

CLIENT CATEGORIZATION POLICY

GENERAL

Following the implementation of the Markets in Financial Instruments Directive (MiFID) in the European Union and in accordance with the Investment Services and Activities and Regulated Markets Law of 2007 (Law 144(I)/2007) in Cyprus, all Cypriot Investment Firms (hereinafter called CIF's) are required to categorize their Clients according to their investment experience and overall knowledge on the Financial markets.

Each client is categorized by FCM as a "retail client" or a "professional client". In addition, certain professional clients may be further categorized as "eligible counterparties". Categorization is undertaken on the basis of objective criteria.

It is noted that different rules and different levels of protection apply to clients depending on their categorization.

FCM notifies each client of his categorization as a retail client or professional client or, as the case may be, eligible counterparty.

A client may be put in different categories for particular investment services and/or transactions and/or types of transactions and/or products.

"RETAIL CLIENT"

"Retail Client" is a client who is not a professional client or an eligible counterparty.

"PROFESSIONAL CLIENT"

"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:

- (I) 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 Directive 2004/39/EC, entities authorized or regulated by a Member State without reference to the above 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 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;
 - (i) Other Institutional Investors (like Portfolio Investment Companies)
- (ii) 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
- (iii) 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.
- (iv) Other institutional investors whose main activity is to invest in financial instruments, including entities dedicated to the securitization of assets or other financing transactions.
- (v) Clients who may be treated as professionals on request, following approval by FCM (please see further below under 'Opt-up for retail clients').

The entities mentioned above from (i) to (iv) are considered to be professionals in relation to all investment services and activities and financial instruments. The clients mentioned in (v) may be treated as professionals generally or in respect of a particular investment service or transaction, or type of transaction or product.

ELIGIBLE COUNTERPARTY

“Eligible Counterparty” is any of the following entities: Cyprus Investment Firm / Greek Investment Firm, other investment firms, credit institutions, insurance companies, UCITS and their management companies, Portfolio Investment Companies, pension funds and their management companies and other financial institutions authorized 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 organizations.

PROVISIONS NOT APPLICABLE TO PROFESSIONAL CLIENTS

The following provisions of the FCM Investment Services General Terms & Conditions do not apply to clients when categorized as professional clients: Clause 7.1 third and fourth paragraphs (Costs), Clause 9 (Investor Compensation Fund) and Clause 10 second paragraph (Conflicts of Interest).

PROVISIONS NOT APPLICABLE TO ELIGIBLE COUNTERPARTIES

The following provisions of the FCM Investment Services General Terms & Conditions do not apply to clients when categorized as eligible counterparties: Clause 4 (Client Profile), Clause 5 (Information and risks relating to Financial Instruments), Clause 6.1 (Policy to Act in the Best Interest of the Clients), Clause 7.1 third and fourth paragraphs (Costs), Clause 7.2 second paragraph (Inducements), Clause 8 (Reporting and Statements), Clause (9 Investor Compensation Fund) and Clause 10 second paragraph (Conflicts of Interest).

OPT-DOWN

A client who has been categorized as a professional client may, at any time, request FCM 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 FCM to be treated as a professional client or as a retail client. If FCM accepts such request, the client shall enter into a written agreement with FCM. The agreement will specify the particular services and/or transactions and/or the types of products and/or transactions to which the opt-down applies.

OPT-UP

OPT-UP FOR RETAIL CLIENTS

A client who has been categorized as a retail client by FCM may ask FCM 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. FCM may, at its discretion, decide not to take into consideration such treatment.

If FCM agrees to take into consideration such request, it will upon receipt of such request assess whether the client meets the objective opt up conditions [**Fitness Test**]. FCM will further assess the expertise, experience and knowledge of the client and any other element that is deemed appropriate. 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.

FCM will notify the client if and when it agrees to categorize the client as a professional client.

The Fitness Test is applied to managers and/or directors of entities licensed under European Directives in the financial field, and forms part of the assessment of expertise and knowledge.

In the case of small entities, the person subject to the above assessment must be the person authorized to carry out transactions on behalf of the entity.

Clients are required to complete and provide the Client Categorization Questionnaire Form at all times.

Clients choosing to be treated as Professionals as defined above, can waive the benefit of the detailed rules of conduct only where the following procedure is followed:

- Client must state in writing to FCM that they wish to be treated as professional clients, either generally and/or in respect of a particular investment service and/or transaction and/or type of transaction and/or product
- FCM must give the Client a clear written warning of the protections and investor compensation rights they may lose; and
- The Client must state in writing, in a separate document from the contract, that they are aware of the consequences of losing such protections.

OPT-UP FOR PROFESSIONAL CLIENTS

Clients that have been categorized 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 and/or in respect of a particular investment service and/or transaction and/or type of transaction and/or product. FCM must satisfy various requirements set out in CySEC Rules and Regulations and in accordance to the Law 144(I)/2007, including to obtain express written request/confirmation from the client.

CHANGES TO PROFESSIONAL CLIENT / ELIGIBLE COUNTERPARTY CATEGORIZATION

Professional clients and eligible counterparties are responsible for keeping FCM informed of any change which could affect their categorization as professional clients and/or eligible counterparties. If FCM becomes aware that a professional client/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 and/or a retail client.

IMPORTANT NOTES FOR PROSPECTIVE / EXISTING CLIENTS CLIENT RESPONSIBILITY

If a Client is considered to be a professional client, it is the Client's responsibility to request FCM for a higher level of protection when it is properly estimated that the Client is unable to properly assess and/or manage the risks involved. This higher level of protection will be provided to Client only if it is

expressly requested in writing and backed up with a written agreement between the Client and FCM to the effect that the Client shall not be treated as a professional for the purposes of the applicable conduct of business regime. Such agreement should specify the applicable and relative services and/or transactions and/or one and/or more types of product(s) and/or transaction(s).

CLIENTS WHO MAY BE TREATED AS PROFESSIONALS ON REQUEST

Any waiver from a Client to be treated as professional on request and in relation to the protection afforded by the standard conduct of business regime shall be considered valid by FCM only if an adequate assessment of the expertise, experience and knowledge of the client, undertaken by FCM, gives reasonable assurance, in light of the nature of the transactions and/or services envisaged, that the Client is capable of making his/her own investment decisions and/or understanding the risks involved.

REVIEW OF THIS MANUAL

This manual will be reviewed and/or amended annually and/or as and when considered necessary by the Board of Directors, General Manager and the Compliance Officer.