



CLIENT CATEGORISATION POLICY

1. INTRODUCTION

Vstar& Soho Markets Limited ("the Company") is authorized and regulated by the Cyprus Securities and Exchange Commission ("CySEC") to act as a Cyprus Investment Firm ("CIF") with License Number The Company operates under the Provision of Investment Services, the Exercise of Investment Activities, the Operation of Regulated Markets and Other Related Matters Law 87(I)/2017, as amended from time to time.

Following the implementation of the Markets in Financial Instruments Directive (MiFID) in the European Union and in accordance with the Investment Services and Activities and Regulated Markets Law 87(I)/2017 in Cyprus, Vstar& Soho Markets Limited (hereinafter the "Company") is required to categorize its clients into one of the following three categories: retail, professional or eligible counterparty.

2. CLIENT CLASSIFICATION

The Company, prior to engaging in business relationship with its potential clients, notifies the potential clients of the clients' classification in use by the Company, and informs them about the category in which they are initially classified by the Company. Clients shall be categorized as follows, based on the criteria outlined below:

- A. "Retail Client"** is a client who is not a professional client by default, as defined in section I below, or an eligible counterparty. It is noted that Retail Clients are afforded with the highest 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.
- 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 Client orders and/or dealing on own account.

A. Retail Clients

Every client, which is neither an eligible counterparty nor a professional client, is considered to be a retail client.

B. Professional Clients

Professional client is a client 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 client, the client must fall within the following categories of clients:

i. Entities which are required to be authorised or regulated to operate in the financial market, either from Member States or non-Member States, such as:

- 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
- Locals: firms which provide investment services and/or perform investment activities consisting exclusively in dealing on own account on markets in financial futures or options or other derivatives and on cash markets for the sole purpose of hedging positions on derivatives markets or which deal for the accounts of other members of those markets or make prices for them and which are guaranteed by clearing members of the same markets, where responsibility for ensuring the performance of contracts entered into by such firms is assumed by clearing members of the same markets
- Other institutional investors

ii. Large undertakings meeting two of the following size requirements, on a proportional basis:

- Balance Sheet total at least EUR20.000.000
- Net Turnover at least EUR40.000.000
- Own Funds at least EUR2.000.000

iii. National and regional governments and 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.

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

The entities mentioned above are considered to be professional Clients by default. They are however allowed to request non-professional treatment and the Company may agree to provide a higher level of protection. Where the client of the Company is an undertaking referred to above, the Company must 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 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. 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 should specify whether this applies to one or more particular services or transactions, or to one or more types of product or transaction.

C. Eligible Counterparties

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

For that purpose, eligible counterparties may consider to be falling within the following categories:

- 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
- Third country entities equivalent to the categories mentioned above

The Company when enters into transactions with eligible counterparties, obtains the express confirmation form 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.

OPTION TO CHANGE CLASSIFICATION

It is noted that an eligible counterparty or professional client is allowed to request non-professional treatment and the Company may agree to provide a higher level of protection. In this respect, the Company notifies its clients in a written form of their option to be classified as retail clients. The Company proceeds in this action, in order to offer a uniform level of protection to all of its clients. The higher level of protection will be provided by the Company when the client enters into a written agreement with the Company, to the effect that it shall not be treated as a professional. It is the responsibility of the client who is classified as a professional client to ask for a higher level of protection when he is not in a position to properly assess and manage the risks involved in the transactions.

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

- The client has carried out transactions, in significant size, at an average frequency of 10 per quarter over the previous ten quarters.
- The size of the client's financial instrument portfolio exceeds EUR500.000.
- 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.

REQUEST FOR DIFFERENT CATEGORISATION

In accordance with Section II above, the following request may be submitted to the company:

- a) A Retail Client requesting to be categorised as a Professional Client. In that case the Client will be afforded a lower level of protection.
- b) A Professional Client requesting to be categorised as a Retail Client. In that case the Client seeks to obtain a higher level of protection.
- c) An Eligible Counterparty requesting to be categorised as a Professional Client or Retail Client. In that case the Client seeks to obtain a higher level of protection.

The Company reserves the right to decline any of the above requests for different categorisation.

