

CLIENT CATEGORISATION POLICY

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SHEER MARKETS (CYPRUS) LTD

CONTENTS

1. COMPANY INFORMATION.....	3
2. GENERAL PRINCIPLES.....	3
3. DEFINITION & CRITERIA FOR CATEGORISATION.....	3
4. CLIENT CATEGORISATION	4
5. REQUESTS FOR DIFFERENT CATEGORISATION	5
5.1. General.....	5
5.2. Clients who may be treated as professionals on request.	6
5.3. Procedure	6
6. PROTECTION RIGHTS.....	6
6.1. Retail and Professional Clients	6
6.2. Eligible Counterparties.....	7
7. IMPORTANT NOTES.....	8

1. COMPANY INFORMATION

1.1. 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

2.1. 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 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:
 - i. Credit Institutions.
 - ii. Investment Firms.
 - iii. Other authorized or regulated financial institutions.
 - iv. Insurance companies
 - v. Collective investment schemes and management companies of such schemes
 - vi. Pension funds and management companies of such funds
 - vii. Commodity and commodity derivatives dealers.
 - viii. Locals
 - ix. Other institutional investors.
- b) Large undertakings which satisfy at least two of the following size requirements on a company basis:
 - i. balance sheet total at least Euro 20.000.000
 - ii. net turnover at least Euro 40.000.000
 - iii. 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

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

- a) Retail clients.
- b) Elective Professional clients.
- c) Professional Clients per se,
- d) Eligible Counterparty opt up; and
- e) Eligible Counterparty per se.

4.2. 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.

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

- a) The client has conducted 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.

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

4.5. 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:
 - i. credit institution.
 - ii. investment firm.
 - iii. insurance companies.
 - iv. authorised collective investment schemes or the management company of such schemes.
 - v. pension funds or the management company of a pension fund.
 - vi. other authorised or regulated financial institutions.
 - vii. commodity or commodity derivative dealers.

- viii. locals.
 - ix. another institutional investor.
- b) A company meeting two of the following size requirements.
- i. balance sheet total at least Euro 20.000.000
 - ii. net turnover at least Euro 40.000.000
 - iii. 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 another 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.

4.6. The Eligible Counterparty opt up categorisation is assigned to a client who includes any of the following and conducts 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).

4.7. The Eligible Counterparty per se categorisation is assigned to a client who includes any of the following and conducts 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 commodities derivatives.
- h) locals.
- (i) national government or its corresponding office.
- (j) central banks.
- (k) supranational organisations.

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

5. REQUESTS FOR DIFFERENT CATEGORISATION

5.1. General

5.1.1. Clients have the right to request for a different categorisation provided that they fulfil the criteria set in Section 5.2. 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.

5.2. Clients who may be treated as professionals on request.

5.2.1. 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:

- a) the client has conducted 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 €500,000
- 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.

5.2.2. 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. **

5.3. Procedure

5.3.1. Clients of Section. 5.2. 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.

5.3.2. 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 a to c of Section 5.2.1. above.

6. PROTECTION RIGHTS

6.1. Retail and Professional Clients

6.1.2. Where the Company treats a client as a Retail Client, the client is entitled to greater protection under the Law, than the cases where the client would be treated as a professional client.

6.1.3. A retail client will be given more information/disclosures with regards to the Company, its services, its financial instruments, the nature and risks of financial instruments, execution venues and/or list of entities where it transmits client orders for execution, its costs,

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commissions, fees and charges and the safeguarding of client financial instruments and client funds, including summary details of any relevant Investor compensation or deposit guarantee scheme, as applicable.

6.1.4. Where the Company is providing the services of Reception & Transmission of Orders and Execution of client orders, the Company shall ask a 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, to enable the Company to assess whether the Investment Service or product envisaged is appropriate for the client. In case the Company considers, based on the information received, that the product or service is not appropriate for a retail client, it shall warn the client accordingly.

6.1.5. On the other hand, the Company shall be entitled to assume that a professional client has the necessary experience and knowledge 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 he/she has been classified as a professional client.

6.1.6. When the Company transmits the client orders to a third party, the Company must take all reasonable steps to act in the best interest of the Client when receiving and transmitting orders for execution. Where the Company transmits the client orders to a third party 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, including execution venue fees, clearing and settlement fees, and any other fees paid to third parties involved, in the execution of the order.

6.1.7. The Company must inform Retail Clients of material difficulties relevant to the proper carrying out of their orders promptly upon becoming aware of the difficulty.

6.1.8. Retail Clients will be provided with negative balance protection and as such, may not lose more than the total amount deposited in their trading account. In case of Professional Clients and/or Eligible Counterparties the Company is not required to provide them with negative balance protection.

6.1.9. Retail Clients may be entitled to compensation under the Investor Compensation Fund for Clients of Investment Firms, while Professional Clients are not entitled to compensation under the ICF.

6.2. Eligible Counterparties

6.2.1. Where the Company deals with eligible counterparties, it is entitled to provide the client with fewer protections under the Law compared to a retail or professional Client.

6.2.2. The Company is not required to provide the client with best execution in executing the client's orders.

6.2.3. The Company is not required to implement procedures and arrangements which provide for the prompt, fair and expeditious transmission of its client orders, relative to other client orders or its trading interests.

6.2.4. The Company is not required to assess the appropriateness of a product or service that is provided to the client but can assume that the client has the expertise to choose the most appropriate product or service for him/herself.

6.2.5. The Company is not required to provide the client with information about the Company, its services, financial instruments, execution venues and/or list of entities where it transmits client orders for execution, the arrangements through which the Company will be remunerated and other relevant information.

6.2.6. The Company is not required to provide reports to the client on the service provided to him and execution of its orders by the third party but may enter into an agreement accordingly, that may be setting out tailored requirements in respect of the execution of orders if the Company so wishes.

6.2.7. The Investors Compensation Fund does not cover Eligible Counterparties.

7. IMPORTANT NOTES

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

7.2. 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.

Date: 26.10.2023