



TRADING POINT ASSET MANAGEMENT LIMITED

CLIENT CATEGORISATION POLICY

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1. Introduction

Trading Point Asset Management Limited is a Cypriot Investment Firm ("CIF") registered with the Registrar of Companies in Nicosia under the number: HE 328593, and regulated by the Cyprus Securities & Exchange Commission ("CySEC") under the license number 256/14 (hereinafter called the "Company").

The Company is operating under the Cypriot Law L. 87(I)/2017 titled "Investment Services and Activities and Regulated Markets Law of 2017" (hereinafter "Law") which transposed the European Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU, as the same may be in force from time to time and modified or amended from time to time (hereinafter "MiFID II").

Following the implementation of the MiFID II, the Company is required to categorise its Clients into "retail", or "professional".

Therefore, when the Company is evaluating an application for opening an account, it will classify a prospective client under any of the above categories based on the information provided by the said client.

2. Client Classification Categories

2.1. "Retail Client" is a client who is not a professional client or an eligible counterparty.

2.2. "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:

2.2.1. 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 above 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;
- (i) other institutional investors (like portfolio investment companies).

2.2.2. Large undertakings meeting two of the following size requirements on a company basis:

- (a) balance sheet total: EUR 20,000,000,-
- (b) net turnover: EUR 40,000,000,-

(c) own funds: EUR 2,000,000,-

2.2.3. 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 (IMF), the European Central Bank (ECB), the European Investment Bank (EIB) and other similar international organisations.

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

2.2.5. Clients who may be treated as “professional clients” on request, following approval by the Company (please see further below under ‘Request for Different Classification’).

The entities mentioned above from (2.2.1) to (2.2.4) are considered to be professional clients in relation to all investment services and activities and financial instruments. The clients mentioned in (2.2.5) may be treated as professional clients generally or in respect of a particular investment service or transaction, or type of transaction or product.

Professional clients are responsible for keeping the Company informed about any change, which could affect their categorisation. Should the Company become aware that the client no longer fulfils the initial conditions which made him eligible for a professional treatment, the Company will take appropriate action.

2.3. “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:

- (a) investment firms;
- (b) credit institutions;
- (c) insurance companies;
- (d) UCITS and their management companies;
- (e) pension funds and their management companies;
- (f) other financial institutions authorised or regulated under Union law or under the national law of a Member State;
- (g) national governments and their corresponding offices, including public bodies that deal with public debt at national level, Central Banks and supranational organisations.

3. Request for Reclassification

A retail client has the right to request a different classification as a “professional client” and, in which case, he/she will be afforded a lower level of protection. The Company is not obliged to deal with him/her under a different classification.

Tests and Criteria

The Company is allowed to treat any of the retail clients such as public sector bodies, local public authorities, municipalities and private individual investors as “professional clients” provided the relevant criteria and procedure mentioned below are fulfilled. These clients shall not, however, be presumed to possess market knowledge and experience comparable to the clients listed in points 2.2.1 to 2.2.4 above.

Any waiver of the protection afforded by the standard conduct of business regime will be effected only if an adequate assessment of the expertise, experience and knowledge of the client is undertaken by the Company

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and gives reasonable assurance, in light of the nature of the transactions or services envisaged, that the client is capable of making his/her own investment decisions and understanding the risks involved.

The “fitness test” applied to managers and directors of entities licensed under Directives of the European Union in the financial services 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 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:

- (a) the client has carried out transactions, in significant size, on the relevant market at an average frequency of ten (10) per quarter over the previous four quarters;
- (b) the size of the client's portfolio of financial instrument, defined as including cash deposits and financial instruments exceeds EUR 500,000;
- (c) the client works or has worked in the financial services sector for at least one year in a professional position, which requires knowledge of the transactions or services envisaged.

Reclassification Procedure

The Company shall follow the procedure below when a client requests to be reclassified into a different classification category:

I. Reclassification of a retail client into professional client

The retail clients may waive the benefit of the detailed rules of conduct and be reclassified as “professional clients” only where the following procedure is followed:

- (a) 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;
- (b) the Company will give them a clear written warning of the protections and investor compensation rights they may lose;
- (c) they must state in writing, in a separate document from the contract, that they are aware of the consequences of losing such protections and accept them;
- (d) before deciding to accept any request for waiver, the Company is required to take all reasonable steps to ensure that the client requesting to be treated as a professional client meets the relevant tests and criteria of section “Tests and Criteria” above.

II. Reclassification of a professional client into retail client

Any professional client has the right to request to be reclassified as a “retail client” in order to obtain a higher level 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 will specify whether this applies to one or more particular services or transactions, or to one or more types of products or transactions.

