CLIENT CATEGORISATION POLICY

Earn
Online Broker

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Top Markets Solutions Ltd
Operating under the trade name Earn
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1. General

Top Markets Solutions Ltd ("the Company"), operating under the trade name Earn, is an authorised investment firm supervised by the Cyprus Securities and Exchange Commission under license number 158/11 for the provision of financial and investment services.

Following the transposition of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2015 on markets in financial instruments (MiFID II) into Cyprus law with the enactment of the Investment Services and Activities and Regulated Markets Law of 2017 (Law 87(I)/2017) and the application of relevant supplementing acts (including but not limited to the Regulation (EU) 600/2014 of the European Parliament and of the Council on markets in financial instruments and the Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive), the Company is required to classify its clients into one of the following three categories: retail, professional or under certain circumstances as eligible counterparty.

2. Categorization Criteria

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

A. Retail Client

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

Retail Clients are entitled to receive the highest level of protection and information from the Company.

Public sector bodies, local public authorities, municipalities and private individual investors will be classified as Retail Clients, unless they have elected to be treated as Professional Investors (as defined below) and thus to waive some of the protections afforded to them.

B. Professional Client

'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.

Certain categories of clients are considered to be Professional Clients on the basis of the provisions of MiFID II and Law 87(I)/2017. These are referred to as 'per se' professional clients.

Other clients may be treated as professional clients on request provided that the relevant criteria and procedures provided in MiFID II and Law 87(I)/2017 are satisfied. Those are referred to as 'elective' professional clients.

Per se professional clients

The following are all regarded as professionals in all investment services and activities and financial instruments for the purposes of MiFID II and Law 87(I)/2017:

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 an EU Member State without reference to a Directive and entities authorised or regulated by a non- EU Member State):
   (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;

2. Large undertakings which satisfy at least two of the following size requirements on a company basis:
   (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 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 organisations.

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

Elective professional clients

Clients, other than those mentioned in paragraph I, who requested to be treated as Professional Clients, including:

(a) Public sector bodies
(b) Local public authorities
(c) Municipalities
(d) Private individual investors

Upon such request, the Company will undertake an assessment of the expertise, experience and knowledge of such client in accordance to its internal policies and procedures. In the course of that assessment, as a minimum, two of the following criteria will need to be satisfied:

- the client has carried out transactions, in significant size, on the relevant market at an average frequency of 10 per trimester over the previous four quarters,
- the size of the client's financial instrument portfolio, defined as including cash deposits and financial instruments exceeds EUR 500 000,
- the client works or has worked in the financial sector financial sector for at least one year in a professional position, which requires knowledge of the transactions or services envisaged.

Professional clients are not entitled to as high level of protection and information as the Retail Clients.

Professional clients are responsible for keeping the Company informed about any change, which could affect their current categorisation. Should the IF become aware however 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.

C. Eligible Counterparty

'Eligible Counterparty' is any of the following entities with whom the Company may bring about or enter into a transaction in the course of execution of orders on behalf of clients and/or dealing on own account and/or receiving and transmitting orders: investment firms, credit institutions, insurance companies, UCITS and their management companies, pension funds and their management companies and other financial institutions authorised or regulated under EU law or the national law of an EU Member State, national governments and their corresponding offices including public bodies that deal with public debt at national level, central banks and supranational organisations. Non-EU entities equivalent to the entities referred to in this paragraph are also regarded as eligible counterparties.

In essence Eligible counterparties are Professional clients of specified types who receive lower degree of protection in respect of the transaction with the Company or in respect of the ancillary service directly relating to the transaction in the course of execution of orders on behalf of clients and/or dealing on own account and/or receiving and transmitting orders and ancillary services related to any of these investment services. For any other investment or ancillary service these clients are not treated as Eligible Counterparties.

Under the Law 87(I)/2017, CySEC shall recognise as eligible counterparties other undertakings meeting pre-determined proportionate requirements, including quantitate thresholds.

Retail clients and elective Professional clients cannot be treated as Eligible Counterparties.

Classification as an Eligible Counterparty shall be without prejudice to the right of such entities to request, either in a general form or on a trade-by-trade basis, treatment as clients whose business with the Company is subject to the protection afforded to Retail Clients or Professional Clients and thus subject to higher level of protection and information.

3. Notification to Clients regarding their Categorization

The Company informs the clients, in a durable medium, about the category they have been included in and about their right to request a different categorization as well as any limitations to the level of client protection that would entail.

