



# Client Categorisation Policy

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## 1. Introduction

Tickmill Europe Ltd (herein the "Company") is authorised and regulated by the Cyprus Securities and Exchange Commission ("CySEC") with CIF License Number 278/15. The Company is required under the Investment Services and Activities and Regulated Markets Law of 2017 (Law 87(I)/2017) and Directive 2014/65/EU (MiFID II) to categorise its clients into distinct categories, which determine the level of regulatory protection they are afforded.

## 2. General Principles

The Client Categorisation Policy (herein the "Policy") outlines the Company's approach to categorising Clients and the rights and procedures related to changing categories. The Policy forms part of the Client's agreement, namely the Terms and Conditions with the Company, thus the Client is also bound by the terms of the Policy, as set out herein.

Prior to the provision of investment services, the Company requires the submission of specific information from the client. This is necessary to enable the Company to understand the client's financial background and overall circumstances, and to assess whether the client possesses the requisite knowledge and experience to comprehend the risks associated with the investment products or services offered.

To determine the client's investment knowledge and experience, the Company shall request information covering, at a minimum and to the extent relevant to the client's categorisation, the nature and scope of the services provided, and the complexity and risks of the proposed products or transactions:

- a. The types of investment services, transactions, and financial instruments with which the client is familiar;
- b. The nature, volume, and frequency of the client's past transactions in financial instruments, and the period over which they were conducted;
- c. The client's level of education, current profession, and, where relevant, previous professional background.

### 3. Client Categorisation

#### 3.1 Client Categories

Clients are categorised into one of the following three main categories:

- Retail Clients
- Professional Clients
- Eligible Counterparties

Additionally, the Company recognizes a local sub-category applicable only to residents of Poland.

#### 3.2 Definitions of Client Categories

**“Categorisation/Classification”** - The classification determines the level of regulatory protection provided. Retail Clients are offered the highest level of protection; Professional Clients and Eligible Counterparties receive reduced protections, as they are assumed to have greater knowledge and experience.

**“Retail Client”** - Retail Clients are Clients who do not meet the criteria to be classified as Professional Clients or Eligible Counterparties. They are afforded the highest level of regulatory protection. All Clients are categorized as Retail Clients unless informed otherwise in writing.

**Experienced Retail Clients (Poland Only)** – In accordance with KNF’s national product intervention measures, the category of Experienced Retail Clients is available to Polish residents only who fulfill certain criteria and requirements showing their sufficient CFDs trading experience and appropriate knowledge of derivatives. An Experienced Retail Client will still be a Retail Client afforded by the highest regulatory protection, however, the option for a higher leverage with a maximum of 1:100 is available.

**“Professional Clients”** are those with the experience, knowledge and expertise to make their own investment decisions and understand the risks involved and meet specific criteria. Clients may be classified as Professionals by default or upon request.

**\*\*Professional Clients** are distinguished between two categories: (a) Professional Clients by Default, which include entities that are automatically considered professional due to their legal status or regulatory supervision; and (b) Professional Clients on Request, which are clients who do not initially fall under the default category but may be treated as professionals upon request, provided they meet specific qualitative and quantitative criteria as defined by applicable regulatory requirements.

**“Eligible Counterparty”** is a category of client to whom an investment firm provides the investment services of reception and transmission of orders, execution of orders on behalf of clients, or dealing on

own account. This category includes Cyprus Investment Firms, other investment firms, credit institutions, insurance companies, UCITS and their 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 dealing with public debt at the national level), central banks, and supranational organizations. This definition also extends to entities listed under Sections 31(2)(b), 31(3), and 31(4) of the Investment Services and Activities and Regulated Markets Law.

### 3.3 Requirements of categorization:

#### 3.3.1 Professional Clients by Default:

The following entities that satisfy one or more of the following criteria shall be classified as Professional Clients by default:

a) Entities which are required to be authorised or regulated to operate in financial markets such as: -

- Credit institutions;
- Investment firms;
- Other authorised or regulated financial institutions;
- Insurance companies;
- Collective investment schemes and management companies of such schemes;
- Pension funds and management companies of such funds;
- Commodity and commodity derivatives dealers;
- Locals: firms which provide investment services and/or perform investment activities consisting exclusively in dealing on own account on markets in financial futures or options or other derivatives and on cash markets for the sole purpose of hedging positions on derivatives markets or which deal for the accounts of other members of those markets or make prices for them and which are guaranteed by clearing members of the same markets, where responsibility for ensuring the performance of contracts entered into by such firms is assumed by clearing members of the same markets.
- Other institutional investors.

b) large undertakings meeting two of the following size requirements, on a portfolio basis:

- Own funds at least EUR 2.000.000.
- Balance sheet total at least EUR 20.000.000;
- Net turnover at least EUR 40.000.000;

c) 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, the European Central Bank, the European Investment Bank and other similar international organisations.

d) 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 are considered to be Professional Clients by default. Therefore, if a prospective client fulfils one of the criteria referred above, the Company (before providing any service to the client) shall on the basis of the information available, inform the Client that it is deemed to be a Professional Client and will be treated as such unless the Company and the Client agree otherwise.

The Company is allowed to treat any such Clients as Professionals provided the relevant criteria and procedures mentioned above, same as the Professional Clients upon request. These Clients should not, however, be presumed to possess market knowledge and experience comparable to that of the categories of the Professional Clients upon Request. So, any waiver of the protection afforded to them shall 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 said Client is capable of making his own investment decisions and understanding the risks involved. For this reason, the Company will apply a fitness/appropriateness test to assess their expertise and knowledge.

It is noted that Professional Clients by default are allowed to request non-professional treatment and instead be treated as Retail Clients, so as to enjoy a higher level 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 should specify whether this applies to one or more particular services or transactions, or to one or more types of product(s) or transaction(s).

### 3.3.2 Professional Clients on request

Retail Clients can request to be treated as Professional Clients by:

- Submitting a written request
- Passing a fitness appropriateness test by meeting at **least two out of three** Criteria below:
  - 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 Euros;
  - 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.
- Receiving a written warning of protections lost
- Confirming awareness of the consequences in writing

### 3.3.3 Experienced Retail Client (Poland Only)

Polish Retail Clients can request reclassification for this sub-category by submitting documents supporting one criterion from each categories below:

#### **A. Overview of Significant Sized Trades over the Last 24 Months (at least one of the following must be satisfied):**

- CFD open positions of a nominal value equivalent to at least **EUR 50,000**, at a frequency of **at least 10 positions per quarter** over the last four quarters
- CFD open positions of a nominal value equivalent to at least **EUR 10,000**, at a frequency of **at least 50 positions per quarter** over the last four quarters
- CFD open positions of a total nominal value equivalent to at least **EUR 2,000,000**, at a frequency of **at least 40 positions per quarter** over the last four quarters

#### **B. Overview of Knowledge in Derivatives, including CFDs (at least one of the following must be satisfied):**

- Possession of appropriate professional certificates, such as Investment Adviser, Securities Broker, Chartered Financial Analyst (CFA), Financial Risk Manager (FRM), Professional Risk Manager (PRM), ACI Dealing Certificate or Diploma
- Completion of **at least 50 hours of training** in derivatives (including CFDs), confirmed by certificate(s) or other valid proof issued by competent training providers within the last 12 months

- confirmation that you have carried out activities or performed work under a contract of employment or as part of any other contractual relationship being the basis for the exercise of the relevant function, for at least a year, at a position which requires professional knowledge of transactions in CFDs or other derivatives.

**Important Note:** \*The Company can reclassify a professional client or an Experienced Retail Client to Retail if it is evident that the Client no longer fulfills the eligibility criteria mentioned above for both cases.

\*\*In the case of entities, the person subject to the above assessment should be the person authorised to carry out transactions on behalf of the entity. This is applied for both Professional Clients and Experienced Retail Clients.

### 3.3.4 Eligible Counterparties

In order for a client to be classified as an *Eligible Counterparty*, the client must fall within one of the categories mentioned above and must receive or intend to receive any of the following services from the investment firm: reception and transmission of orders, execution of orders on behalf of clients, or dealing on own account. The classification applies irrespective of whether the client is acting on its own account or on behalf of others, provided that the entity meets the conditions set out in the Law, including those in Sections 31(2)(b), 31(3), and 31(4). The firm must also ensure that the classification is appropriate for the nature of the services being provided.

## 4. Procedures for Categorisation

### 4.1 Onboarding and Initial Categorisation

**All clients, except those classified as Professional Clients by Default or Eligible Counterparties, are initially classified as Retail Clients during the onboarding process. If a client meets the relevant criteria to be reclassified either as a Professional Client on Request or as an Experienced Retail Client, the appropriate procedure for the requested classification shall be followed, and the client must submit all relevant supporting documentation for review.**

### 4.2 Professional Clients on request

A client may request to be treated as a Professional Client, either generally or in respect of a particular investment service, transaction, or type of product, by submitting a written request to the Company along with all relevant supporting documentation demonstrating that they meet the necessary criteria for reclassification (as mentioned in paragraph 3.3.2).

The Company shall take all reasonable steps to ensure that the client satisfies at least two of the criteria outlined above, before approving the request and waiving the protections applicable to Retail Clients.



Clients who wish to be reclassified may use the “Application Form to be Classified as a Professional Client” available in the Company’s Client Area.

Following a thorough review of the submitted documentation, and once the Company confirms that the client qualifies for professional treatment, the client shall be provided with a clear written warning detailing the protections and investor compensation rights they may lose. This warning shall be presented in a separate document from the main agreement.

The client must carefully read, understand, sign, and return the warning document before their account is reclassified and treated as that of a Professional Client.

Important Note: Clients are responsible for promptly informing the Company of any changes that may affect their current categorisation. If the Company becomes aware that the client no longer meets the initial conditions for professional status, it reserves the right to reclassify the client as a Retail Client or take any other action deemed necessary.

#### 4.3 Experienced Retail Clients

A client who wishes to be treated as an Experienced Retail Client must submit a written request to the Company, along with all necessary supporting documentation to substantiate their eligibility for this classification.

The Company shall review the submitted documents and take all reasonable steps to ensure that the client meets the applicable criteria outlined above. Only clients who are **residents of Poland** are eligible to apply for classification as Experienced Retail Clients. The relevant application form, titled “**Application Form to be Classified as an Experienced Retail Client,**” is available in the Company’s Client Area.

Clients are responsible for promptly notifying the Company of any changes that may affect their current categorisation. Should the Company become aware that a client no longer satisfies the conditions required for treatment as an Experienced Retail Client, it reserves the right to reclassify the client as a standard Retail Client or to take any other action deemed appropriate.

## 5. Types of Requests for Re-Categorisation

Clients may submit a request to the Company if they wish to change their client categorisation. The following types of re-categorisation are permitted:

### 5.1 Retail Client → Professional Client:

A Retail Client may request to be classified as a Professional Client, thereby accepting a lower level of regulatory protection (see Section 2 above).

### 5.2 Retail Client → Experienced Retail Client:

A Retail Client residing in Poland may request to be classified as an Experienced Retail Client. This category retains the same level of protection as a Retail Client but acknowledges the client's trading experience. The criteria set out in [Section 3] must be satisfied for this classification.

### 5.3 Professional Client → Retail Client / Eligible Counterparty:

A Professional Client may request to be reclassified as a Retail Client to obtain a higher level of protection (see Section 4 above). Alternatively, a Professional Client may request to be treated as an Eligible Counterparty, accepting a lower level of protection (see Section 5 above).

### 5.4 Eligible Counterparty → Professional or Retail Client:

An Eligible Counterparty may request to be treated as either a Professional or a Retail Client, thereby obtaining a higher level of protection (see Section 5 above).

**\*\*Important Note:** The Company is not obliged to accept a client's request for re-categorisation to a lower category (e.g. from Professional to Retail or from Eligible Counterparty to Retail). Furthermore, the Company reserves the right, on its own initiative, to reclassify a client, including treating an Eligible Counterparty as a Professional or Retail Client, or a Professional/Experienced Retail Client as a Retail Client, where it deems such re-categorisation appropriate.

## 6. Protection Rights BY Client Category

### 6.1 Retail Clients, Experienced Retail Clients and Professional Clients

When the Company treats a Client as a Retail Client or an Experienced Retail Client, the Client is entitled to greater protections under the Law than if classified as a Professional Client. In summary, the protections afforded to Retail Clients and Experienced Retail Clients include (this list may not be exhaustive):

- a. Retail and Experienced Retail Clients receive more detailed disclosures concerning the Company, its services, financial instruments and their performance, the nature and risks of these instruments, as well as all related costs, commissions, fees, and charges.
- b. When providing Reception & Transmission of orders and/or Execution of Client orders, the Company must request information from Retail and Experienced Retail Clients about their knowledge and experience relevant to the specific type of product or service offered or requested. This is to assess whether the investment service or product is appropriate for the Client. If, based on the information provided, the Company considers the product or service inappropriate, it will issue a warning to the Client. Note that the Company is not required to assess appropriateness in certain situations specified by Law (for example, when executing non-complex financial instruments on an execution-only basis).

Conversely, the Company is entitled to assume that a Professional Client possesses the necessary experience and knowledge to understand the risks involved for those investment services, transactions, or products for which they are classified as Professional Clients. Therefore, unlike Retail and Experienced Retail Clients, the Company generally does not need to obtain additional information from Professional Clients to assess appropriateness.

