



## **CLIENT CATEGORISATION POLICY**

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## 1. Introduction

- 1.1. CaiBull Ltd (hereinafter referred to as the ‘Company’ or ‘we’), incorporated under registered number HY01123442 and licensed by the Mwali International Services Authority, Island of Moheli as an International Brokerage and Clearing House under License number T2023415 with a registered office Bonovo Road – Fomboni Island of Mohéli – Comoros Union.
- 1.2. The Company is required to classify all its Clients into one of the following three categories:
  - a. **Retail Client** is a Client who is not a professional Client by default or an eligible counterparty. A retail Client receives the highest possible level of protection.
  - b. **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. In Order to be considered a professional Client, the Client must comply with the criteria set out in paragraph 2 of this Policy.
  - c. **Eligible Counterparty** is a type of Professional Clients, applicable only when the service provided to such Professional Client is of receiving & transmitting and/or executing Orders (see paragraph 4 below).

## 2. Categories of Clients who are considered to be professionals by Default

- 1.3. The following should all be regarded as professionals in all investment services and activities and financial instruments:
  - a. 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 Directive, entities authorised or regulated by a Member State without reference to a Directive, and entities authorised or regulated by a third country:
    - Credit institutions
    - Investment firms
    - Other authorised 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.

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 organisations.

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

1.4. Professional Clients requesting to be treated as Retail:

- a. The entities mentioned above in paragraph 2.1 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.
- b. Where the Client of the Company is an undertaking referred to above, the Company shall inform him prior to any provision of services that, on the basis of the information available to the Company, the Client is deemed to be a professional Client, and will be treated as such unless the Company and the Client agree otherwise. The Client may request a variation of the terms of the agreement in Order to secure a higher degree of protection. 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. 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.

- c. Such agreement should specify whether this applies to one or more particular services or transactions, or to one or more types of product or transaction.

### **3. Clients who may be treated as professionals on request.**

#### **1.5. Identification criteria**

- a. Clients other than those mentioned in paragraph 2.1 above, may also be allowed to be treated as Professional Clients and hence waive some of the protections afforded by the conduct of business rules of the Company.
- b. The Company should therefore be allowed to treat any of the above Clients as professionals provided the relevant criteria and procedure mentioned below are fulfilled. These Clients should not, however, be presumed to possess market knowledge and experience comparable to that of the categories listed paragraph 2.1.
- c. Any such waiver of the protection afforded by the standard conduct of business regime shall be considered valid 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 understands the risks involved.

#### **3.1. Fitness Test**

- a. The fitness test applied to managers and directors of entities in the financial field could be regarded as an example of the assessment of expertise and knowledge.
- b. 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.
- c. In the course of the above assessment (fitness test), as a minimum, two of the following criteria should be satisfied:

- 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;
- the size of the Client's financial instrument portfolio, defined as including cash deposits and financial instruments exceeds EUR 500 000;
- 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.

### 3.2. 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 conduct only when the procedure below is followed:

- a. 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,
- b. the Company must give them a clear written warning of the protection 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 protection.

Before deciding to accept any request for waiver, 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 under paragraphs 3.1 and 3.3.

## 4. Eligible Counterparties

4.1. Eligible Counterparty is any of the following entities: Investment Firms, other IFs, credit institutions, insurance companies, UCITS and UCITS management companies, pension funds and their management companies, other financial institutions authorised by a Member State or regulated 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 organisations. Third country entities

equivalent to those categories of entities stated in in this paragraph can also be recognized as Eligible Counterparties.

- 4.2. The Company may recognize an undertaking as an eligible counterparty if that undertaking falls within a category of Clients who are to be considered Professional Clients.
- 4.3. The Company may also recognize as eligible counterparties undertakings which fall within a category of Clients who are to be considered Professional Clients. In such cases, however, the undertaking concerned shall be recognized as an Eligible Counterparty only in respect of the services or transactions for which it could be treated as a Professional Client.
- 4.4. The Eligible Counterparty category is applicable only for the following investment services and activity:
  - a. Reception and transmission of Client Orders
  - b. Execution of Orders on behalf of Clients

## 5. Request for Different Classification

- 5.1. The following types of requests are provided:
  - a. 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, see paragraph 3 above.
  - b. A Professional Client has the right to request a different classification as a Retail Client in Order to obtain a higher level of protection, see paragraph 2.2. above.
  - c. A Professional Client has the right to request to be treated as an Eligible Counterparty, obtaining therefore a lower level of protection, see paragraph 4.3. above.
  - d. An Eligible Counterparty has the right to request a different classification of either a Professional Client or Retail Client in Order to obtain a higher level of protection.
- 5.2. The Company has the right to decline any of the above Client's requests for different classification.
- 5.3. Professional Clients and Eligible Counterparties are responsible for keeping the Company informed of any change which could affect their current categorisation. If the Company

becomes aware that the Client no longer fulfils the initial conditions, which made him eligible for a professional treatment, the Company shall take appropriate action.

## 6. Protection Rights

### 6.1. Retail and Professional Clients

Where the Company treats a Client as a Retail Client, the Client is entitled to more protections, than if the Client was treated as a Professional Client. In summary, the protections

Retail Clients are entitled to, are as follows (the list may not be exhaustive):

- a. A 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.
- b. 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 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 (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 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 a Professional Client. Consequently, and unlike the situation with a 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.

- c. When executing Client Orders, the Company must take all reasonable steps to achieve what is called “best execution” of the Client’s Orders, that is to obtain the best possible result for its Clients. Where the Company executes an Order of a 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 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. The Company shall also send a notice to a 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.
- d. 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.
- e. The Company is required to provide Retail Clients with more information than Professional Clients as regards the execution of their Orders.
- f. The Company is obliged to enter into a written basic agreement with the retail Client, setting out the essential rights and obligation of both parties.

## 6.2. Eligible Counterparties

Where the Company treats the Client as an Eligible Counterparty, the Client will be entitled to fewer protections than it would be entitled to as a Retail or Professional Client. In particular and in addition to the above of paragraph 6.1 (the list may not be exhaustive):

- a. the Company is not required to provide the Client with best execution in executing the Client’s Orders.

- b. the Company is not required to implement procedures and arrangements which provide for the prompt, fair and expeditious execution of its Client Orders, relative to other Client Orders or its trading interests.
- c. 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 have the expertise to choose the most appropriate product or service for itself.
- d. 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.
- e. the Company is not required to provide reports to the Client on the execution of its Orders or the management of his investments.
- f. the Investors Compensation Fund does not cover Eligible Counterparties.

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