SKYBOUND

CLIENT CATEGORISATION POLICY

SKYBOUND WEALTH EUROPE LTD

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TABLE OF CONTENTS

CLIENT CATEGORISATION POLICY

1. DEFINITiONS

Best Execution A regulatory obligation for the company to take all reasonable steps to execute client orders in a manner that achieves the best possible outcome for the client. This includes obtaining the most favourable terms for price, speed, and order completion, ensuring that client interests are prioritised in every transaction.

Eligible Counterparty The most sophisticated client category includes entities like investment firms and banks. Eligible Counterparties are presumed to have the expertise to manage risks with minimal regulatory protection, applicable only for certain types of transactions and not for advisory or portfolio management services.

Investor Compensation Fund This fund is established to protect retail clients by providing compensation under specific conditions if an investment firm cannot meet its financial obligations. It is a financial safety net to cover client losses in firm insolvency or inability to return client assets, thereby promoting trust and security for retail investors.

MiFID II The Markets in Financial Instruments Directive II (MiFID II) is a comprehensive regulatory framework established by the European Union to govern investment services and activities. It aims to enhance investor protection, increase market transparency, and ensure the stability and integrity of financial markets within the EU. Key objectives include providing clients with clear information about investment products, enforcing standards for the suitability and appropriateness of services, and establishing strict rules around disclosure, transaction reporting, and best execution. MiFID II applies to investment firms, banks, and financial service providers across the EU, settinng out obligations for categorising clients (Retail, Professional, and Eligible Counterparty) based on their knowledge, experience, and ability to assess investment risks.

Opting Down This process allows a client to request re-categorisation to a status with greater regulatory protection, such as moving from Eligible Counterparty to Professional Client or from Professional Client to Retail Client. Opting down is typically chosen by clients who feel they require additional safeguards, more detailed disclosures, or further regulatory support in managing their investments.

Opting Up This is when a client requests to be re-categorised to a higher client status with reduced regulatory protections, such as moving from Retail Client to Professional Client or from Professional Client to Eligible Counterparty. Opting up generally requires the client to demonstrate sufficient experience, knowledge, and expertise to assess and manage investment risks independently, as they will forgo certain protections provided to their previous category.

Per-Se Professional Client An entity or person presumed to have the necessary expertise to make informed decisions about financial transactions. Examples include licensed financial institutions, large undertakings, and governmental institutions.

Professional Client A client with sufficient knowledge, experience, and expertise to understand and manage investment risks independently. They receive a moderate level of protection, with fewer disclosures and reporting requirements than Retail Clients, and may waive some protections.

Retail Client A client who receives the highest level of regulatory protection as they may not have the experience, knowledge, or expertise to assess and manage investment risks. They benefit from extensive disclosures and best execution obligations and are eligible for compensation schemes.

2. POLICY STATEMENT

Skybound Wealth Europe Ltd (the "Company", "we", "SWE" or "us") a Cyprus Investment Firm (CIF), authorised and supervised by the

Cyprus Securities and Exchange Comission (CySEC) under license No. 308/16. We provide financial advice and investment services to help individuals, companies, and professional advisers meet their financial objectives.

As a CIF regulated by CySEC we are required to categorise our clients per the Markets in Financial Instruments Directive II ("MiFID II"). Client categorisation determines the protection clients are entitled to receive when we provide investment services. The three categories of client classification under MiFID II are Retail Clients, Professional Clients, and Eligible Counterparties.

This Policy aims to ensure that clients are appropriately categorised and provided with the necessary level of investor protection and to outline the procedure for requesting re-categorisation where applicable.

The Company is required to categorise clients as either (a) Retail Clients, (b) Professional Clients, or (c) Eligible Counterparties.

3. APPLICABILITY

This Policy applies to all clients of Skybound Wealth Europe Ltd ("the Company") who engage in investment services and activities regulated under the Markets in Financial Instruments Directive II ("MiFID II"). It encompasses Retail Clients, Professional Clients (both Per-Se and Elective), and Eligible Counterparties as defined within this document.

The provisions outlined herein apply to:

- New and Existing Clients: All clients who receive investment or ancillary services from the Company, regardless of the type or scope of engagement.
- Geographical Scope: Clients within the European Economic Area (EEA) and other jurisdictions where the Company provides regulated services under applicable regulatory frameworks.
- Categories of Services: As included under our license number, all investment services provide investment advice and the reception and transmission of orders.
- Requests for Re-Categorisation: Clients wishing to change their categorisation to align with their preferences or updated circumstances.

