

Clients' Categorization Policy

Exinity UK Ltd

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1. INTRODUCTION

Before conducting investment business with or for a client, Exinity UK Ltd (the “Company”) must establish whether the client is a Retail Client, Professional Client (Per Se or Elective), or an Eligible Counterparty. Details of how to classify clients are provided in the Conduct of Business Sourcebook element of the FCA’s Handbook specifically COBS 3.4 (Retail Clients), COBS 3.5 (Professional Clients) and COBS 3.6 (Eligible Counterparties). Categorisation is undertaken on the basis of 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 as a Retail Client or Professional Client or, as the case may be, Eligible Counterparty.

2. DEFINITIONS

“**Retail Client**” is a Client who is neither a Professional Client nor an Eligible Counterparty. Except for Clients who meet the requirements set out in point 3 below or unless informed otherwise in writing, all Clients are categorized as Retail Clients.

“**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:

- i 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, whether authorized by a Member State or a third country and whether or not authorized by reference to a directive:
 - (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).
- ii 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
- iii 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 organisations.
- iv Other institutional investors whose main activity is to invest in financial instruments, including entities dedicated to the securitisation of assets or other financing transactions.

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 (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.

FXTM must categorise a local public authority or municipality which does not manage public debt as a retail client, unless it is permitted to treat such a person as an elective professional.

There are two test a retail client must meet in order to become an elective professional client under COBS 3.5.3.

“Eligible Counterparty” is each of the following: an investment firm, a credit institution, an insurance company, a collective investment scheme authorized under UCITS Directive or its management company, a pension fund or its management company, another financial institution authorized or regulated under EU legislation or the national law of an EEA State, an undertaking exempted under the application of MiFID (e.g. certain own account dealers in commodities or commodity derivatives), a national government or its corresponding office, including a public body that deals with the public debt at national level, a central bank, a supranational organization.

3. OPT-DOWN

A Client that has been categorised as a Professional Client may, at any time, request the Company to be treated as a Retail Client (and hence benefit from the higher level of protection of Retail Clients). Likewise, an Eligible Counterparty may, at any time, request the Company to be treated as a Professional Client or as a Retail 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 Retail Clients

A Client who has been categorised as a Retail Client by the Company may ask the Company in writing to be treated as a 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.

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 objective opt-up conditions. The Company will further assess the expertise, experience and knowledge of the Client and any other element that it deems appropriate. In the course of 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 categorise the Client as a Professional Client. A Retail Client must inform the Company in writing to specifically stipulate that they wish to change categorisation from Retail Client to Professional Client. The Company will assess the clients' request following the criteria as noted above, and then write to the client with the conclusion to accept or reject his/her request.

If the Company accepts the clients' request then they must write to the client (details of which can be provided within the same categorisation letter provided in Annex,) warning them that they will lose their investor and regulatory protection (investor compensation) rights and asking the client to confirm and accept that they still want to proceed on this basis in writing. 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 Financial Services Compensation Scheme.

Only when this confirmation in writing has been received can the Company treat the client as an Elective Professional Client.

4.2. Opt-up for Professional Clients

Clients that have been categorised 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 CATEGORIZATION

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 a 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-categorising the Client as a Professional Client or a Retail Client.

ANNEX

PROFESSIONAL CLIENT LETTER

Letter Ref:

Date:

Dear (Client name),

Under FCA rules, we must classify our clients under one of the following: Retail Client, Professional Client or an Eligible Counterparty. A description of Retail and Professional which you could be categorized as is noted below:

Retail Client

All clients are initially classified as a Retail Client unless we classify them as Professional. Retail Clients receive the highest level of FCA protection including segregation of funds, access to the Financial Ombudsman and Financial Services Compensation Scheme.

Professional Clients

Professional Clients have fewer FCA protections than a Retail Client and are considered to be more experienced, knowledgeable and sophisticated and able to assess their own risk and so afforded fewer regulatory protections.

