

Warning on the differences in regulatory protections that apply to a professional client as compared with a retail client in relation to MiFID or equivalent third-country business in respect of services provided by Lime Trading (CY) Ltd

Introduction

We provide this document to you under the Cyprus Securities and Exchange Commission ("CySEC") rules as a clear written warning of the protections and investor compensation rights you may lose by being categorised as an elective professional client as opposed to a retail client. It is not comprehensive and it summarises certain provisions. While accurate at the time of publication, CySEC rules are subject to change. We will seek to keep this document up to date and may update the contents of this document, but we are not required to notify you of any such changes.

This document sets out the differences in regulatory protections that apply to a professional client as compared with a retail client in relation to MiFID or equivalent third-country business in respect of services provided from Cyprus.

It is important that you read and understand this document before you consent to being treated as an Elective professional client. Should you have any questions, please do not hesitate to contact us.

Elective Professional Client

You have requested to be categorised as a professional client. Clients of the professional client category do not benefit from the higher degree of protection afforded to the retail client. Please refer to the warning below on the main differences in regulatory protections that apply to a professional client as compared with a retail client in relation to MiFID or equivalent third-country business in respect of services provided by Lime Trading (CY) Ltd.

If Lime Trading (CY) Ltd accepts your request, you will be categorised as a professional client. Otherwise, If Lime Trading (CY) Ltd does not accept your request, Lime Trading (CY) Ltd will continue treating you as a retail client.

Re-categorisation as Retail Client

If you are categorised as a professional client you are responsible for keeping Lime Trading (CY) Ltd informed about any change that could affect your categorisation. If Lime Trading (CY) Ltd becomes aware that you no longer fulfil the initial conditions that made you eligible for the categorisation, Lime Trading (CY) Ltd may re-categorise you as a retail client.

Additionally, you may request to be re-categorised as a retail client by entering into a written agreement with Lime Trading (CY) Ltd to the effect that you will not be treated as a professional client for the purposes of the applicable conduct of business regime. You can initiate such request from the MiFID Client Category section of your Account Management.

Differences in regulatory protections that apply to a professional client as compared with a retail client

The main differences in regulatory protections afforded to professional clients as compared with retail clients are:

- a) 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.
- b) Under the law, where the Company provides investment services other than investment advice (in the form of personal recommendations) or discretionary portfolio management, 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 or demanded 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. Please note that the Company is not required to assess appropriateness in certain cases specified by law.

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.

- c) When executing orders, the Company must take all reasonable steps 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 on behalf of a Retail 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 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 prioritise the overall costs of the transaction as being the most important factor in achieving “Best Execution” for them.

- d) 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:
- i. it meets the investment objectives of the Client in question;
 - ii. it is such that the Client is able financially to bear any related investment risks consistent with his investment objectives;
 - iii. 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 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 (iii) 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.

- e) The Company must inform Retail Clients of material difficulties relevant to the proper carrying out of their order(s) promptly upon becoming aware of the difficulty.
- f) The Company is required to provide Retail Clients:
- i. with more information than Professional Clients as regards execution of orders, other than for portfolio management
 - ii. with periodic statements in respect of portfolio management activities carried out on their behalf, more frequently than for Professional Clients,

- g) Where the Company provides Portfolio Management transactions for Retail Clients or operate Retail Client accounts that include an uncovered open position in a contingent liability transaction, the Company shall also report to the Retail Client any losses exceeding any predetermined threshold, agreed between the Company and the Client, no later than the end of the business day in which the threshold is exceeded or, in a case where the threshold is exceeded on a non-business day, no later than the end of next business day.
- h) The Company must enter into a written basic agreement with the client, setting out the essential rights and obligations of the Company and the Client.
- i) The Company shall not use financial instruments held by it on behalf of a Client for its own account or the account of another Client of the Company, without the Client's prior express consent to the use of the instruments on specified terms, as evidenced, in the case of a Retail Client, by his signature or equivalent alternative mechanism.
- j) Retail Clients may be entitled to compensation under the Investor Compensation Fund for Clients of Investment Firms.