

# Customer Categorisation

Version 4.0

## 1. Introduction

1.1. Forextime Ltd (Cyprus) Ltd (hereinafter the “Company”) is registered and incorporated under the laws of Cyprus with registration number HE310361 and it is authorized as a Cyprus Investment Firm (“CIF”) by the Cyprus Securities and Exchange Commission (hereinafter the “CySEC”) with authorization number 185/12.

The Company is operating under the Investment Services and Activities and Regulated Markets Law 87(I)/2017 (the “Law”) which transposed into national legislation the EU Markets in Financial Instruments Directive (hereinafter “MiFID II”).

1.2. In compliance to Law 87(I)/2017 (the Law), each Client is categorized by the Company as a “an Elective Professional Client” or a “Professional Client”. In addition, certain professional Clients may be further categorized as “Eligible Counterparties”. Categorisation is undertaken based on objective criteria. A Client may be placed in different categories for particular investment services or transactions or types of transactions or products. The Company notifies each Client of his categorisation.

1.3. It is stressed that different rules and different levels of protection apply to Clients depending on their categorisation.

## 2. Definitions

“**Retail Client**” is a client who is neither a Professional Client nor an Eligible Counterparty.

“**Professional Client**” is a client who possesses the experience, knowledge and expertise to make his own investment decisions and properly assess the risks that it incurs. In order to be considered a Professional Client, a client must comply with one of the following criteria:

### A. Per se Professional Clients

- i 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 under the Markets in Financial Instruments Directive, entities authorized or regulated by a Member State without reference to the above Directive, and entities authorized or regulated by a non-Member State:
  - (a) Credit Institutions.
  - (b) Investment Firms.
  - (c) Other Authorized 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.
- ii Other Institutional Investors (like Portfolio Investment Companies).
- iii 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
- iv National and regional governments, public bodies that manage public debt, Central Banks, international and supranational institutions such as the World Bank, the IMF, the ECB, the EIB and other similar international organizations.
- v Other institutional investors whose main activity is to invest in financial instruments, including entities dedicated to the securitization of assets or other financing transactions.

## **B. Elective Professional Clients**

Clients, other than those mentioned in paragraph 2(A) who requested to be treated as Professional Clients, including:

- Public sector bodies.
- Local public authorities.
- Municipalities.
- Private individual investors.

Clients who may be treated as professionals on request, following approval by the Company (please see further below under 'Opt-up for Retail Clients').

The entities mentioned above from paragraph 2(A)(i) to (iv) are considered to be professionals in relation to all investment services and activities and financial instruments. The Clients mentioned in (v) may be treated as professionals generally or in respect of a particular investment service or transaction, or type of transaction or product.

## **C. Eligible Counterparty**

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) Cyprus Investment Firm

- (b) Other investment firms
- (c) Credit institutions
- (d) Insurance companies
- (e) UCITS and UCITS management companies
- (f) Pension funds and their management companies
- (g) Other financial institutions authorized by a Member State or regulated under the laws of Cyprus or under European Union law
- (h) National governments and their correspond offices, include public bodies that deal with public debt at national level
- (i) Central banks
- (j) and supranational organizations.

Moreover, those included in Section 31(2)(b), (31)(3) and 31(4) of the Law.

### 3. Opt-Down

The Company does not onboard Retail Clients and hence a client who has been categorized as a Professional Client cannot request the Company to be treated as a Retail Client.

An Eligible Counterparty may, at any time, request the Company to be treated as a Professional Client. If the Company accepts such a request, the Client shall enter into a written agreement with the Company. The agreement will specify the particular services or transactions, or the types of products or transactions to which the opt-down applies.

### 4. Opt – Up

#### **4.1. Opt-up for Elective Professional Clients**

A Client may ask the Company in writing to be treated as an Elective Professional Client (and hence may lose certain protection and investor compensation rights), either generally or in respect of a particular investment service or transaction, or type of transaction or product. The Company may, at its discretion, decide not to take into consideration such treatment and thus proceed with termination of this Client.

If the Company agrees to take into consideration such a request, it will upon receipt of such a request assess whether the Client meets the requirements. The Company will further assess the expertise, experience and knowledge of the Client and any other element that it deems appropriate. During the above assessment, as a minimum, two of the following criteria should be satisfied:

- i. 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,
- ii. the size of the Client's financial instrument portfolio, defined as including cash deposits and financial instruments exceeds EUR 500 000,

- iii. 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.

The Company will notify the Client if and when it agrees to categorize the Client as an Elective Professional Client. However, if the Client wishes to opt-up and the Company agrees to such categorisation, the Client will lose the protection afforded by law. This may include, but is not limited to:

- i. the Company's obligation to provide appropriate information to the Client before providing the Services.
- ii. the restriction on the payment or receipt by the Company of any inducements.
- iii. the Company's obligation to ensure that all information the Company provides to the Client is fair, clear and not misleading.
- iv. the requirement that the Client receives from the Company adequate reports on the services provided to him; and
- v. the Client's coverage under the Investor Compensation Fund.

#### **4.2. Opt-up for Professional Clients**

Clients that have been categorized as Professional Clients and that meet the opt-up conditions may, with their express consent, be treated as Eligible Counterparties either for all services for which such opt-up is permitted by law or in respect of a particular investment service or transaction, or type of transaction or product.

## **5. Changes to Professional Client/Eligible Counterparty Categorisation**

Elective Professional Clients, Professional Clients and Eligible Counterparties are responsible for keeping the Company informed of any change which could affect their categorisation as such. If the Company becomes aware that an Elective Professional Client or Professional Client or Eligible Counterparty no longer fulfils the initial conditions that made him eligible for a Professional Client/Eligible Counterparty treatment, it may take appropriate action, including re-categorizing the Client as a Professional Client or terminating the business relationship with the Client.

## **6. Procedure**

Those clients may waive the benefit of the detailed rules of business conduct 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 must 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.

Before deciding to accept any request for waiver, the Company must be required to take all reasonable steps to ensure that the client requesting to be treated as a Professional Client meets the relevant requirements stated in paragraph 4.1. of this Policy.

## 7. Retail Clients

The Company does not collaborate with Clients who are categorized as Retail Clients.