



VSMARKETS LTD

(previously Klips CY Ltd)

CLIENT CATEGORISATION POLICY

Version 2.0 | September 2026



1. INTRODUCTION

- 1.1. This Client Categorisation Policy (the “**Policy**”) is issued by VSMarkets Ltd (formerly Klips CY Ltd), a limited liability company incorporated in the Republic of Cyprus with registration number HE431041, authorised and regulated by the Cyprus Securities and Exchange Commission (“**CySEC**”) as a Cyprus Investment Firm (“**CIF**”) under licence number 434/23 with registered address at 11 Riga Fereou Street, Ground Floor, 3095 Limassol, Cyprus (the “**Company**”, “**we**”, “**us**” or “**our**”).
- 1.2. The Company is required to categorise each existing or Prospective Client as a Retail Client, Professional Client or Eligible Counterparty. Categorisation determines the regulatory protections that apply to the Client and may apply generally or only to particular Services, Transactions, Financial Instruments or products.
- 1.3. This Policy explains the categories, the applicable criteria, how categorisation is communicated, the circumstances in which a Client may request a different category and the principal consequences of re-categorisation. It should be read together with the Client Agreement and the Company’s other applicable policies and disclosures.

2. LEGAL AND REGULATORY FRAMEWORK

- 2.1. The Company applies Directive 2014/65/EU on markets in financial instruments (“**MiFID II**”), as transposed into Cyprus law by the Investment Services and Activities and Regulated Markets Law of 2017, Law 87(I)/2017, as amended (the “**Law**”), Commission Delegated Regulation (EU) 2017/565 and other applicable CySEC rules, directives and regulatory requirements, as amended from time to time (“**Applicable Regulations**”).
- 2.2. The Company applies the legal classification criteria using the information available to it and information provided by the Client. The Company may request documents and other evidence, carry out further checks and decline a request for a different categorisation where the legal requirements are not met or the requested treatment is inconsistent with the Company’s risk appetite, products, permissions or operating arrangements.

3. INITIAL CATEGORISATION AND NOTIFICATION

- 3.1. Unless a Prospective Client qualifies and is accepted for another category, the Company will categorise the Prospective Client as a Retail Client. Retail categorisation provides the highest level of regulatory protection, but does not mean that every product or Service is appropriate or suitable for the Client or that an application will be accepted.
- 3.2. Before providing Services, the Company will notify the Client in a Durable Medium of the category applied. The Company will also inform the Client of any right to request a different categorisation and of any resulting limitation to the level of protection.
- 3.3. A categorisation or re-categorisation may apply generally or be limited to one or more Services, Transactions, types of Financial Instrument or products. Different categories



may therefore apply to different parts of the relationship where permitted by Applicable Regulations and agreed by the Company.

4. RETAIL CLIENTS

- 4.1. A Retail Client is a Client who is neither a Professional Client nor an Eligible Counterparty for the relevant Service, Transaction, Financial Instrument or product. Retail Clients receive the highest level of protection under the Applicable Regulations.
- 4.2. Retail protections include, where applicable, detailed information and disclosures; assessment of appropriateness or suitability; prescribed Client agreements and reporting; best-execution and Client-order-handling protections; safeguarding requirements; retail product-intervention protections; access to a Key Information Document for a packaged retail investment product; and potential eligibility for the Investor Compensation Fund, subject to its governing rules.
- 4.3. Retail Clients trading CFDs receive the applicable leverage limits, margin close-out protection and negative balance protection required by the Applicable Regulations. These protections are described in the Company's Leverage and Margin Policy and cannot be waived while the Client is treated as Retail for the relevant CFD activity.

5. PROFESSIONAL CLIENTS

- 5.1. A Professional Client is a Client who possesses the experience, knowledge and expertise to make its own investment decisions and properly assess the risks it incurs. A Client may be a Professional Client by law ("**Per Se Professional Client**") or may be treated as professional on request following the Company's assessment and approval ("**Elective Professional Client**").
- 5.2. The following are Per Se Professional Clients for all investment Services, activities and Financial Instruments:
 - entities required to be authorised or regulated to operate in the financial markets, including credit institutions, investment firms, other authorised or regulated financial institutions, insurance undertakings, collective investment schemes and their management companies, pension funds and their management companies, commodity and commodity-derivatives dealers, locals and other institutional investors;
 - large undertakings meeting at least two of the following requirements on a company basis: balance-sheet total of at least EUR 20,000,000; net turnover of at least EUR 40,000,000; and own funds of at least EUR 2,000,000;
 - national and regional governments, public bodies that manage public debt, central banks, and international and supranational institutions such as the World Bank, International Monetary Fund, European Central Bank and European Investment Bank; and
 - other institutional investors whose main activity is investment in Financial Instruments, including entities dedicated to the securitisation of assets or other financing transactions.
- 5.3. An entity falling within a Per Se Professional Client category is responsible for requesting a higher level of protection where it considers that it cannot properly assess or manage



