



ProChoice

Chrimatistiriaki Ltd



CLIENT CATEGORIZATION POLICY

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1. Purpose

The purpose of this Client Categorisation Policy and Procedures (the P&P) is to set out Prochoice Chrimatistiriaki Ltd (hereinafter the 'Company') arrangements and mechanisms for the categorization of new clients as well as re-categorisation of existing clients.

2. Regulatory Framework

The P&P is drawn up based on the following regulatory framework:

- a) The Investments Services and Activities and Regulated Markets Law 87(I)/ 2017 (hereinafter – Law 87(i)/ 2017);
- b) Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive;
- c) ESMA Questions and Answers on MiFID II and MiFIR investor protection and intermediaries topics.

3. General Principles

- 3.1. The company notifies new clients, and existing clients that the Company has re-categorised of their categorisation as a retail client, a professional client or an eligible client.

The Company informs clients in a durable medium about any right that client has to request a different categorisation and about any limitations to the level of client protection that a different categorisation would entail.

Notifications and information referred to in this Section must be provided to clients prior to any provision of services.

- 3.2. The Company does not use different categorisation for different investment services or activities of different financial instruments.

A Client may be categorised as retail client or professional client in respect of all investment services and activities and financial instruments only.

A Client may be categorised as eligible counterparty in respect of all investment's services only.

4. Key Roles and Responsibilities

- 4.1. The Compliance Department has the responsibility of:

- Monitoring the client categorisation arrangements in order to detect any risk of failure by the Company to comply with its relevant Obligations;
- Providing its final approval in relation to the categorisation of prospective Clients or re-categorisation request of existing clients;

- Reporting to the General Manager, at least annually, compliance issues relating to client categorisation and in particular, indicating whether appropriate remedial measures have been taken in the event any deficiencies have been identified;
- Providing guidance/advice to the concerned employees in relation to any regulatory related aspects that emanate during the application of the P&P.

4.2. The Account Operating Payments Department has the responsibility of:

- Sending the application package to prospective clients, including the client questionnaire form;
- Undertaking a preliminary review of the completed client questionnaire form and supporting documents;
- Notifying each client of its categorisation;
- Ensuring the proper recording, filing and input to the relevant IT systems that the Company is using, of the client's categorisation documentation collected upon the establishment of and updated during the business relationship.

5. Categories of Classification

Pursuant to applicable law, upon entering into an investment services agreement, the Company proceeds with the categorization of the Client in respect of the Services to be offered. The Client categorization is performed according to the criteria provided by the applicable law in respect of the Services and types of Financial Instruments requested and based on the information made available by the Client to the Company. The Law recognises that investors have different levels of knowledge, experience and skills in the investment field relevant to the specific type of product or services offered or requested and are classified in three categories: as a Retail client, a Professional client or an Eligible counterparty. Within this context, a Retail Client benefits of the highest level of protection, compared to a Professional Client or an Eligible Counterparty, which bare a reduced level of protection since they are considered more experienced and knowledgeable in carrying out transactions in Financial Instruments.

5.1. *Retail Client*

Retail Clients are considered as those clients who do not fulfil the criteria to be treated as professional clients or eligible counterparties. A Retail Client received the highest level of protection and information compared to a Professional client or an Eligible counterparty.

5.2. *Professional Clients*

5.2.1. Professional clients are clients who are considered to possess the experience, knowledge and expertise to make their own investment decisions, as well as to properly assess the risks that they will incur.

5.2.2. Professional Client is a client that is either a **“per se Professional Client”** or an **“Elective Professional Client”**

(a) **Professional Clients Per se:**

The following categories of clients shall be regarded as professionals in all investment services and activities and financial instruments for the purposes of this Policy:

1. Entities which are required to be authorised or regulated to operate in the financial markets. The list of entities shall include entities authorised by a Member State under a Directive of the European Union, entities authorised or regulated by a Member State without reference to a Directive and entities mentioned below: entities authorised or regulated by a third country :
 - a) Credit Institutions;
 - b) Investment Firms;
 - c) Other authorised or regulated financial institutions;
 - d) Insurance companies.
 - 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) Local enterprises.
 - i) Other institutional investors
2. Large undertakings which satisfy at least two of the following size requirements on a company basis:
 - (a) balance sheet total at least Euro 20.000.000
 - (b) net turnover at least Euro 40.000.000
 - (c) own funds at least Euro 2.000.000.
3. National and regional governments, public bodies that manage public debt at national or 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 securitisation of assets or other financing transactions.

(b) **Elective Professional Clients:**

Clients other than those mentioned in Section 5.2.2 of the P&P, are also allowed to waive some of the protections afforded by the conduct of business rules for retail clients, provided that at least two of the following criteria are satisfied:

- a) The client has carry out transactions, in significant size, on the relevant market at an average frequency of 10 per trimester over the previous four quarters.