This Policy is binding on the Company and its staff, ensuring consistent application of client categorisation standards across all services provided. Clients must familiarise themselves with the relevant provisions to understand their rights, responsibilities, and the implications of their categorisation.

4. POLICY

4.1. MIFID CATEGORISATIONS

The Company is required to categorise clients as either Retail, Professional or Eligible Counterparties.

4.1.1. Retail Client

A 'Retail Client' is a client who is not a Professional Client or an Eligible Counterparty. Retail Clients cannot be presumed to possess adequate knowledge or experience to assess the risks they may incur when receiving an Investment Service. Retail Clients receive the highest level of investor protection.

4.1.2. Professional Clients

Professional Clients are Retail Clients who electively request to be treated as Professional Clients. The Company may treat such clients as professionals, provided the following relevant criteria and procedures are fulfilled. However, these clients are not presumed to possess the same market knowledge and experience as Per-Se Professional Clients.

The waiver of the enhanced protections afforded to Retail Clients under the standard conduct of business rules will only be considered valid if the Company conducts an adequate and robust assessment of the client's expertise, experience, and knowledge. In light of the nature of the transactions or services envisaged, this assessment must provide reasonable assurance that the client can make informed investment decisions and understand the associated risks.

The fitness test used to assess clients may include criteria such as the expertise and experience of managers and directors of entities licensed under financial market regulations. In the case of small entities, the person responsible for transactions must be evaluated. At a minimum, two of the following criteria must be satisfied for the client to qualify as an Elective Professional Client:

- 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 client holds a portfolio of financial instruments, including cash deposits, exceeding EUR 500,000.
- The client works or has worked in the financial sector for at least one year in a professional position that requires knowledge of the transactions or services envisaged.

Furthermore, the Company must:

- Obtain a writen request from the client to be treated as a Professional Client, either generally or for a particular service, transaction, or type of transaction or product.

- Provide a clear writen warning detailing the protections and rights they may lose by being re-categorised as a Professional Client.
- Ensure the client acknowledges in writing, separate from the main contract, that they are fully aware of the consequences of waiving such protections.

This process ensures that the decision to treat a client as an Elective Professional Client is not taken lightly and that the client has the requisite experience to understand the implications of the categorisation.

4.1.3. Per-Se Professional Clients

Per-Se Professional Clients possess the necessary experience, knowledge, and expertise to make informed investment decisions and accurately assess the associated risks. These clients are automatically classified as Professionals based on the following criteria:

4.1.3.1. Entities Authorised or Regulated to Operate in Financial Markets

This category includes any entity authorised or regulated by a Member State under a European Union directive or by a Member State or third country without reference to such a directive. Entities in this category typically include:

- Credit institutions
- Investment firms
- Other authorised or regulated financial institutions
- Insurance companies
- Collective investment schemes and management companies
- Pension funds and their management companies
- Commodity and commodity derivatives dealers
- Locals (local market participants)
- Other institutional investors

4.1.3.2. Large Undertaking

Large undertakings are categorised as Per-Se Professional Clients if they meet at least two of the following financial criteria:

- A balance sheet total of at least EUR 20 million.
- Net turnover of at least EUR 40 million.
- Own funds of at least EUR 2 million.

4.1.3.3. Governmental and Supranational Institutions

This category includes entities such as national and regional governments, public bodies responsible for managing public debt, central banks, and supranational organisations (e.g., the World Bank, International Monetary Fund (IMF), and European Central Bank (ECB)).

4.1.3.4. Other Institutional Investors

Institutional investors whose main activity is investing in financial instruments, including entities involved in securitising assets or other financing transactions, also qualify as Per-Se Professional Clients.

Per-Se Professional Clients benefit from reduced investor protection, as they are presumed to be able to assess and manage their own risks without the need for extensive safeguards and disclosures provided to Retail Clients.

