



CLIENT CATEGORISATION NOTICE

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Exclusive Change Capital Ltd is incorporated under the laws of Cyprus, with registration no. HE 337858, regulated by CySEC under license no. 330/17

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1. INTRODUCTION

Exclusive Change Capital Ltd (hereafter the “Company”) is an Investment Firm incorporated and registered under the laws of the Republic of Cyprus, with registration number HE 337858. The Company is authorised and regulated by the Cyprus Securities and Exchange Commission (hereafter the “CySEC”) under the license number 330/17.

The Company is operating under the Investment Services and Activities and Regulated Markets Law 87(I)/2017 (the “Law”) which transposed into national legislation the EU Markets in Financial Instruments Directive (hereinafter “MiFID II”).

2. GENERAL PRINCIPLES

The Company, prior to engaging in business relationship with its potential clients, it shall inform clients about their categorisation, their rights to request a different categorisation and about any limitations to the level of client protection that such change of categorisation would entail. It should be noted that each category entails a different level of client protection - maximum degree of protection is given to Retail Clients while minimum protection is given to Eligible Counterparties.

The Company will automatically categorise all Clients as ‘Retail Clients’ unless otherwise specified, during the on-boarding process.

3. CATEGORISATION CRITERIA

A. RETAIL CLIENT

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

Retail Clients are entitled to receive the highest level of protection and information from the Company.

B. PROFESSIONAL CLIENTS BY DEFAULT (“PER-SE”)

A “professional client” is a client who possesses the experience, knowledge, and expertise to make his own investment decisions and can assess the risks that may incur.

Certain categories of clients are Professional Clients based on the provisions of MiFID II and Law 87(I)/2017. These are referred to as “per se” professional clients. Other clients may be treated as Professional Clients on request provided that the relevant criteria and procedures provided in MiFID II and Law 87(I)/2017 are satisfied. Those are referred to as “Elective” Professional Clients.

PER-SE PROFESSIONAL CLIENTS

The following criteria should apply for the categorisation of a professional client:

Entities which are required to be authorized or regulated to operate in the financial markets. Those are the following:

- 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. Commodity and commodity derivatives dealers;
- h. 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;
- i. Other institutional investors and
- j. Large undertakings meeting two of the following size requirements on a company basis:
 - o Balance sheet total at least EUR 20,000,000;
 - o Net turnover at least EUR 40,000,000; and
 - o Own funds at least EUR 2,000,000.
- k. 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.
- l. Other institutional investors whose main activity is to invest in financial instruments including entities dedicated to the securitization of assets or other financial transactions.

C. ELIGIBLE COUNTERPARTIES

“Eligible Counterparty” is a client who falls in one of the following categories:

- a. CIFs, other Investment Firms;
- b. Credit institutions; • Insurance undertakings;
- c. UCITS and their management companies;
- d. Pension funds and their management companies;
- e. Other financial institutions authorized by a Member State or regulated under Community legislation or the national law of a Member State;

- f. Other undertakings and third country entities indicated in Sections 31 (3) and (4) of the Law;
- g. National governments and their corresponding offices including public bodies that deal with public debt.

Central banks and supranational organizations. In essence Eligible counterparties are “Professional Clients” of specified types who receive lower degree of protection in respect of the transaction with the Company or in respect of the ancillary service directly relating to the transaction during execution of orders on behalf of clients and/or dealing on own account and/or receiving and transmitting orders and ancillary services related to any of these investment services (if applicable).

For any other investment or ancillary service these clients are not treated as Eligible Counterparties.

Under the Law, CySEC shall recognise as eligible counterparties other undertakings meeting pre-determined proportionate requirements, including quantitative thresholds. Retail Clients and Elective Professional Clients cannot be treated as Eligible Counterparties.

Classification as an Eligible Counterparty shall be without prejudice to the right of such entities to request, either in a general form or on a trade-by-trade basis, treatment as clients whose business with the IF is subject to the protection afforded to Retail Clients or Professional Clients and thus subject to higher level of protection and information.

