

**iN2MARKETS**

**CLIENT  
CATEGORISATION  
POLICY**

**November 2025**

## 1. Introduction

### 1.1 Regulatory Background

IN2MARKETS LTD (the “Company”) is a Cyprus Investment Firm (CIF), authorised and regulated by the Cyprus Securities and Exchange Commission (“CySEC”) under licence number 263/14. The Company operates in accordance with the Investment Services and Activities and Regulated Markets Law of 2017 (Law 87(I)/2017), as amended, and with Directive 2014/65/EU on markets in financial instruments (“MiFID II”).

### 1.2 Purpose of the Policy

This Client Categorisation Policy sets out the principles and procedures applied by the Company to categorise its Clients into one of the following categories, as defined under the applicable regulatory framework:

- Retail Clients;
- Professional Clients;
- Eligible Counterparties.

Each category is associated with a different level of regulatory protection. The purpose of this Policy is to ensure that all Clients are informed of their classification and understand the corresponding rights, responsibilities, and protections afforded to them.

Client categorisation is a key component of the Company’s onboarding and compliance procedures and is implemented in a fair, transparent, and consistent manner.

### 1.3 Definitions

For the purpose of this Policy, the following terms shall have the meanings set out below:

**Retail Client** – A Client who is not classified as a Professional Client or Eligible Counterparty and is therefore afforded the highest level of regulatory protection under MiFID II.

**Professional Client** – A Client who possesses the experience, knowledge, and expertise to make investment decisions and properly assess the risks involved, and who meets the criteria for professional classification as described in this Policy.

**Eligible Counterparty (ECP)** – A Client who is eligible to receive investment services that are exempt from certain conduct of business obligations under MiFID II, and who meets the conditions for ECP status as outlined in this Policy.

**Re-Categorisation** – A formal change in a Client’s classification (e.g., from Retail to Professional), subject to the Company’s internal assessment and approval procedures.

**Fitness Test** – A structured assessment conducted by the Company to evaluate whether a Retail Client meets the criteria to be re-categorised as a Professional Client, based on trading history, portfolio size, and/or relevant professional experience.

**Client Area** – The secure, personalised section of the Company’s website through which Clients may manage their account, access documents, and submit categorisation or service-related requests.

**Suitability Assessment** – An evaluation conducted by the Company to determine whether a particular investment service or product is suitable for a Client, taking into account their financial situation, investment objectives, and risk profile.

**Appropriateness Assessment** – A test performed to assess whether a Client has sufficient knowledge

and experience to understand the risks associated with a given financial product or service.

Investor Compensation Fund (ICF) – A statutory fund offering limited protection to eligible Retail Clients in case of Company default, in accordance with CySEC regulations.

Client Categorisation Policy – This Policy document, which outlines how the Company classifies its Clients, the applicable regulatory protections, and the procedures for requesting and assessing changes in classification.

## 2. Client Classification Categories

### 2.1 Retail Clients

Retail Clients are natural or legal persons who do not meet the conditions for classification as Professional Clients or Eligible Counterparties.

Clients in this category are granted the highest level of regulatory protection under the applicable framework. Key features of this status include:

- Eligibility for compensation under the Investor Compensation Fund (ICF), subject to the relevant criteria and limitations;
- Receipt of comprehensive and standardised disclosures concerning the Company, its services, the nature and risks of financial instruments, and applicable costs, charges, and fees;
- Mandatory implementation of the Appropriateness Assessment and, where applicable, the Suitability Assessment, prior to the provision of investment or ancillary services. The detailed procedures, methodology, and evaluation criteria for these assessments are described in the

Company's Appropriateness & Suitability Assessment Policy;

- Enhanced protection under conduct of business rules, including stricter obligations relating to conflict of interest management, order execution, and client reporting standards.

### 2.2 Professional Clients

Professional Clients are considered capable of making their own investment decisions and properly assessing the risks involved, based on their experience, knowledge, and financial capacity.