4.2. ELIGIBLE COUNTERPARTIES

An Eligible Counterparty is any of the following entities

- investment firms;
- credit institutions;
- insurance companies;
- UCITS and their management companies;
- pension funds and their management companies;
- other financial institutions authorised and regulated under Community legislation or
- the national law of a Member State;
- undertakings exempted from the application of MiFID under article 2(1)(k) or (l); national
- governments and their corresponding offices, including public bodies that deal with public
- debt;
- Central and supranational institutions. (i.e. Clients fulfilling any of the criteria
- stipulated in points (1) to (3) above).

An Eligible Counterparty is considered one of the most sophisticated investors, presumed to possess the necessary knowledge and expertise to assess and manage the risks associated with the services or products they obtain. This categorisation only applies to brokerage-related services such as the reception, transmission, and execution of orders. When receiving Investment Advice or Portfolio Management services, a client cannot be treated as an Eligible Counterparty. Additionally, natural persons are not eligible to be categorised as Eligible Counterparties. They cannot request to be treated as such. Overall, Eligible Counterparties receive the lowest level of regulatory protection compared to Retail and Professional Clients, who are expected to manage their risks independently.

4.3. CLIENT RE-CATEGORISATION

Clients may request to be re-categorised into a different client category for a specific Investment Service, transaction, or type of transaction or product, provided they meet the relevant criteria for the desired category. Such requests must be initiated by the client and submited to the Company in writing.

Upon receiving a re-categorisation request, the Company will assess whether the client meets the requirements for the new category. The outcome of this assessment will be communicated to the client in due course. It is important to note that the Company is not obligated to accept a re-categorisation request.

Should a client's circumstances change such that they no longer meet the criteria for their current categorisation, the Company will review the situation and re-categorise the client as necessary, providing notification of the change.

4.3.1. Opting Up from Retail Client to Professional Client (Elective Professional Client)

A Retail Client who wishes to be treated as a Professional Client (i.e., becoming an Elective Professional Client) must provide relevant evidence that satisfies at least two out of the following three criteria:

- The client has carried out significant transactions on the relevant market at an average frequency of 10 per quarter over the previous four quarters.
- The client's financial instrument porolio, including cash deposits and financial instruments, exceeds EUR 500,000.
- The client works or has worked in the financial sector professionally for at least one year, requiring knowledge of the transactions or services envisaged.

Clients who opt to be treated as Professionals may waive certain protections afforded to Retail Clients under the conduct of business rules. However, this waiver is only valid if the following procedures are met:

- The client must submit a writen request to the Company indicating their desire to be treated as a Professional Client, generally or for a particular Investment Service, transaction, or product type.
- The Company must provide the client with a clear writen warning of the protections and compensation rights they will forfeit.
- The client must sign a separate document from the contract, acknowledging that they understand the consequences of waiving these protections.

If a client is categorised as a Professional Client for a specific Investment Service or transaction, less detailed disclosures will be provided for that particular service or product.

It is stressed that by opting up to Professional Client, the Client waives the highest protection level and the provision of information offered to Retail Clients.

4.3.2. Opting Up from Per-Se Professional Client to Eligible Counterparty

Clients initially categorised as Per-Se Professional Clients may request re-categorised as Eligible Counterparties.

It is important to note that opting up to Eligible Counterparty status decreases investor protection and the information and disclosure normally provided to Professional Clients.

4.3.3. Opting Up Warning Leter

If a client opts to upgrade their status, the Company will issue an "Opting Up Warning Leter". The client must read and provide writen acknowledgement, accepting the waiver of certain regulatory protections that apply to their current category. The waiver may include, but is not limited to, reduced communication obligations, fewer detailed reports, and the forfeiture of entitlement to the investor compensation scheme.

4.3.4. Opting Down from Eligible Counterparty to Professional Client or Retail Client or from Professional Client to Retail Client

Clients unable to properly assess or manage the risks in their current category may request a category with higher protection. This may include:

- Eligible Counterparty to Professional Client or Retail Client
- Professional Client to Retail Client

By opting down, clients benefit from greater regulatory protections, more detailed disclosures, and eligibility for investor compensation schemes.

