Appendix No. **29**
to the Client Service Regulations
Approved by Order No. **01-27**
of the Director of **Rioni Capital LLC**
______________________ Badri Gobechia
dated *28 October* **202***5*

**Brokerage Company "Rioni Capital"**

# CLIENT CATEGORISATION POLICY

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# 1. PURPOSE AND SCOPE OF APPLICATION

**1.1.** This Client Categorisation Policy (hereinafter, the "Policy") has been developed in accordance with:

- the Law of Georgia on Securities Market,
- Order No. 223/04 of the President of the National Bank of Georgia dated 16 December 2020 "On Approval of the Procedure for Recognising a Person as an Informed Investor",
- other applicable normative acts of the National Bank of Georgia,
- internal documents of Rioni Capital Brokerage Company (hereinafter, the "Broker"),
- the requirements of the legislation of the European Union, including Directive 2014/65/EU (MiFID II), insofar as they do not contradict the normative acts of the National Bank of Georgia.

**1.2.** This Policy is an integral part of the Client Service Regulations (hereinafter, the "Regulations"), as well as the relevant internal procedures of the Company, including, but not limited to:

- Best Execution Policy;
- Conflicts of Interest Policy.

**1.3.** This Policy applies:

- to all Clients of the Company, including individuals and legal entities using investment and ancillary services;
- to all employees of the Company involved in the processes of identification, categorisation and servicing of clients;
- to any cases of review of the Category (reclassification) at the initiative of the Client or the Company.

**1.4.** The purposes of this Policy are:

- to establish a transparent, fair and internationally compliant procedure for Client categorisation determining the scope of information provided, the level of investor protection and the extent of the Company's regulatory obligations when providing investment services;
- to ensure a fair, transparent and uniform approach when determining the level of knowledge, experience and financial capabilities of the Client;
- to inform Clients and potential Clients of the Company about the procedures for their classification, the level of investor protection rights arising from the relevant category, and also to explain that in certain cases the Client has the right to request a change of category and what changes in the level of Client protection this may entail;
- to establish the criteria and procedure for assigning Clients to one of the four Categories:
  **√ Retail Client,**
  **√ Informed Investor,**
  **√ Professional Client,**
  **√ Eligible Counterparty.**

**1.5.** This Policy shall be regarded as a written notice of those protections which the Client may lose if classified as a Professional Investor instead of a Retail Client, or as an Informed Investor instead of a Professional Client or a Retail Client.

**1.6.** This Policy shall be communicated to all relevant employees of the Company involved in the client classification process, and shall also be provided to Clients and potential Clients of the Company in order to comply with the requirements of the legislation of Georgia and the normative acts of the National Bank of Georgia, as well as the best practices of Directive 2014/65/EU (MiFID II).

**1.7.** All relevant employees must be aware of the provisions of this document and understand the role and importance of client classification in determining the level of protection of the client subject to classification.

**1.8.** Since this Policy is an integral part of the agreement with the Client, namely the Client Service Regulations of the Company, the Client shall be bound by the terms of this Policy to the extent set out herein.

# 2. DEFINITIONS

**2.1.** Retail Client - a Client who is neither a Professional Client nor an Eligible Counterparty. Except for Clients meeting the requirements set out in Sections 5.2 and 5.3 of this Policy, or unless otherwise specified in writing, all clients shall be classified as Retail Clients. (For additional information, see Section 4.1 of this Policy).

**2.2.** Informed Investor - a Client recognised as an Informed Investor in accordance with the Procedure for Recognising a Person as an Informed Investor (Appendix 27 to the Regulations), and briefly described in Section 4.3 of this Policy.

**2.3.** Professional Client - a category of Clients in accordance with the MiFID II framework, who are considered professional based on the established criteria, experience and scale of activity. Such clients possess sufficient knowledge, experience and financial capacity to understand the risks associated with complex financial products and, therefore, benefit from a lower degree of regulatory protection than Retail Clients. (For additional information, see Section 4.2 of this Policy).

**2.4.** Eligible Counterparty - a category of Clients in accordance with MiFID II, including the most experienced and financially sound participants of the investment market who carry out trading operations in significant volumes. These are financial institutions or organisations possessing a high degree of expertise and satisfying any of the criteria provided for in Section 4.4 of this Policy.

**2.5.** Investment Services / Investment Activities - any services or activities offered by the Company for which the Broker has obtained the relevant licence, including, but not limited to, the following list of investment and ancillary services:

- reception and transmission of orders in relation to one or more financial instruments;
- execution of orders on behalf of and for the account of Clients;
- dealing on own account;
- discretionary management of an investment portfolio;
- safekeeping and administration of financial instruments, including depository services and related services;
- granting of credits or loans in relation to one or more financial instruments;
- foreign exchange operations related to the provision of investment services;
- provision of investment advice;
- investment research, financial analysis and other similar forms of analytical activity.

