

**NOEMON FINANCE LTD**

**CLIENT CATEGORISATION POLICY**

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## 1. Introduction

Noemon Finance Limited is a private limited company incorporated in the Republic of Cyprus (Registration Number HE 427234), authorised and regulated by the Cyprus Securities and Exchange Commission (“CySEC”) as a Cyprus Investment Firm (“CIF”) under licence number 449/24 (hereinafter the “Company”). Following the implementation of the Markets in Financial Instruments Directive 2014/65/EU (“MiFID II”) and pursuant to the provisions of the Investment Services and Activities and Regulated Markets Law of 2017 as in force from time to time (the “Law”), the Company is required to categorise its clients into one of the following categories:

- A. Retail Clients
- B. Professional Clients
- C. Eligible Counterparties.

## 2. Categories of Clients and Categorisation Criteria

**A. Retail Clients:** A Retail Client is a client who is neither a Professional Client nor an Eligible Counterparty. Retail Clients are afforded the highest level of investor protection.

**B. Professional Clients:** Clients who possess the experience, knowledge and expertise to make their own investment decisions and properly assess the risks they incur. Professional Clients receive a lower level of investor protection compared to Retail Clients, but a higher level of protection compared to Eligible Counterparties.

i. The following categories of clients are considered to be Professional Clients in accordance with the Law (**Per-Se Professional Clients**):

1. The below entities which are required to be authorised or regulated to operate in the financial markets:
  - a) Credit institutions;
  - b) Investment Firms;

- c) Other authorised or regulated financial institutions;
  - d) Insurance undertakings;
  - 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; and
  - i) Other institutional investors.
2. Large undertakings meeting two of the following size requirements, on a company basis:
- a) Balance Sheet Total: €20,000,000;
  - b) Net Turnover: €40,000,000;
  - c) Own Funds: €2,000,000.
3. National and regional governments, including public bodies that manage public debt at national and 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 securitization of assets or other financing transactions.
- ii. Clients who may be treated as Professional Clients on request (**Elective Professional Clients**):

Clients who may be treated as Professional Clients on request are clients other than those mentioned in point i. above, including:

- public sector bodies;
- local public authorities;

- municipalities and private individual investors.

The Company may classify any of the above-mentioned clients as Professional Clients only upon receiving a written request from the client and provided that the criteria and procedure outlined below are met.

Elective Professional Clients shall not be presumed to possess market knowledge and experience comparable to that of Per-Se Professional Clients. Any such waiver of the protection afforded by the standard conduct of business regime shall be considered to be valid only if an adequate assessment of the expertise, experience and knowledge of the client, undertaken by the Company, gives reasonable assurance, in light of the nature of the transactions or services recommended, that the client is capable of making investment decisions and understanding the risks involved.

In the case of small entities, the person subject to that assessment shall be the person authorised to carry out transactions on behalf of the entity. In the course of that assessment, as a minimum, two of the following criteria shall 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 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 for at least one (1) year in a professional position, which requires knowledge of the transactions or services envisaged.

These clients must state in writing to the Company that they wish to be treated as Professional Clients either in general or in respect of a particular investment service or transaction, or type of transaction or product, by filling out and submitting to the Company the Client Categorisation Request Form, which will be provided to you as soon as we notify you that you have been accepted as our client and that you have been categorised as a Retail Client.

You must be aware that by requesting to be categorised as a Professional Client you will lose the protections afforded to Retail Clients listed below and you will not be eligible for compensation from the Investor Compensation Fund (“ICF”) where the Company is not able to meet its financial obligations towards its clients. You should carefully read the Client Categorisation Request Form before you submit it to us as you will be required to declare therein that you understand the risks associated with being categorised as a Professional Client.

**C. Eligible Counterparties:** The below entities are considered to be Eligible Counterparties:

- a) Cyprus Investment Firms (“CIFs”);
- b) Other Investment Firms (“IFs”);
- c) Credit Institutions;
- d) Insurance Companies;
- e) Undertakings for Collective Investment in Transferable Securities (“UCITS”) and their Management Companies;
- f) Pension Funds and their Management Companies;
- g) Other financial institutions authorised by a Member State or regulated under the laws of Cyprus or under European Union law;
- h) National governments and their corresponding offices, including public bodies that deal with public debt at national level;
- i) Central Banks;
- j) Supranational Organisations;
- k) Third Country Undertakings equivalent to the above.