For the purpose of clarity, there are 2 ways in which we classify clients as Professional:

1. You can be a “Per Se Professional Client”.

The assessment undertaken here indicates to us that you are:

1. A regulated Investment Firm, Credit Institution, Insurance companies and other authorised, regulated firms and pension funds;
2. A corporate meeting the following large undertaking financial criteria:
 - a. Balance sheet total of €20m;
 - b. Net turnover of €40m;
 - c. Own funds of €2m;
3. National and regional governments, public bodies that manage public debt, central banks and international and supranational institutions;
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. Retail Clients electing to become Professional under “Elective Professional Client” process.

The assessment undertaken for this category, requires careful consideration as you are “electing” to change your status to Professional. We must check whether:

1. A client passes a “Qualitative test” - We assess their knowledge, experience and expertise to ensure they are capable of making their own investment decisions using our internal “know your client” process;
2. A client passes a “Quantitative test” and satisfy 2 of the following:
 - a. Client has carried out transactions, in significant size and averaged a frequency of over 10 trades per quarter in relevant market over the period of the last 12 months;
 - b. Value of investment portfolio and cash investments over €500,000;
 - c. Be employed or had been employed in the relevant financial sector for over a year in a professional position which requires knowledge of the transactions or services envisaged.

Following the assessment related to “Per Se Professional Client” or “Elective Professional Client”, under FCA rules we will provide you written notification of the consequences of opting-up to “Professional status” (Please see Appendix A attached to this letter that covers the areas) and would then require your acceptance of the “Professional status” in writing.

For Elective Professional clients we will assess your request using the above criteria and we will then write again and confirm whether we have accepted the categorisation or rejected the request giving our reasons.

The requirement to classify a client correctly is important because the different categories of client have different levels of regulatory protections afforded to them under the FCA Rules.

In relation to the above, should this notification alter in any way your request, please contact us immediately.

If you require any further information, please do not hesitate to contact us.

Yours Faithfully,

Name

APPENDIX A

Following receipt of your written request in which you stated that you wish to be treated as a Professional Client, this provides a warning of the protections and investor compensation rights that you may lose.

Access to the Financial Ombudsman Service

As a result of a re-categorisation as a Professional Client you will lose the right of access to the Financial Ombudsman Service.

Access to the Financial Services Compensation Scheme

As a result of a re-categorisation as a Professional Client you will lose the right of access to the Financial Services Compensation Scheme

Financial Promotions

Certain rules regarding the form and content of financial promotions will not be applicable. In particular, in any financial promotions we communicate or approve which identifies or promotes a specific investment we will not be required to provide you with a comprehensive description of the nature of the investment, the commitment required or the risks involved.

Disclosure of charges, remuneration or commission

The rules of the FCA do not require us to inform you, in writing, of the basis or amount of our charges applicable to the services we will be providing and the nature or amount of any other income receivable by ourselves or our associates which is attributable to those services. When recommending or arranging the sale of a packaged product we will not be required to disclose in cash terms any commission (or commission equivalent) receivable by ourselves or our associates in connection with the transaction.

Customer's understanding of Risk

We are not obliged to ensure that you understand the nature of any risks involved in any specific investments or transactions that we recommend to you. We will assume that you are in a position to judge the kind and degree of risk attached to the various types of investments.

Modification of certain rules

FCA rules also allow us to modify the application of the rules relating to confirmation of transactions, periodic statements, best execution, custody of assets and client money. If any of these apply we will explain the potential consequences to you in full.

Clear, Fair and Not Misleading Communications

We will have regard to your expertise when complying with the requirement under the regulatory system that communications must be clear, fair and not misleading.

I confirm that I have read and understood the terms of becoming a Professional Client and I am aware of the consequences of losing such protections and want to proceed under the Professional Client categorisation.

I also understand that by signing this letter that I will become subject to the rights and obligations of Professional Clients as these are referred in the Clients' Categorisation Policy of the Company.

Client Name:

Date:

Signature: