

Client Categorization Policy

1. INTRODUCTION

Winstone Prime (hereinafter called the “Company”), a financial institution, is registered (number 25386 BC 2019) by the Registrar of Business Companies.

Client is categorized as follows:

- Retail Client
- Professional Client
- Eligible Counterparty

As a general rule the Company will categorize its Clients as “Retail Clients”.

2. CLIENT CATEGORIZATION CRITERIA

The following represent the categorization criteria set by the relevant legislation (as amended from time to time):

- Retail Client: is a client who is not a Professional Client or an Eligible Counterparty.
- Eligible counterparty: is any of the following entities that are authorized to operate in the financial markets that are not given investment advice and belongs to one of the following categories:
 1. Investment Firms;
 2. Credit institutions;
 3. Insurance companies;
 4. UCITS and UCITS management companies;
 5. Pension funds and their management companies;
 6. Other financial institutions authorized by a Member State.
 7. National governments and their corresponding offices, including public bodies that deal with public debt at national level, central banks, the Central Bank and supranational organizations.
- **Professional Client:** is a client who possesses the experience, knowledge and expertise to make their own investment decisions and properly assess the risks that it incurs. A professional client is a client that is either a professional client or an elective professional client. In order to be considered a Professional Client, the client must comply with the following criteria:
 - a. The following shall all be regarded as professionals in all investment services and activities and financial instruments:

Entities which are required to be authorized or regulated to operate in the financial markets. The list below shall be understood as including all authorized entities carrying out the characteristic activities of the entities mentioned: entities authorized by a Member State under



a Directive, entities authorized or regulated by a Member State without reference to a Directive, and entities authorized or regulated by a Non- Member State:

1. Credit institutions;
2. Investment Firms;
3. Other authorized or regulated financial institutions;
4. Insurance companies;
5. Collective investment schemes and management companies of such schemes;
6. Pension funds and management companies of such funds;
7. Commodity and commodity derivatives dealers;
8. Locals;
9. Other institutional investors.

b. Large undertakings meeting two of the following size requirements on a company basis:

- Balance sheet total of minimum: USD 20,000,000;
- Net turnover of at least: USD 40,000,000;
- Own funds of at least: USD 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, and other similar international organizations.

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

The entities referred to above are considered to be professionals. They must however be allowed to request non-professional treatment and the Company may agree to provide a higher level of protection. Where the client is an undertaking referred to above, the Company must inform the Client prior to any provision of services that, on the basis of the information available to the Company, the client is deemed to be a professional client, and will be treated as such unless the Company and the client agree otherwise. The Client may request a variation of the terms of the agreement in order to secure a higher degree 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 enters into a written agreement with the Company to the effect that it shall not be treated as a professional 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.

3. REQUEST FOR RECATEGORIZATION

In case you wish to be re-categorized, you should contact the Company with your re- categorization request in written form. Upon the review of your request, the Company shall respond appropriately. In accordance with this Client Categorization Policy, the following requests may be submitted “in written” form by the Client to the Company:

- «Retail Client» requesting to be categorized as a «Professional Client» –
- «Professional on request – Elective Professional Client»

Identification

Clients other than those mentioned above, including public sector bodies, and private individual investors, may also be allowed to waive some of the protections afforded by the conduct of business rules. The Company is allowed to treat any of the its clients as Professional Clients provided the relevant criteria and procedure mentioned below are fulfilled. These clients will not, however, be presumed to possess market knowledge and experience comparable to that of the categories listed above. Any such waiver of the protection afforded by the standard conduct of business regime will 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.

Person subject to that assessment shall be the person authorized to carry out transactions on behalf of the entity. In the course of that 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 each quarter over the previous four quarters;
- The size of the client’s portfolio, defined as including deposits and financial instruments should exceed 500000 USD;
- The client works or has worked in the financial sector for at least one year in financial industry, with a clear understanding of the CFDs Trading and market.

Procedure:

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

1. 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;
2. The Company will give them a clear written warning of the protections and investor compensation rights they may lose;

3. They must state in written form, in a separate document from the contract, that they are aware of the consequences of losing such protections.

Before deciding to accept any request for waiver, the Company must be required to take all reasonable steps to ensure that the client requesting to be treated as a professional client meets the relevant requirements stated above.

However, if clients have already been categorized as professionals under parameters and procedures similar to those referred to above, it is not intended that their relationships with the Company shall be affected by any new rules adopted pursuant the Law and relevant applicable legislation.

The Company implements appropriate written internal policies and procedures to categorize clients. Professional clients are responsible for keeping the Company informed about any change, which could affect their current categorization. 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 shall take appropriate action.

- A «Professional Client» requesting to be categorized as “Retail Client». In that case the Client will be afforded a higher level of protection.
- An «Eligible Counterparty» requesting to be categorized either as a «Professional Client» or «Retail Client». In that case the Client seeks to obtain a higher level of protection.

The Company will notify the Client if and when it agrees to categorize the Client as requested. The Company reserves the right to decline any of the above requests for different categorization.

Important Notice: 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.

4. PROTECTION RIGHTS

Retail Client

When the Company treats you as a Retail Client, you will be entitled to the following protections as required by the law:

1. The Company will give to the Retail Client more information/disclosures in regard to the services provided by the Company, its costs, fees and charges and the safeguarding of Client financial instruments.
2. The Company will assess whether the Retail Client has knowledge and experience in the investment field relevant to the specific type of product, service offered or demanded in order to be able to assess whether the investment service or product envisaged is appropriate for the Client. In

the case the Company considers, on the basis of the information received by the Client that the product or service is not appropriate to a Retail Client, it shall warn the Client accordingly.

3. The Company when executing orders, will take all reasonable steps to achieve the “best execution” for the Client orders. Best execution is the process by which the Company seeks to obtain the best possible result when executing client orders. The Company has obligation to ensure that all sufficient steps are taken into account when executing client orders, including price, costs, speed, likelihood of execution and settlement size and nature upon client characteristics.

Professional Clients

When the Company treats you as a Professional Client, you will not be entitled to the same protections as if you were categorized as a Retail Client.

- The Company shall be entitled to assume that a Professional Client has the relevant knowledge and experience in order to understand the risks involved in relation to the particular investment services or transactions, or types of transaction or product, for which the Client is categorized as a Professional Client. Consequently, the Company should not generally need to obtain additional information from the Client for the assessment of appropriateness for the products and services for which he/she has been classified as a Professional Client.
- When executing your orders, we owe you a duty of best execution. For retail clients we must prioritize overall prices and cost of a transaction when giving best execution. As a professional client, we may prioritize other factors in giving best execution, such as speed and likelihood of execution if we determine they are equally or more important than overall price. In practice, we will not change the way we execute your orders.
- Professional Clients are not entitled to Negative Balance Protection (the “NBP”).

Eligible Counterparties

Where the Company treats the Client as an Eligible Counterparty, the Client will be entitled to fewer protections under the Law than it would be entitled to as a Retail Client or Professional Client. In particular and non-exhaustively:

- The Company is not required to assess the appropriateness or suitability 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 itself and that he/she has the ability to bear losses.
- The Company must act honestly, fairly and professionally and communicate in a way which is fair, clear and not misleading, taking into account the nature of the eligible counterparty and of its business.

- The Company, when dealing with Eligible Counterparties, is not restricted to make any arrangement by way of remuneration, sales targets or otherwise that could provide an incentive to its staff to recommend a particular financial instrument when the investment firm could offer a different financial instrument which would better meet that client's needs.

However, eligible counterparties will be entitled to the same reporting obligations as they apply to Retail and Professional.

