

## CLIENT CATEGORIZATION POLICY

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According to the Investment Services and Activities and Regulated Markets Law of 2017 (Mo. L. 87( I )/2017), Investment Firms (“IFs”) are required to categorize their clients into one of the following three categories: retail, professional or eligible counterparty.

“**Retail client**” is a client who is not a professional client or an eligible counterparty

“**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. In order to be considered a professional client, the client must meet, comply with and observe the procedures and criteria set out in Parts A and B below:

“**Eligible counterparty**” is an entity to which an Investment Firm provides services of reception and transmission and/or execution of orders on behalf of clients and/or dealing on own account, which falls in one of the following categories: Cyprus Investment Firms, the remaining Investment Firms, 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 European Union legislation or the national law of a Member State, undertakings exempted from the application of the Investment Services and Activities and Regulated Markets Law of 2017, national governments and their corresponding offices, including public bodies that deal with public debt, central banks and supranational organizations.

### **Categories of clients who are considered to be professionals**

#### **A. Entities which are required to be authorized or regulated to operate in the financial markets.**

The list below should be understood as including all authorized entities carrying out the characteristic activities of the entities mentioned: entities authorized by a Member State

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under a European Union Directive, entities authorized or regulated by a Member State without reference to such Directive, and entities authorized or regulated by a non-Member State:

- (a) Credit institutions;
- (b) IFs;
- (c) Other authorized or regulated financial institutions;
- (d) Insurance undertakings;
- (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 proportional basis:

- balance sheet total at least           20,000,000 euro
- net turnover at least                   40,000,000 euro
- own funds at least                     2,000,000 euro

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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.

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 professionals. They must however be allowed to request nonprofessional treatment and FXJET (hereinafter called the “Company”) may agree to provide a higher level of protection. Where the client is an undertaking referred to above, the Company must 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. The Company must also inform the customer that he can request a variation of the terms of the agreement 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.

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. Such agreement should specify whether this applies to one or more particular services or transactions, or to one or more types of product or transaction.

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#### **B. Clients who may be treated as professionals on request:**

##### **1. Identification criteria**

Clients other than those mentioned in Part A above, including public sector bodies and private individual investors, may also be allowed to waive some of the protections afforded by the conduct of business rules of IFs.

The Company is allowed to treat any of the above clients as professionals provided the relevant criteria and procedures mentioned below are fulfilled. These clients should not, however, be presumed to possess market knowledge and experience comparable to that of the categories listed in Part A above. Any such waiver of the protection afforded by the standard conduct of business regime 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 client is capable of making his own investment decisions and understanding the risks involved.

The fitness test applied to managers and directors of entities licensed under European Union Directives in the financial field could be regarded as an example of the assessment of expertise and knowledge. In the case of small entities, the person subject to the above assessment should be the person authorized to carry out transactions on behalf of the entity.

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,

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- the size of the client's financial instrument portfolio, defined as including cash deposits and financial instruments exceeds 500,000 euro,
- 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.

#### **2. Procedure**

The clients defined above may waive the benefit of the detailed rules of conduct only where the following procedure is followed:

- they must state in writing to the IF that they wish to be treated as professional clients, 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, IFs must take all reasonable steps to ensure that the client requesting to be treated as a professional client meets the relevant requirements stated in paragraph (1) of Part B above.

However, if clients have already been categorized as professionals under parameters and procedures similar to those above, it is not intended that their relationships with the Company should be affected by any new rules adopted pursuant to applicable law.

The Company maintains appropriate written internal policies and procedures to categorize clients. Professional clients are responsible for keeping the Company informed about any

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change, which could affect their current categorization. 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 must take appropriate action.

#### **Request for different categorization and protection rights**

1. A retail client can request to be categorized as a professional client. The client therefore accepts a lower level of protection.
2. A professional client can request to be categorized as a retail client. The client therefore obtains higher level of protection.
3. An eligible counterparty can request to be categorized as a professional client or a retail client. The client obtains higher level of protection.