the relevant risks. The Company may agree to treat it as a Retail Client generally or for specified Services, Transactions, Financial Instruments or products, subject to a written agreement.

- 5.4. For Services, Transactions, Financial Instruments or products for which a Client is classified as professional, the Company may assume that the Client has the necessary experience and knowledge. Where the Company provides investment advice to a Per Se Professional Client, it may also make the assumptions permitted by Applicable Regulations concerning the Client's financial ability to bear investment risks consistent with its investment objectives.

6. ELECTIVE PROFESSIONAL CLIENTS

- 6.1. A Retail Client may request in writing to be treated as a Professional Client generally or for a particular Service, Transaction, Financial Instrument or product. Professional treatment is not automatic. The Company must be reasonably assured, in light of the proposed Services or Transactions, that the Client is capable of making its own investment decisions and understanding the risks involved.
- 6.2. The Company will assess the Client's expertise, experience and knowledge. For a legal entity, the assessment normally concerns the person authorised to carry out Transactions on its behalf. As a minimum, the Client must satisfy at least two of the following objective criteria:
- the Client has carried out Transactions of significant size on the relevant market at an average frequency of ten per quarter over the previous four quarters;
 - the size of the Client's Financial Instrument portfolio, including cash deposits and Financial Instruments, exceeds EUR 500,000; and
 - the Client works or has worked in the financial sector for at least one year in a professional position requiring knowledge of the Transactions or Services envisaged.
- 6.3. "Significant size" is assessed by the Company in the context of the relevant market, product and proposed Services. Meeting two objective criteria does not by itself require the Company to approve professional treatment; the Company must also complete the qualitative assessment and may require supporting evidence.
- 6.4. The following procedure must be completed before elective professional treatment takes effect:
- the Client submits a written request identifying the scope of the requested professional treatment;
 - the Company gives the Client a clear written warning of the protections and investor-compensation rights the Client may lose;
 - the Client confirms in writing, in a separate document from the Client Agreement, that the Client understands the consequences of losing those protections; and
 - the Company completes its assessment, approves or declines the request and notifies the Client of its decision.
- 6.5. Professional treatment applies only after the Company has expressly approved the request and notified the Client. Until then, the Client continues to be treated as Retail. The



Company may impose conditions, limit the scope of approval or revoke professional treatment where appropriate.

7. ELIGIBLE COUNTERPARTIES

- 7.1. Eligible Counterparty status is available only for the Services and Transactions for which that category is permitted by Applicable Regulations, including reception and transmission of orders, execution of orders on behalf of Clients and dealing on own account, together with directly related ancillary Services.
- 7.2. Eligible Counterparties may include investment firms, credit institutions, insurance companies, UCITS and their management companies, pension funds and their management companies, other authorised or regulated financial institutions, national governments and corresponding offices, central banks, supranational organisations and other entities specified by Applicable Regulations. Equivalent third-country entities may be treated as Eligible Counterparties where permitted.
- 7.3. Where required, the Company will obtain the Prospective Client's express confirmation that it agrees to be treated as an Eligible Counterparty. Confirmation may apply generally or to an individual Transaction. A Professional Client may be treated as an Eligible Counterparty only where the legal conditions are met, the Client expressly consents and the Company agrees.
- 7.4. Eligible Counterparties receive the lowest level of protection for the relevant Eligible Counterparty business. The Company is not required to apply certain conduct-of-business rules to such business, including specified requirements concerning appropriateness, best execution, Client-order handling and information or reporting. The Company will nevertheless act honestly, fairly and professionally and communicate in a way that is fair, clear and not misleading, taking account of the nature of the counterparty and its business.