PROCEDURE

The clients defined above may waive the benefit of the detailed rules of conduct only where the following procedure 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 written, 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.

Professional clients are responsible for keeping the Company informed about any change, which could affect their current categorization. Should the Company become aware however that the

client no longer fulfils the initial conditions, which made him eligible for professional treatment, then the Company will take appropriate action.

All Clients are responsible for keeping the Company informed about any change which could affect their current categorisation.

However, if the Company becomes aware that the Client no longer fulfils the initial conditions which made it eligible for a professional treatment, the Company should take appropriate action.

PROTECTION RIGHTS

Retail Clients/ Professional Clients

Where the Company treats the Client as a retail client, he/she/they will be entitled to more protections under the law than if the Client was entitled to be a professional client. In summary, the additional protections retail clients are entitled to are as follows:

- a) A retail client will be given more information/disclosures with regards to the Company, its services and any investments, its cost, commissions, fees and charges and the safeguarding of client financial instruments and client funds.

- b) Under the law, where the Company provides investment services other than investment advice (in the form of personal recommendations) or discretionary portfolio management, 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 investment firm 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 law.

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 orders, investment firms and credit institutions providing investment services 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 their clients.

Where the Company executes an order on behalf 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 cost 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 the third parties involved in the execution of the order.

When providing professional clients 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.

d) Investment firms and credit institutions providing investment services must obtain from clients such information as is necessary for the firm or credit institution, as the case may be, to understand the essential facts about the client and to have a reasonable basis for believing giving due consideration to the nature and extent of

e) the service provided, that the specific transaction to be recommended, or entered into in the course of providing a portfolio management service, satisfies the following criteria:

I. It meets the investment objectives of the client in question; It is such that the client is able financially to bear any related investment risks consistent with his investment objectives;

II. It is such that the client has the necessary experience and knowledge in order to understand the risks involved in the transaction or in the management of his portfolio.

Where the Company provides an investment service to a professional client it shall be entitled to assume that, in relation to the products, transactions and services for which it is so classified, the client has the necessary level of experience and knowledge for the purposes of paragraph (3) above.

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

- f) 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.
- g) The Company is required to provide retail clients:
 - i. With more information than professional clients as regards execution of orders, other than for portfolio management.
 - ii. With periodic statements in respect of portfolio management activities carried out on their behalf, more frequently than for professional clients.
- h) Where the Company provides portfolio management transactions for retail clients or operate retail client accounts that include an uncovered open position in a contingent liability transaction, it shall also report to the retail client any losses exceeding any predetermined threshold, agreed between the Company and the client, no later than the end of the business day in which the threshold is exceeded or, in case where the threshold is exceeded on a non-business day, the close of the next business day.
- i) If the Company provides an investment service other than investment advice to a new retail client, the Company must enter into a written basic agreement with the client, setting out the essential rights and obligation of the firm and the client.
- j) We shall not use financial instruments held by us on behalf of a client for our own account or the account of another client of ourselves, without the client's prior
- k) express consent to the use of the instruments on specified terms, as evidenced, in the case of a retail client, by his signature or equivalent alternative mechanism.

l) The Company cannot conclude title transfer financial collateral arrangements with Retail Clients for the purpose of securing or covering present or future, actual or contingent or prospective obligations of Clients. In respect of Professional Clients and/or Eligible Counterparties, the Company is not subject to such restriction. Where the Company uses title transfer collateral arrangements, it shall highlight to Professional Clients and/or Eligible Counterparties the risks involved and the effect of any title transfer collateral arrangement on the Client's financial instruments and funds.

m) Where the Company holds a retail Client account with positions in leveraged financial instruments or contingent liability transactions, the firm must report to the Client if the initial value of each instrument depreciates by 10% and thereafter at multiples of 10%.

n) 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.

o) Retail clients may be entitled to compensation under the Investor Compensation Fund for Bank Clients or the Investor Compensation Fund for Clients of Investment Firms, as the case may be.