4. PROTECTION RIGHTS

4.1. Main Protection Differences based on Client's Categorisation

4.1.1. Where the Company treats the Client as a Retail Client, he/she will be afforded with the highest level of protection under the Cypriot Investment Services Law, as subsequently amended from time to time (the "Law"), relative to Client categorised as a Professional Client or Eligible Counterparty. The protections lost and/or restricted in relation to Professional Clients include, among others:

- (a) The simplicity and frequency in which the Company communicates with Professional Clients may be different to the way in which it communicates with Retail Clients. Although the Company will ensure that any communication/information towards all of its Clients remains fair, clear and not misleading, it is not obliged to comply with the rules relating to restrictions on and the required contents of the information that needs to be communicated. The Company is required to provide additional information in relation to transactions in complex financial instruments to Retail Clients, including detailed risk warnings and notices, but not required to do the same for Professional Clients.
- (b) The type of information that the Company provides to Retail Clients about itself, its services and its products and how it is remunerated differs to what the Company provides to Professional Clients. In particular:
 - i. the Company is obliged to provide information on these areas to all Clients but the granularity, medium and timing of such provision may be less specific for Clients that are not Retail Clients;
 - ii. there are particular restrictions on the remuneration structure for staff providing services to Retail Clients which may not be applicable in respect of staff providing services to Professional Clients; and
 - iii. the information which the Company provides in relation to costs and charges for its services and/or products may not be as comprehensive for Professional Clients as it would be for Retail Clients.
- (c) When handling orders on behalf of Retail Clients, the Company has an obligation to inform them about any material difficulties in carrying out the orders. This obligation may not apply in respect of Professional Clients.
- (d) When providing Professional Clients with best execution, the Company is not required to prioritise the overall consideration, i.e. price and costs of the transaction, as being the most important factor in achieving best execution (i.e. price is an important factor but the relative importance of other different factors, such as speed, costs and fees may vary). Apart from cases where you give us with specific instructions, we will provide you with best execution as defined by the Law, regardless of your categorisation. Please read our Order Execution Policy which sets out the basis upon which we seek to provide best execution.
- (e) The Company is required to assess whether its products are appropriate when the latter relate to a Retail Client ("assessment of appropriateness"). However, in respect of Professional Clients, the Company is entitled to assume that they have the necessary level of knowledge, experience and expertise to understand the risks involved in a transaction in products and services for which they are classified as a Professional Client. Notwithstanding the latter, Elective Professional Clients shall not be assumed to possess the said necessary level of knowledge, experience and expertise as is the case for the Per Se Professional Clients.
- (f) In relation to the Company's reporting obligations towards Clients, the timeframe for providing confirmation that an order has been carried out is more rigorous for Retail Clients' orders than Professional Clients' orders.
- (g) The Company's Retail Clients fall under the Investor Compensation Fund scheme ("ICF"), the main objective of which, is to secure the claims of covered Clients of regulated Cyprus Investment Firms ("CIFs") that are members of the Fund up to an amount determined by the relevant Law, in case where CIFs are unable to fulfil their financial obligations. Professional clients are considered as non-eligible for compensation from the ICF.
- (h) Professional Clients may lose their right to refer complaints to either the CySEC or the Financial Ombudsman. Some Professional Clients and Eligible Counterparties, such as large institutions and CySEC regulated firms, will not be considered as an eligible complainant for referrals to the Financial Ombudsman.

- (i) The Company owes a higher duty of liability towards Retail Clients than to Professional Clients.
- (j) The requirements under the applicable Client Money rules are more prescriptive and provide more protection in respect of Retail Clients than in respect of Professional Clients. However, we will treat your money as Client Money in accordance with the applicable Client Money rules, regardless of your categorisation, unless we have agreed otherwise in writing.

4.1.2. Where the Company treats the Client as an Eligible Counterparty, the Client will be entitled to less protection under the Law than they would be entitled to as a Professional Client. In particular, and in addition to the above:

- (a) The Company is not required to provide Eligible Counterparties with best execution when executing their orders.
- (b) The Company is not required to disclose to such Clients any information regarding any fees or commissions that the Company pays or receives.
- (c) The Company is not required to assess the appropriateness of a product or service that it provides to such Clients but may assume that they have the expertise to choose the most appropriate product or service for him/her/them and that he/she/they is/are able financially to bear the risks that are consistent with his/her/its investment objectives;
- (d) The Company is not required to provide such Clients information about the Company, its services and the arrangements through which the Company is remunerated.
- (e) The Company is not required to provide such Clients with risk disclosures on the products or services offered that he/she/they select/s.
- (f) The Company is not required to provide reports to Eligible Counterparties on the execution of his/her/their orders.