



Klips

Klips CY Ltd – Client Categorization

1. INTRODUCTION

- 1.1 KLIPS CY Ltd (the “**Company**”, “**Klips CY**”, “**we**” and “**our**”) a limited liability Company incorporated in the Republic of Cyprus with registration number HE431041. Klips CY is authorized and regulated by the Cyprus Securities and Exchange Commission (“**CySEC**”) as a Cyprus Investment Firm (“**CIF**”) with license number **434/23** and having its registered address at 116 Gladstonos Street, M.Kyprianou House 3rd & 4th floor, 3032, Limassol, Cyprus.
- 1.2 We aim to provide a high level of service to all clients, at all times. Therefore, we value feedback from our clients and use it to enhance the quality of our products and services. We appreciate that from time to time there can be misunderstandings and we endeavor to deal with your queries and complaints sympathetically and in timely manner.
- 1.3 As part of our commitment to provide our clients the best service, we uphold effective and transparent procedures for the prompt handling of client complaints, and we maintain records of complaints and measures taken for complaint resolution, in line with the applicable Rules, and/or Regulations and we are pleased to operate in accordance with the complaint management procedures of the CySEC.
- 1.4 The Company does not accept clients which are not individuals.

2. “RETAIL CLIENT”

- 2.1 “**Retail Client**” is a client who is not deemed to be Professional client by default or an Eligible Counterparty. It is noted that Retail clients are afforded with the highest level of protection by the Law.
- 2.2 All registered clients are automatically classified as Retail Client.

3. “PROFESSIONAL CLIENT”

- 3.1 “**Professional Client**” is a client who possesses the experience, knowledge and expertise to make his own investment decisions and properly assess the risks that he incurs. In order to be considered a Professional Client, a client must comply with one of the following criteria:
- 3.2 Clients who may be treated as professionals on request, following approval by the Company (please see further below under ‘Opt-in for retail Clients and Fitness Test’).
- 3.3 The entities mentioned above from 3.1. (i) to (iv) are considered to be professionals in relation to all investment services and activities and financial instruments. The Clients mentioned in (v) may be treated as professionals generally or in respect of a particular investment service or transaction, or type of transaction or product.

4. ELIGIBLE COUNTERPARTY

- 4.1 “**Eligible Counterparty**” is any of the following entities to which an investment firm provides the services of reception and transmission of orders on behalf of clients and/or execution of such orders and/or dealing on own account: Cyprus Investment Firm/Greek Investment Firm, other investment firms, credit institutions, insurance companies, UCITS and their management companies, Portfolio Investment Companies, pension funds and their management companies and other financial institutions 2categorize by a Member State of the European Union or regulated under Community legislation or the national law of a Member State, undertakings exempted from the application of the law in accordance with paragraphs (k) and (l) of subsection (2) of section 3, national governments and their corresponding offices, including public bodies that deal with public debt, central banks and supranational organizations.

5. OPT-OUT

- 5.1 A Client that has been categorized as a Professional Client may, at any time, request the Company to be treated as a retail Client (and hence benefit from the higher level of protection of Retail Clients). Likewise, an Eligible Counterparty may, at any time, request the Company to be treated as a Professional Client or as a Retail Client. If the Company accepts such request, the client shall enter into a written agreement with the Company.
- 5.2 The agreement will specify the particular services or transactions, or the types of products or transactions to which the opt-down applies.

