




CIENT CATEGORISATION

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1. INTRODUCTION

ORBEX Limited (the 'Company') is an investment firm regulated by the Cyprus Securities and Exchange Commission (CySEC) license number 124/10. In compliance to Law 87(I)/2017, each client is categorised by the Company as a "Retail Client" or a "Professional Client" or "Eligible Counterparty." Categorisation is undertaken based on objective criteria. A client may be placed in different categories for particular investment services or transactions or types of transactions or products. The Company notifies each client of his/her categorisation as a Retail Client or Professional Client or, as the case may be, Eligible Counterparty.

It is stressed that different rules and different levels of protection apply to clients depending on their categorisation.

2. GENERAL

For the provision of investment services to its Clients, the Company requires the submission of information, prior to the provision of services, which is vital for the Company to understand the principal circumstances associated with the potential Client. Moreover, such submission of information is necessary for the Company to be provided with reasonable grounds to believe that the Client has the necessary knowledge and background experience to enable him to understand the risks associated with the product or investment service offered or requested by the Client. This Client categorization policy (hereinafter, the "Policy") is provided to the Company's Clients and potential Clients in accordance with the Law. The Policy forms part of the Client's agreement.

2.1 Submission of Information

For the determination of the investment knowledge and experience of the Client, the Company shall request and obtain information, which shall at least cover the following aspects to the extent that is relevant in terms of the Client's categorization, the scope and nature of the services provided, the complexity and type of the envisaged service, transaction and product, and the risks involved:

- a. the types of the investment services, transactions and securities of which the Client has sufficient knowledge;

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- b. the nature, volume and frequency of the Client's transactions in securities and the period over which they were conducted;
- c. the Client's level of education, profession and, where necessary, previous profession of the Client.

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RETAIL CLIENT

"Retail Client" is a client who is not a Professional Client or an Eligible Counterparty.

PROFESSIONAL CLIENT

Professional client category is further sub-categorised into Professional Per se clients and Elective Professional Clients (.

1. Professional Client per se

Professional Client is the person who possesses the experience, knowledge and expertise to make his own investment decisions and properly assess the risks that he incurs.

Prospective clients who satisfy one or more of the following criteria shall be classified by the Company as Professional Clients per se:

- a. Entities that are required to be authorized or regulated to operate in the financial markets such us:
 - Credit institutions
 - Investment firms
 - Other authorized or regulated financial institutions
 - Insurance companies
 - Collective investment schemes and management companies of such schemes
 - Pension funds and management companies of such funds
 - Commodity and commodity derivatives dealers
 - Locals
 - Other institutional investors
- b. Large undertakings meeting two of the following size requirements, on a portfolio basis:
 - Balance sheet total at least EUR 20.000.000
 - Net turnover at least EUR 40.000.000
 - Own funds at least EUR 2.000.000

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- 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 (IMF), the European Central Bank (ECB), the European Investment Bank 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.

The entities mentioned above are considered to be professionals by default. They are however, allowed to request non-professional treatment and the Company may agree to provide a higher level of protection.

It is the responsibility of the Client, considered to be a Professional Client, to request for a higher level of protection when it seems unable to properly assess or manage the risks involved in various transactions. This higher level of protection will be provided when a Client who is considered to be 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. Such agreement will specify whether this applies to one or more particular services or transactions, or to one or more types of product or transaction.

2. Elective Professional Client

Clients other than those mentioned in paragraph 1 (Professional clients per se) may be treated as professionals on request.

The Company is allowed to treat any of the Retail Clients as Professional provided the relevant criteria and procedure mentioned below are fulfilled.

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, undertaken by the Company, gives 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.

The fitness test applied to managers and directors of entities licensed under Directives in the financial field 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 authorised to carry out transactions on behalf of the entity.

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In the course of this assessment (fitness test), as a minimum, two of the following criteria should be 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 EUR 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.

Before deciding to accept any request from a Retail client to be categorized as Professional, 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 requirements stated above.

In this respect, the Company may request supporting documents to serve as proof on the above criteria such as (this is not an exhaustive list) bank statements, reference letter from employer, trading history statement, etc.

