



Client Categorisation Policy

I. Introduction

Capital Com Group Ltd (the "**Company**", "**we**", "**Capital Com**") is a Cypriot Investment Firm (the "**CIF**") regulated by the Cyprus Securities and Exchange Commission (the "**CySEC**") for the provision of investment and ancillary services under the license number 463/25 and registered in the Republic of Cyprus. Our business and registered address is at 66 Christaki Kranou, 7th Floor, City Tower, 4042, Germasogeia, Limassol, Cyprus.

II. Purpose

The Company is required to categorise its existing and/or potential Clients, into one of the three categories: retail, professional or eligible counterparty. This document explains the criteria for each category, how clients are notified of their classification, the process for requesting a change of category, and how this policy is reviewed and updated.

III. Legal Framework

The Company operates under 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 ("**MiFID II**"), as transposed into Cypriot Law by the Investment Services and Activities and Regulated Markets Law of 2017 (the "**Law 87(I)/2017**").

According to this legislation, the Company is required to categorise its Clients. As a result, the Company evaluates any application for opening an account and classifies any potential Client under any of the categories mentioned above, always based on the information provided by the said Client.

Special Statement for Residents of Spain. The Company offers trading in CFDs. CFD is a product that is complex and difficult to understand. The National Securities Market Commission of Spain (the “**Comisión Nacional del Mercado de Valores**” or “**CNMV**”) considers that generally, CFDs are not appropriate for retail clients, due to their complexity and risks involved. During onboarding, Capital Com asks for information on potential clients' general information, including knowledge and experience, as well as risk objective and financial ability. This allows us to determine whether we have concluded that CFDs are appropriate/suitable for you. A CFD is also a leveraged product and the losses incurred may be the entire amount invested.

IV. Notification to the Clients for their categorisation:

The Company, prior to the provision of services, will notify new Clients of their categorisation. Through this policy, the Company also informs Clients of:

- (a) any right that Client has to request a different categorisation (see Section VI); and
- (b) any limitations to the level of Client protection that such a different categorisation would entail (see Section VII).

The Company provides this information to ensure that all Clients clearly understand the level of regulatory protection available to them and to promote a consistent and transparent approach to client safeguarding.

V. Client Categorisation:

The Client categorisation criteria are outlined below.

a) Retail Clients

A retail Client is a client who is not a professional Client nor an eligible counterparty. Retail Clients are afforded the highest level of regulatory protection, as described in Section VII (Protection Rights).

b) Professional Clients

A 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 as per the requirements under the Investment Services and Activities & Regulated Markets Law of the Republic of Cyprus, Law 87(I)/2017.

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

(1) 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 Directive of the European Union, entities authorised or regulated by a Member State without reference to a Directive, and entities authorised or regulated by a third country:

- a) a credit institution;
- b) an investment firm;
- c) other authorised or regulated financial institution;
- d) an insurance undertaking;
- e) a collective investment scheme and a management company of such scheme;
- f) a pension fund and a management company of such fund;
- g) a commodity and commodity derivatives dealer;
- h) a local;
- i) other institutional investor;

(2) A large undertaking meeting two of the following size requirements, on a proportional 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;

(3) A national or regional government, public body that manage public debt, a central bank, an international and supranational institution such as the World Bank, the International Monetary Fund, the European Central

Bank, the European Investment Bank and any other similar international organisations;

- (4) Any other institutional investor whose main activity is to invest in financial instruments, including entities dedicated to the securitization of assets or other financing transactions.

The entities mentioned above are considered to be professionals. Sections VI and VII provide detailed information with respect to client's right for recategorization and protection rights per category.

Clients who may be treated as elective professional:

a) Identification criteria:

Clients other than those mentioned above, including public sector bodies, local public authorities, municipalities and private individual investors, may also be allowed to waive some of the protections afforded by the conduct of business rules of the Company.

The Company is allowed to treat any of the above Clients as professionals provided that the relevant criteria and procedures mentioned below are fulfilled. These Clients are not, however, presumed to possess market knowledge and experience comparable to that of the "per-se" categories listed above.

Any such waiver of the protection afforded to Retail clients is considered valid only if an adequate assessment of expertise, experience and knowledge of the Client, undertaken by Company, gives reasonable assurance, in light of the nature of the transactions or services recommended, that the Client is capable of making his own investment decisions and undertaking the risk involved.

