



CUSTOMER CATEGORIZATION

1. General

1.1. In compliance with 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").

In accordance with the implementation of the MiFID II, the Company is required to categorise its Clients into one of the following three categories: "retail", "professional" or "eligible counterparty".

Categorization 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 categorization as a Retail Client or Professional Client or, as the case may be, Eligible Counterparty.

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

2. "Retail Client"

2.1. is a Client who is not a Professional Client by default. 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. It is noted that Retail Clients are afforded with the highest level of protection.

3. "Professional Client"

3.1. is a Client who possesses the experience, knowledge and expertise to make his own investment decisions and properly assess the risks that he incurs.

3.2. Professional Clients by Default

In order to be considered a Professional Client by default, a Client must comply with one of the following criteria:

(1) 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 (i.e. third country):



- (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: 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.
 - (i) Other Institutional Investors whose main activity is to invest in financial instruments, including entities dedicated to the securitization of assets or other financing transactions. (like Portfolio Investment Companies).
- (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
- (3) 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.
- (4) Other institutional investors whose main activity is to invest in financial instruments, including entities dedicated to the securitization of assets or other financing transactions.

3.3. Non-Professional Clients who may be Treated as Professional on Request

Clients not mentioned in paragraph 3.2 above may be treated as Professionals on request, following approval by the Company (please see below paragraph 6.2 - '**Opt-up for Retail Clients**') and hence waive some of the protections afforded by the Law.



The entities mentioned above from (1) to (4) under paragraph 3.2 are considered to be professionals in relation to all investment services and activities and financial instruments. They must however be allowed to request non-professional treatment and investment firms may agree to provide a higher level of protection. Where the client of the Company is an undertaking referred to above, the Company will inform it prior to any provision of services that, on the basis of the information available to the Company, the client is deemed to be a professional client, and will be treated as such unless the Company and the client agree otherwise. The client will be informed that he/she can request a variation of the terms of the agreement in order to secure a higher degree 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 shall specify whether this applies to one or more particular services or transactions, or to one or more types of product or transaction.

The Clients mentioned in paragraph 3.3 above may be treated as professionals generally or in respect of a particular investment service or transaction, or type of transaction or product.

4. "Eligible Counterparty"

4.1. "Eligible Counterparty" is an undertaking which falls within categories (a), (b) and (c) of the Clients who are considered to be Professional by default (of paragraph 3.2 above) and/or those included in Sections 31 (2) (such as investment firms, UCITS and their management companies, pension funds and their management companies and other financial institutions authorized by a Member State of the European Union law national government and their corresponding offices, including public bodies that deal with public debt at national level, central banks, the Central Bank and supranational organizations) 31(3) and 31(4) of the Law.

The Eligible Counterparty category is applicable only for the investment services of reception and transmission of orders on behalf of Clients and/or execution of such orders.

4.2. Classification as an eligible counterparty under the above paragraph is without prejudice to the right of such entities to request, either on a general form or on a trade-by-trade basis, treatment as clients whose business with the Company is subject to sections 25, 26, 28 and 29 of the Law L. 87(I)/2017.

In the event of a transaction where the prospective counterparty is located in another EU Member State, the Company shall defer to the status of the other undertaking as determined by the legislation of the said Member State in which that undertaking is established.

5. Opt-down



5.1. In accordance with the Customer Categorization and the applicable legislation, the following Opt-Down requests may be submitted in writing to the Company:

(a) A Client that has been categorized as a Professional Client may, at any time, request from the Company to be treated as a Retail Client and hence benefit from the higher level of protection (see paragraph 7.1 below).

(b) An Eligible Counterparty may, at any time, request from the Company to be treated as a Professional Client or a Retail Client and hence benefit from the higher level of protection.

5.2. 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.

5.3. It is noted that the Company is not required to agree with a request for non-professional or non-Eligible Counterparty treatment. In addition, the Company may, on its own initiative, treat as a Professional or Retail Client an Eligible Counterparty or treat as a Retail Client a Professional Client.

5.4. Clients wishing to change their Client Categorisation, they may contact the Company at support@europafx.com.

6. Opt-up

6.1. In accordance with the Customer Categorization and the applicable legislation, the following Opt-Up requests may be submitted to the Company:

6.2 Opt-up for Retail Clients.

A Client who has been categorized 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 (see paragraph 7.1 below), either generally or in respect of a particular investment service or transaction, or type of transaction or product. When the Company receives such a request, it evaluates whether the Client meets the objective opt-up conditions.

6.2.1. Assessment/Fitness Test

The Company will further assess the expertise, experience and knowledge of the Client and any other element that it deems appropriate in order to ensure that the said Client is capable of making his own investment decisions and understands the risks involved. 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 10 per quarter over the previous four quarters,



(b) the size of the Client's financial instrument portfolio, defined as including cash deposits and financial instruments exceeds EUR 500 000,

(c) 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.

