

INSTANT TRADING EU LTD

# Client Categorization Policy

v4

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## 1. INTRODUCTION

INSTANT TRADING EU Ltd (the 'Company') is incorporated in the Republic of Cyprus with Certificate of Incorporation No. HE 266937. The Company is authorised and regulated by the Cyprus Securities and Exchange Commission ('CySEC'), with a license No. 266/15, and operates under the Provision of Investment Services, the Exercise of Investment Activities, the Operation of Regulated Markets and Other Related Matters Law of 2017, Law 87(I)/2017, as subsequently amended from time to time (the 'Law'). The Company's office is located at Spetson 23A, Leda Court, Block B, Office B203, 4000 Mesa Geitonia, Limassol, Cyprus.

Following the implementation of the Law, implementing the 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 ("MiFID II") and in accordance to the provisions of the Law, the Company is required to categorize clients ("Clients") as either

- (a) Retail (including the status of -Experienced Retail Client),
- (b) Professional; or
- (c) Eligible Counterparties.

## 2. CATEGORIZATION CRITERIA

The criteria entailed for categorizing Clients based on the relevant provisions of the Law are as follows:

A. Retail Client: is a Client who is neither Professional nor Eligible Counterparty

B. Instant Trading EU Ltd. may grant (upon written request) a Retail Client the status of Experienced Retail Client, for the residents of Poland only, when the conditions described in Paragraph 4 are jointly met.

C. 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. Such Clients must fall under one of the following categories:

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 a European Community Directive, entities authorised or regulated by a member state without reference to such Directive, and entities authorised or regulated by a third country:

- a) credit institutions,
- b) investment firms,
- c) other authorised or regulated financial institutions,
- d) insurance companies,

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- 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, and
- i) other institutional investors.

2) Large undertakings meeting two of the following size requirements, on a company basis:

- a) balance sheet total at least €20,000,000,
- b) net turnover at least €40,000,000, and
- c) own funds at least €2,000,000.

3) National and regional governments, including public bodies that manage public debt at national and regional level, 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 organizations.

4) Other institutional investors whose main activity is to invest in financial instruments, including entities dedicated to the securitization of assets or other financing transactions.

D. Eligible Counterparties: are any of the following entities: Cypriot Investment Firms ("CIFs"), other investment firms, credit institutions, insurance companies, undertakings for collective investment in transferable securities ("UCITS") and UCITS management companies, pension funds and their management companies, other financial institutions authorized by a Member State or regulated under the laws of Cyprus or under European Union law, national governments and their corresponding offices, including public bodies that deal with public debt at national level, central banks, the Central Bank and supranational organizations.

CySEC also recognises as Eligible Counterparties, other undertakings meeting pre-determined proportionate requirements, including quantitative thresholds. In cases that the Company enters into transactions with such undertakings, it will obtain an express confirmation from the prospective counterparty that it agrees to be treated as an Eligible Counterparty. This confirmation is obtained either in the form of a general agreement or in respect of each individual transaction. This category receives the lowest level of protection from the relevant law.

### 3. REQUEST FOR CHANGE OF CATEGORIZATION

Retail clients may apply to be classified as Experienced Retail Clients.

Retail Clients can request to be categorized and treated as Professional Clients, in which case they will be afforded a lower level of protection.

Professional Clients can request to be categorized and treated as Retail Clients, in which case they will be afforded a higher level of protection.

Eligible Counterparties can request to be categorized and treated as either Retail or

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Professional Clients, in which case they will be afforded a higher level of protection.

Requests as in Appendix is available on the webpage or can be send to email: [compliance@instaforex.eu](mailto:compliance@instaforex.eu)

It is noted that the Company will assess specified quantitative and qualitative criteria in accordance with the provisions of the Law and the change of categorization will depend on its absolute discretion. Furthermore the Company reserves the right to decline any of the above requests for different categorisation.

It is also noted that the Client bears the responsibility of notifying the Company in the event the Client's criteria change allowing for a different categorization.

#### 4. CLIENTS WHO APPLY TO BE CLASSIFIED AS EXPERIENCED RETAIL CLIENTS

Instant Trading EU Ltd. may grant (upon written request) a **Retail Client the status of Experienced Retail Client, for the residents of Poland only**, when the following conditions are jointly met, a) i, ii or iii and b) i, ii or iii:

a). The Retail Client has concluded in the last 24 months

i. opening transactions in the field of CFDs (contracts for difference) with a nominal value of at least the PLN equivalent of EUR 50,000 each, with a frequency of at least 10 opening transactions per quarter within four quarters; or

ii. opening transactions in CFDs (contracts for difference) with a nominal value of at least the zloty equivalent of EUR 10,000 each, with a frequency of at least 50 opening transactions per quarter within four quarters; or

iii. opening transactions in CFDs (Contracts for Difference) with a total nominal value of at least the PLN equivalent of EUR 2,000,000 each, where the Client has concluded at least 40 opening transactions per quarter within four quarters.

