

MCA INTELIFUNDS LTD

Regulated by the Cyprus Securities and Exchange Commission License no. 126/10

Client Categorization Policy

2018



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Contents

Scope.....	3
Legal and Regulatory Framework	3
Client Classification.....	3
Retail clients.....	3
Professional Clients	4
Eligible counterparties (ECP)	5
Investor Compensation Fund	6
Changes to professional client / eligible counterparty categorization	6
Important Notes for Prospective / Existing Clients/ Clients who may be treated as professionals on request	6
Procedure	7

Scope

This Client Categorization Policy sets out the regulatory requirements for these areas.

Specifically, this Document, describes MCA Intelifunds Limited (“FXORO”, “we” or “us”) classifies clients into the categories available under Applicable Laws and Regulations (as defined herein below) and what protections or loss of protections apply with the different client classifications.

This Document forms part of the Legal Supporting Documents between FXORO and any client or prospective client.

Legal and Regulatory Framework

This Policy is issued pursuant to, and in compliance with the requirements of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/ EC and Directive 2011/61/EU (“MiFID II”), the Law of the Republic of Cyprus No 87(I)/2017 regarding the provision of investment services, the exercise of investment activities and the operation of regulated markets which transposed MiFID II into Cyprus legislation and the Investment Services and Activities and Regulated Markets Law of the Republic of Cyprus Law No 144(I)/2007 to the extent it remains applicable after coming into force of MiFID II.

Client Classification

The Law categorizes clients as ‘retail’, ‘professional’ and/or ‘eligible counterparties’ (ECP). MiFID II attaches different regulatory protections to each of these categories – with the result that those falling within the retail category - the less experienced, knowledgeable and sophisticated investors will be afforded a higher level of protection than that afforded to investors in the professional or eligible counterparties category.

Retail clients

A Retail Client is any client who does not satisfy the criteria to be qualified as a Professional Client or Eligible Counterparty.

As part of our policy of treating customers fairly, we may decide, either as a result of the Law or any other regulatory Directive, to sub categorize Retail clients, into such categories as Experienced Retail Clients and Less Experienced Retail Clients.

Such subcategories do not affect the classification or protections afforded under the Law.

Such subcategories may be subject of restrictions; such as restrictions to leverage levels, margin requirements, specific risk warning acknowledgment etc. in order to further enhance the protection of clients.

Professional Clients

Professional client is a client who under MiFID II is assumed to possess the experience, knowledge and expertise to make its own investment decisions and properly assess the risks that it incurs. In order to be considered as a professional client, the client must comply with the following criteria:

- (i) Entities which are required to be authorized or regulated to operate in the financial markets, including organizations such as Credit institutions, Investment firms, other authorized or regulated financial institutions, Insurance Companies, Collective Investment Schemes and their management companies, pension funds and their management companies; commodity and commodity derivative dealers, locals, other institutional investors; or
- (ii) A market participant which meets two of the three following requirements:
 - a. Its balance sheet is equal to or exceeds €20,000,000;
 - b. Its net turnover is equal to or exceeds €40,000,000; or
 - c. Its own funds equals to or exceeds €2,000,000.
- (iii) Clients who meet the requirements of knowledge and experience in trading in complex financial instruments and request that they are treated as Professional Clients. Such a request by a client for classification as a Professional Client will generally be positively considered if two of the following three criteria are satisfied:
 - a. The client has carried out transactions 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;
 - 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.

We reserve the right to request independent documentary evidence to support the above criteria. We will not permit the elective classification to a Professional Client if the above are not met.

Where we treat you as a Professional Client, you will be entitled to fewer protections under the Law, than you would be entitled to as a Retail client. In particular:

- a. you will be given fewer information disclosures with regard to FXORO, its services, products and financial instruments such as Contracts for Difference (“CFDs”) (for example on costs, commissions, fees and charges, information on risks associated with CFDs or any other particular product);
- b. where we assess whether a product or service is appropriate for you, we can assume that you have the necessary level of knowledge and experience to understand the risks involved in it, including for CFDs the risks involved in trading with leverage / margin;
- c. when providing you with Best Execution we are not required to prioritize the overall costs of the transaction as being the most important factor in achieving Best Execution for you;
- d. we do not need to inform you of material difficulties relevant to the proper carrying out of your order(s) promptly;
- e. should we provide you with periodic statements, we are not required to provide them as frequently or as detailed as for Retail Clients;
- f. you will not be entitled to compensation under the Investor Compensation Fund for clients of Cypriot Investment Firms, as available for Retail Clients.

Eligible counterparties (ECP)

An eligible counterparty (ECP) is a client that is either a per se ECP or an elective ECP.

ECPs can be any of the following:

- investment firms
- credit institutions
- insurance companies
- UCITS and management companies of such schemes
- pension funds and management companies of such funds
- other financial institutions authorized or regulated under Community legislation or the national law of a Member State
- undertakings exempted from the application of MiFID II
- national governments and their corresponding offices including public bodies that dealt with public debt
- central banks and supranational organizations
- Meeting pre-determined proportionate requirements, including quantitative thresholds
- Third country entities equivalent to those categories of entities as stated above

Investor Compensation Fund

Covered clients: if you have been categorised by FXORO as a retail client, you will be eligible to seek compensation from the Fund, to the extent our obligations towards you cannot be satisfied. CySEC has sole responsibility in determining if a regulated firm, like FXORO, may be unable to meet its obligations in connection with the provision by it of the investment or the ancillary services. Such inability is directly related to the investment firm's financial circumstances in respect of which there is no foreseeable realistic prospect of improvement in the near future.

Where you have been convicted of a criminal offense (e.g. a money laundering offense) you may be denied compensation.

You will not be entitled to compensation if you are categorised as a professional client or eligible counterparty.

Please note that Fund only covers compensation for the assets you hold with an investment firm in case of such firm's failure to meet its refund obligations to you. It does not offer any compensation for your trading losses or apply to any service failures by or complaints you may have against the investment firm.

For more information, please refer to the [Investor Compensation Fund Policy](#)

Changes to professional client / eligible counterparty categorization

Professional clients and eligible counterparties are responsible for keeping the Company informed of any change which could affect their categorization as professional clients and/or eligible counterparties. If the Company is made and/or becomes aware that a professional client/eligible counterparty no longer fulfils the initial conditions that made him eligible for a professional client/eligible counterparty treatment, it may take appropriate action, including re-categorizing the client where applicable and/or terminating the business and/or trading line with the Client.

Important Notes for Prospective / Existing Clients/ Clients who may be treated as professionals on request

Retail clients can request treatment as professional clients. Any waiver from a Client to be treated as professional on request and in relation to the protection afforded by the standard conduct of business regime shall be considered valid by the company 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 and/or services envisaged, that the Client is capable of making his/her own investment decisions and/or understanding the risks involved.

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 professional clients, either generally or in respect of a particular investment service or transaction, or type of transaction or product,
- the Company must give them a clear written warning of the protections and investor compensation rights they may lose,
- they must state in writing, in a separate document from the contract, that they are aware of the consequences of losing such protections.