

Client Categorisation Policy

1. INTRODUCTION

- 1.1. Colmex Pro Limited ("**Colmex Pro**", "**We**", "**Us**", "**Our**" or "**Company**") is a Cyprus Investment Firm ("CIF") incorporated in the Republic of Cyprus under the Department of the Registrar of Companies and Official Receiver holding a Certificate of Incorporation with Number HE 260064.
- 1.2. Colmex Pro is authorised and regulated by the Cyprus Securities and Exchange Commission ("**CySEC**"), with license number 123/10 and the operations of the Company are governed by the Provision of Investment Services law, the Exercise of Investment Activities law, the Operation of Regulated Markets and Other Related Matters Law of 2017, Law 87(I)/2017 in Cyprus ("**Law**"), which transposes the Directive 2014/65/EU on Markets in Financial Instruments ("**MiFID II**").
- 1.3. In accordance with the applicable regulations, the Company is under the obligation to categorise its clients into one of the following three categories: 'retail', 'professional' or 'eligible counterparties'.

2. CLIENT CATEGORISATION CATEGORIES

- 2.1. "**Retail Client**" is a client who is neither a professional client nor an eligible counterparty. Retail Clients is afforded with the highest level of protection by the Law.
- 2.2. "**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. There are two categories of professional clients, namely *per se* professional clients, which are mainly legal entities either by nature and/or by size and elective professional clients who may be treated as professionals on request.
- 2.3. "**Eligible Counterparty**" refers to entities that qualify as Professional Client who provide investment services that involve the reception and transmission or the execution of orders. Clients under this category are outlined under Section 31(2)(a) of the Law and have the lowest level of protection.

3. PROFESSIONALS BY NATURE

The Law explicitly outlines in PART I of the SECOND APPENDIX of the Law the categories of clients who are considered to be professionals.

4. PROFESSIONALS BY SIZE

- A. Large undertakings meeting two of the following size requirements on a company basis:
 - i. Balance sheet total: EUR 20,000,000;
 - ii. Net turnover: EUR 40,000,000;
 - iii. Own funds: EUR 2,000,000.



- B. National and regional government, a public body that manage public debt, a Central Bank, an international and supranational institution 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.
- C. Other institutional investors whose main activity is to invest in financial instruments, including entities dedicated to the securitisation of assets or other financing transactions.

5. ELECTIVE PROFESSIONALS

- 5.1. Retail clients may request from the Company to be recategorised and treated as Professional Clients, as per the procedure outlined in sub-section 5.5 below and subject to the Company’s assessment and approval and as such, waive some of the protections afforded by Law, as indicated in section 6 herein.
- 5.2. As part of this assessment, we will evaluate the client’s expertise, experience, and knowledge, along with any other relevant factors we deem appropriate in order to determine whether a client is capable of making their own investment decisions and understand the risks involved (“**Fitness Test**”). At a minimum, clients must satisfy at least two of the following criteria:
 - 5.2.1. 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;
 - 5.2.2. The size of the client’s financial instrument portfolio, defined as including cash deposits and financial instruments exceeds 500,000 Euros;
 - 5.2.3. 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.
- 5.3. Any waiver of the protection provided under the standard conduct of business regime shall be deemed valid only if the Company conducts a sufficient assessment of the client’s expertise, experience, and knowledge. This assessment must provide reasonable assurance, considering the nature of the intended transactions or services, that the client is capable of making investment decisions and understanding the associated risks.
- 5.4. The Fitness Test applied to managers and/or directors of entities licensed under European Directives in the financial sector forms part of the evaluation of expertise and knowledge. For small entities, the individual subject to this assessment must be the authorised representative responsible for executing transactions on behalf of the entity.
- 5.5. Clients who wish to be treated as Professional Clients must follow the procedure outlined below. It is important to note that opting for Elective Professional Client Categorisation may result in the waiver of certain regulatory protections. This recategorisation is only assessed under the following conditions:
 - a. Clients may request re-categorisation to Elective Professional through the “Elective Professional” page, accessed through our website [here](#).



