



# CLIENT CATEGORIZATION POLICY

ATFX GLOBAL MARKETS (CY) LTD

CYSEC License Number 285/15

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## 1. Introduction

ATFX GLOBAL MARKETS (CY) LTD (hereinafter, the “Company”) is incorporated in Cyprus under registration number HE 340674 through the Department of Registrar of Companies and Official Receiver (<http://www.mcit.gov.cy/drcor>)

The Company is authorized and regulated by the Cyprus Securities and Exchange Commission (<http://www.cysec.gov.cy>) to act as a Cyprus Investment Firm (CIF) with CIF License No. 285/15 operating as an international foreign exchange broker.

The Company operates under the under the Provision of Investment Services, the Exercise of Investment Activities, the Operation of Regulated Markets and Other Related Matters Law of 2007, Law 144(I)/2007, as subsequently amended from time to time (hereinafter, the “**Law**”).

## 2. General

For the provision of investment services to its Clients, the Company requires the submission of information, prior to the provision of services, which is vital for the Company to understand the principal circumstances associated with the potential Client. Moreover, such submission of information is necessary for the Company to be provided with reasonable grounds to believe that the Client has the necessary knowledge and background experience to enable him to understand the risks associated with the product or investment service offered or requested by the Client.

This Client categorization policy (hereinafter, the “**Policy**”) is provided to the Company’s Clients and potential Clients in accordance to the Law.

The Policy forms part of the Client’s agreement, namely, the *Terms and Conditions* with the Company, thus the Client is also bound by the terms of the Policy, as set out herein.

### 2.1 Submission of Information

For the determination of the investment knowledge and experience of the Client, the Company shall request and obtain information, which shall at least cover the following aspects to the extent that is relevant in terms of the Client’s categorization, the scope and nature of the services provided, the complexity and type of the envisaged service, transaction and product, and the risks involved:

- a. the types of the investment services, transactions and securities of which the Client has sufficient knowledge;
- b. the nature, volume and frequency of the Client’s transactions in securities and the period over which they were conducted;
- c. the Client’s level of education, profession and, where necessary, previous profession of the Client.

## 3. Client Categorization

### 3.1 Retail Client

A person who is not a Professional Client or Eligible Counterparty shall be considered by the Company to be a Retail Client.

### 3.2 Professional Client

Professional Client is the person who possesses the experience, knowledge and expertise to make his own investment decisions and properly assess the risks that he incurs. In order to for a Client to be categorized as a Professional Client, the following criteria must be met:

(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 a Directive, entities authorised or regulated by a Member State without reference to a Directive, and entities authorised or regulated by a non-Member State:

- Credit institutions
- Investment firms
- Other authorised or regulated financial institutions
- Insurance companies
- Collective investment schemes and management companies of such schemes
- Pension funds and management companies of such funds
- Commodity and commodity derivatives dealers
- 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.
- Other institutional investors

(b) Large undertakings meeting two of the following size requirements on a portfolio basis:

- balance sheet total at least EUR 20,000,000
- net turnover at least EUR 40,000,000
- own funds at least 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 International Monetary Fund, the European Central Bank, the European Investment Bank 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.
- (e) Clients who may be treated as professionals on request, following approval by the Company

The entities mentioned above from (a) - (d) are considered to be professionals by default in relation to all investment services and activities and financial instruments. The Clients mentioned in (e) may be treated as professionals generally or in respect of a particular investment service or transaction, or type of transaction or product (see Section 4.2 below of the Policy). 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.

It is the responsibility of the Client, considered to be a Professional Client, to request for a higher level of protection when it seems unable to properly assess or manage the risks involved in various transactions

### 3.3. Eligible Counterparty

An Eligible Counterparty is an undertaking which falls within categories (a), (b) and (c) of the Clients who are considered to be Professionals by default (of Section 3.2 above).

