

Client Categorisation

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Introduction

All financial companies are required to classify clients as a retail client, a professional client or an eligible counterparty. The requirement to classify a client correctly is important because the different categories of client have different levels of regulatory protections afforded to them. Such classification does not constitute individual advice and is not a recommendation that the products we offer are suitable for the individual investor. If you are unsure about the risks or products involved please seek independent financial advice.

As part of the classification process MOCAZ FINANCIAL MARKETS LIMITED. (“MOCAZ FINANCIAL MARKETS LIMITED”, “we”, “us”, “our”) trading needs to make you aware of the classification we have given you and a summary of the level of protection that affords you. This document has been designed to inform you of the process we will undertake when carrying out these classifications and what the classifications mean. It is there to assist you with understanding your relationship with MOCAZ FINANCIAL MARKETS LIMITED.

“Retail Clients”

Initially, all clients who apply through the Individual or corporate account application process will be classified as Retail Clients – this classification is for any client who does not meet the criteria of the other two classifications. Such classification will also affect the information we are required to provide when marketing new products to you and will be subject to the retail client terms of business.

“Eligible Counterparty”

An eligible counterparty receives the lowest level of protection. This is because the criteria required to

be classified under this are onerous in that they are either: a national government, a central bank or other monetary authority, a state investment body or a recognized investment exchange, designated investment exchange, regulated market or clearing house. We decided that such organisations had sufficient support networks, financial experience and know-how so the level of protection they require is substantially lower.

Due to the low level protection, MOCAZ FINANCIAL MARKETS LIMITED. is not required to:

- Provide best execution in executing client orders
- Disclose information regarding commission and fees paid or received by MOCAZ FINANCIAL MARKETS LIMITED.
- Not required to assess the Suitability or Appropriateness of a product or service that it provides to Client - assumption that the Client has the expertise to choose the most appropriate product or service and is/are able financially to bear an investment risks consistent with investment objectives
- Not required to provide the Client with information about MOCAZ FINANCIAL MARKETS LIMITED., its services and the arrangements through which MOCAZ FINANCIAL MARKETS LIMITED. will be remunerated;
- Not required to provide risk disclosures on the products or services offered
- Not required to provide reports on the execution of orders

“Professional Client”

Professional clients are the middle ground; they are considered to have some know-how, are more knowledgeable and sophisticated and able to

assess their own risks more and so require less protection than the retail client, but are not as experienced or may not have the support networks or the ability to absorb losses as the eligible counterparty. MOCAZ FINANCIAL MARKETS LIMITED. is able to assume they have the necessary experience and knowledge in order to understand the risks involved and is able to financially bear the risks consistent with their investment objectives.

To be classified as a Professional Client MOCAZ FINANCIAL MARKETS LIMITED. needs to assess whether the client is:

- a credit institution,
- a regulated investment firm,
- other authorized or regulated financial institution,
- a insurance company,
- a collective investment scheme or management company of such a scheme, a pension fund or management company of such a scheme,
- locals (firms dealing on their own account on markets in financial futures, options, derivatives or cash markets to hedge or dealing for others for the accounts of other members of those markets and being guaranteed by clearing members of the same markets Commodities or commodity derivatives dealer
- large undertakings meeting two of the following financial criteria on a company basis:
 - balance sheet total of \$20 million or other currency equivalent
 - net turnover of \$40 million or other currency equivalent
 - own funds of \$2 million or other currency equivalent
- National and regional governments, public bodies that manage public debt, central banks and international and supranational institutions.

- Other institutional investors whose main activity is to invest in financial instruments, including entities dedicated to the securitization of assets or other financing transactions.

Reclassification

1. A Retail Client has the right to request a different classification as a Professional Client but he/she will be afforded a lower level of protection. The Company is not obliged to deal with him/her under a different classification.

2. A Professional Client has the right to request a different classification as a Retail Client in order to obtain a higher level of protection or an ECP in order to obtain a lower level of protection.

3. An Eligible Counterparty has the right to request a different classification either as a Professional Client or Retail Client in order to obtain a higher level of protection. Under the Law the Company is not obliged to deal with the Client on this basis.

If you request a different classification either to a classification with higher or lower protection, such request should be in writing. MOCAZ FINANCIAL MARKETS LIMITED. will consider each request individually and is not required to accept such a request. Any request/agreement to reclassification should specify whether this applies to one or more particular services or transactions, or to one or more types of product or transaction.

MOCAZ FINANCIAL MARKETS LIMITED. will communicate its decision in writing including the effect on protection afforded to you and if the change is accepted, you will be required to sign a copy of the letter indicating you accept the

reclassification and the different protections such reclassification affords.

During the course of your relationship with MOCAZ FINANCIAL MARKETS LIMITED, we will reassess your classification. Should we become aware of new information or circumstances change we will make such changes to your classification as is necessary. We will notify you of any changes and the consequences of such changes in writing. You may be asked to return a form accepting such changes; however, MOCAZ FINANCIAL MARKETS LIMITED reserves the right to treat your continuing trading as a sign of your acceptance.

Retail Client to Professional Client

MOCAZ FINANCIAL MARKETS LIMITED will carry out two tests – a qualitative test and a quantitative test. The qualitative assessment requires us to undertake ‘an adequate assessment’ of your expertise, experience and knowledge to give reasonable assurance, in the light of the nature of transactions or services envisaged, that you are capable of making your own investment decisions and understanding the risks involved.

In assessing your expertise, experience and knowledge, you must satisfy at least two of the following quantitative criteria:

- you have 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 your financial instrument portfolio, defined as including cash deposits and financial instruments, exceeds \$500,000 or other currency equivalent;
- you work or have worked in the financial sector for at least one year in a professional

position which requires knowledge of the transactions or services envisaged.

Professional Client to Retail Client

Professional Clients are, however, allowed to request retail classification if such request is in writing and the Company may agree to provide a higher level of protection. Where the client of the Company is an undertaking referred to above, 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.

Professional Client to ECP

Professional Clients may also request to be classes as an elective ECP in writing. Such reclassification is at the absolute discretion of MOCAZ FINANCIAL MARKETS LIMITED., however, sufficient evidence and reasoning would be needed as to why such classification was acceptable.