(The equivalent of amounts expressed in Euro is determined using the average Euro exchange rate published by the National Bank of Poland, in force on the day preceding the date of submission of the application by the Retail Client).

b). The Retail Client has adequate knowledge of derivatives, including CFDs (contracts for difference), supported by an appropriate document:

i. obtaining appropriate professional certificates, in particular: Investment Advisor, Securities Broker, Chartered Financial Analyst, Financial Risk Manager, Professional Risk Manager, ACI Dealing Certificate, ACI Diploma; or

ii. appropriate education in the field; or

iii. a minimum of 50 hours of training on derivatives, including CFDs (Contracts for Difference), confirmed by obtaining appropriate certificates or endorsements issued on the basis of verification of knowledge by the relevant training providers within the last 12 months; or

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iv. confirmation that the Retail Client performs or has performed activities or works or has worked under an employment contract or other contractual relationship giving rise to the performance of functions, for at least one year, in a position which requires professional knowledge relating to the conclusion of transactions in CFDs or other derivatives.

The status of **Experienced Retail Client** shall only be obtained in relation to the issue of Instant Trading EU Ltd determination of the initial margin value in respect of CFDs, and the granting of this status to a Retail Client shall not relieve Instant Trading EU Ltd from any other obligations towards the Retail Client as set out in the Decision and applicable law.

## 5. APPLICATION FOR THE STATUS OF AN EXPERIENCED RETAIL CLIENT

5.1. A retail client should submit a written request for the status of an experienced retail client.

5.2. The status of an experienced retail client is granted only in relation to determining the initial value of a margin deposit of CFDs (contracts for difference).

5.3. The Status of an experienced retail customer shall be granted only to retail clients established or located in the ordinary course of business. Residence in the territory of the Republic of Poland is understood as having a tax residence in the territory of the Republic of Poland.

5.4. Instant Trading EU Ltd. may assign experienced retail client status only to the applicant that meets the conditions set out in paragraph 4 of this policy.

5.5. The basis for verification of compliance with the condition referred to in paragraph 4 (a) this policy, are in particular extracts from operations on financial instruments account for the last 24 months.

5.6. The basis for verification of compliance with the condition referred to in paragraph 4 (b) subsec.(i), the certificates or other not mentioned there are reputable certificates confirming the knowledge of the retail customer to make the right investment decisions, as well as the proper assessment of the risks associated with these decisions.

5.7. The basis for verification of compliance with the condition referred to in paragraph 4 (b) subsec.(ii), there are in particular diplomas, supplements to diplomas or other documents confirming the receipt of appropriate education.

5.8. The basis for verification of compliance with the condition referred to in paragraph 4 (b) subsec.(iii), are certificates or other endorsements issued on based on a background check confirming that at least 50 hours of derivative training has been completed, including CFDs (contracts for differences) issued by relevant training providers (CFD providers or other entities having the appropriate skills and human resources to carry out training and verification knowledge acquired during training) in the last 12 months, calculated in relation to the date of application.

5.9. The basis for verification of compliance with the condition referred to in paragraph 4 (b)

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subsec.(iv), may be in particular CV, work certificate, civil law contracts setting out the scope of Obligations or other evidence of seniority in the financial sector; and knowledge in the field of investing in certain financial instruments and a statement of the client's knowledge in the scope of financial instruments or brokerage services provided to the client.

Instant Trading EU Ltd. may ask the client to provide additional documents if the documents provided are not sufficient to confirm the customer's experience.

5.10. Where the client is a trader, the representative subject to the assessment must be entitled to take investment decisions on behalf of this entity (entrepreneur) in accordance with the rules of representation of the entity.

## 6. CLIENTS WHO REQUEST TO BE TREATED AS PROFESSIONALS

Clients other than those mentioned in section 2(B) may request to be treated as Professionals provided that at least two of the following criteria are 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 €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.

In case of a legal entity the above need to be satisfied by the person authorized to carry out transactions on behalf of the entity.

The Clients defined above may waive the benefit of the detailed rules of conduct only where the following procedure is followed:

- a) they must state in writing to the Company that they wish to be treated as Professional Clients, either generally or in respect of a particular investment service or transaction, or type of transaction or product;
- b) the Company must 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 contract, that they are aware of the consequences of losing such protections.

Before deciding to accept any request for waiver, the Company must take all reasonable steps to ensure that the Client requesting to be treated as a Professional Client meets the relevant requirements stated above.

However, if Clients have already been categorized as professionals under parameters and procedures similar to those above, it is not intended that their relationships with the Company should be affected

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by any new rules adopted pursuant to the Directive.

Professional Clients are responsible for keeping the Company informed about any change, which could affect their current categorisation. Should the Company become aware that the Client no longer fulfills the initial conditions, which made him eligible for a professional treatment it will take appropriate action.

## 7. INFORMATION ON THE LEVEL OF PROTECTION

The additional protection afforded to a Retail Client compared to a Professional Client or an Eligible Counterparty includes without limitation the following:

- (a) Retail Clients are provided with more information regarding the Company's fees, charges, and expenses,
- (b) Retail Clients are provided with more information and disclosures regarding the Company's services and products,
- (c) Retail Clients are requested to provide more information regarding their knowledge and experience in the investment field so as to enable the Company to assess whether the investment service or product envisaged is appropriate for the Client,
- (d) The Company must take all reasonable steps to ensure that a Retail Client's order is executed as such in order to obtain best possible results ("Best Execution"),
- (e) A Retail Client will receive information regarding his executed order timely and with more detail as to the content,
- (f) A Retail Client who is provided the service of portfolio management will receive more detailed and frequent information,
- (g) A Retail Client will be informed of the Company's liability in relation to possible solvency of the custodian where Clients' financial instruments are held,
- (h) A Retail Client will be informed of the Company's Conflict of Interest Policy,
- (i) A Retail Client will be informed of the Company's complaint handling procedures,
- (j) A Retail Client will be informed of any material difficulties relevant to the proper carrying out of their order(s) as soon as the Company becomes aware of the difficulty,
- (k) A Retail Client is eligible for possible coverage from the Investor's Compensation Fund.

## APPENDIX 1

### Client Change of Categorization Request Form

Instant Trading EU Ltd
Request form – Change of Client Categorization
<p>1. <u>Account Details</u></p> <p>1.1. Name of the account holder:</p> <p>1.2. Account Number:</p> <p>1.3. Please choose your requested categorization</p>

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- Retail Client
- Professional Client (\*)
- Eligible Counterparty

1.4. Please state the reason for your request:

\*Note: If your requested client categorization is "Professional" then you should also complete Section 2.

2. Please choose from the below:

a) I have carried out transactions:

- of significant size, on the relevant market at an average frequency of 10 per quarter over the previous four quarters;
- of insignificant size, on the relevant market at an average frequency of 10 per quarter over the previous four quarters;
- of significant size, on the relevant market at an average frequency of 5 per quarter over the previous four quarters; and
- of insignificant size, on the relevant market at an average frequency of 20 per quarter over the previous four quarters.

b) the size of my financial instrument portfolio, defined as including cash deposits and financial instruments:

- less than €50,000;
- between €50,000 - €200,000;
- between €200,000 - €400,000;
- between €400,000 - €500,000; and
- exceeds €500,000.

c) I am working or have worked:

- in the financial sector for less than one year in a professional position, which requires knowledge of the transactions or services envisaged;
- in the financial sector for at least one year in a professional position, which requires knowledge of the transactions or services envisaged;
- in a real estate sector;
- in business administration sector;
- construction industry;
- health industry;
- Other.

\*Note: Clients that want to be treated as Professional Client, at least two of the aforementioned criteria must be satisfied.

#### Declaration:

I hereby confirm that I have read and understood the Client Categorization Policy and I understand that there are some implications of my request to change client categorization including loss of some protection afforded to me if I change from Retail to Professional Client. Some of the protection that will be lost as a Professional Client include, but are not limited to:

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- Retail Clients are provided with more information regarding the Company's fees, charges, and expenses;
- Retail Clients provide more information regarding their knowledge and experience in the Investment field so as to enable the Company to assess whether the investment service or product envisaged is appropriate for the Client;
- The Company must take all reasonable steps to ensure that a Retail Client's order is executed as such in order to obtain best possible results;
- A Retail Client will receive information regarding his executed order timely and with more detail as to the content;
- A Retail Client will be informed of the Company's liability in relation to possible solvency of the custodian where Clients' financial instruments are held;
- A Retail Client will be informed of the Company's Conflict of Interest Policy;
- A Retail Client will be informed of the Company's complaint handling procedures; and
- A Retail Client is eligible for possible coverage from the Investor's Compensation Fund.

Full Name:

Signature:

Date: