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Client Categorization Policy

1. Introduction

1.1. Following the implementation of the EU Markets in Financial Instruments Directive II (“MiFID II”) and in accordance to the Investment Services and Activities and Regulated Markets Law of 2017 (L. 87(I)/2017), the Company is required to classify its clients into one of the following categories: Retail Client, Professional Client or Eligible Counterparty.

2. Categorization Criteria

2.1. Retail Client is a client who is not a Professional Client or an Eligible Counterparty, as these are described below.

2.2. Categories of Clients who are Professionals Per se

a) Entities which are required to be authorized or regulated to operate in the financial markets such as:

- Credit institutions;
- Investment firms;
- Other authorized 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;
- Other institutional investors.

b) Large undertakings meeting **two** of the following size requirements on a proportional basis:

- balance sheet total of at least EUR20,000,000;
- net turnover of at least EUR40,000,000;
- own funds of at least EUR2,000,000.

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 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.

2.3. Non-Professional Clients who may be Treated as Professional upon Request/Elective Professionals

In the course of the above assessment, 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;

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

In the case of small entities, the person subject to the above assessment should be the person authorized to carry out transactions on behalf of the entity.

3. Procedure

3.1. In order for the aforementioned Clients to be treated as Professional Clients, the following procedure is followed:

- a. The Client states in writing to the Company that wishes 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 its clear written warning of the protections and investor compensation rights it may lose.
- c. The Client must state in writing, in a separate document from the main Agreement, that is aware of the consequences of losing such protections.

3.2. Before deciding to accept any request for waiver, the Company must take all reasonable steps to ensure that the Client requesting to be treated as a Professional Client meets the relevant requirements as stated above.

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

Clients wishing to be treated as Professionals may submit the application form found on the Company's [website](#).

4. Keeping the Company Informed

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

4.2. 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.

5. Professional Clients Requesting to be treated as Retail

5.1. It is noted that Professional Clients of paragraph 2.2 are allowed to request non-professional treatment and instead be treated as Retail Clients, so as to enjoy a higher level of protection.

5.2. 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 the Client 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 products or transaction.

6. Eligible Counterparty

6.1. Eligible counterparty is any of the following entities with whom the Company may bring about or enter into a transaction with, in the course of execution of orders on behalf account and/or receiving and transmitting orders:

- a) an investment firm;
- b) a credit institution;
- c) an insurance company;
- d) a collective investment scheme authorized under the UCITS Directive
- e) or its management company;
- f) a pension fund or its management company;
- g) another financial institution authorized or regulated under EU
- h) legislation or the national law of an EEA State;
- i) a national government or its corresponding office, including a public
- j) body that deals with public debt at national level;
- k) a central bank; and
- l) a supranational organization.

6.2. Eligible Counterparties are considered to be the most mature investors and are presumed to be able to assess and manage the risks involved in the service or product obtained.

6.3. Where the Company treats the Client as an Eligible Counterparty, the Client shall be entitled to lower protections under the law than he would be entitled to as a Professional Client.

- a) The Company shall not be required to provide the Eligible Counterparty with an Order Execution Policy.
- b) Eligible Counterparties do not receive the best possible result taking into account price, costs, speed, likelihood of execution and settlement, nature or any other consideration relevant to the Best Execution as on MIFID II.
- c) The Company shall not be required to disclose to the Eligible Counterparty, information regarding financial instruments, investment strategies, execution venues and all cost and related charges;

- d) The Company shall not be required to assess the suitability or appropriateness of a product or service that it provides to an Eligible Counterparty, but can assume that it has the expertise to choose the most appropriate product or service for it and that it is able financially to bear any investment risks consistent with his investment objectives;
- e) The Company shall not be required to provide the Eligible Counterparty with risk disclosures on the products or Services that he selects from the Company;
- f) The Company shall not be required to provide reports to the Client on the execution of his Orders or the management of his investments.
- g) The Investors Compensation Fund does not cover Eligible Counterparties.

6.4. Institutional Professional Clients and Eligible Counterparties are responsible for keeping the Company informed about any change, which could affect their current categorization.

6.5. Should the Company become aware however that the Client no longer fulfils the initial conditions, which made him eligible for treatment as Professional Client/Eligible Counterparty then, the Company must take appropriate action.

6.6. Although the Client maintains the right to request for a different categorization, the Company reserves the right to not provide its services to the particular client.

7. Types of Requests for Different Categorization

7.1. The following requests may be submitted to the Company should a Client wish to change its categorization:

- i. A Retail Client can request to be categorized as a Professional Client. The Client therefore accepts a lower level of protection.
- ii. A Professional Client can request to be categorized as a Retail Client. The Client therefore obtains higher level of protection.
- iii. A Professional Client can request to be treated as an Eligible Counterparty, obtaining therefore a lower level of protection.
- iv. An Eligible Counterparty can request to be categorized as a Professional Client or a Retail Client. The Client therefore obtains higher level of protection.

7.2. It is noted that the Company is not required to agree with a request for non-professional or non-Eligible Counterparty treatment. In addition, the Company may, on its own initiative, treat as a Professional or Retail Client an Eligible Counterparty or treat as a Retail Client a Professional Client.

8. Protection Rights

8.1. Retail and Professional Clients: Where the Company treats a Client as a Retail Client, the Client is entitled to more protections under the Law, than if the Client was treated as a Professional Client.

8.2. 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.
- c. When executing Client orders, the Company must take all reasonable steps to achieve what is called “best execution” of the Clients’ orders, that is to obtain the best possible result for its clients.

8.3. 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.

8.4. When providing Professional Clients with best execution, the Firm is not under an obligation to treat overall costs as the most important factor in achieving best execution for them.

- a. 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.
- b. Retail Clients may be entitled to compensation under the Investor Compensation Fund (“ICF”) for Clients of Investment Firms, while Professional Clients are not entitled to compensation under the ICF.
- c. Where the Company executes orders for Retail clients, it shall provide those clients with a summary of the relevant execution policy focused on the total costs they incur.
- d. The Company limits the maximum amount of leverage provided to Retail clients compared to Professional Clients.
- e. The Company may apply different margin close-out level/stop out level to Professional Clients compared to Retail Clients.

