

ECOMMBX **INVESTMENTS LTD**

CUSTOMER CATEGORISATION **POLICY**

REVISION HISTORY

VERSION	REVISION DATE	REVISED BY	SECTION REVISED
1.0		Compliance Officer	Initial Drafting of the Policy

DOCUMENT CONTROL

DOCUMENT OWNER	STATUS	DATE APPROVED
ECOMMBX Investments Ltd		

SECURITY CLASSIFICATION	NEXT REVIEW DATE	VERSION	DEPARTMENT
Internal		1.0	Compliance Department

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1. DEFINITIONS AND ABBREVIATIONS

DEFINITION / TERM	DESCRIPTION
“Company” or “CIF”	ECOMMBX Investments Limited a Cyprus Investment Firm
“CySEC”	Cyprus Securities and Exchange Commission
“ECB”	European Central Bank
“EIB”	European Investment Bank
“IMF”	International Monetary Fund
“Law”	Investment Services and Activities and Regulated Markets Law of 2017 (Law 87(I)/2017), as amended from time to time
“MiFID II”	Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on Markets in Financial Instruments, as this is amended from time to time, and which is amending Directive 2002/92/EC and Directive 2011/61/EU

2. INTRODUCTION

ECOMMBX Investments Limited (“**CIF**” or the “**Company**” or the “**Firm**”) whose headquarters are at 27 Pindarou Str., Ground Floor, Alpha Business Center, Block B, 1060 Nicosia, Cyprus is a company incorporated and registered in the Republic of Cyprus under Cyprus Company Law and is authorised and regulated as a Cyprus Investment Firm (“**CIF**”) by the Cyprus Securities and Exchange Commission (“**CySEC**”) under license number 228/14 to provide investment and ancillary services in accordance with the provisions of 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, as the same may be in force from time to time and modified or amended from time to time (the “Markets in Financial Instruments Directive (2014/65/EU)” or “**MiFID II**”) which was transposed into Cypriot Law, the Investment Services and Activities and Regulated Markets Law of 2007 (Law 87(I)/2017) as amended from time to time (hereinafter the “**Law**”).

3. CUSTOMER CATEGORISATION

In accordance with the provisions of MiFID II, the Company is required to categorise its Customers either as Retail, Professional or Eligible Counterparties so that the Company can provide to its Customers the level of information, services and protection that is appropriate to and consistent with their categorisation. Retail Customers are Customers whom the most extensive investor protection is ensured upon provision of the Service.

During the account opening process, before the establishment of business relationship, the prospective Customer should provide information regarding their 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 service or product requested is appropriate for the Customer. The Company assesses the information provided by the potential Customer through the Appropriateness Test and notifies the relevant Customer regarding their categorisation accordingly.

At any time during the business relationship, the Customer is obligated to immediately notify the Company of any changes which may influence their classification in a certain Customer category.

3.1. Eligible counterparties

CIF, when dealing with eligible counterparties, is exempted from important obligations under conduct of business rules, best execution rules, Customer order handling rules.

For that purpose, eligible counterparties may consider to be falling within the following categories covering Cyprus entities, other EU and non-EU entities equivalent to the categories mentioned above:

- Investment firms
- Credit institutions
- Insurance companies
- UCITS and their management companies
- Pension funds and their management companies
- Other financial institutions authorised or regulated under community or national law
- Commodity and commodity derivative traders (dealing on own account)
- National governments and their corresponding offices including public bodies which manage public debt
- Central Banks
- Supranational organisations

CIF when entering into transactions with eligible counterparties, obtains the express confirmation from the prospective counterparty that it agrees to be treated as an eligible counterparty. This confirmation may be obtained either in the form of a general agreement or in respect of each individual transaction.

CIF is not obliged to comply with the obligations under section 25, with the exception of subsection 5A, section 26, section 28 and section 29(1) of the Law, in respect of those transactions or in respect of any ancillary service directly relating to those transactions. However, the Heads of the relevant Departments may, at the request of the Customer or with the decision of the relevant Heads, decide to comply with the aforementioned sections of the Law for a Customer classified as an Eligible Counterparty.

3.2. Professional Customer

A Professional Customer is a Customer who possesses the experience, knowledge and expertise to make its own investment decisions and properly assess the risks that it incurs.

In order, to be considered a professional Customer, the Customer must fall within the following categories:

(i) Entities which are required to be authorised or regulated to operate in the financial markets.

The list below shall 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 non-Member State:

- Credit institutions
- Investment Firms
- Other authorised or regulated financial institutions
- Insurance undertakings
- Collective investment schemes and management companies of such schemes
- Pension funds and management companies of such funds
- Commodity and commodity derivatives dealers
- Other institutional investors

(ii) Large undertakings meeting two of the following Financial parameters:

- Balance sheet total: EUR 20.000.000
- Net turnover: EUR 40.000.000
- Own funds: EUR 2.000.000

(iii) 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 ("EIB") and other similar international organisations.

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

It is important to inform all Professional Customers that they are not covered by the Investor Compensation Fund administered by CySEC, to which the Company is a member. Additionally, Section 4 should provide detailed information regarding the customer's right to request recategorisation and the associated protection rights.

4. REQUEST FOR DIFFERENT CUSTOMER CATEGORISATION

Under this Policy, the Customer is entitled to request to opt to a different Customer categorisation and submit the following request to the Company:

Retail Customers can request to be categorised and treated as Professional Customer. In that case the Customer will be afforded a lower level of protection.

