

SHEER MARKETS (CYPRUS) LTD

CLIENT CATEGORISATION POLICY

V 2.0

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1. COMPANY INFORMATION

Sheer Markets (Cyprus) LTD (hereafter “the Company” or “Sheer Markets”) is a Cyprus Investment Firm (hereafter ‘CIF’) authorized and regulated by the Cyprus Securities and Exchange Commission (hereafter “CySEC”) with License Number 395/20 and operates in compliance to the Investment Services and Activities and Regulated Markets Law 87(I)/2017 and subsequent amendments.

2. GENERAL PRINCIPLES

According to the above law, the Company is required to categorise its clients into one of the following three categories: “retail”, “professional” or “eligible counterparty”. As a result, the Company should evaluate any application for opening an account and classify any prospective Client under any of the categories mentioned above, always based on the information provided by the client.

3. DEFINITION & CRITERIA FOR CATEGORISATION

‘Retail Client’ is a client who is not a professional client or an eligible counterparty.

‘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. Such clients must fall into one of the following categories:

- a) Entities which are required to be authorized or regulated to operate in the financial markets (including entities authorized by a Member of State under a Directive, entities authorized or regulated by a Member of State without reference to a Directive and entities authorized or regulated by a non-Member State), such as:
 - a) Credit Institutions;
 - b) Investment Firms;
 - c) Other authorized or regulated financial institutions
 - d) Insurance companies
 - 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.
- b) Large undertakings which satisfy at least two of the following size requirements on a company basis:
 - balance sheet total at least Euro 20.000.000
 - net turnover at least Euro 40.000.000
 - own funds at least Euro 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, the European Central Bank, the European Investment Bank and other similar international organizations.

- d) Another institutional investor whose main activity is to invest in financial instruments including entities that exclusively deal on assets securitization or other financial transactions.

'Eligible Counterparty' are any of the following entities to which a credit institution or an investment firm provides the services of reception and transmission of orders on behalf of clients and/or execution of orders and/or dealing on own account: CIFs, other IFs, credit institutions, insurance undertakings, UCITS and their management companies, pension funds and their management companies and other financial institutions authorized or regulated under European 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 organizations.

4. CLIENT CATEGORISATION

The Company distinguishes in accordance with the applicable law between the following client categories in respect of the investment services we provide:

- Retail clients.
- Elective Professional clients.
- Professional Clients per se,
- Eligible Counterparty opt up; and
- Eligible Counterparty per se.

The Retail Client categorisation is assigned to clients who do not satisfy the criteria to qualify as an Elective Professional Client, Professional Client per se, Eligible Counterparty opt up or Eligible Counterparty per se.

The Elective Professional Client categorisation is assigned to a client who satisfies two of the following conditions (the "quantitative test"):

- 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 financial instrument portfolio, defined as including cash deposits and financial instruments, exceeds EUR 500,000; and/ or
- c) 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.

Furthermore, the Elective Professional Client must have the expertise, experience and knowledge to be capable of making his own investment decisions (the "qualitative test").

The Professional Client per se categorisation is assigned to a client who falls under any of the following (A-D):

- A. An entity required to be authorised or regulated to operate in the financial markets including:

- a) credit institution;
 - b) investment firm;
 - c) insurance companies;
 - d) authorised collective investment schemes or the management company of such schemes;
 - e) pension funds or the management company of a pension fund;
 - f) other authorised or regulated financial institutions;
 - g) commodity or commodity derivative dealers;
 - h) locals;
 - i) other institutional investor.
- B. A company meeting two of the following size requirements:
- balance sheet total at least Euro 20.000.000
 - net turnover at least Euro 40.000.000
 - own funds at least Euro 2.000.000
- C. A national or regional government or public body that manage public debt, central bank, international and supranational institution (e.g. World Bank, the IMF, the ECP), or other similar international organisation.
- D. Another institutional investor whose main activity in to invest in financial instruments including entities that exclusively deal on assets securitization or other financial transactions.

The Eligible Counterparty opt up categorisation is assigned to a client who includes any of the following and carries out eligible counterparty business, which include:

- a) deal on our own account; or
- b) execute orders on your behalf; or
- c) receive and transmit orders; or
- d) provide you with an ancillary service in connection with any of (a), (b) or (c);

The Eligible Counterparty per se categorisation is assigned to a client who includes any of the following and carries out Eligible Counterparty Business:

- a) credit institution;
- b) investment firm;
- c) insurance companies;
- d) authorised collective investment schemes or the management company of such schemes;
- e) pension funds or the management company of a pension fund;
- f) other authorised or regulated financial institutions;
- g) certain own account dealers in commodities or commodity derivatives;
- h) locals;
- (i) national government or its corresponding office;
- (j) central banks;
- (k) supranational organisations.

The Company would notify new clients, and existing clients of their categorisation.

5. REQUESTS FOR DIFFERENT CATEGORISATION

Clients have the right to request for a different categorisation provided that they fulfil the criteria set in Section 5.1. Following a client's request, the Company may

- a) treat as Professional or Retail a client that might otherwise be classified as an Eligible Counterparty to obtain a higher level of protection
- b) treat as Retail a client that is considered a Professional to obtain a higher level of protection
- c) treat a Retail client as Professional in which case a lower level of protection is afforded

The Company shall act on its own initiative in relation to par. (a) and (b) above in cases i.e., where it comes to the Company's attention that a Client does not longer meet the requirements or criteria of the current categorisation status thus offer a higher level of protection.

5.1. CLIENTS WHO MAY BE TREADED AS PROFESSIONALS ON REQUEST

Retail clients including public sector bodies, local public authorities, municipalities may request to be treated as Professionals provided that at least two of the following criteria are satisfied:

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
2. the size of the client's financial instrument portfolio, defined as including cash deposits and financial instruments, exceeds €500,000
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.

The Company might request further documentation in order to verify that the client has indeed met with the above criteria such as trade reports, statement of transactions, signed confirmation of employers etc.

*Significant size is determined by the transactions that are individually large enough to provide the client with meaningful exposure.

5.1.1. PROCEDURE

Clients of Section. 5.1. above whom wish to be treated as Professional may be considered only where the following procedure is followed:

- a) they must state in writing to the Company that they wish 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 must give them a clear written warning of the protections and investor compensation rights they may lose

- c) they must state in writing, in a separate document from the contract, that they are aware of the consequences of losing such protections.

Before deciding to accept any request for waiver, the Company will take all reasonable steps to ensure that the client requesting to be treated as a Professional client meets the relevant requirements stated in points 1 to 3 of section 5.1. above.

6. IMPORTANT NOTES

Retail Clients have the option to request information specified by Law in a hard copy form.

Professional clients are responsible for keeping the Company informed about any change, which could affect their current categorisation. Should the Company become aware that the client no longer fulfils the initial conditions, which made him eligible for a professional treatment, the Company is obliged to take appropriate action.

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