# 3. GENERAL PRINCIPLES

**3.1.** In accordance with the requirements of applicable legislation, the Broker carries out Client categorisation prior to the provision of investment services. The purpose of categorisation is to provide the Broker with sufficient grounds to believe that the Client possesses the necessary knowledge and experience enabling the Client to understand the risks associated with the products or investment services provided to the Client.

**3.2.** The Broker recognises and takes into account that Clients and potential Clients may have different levels of knowledge, experience and competence in the investment sphere, depending on the type of products and services offered or requested. In this connection, all Clients shall be classified into four categories:

√ **Retail Client,**
√ **Informed Investor,**
√ **Professional Client,**
√ **Eligible Counterparty.**

**3.3.** In accordance with this categorisation, a Retail Client enjoys the highest degree of protection compared to an Informed Investor, Professional Client and Eligible Counterparty, for whom the level of protection is reduced, since they are deemed to be more experienced and competent in carrying out transactions in financial instruments.

**3.4.** The Broker shall inform new and existing Clients of the Category assigned to them.

**3.5.** The Broker shall notify Clients of their right to request a change of Category, as well as of any changes in the level of Client protection associated with a change of Category.

**3.6.** The Broker has the right to review the classification of the Client and change the assigned Category if this is deemed necessary in accordance with the requirements of applicable legislation.

# 4. CLIENT CLASSIFICATION

**4.1. Retail Client Category**

**4.1.1.** Retail Clients are such Clients who cannot be assigned to the Professional Client, Informed Investor or Eligible Counterparty Categories and who are provided with the highest level of investor protection in accordance with NBG regulation and within the framework of MiFID II.

**4.1.2.** Retail Clients cannot be regarded by default as possessing sufficient knowledge or experience to assess the risks associated with investment services, transactions and financial instruments, unlike Professional Clients, Informed Investors or Eligible Counterparties.

**4.1.3.** A Retail Client may request an investment service or submit an order for a financial instrument not available by default to the Retail Client Category. In such case, the Retail Client shall be subject to an appropriateness assessment. The appropriateness assessment shall be carried out through the Client's passing of Tests in the Client's Personal Account, the composition of which depends on the nature of the requested investment service and the complexity of the relevant financial instrument.

**4.1.4.** A Retail Client may express the wish to change his/her Category to the Professional Client Category. For this purpose, he/she must pass the relevant Tests in the Client's Personal Account and then submit an Application through the Client's Personal Account.

**4.1.5.** The Company's Compliance Department analyses and assesses the Application, the results of the Client's Tests and the Client's compliance with the requirements and criteria established by Appendix No. 27 to the Client Service Regulations and Section 4.3. of this Policy. If necessary, additional supporting documents may be requested. At the final stage of the classification procedure, in the event of a positive decision, the Client's Category shall be changed in the Company's internal systems to the Professional Client Category. The Client shall receive notice of the decision taken and of the new Category.

**4.1.6.** A Retail Client may express the wish to change his/her Category to the Informed Investor Category. For this purpose, he/she must pass the relevant Tests in the Client's Personal Account and then submit an Application through the Client's Personal Account.

**4.1.7.** The Company's Compliance Department analyses and assesses the Application, the results of the Client's Tests and the Client's compliance with the requirements and criteria established by Appendix No. 27 to the Client Service Regulations. If necessary, additional supporting documents may be requested. At the final stage of the classification procedure, in the event of a positive decision, the Client's Category shall be changed in the Company's internal systems to the Informed Investor Category. The Client shall receive notice of the decision taken and of the new Category.

**4.1.8.** The Broker reserves the right to refuse a Retail Client a change of category.

**4.2. Informed Investor Category**

**4.2.1. General provisions**

The "Informed Investor" Category applies to Clients who, by virtue of their experience, knowledge, financial position and/or legal status, possess sufficient competence to make investment decisions independently and consciously assess the related risks, and therefore enjoy a reduced level of regulatory protection compared to Retail Clients.

A Client in the "Informed Investor" category is regarded as a more experienced participant in the financial market than a Retail Client, but does not necessarily meet the criteria of the "Professional Client" Category.

**4.2.2. Informed Investors by Law**

The persons specified in paragraphs 1 and 2 of Article 2 of Order No. 223/04 of the President of the National Bank of Georgia dated 16 December 2020 shall be automatically recognised as Informed Investors, including:

- financial organisations, including financial organisations licensed or regulated by the competent authorities of foreign states, as well as international financial organisations;
- legal entities whose equity capital, calculated in accordance with the International Financial Reporting Standards (IFRS), exceeds GEL 1,000,000 (one million);
- state authorities of Georgia or foreign states, autonomous republics or municipalities, including bodies authorised to manage public debt, as well as central banks;
- persons acting in the name of or for the benefit of pension schemes.

The said persons shall be recognised as Informed Investors without any assessment, testing or application of the Company's internal criteria; however, they shall be entitled to request service as a Retail Client.

An Informed Investor shall also mean an individual or legal entity to whom the status of Informed Investor has been granted by an individual legal act of the President of the National Bank of Georgia.