- b. Client shall provide their email address registered with the Company and their account number for identification as a client of the Company.
 - c. Upon successful identification, Clients will be required to select the applicable statements that qualify them for Professional Client classification, as specified in Section 5.2 of this Policy and must then submit relevant supporting documentation in accordance with the selected criteria.
 - d. To finalise the application, Clients shall expressly acknowledge and accept the warning about the loss of Retail Client protections as well as the terms of this Client Categorisation Policy.
 - e. The Company will evaluate Clients' application and conduct an adequate assessment to ensure that the client is capable of making investment decisions and understanding the risks involved.
 - f. Clients will then be informed via email of the outcome of their request, including whether the application for Professional Client Categorisation has been approved or rejected.
- 5.6. Professional Clients are responsible for informing the Company of any changes that may impact their current categorisation. If we become aware that the client no longer meets the initial conditions for professional status, we shall take appropriate action to inform the client that it no longer satisfies the conditions for professional status and will be recategorised back to Retail status.
- 5.7. It is the responsibility of the client, classified as a Professional Client, to request a higher level of protection if they consider themselves unable to adequately assess or manage the associated risks.
- a. To initiate this process, the client must submit a request via email to the Company at support@colmexpro.com, expressly stating that he wishes to opt-out and change his status from Professional Client to Retail Client in order to be afforded with higher protections by law.
 - b. The recategorisation will take effect upon the confirmation by the Company, confirming that the client will no longer be treated as a Professional Client under the applicable conduct of business regime.
- 5.8. The Company reserves the right to decline any of the above requests for different categorisation.

6. PROTECTION RIGHTS

- 6.1. Differences in the protections granted between Retail Clients and Professional Clients or Eligible Counterparties (the list may not be exhaustive):
- a) **Disclosures:** Retail clients will be given more information disclosures with regard to our company, our services, our financial instruments provided and their performance and any investments, the nature and risks of financial instruments, our costs, commissions, fees and charges and the safeguarding of client financial instruments and client funds.
 - b) **Appropriateness Assessment:** Retail Clients will be requested to provide us with information regarding their knowledge and experience in the investment field relevant to the specific type of product or service offered or demanded to enable us to assess whether the investments service or product envisaged is appropriate for the client. In case we consider, on the basis of the information received, that the product or service is not appropriate for a particular professional or



retail client, we 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) **Best Execution:** When executing orders on behalf of Retail and Professional Clients and providing investment services, we shall take all reasonable steps to achieve what is called “Best Execution” of the client’s orders. However, it does not apply to Transactions entered into with Eligible Counterparties. Please review our [Order Execution Policy](#) for more information.
- d) **Investor Compensation Fund:** Retail Clients may be entitled to compensation under the Investor Compensation Fund (“ICF”) for Clients of Investment Firms, while Professional Clients and Eligible Counterparties are not entitled to compensation under the ICF.
- e) **Negative Balance Protection:** Retail Clients will be provided with Negative Balance Protection (“NBP”) and as such, may not lose more than the total amount deposited in their trading account. This shall not apply for Professional Clients and Eligible Counterparties.
- f) **Leverage Limits:** Retail Clients are bound by stricter leverage limits, especially in CFD trading (e.g., maximum leverage of 1:30 for major currency pairs, 1:5 for individual equities). Professional Clients and Eligible Counterparties are allowed to access higher leverage than Retail Clients.
- g) **Order Handling Notifications:** Retail Clients are being informed of material difficulties relevant to the proper carrying out of their order(s) promptly upon the Company becomes aware of the difficulty.
- h) **Financial Collateral Arrangements:** The Company cannot conclude Title Transfer Collateral Arrangements (TTCA) 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 Eligible Counterparties, the Company is not subject to such restriction. Where the Company uses TTCA, it shall highlight to Professional Clients or Eligible Counterparties the risks involved and the effect of any TTCA on the Client’s financial instruments and funds.
- i) **Risk Warnings:** We must provide standardised risk warnings in a clear and visible manner for Retail Clients whereas we have fewer obligations to provide detailed risk disclosures or standardised risk warnings to Professional Clients and Eligible Counterparties.
- j) **Bonuses and Incentives:** Bonuses and other incentives that may encourage excessive trading behaviour among Retail clients are prohibited.
- k) **Complaints Handling:** Retail clients have access to the [Financial Ombudsman of Cyprus](#), in the event of a complaint about the Company, whereas Professional Clients and Eligible Counterparties may not have access to the Financial Ombudsman Service due to the nature of their knowledge and experience.

