

## CLIENT CATEGORISATION NOTICE

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### 1. INTRODUCTION

Taurus, a trading name of Taurus (Europe) Ltd. (“the Company” or “Taurus” or “we/us/our”), an investment firm regulated and authorized by the Cyprus Securities and Exchange Commission (“CySEC”) under License No. (...), has adopted this Client Categorization Notice for the purposes of categorisation of its clients either as retail or professional or eligible counterparty clients.

### 2. LEGAL FRAMEWORK

Taurus operates as a Cyprus Investment Firm under the provisions of the Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on Markets in Financial Instruments (“MiFID II”), which was transposed into national Law, the Investment Services and Activities and Regulated Markets Law of 2017 (“Law 87(I)/2017”), as amended from time to time.

According to MiFID II and Law 87(I)/2017, Taurus is required to categorise its clients either as retail or professional (per se or elective) or Eligible Counterparty clients. Therefore, during the onboarding procedure, Taurus assesses the application for opening an account and classifies any potential client under any of the aforesaid categories.

### 3. CLIENT CLASSIFICATION

Taurus, prior to engaging in a business relationship with its potential clients, notifies the potential clients of the clients’ classification in use, and informs them about the category in which they are initially classified. Clients shall be categorised as follows, based on the criteria outlined below:

#### 3.1 ELIGIBLE COUNTERPARTY CLIENTS

Taurus, when dealing with eligible counterparties, is exempted from important obligations under conduct of business rules, best/order execution rules, client order handling rules. For that purpose, eligible counterparties may be considered to fall within the following categories:

- i. Investment firms
- ii. Credit institutions
- iii. Insurance companies
- iv. UCITS and their management companies
- v. Pension funds and their management companies
- vi. Other financial institutions authorised by a Member State or regulated under the laws of Cyprus or under European Union law
- vii. Commodity and commodity derivative traders (dealing on own account)
- viii. National governments and their corresponding offices, including public bodies which manage public debt at national level
- ix. Central banks
- x. Supranational organisations
- xi. Third country entities equivalent to the categories mentioned above.

When Taurus onboards eligible counterparties, it shall obtain the express confirmation from the prospective counterparty that it agrees to be treated as an eligible counterparty. This confirmation may be obtained either in the form of a general agreement or on the basis of each transaction that will be placed.

#### 3.2 PROFESSIONAL CLIENTS

Professional client is a client who possesses the experience, knowledge and expertise to make its own investment decisions and properly assess the risks that it incurs. In order to be considered a professional client, the client must fall within the following categories of clients:

- 1) Entities which are required to be authorized or regulated to operate in the financial markets. The list below shall be understood as including all authorised entities carrying out the characteristic activities of the entities mentioned: entities authorised by a Member State under a Directive of the European Union, entities authorised or regulated by a Member State without reference to a Directive, and entities authorised or regulated by a third country:
  - i. Credit institutions
  - ii. Investment Firms
  - iii. Other authorised or regulated financial institutions
  - iv. Insurance companies

- v. Collective investment schemes and management companies of such schemes
- vi. Pension funds and management companies of such funds
- vii. Commodity and commodity derivatives dealers
- viii. Locals
- ix. Other institutional investors

- 2) Large undertakings meeting two of the following size requirements on a company basis:
  - Balance sheet total at least EUR 20.000.000
  - Net turnover at least EUR 40.000.000
  - Own funds of at least EUR 2.000.000
- 3) National and regional governments, including public bodies that manage public debt at national or regional level, Central Banks, international and supranational institutions such as the World Bank, the International Monetary Fund, the European Central Bank, the European Investment Bank and other similar international organisations.
- 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.

It should be pointed out to all the clients who are Professional clients that they are not covered by the Investor Compensation Fund administered by CySEC to which Taurus has subscribed. Section 4 provides detailed information with respect to client's right for recategorisation and protection rights.

### 3.3 RETAIL CLIENTS

Retail client is any client onboarded with Taurus who does not fall within the category of an eligible counterparty, nor a professional client. Retail clients are entitled to a higher protection level in line with laws and regulations, and Taurus is hereby bound to provide risk warnings to retail clients.

## 4. OPTION TO CHANGE CLASSIFICATION

### 4.1 CLIENTS WHO MAY BE TREATED AS RETAIL CLIENTS ("OPT-IN")

It is noted that an eligible counterparty or professional client is allowed to request non-professional treatment, and Taurus may agree to provide a higher level of protection. In this respect, Taurus notifies its clients in a written (incl. electronic) form of their option to be classified as retail clients. Further to the written notification that is sent to the client, Taurus proceeds with the reclassification.