The Company may classify as Professional Clients those who fall into one of the following categories:

- I. Entities subject to regulation or supervision in financial markets, including:
  - Credit institutions; investment firms;
  - Insurance undertakings;
  - Undertakings for collective investment in transferable securities (UCITS) and their management companies;
  - Pension funds and their management companies;
  - Other authorised or regulated financial institutions;
  - Commodity and commodity derivatives dealers;
  - Entities trading on own account for liquidity or hedging purposes, guaranteed by clearing members, and
  - Other institutional investors;
- II. Large undertakings, meeting at least two of the following criteria:

(a) Balance sheet total of at least EUR 20,000,000;

(b) Net turnover of at least EUR 40,000,000;

(c) Own funds of at least EUR 2,000,000;

II. Public authorities and international or supranational organisations, including:

- National and regional governments;
- Public debt management bodies;
- Central banks; and
- Institutions such as: The World Bank (International Bank for Reconstruction and Development), the International Monetary Fund (IMF), the European Central Bank (ECB), and the European Investment Bank (EIB).

## 2.3 Eligible Counterparties

Eligible Counterparties (ECPs) are Clients to whom the Company is permitted to provide specific investment services without being required to comply with certain conduct of business obligations, such as best execution, risk disclosures, and appropriateness assessments.

This classification applies exclusively to the following investment services:

Reception and transmission of orders;

Execution of orders on behalf of Clients.

Entities eligible for classification as ECPs include:

- Investment firms;
- Credit institutions;
- Insurance undertakings;

- UCITS and their management companies;
- Pension funds and their management companies;
- Other financial institutions regulated under EU or national law;
- National governments and public bodies responsible for public debt;
- Central banks;
- Supranational organisations such as the IMF, ECB, and EIB.

## 3. Re-Categorisation of Clients

The Company allows Clients to request a change in their assigned category, provided that the conditions and procedures set out under the applicable regulatory framework are fulfilled. Such requests may be submitted at any time via the Client Area.

The Company supports the following types of re-categorisation:

### 3.1 From Retail Client to Professional Client

Retail Clients may submit a request to be re-categorised as Professional Clients if they demonstrate sufficient knowledge, experience, and financial capacity to make independent investment decisions and understand the associated risks.

The Company will only consider such a request if all of the following conditions are met:

- A formal request is submitted via the Client Area;
- The Client successfully completes a Fitness Test, which assesses whether the Client

meets at least two of the following three criteria:

- I. Trading activity: at least ten (10) significant transactions per quarter over the past year;
- II. Portfolio size: a financial instrument portfolio (including cash) exceeding EUR 500,000;
- III. Professional experience: at least one (1) year of relevant employment in the financial sector;

- The request is reviewed and evaluated by the Company;
- The Client provides an explicit Loss of Protection Acknowledgement, confirming their understanding of the reduction in regulatory protections. These include, but are not limited to:
  - (a) Reduced disclosure and reporting obligations;
  - (b) Limited access to standardised risk warnings and leverage restrictions;
  - (c) Ineligibility under the Investor Compensation Fund (ICF).

If approved, the new classification will be confirmed via the Client Area and recorded in the Company's internal systems.

### 3.2 From Professional Client to Retail Client

Professional Clients may request to be treated as Retail Clients in order to benefit from enhanced regulatory protections. These protections include:

- More detailed and standardised disclosures;
- Full access to the Investor Compensation Fund (ICF), subject to eligibility;
- Implementation of the Appropriateness and Suitability Assessments;
- More frequent and transparent reporting requirements.

The request must be submitted via the Client Area and is subject to internal review and approval by the Company.

### 3.3 From Professional Client to Eligible Counterparty

Professional Clients may request to be re-categorised as Eligible Counterparties (ECPs), but only for the provision of the following investment services:

- Reception and transmission of orders;
- Execution of orders on behalf of Clients.

By submitting such a request, the Client expressly acknowledges and accepts the following regulatory consequences:

- No obligation of best execution;
- No requirement to conduct appropriateness or suitability assessments;
- No obligation to provide risk disclosures or execution reports;
- Ineligibility for protection under the Investor Compensation Fund (ICF).