**4.2.3. Informed Investors on the basis of the Company's assessment**

An individual or legal entity that does not fall within the automatic categories specified in Clause 4.2.2 of this Policy may be recognised as an Informed Investor solely on its own initiative or with its explicit consent.

The Broker shall be entitled to recognise a Client as an Informed Investor where there are reasonable grounds to believe that the Client:

- possesses sufficient knowledge and experience;
- is capable of making investment decisions independently;
- fully understands and accepts the risks associated with investment activity.

**4.2.4. Criteria for recognising a Client as an Informed Investor**

The document establishing the criteria, quantitative thresholds, requirements for knowledge, experience, financial standing, income, as well as the procedure for their confirmation for the purpose of recognising a Client as an Informed Investor is: "Procedure

for Recognising a Person as an Informed Investor of Rioni Capital Brokerage Company" (Appendix No. 27 to the Client Service Regulations).
This Policy does not duplicate or reproduce the said criteria and shall apply exclusively in conjunction with Appendix No. 27.

**4.2.5. Procedure for submitting a request and recognition of investor status**

**a.** For individuals
A request for recognition as an Informed Investor shall be submitted exclusively through the Client's Personal Account in the manner and using the technology provided for by Appendix No. 27, including mandatory confirmation of the request by means of a one-time SMS code.

**b.** For legal entities
A legal entity shall be entitled to submit a request for recognition as an Informed Investor:

- through the Client's Personal Account, or
- by sending a request from the official corporate e-mail address to the address specified by the Company.

The Broker shall be entitled to request from the legal entity additional documents and information necessary to confirm compliance with the criteria established by Appendix No. 27.

**4.2.6. Level of protection and consequences of classification**

After a Client has been assigned the "Informed Investor" Category:

- part of the protective measures applicable to Retail Clients shall cease to apply to such Client;
- the Broker shall be entitled to assume that the Client has sufficient knowledge and experience to understand the risks associated with investment services and financial instruments.

Before assigning the status, the Broker shall notify the Client of the reduced level of protection and obtain confirmation of the Client's consent to the relevant consequences.

**4.2.7. Right to change category**

An Informed Investor shall be entitled at any time to request service as a Retail Client in accordance with Section 5 of this Policy.
The Broker shall be entitled to review the status of an Informed Investor in the cases and in the manner provided for by this Policy and Appendix No. 27 to the Regulations.

**4.3. Professional Client Category**

Clients possessing sufficient experience, knowledge and competence to make investment decisions independently and adequately assess the related risks shall fall within the Professional Client Category.

**4.3.1. Professional Clients by default**

**a.** The following Clients shall by default fall within the Professional Client Category:

- Legal entities which are regulated in order to carry out activities in the financial markets and have obtained the relevant authorisation in Georgia in accordance with Georgian legislation and regulation, in an EU Member State in accordance with MiFID II, or are authorised or regulated by another OECD (Organisation for Economic Cooperation and Development) Member State, including, but not limited to:
  √ Credit Institutions;
  √ Investment Firms;
  √ Other authorised or regulated financial institutions;
  √ Insurance Companies;
  √ Unit (collective) investment funds and management companies of such funds;

√ Pension funds and management companies of such funds;
√ Dealers in commodities and commodity derivatives;
√ Other authorised or regulated financial institutions.

- Large undertakings meeting two of the following three size criteria on an individual (non-consolidated) basis:
  √ aggregate balance sheet assets – GEL 10 million;
  √ net revenue (turnover) – GEL 20 million;
  √ equity capital – GEL 5 million.
- National and regional authorities, including public bodies managing public debt at national or regional level, central banks, as well as international and supranational organisations such as the World Bank, IMF, ECB, EIB and other similar international institutions.
- Other institutional investors whose main activity is to invest in financial instruments, including entities specialising in securitisation of assets or other forms of financing.

**b.** Clients assigned by default to the Professional Client Category shall, prior to the provision of any services, be informed by the Broker that, based on the information available, the Client is considered a Professional Client and will be serviced in such status unless otherwise agreed between the Company and the Client.

**c.** Clients assigned by default to the Professional Client Category shall be responsible for timely informing the Company of any changes that may affect their current categorisation. However, the Broker shall take appropriate measures if it becomes aware that the Client no longer fulfils the original conditions that allowed it to be assigned to the Professional Client Category.

**d.** Clients assigned to the Professional Client Category shall by default also be deemed to be Informed Investors.

**4.3.2. Professional Clients on the basis of the Broker's assessment**

**a.** Criteria for recognising an individual Client as a Professional Client

- A Client in the Retail Client category may request transfer to the Professional Client Category.
- In order to recognise a Client as a Professional Client, it is necessary that the Client meet by default the criterion of an Informed Investor and successfully pass the relevant Tests to assess the level of investment knowledge covering the key aspects: financial instruments, market risks, margin mechanisms, derivative instruments and principles of diversification, and that he/she satisfy at least two out of the following three criteria, unless otherwise provided by law.
  √ The Client has carried out on average at least 10 transactions with an aggregate volume greater than or equal to GEL 1,000,000 (or the equivalent in another currency) per quarter during the last four quarters. For the purpose of assessment, the Trading Volume indicator shall be used;
  √ the size of the Client's portfolio of financial instruments, including cash deposits and financial instruments, exceeds GEL 500,000;
  √ the Client or its authorised person works or has worked in the financial sector for at least one year in a professional position requiring knowledge of the relevant transactions or services.