CySEC also recognises as Eligible Counterparties, other undertakings meeting pre-determined proportionate requirements, including quantitative thresholds. Where the Company enters into a transaction with prospective counterparties located in different jurisdictions, the Company will obtain the express confirmation from the prospective counterparty that it agrees to be treated as an Eligible Counterparty.

Eligible Counterparties are afforded the lowest level of protection.

### **3. Initial categorisation and Request for change of categorisation**

The Company categorises all clients as Retail Clients, including those who/which could be categorised as Per-Se Professional Clients or Eligible Counterparties in accordance with Paragraph 2 above. This approach ensures that every client receives the highest level of investor protection available.

A client who meets the requirements outlined in Paragraph 2 above may request to be treated as a Professional Client or, where applicable, Eligible Counterparty.

The Company will assess whether a client who requests a different categorisation meets the quantitative and qualitative criteria. If the Company approves the requested change to the client's categorisation, it will clearly explain to the client the protections they will lose and will obtain a written confirmation that the client understands the implications of the change to their categorisation.

It is noted that the Company is under no obligation to accept any client's request for change to their categorisation and may, at its absolute discretion, retain the client's categorisation as a Retail Client.

### **4. Protection Rights**

As already mentioned, Retail Clients enjoy the highest level of investor protection under the Law compared to the other categories of clients. More specifically:

- (a) Retail Clients are provided with more information regarding the Company's services and financial instruments, their performance, nature and risks, the Company's costs, fees, charges and commissions and the safeguarding of Client Financial Instruments and/or Funds.
- (b) Where the Company provides the services of Reception and Transmission of Orders or Execution of Client Orders, shall ask Retail Clients to provide more information regarding their knowledge and experience in the Investment field relevant to the specific type of service or product requested so as to enable the

Company to assess whether the investment service or product envisaged is appropriate for them;

- (c) Where the Company executes an order on behalf of a Retail Client, it must take all reasonable steps to achieve the best possible result for the client;
- (d) The Company must inform a Retail Client of material difficulties relevant to the proper carrying out of their orders promptly upon becoming aware of the difficulty;
- (e) A Retail Client will be informed of the Company's liability in relation to possible solvency of the Custodian where Clients' financial instruments are held;
- (f) Retail Clients who are offered Contracts for Difference ("CFDs"), are entitled to the National Product Intervention Measures applicable in each EEA Member State, which relate to the restriction, marketing, distribution and sale of CFDs to Retail Clients, including Negative Balance Protection. For further information, please refer to the Leverage and Margin Policy available on the Company's website;
- (g) Retail Clients may be eligible to receive compensation under the Investor Compensation Fund ("ICF"). Further information on the eligibility requirements and the conditions for compensation under the ICF can be found in the Investor Compensation Fund document available on the Company's website.

Professional Clients are afforded a lower level of investor protection compared to Retail Clients, including but not limited to the following:

- a) Professional Clients are provided with less information regarding Execution of Orders compared to Retail Clients;
- b) Professional Clients are not eligible to receive compensation under the ICF;
- c) While the Company is required to assess the knowledge, experience, and ability of a Retail Client to bear the risks associated with the request investment service or financial product, it may assume that a Professional Client possesses the necessary knowledge and experience to understand the risks associated with the envisaged product or service.

Eligible Counterparties are afforded the lowest level of investor protection. In particular:

- i. The Company is not required to provide to Eligible Counterparties information about its services and any fees or commissions it pays or receives;
- ii. The Company is not required to provide best execution when executing orders on behalf of Eligible Counterparties;
- iii. The Company is not required to provide reports on the execution of the orders of Eligible Counterparties;
- iv. The Company is not required to assess the appropriateness of a product or service provided to Eligible Counterparties;
- v. Eligible Counterparties do not benefit from the Cyprus National Measures to Restrict the Marketing, Distribution and Sale of CFDs;
- vi. The ICF does not cover the claims of Eligible Counterparties.