

INFORMATION ON CLIENT CATEGORISATION

Following the implementation of the Markets in Financial Instruments Directive (MiFID) and in accordance to the provisions of the Financial Services and Activities and Regulated Markets Law of 2012 (L144(I)/2007) (hereinafter called the “Law”), IQ Option Europe Ltd (hereinafter called the “Company”) is required to categorise Clients as either:

- a) Retail
- b) Professional
- c) Eligible Counterparties

The Company is required to do this so that when carrying out business with the Client, the Client is provided the level of information, services and protection that is appropriate to and consistent with the Client’s categorisation.

All Clients will be notified of their categorisation, on the basis of the information available to the Company. Unless specified, all clients will be treated by the Company as Retail Clients under MiFID.

Categorisation Criteria

The criteria entailed for categorising Clients based on the relevant provisions of the Law are as follows:

- (A) **Retail Client:** is a client who is neither Professional nor Eligible Counterparty,
- (B) **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. Such Clients must fall under one of the following categories:
 - 1. Entities which are required to be authorised or regulated to operate in the financial markets. The list below should be understood as including all authorised entities carrying out the characteristic activities of the entities mentioned: entities authorised by a Member State under a European Community Directive, entities authorised or regulated by a Member State without reference to such Directive, and entities authorised or regulated by a non-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. Locals
 - i. Other institutional investors
 - 2. Large undertakings meeting two of the following size requirements on a proportional basis:
 - a. balance sheet total at least: EUR 20,000,000,
 - b. net turnover at least: EUR 40,000,000,
 - c. own funds at least: EUR 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 (IMF), the European Central bank (ECB), the European Investment Bank (EIB) 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

(C) **Eligible Counterparties:** are any of the following entities to which credit institution or an investment firm provides the services of reception and transmission of orders on behalf of clients and/or execution of orders and/or dealing on own account: CIFs, other IIs, credit institutions, insurance undertakings, UCITS and their management companies, pension funds and their management companies and other financial institutions authorised by a member state 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 officers, including public bodies that deal with public debt, central banks and supranational organisations.

Request for change of Categorisation

Retail Clients can request to be categorised and treated as **Professional Clients** in which case they will be afforded a lower level of protection.

Professional Clients can request to be categorised and treated as **Retail Clients** in which case they will be afforded a higher level of protection.

Eligible Counterparties can request to be categorised and treated as either **Retail** or **Professional Clients** in which case they will be afforded a higher level of protection.

It is noted that the Company will assess specified quantitative and qualitative criteria in accordance with the provisions of the Law and the change of categorisation will depend on its absolute discretion.

Procedure for change of Categorisation

Clients other than those mentioned in section 2 (B) may request to be treated as **Professionals** provided that at least two of the following criteria are 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 500,000 EUR
- (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.

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

- (a) They must state in writing to the Company that they wish to be treated as professional clients, either generally or in respect of a particular investment service or transaction, or type of transaction or product,

- (b) The Company must give them a clear written warning of the protections and investor compensation rights they may 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.

Before deciding to accept any request for waiver, the Company must 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 categorised as professionals under parameters and procedures similar to those above, it is not intended that their relationships with the Company should be affected by any new rules adopted pursuant to the Law.

Protection of Clients - Retail Clients / Professional Clients / Eligible Counterparty

The additional protection afforded to a Retail Client compared to a Professional Client, includes without limitation, the following:

1. A retail client will be given more information and disclosures with regard to the Company, its services and any investments, its costs, commissions, fees and charges and the safeguarding of client financial instruments and client funds.
2. Under the law, the Company 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 so as to enable the Company to assess whether the investment service or product envisaged is appropriate for the client. In case the Company considers, on the basis of the information received, that the product or service is not appropriate to a retail client, it shall warn the client accordingly.

The Company 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. Consequently, and unlike the situation with a retail client, the Company 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.

3. When executing orders, the Company must take all reasonable steps to ensure that a Retail Client's order is executed as such in order to achieve what is called "best execution" of the client's orders, that is to obtain the best possible result for its clients.

Where the Company executes 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.

When providing professional clients with best execution, the Company is not required to prioritise the overall costs of the transaction as being the most important factor in achieving best execution for them.

4. The Company must obtain from clients such information as is necessary for it 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 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/her 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/her portfolio.

Where the Company provides an investment service to a professional client it 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, the Company shall be entitled to assume that a professional client is able financially to bear any investment risks consistent with its investment objectives.

5. The Company will provide to a Retail Client information regarding his executed order in a timely manner and with more detail as to the content.
6. The Company will inform a Retail Client as to the Company's liability in relation to possible solvency of the custodian where Client's financial instruments are held.
7. The Company will inform the Retail Client of the Company's Conflict of Interest Policy
8. The Company will inform the Retail Client of the Company's Complaints & Grievances Policy
9. The Company will inform the Retail Client of their eligibility for coverage from the Investor's Compensation Fund.