When dealing with eligible counterparties, the Company is exempted from important obligations under conduct of business rules, best execution rules, client order handling rules. Where the Company treats the client as an eligible counterparty, the client will be entitled to fewer protections under the law than he would be entitled to as a professional client (more information can be found in Sections here below).

Therefore:

- a. The Company is not required to provide the client with the best execution on client’s orders;
- b. The Company is not required to disclose to the client information regarding any fees or commissions that the Company pays or receives;
- c. The Company is not required to assess the suitability or appropriateness of a product or service that it provides to the client but can assume that the client has the expertise to choose the most appropriate product or service and that he is able financially to bear any investment risk consisted with his investment objectives;
- d. The Company is not required to provide the client with information about the Company, its services and the arrangements through which the Company will be remunerated;
- e. The Company is not required to provide the client with risk disclosures on the products or services that he selects from the Company; and
- f. The Company is not required to provide reports to the client on the execution of his orders or the management of his investments.

4. REQUEST FOR DIFFERENT CLASSIFICATION

It is noted that clients/perspective clients have the option at any time to request in a durable medium the change of categorisation, whether generally or for a particular service or transaction or type of transaction or product or instrument.

To this end, the Company allows the following requests to be submitted by the client/perspective clients and also reserves the right to decline any of the below requests for different categorisation:

- A Retail Client requesting to be categorised as a Professional Client. In that case the client will be afforded a lower level of protection.
- A per se Professional Client requesting to be categorised as a Retail Client. In that case the client seeks to obtain a higher level of protection.
- An Eligible Counterparty requesting to be categorised as a Professional Client or Retail Client. In that case, the client seeks to obtain a higher level of protection.

The clients listed in paragraph 3(B) above are considered as per se Professional Clients. In accordance with the Law, however, these entities are allowed to request non-professional treatment and the Company, at its sole discretion, may agree to provide a higher level of protection.

Where a client is an undertaking referred to above, the Company must inform the client prior to any provision of services that, based on 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.

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 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 of the Company. Such agreement shall specify whether this applies to one or more particular services or transactions, or to one or more types of products or transaction.

It should be pointed out to all the clients that Professional Clients are not covered by the Investor Compensation Fund for clients of investment firms. The Company shall be entitled to assume that a Professional Client has the necessary experience and knowledge to understand the risks involved in relation to those particular investment services or transactions, or types of transactions or product, for which the client is classified as a Professional Client and that the client is able financially to bear any related investment risks.

The Company is not required to prioritize the overall costs of a transaction as being the most important factor, when providing Professional Clients with best execution.

5. CLIENTS WHO MAY BE TREATED AS PROFESSIONALS ON REQUEST (“ELECTIVE PROFESSIONALS”)

IDENTIFICATION CRITERIA

Upon such request, the Company will undertake an assessment of the expertise, experience and knowledge of the client in accordance to the Company’s internal policies and procedures and will consider whether, in light of the nature of the transactions or services recommended, the said client is capable of making investment decisions and understanding the risks involved.

During that assessment, **as a minimum, two of the following criteria will need to be satisfied:**

- The client has carried out transactions, in significant size, on the relevant market at an average frequency of 10 per trimester over the previous four quarters.
- The size of the client’s financial instrument portfolio, defined as including cash deposits and financial instruments exceeds EUR 500 000.
- The client works or has worked in the financial sector financial sector for at least one year in a professional position, which requires knowledge of the transactions or services envisaged.

Professional Clients are not entitled to as high level of protection and information as the Retail Clients. Professional 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 a professional treatment, the Company is obliged to take appropriate action.

