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CLIENT CATEGORIZATION POLICY

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Following the transposition of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2015 on markets in financial instruments (MiFID II) into Cyprus law with the enactment of the Investment Services and Activities and Regulated Markets Law of 2017 (Law 87(I)/2017) Inveza Capital Ltd (“The Company”) is required to classify all its Clients into one of the following categories: Retail Client, Professional Client or Eligible Counterparty.

Categorization is dependent on criteria as described below and a Client may be placed under different categories for a particular investment or transaction or can “opt” to be treated under a different category. Each category carries a different level of protection, with retail Clients being given the highest level of protection.

A Retail Client is a Client who is not a “Professional Client” or an “Eligible Counterparty”.

A 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, the Client must satisfy 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 a European Community Directive, entities authorized or regulated by a member state without reference to such 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 undertakings;
 - (e) Collective investment schemes and management companies of such schemes;
 - (f) Pension funds and management companies of such funds;
 - (g) Commodity and commodity derivatives dealers;
 - (h) Locals;
 - (i) Other institutional investors
- 2) Large undertakings meeting two of the following size requirements, on a proportional basis:
 - a) balance sheet total at least EUR20,000,000
 - b) net turnover at least EUR 40,000,000
 - c) own funds at least 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 International Monetary Fund, the European Central Bank, the European Investment Bank 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.

The entities mentioned above are considered to be Professionals. They must however be allowed to request non-professional treatment and the Company may agree to provide a higher level of protection. When the Client falls in one of the above categories, 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 can request a variation of the terms of the agreement in order to secure a higher degree of protection can be requested.

It is the responsibility of the Client, considered to be a Professional Client, to ask for a higher level of protection when he deems he 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 he shall not be treated as a Professional Client 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.

An Eligible Counterparty is any of the following entities to which the Company is authorized to receive and transmit orders or/and to execute orders on behalf of Clients or/and to deal on own account: investment firms, credit institutions, insurance undertakings, UCITS and their management companies, pension funds and their management companies and other financial institutions authorized or regulated under EU law or the national law of an EU Member State, national governments and their corresponding offices including public bodies that deal with public debt at national level, central banks and supranational organizations. Non-EU entities equivalent to the entities referred to in this paragraph are also regarded as eligible counterparties

Request from Clients to be treated under a different classification

A Client can request to be re-classified under a category which carries a higher (“opt down”) level of protection. An Eligible Counterparty can opt down to be treated as a Professional Client or Retail Client or a Professional Client can opt down to be treated as a Retail Client. The opt down treatment of a Client can be related to a particular service or transaction, type of product or in general.

Alternatively, a Client can request to be re-classified under a classification which carries a lower (“opt up”) level of protection, Retail Client to Professional Client or Professional Client to Eligible Counterparty. The opt up treatment can be related to a particular service or transaction, type of product or in general.

The Company reserves the right to decline any request for classification to a different category.

A Retail Client is given the highest level of protection and is the only classification of Client who is covered by the Investor Compensation Fund.

Elective Professional Clients & Fitness test

A Retail Client has the right to request a different classification as a Professional Client but he/she will be afforded a lower level of protection. The Company is not obliged to deal with him/her under a different classification. The Company is allowed to treat any of the retail clients as professionals provided the relevant criteria and procedure mentioned below are fulfilled. 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, undertaken by the Company, gives reasonable assurance, in light of the nature of the transactions or services envisaged, that the client is capable of making his own investment decisions and understanding the risks involved. The fitness test applied to managers and directors of entities licensed under Directives in the financial 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 authorized 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 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.

The retail client may waive the benefit of the detailed rules of conduct only where the below procedure is followed:

- a) the Client must state in writing to the Company that he/she wishes 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 the Client a clear written warning of the protections and investor compensation rights they may lose;
- c) the Client must state in writing, in a separate document from the contract, that he/she is aware of the consequences of losing such protections and accept them.

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 above.

Retail clients and Elective Professional clients cannot be treated as Eligible Counterparties



Professional Clients and Eligible Counterparties are responsible for keeping the Investment Firm informed about any change, which could affect their current categorization. Should the Company become aware however that the Client no longer fulfils the initial conditions, which made him Eligible for treatment as Professional Client/Eligible Counterparty then, the Company must take appropriate action, which may include immediate re-classification as a Professional/retail Client, as applicable.