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## CLIENT CATEGORISATION POLICY

*This is not a marketing material, but an informative policy for the categorisation of clients and their rights in compliance with Markets in Financial Instruments Directive II (MiFID II) and the Investment Services and Activities and Regulated Markets Law of 2017 (Law 87(I)/2017)*

### INTRODUCTION

One Plus Capital Ltd. (hereinafter referred to as the 'Company') is incorporated in the Republic of Cyprus with Certificate of Incorporation No. HE 256347. The Company is authorised and regulated by the Cyprus Securities and Exchange Commission ('CySEC'), with licence No. 111/10, and operates under the Provision of Investment Services, the Exercise of Investment Activities, the Operation of Regulated Markets and Other Related Matters Law of 2017, Law 87(I)/2017, as subsequently amended from time to time (the Law).

### A) CLIENT CATEGORIES

Following the implementation of the newly reformed Markets in Financial Instruments Directive II (MiFID II) in the European Union and in accordance with Article 101 of the Investment Services and Activities and Regulated Markets Law of 2017 (Law 87(I)/2017) in Cyprus the Company is required to inform and categorize its Clients into one of the following three categories: Retail, Professional or Eligible counterparty.

#### Categorization Criteria:

The categorization criteria set by the relevant legislation are the following:

##### ▪ **Retail Client**

A 'Retail Client' is a client who is not a professional client or an eligible counterparty.

##### ▪ **Professional Client**

A 'Professional Client' is a client who possesses the experience, knowledge and expertise to make investment decisions and properly assess the risks that accompany all investment services, activities and financial instruments.

The following legal persons are considered to be Professional Clients:

1. Entities which are required to be authorised or regulated to operate in the financial markets (including, entities authorised by a Member State under a Directive, entities authorised or regulated by a Member State without reference to a Directive and entities authorised or regulated by a non-Member State), such as:
  - (a) Credit Institutions
  - (b) Investment Firms
  - (c) Other authorised 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) Local enterprises
  - (i) Other institutional investors (indicatively, Portfolio Investment Companies)
2. Large undertakings which satisfy at least two of the following size requirements:
  - (a) balance sheet total at least Euro 20.000.000
  - (b) net turnover at least Euro 40.000.000
  - (c) own funds at least Euro 2.000.000.
3. National and regional governments, public bodies that manage public debt, 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.
4. Natural persons who meet at least 2 of the 3 criteria below:
  - (a) Have a portfolio of financial instruments of minimum of EUR 500,000.
  - (b) Have realized minimum 10 significant transactions per trimester on the same financial instruments during 4 consecutive trimesters.
  - (c) Possess significant financial knowledge and expertise or hold or have held a managerial position in a regulated financial firm or bank.

In exceptional cases, natural persons who may not satisfy the above criteria but have demonstrated extensive knowledge and expertise of financial markets may be classified by the OnePlus as Professional Clients.

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

- **Eligible Counterparty**

for the purposes of Article 31 of the Investment Services and Activities and Regulated Markets Law 87 (I) of 2017, Eligible Counterparties are defined as CIFs, other IFs, credit institutions, insurance companies, UCITS and UCITS management companies, pension funds and their management companies, other financial institutions authorised by a Member State or regulated under the laws of Cyprus or under European Union law, national governments and their corresponding offices, including public bodies that deal with public debt at national level, central banks, the Central Bank and supranational organisations. Furthermore, other undertakings meeting pre-determined proportionate requirements, including quantitative thresholds can be considered as eligible counterparties. The law recognises as eligible counterparties, third country entities which are equivalent to those categories of entities referred to above.

**Request for Different Classification:**

A Retail Client has the right to request to be classified as a Professional Client but he/she will be afforded a lower level of protection. OnePlus is not obliged to deal with the Client on this basis.

A Professional Client has the right to request to be classified as a Retail Client in order to obtain a higher level of protection. OnePlus is not obliged to deal with the Client on this basis.

An Eligible Counterparty has the right to request to be classified either as a Professional Client or Retail Client in order to obtain a higher level of protection. OnePlus is not obliged to deal with the Client on this basis.

## **B) DIFFERENCES IN PROTECTION**

### ***Retail Clients/Professional Clients***

Where we treat you as a retail client, you will be entitled to more protections under the law than you would be entitled to as a professional client. In summary, the additional protections retail clients are entitled to are as follows:

