

CLIENTS CATEGORISATION POLICY (SUMMARY)

Version 2.0 2020

1. Summary of the regulatory requirements

- 1.1. In accordance with the Law, investment firms must implement appropriate written internal policies and procedures to categorise its Clients in respect of the services they provide as:

Retail
Professional or
Eligible Counterparties

- 1.2. The Company performs categorisation according to the criteria, stipulated by the Law, in respect of the services and types of Financial Instruments requested to be offered by its Clients, and based on the information, provided by them.

1.3. Retail Client

Retail Clients are considered as those customers who do not fulfil the criteria to be treated as Professional Clients or Eligible Counterparties.

The Retail Client performs transactions in financial instruments on its own behalf and not for another counterparty.

1.4. Professional Client Per se

5.4.1. **Professional Client** is a customer who possesses the experience, knowledge and expertise to make his own investment decisions and properly assess the risks that he incurs. According to the Law, the following entities shall be regarded as **Professionals** in all investment services and activities and financial instruments:

- (1) 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 thereto, that are subject to any of the following authorisation:
- (i) entities authorised by a Member State under a Directive of the European Union,
 - (ii) entities authorised or regulated by a Member State without reference to a Directive, and
 - (iii) entities authorised or regulated by a third country:
 - (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) Commodity and commodity derivatives dealers;
 - (h) Locals; and
 - (i) Other institutional investors.
- (2) Large undertakings meeting two (2) of the following size requirements on a company basis:
- (i) balance sheet total: EUR 20 000 000;
 - (ii) net turnover: EUR 40 000 000;
 - (iii) own funds: EUR 2 000 000.
- (3) 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.
- (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.

5.4.2. Any **customers** not falling within the list above are, by default, classified **Retail Clients**. The entities referred to above are considered to be **Professionals Per Se**. The Retail Client may opt up to the Professional level in regard to a particular service or instrument (or in general), where certain conditions are met. Those Clients may be called **Elective Professionals**.

1.5. Eligible Counterparty

5.5.1. There are professional market participants, which operate in the financial sector, and are either licenced institutions or large entities, operating with considerable volume of investment transactions, therefore, are deemed to have the necessary investment expertise and professional staff to support these functions. **Eligible Counterparties**, according to the Law are those mentioned in points (1), (2) and (3) of clause 5.4. above.

5.5.2. It should be also noted that in case the Client has been categorised as a **Retail Client** or as an **Elective Professional Client** or in case the Customer is a **natural person**, that Client **cannot be categorised** and is not allowed to request to be categorised **as an Eligible Counterparty**.

5.5.3. Eligible counterparties should be considered to be acting as clients when the Company provides its services to them. In the contrary, when the Company applies to the Counterparty for the provision of services, the Counterparty will have the obligation to perform categorisation of the Company as its client.

1.6. Level of protection

5.6.1. According to the Law, the categorisation is necessary, due to the fact that not all investors have the same level of knowledge and experience of Financial Instruments and of the related risks.

5.6.2. Within this context, a **Retail Client** benefits of the highest level of protection, compared to a **Professional Client** or an **Eligible Counterparty**, which will have a reduced level of protection due to the fact that they are considered more experienced and knowledgeable in carrying out transactions in Financial Instruments.

5.6.3. Upon categorisation, the Client Manager shall provide the Client with the warning that by changing categorisation from retail to professional, the Client will waive the highest level of protection as well as will be provided less information compared to Retail Clients.

1.7. Categorisation criteria required to be categorised as an Elective professional.

5.7.1. In case a Retail Client wishes to be treated as a Professional Client, at least two of the following criteria shall be met:

- (1) the Client have carried out transactions in significant size (at least €10.000 per transaction), on the relevant market at an average frequency of ten (10) per quarter over the previous four (4) quarters;
- (2) the size of the Client's investment portfolio, including cash deposits and Financial Instruments, exceeds €500.000;
- (3) the Client work or have worked in the financial sector for at least one (1) year in a professional position, which requires knowledge of the transaction or services envisaged.

5.7.2. Depending on the circumstances (e.g. the category of products the Client intends to trade), a more thorough analysis of the client's expertise, experience and knowledge is required. Therefore, **Retail Clients** that do not meet at least two of the criteria specified above shall not be treated as **Professional Clients**. As well as the Company should not automatically accept to treat as **Professional Clients** those who do meet two or more of these criteria.

5.7.3. The Company shall ensure that the information regarding Client's or potential Client's knowledge and experience in the investment field includes the following, to the extent appropriate to the nature of the Client, the nature and extent of the service to be provided and the type of product or transaction envisaged, including their complexity and the risks involved:

- (a) the types of service, transaction and financial instrument with which the client is familiar;
- (b) the nature, volume, and frequency of the client's transactions in Financial Instruments and the period over which they have been carried out;
- (c) the level of education, and profession or relevant former profession of the Client or potential Client.