The fitness test to be undertaken by the Client, may be regarded as an example of the assessment of expertise and knowledge. In the case of corporate client entities, the person subject to the above assessment should

be the person authorised to carry out transactions on behalf of the Company.

In the course of the above assessment, 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 of the previous four quarters;
- The size of the Client's financial instrument portfolio, defined as including cash deposits and financial instruments exceeds 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 and services envisaged.

“Significant size transaction” refers to a transaction that is assessed as significant based on the volume traded, taking into account the most complex financial instrument available on the client's account. Where a client has access to multiple types of financial instruments, the assessment shall be based on the most complex instrument available. Accordingly, where CFDs or KOs are available on the client's account, a significant size transaction is considered to be a trade with a volume of at least USD/EUR 5,000. Where the client's account provides access only to Stocks (as defined under Annex 1), a significant size transaction is considered to be a trade with a volume of at least USD/EUR 2,500.

b) Reclassification Procedures of a retail client into professional client:

The clients defined above may waive the benefit of the detailed rules of conduct only where the following procedure is followed:

- i. They must state in writing to the Company or apply through the Company's online forms that they wish to be treated as professional Clients, either generally or in respect to a particular investment service transaction or type or product;
- ii. The Company must give them a clear written warning of the protections and investor compensation rights that they may lose;

- iii. They must state in writing, in a separate document from the contract, that they are aware of the consequences of losing such protections.

Points (ii) and (iii) shall be performed through the Client's consent of the Elective Professional Clients Disclaimer available in Annex 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 stated in point (a) above.

If Clients have already been categorised as professional under parameters and procedures similar to those referred to above, their existing relationships with the Company will not be altered solely due to this Policy.

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

c) Eligible Counterparties

Certain authorised or regulated entities, governments, international financial institutions, as well as exempted undertakings and firms that fall under the criteria for professional Clients mentioned points (a)-(c) above can be classified as eligible counterparties under the relevant laws and regulations.

The Company recognizes the existing overlap between the way professional Clients and eligible counterparties are defined in the relevant laws and regulations and will be addressing this issue on a case by case basis (if necessary).

Transactions with Eligible counterparties:

In case that the Company receives and transmits orders on behalf of Clients, the Company may bring about or enter into transactions with eligible counterparties without being obliged to comply with all regulatory requirements in respect of those transactions or in respect to any ancillary service directly related to those transactions.

The Company, when it enters 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.

d) Experienced Retail Clients

Experienced Retail Clients are Retail Clients that reside in Poland and who may be reclassified as Experienced Retail Clients upon their written request and contingent on the below conditions of eligibility.

This classification is offered in accordance with the Polish Financial Supervision Authority (KNF) Decision of 1 August 2019 regarding the provision of CFDs to retail clients.

The respective Client must:

(a) Reside in Poland; and

(b) Maintain at least one (1) of the following combinations of trading activity during the course of the preceding twenty-four (24) consecutive months:

1. 10 opening CFD positions, with a nominal value of EUR 50,000 (or the PLN equivalent) per quarter for four quarters; or
2. 50 opening CFD positions, with a nominal value of EUR 10,000 (or the PLN equivalent) per quarter for four quarters; or
3. 40 opening CFD positions, with a total nominal value of EUR 2,000,000 (or the PLN equivalent) per quarter for four quarters; and

(c) Have sufficient theoretical knowledge and/or professional experience, which can be confirmed with either of the following:

- Successful completion of training of minimum 50 hours on derivatives, including CFDs and KOs, as evidenced by relevant certificates or endorsements issued on the basis of knowledge verification by relevant training providers, within the last twelve (12) months. The course may be provided by the Company; or
- Relevant professional certificates, in particular: Investment Adviser, Securities Broker, Chartered Financial Analyst, Financial Risk Manager, ACI Dealing Certificate, ACI Diploma, or a relevant field of study; or
- A confirmation of work in a position which requires professional expertise in dealing in CFDs, KOs or other derivatives, for at least one year.

The relevant Clients will be asked to provide supporting documentation as evidence of meeting the above requirements as part of the reclassification process. Clients are responsible for informing the Company of any changes that may affect their categorisation.

