



NFX Capital CY Ltd

14 Louki Akrita street
Ayias Zonis, 3030
Limassol, Cyprus
Tel: +357 25030341
Fax: +357 25558112

Email:

support@nordfxeu.com

Website: nordfxeu.com

CLIENT CATEGORIZATION POLICY

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

Categorization is dependent on criteria as described below and a Client may be placed under different categories for a particular investment or transaction or can “opt” to be treated under a different category. Each category carries a different level of protection, with retail Clients being given the highest level of protection.

The Company shall classify all its Clients as a Retail Client irrespective of information provided during the account opening process. The Client may “opt” to be re-classified to an alternative category, any change in category will be in accordance to criteria set by Law and at the discretion of the Company.

A Retail Client is a Client who is not a “Professional Client” or an “Eligible Counterparty”.

A 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. In order to be considered a Professional Client, the Client must satisfy the following criteria:

- 1) Entities which are required to be authorised or regulated to operate in the financial markets. The list below should be understood as including all authorised entities carrying out the characteristic activities of the entities mentioned: entities authorised by a member state under a European Community Directive, entities authorised or regulated by a member state without reference to such Directive, and entities authorised or regulated by a non-Member State:
 - (a) Credit institutions;
 - (b) Investment Firms;
 - (c) Other authorised or regulated financial institutions;
 - (d) Insurance undertakings;
 - (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) Locals;
 - (i) Other institutional investors
- 2) Large undertakings meeting two of the following size requirements, on a proportional basis:
 - a) balance sheet total at least EUR20,000,000
 - b) net turnover at least EUR 40,000,000
 - c) own funds at least EUR 2,000,000
- 3) 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 organisations.

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.

The entities mentioned above are considered to be Professionals. They must however be allowed to request non-professional treatment and the Company may agree to provide a higher level of protection. When the Client falls in one of the above categories, the Company will 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 a variation of the terms of the agreement in order to secure a higher degree of protection can be requested.

It is the responsibility of the Client, considered to be a Professional Client, to ask for a higher level of protection when he deems he 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 he shall not be treated as a Professional Client for the purposes of the applicable conduct of business regime. Such agreement will specify whether this applies to one or more particular services or transactions, or to one or more types of products or transactions.

An Eligible Counterparty is any of the following entities to which the Company is authorized to receive and transmit orders or/and to execute orders on behalf of Clients or/and to deal on own account; remaining Investment Firms, credit institutions, insurance undertakings, UCITS and their management companies, pension funds and their management companies and other financial institutions authorized by a member state or regulated under community legislation or the national law of a member state, undertakings exempted from the application of the Law in accordance with Sections 3(20)(k) and 3(20)(l) ,national governments and their corresponding offices, including public bodies that deal with public debt, central banks and supranational organizations.

Third country entities equivalent to those categories of entities stated above and undertakings such as those stated in subsection 3 of the Law, on the same conditions and subject to the same requirements as those laid down in subsection 3, can also be recognized as Eligible Counterparties.

Request from Clients to be treated under a different classification

A Client can request to be re-classified under a category which carries a higher (“opt down”) level of protection. An Eligible Counterparty can opt down to be treated as a Professional Client or Retail Client or a Professional Client can opt down to be treated as a Retail Client. The opt down treatment of a Client can be related to a particular service or transaction, type of product or in general.

Alternatively, a Client can request to be re-classified under a classification which carries a lower (“opt up”) level of protection, Retail Client to Professional Client or Professional Client to Eligible Counterparty. The opt down treatment can be related to a particular service or transaction, type of product or in general.

The Company reserves the right to decline any request for classification to a different category.



A Retail Client is given the highest level of protection and is the only classification of Client who is covered by the Investor Compensation Fund.

Opt up (Retail Client to Professional Client)

Identification criteria

Clients other than those listed in the section above relating to Professional Clients may also be allowed to be treated as Professional Clients and hence waive some of the protection given to them in accordance to the Law, provided that the relevant criteria and procedures mentioned below are fulfilled. Any such waiver of the protection given shall be considered valid only if an adequate assessment of the expertise, experience and knowledge of the Client, undertaken by the investment firm, gives reasonable assurance, in light of the nature of the transactions or services envisaged, that the Client is capable of making his own investment decisions and understands the risks involved.

Appropriateness Test

An Appropriateness Test will be applied to managers and directors of entities licensed under European Directives in the financial field and 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 authorized to carry out transactions on behalf of the entity.

To pass the above assessment, the client must (i) have previous experience in trading, (ii) satisfy at least one of the following criteria:

- (a) have trading experience of at least 1 year
- (b) performed on average at least 10 trades per quarter
- (c) the average size of the transactions is at least 1.000 USD

and (iii) answer correctly 3 questions that relate to trading.

Procedure

The Clients defined above may request to be re-classified as Professional Clients and hence waive the benefit of the detailed rules of conduct only where the following procedure is followed:

- they must state in writing to the Company that they wish to be treated as Professional Clients, either generally or in respect of a particular investment service or transaction, or type of transaction or product,
- the Company must give them a clear written warning of the protections and investor compensation rights they may lose,
- they must state in writing, 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 must take all reasonable steps to ensure that the Client requesting to be treated as a Professional Client meets the relevant requirements stated in the section Identification Criteria and Appropriateness Test above.



Professional Clients and Eligible Counterparties are responsible for keeping the Investment Firm 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 treatment as Professional Client/Eligible Counterparty then, the Company must take appropriate action, which may include immediate re-classification as a Professional/retail Client.

The above information is based on the Law. For more details information you may visit the website of the [Cyprus Securities and Exchange Commission](#).