

CLIENT CATEGORISATION POLICY

1. CLIENT CATEGORISATION

- 1.1. Fintailor Investments Limited ("**Fintailor**") is a Cypriot Investment Firm regulated by the Cyprus Securities and Exchange Commission ("**CySEC**") under Authorization number: 133/11.
- 1.2. Fintailor is operating under Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC, as the same may be in force from time to time and modified or amended from time to time (the "**MiFID**"), which was implemented in the Republic of Cyprus by the Investment Services and Activities and Regulated Markets Law of 2007 (Law 144(I)/2007) as the same may be in force from time to time and modified or amended from time to time and as amended and supplemented by the directives adopted by the CySEC (collectively referred to as the "**Law**"), which regulates, among other matters, the provision of investment and ancillary services and the performance of investment activities.
- 1.3. Following the implementation of MiFID in the Republic of Cyprus and pursuant to the Law, Fintailor is required to categorise its clients and counterparties (collectively referred to as "**Clients**") into one of the following three categories:
 - Professional Client
 - Eligible Counterparty
 - Retail Client
- 1.4. This policy summarizes the matters incidental to the categorization process and matters incidental thereto. It should always be read in accordance with the provisions of the Law.

2. CLIENT CATEGORIES

- 2.1. **Professional Clients** - generally, Professional Clients are the Clients who possess the experience, knowledge and expertise to make its own investment decisions and properly assess the risks that it incurs. This category includes:
 - A. 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 of the European Economic Area (the "**EEA**") under the MiFID, entities authorised or regulated by a member state of the EEA without reference to the MiFID and entities authorised or regulated by a non-member state of the EEA:
 - (a) Credit institutions;
 - (b) Investment Firms;

- (c) Other authorised 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

- B. Large undertakings that fulfil at least two of the following size requirements on a proportional basis:
 - balance sheet total at least €20,000,000 (twenty million Euro); net turnover at least €40,000,000 (forty million Euro); and/or
 - own capital (capital and reserves) of at least €2,000,000 (two million Euro)
- C. 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 organisations.
- D. Other institutional investors whose main activity is to invest in financial instruments, including entities dedicated to the securitisation of assets or other financing transactions.

2.2. Eligible Counterparties - generally, the Eligible Counterparties are the Clients with which Fintailor may bring about or enter into transactions without application of certain regulatory protections afforded to other categories of Clients. This category includes:

- A. Investment Firms;
- B. Credit institutions;
- C. Insurance undertakings;
- D. UCITS and their management companies;
- E. pension funds and their management companies;
- F. other financial institutions authorised by a member state of the EEA or regulated under community legislation or the national law of a member state of the EEA;
- G. persons whose main business consists of dealing on own account in commodities and/or commodity derivatives, where the person is not a part of a group the main business of which is the provision of other investment or banking services;
- H. 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 derivative 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. national governments and their corresponding offices, including public bodies that deal with public debt;
- J. central banks;
- K. supranational organisations;
- L. certain EEA member state undertakings, as determined by the legislation of the said EEA member state in which that undertaking is established;
- M. third country entities and undertakings, equivalent to those categories of entities and undertakings as stated above.

2.3. **Retail Clients** - generally, the Retail Clients is a category of Clients that are neither classified as Professional Clients nor as Eligible Counterparties. This category receives the greatest level of regulatory protection.

3. **PROTECTION AFFORDED TO RESPECTIVE CATEGORIES OF CLIENTS**

3.1. Generally, the Law prescribes for different levels of regulatory protection to be afforded to each of the categories of Clients, in accordance with the perceived level of expertise, sophistication and ability to make own decisions as well as the nature of the relations between Fintailor and the Clients. Generally:

- a) the Retail Clients are afforded the greatest level of regulatory protection;
- b) the Professional Clients are afforded less regulatory protection than the Retail Clients;
- c) the Eligible Counterparties are afforded the lowest level of regulatory protection.

3.2. Where the Company treats a Client as a Retail Client, the Client will be entitled full protections under CySEC rules. In particular:

- the Company is required to provide the Retail Client with information with regard to the Company and its services, the place of execution of the Client's orders;
- the Company is required to provide the Retail Client with the best execution, best price and best possible result when executing the Client's orders;
- the Company is required to disclose to the Retail Client information regarding any fees and commissions that the Company pays or receives;
- the Company will assess the appropriateness of a product or a service that the Company provides to the Retail Client considering his investment objectives, knowledge and experience in the financial markets;
- the Company will provide the Retail Client with risk disclosures on the products and service that the Retail Client select from the Company;
- the Company will provide a statement of the Retail Client's account on a monthly basis;
- the Company will provide the Retail Client coverage from the Investors Compensation Fund.

