IFCM CYPRUS LIMITED

Investment Advice Policy

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IFCM CYPRUS LIMITED (former Infin Markets Limited)| Complies with the European Commission's MiFID (Markets in Financial Instruments Directive) and is licensed by the Cyprus Securities and Exchange Commission (CySEC) under the license number 147/11.
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INVESTMENT ADVICE POLICY

1. GENERAL

The Investment Advice Policy is provided to you (our Client and prospective Client) in compliance to the Provision of Investment Services, the Operation of Investment Advice and Other Related Matters Law 87(I)/2017, as subsequently amended from time to time ("the Law"), which is applicable to IFCM Cyprus Ltd ("the Company").

1.1 Definition

Investment Advice means the provision of personal recommendation to a client, either after his request, or on the initiative of the Company, in relation to one or more transactions related to financial instruments. For the purposes of this definition, a service amounts to Investment Advice only if it constitutes a personal recommendation.

1.2 Investment Advisory

Investment Advisory refers to the provision of tailor-made and suitable recommendations on various financial strategies and specific instruments. Our certified Financial Advisory professionals intensively review and analyse Clients' investment objectives, risk tolerance and financial needs for the provision of investment recommendations that suit the clients' specific needs and requirements. It is presented as suitable for the Client, or is based on a consideration of the circumstances of the Client and advises the Client to take one of the following sets of steps:

- To buy, sell, subscribe for, exchange, redeem, hold or underwrite through one or more transactions, a particular financial instrument.
- To exercise or not exercise any right conferred by a particular financial instrument to buy, sell, subscribe for, exchange, or redeem a financial instrument, but does not include a recommendation that is issued exclusively through distribution channels or to the public.

2. ASSESSMENT OF SUITABILITY

Company obtains from Clients or potential Clients such information as is necessary for the Company 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 entered into in the course of providing Investment Advice service satisfies the following criteria:

a) It meets the investment objectives of the Client in question;
b) It is such that the Client is able financially to bear any related investment risks consistent with his investment objectives;

c) It is such that the Client has the necessary experience and knowledge in order to understand the risks involved in the transaction.

3. DOCUMENTATION

With respect to the provision of Investment Advice services, the Company maintains the following documentation:

- The General Manager maintains copies of the relevant certificates of professional competence of the Company's Investment Advisory staff;

The Company maintains in respect to each Client provided with Investment Advisory services, the following:

- Duly signed agreement between the Company and the Client, for providing Investment Advisory service
- In order to start the collaboration of investment advice with Clients or prospective Clients, they must read and accept the risk warning disclosure (by ticking the "Accept" box).
- Client's Suitability Assessment in collecting economic profile information (including Client's objectives & constraints Economic Profile information).
- Client's due-diligence information for Client identification collected (including KYC documentation and evidence of enhanced due-diligence performed).

The Investment Advice Department maintains records for at least five (5) years after the termination of relationship with a Client.

4. UPDATING CLIENT INFORMATION

For providing Investment Advice on an on-going basis, the Company maintains adequate and updated information about the Client in order to be able to perform the Suitability Assessment required. Therefore, the Company has adopted procedures defining:

- What part of the information collected should be subject to updating and at which frequency;
- How the updating should be done, and what action should be undertaken by the Investment Firm when additional or updated information is received or when the Client fails to provide the information requested.

5. DUTIES TO CLIENTS

5.1. Loyalty, Prudence, and Care

Investment advisors have a duty of loyalty to their Clients and must act with reasonable care and exercise prudent judgment and be able to safeguard the client's interest.

Investment advisors must act for the benefit of their Clients and place their Clients' interests before their employer's or their own interests.

In relation to the Clients, Members and Candidates must determine applicable fiduciary duty and must comply with such duty to persons and interests to whom it is owed.

5.2. Fair Dealing

Investment advisors must deal fairly and objectively with all Clients when providing investment analysis, making investment recommendations, or engaging in other professional activities.

Not act, or cause others to act, on material non-public information that could affect the value of an investment and must ensure that such information is not used as the basis of an investment decision or action;

Give priority to investment advice made on behalf of the client over those that benefit their own interests.

6. DISCLOSURE OF CONFLICTS

Investment professionals must make full and fair disclosure of all matters that could reasonably be expected to impair their independence and objectivity or interfere with respective duties to their Clients, prospective Clients, and their employer. Investment professionals must ensure that such disclosures are prominent, are delivered in plain language, and communicate the relevant information effectively.

We believe that determining the Client's needs and always acting in the best interest of the Client are fundamental to the adviser-client relationship. Given the increasing level of interest of retail investors in financial products, instruments and securities, we emphasize the importance of making sure that Clients receive relevant information that allow them to adequately assess the opportunities and risks of, and to thus set reasonable expectations from, their investments. We have long held the position that those who either lack information or who do not understand the information that is available to them are at a distinct disadvantage in buying or selling securities or any other financial product. Information is the lifeblood of the capital markets; as such, it must be presented to every participant with clarity and in a context that enhances, rather than obscures, its true meaning.