Procedure

The Clients defined above may request to be treated as Professionals instead of Retail and hence 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 protection 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.

ELIGIBLE COUNTERPARTY

“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 clients and/or execution of such orders and/or dealing on own account:

Cyprus Investment Firm/Greek Investment Firm, other investment firms, credit institutions, insurance companies, UCITS and their management companies, portfolio investment companies, pension funds and their management companies and other financial institutions

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authorised by a Member State of the European Union 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, national governments and their corresponding offices, including public bodies that deal with public debt, central banks and supranational organisations. Third country entities equivalent to these categories of entities stated in this paragraph may also be considered as Eligible Counterparties.

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

Retail clients and elective Professional clients cannot be treated as Eligible Counterparties.

EXPERIENCED RETAIL CLIENT

An Experienced Retail Client is a Client who is residing in Poland and has the requisite experience and knowledge of derivatives. In order to be considered an Experienced Retail Client, the Client must comply with the below criteria:

1. The client is a resident of Poland
2. The Client must possess the requisite experience. Requisite experience means that the Client carried out any of the following activities over the last 24 months:
 - i. Opening at least 10 transactions in CFDs with a nominal value of at least equivalent in Polish Zloty of EUR 50 000 each within the quarter in at least four quarters
 - ii. Opening at least 50 transactions in CFDs with a nominal value of at least the equivalent in Polish Zloty of EUR 10 000 each within the quarter in at least four quarters; or
 - iii. Opening at least 40 transactions in CFDs within the quarter in at least four quarters, where the nominal value of all opened transactions for the last 24 months period under assessment is at least the equivalent in Polish Zloty of EUR 2 000 000.
3. The Client must have knowledge of derivatives by fulfilling one of out of the three below. Knowledge of derivatives means that:
 - i. The Client holds appropriate professional Certificates (Investment Adviser, Securities Broker, Chartered Financial Analyst, Financial Risk Manager, Professional Risk Manager, ACI Dealing Certificate, ACI Diploma) or completion of a specialist field of study.
 - ii. The client completed at least 50 hours of training in the last 12 months in the area of derivatives, including CFDs, to be confirmed either by the relevant certificates or confirmation issued by the relevant organizer of the training or, in each case provided that the organizer of the training has verified the client's knowledge before any such certificate or confirmation is issued.

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- iii. At least one year of work experience at a position which requires professional knowledge of transactions regarding CFDs or other derivatives.

An Experienced Retail Client will be able to trade CFDs with a higher level of leverage only in selected assets. These assets include currency pairs, major indices and gold.

Any request from a retail client to the Company to be categorized as an Experienced Retail Client must be in writing. The Company shall review at least annually the status of the Experience Retail Client and shall keep records of such reviews.

4. REQUEST FOR DIFFERENT CLASSIFICATION

The following types of requests are provided under the Law;

- A Retail Client has the right to request a different classification to become a Professional Client but he will be afforded a lower level of protection.
- A Retail Client has the right to request a different classification to become an Experienced Retail Client.
- An Experienced Retail Client has the right to request a different classification as a Retail Client.
- An Experienced Retail Client has the right to request a different classification as a Professional Client, but he will be afforded a lower level of protection.
- A Professional Client has the right to request a different classification as a Retail Client or an Experienced Retail Client in order to obtain a higher level of protection.
- A Professional Client has the right to request to be treated as an Eligible Counterparty, obtaining therefore a lower level of protection.
- An Eligible Counterparty has the right to request a different classification of either a Professional Client or Experienced Retail Client or Retail Client in order to obtain a higher level of protection.

The Company has the right to decline any of the above Clients' requests for different classification.

Professional Clients and Eligible Counterparties are responsible for keeping the Company informed of any change which could affect their current categorization. If the Company becomes aware that the Client no longer fulfills the initial conditions, which made him eligible for a professional treatment, the Company shall take appropriate actions.