The Company shall verify the compliance of the status of the Experienced Retail Client at least once a year and reserves the right to reverse the status of the account to Retail Client if the above conditions are no longer satisfied.

Trading Conditions applicable to Experienced Retail Clients

Experienced Retail Clients shall be eligible to trade CFDs with the following maximum leverage limits:

- (a) 100:1 for currency pairs (USD, EUR, JPY, GBP, CAD, CHF)
- (b) 100:1 for indices (FTSE 100, CAC40, DAX30, DJIA, S&P 500, NASDAQ, Nikkei 225, ASX200, EUROSTOXX 50)
- (c) 100:1 for Gold

The Experienced Retail Clients are also:

- Covered by the Margin Close-Out Protection. The standardised margin close-out rule has been set at 50% of the total initial margin. Please refer to the Company's Leverage and Margin Policy.
- Covered by the Negative Balance Protection. Please refer to Section 8.20 of the Terms and Conditions of the Company and the Company's Leverage and Margin Policy.
- Eligible for the Investor Compensation Fund. Please refer to Section 20.8 of the Terms and Conditions of the Company and the Company's Investor Compensation Fund Policy.

Assets belonging to Experienced Retail Clients are considered as "Client Assets", and provisions included in Section 10 of the Company's Terms and Conditions will be applicable.

VI. Option to Change Classification & Request For A Different Categorisation

Capital Com recognises that Clients should be in general allowed to request to be placed into a different category other than retail. In accordance with the aforesaid, 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.

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. Where the Client of the Company is an undertaking, the Company must inform it 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 Company must also inform the Client that he can request a variation of the terms of the agreement in order to ensure a higher degree 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 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.

VII. Protection Rights

Where the Company treats the Client as a retail Client, the Client is 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) Client is given full, precise and easy to comprehend information/disclosures concerning Capital Com, its services and any investments, its cost, commissions, fees and charges and the safeguarding of Client financial instruments and Client funds;
- b) Capital Com requests the Client to provide information regarding his/her 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 for the Client, the Company will alert the Client

accordingly or reject the Client's application. For a professional Client the Company is entitled to assume that in relation to the products, transactions and services for which the Client is so classified, the Client has the necessary level of experience and knowledge; In addition, under certain circumstances, the Company is entitled to assume that a professional Client is able financially to bear any investment risks consistent with its investment objectives;

- c) When executing orders Capital Com takes 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 Client as defined in the Company's Order Execution Policy. It is noted that Clients who are classified as professional Clients are also subject to the protections under the Best Execution Regime. However, the Company is not obliged to comply with this obligation with respect to eligible counterparties;
- d) Capital Com informs Clients of material difficulties relevant to the proper carrying out of their order(s) promptly upon becoming aware of such difficulties;
- e) Capital Com provides Clients with full and explicit information on the execution of the relevant Client orders;
- f) Capital Com enters into the Terms and Conditions with the Client, that outline the essential rights and obligation of both parties;
- g) Capital Com makes adequate arrangements for financial instruments held on behalf of a Client to prevent their use by the Company for its own account by depositing them with a third party in manner that would make them identifiable from the Company's financial instrument held with that third party (if any) and identifiable from the financial instruments held by that third party as well;
- h) Retail Clients are entitled to compensation under the Investor Compensation Fund for Clients of Investment Firms;
- i) Capital Com makes adequate arrangements to not use Client funds for its own account by depositing them entirely into segregated bank accounts;
- j) For CFDs and KOs, Capital Com is the packaged retail and insurance-based investments products (the "**PRIIPs**") manufacturer and publishes on its website the relevant Key Information Documents (the "**KIDs**"), which are addressed to Retail Clients. For other PRIIPs products

made available through our platform (including certain exchange traded products such as ETFs/ETNs/ETCs), we act as distributor and provide access to the manufacturer's KID (and, where applicable, the prospectus and/or other issuer disclosures like KIID);

- k) With respect to eligible counterparties, the Company is not obliged to comply with the conduct business obligations (including inter alia, fair, clear and not misleading information, information about costs and associated charges - limited application, assessment of appropriateness, specific reporting towards clients), and Client handling rules;
- l) Eligible counterparties and “per-se” Professional Clients will not be offered negative balance protection, however the Company may, at its sole discretion, offer limited negative balance protection from time to time. By default Professional Clients and Eligible Counterparties will be responsible for making additional payments should their account fall into a negative balance. **By default Professional Clients and Eligible Counterparties could lose more than the sum they have invested when trading with the Company.**