OPT-IN FOR RETAIL CLIENTS AND PROFESSIONAL CLIENTS ASSESSMENT

- 6.1 A Client who has been categorized as a Retail Client by the Company may ask the Company in writing to be treated as a Professional Client (and hence may lose certain protection and investor compensation rights), either generally or in respect of a particular investment service or transaction, or type of transaction or product. The Company may, at its discretion, decide not to take into consideration such treatment.
- 6.2 If the Company agrees to take into consideration such request, it will upon receipt of such request assess whether the Client meets the objective opt-up conditions. The Company will further assess the expertise, experience and knowledge of the Client and any other element that is deemed appropriate. The fitness test applied to managers and directors of entities licensed under European Directives in the financial field could be regarded as an example of the assessment of expertise and knowledge. In the case of small entities, the person subject to the above assessment should be the person authorized to carry out transactions on behalf of the entity.
- 6.3 Criteria: In the course of the above assessment, as a minimum, two of the following criteria should be satisfied:
 - a) 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;
 - b) The size of the client's financial instrument portfolio, defined as including cash deposits and financial instruments exceeds EUR 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.
- 6.4 Procedure: The clients who wish to be treated as Professional Clients need to the following procedure:
 - 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 will give them a clear written warning of the protections and investor compensation rights they might 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;
- 6.5 The Company will notify the client if and when it agrees to categorize the client as a Professional Client. However, if the client wishes to opt-up and the Company agrees to such categorization, the client will lose the protection afforded by law. This may include, but is not limited to:
 - a) The Company's obligation to provide appropriate information to the Client before providing the Services;
 - b) The restriction on the payment or receipt by the Company of any inducements;
 - c) The Company's obligation to ensure that all information the Company provides to the Client is fair, clear and not misleading;
 - d) The requirement that the client receives from the Company adequate reports on the services provided to him;
 - e) The client's coverage under the Investor Compensation Fund.

- 6.6 Klips CY is a member of the Investor Compensation Fund (ICF) for clients of Cypriot Investment Firms (CIFs) and other Investment Firms (IFs) which are not credit institutions. The object of the Fund is to secure the claims of the clients of regulated Investment Firms against the members of the Fund through the payment of compensation, in cases where the Investment firm is unable, due to its financial circumstances, and when no realistic prospect of improvement of such circumstances in the near future seems possible: (a) to return to its clients funds owed to them or funds which belong to them but are, directly or indirectly, held by the Investment Firm in the context of providing investment services to the said clients, or (b) to hand over to such clients the financial instruments which belong to them and by which the Investment Firm holds, manages or keeps on their account, including the case where the Investment Firm is responsible for the administrative management of the said financial instruments.
- 6.7 The payment of compensation by the Fund to the clients of its members is subject to the existence of a well- founded claim by such client(s) against the Investment Firm, arising from the investment services provided by the Investment Firm to the client in question. The protection scheme is only available to certain types of claimants and claims. Payments to eligible claimants under the Scheme will vary depending on the type of protected claim (e.g. deposits or investments) the claimants hold with respect to the relevant institution
- 6.8 The maximum amount of compensation is €20,000. For more information regarding the ICF please refer to the “Investor Compensation Fund” document which is available on the Company’s website. Further details can be provided on request.

6. OPT-IN FOR PROFESSIONAL CLIENTS

- 7.1 Clients that have been categorized as Professional Clients and that meet the opt-up conditions may, with their express consent, be treated as Eligible Counterparties either for all services for which such opt-up is permitted by law or in respect of a particular investment service or transaction, or type of transaction or product.
- 7.2 Where the Company treats the client as an Eligible Counterparty, the client will be entitled to fewer protections under the law than he would be entitled to as a Professional Client. In particular, and in addition to the above but not limited to:
- a) The Company is not required to provide the client with best execution in executing the client’s orders;
 - b) The Company is not required to implement procedures and arrangements which provide for the prompt, fair and expeditious execution of its client orders, relative to other client orders or its trading interests;
 - c) The Company is not required to assess the appropriateness of a product or service that it provides to client but can assume that the client has the expertise to choose the most appropriate product or service for him;
 - d) The Company is not required to provide the client with information about the Company, its services, financial instruments and proposed investment strategies, execution venues, the arrangements through which the Company will be remunerated and other relevant information;
 - e) The Company is not required to provide reports to the client on the execution of his orders or the management of his investments;
 - f) The Investors Compensation Fund does not cover Eligible Counterparties.

7. CHANGES TO PROFESSIONAL CLIENT/ ELIGIBLE COUNTERPARTY CATEGORISATION

- 8.1 Professional Clients and Eligible Counterparties are responsible for keeping the Company informed of any change which could affect their categorization as such. If the Company becomes aware that a Professional Client or Eligible Counterparty no longer fulfils the initial conditions that made him eligible for a Professional Client/Eligible Counterparty treatment, it may take appropriate action, including re-categorizing the client as a Professional Client or a Retail Client.