Further, the Eligible Counterparty category is applicable only for the following investment services:

- (a) Reception and transmission of Client orders in relation to one or more financial instruments
- (b) Execution of orders on behalf of Clients

On request, the Company may also recognise as an Eligible Counterparty which fall within a category of Clients who are to be considered professional Clients in accordance to the fitness test (see Section 4.2 below). In such cases, however, the undertaking concerned shall be recognised as an Eligible Counterparty only in respect of the services or transactions for which it could be treated as a Professional Client.

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

## 4. Request for different categorization

### 4.1. Professional Client Request to be treated as a Retail Client

The entities mentioned above in paragraphs (a) – (d) of Section 3.2 above are considered professionals by default. They are however allowed to request non-professional treatment and the Company may agree to provide a higher level of protection.

Where the Client of the Company is an undertaking referred to above, the Company shall inform him 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 may 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 should specify whether this applies to one or more particular services or transactions, or to one or more types of product or transaction.

### 4.2 Retail Client Request to be treated as a Professional Client

#### 4.2.1 General

Upon a request in writing, a Retail Client can request to be treated as a Professional Client, either generally or in respect of a particular investment service or transaction, or product. The Company is not obliged to deal with the Client under a different categorization.

#### 4.2.2 Criteria

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 authorised 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 Clients defined above may waive the benefit of the detailed rules of conduct only when the procedure below 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 protection 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 protection.

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 requirements stated above.

All Clients are responsible for keeping the Company informed about any change, which could affect their current categorisation.

Should the Company become aware however that the Client no longer fulfils the initial conditions, which made him eligible for professional treatment, then the Company will take appropriate action

#### 4.2.3 The Procedure

The following procedure should be followed by Clients who wish to be treated as Professional Clients:

- (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 might 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.

However, if the above-mentioned criteria are not met, the Company reserves the right to choose whether to provide services under the requested categorized. The Company will notify the Client if and when it agrees to categorise the Client as a Professional Client.

## 5. Types of Requests for Different Categorisation

The following requests may be submitted to the Company should a Client wish to change its categorisation:

- (a) A Retail Client can request to be categorised as a Professional Client. The Client therefore accepts a lower level of protection (see Section 4.2 above).
- (b) A Professional Client can request to be categorised as a Retail Client. The Client therefore obtains higher level of protection (see Section 4.1 above). A Professional Client can request to be treated as an Eligible Counterparty, obtaining therefore a lower level of protection (see Section 3.3 above).
- (c) An Eligible Counterparty can request to be categorised as a Professional Client or a Retail Client. The Client therefore obtains higher level of protection.

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.

Clients wishing to change their Client Categorisation have to inform the Company in writing.

## 6. Protection Rights

### 6.1. 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 protection Retail Clients are entitled to is following (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 144(I)/2007 (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 reasonable 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. The Company shall also send a notice to a Retail Client confirming execution of the order as soon as possible and no later than the first business day following execution or, if the confirmation is received by the Company from a third party, no later than the first business day following receipt of the confirmation from the third party, as applicable.

- (d) Professional Clients are also entitled to a confirmation for the execution of their orders however there is no specific timeframe involved as to when the Professional Client will receive this information. Nevertheless, this confirmation shall be provided promptly.
- (e) 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.
- (f) The Company is required to provide Retail Clients with more information than Professional Clients as regards the execution of their orders.
- (g) The Company is obliged to enter into a written basic agreement with the retail Client, setting out the essential rights and obligation of both parties.
- (h) 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.

## 6.2. 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 6.1 (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.
- (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.
- (d) The Company is not required to provide the Client with information about the Company, its services, financial instruments and proposed investment strategies, execution venues, the arrangements through which the Company will be remunerated and other relevant information.
- (e) The Company is not required to provide reports to the Client on the execution of its orders or the management of his investments
- (f) The ICF does not cover Eligible Counterparties.

Should you have any questions about our "Client Categorization Policy", kindly e-mail your request to the:

Compliance Department: [compliance@atfxgm.eu](mailto:compliance@atfxgm.eu)