□ **Professional Clients:**

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

General Provisions in respect of Professional Clients

1. Clients who under Section V were categorised as professional are allowed to request non-professional treatment and the Company may agree to provide a higher level of protection.
2. In instances where the Client is an “undertaking”, the Company will inform such Client, prior to any provision of services and on the basis of the information available to the Company, that the Client is

deemed to be a professional Client and will be treated as such unless otherwise agreed.

3. The Client can request a variation of the terms of the agreement in order to secure a higher degree of protection.
4. It is the responsibility of the professional Client to ask for a higher level of protection when it deems it is unable to properly assess or manage the risks involved.
5. 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 shall specify whether this applies to one or more particular services or transactions, or to one or more types of product or transaction.

□ **Eligible Counterparties:**

1. Where the Company treats the Client as an eligible counterparty, the Client is entitled to fewer protections under the law than they would be entitled to as a professional Client. In particular, and in addition to the above:
2. The Company is not required to provide the Client with the best execution of the Client's orders;
3. The Company is not required to disclose to Client information regarding any fees or commissions that the Company pays or receives to the same extent as other types of Clients, unless the relevant information relates to derivatives contracts that are intended to be offered to the eligible counterparty's underlying clients;
4. The Company is not required to assess the suitability or appropriateness of a product or service that it provides to the Client but can assume that the Client has the expertise to choose the most

appropriate product or service and that Client is financially able to bear any investment risks consistent with their investment objectives;

5. 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;
6. The Company is not required to provide the Client with risk disclosures on the products or services that they select from the Company; and
7. The Company is not required to provide reports to the Client on the execution of their orders or the management of their investments.

VIII. Retail and Professional Client agreements:

The Company, by virtue of the recent MiFID II implementation, and as stated in Article 58 of the Commission Delegated Regulation (EU) 2017/565, hereby informs its Clients that agreements will be provided (i.e. the Company's Terms and Conditions), setting out the essential rights and obligations of both the Company and the Client.

IX. Policy Updates

The Company reserves the right to review and/or amend this Policy and arrangements from time to time. In the event we materially change this Policy active Clients will be notified as in accordance with the Company's Terms and Conditions.

Client Categorisation Policy - Version 2.1 - September 2026

Annex 1 - Definitions

“ADRs” shall mean American Depositary Receipts.

“CFDs” shall mean Contract for Differences.

“CIF” shall mean a Cyprus Investment Firm.

“Client(s)” or **“you”** shall mean the natural person or legal entity or the union of persons or group of assets devoid of legal personality who are clients of Capital Com.

“Comisión Nacional del Mercado de Valores” or **“CNMV”** shall mean the National Securities Market Commission of Spain.

“Company” or **“we”** or **“Capital Com”** shall mean Capital Com Group Ltd.

“Cyprus Securities and Exchange Commission” or the **“Commission”** or the **“CySEC”** shall mean the Cyprus Securities and Exchange Commission.

“ETCs” shall mean Exchange Traded Commodities.

“ETFs” shall mean Exchange Traded Funds.

“ETNs” shall mean Exchange Traded Notes.

“KIDs” shall mean the Key Information Documents.

“KOs” shall mean Knock Out Options.

“Law 87(I)/2017” shall mean the Investment Services and Activities and Regulated Markets Law of 2017.

“MiFID II” shall mean 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.

“PRIIPs” shall mean packaged retail and insurance-based investment products within the meaning of Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 (the **“PRIIPs Regulation”**).

“Stocks” or **“stocks”** shall mean transferable securities as defined under Article 4(1) point (44) of MiFID II, including among others, shares, ADRs, ETFs, ETNs and ETCs. The Company markets Transferable Securities commercially under the name "Stocks."

Annex 2 - Elective Professional Clients Disclaimer

1. General

Capital Com Group Ltd (the "Company") is authorized and regulated by the Cyprus Securities and Exchange Commission ("CySEC") as a Cyprus Investment Firm (License No. 463/25). The Company is authorized to provide investment and ancillary services with regards to specific financial instruments as stated in its CySEC License.