Eligible Counterparties

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

- i. The Company is not required to provide the Client with the best execution the Client's orders;
- ii. 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.
- iii. The Company is not required to disclose to Client information regarding any fees or commissions that the Company pays or receives;
- iv. The Company is not required to assess the suitability or 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 him/her/them and that he/she/they is/are able financially to bear any investment risks consisted with his/her/their investment objectives;

- v. The Company is not required to provide the Client with information about the Company, its services and the arrangements through which the Company will be remunerated;
- vi. The Company is not required to ensure that its financial instruments are designed to meet the needs of an identified target market of Eligible Counterparties;
- vii. The Company when dealing with Eligible Counterparties, is not required to ensure that it does not remunerate its staff in a way that conflicts with its duty to act in the best interest of its Clients and that it does not accept any fees/commissions in relation to the provision of services to Clients.
- viii. The Investors Compensation Fund does not cover Eligible Counterparties;
- ix. The Company is not required to provide the Client with risk disclosures on the products or services that he/she/they select/s from the Company; and
- x. The Company is not required to provide reports to the Client on the execution of his/her/their orders or the management of his/her/their investments.

REQUEST FOR RE-CATEGORISATION FROM RETAIL TO PROFESSIONAL CLIENT

Warning: The “Client Categorisation” document should be read before completing this form.

Procedure for re-categorisation: Please refer to “*Procedure*” of the “Client Categorisation” document.

Loss of protection of being categorised as professional: Please refer to “*Protection rights*” of the “Client Categorisation” document.

Required criteria for re-categorisation: Please refer to “*Option to change classification*” of the “Client Categorisation” document.

Please answer the following questions and provide all supporting documents.

Criterion 1

<input type="checkbox"/> YES <input type="checkbox"/> NO	Do you currently work, or you have worked in the financial sector for at least one year in a professional position, which requires knowledge of the transactions or services envisaged? (In case the client is a legal entity this question refers to the person(s) authorised to carry out transactions on behalf of the legal entity.
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Supporting documents

<input type="checkbox"/> YES <input type="checkbox"/> NO	Letter for current or past employer(s) stating: † Position(s) held † Duties and responsibilities of above position(s) † Period of term in above position(s)
<input type="checkbox"/> YES <input type="checkbox"/> NO	Copy of professional certificate for the provision of Investment services
<input type="checkbox"/> YES <input type="checkbox"/> NO	OTHER (please provide brief description and attach relevant documents)

Criterion 2

<input type="checkbox"/> YES	Have you carry out transactions, in significant size, on the relevant market at an average frequency of 10 per quarter over the previous four quarters?
<input type="checkbox"/> NO	

Supporting documents

<input type="checkbox"/> YES <input type="checkbox"/> NO	Account(s) with Vstar& Soho Markets Limited (existing clients)
<input type="checkbox"/> YES <input type="checkbox"/> NO	Statement of account(s) with other Investment Firm(s) for the previous four quarters
<input type="checkbox"/> YES <input type="checkbox"/> NO	OTHER (please provide brief description and attached relevant documents)

Criterion 3

<input type="checkbox"/> YES <input type="checkbox"/> NO	Does the size of your financial instrument portfolio, defined as including cash deposits and financial instruments exceed EUR 500,000?
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Supporting documents

<input type="checkbox"/> YES <input type="checkbox"/> NO	Account(s) with Vstar& Soho Markets Limited (existing clients)
<input type="checkbox"/> YES <input type="checkbox"/> NO	Recent statement of account(s) with other Investment Firm(s)
<input type="checkbox"/> YES <input type="checkbox"/> NO	Recent statement of account(s) with Credit Institution(s)
<input type="checkbox"/> YES <input type="checkbox"/> NO	OTHER (please provide brief description and attached relevant documents)

Do you wish to be treated as a professional client?

<input type="checkbox"/> YES <input type="checkbox"/> NO	Generally? or
<input type="checkbox"/> YES <input type="checkbox"/> NO	In respect of a particular investment service or transaction, or type of transaction or product? (please state for which investment service or transaction, or type of transaction or product)

I hereby confirm that to the best of my knowledge the above information is complete, true and accurate.

Name: _____

Position: _____

Company name (if applicable): _____

Signature

_____/_____/_____
Date: