Client Categorisation

Quadcode Markets is the trade name of IQBROKER EUROPE LTD (formerly IQOption Europe Ltd). IQBroker Europe Ltd with Registration No. HE327751 and registered office at 82nd road, 4 Kato Polemidia, 4153, Limassol, Cyprus (hereinafter referred to as the "Company"), is an investment firm with license no. 247/14 that is authorized and regulated by the Cyprus Securities and Exchange Commission (hereinafter referred to as the "CySEC" or "Commission").

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Following the implementation of the Second Markets in Financial Instruments Directive (MiFID II) and in accordance with the provisions of the Financial Services and Activities and Regulated Markets Law L. 87(I)/2017 (hereinafter called the "Law"), the Company) is required to categorize Clients as either:

- Retail
- Professional (Per se Professional Client/ Elective Professional Client)
- Eligible Counterparties

The Company is required to do this so that when carrying out business with the Client, the Client is provided the level of information, services, and protection that is appropriate to and consistent with the Client's categorisation.

All Clients will be notified of their categorisation, on the basis of the information available to the Company. Unless specified, all clients will be treated by the Company as Retail Clients under MiFID II.

1. Categorisation Criteria

The criteria entailed for categorizing Clients based on the relevant provisions of the Law are as follows:

(A) Retail Client: is a client who is neither Professional nor Eligible Counterparty,

(B) Professional Client: is a client who possesses the experience, knowledge, and expertise to make his own investment decisions and properly assess the risks that he incurs.

Per se Professional Clients: Each of the following is a per se professional client unless and to the extent it is an eligible counterparty or is given a different categorisation under this policy:

1. Entities which are required to be authorized or regulated to operate in the financial markets. The list below should be understood as including all authorized entities carrying out the characteristic activities of the entities mentioned: entities authorized by a Member State under a European Community Directive, entities authorized or regulated by a Member State without reference to such Directive, and entities authorized or regulated by a non-Member State:
    - Credit institutions
    - Investment firms
    - Other authorized 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
    - Other institutional investors
2. Large undertakings meeting two of the following size requirements on a proportional basis:
    - balance sheet total at least: EUR 20,000,000,
    - net turnover at least: EUR 40,000,000,
    - own funds at least: EUR 2,000,000.
3. 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 (IMF), the European Central bank (ECB), the European Investment Bank (EIB) and other similar international organizations.

4. Other institutional investors whose main activity is to invest in financial instruments, including entities dedicated to the securitisation of assets or other financing transactions

(C) Eligible Counterparties: are any of the following entities to which credit institution or an investment firm provides the services of reception and transmission of orders on behalf of clients and/or execution of orders and/or dealing on own account: CIFs, other Ifs, credit institutions, insurance undertakings, UCITS and their management companies, pension funds and their management companies and other financial institutions authorized by a member state or regulated under community legislation or the national law of a member state, undertakings exempted from the application of the Law in accordance with paragraphs (k) and (l) of subsection (2) of section 3, national governments and their corresponding officers, including public bodies that deal with public debt, central banks and supranational organizations.

2. Request for change of Categorisation

Professional Clients can request to be categorized and treated as Retail Clients in which case they will be afforded a higher level of protection.

Eligible Counterparties can request to be categorized and treated as either Retail or Professional Clients in which case they will be afforded a higher level of protection.

Elective Professional Clients: Clients other than those mentioned in section 1(B), including public sector bodies, local public authorities, municipalities and private individual investors, may also be allowed to waive some of the protections afforded by the conduct of business rules.

The Company is allowed to treat any of those clients as professionals provided the relevant criteria and procedure mentioned below are fulfilled. Those clients shall not, however, be presumed to possess market knowledge and experience comparable to that of the categories listed in Section 1(B).

Any such waiver of the protection afforded by the standard conduct of business regime shall be considered to be 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 client is capable of making investment decisions and understanding the risks involved.

The clients mentioned in this section may request to be categorized as elective professional clients for a specific transaction(s) and/or for a specific product(s) provided by the Company.

The client agrees and understands that should the Company becomes aware however that the client no longer fulfills the initial conditions which made him eligible for a professional treatment and/or the Company for any reason under its absolute discretion believes that the client may no longer be eligible for a professional treatment, the Company reserves the right to request additional information and/or supporting documentation (''additional documents'') from the client and whether the client does not provide these requested additional documents to the Company within the timeframe specified by the Company, the Company reserves the right to re-categorise the client to retail client.

3. Procedure for change of Categorisation

It is noted that the Company will assess whether a client mentioned in section 2 may be categorized as an elective professional client through a fitness test.

The fitness test applied to managers and directors of entities licensed under Directives in the financial field could be regarded as an example of the assessment of expertise and knowledge. In the case of small entities, the person subject to that assessment shall be the person authorized to carry out transactions on behalf of the entity.

In the course of that assessment, as a minimum, two of the following criteria shall be satisfied:

1. The client has carried out transactions, of significant size, on the relevant market at an average frequency of 10 per quarter over the previous four quarters;
2. The size of the client's financial instrument portfolio, defined as including cash deposits and financial instruments exceeds 500,000 EUR;
3. 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.