Professional Customers can request to be categorised as a Retail Customer. In that case, the Customer seeks to obtain a higher level of protection.

Eligible Counterparties can request to be categorised and treated as either Retail or Professional Customers. In that case, the Customer seeks to obtain a higher level of protection.

CIF, reserves the right to decline any of the requests for different categorisation, acting in line with the applicable legislation. Accordingly, the agreement that will govern the relationship of the said Customer with the Company shall specify whether the higher level of protection approved applies to one or more particular investment service, or to one or more types of financial instrument or transactions.

Unless the Customer notifies CIF otherwise, they will be treated as per the initial categorisation. To the effect that a Customer shall not be treated as a professional it is the responsibility of that Customer to ask for a higher level of protection when not in a position to properly assess and manage the risks involved in the transactions.

In addition, Customers who have been initially classified by the Company as retail Customers are allowed to request to be treated as professional Customers, provided that at least two of the following criteria are satisfied and Customers relevant evidence is provided:

- The Customer has carried out transactions, in significant size, at an average frequency of 10 per quarter over the previous four quarters
- The size of the Customer's financial instrument portfolio exceeds €500.000
- The Customer 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.

5. PROTECTION RIGHTS

5.1. Retail Customers / Professional Customers

Where the Company treats a Customer as a Retail Customer, the Customer is entitled to more protections under the Law, than if the Customer was treated as a Professional Customer. In summary, the protection rights for the Retail Customers are as follows (the list may not be exhaustive):

5.1.1. A Retail Customer will be given more information disclosures with regards to the Company's services and its financial instruments, as well as, their performance, the nature and risks of financial instruments, fees and charges and the safeguarding of Customer financial instruments and Customer funds.

5.1.2. Under the Law, the Company shall ask a retail Customer 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 requested is appropriate for the Customer. In case the Company considers, on the basis of the information received, that the product or service is not appropriate for the said Retail Customer, the Company shall warn the Customer 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 Customer 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 Customer is classified as a Professional Customer.

Consequently, and unlike the situation with a Retail Customer, the Company should not generally need to obtain additional information from the Customer for the purposes of the assessment of appropriateness for those products and services for which they have been classified as a Professional Customer.

5.1.3. When executing orders, investment firms and credit institutions providing investment services must take all reasonable steps to achieve what is called “best execution” of the Customer’s instructed orders.

Where the Company executes an order on behalf of a retail Customer, the best possible result shall be determined in terms of the total consideration, representing the price of the financial instrument and the cost related to execution, which shall include all expenses incurred by the Customer which are directly related to the execution of the order, including execution venue fees, clearing and settlement fees and any other fees paid to the third parties involved in the execution of this order. When providing professional Customers with best execution the Company is not required to prioritise the overall cost of the transaction as being the most important factor in achieving best execution for them.

5.1.4. Investment firms and credit institutions providing investment services must obtain from customers the necessary information to:

- Understand the essential facts about the customer, and
- Ensure that the nature and extent of the service provided, including any recommended or entered transactions in the course of portfolio management or investment advice, meet the following criteria:
 - (i) The transaction aligns with the customer’s investment objectives
 - (ii) The customer is financially capable of bearing any investment risks consistent with their investment objectives
 - (iii) The customer has the necessary experience and knowledge to understand the risks involved in the transaction or portfolio management or investment advice

Where the Company provides an investment service to a professional Customer it shall be entitled to assume that, in relation to the products, transactions and services for which it is so classified, the Customer has the necessary level of experience and knowledge for the purposes of paragraph (iii) above.

In addition, under certain circumstances, the Company shall be entitled to assume that a professional Customer is able financially to bear any investment risks consistent with its investment objectives.

The Company must inform Retail Customers of material difficulties relevant to the proper execution of their order(s) promptly upon becoming aware of the difficulty.

5.1.5. The Company is required to provide retail Customers:

- With more information than professional Customers as regards execution of orders
- With periodic statements, more frequently than for professional Customers

5.1.6. We shall not use financial instruments held by us on behalf of a Customer for our own account or the account of another Customer of ourselves, without the Customer’s prior express consent to the use of the instruments on specified terms, as evidenced, in the case of a retail Customer, by his signature or equivalent alternative mechanism.

5.1.7. Retail Customers may be entitled to compensation under the Investor Compensation Fund (“ICF”) for Customers of Investment Firms, while Professional Customers are not entitled to compensation under the ICF.

5.2. Eligible Counterparties

Where the Company treats the Customer as an eligible counterparty, the Customer will be entitled to fewer protections under the law than they would be entitled to as a professional Customer. In particular, and in addition to the above:

- The Company is not required to provide the Customer with the best execution of the Customer’s orders
- The Company is not required to disclose to the Customer information regarding any fees or commissions that the Company pays or receives
- The Company is not required to assess the suitability or appropriateness of a product or service that it provides to the Customer but can assume that the Customer has the expertise to choose the most appropriate product or service for them and that they are able financially to bear any investment risks consistent with his/her/their investment objectives
- The Company is not required to provide the Customer with information about the Company, its services and the arrangements through which the Company will be remunerated
- The Company is not required to provide the Customer with risk disclosures on the products or services that they select from the Company
- The Company is not required to provide reports to the Customer on the execution of his/her/their orders