



## CLIENT CATEGORISATION POLICY

### Applicability and objectives

This Client Categorisation Policy (the “Policy”) sets out the control standards and procedures that should exist in Magnasale Trading Limited (“Magnasale”), under the brand Finalto Europe, in relation to the regulatory requirements for these areas. The document describes how Magnasale classifies clients into the categories available under Applicable Laws and Regulations and what protections or loss of protections apply with the different client classifications.

This Document is effective from September 2021 and shall remain effective until a more recent version is released. Magnasale reserves the right to amend or supplement this Document at any time. This Document does not replace our Standard terms of business which we ask that you read carefully before you enter into any trading. The prevailing version of this Document is always available on our website.

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**MAGNASALE TRADING LIMITED**

148, Strovolos Avenue, 4th Floor, Strovolos, CY-2048, Nicosia, Cyprus

Phone: +357 22008376 · Email: [cs@finalto.com](mailto:cs@finalto.com) · Web: <https://liquidity.finalto.com/eu>

Registered in Cyprus, No. 264/15

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# 1 Purpose and Introduction

## 1.1 Introduction

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

Specifically, this Document, describes how Magnasale Trading Limited (“Magnasale”, “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 Magnasale and any client or prospective client.

## 1.2 Company Information

Magnasale is a regulated investment services firm, authorized in the conduct of its activities by the Cyprus Securities and Exchange Commission (“CySEC”) under license number 264/15.

Magnasale is located at 148 Strovolos Avenue, 2048 Strovolos, P.O.Box 28132 Nicosia, Cyprus.

Finalto Europe is a global brand used and owned by Magnasale. Magnasale is subsidiary of Playtech Plc, a company traded on the London Stock Exchange's Main Market and a constituent of the FTSE 250 index.

## 1.3 Our Business Activities

Magnasale is an investment firm and as such provides investment services to its clients. In particular, Magnasale provides one or more of the following investment services:

- Receiving and transmitting orders;
- Execution of orders; and
- Dealing on own account.

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 3rd 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.

Please note that Finalto Europe does not deal with retail clients.

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## 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 Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (“MiFID II”), the Law of the Republic of Cyprus No 87(I)/2017 regarding the provision of investment services, the exercise of investment activities and the operation of regulated markets which transposed MiFID II into Cyprus legislation and the Investment Services and Activities and Regulated Markets Law of the Republic of Cyprus Law No 144(I)/2007 to the extent it remains applicable after coming into force of MiFID II.

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, other authorized or regulated financial institutions, Insurance Companies, Collective Investment Schemes and their management companies, pension funds and their management companies; commodity and commodity derivative dealers, locals, 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 Professional Clients. Such a request by a client for classification as an 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.

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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:

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- a. you will be given fewer information disclosures with regard to Magnasale, 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.

## 6 Investor Compensation Fund

Under the Finalto Europe brand, Magnasale does not accept retail clients. Therefore, clients of Magnasale under the Finalto Europe brand will not be entitled to participate in the Investor Compensation Fund of the Republic of Cyprus for Cypriot Investment Firms.

## 7 Offering of CFDS in certain jurisdictions

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 Magnasale at all times.

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## 9 Questions

For any questions regarding this Document, please contact at a first instance the Customer Support Department by Phone at +357 22008376 or email at [cs@finalto.com](mailto:cs@finalto.com).

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