8. REQUESTS FOR A DIFFERENT CATEGORISATION

- 8.1. Subject to Applicable Regulations and the Company's approval, a Client may request the following changes:
 - a Retail Client may request treatment as an Elective Professional Client, resulting in a lower level of protection;
 - a Professional Client may request treatment as a Retail Client, resulting in a higher level of protection;
 - an Eligible Counterparty may request treatment as a Professional Client or Retail Client for all or part of the relevant business, resulting in a higher level of protection; and
 - a qualifying Professional Client may request treatment as an Eligible Counterparty for eligible business, resulting in a lower level of protection.
- 8.2. A request must be made through a communication channel accepted by the Company and must specify the proposed scope. The Company may request documents, information, acknowledgements or a written amendment to the Client Agreement before making or implementing a decision.



- 8.3. The Company is not obliged to accept a request for a different categorisation. It may decline, limit, defer or reverse a re-categorisation where the criteria are not met, information is incomplete, the treatment is unavailable for the relevant product or Service, or the change would be inconsistent with Applicable Regulations or the Company's risk appetite.

9. PRINCIPAL DIFFERENCES IN REGULATORY PROTECTION

- 9.1. Re-categorisation from Retail to Professional or from Professional to Eligible Counterparty reduces regulatory protection. The precise effect depends on the Service, Transaction and product. The principal differences may include:
- the amount and detail of information, risk disclosures, cost information and reports that the Company must provide;
 - the assumptions the Company may make about the Client's knowledge, experience and, in specified circumstances, financial ability to bear risk;
 - whether and how appropriateness or suitability must be assessed;
 - the application of Client-order-handling and best-execution requirements;
 - eligibility for retail-only product protections, including CFD leverage limits, margin close-out and negative balance protection;
 - access to retail product documents such as PRIIPs Key Information Documents; and
 - eligibility for compensation under the Investor Compensation Fund, which is determined under the Fund's governing rules and exclusions.
- 9.2. Best-execution protections continue to apply to Retail and Professional Clients, subject to the Applicable Regulations and the Company's Order Execution Policy. They may not apply to Eligible Counterparty Transactions within the permitted statutory exemption.
- 9.3. Client-money and custody treatment depends on Applicable Regulations, the Client Agreement and any lawful title-transfer collateral arrangement. Professional or Eligible Counterparty status does not, by itself, permit the Company to disregard safeguarding obligations that remain applicable.
- 9.4. Before approving a change that reduces protection, the Company will provide the warnings and obtain the acknowledgements required by Applicable Regulations. Clients should consider the consequences carefully and may seek independent professional advice.

10. ONGOING REVIEW AND CLIENT RESPONSIBILITIES

- 10.1. Professional Clients and Eligible Counterparties must promptly inform the Company of any change that may affect their categorisation, including changes to regulatory status, financial condition, business activities, portfolio, trading experience, authorised persons or other relevant circumstances.
- 10.2. The Company may review a Client's categorisation periodically or when it becomes aware of a relevant change. It may request updated evidence and may re-categorise the Client, vary the scope of a categorisation or apply a higher level of protection where the original conditions are no longer met or where otherwise required or considered appropriate.



- 10.3. Failure by the Company to re-categorise a Client immediately after a change does not waive its right to take appropriate action once the change is identified. Any new categorisation takes effect from the date notified by the Company, unless Applicable Regulations require otherwise.

11. GOVERNANCE AND MONITORING

- 11.1. The Board of Directors approves this Policy and oversees its alignment with the Company's legal and regulatory obligations, products, Services and risk appetite. Compliance is responsible for oversight of the categorisation framework, supported by Client onboarding, operations and other relevant functions.
- 11.2. The Company maintains records of categorisation decisions, evidence, assessments, warnings, Client acknowledgements, approvals, notifications, scope limitations and subsequent reviews for the period required by Applicable Regulations.
- 11.3. The Company monitors the application of categorisation criteria and re-categorisation procedures and addresses identified deficiencies through its governance, compliance-monitoring and remediation arrangements.

12. REVIEW AND AMENDMENTS

- 12.1. The Company reviews this Policy at least annually and earlier where there is a material legal, regulatory, product, Service or operational change, a significant control issue, an internal or external audit finding or another event requiring review.
- 12.2. The Company may amend this Policy from time to time. Active Clients will be informed of material Client-facing changes in accordance with the Client Agreement and Applicable Regulations. The current version will be made available through the Company's Website or another Durable Medium.
- 12.3. If this Policy conflicts with a mandatory legal or regulatory requirement, that requirement prevails. Capitalised terms not defined in this Policy have the meaning given in the Client Agreement.