

SUITABILITY AND APPROPRIATENESS TEST POLICY

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TABLE OF CONTENTS

SUBJECT	PAGE
1. INTRODUCTION.....	3
2. TESTS REQUIRED PRIOR TO THE PROVISION OF INVESTMENT AND/OR ANCILLARY SERVICES	3
3. SUITABILITY TEST	4
A. <i>SUITABILITY TEST FOR RETAIL CLIENTS</i>	5
B. <i>SUITABILITY TEST TO PROFESSIONAL CLIENTS</i>	5
C. <i>SUITABILITY TEST FOR ELIGIBLE COUNTERPARTIES</i>	6
4. APPROPRIATENESS TEST.....	6
A. <i>PROCESS OF RECEPTION, TRANSMISSION AND EXECUTION OF ORDERS IN NON-COMPLEX FINANCIAL INSTRUMENTS</i>	7
B. <i>PROCESS OF RECEPTION, TRANSMISSION AND EXECUTION OF ORDERS IN COMPLEX FINANCIAL INSTRUMENTS</i>	7
APPENDIX 1 – COMPLEX AND NON-COMPLEX FINANCIAL INSTRUMENTS	8

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SUITABILITY AND APPROPRIATENESS TEST POLICY

1. INTRODUCTION

- 1.1. **'TTCM Traders Trust Capital Markets Limited'**, is a Cyprus Investment Firm incorporated under the laws of Cyprus, which has its principal place of business at 56 Theodorou Potamianou, 4th Floor, Complex Aphrodite, 4155 K. Polemidia, Limassol, Cyprus, and registered with the Registrar of Companies in Nicosia under number: HE 250591 (the **"Company"**). The Company is regulated as a Cyprus Investment Firm ('**CIF**') by the Cyprus Securities and Exchange Commission ('**CySEC**') under license number 107/09.
- 1.2. The Company is operating under 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 (the "Markets in Financial Instruments Directive 2014/65/EU") or "**MiFID II**") and amending Directive 2002/92/EC and Directive 2011/61/EU, as last amended by Directive (EU) 2016/1034 of the European Parliament and of the Council, of 23 June 2016 and under Regulation (EU) No 600/2014 of the European Parliament and the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 (the "**MiFIR**") which was implemented in Cyprus by the *Investment Services and Activities and Regulated Markets Law of 2017 (Law 87(I)/2017)*, which provide for the provision of Investment Services, the exercise of Investment Activities, the operation of Regulated Markets and other related matters (the "**Investment Services and Activities and Regulated Markets Law**"), as the same may be modified and amended from time to time.
- 1.3. Following the implementation of the '*Markets in Financial Instruments Directive MiFID II*' in the European Union and in accordance with the *Investment Services and Activities and Regulated Markets Law of 2017 (Law 87 (I)/2017)* in Cyprus, the Company is required, in certain instances described in further detail hereinafter in this Policy, to perform '*suitability tests*' and/or '*appropriateness tests*' prior to the provision of the investment services that are related to '*Portfolio Management*'.
- 1.4. It is noted, for in the context of this policy document, that the Company currently is not licensed to provide investment services that are related to '*Investment Advice*', and that the Company is, therefore, not providing investment services that are related to '*Investment Advice*'.

2. TESTS REQUIRED PRIOR TO THE PROVISION OF INVESTMENT AND/OR ANCILLARY SERVICES

- 2.1. This policy document is applied prior to the provision of Investment Services and/or Ancillary Services to existing or potential clients by the Company's personnel.

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- 2.2. The Company performs '*suitability tests*' prior to the provision of the Investment Services that are related to Portfolio Management.
- 2.3. The Company performs '*appropriateness tests*', whenever required by the current regulatory and statutory requirements and by this policy, prior to the provision of other Investment Services.
- 2.4. The Company is not obliged to perform the appropriateness and suitability tests prior to the provision of an Investment Service for specific type of transactions only, if it has previously received all the information required by Law so as to assess the suitability of clients' investment decisions for the specific type of transactions.
- 2.5. The Company may request from the client to re-perform the '*suitability tests*' and '*appropriateness tests*' in the event that a substantial change, in the initial information provided by the client, has occurred.
- 2.6. The Company's personnel are required to encourage all clients, and potential clients, to provide all required information in order to assess their suitability and appropriateness.
- 2.7. The Company relies on the information provided by the clients and potential clients and it has no responsibility for the accurateness of any such information provided by clients and/or potential clients, unless it is aware or ought to be aware that the information is manifestly out of date, inaccurate or incomplete.