**b.** Criteria for recognising a legal entity Client as a Professional Client
A legal entity, other than those recognised as Professional Clients by default, may be recognised as a Professional Client upon its application if the amount of the legal entity's equity capital exceeds GEL 5,000,000 (five million).

Such legal entities shall be recognised as Professional Clients following the Company's assessment.

### 4.4. Eligible Counterparty Category

**4.4.1.** The Eligible Counterparty category may include institutions or organisations carrying out transactions in which they:
- execute client orders,
- deal on own account,
- receive and transmit client orders.

**4.4.2.** Such counterparties include (including, but not limited to):
- Investment Firms;
- Credit Institutions;
- Insurance Companies;
- Collective investment funds and their management companies;
- Pension funds and their management companies;
- Other financial organisations authorised and regulated in accordance with EU law or the national legislation of Georgia;
- National governments and their corresponding bodies, including public entities managing public debt at national level;
- Central banks and supranational organisations (ECB, EIB, IMF, World Bank, etc.).
- Organisations and institutions located outside Georgia that are equivalent in status to the above-mentioned entities may also be regarded by the Company as Eligible Counterparties.

**4.4.3.** Brokerage companies and Banks shall by default fall within the Eligible Counterparty Category. Other types of companies shall by default fall within the Professional Client Category and may be transferred to the Eligible Counterparty Category by individual agreement with the Company if they meet the criteria required for this category.

**4.4.4.** Clients in the Eligible Counterparty Category receive a reduced level of protection in respect of investment and ancillary services. Clients in this category may request a change of their category to another if they consider that they need greater protection from risks.

**4.4.5.** Clients assigned to the Eligible Counterparty Category shall by default also be deemed to be Informed Investors.

## 5. CHANGE OF CATEGORY AT THE CLIENT'S REQUEST

### 5.1. General Rules

**5.1.1.** The Client shall have the right at any time to submit a request to change his/her Category by sending an application in the prescribed form (Appendices No. 1-4 to this Policy):
- individuals - through the Client's Personal Account in accordance with Appendix No. 27.
- legal entities - through the Client's Personal Account or by e-mail from the official corporate address to clients@rioni-capital.ge.

The Broker reserves the right to refuse satisfaction of such request.

**5.1.2.** A Retail Client may request reclassification and service as an Informed Investor or Professional Client. In such case, the Client shall receive a lower level of protection.

**5.1.3.** A Professional Client has the right to request service as a Retail Client in order to receive a higher level of protection. Responsibility for submitting such request lies with the client recognised as Professional if the client believes that it is not able sufficiently to assess or manage the related risks.

**5.1.4.** A Professional Client has the right to request service as an Eligible Counterparty if it satisfies the criteria for assignment to this Category. In such case, the Client shall receive a lower level of protection.

**5.1.5.** An Informed Investor has the right to request service as a Retail Client in order to receive a higher level of protection. Responsibility for submitting such request lies with the client recognised as Informed if the client believes that it is not able sufficiently to assess or manage the related risks.

**5.1.6.** An Eligible Counterparty has the right to request service as a Professional or Retail Client in order to receive a higher level of protection. Responsibility for submitting a request for a higher level of protection lies with the Client itself if it believes that it is not able sufficiently to assess or manage the risks associated with the relevant services.

**5.1.7.** When considering each request, the Broker shall assess the established quantitative and qualitative criteria in accordance with the requirements of the law. The decision on reclassification of the Client shall be made solely at the Company's discretion. The Broker reserves the right to refuse the Client transfer to the Category requested by the Client.

**5.1.8.** Any waiver of the standard level of protection shall be deemed valid only if the Company's assessment of the Client's competence, experience and knowledge provides reasonable grounds to believe that, taking into account the nature of the proposed transactions or services, the Client is capable of making investment decisions independently and understands all related risks.

**5.2. Transfer of a Retail Client to a Professional Client**

**5.2.1.** A Retail Client may request transfer to the Professional Client Category.

**5.2.2.** The request is available only after passing the relevant Tests in the Client's Personal Account. The Tests cover the following aspects:
• the types of investment services, transactions and securities in which the Client has sufficient knowledge;
• the nature, volume and frequency of the Client's transactions in securities, as well as the period during which they were carried out;
• the Client's level of education, profession and previous work experience.

**5.2.3.** If the Client is a legal entity classified as a Retail Client, and if it meets the criteria of Section 4.3. of this Policy, an additional assessment shall be carried out by the Broker in accordance with internal procedures.