3.3. The Professional Clients are afforded lower level of regulatory protection than the Retail Clients and different conduct of business rules are applicable to Professional Clients. In particular:

- Professional Clients are not entitled to compensation under the Investor Compensation Fund scheme;
- While applying the Best Execution Policy, Fintailor will not be required to prioritize the overall cost of the transaction as being the most important factor in achieving best execution for Professional Clients;
- For the purpose of assessing appropriateness of any envisaged investment or service, Fintailor is entitled to assume that Professional Clients have the necessary level of experience and knowledge to assess the risks associated with such investment or service. Fintailor is also entitled to assume that a Professional Client is financially capable of bearing any investment risks associated with its investment objectives and activities;
- Fintailor will always follow specific instructions from the Professional Clients when executing the order;
- Fintailor is not obliged to inform Professional Clients of any material difficulties relating to the proper carrying out of their orders promptly upon becoming aware of such difficulty;
- Professional Clients can be provided with fewer information regarding Fintailor, its services and any investments and products (particularly with regards to costs, fees, commissions and other charges and risks associated to particular financial instrument or product).
- the Professional Client is not entitled to compensation under the Investor Compensation Fund.

3.4. The Eligible Counterparties are afforded lower level of regulatory protection than the Profession Clients. In particular:

- Fintailor is not required to provide Eligible Counterparties with best execution when executing orders;
- Fintailor is not required to disclose to Eligible Counterparties information on expenses such as fees, commissions or charges that Fintailor receives or pays.
- Fintailor is not required to assess appropriateness of a product or service that may be provided to Eligible Counterparties and Fintailor is entitled to assume that Eligible Counterparties have the expertise to choose the most appropriate product or service for themselves;
- Fintailor is not required to provide Eligible Counterparties with information regarding Fintailor, its services and arrangements through which Fintailor will be remunerated;
- Fintailor is not required to provide Eligible Counterparties with risk disclosures on the products or services selected;
- Fintailor is not required to provide Eligible Counterparties with reports on the execution of the orders.

- the Eligible Counterparties are not entitled to compensation under the Investor Compensation Fund.

4. CHANGE IN CATEGORIZATION

- 4.1. After Fintailor has categorised the Client as a Retail Client, or a Professional Client, or an Eligible Counterparty, the Client may request for a change in their category, either generally or in respect of a particular investment service or transaction, or type of transaction or product. Fintailor may, either on its own initiative or at the request of the Client concerned:
- (a) treat as a Professional Client or a Retail Client a Client that might otherwise be classified as an Eligible Counterparty pursuant to the Law;
 - (b) treat as a Retail Client a Client that is considered as a Professional Client pursuant to the Law.
- 4.2. It is the responsibility of the Client categorized as an Eligible Counterparty or a Professional Client to ask for a higher level of protection when it deems that it is unable to properly assess or manage the risks involved.
- 4.3. Fintailor may recognise an undertaking as an Eligible Counterparty if that undertaking falls within the categories of Professional Clients specified in sub-paragraphs A, B and C of paragraph 2.1.
- 4.4. A Client that is categorized as a Retail Client may request to be treated as a Professional Client. Such request shall not be effective unless Fintailor performs an assessment of the expertise, experience and knowledge of the Client as provided by the Law and obtains reasonable assurance, in light of the nature of the transactions or services envisaged, that the Client is capable of making its own investment decisions and understanding the risks involved. The fitness test applied to managers and directors of entities licensed in the financial sector under MiFID 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 is the person authorised 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,
 - 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.
- 4.5. It is noted, however, that the Retail Client, who has been categorized as a Professional Client in accordance with paragraph 4.4, shall not be presumed by Fintailor to possess market

knowledge and experience comparable to those possessed by a Professional Client in accordance with paragraph 2.1. The Retail Client who has been categorized as a Professional Client in accordance with paragraph 4.4 may request to be treated as an Eligible Counterparty, but only in respect of the services or transactions for which it could be treated as a Professional Client.

- 4.6. Despite any request for a change in categorization, such change shall not be effective unless and until:
- 1) Fintailor receives such a request in writing, specifying the category requested by the Client and whether the treatment is requested in general or in respect of a particular investment service or transaction, or type of transaction or product;
 - 2) where applicable, the Fintailor gives a clear written warning of the protections and investor compensation rights the Client may lose and the Client states in writing, in a separate document, that they are aware of the consequences of losing such protections;
 - 3) Fintailor determines that all the requirements prescribed by the Law have been satisfied;
 - 4) Fintailor approves of the change in categorization and informs the Client by a notice in a durable medium.