For the assessment the significance size of transaction in the different types of financial instruments, the following table shall be used:

Type of financial instruments	Significant size (EUR or EUR equivalent)
Equities and equity-like instruments (ADRs, GDRs)	10.000
Bonds or other forms of securitized debt	10.000
Derivatives (Options, Forwards, Swaps)	10.000 (deposited margin)
Leveraged Exchange Traded Funds (“ETFs”)	10.000
Repo Transactions	10.000

- b) The size of the client’s financial instrument portfolio, denied as including cash deposits and financial instruments exceeds EUR 500.000
- c) The client works or has worked in the financial sector financial sector for at least one year in professional position which requires knowledge of the transactions or services envisaged

During the [process of the changing categorization from the Retail Client to the Professional Client, the Company shall ask the Client to complete all applicable questionnaires that are necessary at the time of the change. Any clients not falling within the list above are, by default classified as Retail Clients.

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

5.3. Eligible Counterparties

Each of the following is an eligible counterparty unless and to the extend it is given different categorization under the P&P:

- a) Entities which are required to be authorized or regulated to operate in the financial markets. The list blew shall be understood as including all authorized entities carrying out the characteristic activities of the entities mentioned: entities authorized by a Member State under a Directive, entities authorized or regulated by a Member Stae without reference to a Directive, and entities authorized or regulated by a third country:
 - i. Investment Firms;
 - ii. Credit Institutions;
 - iii. Other authorised or regulated financial institutions
 - iv. Insurance Undertakings;
 - v. UCITS and their management companies;
 - vi. Pension Funds and their management companies
- b) National governments and their corresponding offices including public bodies that deal with public debt at National, Central Banks, supranational institutions such as the World Bank, the IMF, the EBC, the EIB and other similar supranational organisations.
- c) Large undertakings meetings two of the following size requirements on a company basis:

- i. Balance sheet total: EUR 20,000,000;
- ii. Net turnover : EUR 40,000,000;
- iii. Own funds (capital and reserves): EUR 2,000,000.

6. Initial Categorization

6.1. Entities of Section 5.3 of this P&P shall be initially categorised as eligible counterparties:

- a) Once a client categorised as eligible counterparty under Sections 5.a or 5.b the Company shall notify such a client about it categorisation.
- b) Once a client categorised as eligible counterparty under Section 5.c, the Company shall notify such a client about it categorisation and obtain it consent that it agree to be treated as eligible counterparty. The consent shall be obtained prior to the provision of any services to such a client.





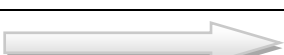

If a client disagrees with it initial categorisation as eligible counterparty, the Company may either (i) categorise such a client as per se professional client, or (ii) deny the establishment of relationship with such as client.

6.2. Once a client is initially categorised as per se professional client under Section 5.2.2 (a) of the P&P, the Company shall notify such client about it categorisation.

6.3. Once a client is initially categorised as retail client, the Company shall notify such a client about it categorisation.

7. Client Re-Categorization

7.1. The Company may re-categorise clients:

a) Eligible Counterparty		Professional Client
b) Eligible Counterparty		Retail Client
c) Professional Client Per Se		Eligible Counterparty
d) Elective Professional Client/ Professional Client Per Se		Retail Client
e) Retail Client		Elective professional Client
f) Retail Client		Eligible Counterparty

7.2. *Re-categorisation of eligible counterparty to professional client*

- a) The Company may re-categorise of eligible counterparty to per se professional client at the request of the client concerned only.

Eligible counterparty may not be categorised as elective professional client.

- b) Clients that have been categorised as eligible counterparty may request to be treated as per se professional clients.

In such cases, the eligible counterparty shall sign and return to the Company the request for re-categorisation from eligible counterparty to professional client.

In order for the company to accept such a request the Company shall take into account factors such as any special agreements in terms of commissions already agreed with the eligible counterparty and any additional administration work that the specific request might entail.

If the Company accepts eligible counterparty's request, the Company shall notify such client about its new categorisation.

In cases where such request is not accepted, then the Company shall notify such a client about non-acceptance of a re-categorisation request.

7.3. *Re-categorisation of eligible counterparty to retail client*

- a) The Company may re-categorise of eligible counterparty to retail client either at the request of the client concerned or on its own initiative.

- b) Clients that have been categorised as eligible counterparty may request to be treated as retail clients.

In such cases, the eligible counterparty shall sign and return to the Company request the request for re-categorisation form eligible counterparty to retail client.

In order for the Company to accept such a request the Company shall take into account factors such as any special agreements in terms of commissions already agreed with the eligible counterparty and any additional administration work that the specific request might entail.

