



CLIENT CATEGORISATION

PVP Markets Ltd.

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1 Introduction

PVP Markets Ltd (hereinafter the “**Company**”) is incorporated under the laws of Saint Vincent and the Grenadines with Registration 24994 having its registered office at First Floor, First St Vincent Bank LTD Building, James Street, Kingstown, Saint Vincent and the Grenadines. The Company is authorised as an International Business Company under the International Business Companies (Amendment and Consolidation) Act, Chapter 149 of the Revised Laws of Saint Vincent and Grenadines, 2009 (herein the “**Law**”).

The objects of the Company are all subject matters not forbidden by International Business Companies (Amendment and Consolidation) Act, Chapter 149 of the Revised Laws of Saint Vincent and the Grenadines, 2009, in particular but not exclusively all commercial, financial, lending, borrowing, trading, service activities and the participation in other enterprises as well as to provide brokerage, training and managed account services in currencies, commodities, indexes, CFDs and leveraged financial instruments.

Under the Law, the Company evaluating an application for opening an account, based on the information provided by the Clients, classifies its Clients into one of the following categories:

- A) Retail;
- B) Professional;
- C) Eligible Counterparty.

2 Clients Categories

2.1 Retail Client

“Retail Client” is a Client who is not a Professional Client defined by default or an eligible counterparty. Retail Client is eligible for the highest protection possible.

2.2 Professional Client

“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. The Company shall consider the Client to be professional by default if a Client complies with one of the following criteria:

- A) 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 the above Directive, entities authorised or regulated by a Member State without reference to the above Directive, and entities authorised or regulated by a non-Member State:
- Credit Institutions;
 - Investment Companies;
 - other Authorised or regulated Financial Institutions;
 - Insurance Companies;
 - Collective Investment schemes and Management Companies of such schemes;
 - Pension Funds and Management Companies of such funds;
 - commodities and commodity derivatives dealers;
 - locals;
 - other institutional investors (like portfolio investment companies).
- B) Large undertakings meeting two of the following size requirements on a company basis:
- balance sheet total: EUR 20,000,000;
 - net turnover: EUR 40,000,000; and
 - own funds: EUR 2,000,000.
- C) National and regional governments, including 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 (IMF), the European Central Bank (ECB), the European Investment Bank (EIB) and other similar international organisations.
- D) Other institutional investors whose main activity is to invest in financial instruments, including entities dedicated to the securitisation of assets or other financing transactions.

2.3 Eligible Counterparty

“Eligible Counterparty” is any of the following entities to which an investment Company provides the services of reception and transmission of orders on behalf of Clients and/or execution of such orders and/or dealing on own account:

- investment Companies;
- credit institutions;
- insurance companies;
- UCITS and their management companies;
- pension funds and their management companies;
- other financial institutions authorised or regulated under Union law or under the national law of a Member State;
- national governments and their corresponding offices including public bodies that deal with public
- debt at national level, Central Banks and supranational organisations.

3 Request for reclassification to Professional Client

3.1 Identification

The Company is allowed to treat any of the Retail clients such as public sector bodies, local public authorities, municipalities and private individual investors as “Professional Clients”, provided the relevant criteria and procedure mentioned below are fulfilled. These clients shall not, however, be presumed to possess market knowledge and experience comparable to the clients listed in point 3.2 above.

Any waiver of the protection afforded by the standard conduct of business regime will be affected only if an adequate assessment of the expertise, experience and knowledge of the Client is undertaken by the Company and gives reasonable assurance, in light of the nature of the transactions or services envisaged, that the Client is capable of making his/her own investment decisions and understanding the risks involved.

3.2 Fitness Test

The ‘fitness test’ applied to managers and directors of entities licensed under Directives of the European Union in the financial services field could be regarded as an example of the assessment of expertise and knowledge. In the case of small entities, the person subject to the above assessment should be the person authorised to carry

out transactions on behalf of the entity. In the course of the above assessment, as a minimum, two (2) 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 ten (10) per quarter over the previous four quarters;
- B) the size of the client's portfolio of financial instruments, defined as including cash deposits and financial instruments exceeds EUR 500,000;
- C) the Client works or has worked in the financial services sector for at least one year in a professional position, which requires knowledge of the transactions or services envisaged.

