



FSP License no. 23497

Regulated by the Financial Sector Conduct Authority

CLIENT CATEGORISATION POLICY

V1.3

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1. Introduction

Rynat Capital (Pty) Ltd is an authorized financial service provider in South Africa with registration number 2004/005384/07 and licensed by the Financial Sector Conduct Authority (FSCA) under the FSP license number 23497.

According to the Law for the Provision of Investment Services and Activities 87(I)/2017 (the “Law”), the Company is required to categorise its clients into one of the following categories: Retail, Professional or Eligible Counterparty.

“**Retail Client**” is a Client who is neither a Professional Client by default or an Eligible Counterparty.

“**Professional Client**” is a Client who possesses the experience, knowledge and expertise to make his own investment decisions and properly assess the risks that the Client incurs.

“**Eligible Counterparty**” are CIFs, other IFs, credit institutions, insurance companies, UCITS and UCITS management companies, pension funds and their management companies, other financial institutions authorised by a Member State or regulated under the laws of Cyprus or under European Union law, national governments and their corresponding offices, including public bodies that deal with public debt at national level, central banks, the Central Bank and supranational organisations.

2. Categories of Clients who are considered to be Professional clients by default

As per the Law, the following should all be regarded as professional clients in relation to all investment services and activities and financial instruments:

- a) Entities which are required to be authorised or regulated to operate in the financial markets. The list below should be understood as including all authorised entities carrying out the characteristic activities of the entities mentioned: entities authorised by a Member State under the Markets in Financial Instruments Directive, entities authorised or regulated by a Member State without reference to the above Directive, and entities authorised or regulated by a non-Member State:
 - Credit Institutions;
 - Investment Firms;
 - Other Authorised 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 (like Portfolio Investment Companies).

- b) 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 at least EUR 2,000,000
- c) National and regional governments, public bodies that manage public debt, Central Banks, international and supranational institutions such as the World Bank, the IMF, the ECB, the EIB and other similar international organisations.
- d) Other institutional investors whose main activity is to invest in financial instruments, including entities dedicated to the securitisation of assets or other financing transactions.

The entities mentioned above are considered to be professionals, although any professional client has the right to request to be categorised as a “Retail Client” in order to obtain a higher level of protection. It is the responsibility of the client, considered to be a professional client, to ask for a higher level of protection when it deems it is unable to properly assess or manage the risks involved.

This higher level of protection will be provided when a client who is considered to be a professional enters into a written agreement with the Company to the effect that it shall not be treated as professional for the purposes of the applicable conduct of business regime of the Company. Such agreement should specify whether this applies to one or more particular services or transactions, or to one or more types of product transaction.

3. Clients who may be treated as professional clients on request

a) Identification Criteria

A Client who has been categorised as a Retail Client by the Company may request to be treated as a Professional Client, either generally or in respect of a particular investment service or transaction, or type of transaction or product. The Company may, at its discretion, decide not to take into consideration such treatment.

The Company is allowed to treat any of the above clients as professionals, provided the relevant criteria and procedures mentioned below are fulfilled. These clients should not, however, be presumed to possess market knowledge and experience comparable to that of the categories of clients who are considered to be Professional clients by default.

Any 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. In the course of the above assessment, as a minimum, two of the following criteria should be satisfied:

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

b) Procedure

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

- must state in writing to the Company that wishes to be treated as a professional client, either generally or in respect of a particular investment service or transaction or type of transaction or product.
- the Company shall give to the Client a clear written warning of the protections and investor compensation rights they may lose.
- they must state in writing, in a separate document from the contract, that the Client is aware of the consequences of losing such protections.

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

The Company shall notify the Client if and when it agrees to categorise the Client as a Professional Client.

The protection rights described in the sections of the Law, may include, but not limited to:

- the Company's obligation to provide appropriate information to the Client before providing the Services;
- the restriction on the payment or receipt by the Company of any inducements;
- the Company's obligation to ensure that all information the Company provides to the Client is fair, clear and not misleading;
- the requirement that the Client receives from the Company adequate reports on the services provided to him.

Retail Clients may be entitled to compensation under the Investor Compensation Fund for Clients of Investment Firms, while, Professional Clients are not entitled to compensation under the said fund.

4. Eligible Counterparties

Eligible Counterparties is any of the following entities: to which an investment firm provides the services of reception and transmission orders on behalf of clients and/or execution of such orders and/or dealing on own account:

- Cypriot Investment Firms (CIFs),
- Investment Firms (IFs)
- Credit Institutions
- Insurance Undertakings
- UCITS and their management companies
- Pension Funds and their management companies
- Other Financial Institutions authorised by a Member State or regulated under the laws of Cyprus or under European Union law
- National governments and their corresponding offices, including public bodies that deal with public debt,
- Central banks and supranational organisations
- Other undertakings included in Section 31(2)(b),(31)(3),31(4) of the Law

On request, the Company may also recognize as an Eligible Counterparty corporate undertaking which fall within a category of Clients who are to be considered Professional Clients in accordance to the fitness test. In such cases, however, the undertaking concerned shall be recognized as an Eligible Counterparty only in respect of the services or transactions for which it could be treated as a Professional Client.

In the event of a transaction where the prospective counterparty is located in another EU Member State, the Company shall defer to the status of the other undertaking as determined by the legislation of the said Member State in which that undertaking is established.

Where the Company treats the Client as an Eligible Counterparty, the Client will be entitled to fewer protections under the Law than he would be entitled to as a Retail or Professional Client (the list may not be exhaustive):

- a) The Company is not required to provide the Client with best execution in executing the Client's orders.
- b) The Company is not required to implement procedures and arrangements which provide for the prompt, fair and expeditious execution of its Client orders, relative to other Client orders or its trading interests.
- c) The Company is not required to assess the appropriateness of a product or service that it provides to Client but can assume that the Client have the expertise to choose the most appropriate product or service for itself.
- d) The Company is not required to provide the Client with information about the Company, its services, financial instruments and proposed investment strategies, execution venues, the arrangements through which the Company will be remunerated and other relevant information.
- e) The Company is not required to provide reports to the Client on the execution of its orders or the management of his investments.
- f) The Investors Compensation Fund does not cover Eligible Counterparties.

5. Request for Different Categorisation

The following requests may be submitted to the Company should a Client wish to change its categorisation:

- a) A Retail Client can request to be categorised as a Professional Client wither generally or in respect of a particular investment service or transaction, or type of transaction or product. The Client therefore accepts a lower level of protection.
- b) A Professional Client can request to be categorised as a Retail Client. The Client therefore obtains higher level of protection.
- c) An Eligible Counterparty can request to be categorized as a professional client or a retail client. The client therefore obtains higher level of protection.

The Company is not required to agree with a request for non-professional or non-Eligible Counterparty treatment.

6. Changes to Professional Client /Eligible Counterparty Categorisation

Professional Clients and Eligible Counterparties are responsible for keeping the Company informed of any change which could affect their categorisation as such. If the Company becomes aware that a Professional Client or Eligible Counterparty no longer fulfils the initial conditions that made him eligible for a Professional Client/Eligible Counterparty treatment, it may take appropriate action, including re-categorising the Client as a Professional Client or a Retail Client.

7. Updates

The Company reserves the right to review and/or amend this Policy at any given time it deems suitable and appropriate without notice to the Client. The Policy is available for review by clients upon request and it is uploaded on the Company's website.