If the Company accepts eligible counterparty's request, the Company shall notify such a client about its new categorisation.

In cases where such request is not accepted, then the Company shall notify shall a client about its new categorisation.

- c) The Company may re-categorise of eligible counterparty to retail client on its own initiative if the client is not meeting criteria set out in section 5.2.2 (a) of the P&P.

The Company shall notify such a client about it new categorisation and the client shall enter into a written agreement with the Company.

7.4. *Re-categorisation of professional client to eligible counterparty*

- a) The Company may re-categorise of per se professional client to eligible counterparty at the request of the client concerned only.

Elective professional client may not be categorised as eligible counterparty.

- b) Per se professional client that may be categorised as eligible counterparty shall request the Company in writing to be treated as eligible counterparty and provide information confirming that the client is an entity of section 5.3 of this P&P (if not provide previously|).

If the Company accepts per se professional client's request, the Company shall notify such a client about its new categorisation.

In cases where such request is not accepted, then the Company shall notify such a client about non-acceptance of a re-categorisation request.

7.5. *Re-categorisation of professional client to retail client*

- a) The Company may re-categorise of professional client to retail client either at the request of the client concerned or on its own initiative.
- b) Clients that have categorised as professional client counterparty may request to be treated as retail clients.

In such cases, the professional client shall sign and return to the Company the request for re-categorisation from professional client to retail client letter.

In order for the Company to accept such a request he Company shall take into account factors such as any special agreements in terms of commissions already agreed with the eligible counterparty and any additional administration work that the specific request might entail.

If the Company accepts professional client's request, the Company shall notify such a client about its new categorisation.

In cases such request is not accepted, then the Company shall notify such a client about non-acceptance of re-categorisation request.

- c) The Company may re-categorise of professional client to retail client on its own initiative if the client is not meeting criteria set out in section 5.2.2 (a) of this P&P or the Company is of an opinion that the client is not meeting criteria set out in section 5.2.2 (b)of this P&P.

The Company shall notify such a client about it new categorisation.

7.6. *Re-categorisation of retail client to eligible counterparty*

- a) The Company may re-categorise of retail client to eligible counterparty at the request of the client concerned only.
- b) Retail client that may categorised as eligible counterparty shall request the Company in writing to be treated as eligible counterparty and provide information confirming that the client is an entity of section 5.3 of the P&P (if not provided previously).

If the Company accepts retail client's request, the Company shall notify such a client about its new categorisation.

In cases where such request is not accepted, then the Company shall notify such a client about non-acceptance of a re-categorisation request.

7.7. *Re-categorisation of retail client to professional client*

- a) The Company may re-categorise of retail client to professional client at the request of the client concerned only.
- b) Retail client that may be categorised as per se profession client shall request the Company in writing to be treated as professional client and provide information confirming that the client is an entity of section 5.2.2(a) of the P&P (if not provided previously).

If the Company accepts retail client's request, the Company shall notify such a client about its new categorisation.

In cases where such request is not accepted, then the Company shall notify such a client about non-acceptance of a re-categorisation request.

- c) Retail Client other than the entities of section 5.2.2. (a) of the P&P may be categorised as elective professional client shall request the Company in writing to be treated as professional client and the following procedures is followed:

- i. The client must state in writing to the Company that it wishes to be treated as professional client and shall submit to the Company evidenced that requirements of sections 5.2.1 (1) to (3) are met.

Requirements of Sections 5.2.1 (1) to (2) applies to the client.

The requirement of section 5.2.1 (3) applies to natural persons authorised to carry out transactions on behalf of the client.

- ii. The Company must give to the client a clear written warning of the protections and investor compensation rights the client may lose, and
- iii. The client must state in writing in a separate document from the contract, that it is aware of the consequences of losing such protections.

7.8. Cross-check with other information:

The information provided by the client as part of the general onboarding process such as KYC/CDD parameters or appropriateness assessment, including information on the client's portfolio size and the holding of liquid assets shall be cross checked with the information included in the client's re-categorization request.

8. Monitoring of client's categorisation status

- 8.1. During client's renewal process or on an ad-hoc basis, the Company shall monitor any changes with respect to the client's circumstances. In cases where the Company's responsible employee becomes aware that the client circumstances are not valid compared to the information initially indicated in the KYC/CDD data, the responsible employee shall follow up with the client in order to establish the new circumstances and re-categorise the client accordingly.

In all cases the Company responsible employee should send the relevant documentation to the Compliance Department approval.

- 8.2. The Company becomes aware that the client no longer fulfil the initial conditions, which made him eligible for being treated as a professional Client (elective or per se) or Eligible Counterparty. Such criteria may include:

- Change of the status of the authorised persons (for elective professional clients);
- Licence is revoked/frozen
- The client's financial position has been changed and the criteria used for categorising the client as a professional client (large undertaking) are not anymore fulfilled;
- Sanctions imposed on the client;
- A request for re-categorisation is submitted by the client to the company;
- Other reasons/events that may come into the Company's attention.

