



## CLIENT CATEGORISATION AND REGULATORY PROTECTIONS



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This Document on Client Categorisation and Regulatory Protections sets out the regulatory requirements for these areas. Capitalized terms in this Document shall have the meaning ascribed to them in the Investment Services Agreement, unless otherwise defined herein. You must read this Document carefully before you enter into any trading with us. If any terms of this Document are unclear to you, you should seek independent legal advice. Please contact us by using the [Online Contact Form](#).

Safecap Investments Ltd (“Safecap”) is a regulated investment services firm, authorized in the conduct of its activities by the Cyprus Securities and Exchange Commission (“CySEC”) under license number 092/08. Safecap is also authorized by the Financial Services Board (“FSB”) in South Africa as a Financial Services Provider under license number 43906. Safecap is located at 148 Strovolos Avenue, 2048 Strovolos, P.O.Box 28132 Nicosia, Cyprus.

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## 1. INTRODUCTION

### Scope

This Document on Client Categorisation and Regulatory Protections sets out the regulatory requirements for these areas.

Specifically, this Document, describes how Safecap Investments Limited (“Safecap”, “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 Customer Legal Documents Pack between Safecap and any client or prospective client.

### Our business activities

Safecap’s business relates to enabling primarily retail clients to trade Contracts for Difference (“CFDs”) via our online trading platforms. We effectively receive, transmit and execute clients’ orders in CFDs.

We act at all times as Principal (counterparty) to the trading of our clients.

We do not offer investment advice or portfolio management services. Our limited investment research is at the date hereof undertaken by 3<sup>rd</sup> parties and is not addressed to any individual client or his/her investment objectives.

**This Document relates solely to the client classifications we use when we provide the above services under our Investment Services Agreement which are those of Retail and Professional clients. This Document does not relate to client classifications (including the Eligible Client classification) when we provide any other services, such as hedging and risk mitigation services, to clients that may be regulated investment institutions or brokers.**

## 2. THE LEGAL AND REGULATORY FRAMEWORK UNDER WHICH THIS DOCUMENT IS ISSUED AND IMPLEMENTED

This Document is issued pursuant to, and in compliance with the requirements of EU Directive 2004/39/EC of 21 April 2004 on Markets in Financial Instruments (“MiFID”) and the Investment Services and Activities and Regulated Markets Law of the Republic of Cyprus which transposed MiFID into Cyprus legislation.

In this Document, we collectively refer to the above as the “Applicable Law” or the “Law”.

## 3. PROFESSIONAL CLIENTS

For the purposes of the Investment Services and Activities & Regulated Markets Law of the Republic of Cyprus, the following entities are regarded as professional clients in all investment services and activities and financial instruments:

- (i) Entities which are required to be authorized or regulated to operate in the financial markets, including organizations such as Credit institutions, Investment firms, Insurance Companies, Collective Investment Schemes and their management companies, pension funds and their management companies; other institutional investors; or
- (ii) A market participant which meets two of the three following requirement:
  - 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 Eligible Professional Clients. Such a request by a client for classification as an Eligible 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.

### **Professional clients electing at their request to be treated as Retail clients**

A Professional client has the right to request to be classified as Retail client in order to obtain a higher level of regulatory protection.

It is the responsibility of the client, to request a higher level of protection when they deem it challenging to properly assess or manage the risks involved in trading in complex financial instruments.

The highest level of protection will be provided to a client who, although is considered to be eligible to be treated as a Professional, following the client's request, we agree in writing that he can be treated as a Retail client. Such agreement will specify whether this applies to one or more particular services or transactions, or to one or more types of products or transactions. Please note that a request for a different categorization is subject to our discretion.

## **4. RETAIL CLIENTS**

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

As part of our policy of treating customers fairly, we may decide, either as result of the Law, any other regulatory Directive or guidance note or under internal policy, 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 will however be subject to the benefits or restrictions we may place in order to further enhance the protection of clients. They may include restrictions to leverage levels, margin requirements, specific risk warning acknowledgment etc. Relevant details will at all times be included in our Investment Services Agreement.

## **5. TYPES OF CLIENT CLASSIFICATION AND THE DIFFERENCES IN PROTECTION**

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 Safecap, 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 articular 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. if we are ever required to assess the suitability of a personal recommendation made to you, we can assume that you have the necessary experience and knowledge to understand the risks involved, and can sometimes assume (unless you are a non-financial institution Professional Client, then an assessment of your ability to bear the financial risk will be undertaken) that you are able financially to bear any investment risks consistent with your investment objectives;
- d. 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;
- e. we do not need to inform you of material difficulties relevant to the proper carrying out of your order(s) promptly;
- f. should we provide you with periodic statements, we are not required to provide them as frequently or as detailed as for Retail Clients;
- g. where we are holding your client money, we are not required to notify you of whether interest is payable on it; and
- h. you will not be entitled to compensation under the Investor Compensation Fund for clients of Cypriot Investment Firms, as available for Retail Clients.

## 6. INVESTOR COMPENSATION FUND

Safecap is a member of the Investor Compensation Fund (the “Fund”) for clients of Cyprus Investment Firms.

The object of the Fund is to secure the claims of the covered clients against the Fund members through the payment of compensation.

**Covered clients:** if you have been categorised by Safecap 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 Safecap, 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.

**Maximum compensation:** The amount of compensation shall be up to a maximum amount of twenty thousand Euro (€20.000) and the said coverage applies to the total amount of claims of an investor towards a Fund irrespective of the number of accounts, currency and place of provision.

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.

In our case, you will be covered with respect to the Equity in your Account with us (as such terms are defined in the Investment Services Agreement).

**Procedures for claims:** if you would like more information on how to claim from the Fund, please contact our Customer Support Department through the [Contact Us](#) page or via [Live Chat](#) or CySEC at [www.cysec.gov.cy](http://www.cysec.gov.cy) or the Investment Compensation Fund as follows:



The Management Committee  
Investor Compensation Fund for CIF Clients  
Cyprus Securities and Exchange Commission  
Stasikratous 32, 4th floor  
1065 Nicosia

## 7. OFFERING OF CFDS IN CERTAIN JURISDCITIONS

CFDs are not eligible for sale in certain jurisdictions or countries. This Document is not directed to any jurisdiction or country which is included in the Company's Banned Jurisdictions as these are defined in the Agreement. This Document does not constitute an offer, invitation or solicitation to buy or sell CFDs.

## 8. APPLICABLE LANGUAGE

Please note that where you have been provided with a copy of this Document other than in the English language, such Document is provided to you for information purposes only. The English version of this Document is the version that is binding on Safecap at all times.

## 9. QUESTIONS

For any questions regarding this Document, please contact at a first instance the Customer Support Department through the [Contact Us](#) page or via [Live Chat](#).