The clients defined above may waive the benefit of the detailed rules of conduct only where the following procedure is followed:

1. 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;
2. The Company must give them a clear written warning of the protections and investor compensation rights they may lose;
3. They must state in writing, in a separate document from the contract, that they are aware of the consequences of losing such protections.

Before deciding to accept any request for waiver, the Company must take all reasonable steps to ensure that the client requesting to be treated as a professional client meets the relevant requirements stated above.

However, if Clients have already been categorized as professionals under parameters and procedures similar to those above, it is not intended that their relationships with the Company should be affected by any new rules adopted pursuant to the Law.

The client acknowledges and agrees that it is under the Company's absolute discretion to re-categorise a client from retail to professional client and it is up to the Company's absolute discretion to re-categorise a professional client to retail client.

4. Protection of Clients - Retail Clients / Professional Clients / Eligible Counterparty

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

RETAIL CLIENTS	PROFESSIONAL CLIENTS
Retail Clients are afforded a higher level of protection. This level of protection includes the following: A. Retail clients are covered under the Investor Compensation Fund;	A lower level of protection is granted to the Elective Professional Clients and as a result, different trading conditions apply. The referred trading conditions include the following:

B. Retail clients are provided with the protection given by the applicable CFD product intervention measures. The CFD product intervention measures consist of, among other things, the following:

   i. Leverage limits on the opening of a position by a retail client from 30:1 to 2:1, which vary according to the volatility of the underlying asset;

   ii. A margin close out rule at 50% of the minimum required margin (see Order Execution Policy for further information regarding the maintenance margin);

   iii. Negative balance protection that provide an overall guaranteed limit on retail client losses;

   iv. A restriction on the incentives offered to trade CFDs.

C. Retail Clients are afforded with the investor protection that is granted to retail clients in relation to the prohibition on the marketing, distribution and sale of binary options products.

A. Elective Professional Clients are not eligible for compensation under the Investor Compensation Fund;

B. Elective Professional Clients are not afforded the protection given by the applicable CFD product intervention measures;

C. Elective Professional Clients are not granted investor protection in relation to the prohibition on the marketing, distribution and sale of binary options products.

D. Elective Professional Clients may access, at the Company's sole discretion, financial instruments with a higher risk profile.

In addition to the above table, the Retail Clients may be afforded with the highest level of protection as described below:

1. A retail client will be given more information and disclosures with regard to the Company, its services and any investments, its costs, commissions, fees and charges and the safeguarding of client financial instruments and client funds.

2. Under the law, the Company shall ask a retail client to provide information regarding his knowledge and experience in the investment field relevant to the specific type of product or service offered so as to enable the Company to assess whether the investment service or product envisaged is appropriate for the client. In case the Company considers, on the basis of the information received, that the product or service is not appropriate to a retail client, it shall warn the client accordingly.

The Company shall be entitled to assume that a professional client has the necessary experience and knowledge in order to understand the risks involved in relation to those particular investment services or transactions, or types of transaction or product, for which the client is classified as a professional client. Consequently, and unlike the situation with a retail client, the Company should not generally need to obtain additional information from the client for the purposes of the assessment of appropriateness for those products and services for which they have been classified as a professional client.

3. When executing orders, the Company must take all sufficient steps to ensure that a Retail Client's order is executed in order to achieve what is called "best execution" of the client's orders, that is to obtain the best possible result for its clients.

Where the Company executes an order for a retail client/enters into a transaction with the Client, the best possible result shall be determined in terms of the total consideration, representing the price of the financial instrument and the costs related to execution, which shall include all expenses incurred by the client which are directly related to the execution of the order, including execution venue fees, clearing and settlement fees and/or any other fees paid to third parties involved in the execution of the order.

When providing professional clients with best execution, the Company is not required to prioritize the overall costs of the transaction as being the most important factor in achieving best execution for them.

4. The Company must obtain from clients such information as is necessary for it to understand the essential facts about the client and to have a reasonable basis for believing, giving due consideration to the nature and extent of the service provided,

that the specific transaction to be recommended in the course of providing the service of investment advice, or entered into in the course of providing a portfolio management service, satisfies the following criteria:

* it meets the investment objectives of the client in question;
* it is such that the client is able financially to bear any related investment risks consistent with his/her investment objectives;
* it is such that the client has the necessary experience and knowledge in order to understand the risks involved in the transaction or in the management of his/her portfolio.

Where the Company provides an investment service to a professional client it shall be entitled to assume that, in relation to the products, transactions and services for which it is so classified, the client has the necessary level of experience and knowledge for the purposes of paragraph (4.4.3) above. In addition, under certain circumstances, the Company shall be entitled to assume that a professional client is able financially to bear any investment risks consistent with its investment objectives.

5. The Company will provide to a Retail Client information regarding his executed order in a timely manner and with more detail as to the content.
6. The Company will inform a Retail Client as to the Company's liability in relation to possible solvency of the custodian where Client's financial instruments are held.
7. The Company will inform the Retail Client of the Company's Conflict of Interest Policy.
8. The Company will inform the Retail Client of their eligibility for coverage from the Investor's Compensation Fund.