

Client Categorisation Policy

Introduction

In accordance with the Investment Services and Activities and Regulated Markets Law of 2017 to 2024 (the "Law") in Cyprus, NFS Network Financial Services Limited (hereinafter, "the Company") is required to categorise its Clients into one of the following three categories: "Retail Client", "Professional Client" or "Eligible Counterparty". Categorisation is undertaken on the basis of objective criteria and 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 its categorisation. Different rules and different levels of protection apply to Clients depending on their categorisation.

Client Classification

The Company, prior to engaging in business relationship with its potential clients, notifies the potential clients of the clients' classification in use by the Company, and informs them about the category in which they are initially classified by the Company. Clients shall be categorised as follows, based on the criteria outlined below:

"Retail Client"

Every client, which is neither an eligible counterparty nor a professional client, is considered to be a retail client.

"Professional Client"

Professional client is a client who possesses the experience, knowledge and expertise to make its own investment decisions and properly assess the risks that it incurs. In order to be considered a professional client, the client must fall within the following categories of clients:

- I. Entities which are required to be authorised or regulated to operate in the financial market, either from Member States or non-Member States, such as:
 - Credit institutions
 - Investment Firms
 - Other authorised or regulated financial institutions
 - Insurance undertakings
 - Collective investment schemes and management companies of such schemes
 - Pension funds and management companies of such funds
 - Commodity and commodity derivatives dealers
 - Locals
- II. Other institutional investors
- III. Large undertakings meeting two of the following size requirements, on a proportional 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
- IV. National and regional governments and public bodies
- V. Other institutional investor whose main activity is to invest in financial instruments including entities dedicated to the securitisation of assets or other financing transactions

"Eligible Counterparty"

The Company, when dealing with Eligible Counterparties, is exempted from important obligations under conduct of business rules, best execution rules and client order handling rules.

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, other investment firms, credit institutions, insurance companies, UCITS and UCITS management companies, pension funds and their management companies, other financial institutions authorised by a Member State or regulated under the laws of Cyprus or under European Union law, national governments and their correspond offices, include public bodies that deal with public debt at national level, central banks and supra national organizations. Moreover, those included in Section 31(2)(b), (31)(3) and 31(4) of the Law.

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Request to Change Classification

In accordance with the Law a client may elect to be placed into a different Category, for example a Retail Client requesting to be categorised as a Professional Client, ("Opt-Up" or "Elective Professional Client"), a Professional Client requesting to be categorised as an Eligible Counterparty ("Opt-Up") in either case the Client will be afforded a lower level of protection. Alternatively, a Professional Client requesting to be categorised as a Retail Client or an Eligible Counterparty requesting to be categorised as a Professional Client ("Opt-Down"), in which case the Client seeks to obtain a higher level of protection. The Company reserves the right to decline any requests for a different categorisation.

"Opt-Up for Retail Client"

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. However, if the Client wishes to opt-up and the Company agrees to such categorisation, the Client will lose the protection afforded by law. 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 Investor Compensation Fund.

"Opt-Up for Professional Client"

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.

"Opt-Down for Professional Client/Eligible Counterparty"

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. 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.

Amendment/Review of the Policy

The Company reserves the right to review and amend this Policy at any given time it deems suitable and appropriate, without notice to the Client. The Policy is available for review by clients on the Company's website and any new version will be effective from the time of posting on the website, we ask you to review our website on a regular basis to ensure that you have read the latest version.

Clients Consent

By signing the Client Agreement and Terms of Business, you also acknowledge and consent to the application of this policy.

General Information

If you have any queries regarding this Policy, please contact us via the contact us page on the Company's website or send an email to our Support Department at admin@nfseurope.com