**5.2.4.** After receipt of the request, the Client shall be sent a Loss of Protection Notice (Appendix No. 5 to this Policy) for the purpose of informing the Client of which investor protection and compensation rights will be lost. The Client shall confirm that he/she has become acquainted with the consequences of the loss of protection.

**5.2.5.** The Company's Compliance Department analyses the Client's application, the results of the Tests and assesses the Client's compliance with the criteria described in Section 4.3. of this Policy, as well as the criteria set out in Appendix No. 27 to the Regulations.

**5.2.6.** If necessary, the Broker may request from the Client additional documents or information confirming that the Client meets the established category assessment criteria.

**5.2.7.** The Broker shall take all reasonable measures to ensure that the Client requesting Professional Client status is able to make investment decisions, understand, properly assess and manage the associated risks, and shall not admit the Client to this category automatically without prior consideration and confirmation.

**5.2.8.** The Broker shall verify the information provided by the Client as part of the Onboarding procedure, including KYC data, as well as the results of the assessment of the Client's economic profile, such as: the amount of the Client's wealth, the volume of the investment portfolio and the availability of liquid assets, against the information contained in the Client's request for reclassification. If the verification reveals inconsistencies or indications of unreliability of the information provided, the Retail Client's request for reclassification to the Professional Client category may be rejected.

**5.2.9.** Upon approval of the request, the Client's Category shall be changed in the Company's systems to the Professional Client Category. The Client shall receive a Professional Client Category Assignment Notice (Informed Client Status Assignment Notice) (see Appendix No. 3 to this Policy).

**5.2.10.** The Broker reserves the right to refuse transfer of a Retail Client to the Professional Client Category.

**5.3. Transfer of a Retail Client to an Informed Investor**

**5.3.1.** A Retail Client may request transfer to the Informed Investor Category. Such request shall be submitted through the Client's Personal Account. Before submitting the request, the Client must pass the relevant tests in the Client's Personal Account. The request shall be available only after passing the relevant Tests in the Client's Personal Account.

**5.3.2.** After receipt of the request, the Client shall be sent a Loss of Protection Notice (Appendix No. 5 to this Policy) for the purpose of informing the Client of which investor protection and compensation rights will be lost. The Client shall confirm that he/she has become acquainted with the consequences of the loss of protection.

**5.3.3.** Thereafter, the Company's Compliance Department analyses and assesses the form received, the client's transaction history and risk profile, the results of the client's passing of Tests in the Personal Account, and assesses the Client's compliance with the criteria described in Appendix No. 27 to the Regulations. If necessary, the Broker may request additional supporting documents from the Client.

**5.3.4.** Upon approval of the request, the Client shall receive an Informed Investor Status Assignment Notice (Informed Client Status Assignment Notice) (see Appendix No. 6 to this Policy).

**5.3.5.** The Broker shall be entitled to treat any of its Retail Clients as Informed if the criteria and procedures established in Appendix No. 27 to the Regulations have been complied with.

**5.3.6.** Any waiver by the Client of the standard level of protection may be recognised as valid only if the Company's assessment of the Client's competence, experience and knowledge provides reasonable grounds to believe that the Client is capable of making investment decisions independently and understands the related risks, taking into account the nature of the proposed transactions.

**5.3.7.** If the assessment criteria specified in Appendix No. 27 to the Regulations are not satisfied, the Broker shall decide at its own discretion whether to provide services in the requested category. If the Client's request to be recognised as an Informed Investor is not satisfied, the Broker shall notify the Client of the refusal.

**5.3.8.** All Clients shall be obliged to inform the Company without delay of any changes that may affect their current Category.

**5.3.9.** If the Broker learns that the Client no longer meets the original conditions that allowed the Client to be assigned to the category of Informed Investors, the Broker shall take appropriate measures.

**5.4. Transfer of a Professional Client to an Eligible Counterparty**

**5.4.1.** A Client initially assigned by default to the Professional Client category may submit a request to be granted the Eligible Counterparty Category. For this purpose, the Client shall send by e-mail a request for the relevant Category in the prescribed form (See Appendix No. 3 to this Policy), together with all necessary documents and information confirming compliance with the requirements established for this Category.

**5.4.2.** By submitting a reclassification request, the Client confirms that it is aware of the consequences of losing the protective mechanisms provided for the Professional Client Category.

**5.4.3.** The Broker shall take all reasonable measures to ensure that the Client requesting the Eligible Counterparty Category meets the legislative requirements set out in Section 4.4. of this Policy. The Broker reserves the right to refuse the request.

**5.5. Transfer of an Eligible Counterparty to a Retail or Professional Client**

**5.5.1.** A Client assigned to the Eligible Counterparty Category may request service as a Professional Client in order to obtain a higher level of protection, or as a Retail Client in order to obtain the maximum level of protection.

