

CLIENT CATEGORISATION POLICY

1. INTRODUCTION

- 1.1. TIOMARKETS CY Ltd (the “TIOMarkets” or “Company”) is a Cyprus Investment Firm (the “CIF”) incorporated in the Republic of Cyprus under the Department of the Registrar of Companies and Official Receiver, holding a Certificate of Incorporation with Number HE 399709.
- 1.2. TIOMarkets is authorised and regulated by the Cyprus Securities and Exchange Commission (the “CySEC”) (www.cysec.gov.cy), with License Number **TBC** and the operations of the Company are governed by the Investment Services and Activities and Regulated Markets Law 87(I)2017, as amended, which transposes the Directive 2014/65/ EU on Markets in Financial Instruments (“MiFID II”).
- 1.3. As part of the account opening procedure, the Company performs an Appropriateness Test, where the Client is asked a number of questions to enable the Firm to assess the Client’s experience and knowledge of trading. Based on the outcome of this test, MiFID requires that Clients are categorised into Retail, Professional or Eligible Counterparties.
- 1.4. TIOMarkets initially categorises all Clients as Retail irrespective of the information provided. The Client may request to be re-classified as Professional.
- 1.5. Capitalised terms have the same meaning as stated in the Client Agreement published in the Legal Documents section of our [website](#).

2. CATEGORISATIONS

- 2.1. The categorisation criteria provided in MiFID are the following:
- 2.2. “**Retail Client**” is a Client who is not a professional client or an eligible counterparty. It is noted that Retail Clients are afforded with the highest level of protection;
- 2.3. The entities mentioned above from 2.3.1 to 2.3.4 are considered to be professionals in relation to all investment services and activities and financial instruments. The Clients mentioned in 2.3.5 may be treated as professionals generally or in respect of a particular investment service or transaction, or type of transaction or product.
- 2.4. “**Professional Client**” is a Client who possesses the experience, knowledge and expertise to make his own investment decisions and properly assesses the risks that she incurs. In order to be considered a professional client, a Client must fall into one of the following classes:
 - 2.4.1. 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. This list includes:

- 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;
- Commodities and commodity derivatives dealers;
- Locals¹; and
- Other Institutional Investors (like Portfolio Investment Companies).

- 2.4.2. Large undertakings meeting two of the following size requirements on a company basis:
- balance sheet total: **EUR 20.000.000**
 - net turnover: **EUR 40.000.000**
 - own funds: **EUR 2.000.000**
- 2.4.3. 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.
- 2.4.4. Other institutional investors whose main activity is to invest in financial instruments, including entities dedicated to the securitisation of assets or other financing transactions.
- 2.4.5. Clients who may be treated as professionals on request, following approval by the Company (please see further below under section 3 “Request for Different Categorisation”).
- 2.5. Professional clients are responsible for keeping the Company informed about any change which could affect their categorisation. The Company will take action should it become aware that the Client no longer fulfils the initial conditions which made him eligible for a professional treatment.
- 2.6. “**Eligible Counterparties**” is an undertaking which falls within categories 2.4.1 to 2.4.3 of the Clients who are considered to be Professionals by default. Further, the Eligible Counterparty category is applicable only for the following investment services:
- o Reception and transmission of Client orders
 - o Execution of orders on behalf of Clients

On request, the Company may also recognise as an Eligible Counterparty, an undertaking which falls within a category of Clients who are to be considered professional Clients in accordance to the fitness test as described 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.

In addition, Law 144(I) of 2007 has been repealed. Law 87(I)/2017 is the current applicable Law.

3. REQUEST FOR DIFFERENT CATEGORISATION

- 3.1. A Retail Client has the right to request a different categorisation as a Professional Client but

¹ : 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 member 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.

he will be afforded a lower level of protection as well. The Company is not obliged to grant a different category.

TESTS AND CRITERIA

- 3.1.1. The Company is allowed to treat any of the retail clients as professional provided the relevant criteria and procedures mentioned below are fulfilled.
- 3.1.2. 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 to be undertaken by the Company, will give 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.
- 3.1.3. The fitness test applied to managers and directors of entities licensed under Directives in the financial field could be regarded as an example of such an 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.

- 3.1.4. In the course of the above assessment, as a minimum, two of the following criteria should be satisfied:
 - the Client has entered into transactions, in significant size, on the relevant market at an average frequency of 10 per quarter over the previous consecutive quarters;
 - the size of the Client's financial instruments portfolio, defined as including both cash deposits and financial instruments, exceeds EUR500.000; and
 - 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.
- 3.1.5. In case that a client wishes to change categorisation, he sends an e-mail at info@tiomarkets.eu and the fitness test will be sent to him via e-mail.

PROCEDURE

- 3.1.6. In order to waive the benefits for the detailed rules of conduct for the Clients provided under MiFID, the following procedure needs to be followed:
 - 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;
 - the Company will give them a clear written warning of the protections and investor compensation rights they might lose; and
 - they must state in writing, in a separate document from the contract, that they are aware of the consequences of losing such protections and accept them.
- 3.1.7. 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 outlined in section 3.1.1 – 3.1.4 above.
- 3.1.8. Protection Rights:
 - 3.1.8.1 Retail and Professional clients
 - o 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 must inform Retail Clients of material difficulties relevant to the proper carrying out of their order(s) promptly upon becoming aware of the difficulty.
- The Company cannot conclude title transfer financial collateral arrangements with retail clients for the purpose of securing or covering present or future, actual or contingent or prospective obligations of clients. In respect of Professional Clients, the Company is not subject to such restriction. Where the Company uses title transfer collateral agreements, it shall highlight to Professional Clients the risks involved and the effect of any title transfer collateral agreement on the client's financial instruments and funds.
- The Company limits the maximum amount of leverage provided to Retail Clients while the said limitations may not apply to Professional Clients.
- Retail Clients will be provided with negative balance protection and as such, may not lose more than the total amount deposited in their trading account. Professional Clients will not be provided with negative balance protection.

3.1.8.2 Eligible counterparties:

- The Company is not required to provide the Client with best execution in executing the Client's orders. Nevertheless, Eligible Counterparties may request on a trade by trade basis on in general, treatment that would allow the Company to take all sufficient steps to achieve best execution.
- 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 has the expertise to choose the most appropriate product or service for itself and that he/she has the ability to bear losses.
- The Investors Compensation Fund does not cover Eligible Counterparties.
The Company is not required to ensure that all information, including marketing communications, addressed to eligible counterparties, are fair, clear and not misleading.

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

3.3. An Eligible Counterparty has the right to request a different classification either as a Professional Client or Retail Client in order to obtain a higher level of protection.

3.4. TIOMarkets reserves the right to decline any of the above requests for different categorization.

4. COMPANY'S CONTACT DETAILS

4.1. Clients shall communicate with the Company with the communication methods described within this policy and/or at the following address

Correspondence Address:

TIOMARKETS CY Ltd
80 Athinon, 3040 Limassol, Cyprus

Customer Service:

Phone: +357 25 251008
E-mail: info@tiomarkets.eu