



SKANESTAS
INVESTMENTS



CLIENT CATEGORIZATION POLICY



I GENERAL

1.1 Following the implementation of the newly reformed Markets in Financial Instruments Directive II (MiFID II) in the European Union and in accordance with Investment Services and Activities and Regulated Markets Law of 2017 (Law 87(I)/2017) in Cyprus SKANESTAS INVESTMENTS LIMITED (the “Company”) is required to inform and categorise its Clients into one of the following three categories: Retail, Professional or Eligible Counterparty.

1.2 The purpose of this document is to inform Clients in a durable medium about the procedures for classifying Clients and the level of investor protection rights arising from such classification as well as to explain that in certain cases, the Client has the right to request a different categorisation and about any limitations to the level of client protection that a different categorisation would entail.

1.3 This document describes how the Company classifies its clients into the categories available under applicable laws and regulations as defined herein below.

II. DEFINITIONS

“**professional client**” means a client meeting the criteria laid down in the Second Appendix of Cyprus Law 87(I)/2017;

“**retail client**” means a client who is not a professional client;

“**client**” means any natural or legal person to whom a Company provides investment or ancillary services;

“**durable medium**” means any instrument which:

(a) enables a client to store information addressed personally to that client in a way accessible for future reference and for a period of time adequate for the purposes of the information; and

(b) allows the unchanged reproduction of the information stored.

III. CATEGORIES OF CLASSIFICATION

3.1 Pursuant to applicable law, upon entering into an investment services agreement, Skanestas Investments Limited proceeds with the categorisation of the Client in respect of the Services to be offered. The Client categorisation is performed according to the criteria provided by the applicable law in respect of the Services and types of Financial Instruments requested and on the basis of the information made available by the Client to Skanestas Investments Limited.



3.2 The Law recognises that investors have different levels of knowledge, experience and skills in the investment field relevant to the specific type of product or services offered or requested and are classified in three categories; as a retail client, a professional client or an eligible counterparty. Within this context, a Retail Client benefits of the highest level of protection, compared to a Professional Client or an Eligible Counterparty, which bare a reduced level of protection due to the fact that they are considered more experienced and knowledgeable in carrying out transactions in Financial Instruments.

3.3 If a Client has already been categorised as Professional Client under parameters and procedures similar to those referred to in this document, it is not intended that his relationships with Skanestas Investments Limited shall be affected by the new rules adopted by MiFID II.

A. Retail Clients

Retail clients are considered as those clients who do not fulfil the criteria to be treated as professional clients or eligible counterparties. A retail client receives the highest level of protection and information from us, compared to a professional client or an eligible counterparty.

B. Professional Clients

Professional clients are clients who are considered to possess the experience, knowledge and expertise to make their own investment decisions, as well as to properly assess the risks that they will incur.

The following are regarded as professional clients per se:

a) Entities which are required to be authorised or regulated to operate in the financial markets, including all authorised entities carrying out the characteristic activities of the entities mentioned below: entities authorised by a member state of the EU under legislation of the EU, entities authorised or regulated by a member state of the EU without reference to legislation of the EU, and entities authorised or regulated by a country which is not a member state of the EU, such as:

- Credit institutions;
- Investment firms;
- 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;
- Commodity and commodity derivatives dealers;
- Locals;
- Other institutional investors.
- b) Large undertakings meeting two of the following size requirements, on a company basis:
 - Balance sheet total: €20.000.000
 - Net turnover: €40.000.000
 - Own funds: €2.000.000

c) National and regional governments, public agencies managing public debt, central banks, international and multinational organisations such as the World Bank, the International Monetary Fund, the European Central Bank, the European Investment Bank and other similar international organisations.

d) Other institutional investors, whose main activity is investing in Financial Instruments, including companies, which deal exclusively with securitising assets or other financing transactions.

Any clients falling within the list above are considered to be professionals and, Skanestas Investments Limited will categorise such clients, on the basis of the information available to Skanestas Investments Limited, as Professional Clients, and will be treated as such unless the Company and the client agree otherwise. However, the Client is allowed to request Skanestas Investments Limited to be classified as Retail Client and the Company may agree to provide a higher level of protection.

Clients other than those mentioned in points a, b, c, d, 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.

The Company shall therefore be allowed to treat any of those clients as professionals provided the relevant criteria and procedure mentioned below are fulfilled. Those clients shall not, however, be presumed to possess market knowledge and experience comparable to that of the categories listed in points a, b, c, d.