- a) A retail client will be given more information disclosures with regard to ourselves, our services and any investments, our costs, commissions, fees and charges and the safeguarding of client financial instruments and client funds.
- b) Under the law, where we provide investment services other than investment advice (in the form of personal recommendations) or non discretionary portfolio management, we 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 so as to enable the investment firm to assess whether the investments service or product envisaged is appropriate for the client. In case we consider, on the basis of the information received, that the product or service is not appropriate to a retail client, we shall warn the client accordingly. Please note that we are not required to assess appropriateness in certain cases specified by law.
- c) We shall be entitled to assume that a professional client has the necessary experience and knowledge in order 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.
- d) Consequently, and unlike the situation with a retail client, we 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 they have been classified as a professional client.
- e) When executing orders, investment firms and credit institutions providing investment services 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 their clients.
- f) Where we execute 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, including execution venue fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order.
- g) When providing professional clients with best execution we are not required to prioritise the overall costs of the transaction as being the most important factor in achieving best execution for them.
- h) Investment firms and credit institutions providing investment services must obtain from clients such information as is necessary for the firm or credit institution, as the case may be, to understand the essential facts about the client and to have a reasonable basis for believing, giving due consideration to the nature and extent of the service provided, that the specific transaction to be recommended in the course of providing the service of investment advice, or entered into in the course of providing a non-discretionary portfolio management service, satisfies the following criteria:
  - i. It meets the investment objectives of the client in question;
  - ii. It is such that the client is able financially to bear any related investment risks consistent with his investment objectives;
  - iii. It is such that the client has the necessary experience and knowledge in order to understand the risks involved in the transaction or in the management of his portfolio.

Where we provide an investment service to a professional client we shall be entitled to assume that, in relation to the products, transactions and services for which it is so classified, the client has the necessary level of experience and knowledge for the purposes of paragraph (iii) above. In addition, under certain circumstances, we shall be entitled to assume that a professional client is able financially to bear any investment risks consistent with its investment objectives.

- i) We must inform retail clients of material difficulties relevant to the proper carrying out of their order(s) promptly upon becoming aware of the difficulty.
- j) We are required to provide retail clients with more information than professional clients as regards execution of orders
- k) We shall not use financial instruments held by us on behalf of a client for our own account or the account of another client of ourselves, without the client's prior express consent to the use of the instruments on specified terms, as evidenced, in the case of a retail client, by his signature or equivalent alternative mechanism.
- l) Retail clients may be entitled to compensation under the Investor Compensation Fund for Clients of Investment Firms.

**Introduction of improved protection measures by MiFID II**

MiFID II provides vast array of new and improved protection policies for investment firms to abide by, ensuring the higher level of investor protection. Below is a non-exhaustive summary of the retail clients' protection changes introduced by MiFID II:

- Prohibited payment and retention of inducements (MiFID article 24)
- Creation of a Commission Delegated Regulation (EU) 2017/565, which is supplementary to MiFID II and aims to clarify the main changes proposed to in Articles 16, 24, 25, 27, 28.
- Investment Advice must be independent and refrain from accepting or retaining inducements from third parties.
- Stricter rules for discretionary portfolio management refraining them from accepting or retaining inducements from third parties.
- Advisory and portfolio management clients will receive a detailed suitability assessment in a periodic performance report.
- Pre-and post-trade information to clients will be enhanced.
- Standardized form of information on fees and commissions paid and received by the investment firm.
- Definition of non-complex instruments will be amended and exclude structured UCITS.
- Creation of a new execution venue - the OTF.
- New requirements for corporate governance and non-executive directors.
- Strengthened the criteria for qualified senior management of Investment Firms.
- Stricter control of remuneration of staff (e.g. bonus criteria)
- Strengthened the importance and role of the compliance officer
- Key Information Document for PRIIPs as well as obligations on manufacturers and distributors.
- Obligation of Investment Firms to assess their products, services and their target market.
- New Product Governance requirements.
- Enhancing the role of Approved Publication Arrangement (APA) firms.
- Transaction reports will need to capture additional information (including identification of individuals – or computer algorithms where relevant – responsible for the investment decision).
- Extended scope of products and activities. Additional financial instruments will be brought into the scope of MiFID II.

For more information regarding the implementation of the above, please visit our updated policies and procedures found at our policies and procedures <https://www.onepluscapital.net/en-gb/documents/policies-and-procedures/>

***Eligible Counterparties***

Where we treat you as an eligible counterparty, you will be entitled to less protection under the law than you would receive as a professional client in respect of the reception and transmission of orders, the execution of orders and/or any ancillary service directly related to such transactions. In addition to the above, where we treat you as an eligible counterparty, we are not required to:

- a) provide you with best execution for your orders
- b) disclose to you information regarding any fees or commissions that we pay or receive
- c) assess the appropriateness of a product or service that we provide to you
- d) provide you with information about ourselves, our services and the arrangements through which we will be remunerated
- e) provide you with risk disclosures on the products or services you buy from us
- f) reports to you on the execution of your orders.

**MONITOR AND REVIEW**

The Company will, on a regular basis, monitor and assess the effectiveness of this Policy in order to deliver the best possible service for the Client, and, where appropriate, the Company reserves the right to correct any deficiencies in this Policy and make improvements to it. In addition, the Company will review the Policy at least annually. A review will also be carried out whenever a material change occurs that affects the ability of the Company to continue to provide the best possible investment services to its Client.