PROCEDURE

Those clients may waive the benefit of the detailed rules of business conduct only where the following procedure is 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 must give them a clear written warning of the protections and investor compensation rights they may lose;
- They must state in writing, in a separate document from the contract, that they are aware of the consequences of losing such protections.
- Before deciding to accept any request for waiver, the Company must be required to take all reasonable steps to ensure that the client requesting to be treated as a Professional Client meets the relevant requirements stated in paragraph above.
- The Company require documentary evidence that the Client satisfy two of three criteria as per the preceding paragraph (indicative and non-exhaustive):
 - The retail client must have carried out transactions, in significant size, in a relevant product with an average frequency of at least 10 per quarter

during the previous four quarters (with the Company and/or other providers).

Relevant products include: CFDs / FX (Spot / Forwards / Options); Futures; Options; Leveraged Exchange Traded Products (e.g., Turbos); Warrants, Binary Options, Spread betting. Significant size could be for example deemed as a minimum notional value of, for example, €100,000 on forex, €50,000 on indices, €10,000 on single stock CFDs, however this is assessed on case-by-case basis.

- The size of the retail client's investment portfolio (held with the Company and/or with other providers), is defined as including cash deposits and financial instruments, exceeds EUR 500,000.

Acceptable examples of an investment portfolio can include cash savings, stock portfolio, stocks, trading accounts, mutual funds etc. Unacceptable examples include company pension, non-tradeable assets, property, luxury cars, jewellery. If a portfolio is held outside of the Company, we may ask you for scanned copies of statements from other providers.

- The retail client work or have worked in the financial sector for at least one year in a professional position that requires knowledge of relevant products.

The Company will ask you for details of your role and how it has provided you with sufficient knowledge and experience and may require you to provide evidence of this if necessary.

- **It is noted that it is up to the Company to accept or reject any such request for change of Categorisation.**
- **If the Company becomes aware that the Client no longer fulfils the initial conditions which made it eligible for a professional treatment, the Company shall take appropriate action.**

6. IMPORTANT NOTES TO PROSPECTIVE AND EXISTING CLIENTS

If a client is considered to be a Professional Client, it is the client's responsibility to request the Company 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 the client only if it is expressly requested in writing and backed up with a written agreement between the client and the Company 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). The client can request a variation of the terms of the agreement in order to secure a higher degree of protection.

7. KEEPING THE COMPANY INFORMED

All Clients are responsible for keeping the Company informed about any change which could affect their current categorisation. However, if the Company becomes aware that the Client no longer fulfils the initial conditions which made it eligible for a professional treatment, the Company should take appropriate action.

Any Retail client who has requested to be re-categorized as Professional client may at any point request the Company to be re-categorized back to a Retail client.

Professional clients on request (i.e., Elective Professional clients) are responsible for keeping the Company informed about any change which could affect their current categorisation. However, if the Company becomes aware that the Client no longer fulfils the initial conditions which made it eligible for a professional treatment, the Company shall take appropriate action.

8. PROTECTION RIGHTS FOR 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 protections Retail Clients are entitled to be as follows (the list may not be exhaustive):

1. 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.
2. The Company is obligated following the provisions of the Directive for the restriction on the Marketing, Distribution or Sale of Contract for Difference, to provide Negative Balance Protection on a per account basis. The Negative Balance Protection limits the liability of a Retail Client for all restricted speculative investments connected to the Retail Client's account is limited to the funds in that account. This means that a Retail Client cannot lose more than the funds specifically dedicated to trading restricted speculative investments.
3. The Company is obligated following the provisions of the Directive for the restriction on the Marketing, Distribution or Sale of Contract for Difference, to provide Margin Close – Out Protection. The Margin Close Out Rule ensures that the sum of funds close out a Retail Client's position when their funds fall to 50% of the margin needed to maintain their open CFD or CFD-like option positions on their CFD account.
4. 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, to enable the Company to assess whether the invest-

ment service or product envisaged is appropriate for the Client. In case the Company considers, based on 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 (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 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.

5. 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.
6. 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.
7. 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.

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.

1. 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.
2. The Company is required to provide Retail Clients with more information than Professional Clients with regards to the execution of their orders.
3. 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.
4. Retail Clients are 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, for further information please refer to the Company’s Client Classification Policy.