This Elective Professional Clients Disclaimer (the "Disclaimer") sets out important information for retail Clients who request to be classified as Professional. The Elective Professional Clients Disclaimer (the "Disclaimer") should be read and understood in its entirety, whilst for any enquiries, you may contact support@capital.com.

Retail Clients may be classified as Professional Clients when they meet at least two of the three following criteria:

- the Client seeking professional status 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 financial instrument portfolio of the Client seeking professional status, 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.

In terms of the Law, professional clients are those clients in respect of whom the Company can reasonably assume that they possess the necessary knowledge, experience and expertise to make their own investment decisions and properly assess the risks involved in trading in the financial instruments available on their account. Where the client's account provides access to complex financial instruments, such as CFDs and/or KOs, the assessment of professional client status is carried out by reference to those instruments. Where the client's account provides access only to stocks, the

assessment of professional client status is carried out by reference to those instruments.

As a Professional Client you are responsible to inform us about any change, which could affect your current classification. In case of such change, please notify us in writing at the following e-mail address: support@capital.com or notify your dedicated account manager. Should we become aware however that you no longer fulfill the initial conditions, which made you eligible for Professional Client treatment, we will take appropriate action. Relevant Clients will be notified accordingly via email.

You are entitled to demand at any time another classification, e.g. be re-categorised as a Retail Client and receive higher level of protection in terms of the regulations of the Law (see Part 2 below). In this case, please notify us in writing at the following e-mail address: support@capital.com or notify your dedicated account manager. Such re-classification becomes effective after such a request has been received and acknowledged by the relevant officer of our Compliance Department. For the avoidance of doubt, such requests cannot be retroactively applied to trading transactions that have taken place before we have formally received and acknowledged such requests.

Costs & fees:

Charges applied to professional accounts may vary from those of retail accounts. Details of costs and charges applied can be found on the dedicated website section [here](#).

2. Consequences of categorisation as Elective Professional

Once categorised as a Professional Client, you will lose some of the regulatory protections which would have otherwise been available to you as a Retail Client. In particular, the following changes shall be applicable:

- **Appropriateness Test and understanding of risk:**

We assume that you have sufficient knowledge and experience to understand and assess the risks of the relevant financial instruments and

your transactions, therefore we will not provide you with any written risk warnings in relation to any of your transactions.

- **Terms of Business:**

Our Terms & Conditions and Policies remain applicable to you to the extent they are not in conflict with your status as a Professional Client.

- **Financial Promotions:**

Rules relating to financial promotions are limited or modified in their application to Professional Clients compared to Retail Clients. Financial promotions directed at Professional Clients' are only subject to the high level requirement that they are fair, clear and not misleading.

- **Investor Compensation Fund (ICF):**

Only Retail Clients have access to Cyprus Investor Compensation Fund, in the case where we are unable to meet our obligations.

- **Negative Balance Protection & Margin Close Out Rule:**

Negative balance and margin close out rule protections will be a default option for all elective professional clients. The Company reserves the right to remove negative balance protection and/or margin close out, decrease leverage (i.e. Increase margin rates), or vice versa, for specific client accounts, on a case by case evaluation. The Company might exercise this right at its sole discretion in cases where the trading style of specific accounts justifies such change, or in cases where a client account exceeds the Company's acceptable risk limits. The Company shall inform the client of such change(s) before this is implemented.

- **Title Transfer Collateral Arrangement (the "TTCA"):**

By accepting these Terms, you hereby allow the Company to conduct a TTCA appropriateness assessment on your Professional Account. In case your Account is assessed as appropriate for the application of TTCA, the Company will request your consent for treating your money as a collateral. In essence, by being assessed as appropriate for TTCA and by providing your consent you will be treated in accordance with title

transfer, namely money that you transfer to us by way of margin or otherwise, will be transferred in full ownership to us for the purpose of securing or covering your recent, future, actual, contingent or prospective obligations.

TTCA consent will be requested only if the Company determines that the use of TTCA is appropriate for your Account. In particular, the below factors, inter alia, shall be taken into consideration:

- Client's margin requirements/available margin;
- The leverage utilized;
- The volume of transactions undertaken.

For more information, please refer to the relevant section of the Company's Terms and Conditions.