

CLIENT CATEGORIZATION POLICY

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1. INTRODUCTION

- 1.1. **'TTCM Traders Trust Capital Markets Limited'**, is a Cyprus Investment Firm incorporated under the laws of Cyprus, which has its principal place of business at 56 Theodorou Potamianou, 4th Floor, Complex Aphrodite, 4155 K. Polemidia, Limassol, Cyprus, and registered with the Registrar of Companies in Nicosia under number: HE 250591 (the "**Company**"). The Company is regulated as a Cyprus Investment Firm (**'CIF'**) by the Cyprus Securities and Exchange Commission (**'CySEC'**) under license number 107/09.
- 1.2. The Company is operating under *Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC*, as the same may be in force from time to time and modified or amended from time to time (the "**Markets in Financial Instruments Directive (2004/39/EC)**" or "**MiFID**"), which was implemented in Cyprus by the *Investment Services and Activities and Regulated Markets Law of 2007 (Law 144(I)/2007 of 26 October 2007) and Cyprus Law 106(I)/2009 of 23 October 2009, which provide for the provision of Investment Services, the exercise of Investment Activities, the operation of Regulated Markets and other related matters* (the "**Investment Services and Activities and Regulated Markets Law**"), as the same may be modified and amended from time to time.
- 1.3. Following the implementation of MiFID in Cyprus, pursuant to the *Investment Services and Activities and Regulated Markets Law*, the Company is required to categorise its Clients into one of the following three categories: **(a) retail, (b) professional** or **(c) eligible counterparty**.
- 1.4. Therefore, when the Company is considering an application for opening an account, it will classify a prospective Client under any of the above categories based on the information provided by the said Client.

2. CATEGORIES

A. Retail Clients

- 2.1. A "**Retail Client**" is a Client who is NOT a professional Client or an eligible counterparty (as defined below).

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B. Professional Clients

2.2. 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, a Client must comply with one of the following criteria:

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- a. 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: entities authorised by a Member State under the above Directive, entities authorised or regulated by a Member State without reference to the above Directive, and entities authorised or regulated by a non-Member State:
 - i. Credit Institutions;
 - ii. Investment Firms;
 - iii. Other Authorised or regulated financial institutions;
 - iv. Insurance Companies;
 - v. Collective Investment Schemes and management companies of such schemes;
 - vi. Pension funds and management companies of such funds;
 - vii. Commodities and commodity derivatives dealers;
 - viii. Locals;
 - ix. Other Institutional Investors (like Portfolio Investment Companies).
 - b. Large undertakings meeting two of the following size requirements on a company basis:
 - i. balance sheet total: EUR 20.000.000,-
 - ii. net turnover: EUR 40.000.000,-
 - iii. own funds: EUR 2.000.000,-
 - c. 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.
 - d. Other institutional investors whose main activity is to invest in financial instruments, including entities dedicated to the securitisation of assets or other financing transactions.

2.3. Clients who may be treated as professionals on request, following approval by the Company (please see further below under ‘**Request for Different Classification**’).

2.4. The entities mentioned above from (2.2.a.) through (2.2.b.) are considered to be ‘*professionals*’ in relation to all investment services and activities and financial instruments. The Clients mentioned in

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(2.2.c.) through (2.2d.) may be treated as professionals generally or in respect of a particular investment service or transaction, or type of transaction or product.

- 2.5. Professional Clients are responsible for keeping the Company informed about any change, which could affect their categorisation. Should the Company become aware that the Client no longer fulfils the initial conditions which made him eligible for a professional treatment, the Company will take appropriate action.

C. Eligible Counterparties

- 2.6. An **“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: Cyprus Investment Firm / Greek Investment Firm, other investment firms from other MiFID Member States, credit institutions, insurance companies, UCITS and their management companies, Portfolio Investment Companies, pension funds and their management companies and other financial institutions authorised by a Member State or regulated under Community legislation or the national law of a Member State, undertakings exempted from the application of the *Investment Services and Activities and Regulated Markets Law 144(I)* of 2007 in accordance with paragraphs (k) and (l) of subsection (2) of section 3, national governments and their corresponding offices, including public bodies that deal with public debt, central banks and supranational organisations.

3. REQUEST FOR DIFFERENT CLASSIFICATION

A. Retail Clients

- 3.1. 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.
- 3.2. **Tests and Criteria:** The Company is allowed to treat any of the retail Clients as professionals provided that the relevant criteria and procedures mentioned below are met. 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 fully understands the risks involved.
- 3.3. The fitness test applied to managers and directors of entities licensed in the financial sector under MiFID could be regarded as an example of the assessment of expertise and knowledge. In the case of small

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entities, the person subject to the above assessment should be the person authorised to carry out transactions on behalf of the entity.

3.4. In the course of the above assessment, as a minimum, two (2) of the following criteria should be satisfied:

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- 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 Instruments 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 (1) year in a professional position, which requires knowledge of the transactions or services envisaged.

3.5. ***Procedure:*** Retail Clients may waive the benefit of the detailed rules of conduct applicable to them 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 will 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 User Agreement (business Terms and Policies), that they are aware of the consequences of losing such protections and accept them;
- d. 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.

B. Professional Clients

3.6. A "***Professional Client***" has the right to request a different classification as a 'Retail Client' in order to obtain a higher level of protection.

3.7. It is the responsibility of the Client, initially 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

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level of protection will be provided when a Client, who is considered to be a 'Professional Client', enters into a written agreement with the Company to the effect that it 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.

C. Eligible Counterparties

- 3.8. An "**Eligible Counterparty**" has the right to request a different classification either as a 'Professional Client' or as a 'Retail Client' in order to obtain a higher level of protection. According to the Investment Services and Activities and Regulated Markets Law, the Company is not obliged to deal with the Client on this basis.
- 3.9. Should you have a question about this Client Categorization Policy, please direct your questions to our Compliance Department: compliance@traders-trust.com.

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