4.4. INFORMATION ON THE LEVEL OF PROTECTION

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

- Retail Clients are provided with more information regarding the Company's fees, charges, and expenses,
- Retail Clients are provided with more information and disclosures regarding the Company's services and products,
- Retail Clients are requested to provide more information regarding their knowledge and experience in the Investment field to enable the Company to assess whether the investment service or product envisaged is appropriate for the Client,

- The Company must take all reasonable steps to ensure that a Retail Client's order is executed as such to obtain the best possible results ("Best Execution"),
- A Retail Client will receive information regarding his executed order timely and with more detail as to the content,
- A Retail Client will be informed of the Company's Conflict of Interest Policy,
- A Retail Client will be informed of the Company's complaint-handling procedures,
- A Retail Client will be informed of any material difficulties relevant to the proper carrying out of their order(s) as soon as the Company becomes aware of the difficulty,
- A retail client is eligible for possible investor compensation fund coverage.

5. ROLES AND RESPONSIBILITIES

The effective implementation and management of the Client Categorisation Policy require collaboration and accountability across several key roles within Skybound Wealth Europe. The following outlines the responsibilities assigned to various stakeholders:

5.1. BOARD OF DIRECTORS

- Approve the Client Categorisation Policy and any subsequent updates.
- Ensure that the Policy aligns with MiFID II requirements and applicable regulatory standards.
- Oversee adherence to client categorisation processes and monitor their effectiveness.

5.2. EXECUTIVE MANAGEMENT

Executive and line management are responsible for effectively implementing this Policy and its procedures. Their specific responsibilities include:

- Allocate appropriate resources to ensure effective application of the client categorisation framework.
- Promote adherence to the Policy across all relevant departments.
- Support the Compliance Function in implementing any necessary updates to the Policy.

5.3. COMPLIANCE

The Compliance team plays a key governance and oversight role in implementing this Policy. Its responsibilities include:

- Own and oversee the Client Categorisation Policy.
- Ensure policy compliance with CySEC regulations and MiFID II standards.
- Liaise with regulators to address queries or changes related to client categorisation requirements.
- Monitor and address systemic issues related to client categorisation practices.
- Conduct assessments to confirm appropriate client categorisation.
- Review and approve client re-categorisation requests based on documented evidence.
- Maintain accurate and secure records of client categorisation decisions and related communications.
- Provide regular training and guidance to staff on implementing the Policy effectively.

5.4. EMPLOYEES AND ASSOCIATED PERSONS

All managers, advisors, employees, and associated persons are required to:

- Communicate the client categorisation process and its implications to clients clearly and transparently.
- Collect, verify, and maintain the required documentation to support client categorisation or re-categorisation requests.
- Accurately reflect categorisation decisions in client records and ensure their integrity within company systems.
- Work closely with the Compliance Team to ensure client categorisation decisions comply with policy requirements and applicable regulations.
- Clearly explain the rights and protections available under each client category, ensuring clients understand the implications of their categorisation.
- Treat clients professionally, maintaining transparency and fairness throughout the categorisation process.

5.5. CLIENTS

- Provide accurate and complete information to facilitate the categorisation process.
- Acknowledge and understand the implications of their categorisation, including any waivers of regulatory protections.

6. DISCIPLINARY ACTION

Adherence to this Policy is mandatory for all employees. Failure to comply with the requirements outlined in this Policy may lead to disciplinary action. Skybound Wealth Europe expects all employees to act with integrity and align with the firm's values and regulatory obligations. Employees are encouraged to seek guidance from their manager or the Compliance team if uncertain about any aspect of this Policy.

7. POLICY REVIEW

The Policy is subject to review every two years to ensure its continued effectiveness, relevance, and alignment with applicable laws, regulations, and best practices. The Regional Head of Compliance: Europe will lead the formal review, in collaboration with the Group Head of Compliance, evaluating the Policy's adherence to the evolving regulatory environment across European jurisdictions.

The Company reserves the right to review, update, or amend this Policy as necessary to maintain compliance with applicable laws, regulations, and internal procedures. The Board must approve interim changes of Directors following a recommendation from the Regional Head of Compliance: Europe.

The latest version of this Policy is available for clients to review upon request and is accessible on the Company's website. Clients are encouraged to consult the Policy periodically to stay informed of any updates that may affect their rights and obligations.

8. OWNERSHIP

The Regional Head of Compliance: Europe owns this Policy and will coordinate its drafting and review as mandated by the Board of Directors.

9. APPROVAL

The Regional Head of Compliance: Europe recommends the Policy and the Board of Directors approve it.

10. REVISION HISTORY

Version #	Revision Purpose	Effective Date	Next Review Date	Summary of Critical Revisions
V.1	New Policy	March 2025	March 2027	N/A. New Policy