3.3 Reclassification Procedure

Provided that criteria listed in point 4.2 are met, the Retail clients may be reclassified as "Professional Clients" and the Company shall follow the following procedure:

- A) Client must state in writing to the Company that he 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 shall provide a Client with a clear written warning of the protections and investor compensation rights they may lose.
- C) Client must state in writing, in a separate document from the contract, that he is aware of and accepts the consequences of losing such protections.
- D) 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 tests and criteria of point 4.2 above.

4 Request for reclassification to Retail Client

4.1 Identification

The Client considered as Professional Client by default is allowed to request non-professional treatment and the Company may agree to provide a higher level of protection. It is the responsibility of the Client, considered to be a Professional Client, to request a higher level of protection when it deems it is unable to properly assess or manage the risks involved. Where a Client is an undertaking referred to above, the Company must inform the Client, 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.

4.2 Procedure

This higher level of protection will be provided when a Client who is considered to be a Professional Client, enters into a written agreement with the Company to the effect that it shall not be treated as a Professional Client for the purposes of the applicable conduct of business but as a retail client. Such agreement will specify whether this applies to one or more particular services or transactions, or to one or more types of product or transaction.

5 Reclassification of an Eligible Counterparty

5.1 Principals

An eligible counterparty has the right to request a different classification, either as a “Professional Client” or as a “Retail client”, in order to obtain a higher level of protection. Under the Law, the Company is not obliged to deal with the Client in accordance with its request.

6 Acknowledgment

6.1 Decline of the request

The Company has the right to decline any of the above Client’s requests for different classification.

6.2 Responsibility

Professional Clients and Eligible Counterparties are responsible for keeping the Company informed of any change which could affect their categorisation as such. If the Company becomes aware that a Professional Client or Eligible Counterparty no longer fulfils the initial conditions that made him eligible for a Professional Client/Eligible Counterparty treatment, it may take appropriate action, including re-categorising the Client as a Professional Client or a Retail Client.

7 Protection Rights

7.1 Retail Clients/ Professional Clients

A Retail Client shall be entitled to more protections under the Law than 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 regard to the Company, its services and any investments, its costs, commissions, fees and charges and the safeguarding of Client financial instruments and Client funds.
- B) Under the law, where the Company provides portfolio management service to the Client, 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 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.

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, the Company providing investment services must take all reasonable steps to achieve what is called 'best execution' for their Client orders i.e. 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 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.

When providing Professional Clients with best execution the Company is not required to prioritise the overall costs of the transaction as being the most important factor in achieving best execution for them.

- D) The Company providing investment services must obtain from Clients such information as is necessary for the Company, 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 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:

- 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;
- 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 last paragraph 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 consistent with its investment objectives.

- E) 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.
- F) The Company is required to provide Retail Clients:
- with more information than Professional Clients as regards execution of orders, other than for portfolio management,
 - with periodic statements in respect of portfolio management activities carried out on their behalf, more frequently than for Professional Clients,
- G) 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 a case where the threshold is exceeded on a non-business day, the close of the next business day.
- H) The Company shall not use financial instruments held by the Company on behalf of a Client for its own account or the account of its other Client, without the Client's prior 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.

7.2 Eligible Counterparties

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

- the Company is not required to provide the Client with best execution in executing the Client's orders;

- the Company is not required to disclose to Client information regarding any fees or commissions that the Company pays or receives;
- 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 the Client and that the Client is able financially to bear any investment risks consistent with their investment objectives;
- 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;
- the Company is not required to provide the Client with risk disclosures on the products or services that the Client selects from the Company;
- the Company is not required to provide reports to the Client on the execution of the Client orders or the management of the Client investments.