The Categorization Letter, which is sent to clients essentially contains the detailed descriptions of rights and obligations arising out of their categorization and provides the client with a possibility to apply for a different categorization, provided the requirements prescribed by the Law and applicable legislation are met. This letter also provides sufficient information about the investor categories, other than the one which was assigned to a certain client.

4. Request for different Categorization

A client has the right at any time to request in a durable medium the change of categorisation, whether generally or for a particular service or transaction or type of transaction or product or instrument. The Company reserves the right not to accept such request.

A Retail Client has the right to request to be treated as a Professional Client and in this respect to waive some of the protections afforded by the conduct of business rules. Therefore he/she will be afforded a lower level of protection. In such case the Company shall undertake an assessment of the criteria mentioned in subsection II of Section B above as well as of the expertise, experience and knowledge of the client in accordance to its internal policies and procedures. The Company is not obliged to deal with the client on this basis.

A Professional Client has the right to request to be treated as a Retail Client in order to obtain a higher level of protection. It is the responsibility of the client, considered to be a Professional Client, to ask for a higher level of protection when it deems it is unable to properly assess or manage the risks involved. This higher level of protection will be provided when a client who is considered to be a Professional Client enters into a written agreement with the Company to the effect that it shall not be treated as a Professional Client for the purposes of the applicable conduct of business regime. Such agreement shall specify whether this applies to one or more particular services or transactions, or to one or more types of product or transaction.

An Eligible Counterparty has the right to request to be treated either as a Professional Client or Retail Client in order to obtain a higher level of protection. Such request may refer to one or more investment services or transactions or to one or more types of transaction or product. It is the responsibility of the client, considered to be an Eligible Counterparty, to ask for a higher level of protection applicable to Retail Clients when it deems it is unable to properly assess or manage the risks involved. This higher level of protection will be provided when a client who is considered to be an Eligible Counterparty enters into a written agreement with the Company

to the effect that it shall not be treated as an Eligible Counterparty for the purposes of the applicable conduct of business regime. Such agreement shall specify whether this applies to one or more particular services or transactions, or to one or more types of product or transaction. The Company is not obliged to deal with the client on this basis.

5. Clients Who may be Treated as Professionals on Request

The client other than a professional client mentioned in Part I of the Second Appendix of Law 87(I)/2017, including public sector bodies, local public authorities, municipalities, and private individual investors, may be permitted to waive some of the protections afforded by the conduct of business rules of the Company.

1. Identification Criteria

The Company shall be allowed to treat any of those clients as professionals provided the relevant criteria and procedure mentioned below are fulfilled. Such clients shall not, however, be presumed to possess market knowledge and experience comparable to that of the professional clients of Part I of the Second Appendix of Law 87(I)/2017.

Any such waiver of the protection afforded by the standard conduct of business regime shall be considered valid only if an adequate assessment of the expertise, experience and knowledge of the client is undertaken by the Company which gives reasonable assurance, in light of the nature of the transactions or services envisaged, that the client or, in the case of a legal entity, its managers and directors, are capable of making their own investment decisions and understanding the risks involved.
The Company shall apply assessments of expertise and knowledge equivalent to the fitness test applied to managers and directors of entities licensed under Directives of the European Union in the financial field as the Company deems fit. In the case of clients which are small entities, the person subject to that assessment shall be the person authorised to carry out transactions on behalf of the client.

In the course of the above assessment, as a minimum, two of the following criteria should be satisfied:

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

It should be noted that even if two of the above criteria are met, **the Company is not obliged to treat the client as a professional client**. The Company reserves the right, in addition to considering the above criteria, to further undertake a proper assessment of the clients' expertise, experience and knowledge (as explained above) and only if it is reasonably satisfied

that the client is capable of making investment decisions on his own, and to understand the dangers involved, may take the decision to treat such client as a professional client.

2. Procedure

The client defined above may waive the benefit of the detailed rules of conduct only where the following procedure is followed:

- the client must state in writing to the Company that he wishes 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,
- the Company will give the client a clear written warning of the protections and investor compensation rights he may lose,
- the client shall state in writing, in a separate document from the contract that the client is aware of the consequences of losing such protections.

Before deciding to accept the client's request for waiver, the Company may take all reasonable steps to ensure that the client requesting to be treated as a professional client meets the relevant requirements stated above in **Section 1** (Identification Criteria). It is expected that the client submitting such a request will be in a position to supply the Company with any relevant information or document that may be required.

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