While the consultation paper covers a wide range of issues, our response will focus on proposals related to strengthening fair dealing in the sale and advisory process, complex investment products, and promoting more effective disclosure.

7. CLIENT RISK PROFILE SELECTION

Paragraph 14 of Directive DI144-2007-2 of 2012 of the Cyprus Securities and Exchange Commission for the Professional Competence of Investment Firms and the natural persons employed by them (hereinafter 'Directive 2') provides 3 that "(1) IF obtains from clients or potential clients such information as is necessary for the firm 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 entered into in the course of providing investment advice service satisfies the following criteria:

a) it meets the investment objectives of the client in question;
b) it is such that the client is able financially to bear any related investment risks consistent with his investment objectives;
c) 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.

7. 1. Know-Your-Client

As per Article 62(1) for the Prevention and Suppression of Money Laundering and Terrorist Financing Laws of 2007-2018 (the 'Law'), the identification procedures and the customer due diligence measures, include the following:

(a) Identifying the customer and verifying the customer's identity on the basis of documents, data or information obtained from a reliable and independent source;

(b) identifying the beneficial owner's identity and taking reasonable measures to verify that person's identity so that the obliged entity is satisfied that it knows who the beneficial owner is, including, as regards legal persons, trusts, companies, foundations and similar legal arrangements, taking reasonable measures to understand the ownership and control structure of the customer;

(c) assessing and, depending on the case, obtaining information on the purpose and intended nature of the business relationship;

(d) conducting ongoing monitoring of the business relationship including scrutiny of transactions undertaken throughout the course of that relationship to ensure that the transactions being conducted are consistent with the information and data in the possession of the obliged entity in relation to the customer, the business and risk profile of the customer, including where necessary, relating to the source of funds and ensuring that the documents, data or information held are kept up-to-date; Provided that, in the application of the measures referred to in paragraphs (a) and (b), the obliged entity shall also verify that any third person purporting to act on behalf of the customer is duly authorised by the customer for this purpose and identifies and verifies the identity of that person.

7.2. The process of selecting

A portfolio may be divided into two stages. The first stage starts with observation and experience and ends with beliefs about the future performances of available securities. The second stage starts with the relevant beliefs about future performances and ends with the choice of portfolio. We next consider the rule that the investor does (or should) consider expected return a desirable thing and variance of return an undesirable thing. This rule has many sound points, both as a maxim for, and hypothesis about, investment behaviour.

There is a rule which implies both that the investor should diversify and that he should maximize expected return. The rule states that the investor does (or should) diversify their funds among all those securities which give maximum expected return. The law of large numbers will ensure that the actual yield of the portfolio will be almost the same as the expected yield. This rule is a special case of the expected returns variance of returns rule. It assumes that there is a portfolio which gives both maximum expected return and minimum variance and it commends this portfolio to the investor.

7.3. Suitability assessment

When Investment firms cater to the role of providing investment advice to their clients, it becomes the investment firms' responsibility to extract the requisite information from the client so that a suitable recommendation can be made to the client. The below list of five areas gives the requirements for assessing suitability: The suitability requirements apply to both institutional as well as individual investors. In case the investment firm does not receive sufficient information from the client on the above-mentioned areas, it should not be allowed to recommend investment services to the client. Reports to clients of the investment service should take into account the type and complexity of the financial service and the nature of the investment service delivered. This statement of suitability has to be sent either just before the transaction is carried out, or immediately after the client becomes bound. The statement would specify how the advice provided to the client meets the client's investment objectives and preferences. Investment firms also have the liability to ensure that the bundle of financial instruments that they are suggesting to the client is in line with the client's risk tolerance and ability to bear losses.

<u>1. Financial situation:</u>
Focus on the ability to bear losses as the percentage of losses target clients should be able and willing to afford.

<u>2. Risk Tolerance:</u>

The general attitude that target clients should have in relation to the risks of investment. Basic risk attitudes should be categorized (for example, "risk oriented or speculative", "balanced", "conservative").

3. Client Risk/Reward Profile:
This is identified and scored via the suitability assessment questionnaire that every potential client completes prior to engaging in a business relationship with the Company.

4. Clients ‘objectives:
The investment objectives and needs of target clients that a product is designed to meet, including the wider financial goals of target clients or the overall strategy they follow when investing like the expected investment horizon.

5. Clients` Needs:
For example, a product may be designed to meet the needs of specific age demographic, or to achieve tax efficiency, or to achieve specific investment objectives such as "currency protection", "green investment", "ethical investment, etc.

The suitability assessment of the potential client is made by using a questionnaire to identify and access the following core areas of the Clients’:

1) Personal Information
2) Knowledge and Experience
3) Financial Situation
4) Investment Objectives and Risk Profiling

From this assessment a client scoring risk profile is formulated and the appropriate warning and acknowledgement notice is sent to the client. If they are deemed suitable to receive investment advice, the client needs to sign to acknowledge the warning notice before proceeding with signing a client agreement that confirms and specifies the business relationship between the Client and the Company.