



**CUSTOMER
CATEGORIZATION
POLICY**

Customer Categorization Policy

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***Risk Warning:** CFDs are complex instruments and come with high risk of losing money rapidly due to leverage. 89% of retail investor accounts lose money when trading CFDs with this provider. You should consider whether you understand how CFDs work and whether you can afford to take the high risk of losing your money.*

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1. INTRODUCTION

UBK Markets Ltd is incorporated in the Republic of Cyprus with registration number HE293861. The Company is authorized and regulated by the Cyprus Securities and Exchange Commission (CySEC), with license No. 186/12. The Company's office is located at Kyriakides Business Center, 2d floor, Leoforos Spyrou Kyprianou, 67, 4003, Limassol, Cyprus.

The Customer acknowledges that the Company's official language is English.

The Company is operating under Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on Markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (the "Markets in Financial Instruments Directive (2014/65/EU)" or "MiFID II") and amending Directive 2002/92/EC and Directive 2011/61/EU, as last amended by Directive (EU) 2016/1034 of the European Parliament and of the Council, of 23 June 2016 and under Regulation (EU) No. 600/2014 of the European Parliament and the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No. 648/2012 (the "MiFIR") which was implemented in Cyprus by the Investment Services and Activities and Regulated Markets Law of 2017 (Law 87(I)/2017), which provide for the provision of Investment Services, the exercise of Investment Activities, the operation of Regulated Markets and other related matters (the "Investment Services and Activities and Regulated Markets Law"), as the same may be modified and amended from time to time.

Following the implementation of MiFID II in Cyprus, pursuant to the Investment Services and Activities and Regulated Markets Law, the Company is required to categorize its Customers into one of the following three categories: (a) retail, (b) professional or (c) eligible counterparty.

Therefore, when the Company is considering an application for opening an account, it will classify a prospective Customer under any of the above categories based on the information provided by the said Customer and notify the relevant Customer accordingly regarding his/her categorization.

2. CATEGORIES & CATEGORIZATION CRITERIA

A. Retail Customers

A "**Retail Customer**" is a Customer who is NOT a professional Customer or an eligible counterparty (as defined below).

B. Professional Customers

A "**Professional Customer**" is a Customer who possesses the experience, knowledge and expertise to make his/her own investment decisions and properly assess the risks that he/she incurs. In order to be considered a professional Customer, a Customer must comply with one of the following criteria:

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- a. 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 above Directive, entities authorized or regulated by a Member State without reference to the above Directive, and entities authorized or regulated by a non-Member State:

- i. Credit Institutions;
 - ii. Investment Firms;
 - iii. Other Authorized or regulated financial institutions;
 - iv. Insurance Companies;
 - v. Collective Investment Schemes and management companies of such schemes;
 - vi. Pension funds and management companies of such funds;
 - vii. Commodities and commodity derivatives dealers;
 - viii. Locals;
 - ix. Other Institutional Investors (like Portfolio Investment Companies).
- b. Large undertakings meeting two of the following size requirements on a company basis:
 - i. balance sheet total: EUR 20,000,000,-
 - ii. net turnover: EUR 40,000,000,-
 - iii. own funds: 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 IMF, the ECB, the EIB and other similar international organizations.
 - d. Other institutional investors whose main activity is to invest in financial instruments, including entities dedicated to the securitization of assets or other financing transactions.

Customers who may be treated as professionals on request, following approval by the Company (please see further below under “*Request for Different Classification*”).

The entities mentioned above from (2.2.a.) through (2.2.b.) are considered to be “*professionals*” in relation to all investment services and activities and financial instruments.

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The Customers mentioned in (2.2.c.) through (2.2d.) may be treated as professionals generally or in respect of a particular investment service or transaction, or type of transaction or product.

Professional Customers are responsible for keeping the Company informed about any change, which could affect their categorization. Should the Company become aware that the Customer no longer fulfils the initial conditions which made him eligible for a professional treatment, the Company will take appropriate action.

C. Eligible Counterparties

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 Customers and/or execution of such orders and/or dealing on own account: Cyprus Investment Firm/Greek Investment Firm, other investment firms from other MiFID Member States, 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 87(I)* of 2017 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.

3. REQUEST FOR DIFFERENT CLASSIFICATION

A. Retail Customers

A “*Retail Customer*” has the right to request a different classification as a “Professional Customer”, but he/she will be afforded a lower level of protection. The Company is not obliged to deal with him/her under a different classification.

Tests and Criteria: The Company is allowed to treat any of the retail Customers as professionals provided that the relevant criteria and procedures mentioned below are met. 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 Customer, undertaken by the Company, gives reasonable assurance, in light of the nature of the transactions or services envisaged, that the Customer is capable of making his/her own investment decisions and fully understands the risks involved.

The fitness test applied to managers and directors of entities licensed in the financial sector under MiFID II 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 authorized to carry out transactions on behalf of the entity.

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In the course of the above assessment, as a minimum, two (2) of the following criteria should be satisfied:

- a. the Customer 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 Customer's Financial Instruments portfolio, defined as including cash deposits and Financial Instruments exceeds EUR 500,000,-;
- c. the Customer works or has worked in the financial sector for at least one (1) year in a professional position, which requires knowledge of the transactions or services envisaged.

Procedure: Retail Customers may waive the benefit of the detailed rules of conduct applicable to them only where the following procedure is followed:

- a. they must state in writing to the Company that they wish to be treated as a "Professional Customer", 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 may lose;
- c. they must state in writing, in a separate document from the Customer Agreement that they are aware of the consequences of losing such protections and accept them;
- d. before deciding to accept any request for waiver, the Company is required to take all reasonable steps to ensure that the Customer requesting to be treated as a "Professional Customer" meets the relevant tests and criteria above.

B. Professional Customers

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

It is the responsibility of the Customer, initially considered to be a "Professional Customer", 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 Customer, who is considered to be a "Professional Customer", enters into a written agreement with the Company to the effect that it shall not be treated as a "Professional Customer" for the purposes of the applicable conduct of business regime. Such agreement will specify whether this applies to one or more particular services or transactions, or to one or more types of products or transactions.

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C. Eligible Counterparties

An “***Eligible Counterparty***” has the right to request a different classification either as a “Professional Customer” or as a “Retail Customer” in order to obtain a higher level of protection. According to the Investment Services and Activities and Regulated Markets Law, the Company is not obliged to deal with the Customer on this basis.

Should you have a question about this Customer Categorization Policy, please direct your questions to our Compliance Department: angeliki@fai.com.cy.