



Client Categorization Policy (30.9.2014)

In accordance with Investment Services and Activities and Regulated Markets Law of 2007 (Law 144(I)/2007), Cyprus Investment Firms (“CIFs”) are required to categorize their clients into one of the following categories: retail, professional or eligible counterparty.

1. Legal definitions of types of clients

A “Retail client” is a client who is not a professional client or an eligible counterparty. A “Professional client” is a client who possesses the experience, knowledge and expertise to make his/her own investment decisions and appropriately assess the risks of investments. In order to be considered a professional client, the client must meet, comply with and observe the procedures and criteria set out below. An “Eligible counterparty” is an entity to which an Investment Firm provides services of reception and transmission and/or execution of orders on behalf of clients and/or dealing on own account, which falls in one of the following categories: Cyprus Investment Firms, the remaining Investment Firms, insurance undertakings, UCITS and their management companies, pension funds and their management companies and other financial institutions authorized by a Member State or regulated under European Union legislation or the national law of a Member State, undertakings exempted from the application of the Investment Services and Activities and Regulated Markets Law of 2007 under sections 3(2)(k) and 3(2)(l), national governments and their corresponding offices, including public bodies that deal with public debt, central banks and supranational organizations.

2. Professional Clients

The below 3 types of persons are considered professional clients, in accordance with the law:

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 a European Union Directive, entities authorized or regulated by a Member State without reference to such Directive, and entities authorized or regulated by a non-Member State:

1. Credit institutions;
2. Investment Firms;
3. Other authorized or regulated financial institutions;
4. Insurance undertakings;
5. Collective investment schemes and management companies of such schemes;
6. Pension funds and management companies of such funds;
7. Commodity and commodity derivatives dealers;
8. Other institutional investors whose sole work is investing in the financial markets.

- b) Large undertakings meeting two of the following size requirements, on a proportional basis:
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|------------------------------|-----------------|
| balance sheet total at least | 20,000,000 euro |
| net turnover at least | 40,000,000 euro |
| own funds at least | 2,000,000 euro |
- c) 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 organizations.
- d) Fund, the European Central Bank, the European Investment Bank and other similar international organizations.
- e) Other institutional investors whose main activity is to invest in financial instruments, including entities dedicated to the securitization of assets or other financing transactions.

3. Different Treatment

The entities mentioned above can request to be treated differently, i.e. a professional client can ask to be treated as a non-professional (retail) client, and an eligible counterparty can ask to be treated as professional client or a retail client. This should be done by a written request submitted to Best Choice FBC Ltd.

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. An agreement should be drafted or a letter of acceptance will be signed by both parts detailing all details, if such an act exists.

4. Request for different categorization and protection rights

- All clients can request a different type of categorization; however, the change/re-categorization will take place in agreement with the company.