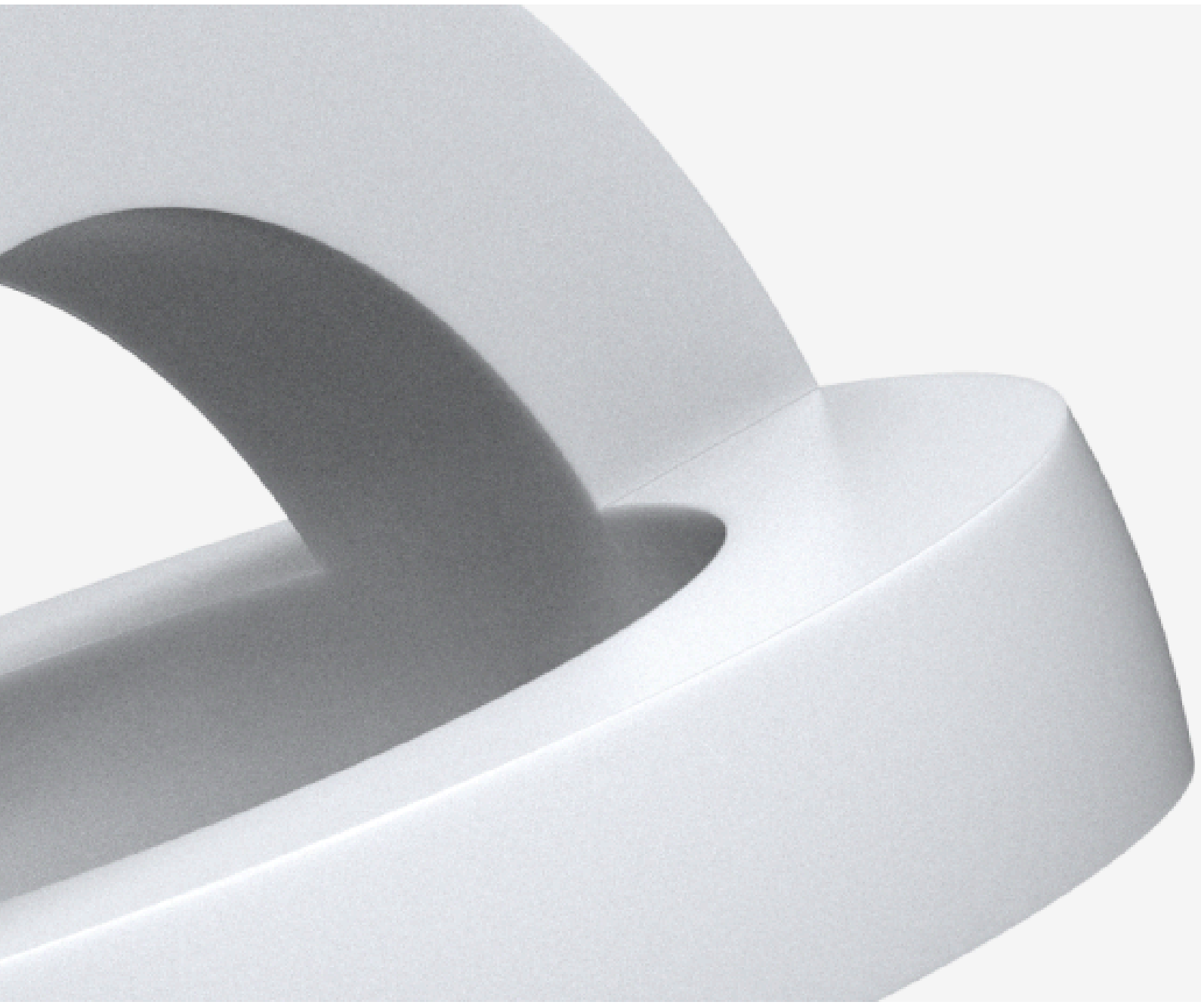


exness

Client Categorization Policy

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1. Introduction

Exness (Cy) Ltd (the “Company”) is authorized and regulated by the Cyprus Securities and Exchange Commission (“CySEC”) under CIF license number 178/12 and is incorporated in Cyprus under the Companies Law with registration number HE 293057.

The Client Categorization Policy (the “Policy”) forms an integral part of the Client Agreement, as outlined in the Trading Agreement. It provides information on procedures the Company follows in accordance with the requirements of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets financial instruments, and amending Directive 2002/92EC and Directive 2011/61EU (“MiFID II”) on how the Company classifies its clients into the applicable categories, as defined by relevant rules and regulations.

According to the Investment Services and Activities and Regulated Markets Law of 2017 L. 87(I)/2017 (the “Law”), regarding the provision of investment services, the exercise of investment activities and the operation of regulated markets which transposed MiFID II into CySEC legislation and CySEC rules, Cyprus Investment Firms (“CIFs”) must categorize their clients into any one of the following three categories: Retail, Professional or Eligible Counterparty. It is stressed that different rules and different levels of protection apply to clients depending on their categorization. The Company notifies each client of his/her categorization taking into consideration relevant applicable information and in accordance with applicable legislation.

Exness (Cy) Ltd currently accepts only Professional clients and Eligible Counterparties. Additionally, in exceptional cases it may categorize a client as an Elective Professional client (“EPC”) as defined in section 2 of the Trading Agreement. Moreover, the Company does not engage in transactions with Retail clients. Accordingly, if a client does wish to be treated as a Retail client it may cease to be a client of the Company either entirely or in respect to a specific transaction.

2. Client Classification Categories

2.1 Retail Clients

A Retail client is a client who is not a Professional client or an Eligible Counterparty. Generally, Retail clients are not considered to have a relevant and/or sufficient knowledge and experience for investments. Retail clients are afforded with the highest level of protection by the Law.

As noted above, the Company accepts only Professional clients and Eligible Counterparties. Retail clients are not accepted.

2.2 Professional Clients

A Professional client is classified as either a Per se Professional client or an Elective Professional client (clients who may be treated as professionals upon request), as outlined below in section 3.2. A Professional client is deemed to have the experience, knowledge and expertise to make his own investment decisions and appropriately assess the risks that he/she incurs. Per se Professional clients, according to the relevant provision of the Law, are the following clients:

a) Entities which are required to be authorized or regulated to operate in the financial markets such as:

- Credit institutions;
- Investment firms;
- Other authorized or regulated financial institutions;
- Insurance companies;
- Collective investment schemes and management companies of such schemes;
- Pension funds and management companies of such funds;
- Commodity and commodity derivatives dealers;
- 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;

- Other institutional investors.
- b) Large undertakings that meet at least two of the following requirements:
- Balance sheet total at least EUR 20.000.000;
 - Net turnover at least EUR 40.000.000;
 - Own funds at least EUR 2.000.000.
- c) National and regional governments, 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 organizations.
- d) Other institutional investors whose main activity is to invest in financial instruments, including entities dedicated to the securitization of assets or other financing transactions.

2.3 Eligible Counterparties

Eligible Counterparties according to the relevant provisions of the Law are 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: investment firms, credit institutions, insurance companies, UCITS and UCITS management companies, pension funds and their management companies, other financial institutions authorized by a member state or regulated under the laws of Cyprus or under European Union law, national governments and their corresponding offices, including public bodies that deal with public debt at national level, central banks, the Central Bank and supranational organizations. Furthermore, other undertakings meeting pre-determined proportionate requirements, including quantitative thresholds can be considered as Eligible Counterparties. The Law recognizes as Eligible Counterparties, third country entities which are equivalent to those categories of entities referred to above.

3. Reclassification request

3.1 Procedure

- a) The clients must provide a written notice to the Company if they wish to change their client categorization, either entirely or in relation to a specific investment service, transaction, or type of transaction or product.
- b) The Company must provide the client with a clear written warning of the protection and investor compensation rights it may lose as applicable.
- c) The clients must provide a written statement, in a separate document from the main Agreement, acknowledging that they understand the consequences of losing such protections, where applicable.
- d) Before accepting any waiver request, the Company must take all reasonable steps to ensure that the client requesting to be treated as a Professional client or Eligible Counterparty meets the relevant legislative requirements.

All clients are responsible for informing the Company of any changes that could affect their categorization. However, if the Company becomes aware that the client no longer meets the conditions for professional treatment, the Company will take the appropriate action.

The following apply should a client of a CIF wish to change its categorization:

- a) A Retail client may request to be reclassified as an Elective Professional client, thereby accepting a lower level of protection.
- b) A Professional client may request to be reclassified as a Retail client, thereby receiving a higher level of protection.
- c) A Per se Professional client may request to be reclassified as an Eligible Counterparty, thereby accepting a lower level of protection.
- d) An Eligible Counterparty may request to be reclassified as a Professional client or a Retail client, thereby receiving a higher level of protection.

It is noted that it is up to the discretion of the Company to accept or reject any such request for change of categorization. It is clarified that the Company does not engage in transactions with Retail clients. It accepts only Professional clients and Eligible Counterparties, and it may categorize a Client as an Elective Professional client in

exceptional cases as defined in section 2 of the Trading Agreement. Accordingly, if the client does wish to be treated as a Retail client it may cease to be a client of the Company either entirely or in relation to a specific transaction.

3.2 Elective Professional Client

Retail clients may also request to be treated as Elective Professional clients and hence waive some of the protection afforded by the Law. It is clarified that the Company may categorize a client as an Elective Professional client in exceptional cases and it is allowed to treat any such clients as Elective Professionals provided the relevant requirements of the Law are fulfilled. These clients should not, however, be presumed to possess market knowledge and experience comparable to that of Professional clients (see paragraph 2.2 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.

To ensure this, the Company will conduct a fitness test to evaluate the client's expertise and knowledge. During the assessment, at least two of the following criteria must be met:

- 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 EUR 500 000;
- 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. Protection rights

As previously mentioned, the Company may categorize a client as a Professional client, or an Eligible Counterparty, or, in exceptional cases, as an Elective Professional client, as outlined in section 2 of the Trading Agreement. The Company does not engage in

transactions with Retail clients. Therefore, if a client does wish to be treated as a Retail client it may cease to be a client of the Company either entirely or in relation to a specific transaction.

Clients may request to change their client categorization as per paragraph 3.1 above. However, the Company retains full discretion to approve or reject such requests. The Company will notify clients in writing of their categorization prior to the provision of any services.

Where an investment firm treats a client as a Retail client, the client is entitled to increased protection under the Law, than if the client was treated as a Professional client and/or Eligible Counterparty. In summary, the following apply (the list may not be exhaustive):

a) Clients shall be provided with appropriate information 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. The level of detail of the information to be provided may vary according to whether the client is categorized as a Retail client or, a Professional client or, an Eligible Counterparty. Clients categorized as Retail clients shall be provided with more information than clients categorized as Professional clients or Eligible Counterparties.

b) According to the Law, where an investment firm is providing the services of reception & transmission of orders and/or execution of client orders, it 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 investment firm to assess whether the investment service or product envisaged is appropriate for the client. In case the investment firm considers, based on the information received, that the product or service is not appropriate to a Retail client, it shall warn the client accordingly as per the relevant legislation. Please note that an investment firm is not required to assess appropriateness in certain cases specified by the Law (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 and/or an Eligible Counterparty 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 and/or an Eligible Counterparty. Consequently, and unlike the situation with a Retail client, an investment firm shall 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 and/or an Eligible Counterparty.

- c) When executing Retail and/or Professional client orders, an investment firm must take all sufficient steps to achieve what is called “best execution” of the client’s orders; that is to obtain the best possible result for its clients.
- d) As per the Law where an investment firm 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.
- e) The Company is not required to provide Eligible Counterparties with best execution when executing Eligible Counterparty 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.
- f) An investment firm shall inform Retail clients of material difficulties relevant to the proper carrying out of their order(s) promptly upon becoming aware of the difficulty in line with the Law.
- g) Retail clients may be entitled to compensation under the Investor Compensation Fund (“ICF”) for clients of investment firms as required by Law, while Professional clients and/or Eligible Counterparties are not entitled to compensation under the ICF.
- h) Where an investment firm executes orders for Retail clients, it shall provide those clients with a summary of the relevant execution policy focused on the total costs they incur.
- i) Where an investment firm holds a Retail client account with positions in leveraged financial instruments or contingent liability transactions, it must report to the client if the initial value of each instrument depreciates by 10% and thereafter at multiples of 10%.
- j) According to the Law an investment firm is restricted to 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.

k) As per the Law where an investment firm provides information, which contains an indication of past performance of a financial instrument, a financial index or an investment service and the indication relies on figures denominated in a currency other than that of the Member State in which the Retail client is resident, the currency shall be clearly stated to the Retail client, together with a warning that the return may increase or decrease as a result of currency fluctuations.

l) An investment firm is obliged to limit the maximum amount of leverage provided to Retail clients while the said limitations may not apply to Professional clients and/or to Eligible Counterparties.

m) Retail clients shall be provided with negative balance protection and as such, may not lose more than the total amount deposited in their trading account as required by Law. Professional clients and/or Eligible Counterparties shall not be provided with negative balance protection.