Any such waiver of the protection afforded by the standard conduct of business regime shall be considered to be 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 investment decisions and understanding the risks involved.

In the course of the assessment, as a minimum, two of the following criteria shall be satisfied:

- 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,
- the size of the client's financial instrument portfolio, 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.

Any clients not falling within the list above are, by default, classified as Retail Clients.

C. Eligible Counterparties

Eligible Counterparties are Professional Clients, which operate in the financial sector and are therefore deemed to have the necessary investment expertise, and for the purposes of the Law are:

- Investment Firms.
- Credit Institutions.
- Insurance Undertakings.
- UCITS and their management companies.
- Pension Funds and their management companies.
- Other financial Institutions authorized by a member state or regulated under community legislation or the national law of a member state.
- National governments and their corresponding offices including public bodies that deal with public debt.
- Central Banks.
- Supranational Organizations.



A client can only be classified as an Eligible Counterparty when the Company provides the investment services of the reception and transmission of client orders, or the execution of orders on behalf of clients, or any ancillary services directly related to such transactions. In such cases, the Company is not obliged to comply with the following:

- a) Comply with certain investor protection requirements; we are obliged, however, to provide appropriate information to you;
- b) Assess the suitability and appropriateness of certain products or services, before providing them to you; we are obliged, however, to provide you with adequate reports on the service provided;
- c) Take all sufficient steps to obtain the best possible result for you when executing orders on your behalf;
- d) Have in place procedures to provide for the prompt, fair and expeditious execution of your orders, relative to other client orders or our own trading interests.

In addition, the Company may accept as an Eligible Counterparty an undertaking, which falls within a category of clients who are to be considered as Professional Clients in accordance with the description above and the identification criteria. Skanestas Investments Limited will require the Client's express consent regarding the categorisation as Eligible Counterparties.

IV. DIFFERENCES IN CLIENT PROTECTION

4.1 The different treatment per client classification relates mainly to the following:

- (a) the information communicated to the client;
- (b) the assessment of appropriateness and suitability of the investment service/financial instrument provided to the client;
- (c) the reports sent to the client regarding the investment service or financial instrument offered;
- (d) the manner in which execution of orders is performed achieving the best possible result for the client.

The Retail Client benefits of the highest level of protection and information received compared to a Professional Client and an Eligible Counterparty.

4.2 The additional protection and information provided to a Retail Client is summarised below:



(i) A Retail Client will be given more information with regards to the Services and Financial Instruments offered costs, commissions, fees, charges and the services of safekeeping of client's financial instruments and funds.

(ii) Skanestas Investments Limited will ask the 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. The Company requires this information in order to assess whether the Service or Financial Instrument envisaged is appropriate for the client. In case, on the basis of the information received, the product or service is deemed as not appropriate for the Retail Client, Skanestas Investments Limited will warn the client accordingly.

Please note that Skanestas Investments Limited is not required to assess appropriateness of Financial Instruments in certain cases specified by applicable laws.

On the contrary, the Company is entitled to assume, according to applicable laws that a Professional Client has the necessary experience and knowledge in order to understand the risks involved in relation to the particular Services or Financial Instruments he is requested to be provided.

(iii) When executing orders Skanestas Investments Limited must take all reasonable steps to achieve what is called Best Execution of the client's orders, that is, to obtain the best possible result for its clients (please refer to the information on Order Execution Policy applied by the Company).

In principle, 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.

When providing Professional Clients with Best Execution Skanestas Investments Limited is not required to prioritise the overall costs of the transaction as being the most important factor in achieving best execution for them. However, Skanestas Investments Limited considers that the most important execution factor for its Professional Clients is also the Total Consideration.

Skanestas Investments Limited cannot guarantee that it will be always possible to execute an order at the best price available due to market conditions and liquidity of the market, but Skanestas Investments Limited will always strive to execute an order in accordance with this Policy.

(iv) Skanestas Investments Limited is obliged to inform Retail Clients of material difficulties relevant to the proper carrying out of their order(s) promptly upon becoming aware of the difficulty.



(v) Retail Clients may be entitled to compensation under the Investor Compensation Fund.

V. NOTE ON RESULTS OF BEING CATEGORISED AS ELIGIBLE COUNTERPARTY

5.1 When the Company classifies a Client as an Eligible Counterparty, its obligations regarding the information provided on the nature and risks of financial instruments, transactions reporting, assessment of appropriateness, best execution, transmission or placement of orders with other entities for execution, and inducements, shall not apply to that client in respect of the investment services/activities of reception and transmission of orders, execution of orders on behalf of clients, and/or any ancillary service directly related to such transactions.