**5.5.2.** When considering such requests, the Broker shall take into account, in particular:
• the existence of special commission agreements previously agreed with the Client, which may be revised;
• the additional administrative burden that may result from fulfilment of the specific request.

**5.5.3.** If the Broker decides to satisfy the request of a Client in the Eligible Counterparty Category for reclassification as a Professional or Retail Client, such decision shall be formalised in a Supplementary Agreement between the Company and the Client.

**5.5.4.** If the Client's request is not accepted, the Broker shall notify the Client of the refusal.

**5.6. Transfer of a Professional Client to a Retail Client**

**5.6.1.** A Client in the Professional Client category has the right to request service on the terms applicable to Retail Clients in order to obtain a higher level of protection.

**5.6.2.** In such cases, the Client must submit a request through the Client's Personal Account.

**5.6.3.** Before accepting such request, the Broker shall assess all relevant factors, including: the existence of special commission agreements previously concluded with the Client, as well as the additional administrative burden that implementation of such request may entail.

**5.6.4.** If the Broker accepts the request of a Professional Client for transfer to the Retail Client Category, a Supplementary Agreement shall be concluded between the Company and the Client.

**5.6.5.** In the event of refusal to satisfy the request, the Broker shall notify the Client thereof in the prescribed manner.

# 6. MONITORING AND PERIODIC REVIEW OF THE CLIENT CATEGORY

**6.1.** The Client shall be obliged to inform the Company without delay of any circumstances that may affect the Client's Category.

**6.2.** The Broker shall periodically, at least once every three (3) years, verify whether the Client's investment profile corresponds to the assigned Category. In the course of the Client review process, the Broker shall monitor any changes relating to the Client's profile. The following events may serve as grounds for review of the Category (including, but not limited to):

- the Client's trading and/or investment activity does not meet the minimum volumes established by the Order of the National Bank of Georgia;
- there is no sufficient level of market activity or involvement of the Client;
- deterioration of the Client's financial condition;
- revocation, suspension or freezing of the Client's licence;
- change in the status of the authorised person;
- imposition of sanctions on the Client;
- other events or circumstances becoming known to the Company that may affect the Client's category and level of protection.

**6.3.** If the responsible employee of the Company determines that the Client's circumstances differ from those on the basis of which the current category was assigned, he/she shall be obliged to contact the Client in order to clarify the new circumstances and, if necessary, reclassify the Client in accordance with the updated data.

**6.4.** The responsible employee of the Company shall send the relevant documentation or notice to the Compliance Department for approval and внесения изменений в систему.

# 7. INVESTOR PROTECTION RIGHTS

**7.1.** A Client in the Retail Client Category enjoys a higher level of protection under the law than Clients in other Categories.

**7.2.** In summary form, the additional protection measures provided to Retail Clients include, but are not limited to, the following:

- The Broker shall ensure that all communications with Clients are fair, clear and not misleading. At the same time, the degree of detail of the information may vary depending on the Client's Category, but the Broker shall always provide all material information in accordance with applicable regulatory requirements.
- The Broker shall provide the Retail Client with an extended scope of information and disclosures, including:
  √ information about the Company and its services;
  √ description of financial instruments and their characteristics;
  √ information on the nature and risks associated with financial instruments;
  √ information on expenses, commissions, fees and other charges;
  √ information on measures to safeguard Clients' financial instruments and funds, including a brief description of the investor compensation system or deposit guarantee scheme, if any are applicable or introduced in the future.
- When providing Reception & Transmission of Orders and/or Execution of Orders services, especially in cases where transactions involve complex financial instruments, the Broker shall carry out an appropriateness assessment - a review of the Retail Client's knowledge and experience in the investment sphere relevant to the specific type of product or service. The purpose of this assessment is to ensure that the Client understands the risks associated with the products or services offered and that they are appropriate to the Client's level of knowledge and experience.
- In relation to Professional Clients, Informed Investors and Eligible Counterparties, the Broker shall be entitled to assume that the Client possesses the necessary knowledge and experience to understand the risks associated with the relevant investment services or transactions, and therefore no appropriateness assessment shall be carried out for them, including in cases of granting access to complex financial instruments.
- When executing Client orders, the Broker shall take all reasonable measures to achieve "Best Execution", that is, to obtain the best possible result for the Client. The criteria for achieving Best Execution are described in Appendix No. 14 to the Regulations, "BEST EXECUTION POLICY for Client Orders".

**7.3.** Information on the loss of the level of protection resulting from the reclassification of the Client from the Retail Client Category to the Professional Client Category shall be provided to each Client for acknowledgement and confirmation of receipt. (See Appendix No. 5 to this Policy.)

**7.4.** The Broker undertakes strictly to refrain from any actions or practices that may stimulate, induce or pressure an investor to submit a request for reclassification to the category of Professional Client or Informed Investor.

# 8. REVIEW OF THE POLICY

**8.1.** This Policy shall be subject to annual review and shall also be reviewed at any time in the event of material changes which may affect the Company's procedures and principles relating to obligations and requirements for client categorisation.

**8.2.** The Broker reserves the right to make amendments and additions to this Policy at its own discretion and at any time when it deems this necessary or appropriate.

# 9. APPENDICES

**APPENDIX No. 1**
to the Client Categorisation Policy

**APPLICATION FOR ASSIGNMENT OF THE "INFORMED INVESTOR" CATEGORY**
*(Informed Investor Application Form)*

Client Name: ______________________________
Client Identification Number: ______________________________

I hereby confirm that I wish to be assigned to the "Informed Investor" category.

1. I have carried out transactions in significant volumes on the relevant markets with an average frequency of at least 10 transactions per quarter during the last four quarters:
   ☐ Yes ☐ No
2. The volume of my investment portfolio (including available cash funds and financial instruments) meets the criteria of Appendix No. 27 to the Regulations:
   ☐ Yes ☐ No
3. I have worked for at least one year in the financial sector in a professional position requiring knowledge in the area of the proposed transactions or services:
   ☐ Yes ☐ No

I also confirm that I understand: the Broker will not classify me as an Informed Investor only in respect of particular investment services or transactions, types of transactions or financial instruments. Assignment of the "Informed Investor" Category will apply to all investment services, transactions, types of transactions and/or financial instruments.

I have read the Client Categorisation Policy
and understand the protection and compensation measures that I may lose in connection with obtaining the "Informed Investor" Category.
☐ Yes ☐ No

Attached documents: ______________________________________________
Date: _____________________________
Client Signature: _____________________________

**APPENDIX No. 2**
to the Client Categorisation Policy

**APPLICATION FOR ASSIGNMENT OF THE "PROFESSIONAL CLIENT" CATEGORY**
*(Professional Client Application Form)*

Client Name: ____________________________
Client Identification Number: ____________________________

I hereby confirm that I wish to be assigned to the "Professional Client" category.

1. I have carried out transactions in significant volumes on the relevant markets with an average frequency of at least 10 transactions per quarter during the last four quarters:
   ☐ Yes ☐ No
2. The volume of my investment portfolio (including available cash funds and financial instruments) exceeds GEL 500,000 (five hundred thousand):
   ☐ Yes ☐ No
3. I have worked for at least one year in the financial sector in a professional position requiring knowledge in the area of the proposed transactions or services:
   ☐ Yes ☐ No

I also confirm that I understand: the Broker will not classify me as a Professional Client only in respect of particular investment services or transactions, types of transactions or financial instruments. Assignment of the "Professional Client" Category will apply to all investment services, transactions, types of transactions and/or financial instruments.

I have read the Client Categorisation Policy
and understand the protection and compensation measures that I may lose in connection with obtaining the "Professional Client" Category.
☐ Yes ☐ No

Attached documents: ___________________________________________
Date: ___________________________
Client Signature: ___________________________

**APPENDIX No. 3**
to the Client Categorisation Policy

## APPLICATION FOR ASSIGNMENT OF THE “ELIGIBLE COUNTERPARTY” CATEGORY

*(Eligible Counterparty Application Form)*

Client Name (Company Name): ______________________________
Client Identification Number: ______________________________
Client Address: ______________________________

We hereby confirm our intention and express our consent to be assigned the “Eligible Counterparty” Category.

We confirm that we possess sufficient experience, knowledge and competence to make investment decisions independently and properly assess the risks that we assume.

In this connection, we express our consent to be assigned the “Eligible Counterparty” Category in accordance with the provisions of MiFID II, insofar as they do not contradict the regulation and requirements of the National Bank of Georgia.

We also confirm and acknowledge that, as a Client in the “Eligible Counterparty” Category, we will enjoy a lower level of legal protection than a Client in the “Professional Client” Category.

In particular, we are aware of the following:

1. The Broker is not obliged to provide us with information related to compliance with conduct of business rules, the procedure for handling client orders or application of the Best Execution principle;
2. The Broker is not obliged to verify the appropriateness of an investment product or service to our level of knowledge and experience when providing such product or service.

We also confirm our awareness of the consequences of such categorisation and assume responsibility, where necessary, to request transfer to a Category with a higher level of protection.

Signature: __________________________
Name, position: __________________________

**APPENDIX No. 4**
to the Client Categorisation Policy

## APPLICATION FOR ASSIGNMENT OF THE "RETAIL CLIENT" CATEGORY

*(Retail Client Application Form)*

Client Name: ______________________________
Client Identification Number: ______________________________

I hereby confirm that I wish to be assigned to the "Retail Client" category.

I have read the Client Categorisation Policy
☐ Yes ☐ No

Date: ____________________________
Client Signature: ____________________________

**APPENDIX No. 5**
to the Client Categorisation Policy

## LOSS OF PROTECTION NOTICE

*(Loss of Protection Notice)*

To: ________________________________ (Client's full name)
Address: ________________________________

Dear Client,

Please note that after assignment to you of a Category with a lower level of protection than your current level, you will lose part of the investor protection measures provided by law, including the following:

**1. Financial communications and advertising**
Certain requirements governing the form and content of financial materials and advertising communications will cease to apply.
All financial materials sent to retail clients are subject to mandatory control, review and approval. If you are assigned a Category other than the "Retail Client" Category, the Broker shall not be obliged to provide you with a full description of the nature of the investment, the scope of obligations and the risks associated therewith.