- c. When providing portfolio management or investment advice, Retail and Experienced Retail Clients benefit from a suitability assessment, ensuring that the investment products and services offered align with their objectives, preferences, and financial situation. Professional Clients generally waive this assessment.
- d. When executing Client orders, the Company must take all sufficient steps to achieve best execution, meaning it must strive to obtain the best possible result for its Clients. For Retail and Experienced Retail Clients, the best possible result is determined based on the total consideration, which includes the price of the financial instrument and all related execution costs (such as venue fees, clearing and settlement fees, and fees paid to third parties).
- e. The Company must promptly inform Retail and Experienced Retail Clients of any material difficulties that arise relevant to the proper execution of their orders.
- f. Retail and Experienced Retail Clients may be entitled to compensation under the Investor Compensation Fund (ICF) for Clients of Investment Firms, whereas Professional Clients are not eligible for ICF compensation.

- g. When executing orders for Retail and Experienced Retail Clients, the Company must provide a summary of the relevant policy focused on the total costs incurred by the Client.
- h. For Retail and Experienced Retail Clients holding positions in leveraged financial instruments or contingent liability transactions, the Company must report to the Client if the initial value of any instrument depreciates by 10%, and subsequently at each multiple of 10%.
- i. The Company is prohibited from concluding title transfer financial collateral arrangements with Retail or Experienced Retail Clients to secure present or future, actual or contingent obligations.
- j. The Company must provide Retail and Experienced Retail Clients with clear risk warnings and standardized risk disclosures, ensuring they are fully aware of the risks inherent in the financial instruments and services offered.
- k. Retail and Experienced Retail Clients have enhanced complaint handling rights and access to independent dispute resolution mechanisms, such as Ombudsman services or regulatory authorities, which may not be available to Professional Clients.
- l. The Company may provide negative balance protection to Retail and Experienced Retail Clients, limiting losses to the amount invested, a protection typically waived by Professional Clients.
- m. When providing Portfolio Management or periodic suitability assessments, the Company shall provide Retail and Experienced Retail Clients with periodic reports detailing how the investments continue to meet their preferences, objectives, and other personal characteristics.

## 6.2 Eligible Counterparties

- a. When the Company classifies a Client as an Eligible Counterparty, the Client is entitled to fewer protections under the Law compared to Retail, Experienced Retail, or Professional Clients. In particular, and in addition to the general differences outlined in paragraph 7.1, the following apply (this list may not be exhaustive):
- b. The Company is not required to provide best execution when executing orders on behalf of Eligible Counterparties.
- c. The Company is not obligated to implement procedures and arrangements to ensure prompt, fair, and expeditious execution of the Eligible Counterparty's orders relative to other Client orders or the Company's own trading interests.
- d. The Company is not required to assess the appropriateness or suitability of any product or service offered to Eligible Counterparties and may assume that the Client has the expertise, experience, and financial capacity to understand and bear the risks involved.

- e. The Company is not required to provide detailed information disclosures regarding its services, execution venues, remuneration arrangements, or other information typically provided to Retail and Professional Clients.
- f. Eligible Counterparties are not covered by the Investor Compensation Fund (ICF).
- g. The Company is not required to ensure that its financial instruments or services are designed to meet the needs of an identified target market when dealing with Eligible Counterparties.
- h. The Company is not required to ensure that staff remuneration policies avoid conflicts of interest in relation to services provided to Eligible Counterparties. It may accept fees and commissions without the same regulatory constraints applied for other client categories.
- i. The Company is not required to provide certain post-trade disclosures or transaction reporting with the same frequency or detail as for other client types, although regulatory transaction reporting obligations still apply.
- j. Eligible Counterparties may have reduced rights regarding complaint handling and dispute resolution mechanisms, as the protections available to Retail and Professional Clients may not fully apply.
- k. Despite the reduced protections, Eligible Counterparties remain entitled to the same regulatory reporting obligations as Retail, Experienced Retail, and Professional Clients.

## **7. Policy Review and Amendments**

This Policy forms an integral part of the Company's Terms and Conditions and may be amended from time to time to reflect regulatory developments or changes in the Company's business practices. Clients are encouraged to review the Policy periodically to ensure they remain informed of their rights and obligations.

The Company reserves the right to reclassify a client at its discretion if it becomes evident that the client no longer meets the conditions of their current categorisation or where such reclassification is deemed necessary for regulatory or risk management purposes.

Should you have any questions regarding this Policy or your categorisation, you are encouraged to contact the Company's Compliance Department for further assistance.