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.

6.2.3. Procedure

Before deciding to accept any request for waiver, the Company will take all reasonable steps to ensure that the Client requesting to be treated as a professional client meets the relevant requirements stated.

The Company will notify the Client if and when it agrees to categorize the Client as a Professional Client. Moreover, if the Company agrees to such categorization, the Company will give a clear written warning of the protections and investor compensation right they might lose. When the Client receives a written warning, he/she must state in writing, in a separate document from the contract, that they are aware of the consequences of losing such protection.

6.3. Opt-up for Professional Clients

6.3.1. A Professional Client of paragraph 3.2 above can request to be categorised as a Retail Client and hence obtains 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.

6.3.2. 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 should specify whether this applies to one or more particular services or transactions, or to one or more types of product or transaction.

6.3.3. It is noted, it is not possible to treat an elective Professional Client as an Eligible Counterparty and such opt-up is not possible according to the applicable regulations. For example, a Retail Client who has opted up to professional client status is not allowed to opt-up another step to Eligible Counterparty status.

7. Protection Rights

7.1. Retail and Professional Clients

Where the Company treats a Client as a Retail Client, the Client is entitled to more protections under the Law, than if the Client was treated as a Professional Client. In summary, the protections Retail Clients are entitled to are as follows (the list may not be exhaustive):



- (a) A Retail Client will be given more information disclosures 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 and the safeguarding of Client financial instruments and Client funds, including summary details of any relevant investor compensation or deposit guarantee scheme, as applicable.
- (b) Where the Company is providing the services of Reception & Transmission of orders and/or Execution of Client orders, the Company 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 Company to assess whether the investment service or product envisaged is appropriate for the Client. In case the Company considers, on the basis of the information received, that the product or service is not appropriate to a Retail Client, it shall warn the Client accordingly. Please note that the Company is not required to assess appropriateness in certain cases specified by the Law 87(I)/2017 (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 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. Consequently, and unlike the situation with a Retail Client, the Company should 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.

- (c) When executing Client orders, the Company 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.

Where the Company 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.

- (d) The Company must inform Retail Clients of material difficulties relevant to the proper carrying out of their order(s) promptly upon becoming aware of the difficulty.
- (e) Where the Company executes orders for Retail Clients, it shall provide those Clients with a summary of the relevant policy focused on the total costs they incur.
- (f) Retail Clients may be entitled to compensation under the Investor Compensation Fund (“ICF”) for Clients of Investment Firms, while Professional Clients are not entitled to compensation under the ICF.



- (g) Where the Company holds a retail Client account with positions in leveraged financial instruments or contingent liability transactions, the firm must report to the Client if the initial value of each instrument depreciates by 10% and thereafter at multiples of 10%.
- (h) The Company cannot 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.
- (i) Retail Clients will be provided with negative balance protection and as such, may not lose more than the total amount deposited in their trading account. Professional Clients and/or Eligible Counterparties will not be provided with negative balance protection.

7.2. Eligible Counterparties

Where the Company treats the Client as an Eligible Counterparty, the Client will be entitled to fewer protections under the Law than it would be entitled to as a Retail or Professional Client. In particular and in addition to the above of paragraph 7.1 (the list may not be exhaustive):

- (a) The Company is not required to provide the Client with best execution in executing the Client's 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.
- (b) The Company is not required to implement procedures and arrangements which provide for the prompt, fair and expeditious execution of its Client orders, relative to other Client orders or its trading interests.
- (c) The Company is not required to assess the appropriateness of a product or service that it provides to Client but can assume that the Client have the expertise to choose the most appropriate product or service for itself and has the ability to bear losses.
- (d) The Company is not required to provide the Client with information about the Company's execution venues, the arrangements through which the Company will be remunerated and other relevant information.
- (e) The Investors Compensation Fund does not cover Eligible Counterparties.
- (f) The Company is not required to ensure that its financial instruments are designed to meet the needs of an identified target market of Eligible Counterparties.



(g) The Company, when dealing with Eligible Counterparties, is not required to ensure that it does not remunerate its staff in a way that conflicts with its duty to act in the best interests of its Clients and that it does not accept any fees/commissions in relation to the provision of services to Clients.

However, Eligible Counterparties will be entitled to the same reporting obligations as they apply to Retail and Professional Clients.

8. Changes to Professional Client / Eligible Counterparty categorization

8.1. Professional Clients and Eligible Counterparties are responsible for keeping the Company informed of any change which could affect their categorization 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-categorizing the Client as a Professional Client or a Retail Client.