**2. Disclosure of information on commissions and partners' remuneration**
The Broker will proceed on the assumption that you understand the nature and extent of the risks associated with payment of commissions and reimbursement of expenses for the transactions carried out by you, and are able to assess independently the level of expenses arising in the course of making various types of investments.

**3. Client's understanding of investment risks**
The Broker will proceed on the assumption that you understand the nature and extent of the risks associated with any specific investments or transactions recommended to you by the Company and are able independently to assess the types and level of risks arising in the course of making various types of investments.

**4. Client's knowledge and experience**
The Broker will proceed on the assumption that you are able to assess the appropriateness of our recommendations and possess, or are able to obtain, all necessary information that will enable you to make an informed investment decision, and that you possess sufficient knowledge and experience to understand the risks associated with the products or services offered.

**5. Clear, fair and not misleading communications**
The Broker will take into account your level of professional qualification when complying with the legal requirement that all communications must be clear, fair and not misleading.

**6. Request for change of client category**
After the Broker assigns to you a Category with a lower level of protection than your current one, you retain the right to request a return to a higher level of protection.
A higher level of protection shall be granted only after you submit a request for assignment to a Category with a higher level of protection and an agreement is concluded between the Company and you on assignment of the requested Category to you.

**APPENDIX No. 6**
to the Client Categorisation Policy

## NOTICE OF ASSIGNMENT OF A CATEGORY WITH A LOWER LEVEL OF PROTECTION

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“category name”
*(Category Assignment Notice)*

To: ________________________________ (Client’s full name)
Address: ________________________________

Dear Client,

In accordance with your request, we hereby confirm that you have been assigned the Category
_____________________________________________.
“category name”

This means that when carrying out transactions and providing you with investment services, the Broker will apply the level of information, service and protection corresponding to your category, in accordance with the provisions of MiFID II, insofar as they do not contradict the legislation and normative acts of the National Bank of Georgia.

We hereby notify you that, based on the information available to us, the Broker will treat you as a Client in the “category name” Category when providing investment services in accordance with MiFID II, insofar as this does not contradict the legislation and normative acts of the National Bank of Georgia.

This notice constitutes a general agreement which also applies to all individual transactions and accounts opened in your name with the Company. This classification applies to all your relations with the Company within the framework of MiFID II requirements, insofar as they do not contradict the legislation and normative acts of the National Bank of Georgia.

You, however, retain the right at any moment to request a change of Category to a Category with a higher level of protection if you consider that you cannot adequately assess or manage the relevant risks.

Responsibility for notifying the Company of any changes that may affect your current classification lies with you.

By signing and returning this notice, you confirm your agreement with the terms of the following internal documents of the Company:
– Appendix No. 25 to the Regulations - Conflicts of Interest Policy;
– Appendix No. 14 to the Regulations - Best Execution Policy for Client Orders;
– Appendix No. 29 to the Regulations - Client Categorisation Policy;
– Client Service Regulations (General Terms of Business);
and also confirm that you have read the Loss of Protection Notice and understand the differences between the types of protection provided to clients of different categories.

Should you have any questions, you may contact us.

Date: ____________________
Client Signature: ____________________

**APPENDIX No. 7**
to the Client Categorisation Policy

**NOTICE OF ASSIGNMENT OF A CATEGORY WITH A HIGHER LEVEL OF PROTECTION**

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“category name”
*(Category Assignment Notice)*

To: _________________________________ (Client’s full name)
Address: _________________________________

Dear Client,

In accordance with your request, we hereby confirm that you have been assigned the Category “category name”.

This means that when carrying out transactions and providing you with investment services, the Broker will apply the level of information, service and protection corresponding to your category, in accordance with the provisions of MiFID II, insofar as they do not contradict the legislation and normative acts of the National Bank of Georgia.

We hereby notify you that, based on the information available to us, the Broker will treat you as a Client in the “category name” Category when providing investment services in accordance with MiFID II.

This notice constitutes a general agreement which also applies to all individual transactions and accounts opened in your name with the Company. This classification applies to all your relations with the Company within the framework of MiFID II regulation, insofar as they do not contradict the legislation and normative acts of the National Bank of Georgia.

Responsibility for notifying the Company of any changes that may affect your current classification lies with you.

By signing and returning this notice, you confirm your agreement with the terms of the following internal documents of the Company:
– Conflicts of Interest Policy;
– Best Execution Policy;
– Client Categorisation Policy;
– Client Service Regulations (General Terms of Business);
and also confirm that you understand the differences between the types of protection provided to clients of different categories.

Should you have any questions, you may contact us.

Date: _____________________

Client Signature: _____________________