5. Protection Rights

5.1 Retail, Experienced Retail and Professional Clients

Where the Company treats a Client as a Retail Client or an Experienced 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 and Experienced Retail Clients are entitled to, are as follows (the list may not be exhaustive):

- i. A Retail Client and an Experienced 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.
- ii. Where the Company is providing the services of Reception and Transmission of Orders and/or Execution of Client orders, the Company shall ask a Retail Client and an Experienced 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, so as to enable the Company to assess whether the investment service or product envisaged is appropriate for the Client. In case the Company considers, on the basis of the information received, that the product or service is not appropriate to a Retail or to an Experienced Retail Client, it shall warn the Client accordingly.

On the other hand, the Company shall be entitled to assume that a Professional Client has the necessary experience and knowledge in order 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 Professional Client. Consequently, and unlike the situation with a Retail Client and an Experienced 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.

- iii. When executing Client orders, the Company must take all sufficient steps to achieve what is called “best execution” of the Clients’ orders, that is to obtain the best possible result for its Clients.

Where the Company executes an order of a Retail Client and an Experienced 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 order, including the execution venue fees, clearing the settlement fees and any other fees paid to third parties involved in the execution of the Order. The Company shall also

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send a notice to a Retail Client and an Experienced 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.

- iv. The Company must inform Retail Clients and an Experienced Retail Clients of material difficulties relevant to the proper carrying out of their order(s) promptly upon becoming aware of the difficulty.
- v. The Company is required to provide Retail Clients and an Experienced Retail Clients with more information than Professional Clients as regards to the execution of their orders.
- vi. The Company is obliged to enter into a written basic agreement with the Retail Client and an Experienced Retail Client, setting out the essential rights and obligations of both parties.
- vii. Retail Clients and an Experienced Retail Clients may be entitled to compensation under the Investor Compensation Fund (ICF) for Clients of Investment Firms, while Professional Clients are not entitled under the ICF.

5.2 Eligible Counterparties

Where the Company treats the Client as an Eligible Counterparty, the Client will be entitled to fewer protections under the Law than it would be entitled to as a Retail Client and an Experienced Retail Client or Professional Client. In particular and in addition to the above paragraph 5.1 (the below list may not be exhaustive):

- i. The Company is not required to provide the Client with best execution in executing the Clients' orders.
- ii. The Company is not required to implement procedures and arrangements which provide for the prompt, fair and expeditious execution of its Clients' orders, relative to other Client orders or its trading interests.
- iii. 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.
- iv. The Company is not required to provide the Client with information about the Company, its services, financial instruments and proposed investment strategies, execution venues, the arrangements through which the Company will be remunerated and other relevant information.
- v. The Company is not required to provide reports to the Client on the execution of its orders.
- vi. The Investors Compensation Fund does not cover Eligible Counterparties.

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The following form the consequences of re-categorising a Retail client to a Professional Client:

1. Information

- a. Communication with clients: The company must ensure that its communication with all clients is fair, clear and not misleading. However, the way in which a company may communicate with professional clients (about itself, its services and products, and its remuneration) may be different from the way in which the company communicates with retail clients. A company's obligations in respect of the level of detail, medium and timing of the provision of information are different depending on whether the client is a retail or professional client.
- b. Information about costs and associated charges: The company must provide clients with information on costs and associated charges. The information provided may not be as comprehensive for professional- al clients as it must be for retail clients.
- c. Description of the nature and risks of packaged investments: a company that offers an investment service with another service or product or as part of a package or as a condition of the same agreement or package with a retail client must:
 - i. inform retail clients if the risks resulting from the agreement or package are likely to be different from the risks associated with the components when taken separately; and
 - ii. provide retail clients with an adequate description of the different components of the agreement or package and the way in which its interaction modifies the risks.
 - iii. The above requirements do not apply in respect of professional clients.
- d. Information about a financial instrument in respect of which a prospectus is available: Where a company provides retail clients with information about a financial instrument that is the subject of a current offer to the public and a prospectus has been published in connection with that offer, it must:
 - i. inform such retail clients where that prospectus is made available to the public; and
 - ii. do so in good time before the provision of investment services or ancillary services.

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- iii. The above requirements do not apply in respect of professional clients.
- e. Information about currency fluctuations: Where a company provides a retail client with information which contains an indication of the past performance of a financial instrument, a financial index or an investment service, and the indication relies on figures denominated in a currency other than that of the Member State in which that retail client is resident, the company must state the relevant currency and provide enhanced warnings that returns may increase or decrease as a result of currency fluctuations. This requirement does not apply in respect of professional clients.

2. Order Execution Policy

Order Execution Policy Summary: The company must provide a retail client with a summary of its order execution policy (focused on the total cost the client incurs). This summary must provide a link to the most recent execution quality data for each execution venue listed in the policy. Companies are not obliged to provide a summary that complies with these specific requirements to professional clients. Information on a company's MiFID order handling & execution policy is, however, required to be provided to professional clients and our MiFID order handling & execution policy is available at www.orbex.com.cy.

3. Best execution

In relation to its MiFID business, a company must take all sufficient steps to obtain the best possible results for its clients when executing orders. The application and the relative importance of the relevant execution factors will vary depending on whether the client is a retail or professional client.

- a. Retail clients: where orders are executed on behalf of a retail client, the total consideration must be the overriding factor in determining best execution.
 - i. The company must determine the best possible result in terms of the total consideration, representing the price of the financial instrument and the costs related to the execution, which must include all expenses incurred by the retail 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.

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- ii. A company should take into consideration all factors that will allow it to deliver the best possible result in terms of the total consideration, representing the price of the financial instrument and the costs related to execution.
 - iii. Speed, likelihood of execution and settlement, the size and nature of the order, market impact and any other implicit transaction costs may be given precedence over the immediate price and cost consideration only insofar as they are instrumental in delivering the best possible result in terms of the total consideration to the retail client.
- b.** Professional clients: Where orders are executed on behalf of a professional client a range of factors may be considered in determining best execution.
- i. A company's execution policy should determine the relative importance of each of the execution factors or establish a process by which the company will determine the relative importance of the execution factors.
 - ii. The relative importance that the company gives to those execution factors must be designed to obtain the best possible result for the execution of its professional clients' orders. The characteristics of the client (including the categorisation of the client as retail or professional) will have a bearing on the company's determination of the various factors' relative importance.
 - iii. Ordinarily, the regulators would expect that price will merit a high relative importance in obtaining the best possible result for professional clients. However, in some circumstances for some professional clients, orders, financial instruments or markets, the policy may appropriately determine that other execution factors are more important than price in obtaining the best possible execution result.

For further information, please visit www.orbex.com.cy.

4. Appropriateness

- a. 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, so as to enable the

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Company to assess whether the investment service or product envisaged is appropriate for the Client. In case the Company considers, on the basis of 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).

- b. On the other hand, the Company shall be entitled to assume that a Professional Client and/or an Eligible Counterparty has the necessary experience and knowledge in order 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 and/or an Eligible Counterparty. Consequently, and unlike the situation with a Retail Client, the Company will 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 and/or an Eligible Counterparty).

5. Investor Compensation Fund

Retail Clients may be entitled to compensation under the Investor Compensation Fund (“ICF”) for Clients of Investment Companies, while Professional Clients and/or Eligible Counterparties are not entitled to compensation under the ICF.

6. Difficulty in carrying out orders

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.

7. Information/Past Performance

Where the Company provides information, which contains an indication of past performance of a financial instrument, a financial index or an investment service and the indication relies on figures denominated in a currency other than that of the Member State in which the Retail Client is resident, the currency shall be clearly stated to the Retail Client, together with a warning that the return may increase or decrease as a result of currency fluctuations.

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8. Leverage

The Company limits the maximum amount of leverage provided to Retail Clients while the said limitations may not apply to Professional Clients and/or to Eligible Counterparties.

9. Depreciations In Value Reporting

A company that holds a retail client account that includes positions in leveraged financial instruments or contingent liability transactions must inform the retail client, where the initial value of each instrument depreciates by 10 per cent and thereafter at multiples of 10 per cent, no later than the end of the business day in which the threshold is exceeded or, in a case where the threshold is exceeded on a non-business day upon the closure of the next business day. These requirements do not apply in respect of professional client accounts.

10. Negative Balance Protection

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 and/or Eligible Counterparties will not be provided with negative balance protection.

6. General Information

For more information, please contact customer support at support@orbex.com.cy or visit the Cyprus Securities and Exchange Commission [website](#).