client.

Opt-up for Professional Clients

Clients that have been categorised as Professional Clients and that meet the opt-up conditions may, with their express consent, be treated as Eligible Counterparties either for all services for which such opt-up is permitted by law or in respect of a particular investment service or transaction, or type of transaction or product.

Changes to Professional Client / Eligible Counterparty categorisation

The following requests may be submitted to the Company should a Client wish to change its categorisation:

- 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 can request to be categorised as a Retail Client. The Client therefore obtains higher level of protection (see paragraph above). A Professional Client can request to be treated as an Eligible Counterparty, obtaining therefore a lower level of protection (see paragraph above).
- c. An Eligible Counterparty can request to be categorised as a Professional Client or a Retail Client. The Client therefore obtains higher level of protection (see paragraph above).

It is noted that the Company is not required to agree with a request for non-professional or non-Eligible Counterparty treatment. In addition, the Company may, on its own initiative, treat as a Professional or Retail Client an Eligible Counterparty or treat as a Retail Client a Professional Client. Clients wishing to change their Client Categorisation, they may contact the Company at backoffice@fxcc.eu

Professional Clients and Eligible Counterparties are responsible for keeping the Company informed of any change which could affect their categorisation as such. If the Company becomes aware that a Professional Client or Eligible Counterparty no longer

fulfils the initial conditions that made him eligible for a Professional Client/Eligible Counterparty treatment, it may take appropriate action, including re-categorising the Client as a Professional Client or a Retail Client.

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 3 above. 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.

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 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 service 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.

Procedure

- a. 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.
- b. The Company must give it a clear written warning of the protections and investor compensation rights it may lose.
- c. 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.
- d. 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.

Protection Rights

Retail and Professional Clients

Where the Company treats 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. In summary, the protection Retail Clients are entitled to is the following (the list may not be exhaustive):

- (a) 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 and the safeguarding of Client financial instruments and Client funds, including summary details of any relevant investor compensation or deposit guarantee scheme, as applicable.
- (b) 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 87(I)/2017 (for example but not limited to the situation where on an execution only basis the financial instrument concerned is not complex).

On the other hand, 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. 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 for which they have been classified as a Professional Client.

- (c) When executing Client orders, the Company must take all reasonable steps to achieve what is called “best execution” of the Client’s orders that is to obtain the best possible result for its Clients.

Where the Company executes an order 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 as soon as possible and no later than the first business day following execution or, if the confirmation is received by the Company from a third party, no later than the first business day following receipt of the confirmation from the third party, as applicable.

- (d) 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.
- (e) 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.
- (f) The Company is required to provide Retail Clients with more information than Professional Clients as regards the execution of their orders.
- (g) The Company is obliged to enter into a written basic agreement with the Retail Client, setting out the essential rights and obligation of both parties.
- (h) Retail Clients may be entitled to compensation under the Investor Compensation Fund (“ICF”) for Clients of Investment Firms, while Professional Clients are not entitled to compensation under the ICF.
- (i) Where the Company executes orders for Retail Clients, it shall provide those Clients with a summary of the relevant policy focused on the total costs they incur.
- (j) Retail Clients will be provided with negative balance protection and as such, may not lose more than the total amount deposited in their trading account. Professional Clients and/or Eligible Counterparties will not be provided with negative balance protection.
- (k) The Company cannot conclude title transfer financial collateral arrangements with Retail Clients for the purpose of securing or covering present or future, actual or contingent or prospective obligations of Clients. In respect of Professional Clients and/or Eligible Counterparties, the Company is not subject to such restriction. Where the Company uses title transfer collateral arrangements, it shall highlight to Professional Clients and/or Eligible Counterparties the risks involved and the effect of any title transfer collateral arrangement on the Client’s financial instruments and funds.

Eligible Counterparties

Where the Company treats the Client as an Eligible Counterparty, the Client will be entitled to fewer protections under the Law than it would be entitled to as a Retail or Professional Client. In particular and in addition to the above of clause 3.8.1 (the list may not be exhaustive):

- (a) The Company is not required to provide the Client with best execution in executing the Client's orders. Nevertheless, Eligible Counterparties may request on a trade by trade basis or in general, treatment that would allow the Company to take all sufficient steps to achieve best execution.
- (b) The Company is not required to implement procedures and arrangements which provide for the prompt, fair and expeditious execution of its Client orders, relative to other Client orders or its trading interests.
- (c) The Company is not required to assess the appropriateness of a product or service that it provides to Client but can assume that the Client have the expertise to choose the most appropriate product or service for itself.
- (d) The Company is not required to provide the Client with information about the Company, its services, financial instruments and proposed investment strategies, execution venues, the arrangements through which the Company will be remunerated and other relevant information.
- (e) The Company is not required to provide reports to the Client on the execution of its orders or the management of his investments.
- (f) The Investors Compensation Fund does not cover Eligible Counterparties.
- (g) The Company is not required to ensure that its financial instruments are designed to meet the needs of an identified target market of Eligible Counterparties.
- (h) The Company, when dealing with Eligible Counterparties, is not required to ensure that it does not remunerate its staff in a way that conflicts with its duty to act in the best interests of its Clients and that it does not accept any fees/commissions in relation to the provision of services to Clients.

However, Eligible Counterparties will be entitled to the same reporting obligations as they apply to Retail and Professional Clients.