5.2 As regards the remaining of the Company obligations, those shall apply to Eligible Counterparties only to the extent required by applicable law. Generally, in relation to business other than reception and transmission of orders, execution of orders on behalf of a client and/or any ancillary service directly related to such transactions, an Eligible Counterparty will receive the same treatment as Professional Clients unless such Eligible Counterparty requests to be reclassified and treated as a Retail Client and the Company agrees to such request. Acceptance of such request is at the Company's discretion. In its relationship with eligible counterparties, Skanestas Investments Limited will act honestly, fairly and professionally and communicate in a way, which is fair, clear and not misleading, taking into account the nature of the eligible counterparty and its business.

VI. RECLASSIFICATION

6.1 As stated above, a Client is entitled to request a different categorisation, i.e. a Reclassification at any time. Skanestas Investments Limited reserves the right not to accept such request or only to be able to undertake such reclassifications if the necessary regulatory requirements have been met. For the purpose of offering the client a higher level of protection, a change of categorization may also occur at the initiative of the Company, but only on this occasion.

6.2 The following categorisation changes are permissible under the Law:

Initial Categorisation		Possible Changes in Categorisation
Retail Client	→	Professional Client
Professional Client	→	Retail Client
Professional Client Per Se (i.e. a client that has not been originally categorised as a Retail Client)	→	Eligible Counterparty



Reclassifications always leads to a change in the level of protection afforded to a client.

VII. RETAIL CLIENTS WHO MAY BE TREATED AS PROFESSIONAL CLIENTS ON REQUEST

7.1 Skanestas may treat any Retail Client as Professional Client provided the relevant criteria and procedure mentioned below are prima facie satisfied. Any such request for waiver of the protection afforded by the standard conduct of business regime will be considered and may be accepted by the Company only if an adequate assessment of the expertise, experience and knowledge of the Client, undertaken by the Skanestas, provides reasonable assurance, in the light of the nature of the transactions or services recommended, that the Client is capable of making investment decisions and understanding the risks involved. In the course of such categorisation assessment, as a minimum, two (2) of the following criteria shall be satisfied:

- i. 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 (4) quarters;
- ii. the size of the client's financial instrument portfolio, defined as including cash deposits and financial instruments exceeds EUR 500 000;
- iii. the Client works or has worked in the financial sector for at least one (1) year in a professional position, which requires knowledge of the transactions or services envisaged.

Further Clients shall:

- i. state in writing to the Company that they wish to be treated as Professional Client,
- ii. that they are aware of the consequences of losing any protections afforded as Retail Client.

7.2 Professional Client obligation to request for Reclassification: In case a Client is classified as a Professional Client, he is entitled to request to be treated as a Retail Client, in order to receive a higher degree of protection, if he considers that he is not able to properly assess or manage the risks involved.

7.3 Professional client per se to Eligible counterparty: Only a Professional Client per se may request to be treated as an Eligible Counterparty. By changing client categorisation from Professional Client to Eligible Counterparty, the Client will waive the higher level of protection and information provided to Professional Clients in comparison to Eligible Counterparties.



7.4 Eligible counterparty to Professional client or Retail client: In case a Client has been categorised as an Eligible Counterparty, he has the right to request to be treated as a Retail Client or as a Professional Client, in order to receive a higher degree of protection, if he considers that he is unable to properly assess or manage the risks involved.

VIII. CLIENT INVESTOR PROFILE

8.1 In addition to the categorisation referred above, it is essential for Skanestas Investments Limited to be provided with such information to enable to assess the Client's Investor Profile. The applicable law requires that the Company when is providing Investment Services to clients to request certain information from their clients. In this context, Skanestas Investments Limited requests that prior to entering into an investment services agreement a questionnaire be completed so as to assess the knowledge and experience of a Client in Financial Instruments, his investment objectives, financial constraints and financial situation to determine his ability to bear losses.

8.2 If the Client's Investor Profile has already been established with the Company, the same will be required and will be requested by the Company from time to time to be updated or confirmed so as to enable Skanestas Investments Limited to continue providing the Services as per the applicable legislation.

The current Client Categorization Policy of the Company was developed in accordance with Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 (MiFID II) and Cyprus Law L. 87(I)/2017 for the provision of investment services.