The higher level of protection will be provided by Taurus when the client enters into a written agreement with Taurus, to the effect that it shall not be treated as a professional. It is the responsibility of the client who is classified as a professional client to ask for a higher level of protection when it is not in a position to properly assess and manage the risks involved in the transactions.

### 4.2 CLIENTS WHO MAY BE TREATED AS PROFESSIONAL CLIENTS ("OPT-OUT")

Clients who have been initially classified by Taurus as retail clients are allowed to request to be treated as professional clients, provided that at least two of the following criteria are satisfied:

1. The client has carried out transactions, in significant size (as defined by Taurus), at an average frequency of 10 per quarter over the previous ten quarters;
2. The size of the client's financial instrument portfolio, defined as including cash deposits and financial instruments, exceeds EUR 500.000;
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 following procedure must be followed by clients who may waive the benefit of the detailed rules of business conduct:

- a) The client must notify Taurus in writing, with an electronic mail at the electronic address [compliance.eu@taurushq.com](mailto:compliance.eu@taurushq.com) that it wishes to be treated as a professional client. Upon request, the client shall provide the supporting documentation such as bank statement, letter from employer which refers to the relevant knowledge and experience, portfolio statement, trading statement etc.;
- b) Taurus must give the client a clear written warning of the protections and investor compensation rights the client may lose; and
- c) The client must state in writing, in a separate document from the contract, that it is aware of the consequences of losing such protections.

A fitness test needs be undertaken by the client, for assessment of expertise and knowledge. If the client is not a natural person, the qualitative test must be satisfied by the person authorised to carry out transactions on the client's behalf.

## 5. REQUEST FOR DIFFERENT CATEGORISATION

In accordance with section 4 above, the following request may be submitted to the company:

- a) A retail client requesting to be categorised as a professional client. In that case the client will be afforded a lower level of protection.
- b) A professional client requesting to be categorised as a retail client. In that case the client seeks to obtain a higher level of protection.
- c) An eligible counterparty requesting to be categorised as a professional client or retail client. In that case the client seeks to obtain a higher level of protection.

Before deciding to accept any request for waiver, Taurus will take all reasonable steps to ensure that the client requesting to be treated differently meets the relevant requirements. Taurus reserves the right to decline any of the above requests for different categorisation.

Professional clients are responsible for keeping Taurus informed about any change, which could affect their current categorisation. Should Taurus become aware however that the client no longer fulfils the initial condition, which made him eligible for a professional treatment, appropriate action will be taken.

## 6. PROTECTION RIGHTS

### Retail Clients/ Professional Clients

Where the Taurus treats the client as a retail client, he/she/they will be entitled to more protections under the law than if the client was entitled to be a professional client. In summary, the additional protections the retail client is entitled to are as follows:

- a) A retail client will be given more information/disclosures with regards to Taurus, its services and any investments, its cost, commissions, fees and charges and the safeguarding of client financial instruments and client funds.
- b) Taurus 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.
- c) Consequently, and unlike the situation with a retail client, Taurus 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.
- d) When executing orders, investment firms and credit institutions providing investment services must take all sufficient steps to achieve what is called "best execution" of the client's orders that is to obtain the best possible result for their clients.
- e) Where Taurus 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 cost 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 the third parties involved in the execution of the order.
- f) When providing professional clients with best execution Taurus is not required prioritise the overall cost of the transaction as being the most important factor in achieving best execution for them.
- g) Taurus must inform retail clients of material difficulties relevant to the proper carrying out of their order(s) promptly upon becoming aware of the difficulty.
- h) Taurus is required to provide retail clients with more information than professional clients as regards execution of orders.
- i) If Taurus provides an investment service other than investment advice to a new retail or professional client, Taurus must enter into a written basic agreement with the client, setting out the essential rights and obligation of the firm and the client.
- j) Taurus shall not use financial instruments held by us on behalf of a client for our own account or the account of another client of ourselves, 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; and
- k) Retail clients are entitled to compensation under the Investor Compensation Fund for Clients of Investment Firms, as the case may be.

### Eligible Counterparty Clients

Where Taurus treats the client as an eligible counterparty, the client will be entitled to fewer protections under the law than he/she/they would be entitled to as a professional client. In particular, and in addition to the above:

- a) Taurus is not required to provide the client with the best execution;
- b) Taurus is not required to disclose to client information regarding any fees or commissions that Taurus pays or receives;
- c) Taurus is not required to assess the appropriateness of a product or service that it provides to client but can assume that the client has the expertise to choose the most appropriate product or service for him/her/them;

- d) Taurus is not required to provide the client with information about the Company, its services and the arrangements through which the Taurus will be remunerated;
- e) Taurus is not required to provide the client with risk disclosures on the products or services that he/she/they select/s from the Company; and
- f) Taurus is not required to provide reports to the client on the execution of his/her/their orders or the management of his/her/their investments.