Requests must be submitted via the Client Area and must clearly specify the scope of services to which ECP treatment shall apply.

### 3.4 From Eligible Counterparty to Professional or Retail Client

Clients classified as Eligible Counterparties may request re-categorisation to either:

- Professional Client; or
- Retail Client,

in order to receive a higher level of investor protection.

The Company will assess each request in accordance with its internal policies and applicable regulatory criteria.

### 3.5 Process and Confirmation

All re-categorisation requests must be submitted via the Client Area. The Company may request additional information and reserves the right to accept or reject any request at its sole discretion.

Re-categorisation will take effect only after the Company completes its internal assessment and confirms the new status within the Client Area.

## 4. Overview of regulatory protections by Client Category

In accordance with the applicable regulatory framework, the Company applies different levels of investor protection based on the classification of each Client as either a Retail Client, a Professional Client, or an Eligible Counterparty (ECP). The level of protection is proportionate to the assumed knowledge, experience, and financial sophistication of the Client.

**Retail Clients** are afforded the most extensive regulatory safeguards. This includes a right to

receive clear and comprehensive information about the Company's services, investment risks, costs, and fees. The Company is required to assess whether the investment service or financial instrument is appropriate for the Client (Appropriateness Assessment), and in certain cases – such as when portfolio management is offered – whether it is suitable, based on the Client's financial situation, investment objectives, and risk tolerance (Suitability Assessment). Retail Clients also benefit from stricter rules on leverage and margin requirements (especially when trading complex instruments like CFDs), timely confirmations of executed transactions, standardised risk warnings, and access to compensation through the Investor Compensation Fund (ICF), provided they meet eligibility criteria.

**Professional Clients**, in contrast, are considered capable of independently evaluating investment risks and making decisions without reliance on standardised regulatory protections. In line with this classification, the Company is permitted to apply a more proportionate level of regulatory oversight. This includes less extensive disclosure obligations, more flexible reporting standards, and the presumption that the Client possesses the necessary knowledge and experience to understand the nature and risks of the investment services and financial instruments offered by the Company. Furthermore, Professional Clients are generally not eligible for protection under the Investor Compensation Fund (ICF), unless otherwise specified in writing. Appropriateness assessments may not be required when providing non-advised execution or order transmission services to such Clients.

**Eligible Counterparties (ECPs)** are subject to the lowest level of regulatory protection. This

classification applies only to specific investment services, namely reception and transmission of orders and execution of orders on behalf of Clients.

When dealing with ECPs, the Company is not required to provide disclosures about risks, costs, or conflicts of interest. Nor is it required to assess the appropriateness or suitability of a given product or service. The best execution requirements and order handling obligations are also disappplied in these relationships. Furthermore, ECPs are not covered by the Investor Compensation Fund. The underlying assumption is that Clients in this category – typically large regulated institutions or public entities – possess sufficient internal capacity to manage their own risks without reliance on regulatory safeguards.

Clients are informed of their category before any service is provided, and the corresponding protections are explained during onboarding. Clients may request to be re-categorised to increase or reduce the level of regulatory protection they receive, as described in Section 3 of this Policy.

## 5. General information

### 5.1 Client Notification

The Company shall notify each Client of their categorisation to the provision of any investment or ancillary service. The notification shall include:

- The assigned Client category (Retail, Professional, or Eligible Counterparty);
- A description of the rights, obligations, and regulatory protections associated with that category;
- Information about the Client's right to request a change in categorisation and the

procedure to do so (as described in Section 3 of this Policy).

### 5.2 Record-Keeping

All categorisation decisions and any subsequent re-categorisation requests are recorded and stored. Clients may request access to their categorisation history by contacting the Company. Any queries related to the Client's classification, re-categorisation process, or applicable protections may be addressed to the Company.

For additional inquiries, Clients may contact the Company at: [support@in2markets.com](mailto:support@in2markets.com).

**IN2MARKETS LTD**

Incorporated in the Republic of Cyprus (Registration no. HE 333743)

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