

CLIENT CATEGORIZATION POLICY

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1. INTRODUCTION

BOSON ALFA LTD (hereinafter referred to as the «Company») with its office at 54 Vasileos Georgiou A Str., Galatex Beach Center, Block E2, Office 46 Potamos Germasogeias, 4047, Limassol, Cyprus is the Cyprus Investment Firm («CIF») authorized and regulated by the Cyprus Securities and Exchange Commission («CySEC») with license No.314/16.

The Company is authorized to provide the following services:

Investment Services

- Reception and transmission of orders in relation to one or more financial instruments;
- Execution of orders on behalf of Clients;
- Portfolio management;
- Investment Advice.

Ancillary Services

- Safekeeping and administration of financial instruments, including custodianship and related services;
- Granting credits or loans to one or more financial instruments, where the firm granting the credit or loan is involved in the transaction;
- Foreign exchange services where these are connected to the provision of investment services;
- Investment research and financial analysis or other forms.

The Financial Instruments for which the above Services can be provided:

1. Transferable securities;
2. Money-market instruments;
3. Units in collective investment undertakings;
4. Options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, emission allowances or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash;
5. Options, futures, swaps, forwards and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event;
6. Options, futures, swaps, and any other derivative contract relating to commodities that can be physically settled provided that they are traded on a regulated market, a MTF, or an OTF, except for wholesale energy products traded on an OTF that must be physically settled;
7. Options, futures, swaps, forwards and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned in point 6 of this Section and not being for commercial purposes, which have the characteristics of other derivative financial instruments;
8. Derivative instruments for the transfer of credit risk.

2. CATEGORIZATION CRITERIA

Following the implementation of DIRECTIVE 2014/65/EU OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 15 May 2014 on markets in financial instruments («MiFID II»), as well as THE LAW WHICH

PROVIDES FOR THE PROVISION OF INVESTMENT SERVICES, THE EXERCISE OF INVESTMENT ACTIVITIES, THE OPERATION OF REGULATED MARKETS AND OTHER RELATED MATTERS (L.87(I)/2017) (the «Law») and other relevant regulations and guidelines issued by the European Securities and Markets Authority («ESMA») and/or CySEC («Regulatory Framework») the Company is required to inform and categorize its clients into one of the following three categories: Retail, Professional or Eligible counterparty.

Retail Client means a client who is not a professional client;

Eligible Counterparty for the purposes of Article 31 of the Law, are defined as CIFs, other IFs, credit institutions, insurance companies, UCITS and UCITS management companies, pension funds and their management companies, other financial institutions authorised by a Member State or regulated under the laws of Cyprus or under European Union law, national governments and their corresponding offices, including public bodies that deal with public debt at national level, central banks, the Central Bank and supranational organisations. Furthermore, other undertakings meeting pre-determined proportionate requirements, including quantitative thresholds can be considered as eligible counterparties. The law recognizes as eligible counterparties, third country entities which are equivalent to those categories of entities referred to above.

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. In order to be considered a Professional client, a client must comply with one of the following criteria.

CATEGORIES OF CLIENTS WHO ARE CONSIDERED TO BE PROFESSIONALS

The following should be regarded as professionals in all investment services and activities and financial instruments:

(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 the Markets in Financial Instruments Directive, entities authorised or regulated by a Member State without reference to the above Directive, and entities authorised or regulated by a non-Member State:

- Investment Firms;
- Collective Investment Schemes and the management companies of such schemes;
- Other Authorised or regulated financial institutions;
- Credit Institutions;
- Pension funds and the management companies of such funds;
- Insurance Companies;
- Locals;
- Commodity and commodity derivatives dealers;
- Other Institutional Investors (like Portfolio Investment Companies).

(2) Large undertakings which meet two of the following company size requirements:

- Balance sheet total: EUR 20,000,000
- Net turnover: EUR 40,000,000
- Own funds: 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 IMF, the ECB, the EIB and other similar international organizations.

(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.

The entities mentioned above from (1) to (4) are considered to be professionals in relation to all investment services and activities and financial instruments. They are however allowed to request non-professional treatment and the Company may agree to provide a higher level of protection. Where the client of the Company 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 terms of the agreement in order to secure a higher degree of protection. 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, specifying whether this applies to one or more particular service or type of transaction.

CLIENTS WHO MAY BE TREATED AS PROFESSIONALS ON REQUEST

Identification criteria

Clients, other than categories of clients who are considered to be professionals, including public sector bodies and private individual investors, may also be allowed to waive some of the protection afforded by the conduct of business rules.

The Company is therefore allowed to treat any of the above clients as Professionals 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 in section «CATEGORIES OF CLIENTS WHO ARE CONSIDERED TO BE PROFESSIONALS».

Any such waiver of the protection afforded by the standard conduct of business regime will be considered 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 envisaged, that the client is capable of making his own investment decisions and understanding the risks involved.

The fitness test applied to managers and directors of entities licensed under European Directives in the financial sector may be regarded as an example of the assessment of expertise and knowledge. In the case of small entities, the person subject to the above assessment should be the person authorized to carry out transactions on behalf of the entity.

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

- The client has carried out significant sized transactions 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 EUR500 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.

Procedure

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

- 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,
- They must state in writing, in a separate document from the contract, that they are aware of the consequences of losing such protection,
- The Company will give them a clear written warning of the protection and investor compensation rights they might lose.

Before deciding to accept any request for a waiver, the Company is required to take all reasonable steps to ensure that the client requesting to be treated as a professional client, meets the relevant requirements stated in section «CLIENTS WHO MAY BE TREATED AS PROFESSIONALS ON REQUEST» above.

Professional clients are responsible for keeping the Company informed about any change which could affect their current categorization. However, should the Company become aware that the client no longer fulfils the initial conditions which made him eligible to be categorised as a professional, the Company will take appropriate action.

3. REQUEST FOR DIFFERENT CATEGORIZATION

The following requests may be submitted to the Company when the client wishes to change its categorization:

- a) A Retail Client requesting to be categorized as a Professional Client. In that case, the client will be afforded a lower level of protection. The procedure is described in section «CLIENTS WHO MAY BE TREATED AS PROFESSIONALS ON REQUEST» above.
- b) Professional Client requesting to be categorized as a Retail Client. In that case, the client seeks to obtain a higher level of protection. A Professional Client can request to be treated as an Eligible Counterparty, obtaining therefore a lower level of protection.
- c) An Eligible Counterparty requesting to be categorized as a Professional Client or Retail Client. In that case the client seeks to obtain a higher level of protection.

The Company reserves the right to decline any of the above requests for different categorization. In addition, the Company may, on its own initiative, treat as a Professional or Retail Client an Eligible Counterparty or treat as a Retail Client a Professional Client.

4. PROTECTION RIGHTS FOR CLIENT CATEGORIES

The Company acts honestly, fairly and professionally towards all its clients and undertakes to communicate in a fair, clear and not misleading way in the relationships with any of its clients. The Company has to comply with number of organizational requirements, intended to prevent conflicts of interest, to guarantee continuous and regular provision of its services, to arrange for the records to be kept of all services, activities and transactions; to arrange for, when holding financial instruments belonging to the clients, the safeguard of the ownership rights of its clients. These requirements affect all client categories.

The Company ensures its products approved in accordance with its internal policies and procedures and target market is specified. Based on the identified target market, access to some products may be limited to some categories of clients.

In summary, main protection/description of the clients' rights/limitations of rights per their category are as follows (the list may not be exhaustive):

RETAIL CLIENTS

Where the Company treats the client as a Retail client, he/she will be entitled to more protection under the law than if the client was a Professional Client.

- (1) A retail client will be given more information/disclosures with regards 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, where the Company provides investment services other than investment advice (in the form of personal recommendations) or discretionary portfolio management, 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 or demanded, so as to enable the investment firm to assess whether the investment service or product envisaged is appropriate/suitable for the client. In case the Company considers, on the basis of the information received, that the product or service is not appropriate/suitable to a retail client, it shall warn the client accordingly. Please note that the Company is not required to assess appropriateness in certain cases specified by law.
- (3) When executing orders, investment firms and credit institutions providing investment services must take all reasonable steps to achieve what is called «best execution» of the client's orders; in other words, to obtain the best possible result for their Client.
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.
- (4) Investment firms and credit institutions providing investment services must obtain from the client such information as is necessary for the firm or credit institution, as the case may be, 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 (or entered into in the course of providing a portfolio management service) satisfies the following criteria:

- a. It meets the investment objectives of the client in question;
 - b. The client is financially able to bear the investment risk that arises from his investment objectives;
 - c. That the client has the necessary experience and knowledge to understand the risks involved in the transaction or the management of his portfolio.
- (5) The Company must inform retail clients of material difficulties relevant to the proper carrying out of their order(s) promptly upon becoming aware of the difficulty.
- (6) The Company is required to provide retail clients:
- a. With periodic statements in respect of portfolio management activities carried out on their behalf more frequently than for professional clients.
 - b. With more information than professional clients as regards execution of orders other than for portfolio management.
- (7) The Company will not use financial instruments held on behalf of a client for its own account or the account of another client without the client's prior express consent to the use of the instruments on specified terms, as evidenced, in the case of a retail client, by his signature or an equivalent alternative mechanism.
- (8) Where the Company provides portfolio management transactions for retail clients or operate retail client accounts that include an uncovered open position in a contingent liability transaction, it will also report to the retail client any losses exceeding 10% and thereafter at multiplies of 10%, no later than the end of the business day in which the threshold is exceeded or, in a case where the threshold is exceeded on a non-business day, the close of the following business day.
- (9) If the Company provides an investment service, the Company must enter into a basic written agreement with the client, setting out the essential rights and obligations of the Company and the client.
- (10) Retail clients may be entitled to compensation under the Investor Compensation Fund.

PROFESSIONAL CLIENTS

- (1) The Company shall be entitled to assume that a professional client has the necessary experience and knowledge to understand the risks involved in relation to those particular investment services or transactions, or types of transaction or product, for which the client has been classified as a professional client.
- (2) 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 providing professional clients with best execution, the Company is not required to prioritize the overall costs of the transaction as being the most important factor in achieving best execution for them. In some cases best execution is not applicable for professional clients.
- (4) The Company can send less extensive information to professional clients.

ELIGIBLE COUNTERPARTIES

Where the Company treats the client as an eligible counterparty, the client will be entitled to less protection under the law than he/she would be entitled to as a professional client. In particular and in addition to the above:

- 1) The Company is not required to provide the Client with detailed risk disclosures on the products or services that he/she selects from the Company;
- 2) The Company is not required to provide detailed reports to the client on the execution of his/her orders or the management of his/her investments;
- 3) The Company is not required to provide the client with best execution in executing the client's orders;
- 4) The Company is not required to assess the suitability or appropriateness of a product or service that it provides to the client but can assume that the client has the expertise to choose the most appropriate product or service for him/her and that he/she is financially able to bear any investment risk consistent with his/her investment objectives;
- 5) The Company has limited liabilities with regards to disclosure of information in relation to any fees or commissions that the Company pays or receives.

5. MONITORING AND REVIEW

The Company will review the Client Categorization Policy at least annually. A review will also be carried out whenever a material change occurs.

The existing Clients will be notified of any material changes or amendments to this Client Categorization Policy which may be made from time to time. The latest version of this document will also be available at www.bosonalfa.com.