9. Investor Protection

9.1 *Requirements*

9.1.1 Retail Client receives the highest level of protection in accordance with the provisions of the Law as they are presumed to possess limited investment knowledge and experience and are not capable of understanding the risks associated with trading.

9.1.2 In order for the Company to ensure investor protection, it is required to provide the following information to all of its Clients (Retail, Professionals or Eligible Counterparties):

- a) Appropriate information to be provided in good time to Clients regarding the Company itself and its services, the financial instruments and proposed investment strategies (where applicable), execution venues and all costs and related charges.
- b) Appropriate guidance on and warnings of the risks associated with investment in the financial instruments offered by the Company and whether the financial instrument it intended for Retail or Professional Clients.

9.1.3 The information on all costs and associated charges must include information relating to both investment and ancillary services, including the cost of advice, where relevant, the cost of the financial instrument marketed to the Client and how the Client may pay for it, also encompassing any third-party payments.

9.1.4 The information referred to in paragraph 6.1.2 shall be provided in a comprehensible form in such a manner that Clients are reasonably able to understand the nature and risks involved with the investment service and of the specific type of financial instrument and take investment decisions on an informed basis.

9.1.5 The Company must take all sufficient steps to obtain, when executing orders, the best possible result for their clients taking into account price, costs, speed, likelihood of execution and settlement, size, nature and any other consideration relevant to the execution of an order. Where the Client has provided a specific instruction, the Company shall execute the order following the specific instruction.

9.2 *Additional protections for Retail Clients*

9.2.1 The Company shall not accept any fee or commission or any non-monetary benefit in connection with the provision of an investment or an ancillary service, except where such payment or benefit is designed to enhance the quality of the relevant service to the Client and it does not impair the Company's duty to act honestly, fairly and professionally in accordance with the best interests of the Client.

9.2.2 The Company shall ensure that it does not remunerate or assess the performance of its staff in a way that conflicts its duty to act in the best interests of its Clients i.e. remuneration of the staff which could otherwise provide an incentive to the staff recommend a particular financial instrument to a Retail Client when a different financial instrument would better meet the Retail Client's needs.

- 9.2.3 The Company must assess whether a particular financial instrument is appropriate and suitable for a Retail Client based on his knowledge and experience in investments and whether the Retail Client is able to understand the risks associated with trading in those specific financial instruments. The Company shall further warn the Retail Client where on the basis of information received it has assessed that a specific financial instrument is not appropriate for the Retail Client.
- 9.2.4 The Company must provide appropriate information on the Investor Compensation Fund and the specific rights and protections which are offered to Retail Clients.
- 9.2.5 Further additional protections are provided to Retail Clients as described below:
- a) Retail Clients are provided will more information regarding the Company's fees, charges and expenses,
 - b) 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 tis appropriate for the Client,
 - c) The Company must take all sufficient steps to ensure that a Retail Client's order is executed as much in order to obtain best possible results,
 - d) A Retail Client will receive information regarding his executed order timely and with more detailed as to the content,
 - e) A Retail Client who is provided the service of Portfolio Management will receive more detailed and frequent information,
 - f) A Retail Client will be informed of the Company's liability in relation to possible solvency of the custodian where Client's financial instruments are held,
 - g) A Retail Client will be informed of the Company's Conflict of Interest Policy,
 - h) A Retail Client will be informed of the Company's Complaint handling procedures, and
 - i) A Retail Client is eligible for possible coverage from the Investor's Compensation Fund.

9.3 Eligible Counterparty

Where the Company classifies a Client as an Eligible Counterparty, the client will be entitled to fewer protections under the law than it would be entitled to as a Professional Client. In particular and in addition to the above:

- a) The Company is not required to provide the Client with information in relation to its conduct of business obligations, rules for handing client's orders or best execution in executing client's orders,
- b) The Company is not required to assess the appropriateness of a product or service that the Company provide to the Client but can assume that the Client have the expertise to choose the most appropriate product or service for itself;
- c) The Investors Compensation Fund does not cover Eligible Counterparties.

The above information is based on the MiFID II and Regulated Markets Law of 2007 (L144(I)/2007). For more detail information you can visit the Cyprus Securities and Exchange Commission website at <http://www.cysec.gov.cy>.

10. Review

The Policy is reviewed and updated (if required) at least on an annual basis, or more frequently, should the need arise.

Any amendments or the abolition of this Policy shall be approved by the Compliance Officer of the Company.

Any persons which are directly affected by any changes in the provisions of this Policy shall be informed accordingly.

Dec/ 2024