3. SUITABILITY TEST

- 3.1. The main objective of performing the '*suitability test*' is to obtain such information as is necessary for the Company to assess the investment objectives of the client, the client's financial ability to bear any related investment risks consistent with his investment objectives, and whether 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.
- 3.2. The suitability test is performed before the provision of the following investment services:
 - a. 'Portfolio Management'.
- 3.3. The suitability test is performed for all client categories:
 - a. Retail Clients;

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- b. Professional Clients (including those clients who opted up / down to be treated as professionals); and
 - c. Eligible Counterparties.
- 3.4. The suitability test is performed upon completion of the questionnaires, which are at the disposal of the Company's personnel and/or published on the Company's website(s).
- 3.5. Where it appears from the suitability test that a financial instrument or product is not suitable in regard to a particular client's experience and knowledge, the investment objectives of a particular client and/or a particular client's financial ability to bear any related investment risks consistent with his/her investment objectives, no transactions in the financial instrument or product in question will be executed for that particular client.
- 3.6. In instances where the Company does not obtain the required information from the '*suitability test*' of the client, the Company is not obliged to provide '*Portfolio Management*' services to the client in question and no '*Portfolio Management*' services will be performed for the client in question.

A. SUITABILITY TEST FOR RETAIL CLIENTS

- 3.7. The Company with the suitability test to Retail Clients receives information on the client's:
- a. investment objectives;
 - b. financial ability to bear any related investment risks;
 - c. level of experience and knowledge which enable him to understand the risks involved in the provision of '*Portfolio Management*' services.

B. SUITABILITY TEST TO PROFESSIONAL CLIENTS

- 3.8. The Company assumes that a Professional Client possesses the experience and knowledge in relation to the products, transactions and services for which is classified as a professional client.
- 3.9. Specifically, Professional Clients (credit institutions, investment firms, other financial institutions, insurance companies, UCITS and their management companies, pension funds and their management companies, commodity and commodity derivatives dealers and portfolio investment companies, and other institutional investors) are considered to be able financially to bear the investment risks consistent with their investment objectives.

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3.10. In instances where the Company provides ‘*Portfolio Management*’ services, however, the abovementioned Professional Clients are not necessarily considered to be able financially to bear any related investment risks consistent with their investment objectives. Accordingly, in such instances, the Company will consider the client’s:

- a. investment objectives; and
- b. financial ability to bear the related investment risks.

C. SUITABILITY TEST FOR ELIGIBLE COUNTERPARTIES

3.11. The Company assumes that an Eligible Counterparty possesses both the necessary experience and knowledge, and is financially able to bear the related investment risks consistent with their investment objectives and consequently during the performance of the suitability test derives information only regarding client’s investment objectives.

4. APPROPRIATENESS TEST

4.1. The main objective of performing the ‘*appropriateness test*’ is to obtain such information as is necessary for the Company to assess whether the client has the necessary experience and knowledge in order to understand the risks involved in the investment product or in the investment service.

4.2. The Company performs the appropriateness test only for clients categorized as “**Retail Clients**”.

4.3. The appropriateness test is performed only for ‘*Complex Financial Instruments*’ during the provision of the following investment services:

- a. Reception & Transmission of Orders; and
- b. Execution of Orders.

4.4. Complex financial instruments are called the financial instruments that contain derivatives. **APPENDIX A** contains an indicative list of financial instruments, defined by the Company for the purposes of this policy as ‘*Complex*’ or ‘*Non-Complex Financial Instruments*’.

4.5. The Company conducts appropriateness test for the provision of the investment service for each client by deriving information regarding their experience level and knowledge that enables them to understand the risks related to the investment product or the investment service.

A. PROCESS OF RECEPTION, TRANSMISSION AND EXECUTION OF ORDERS IN NON-COMPLEX FINANCIAL INSTRUMENTS

4.6. In instances where the Company provides services of Reception, Transmission and Execution of Orders in 'Non-complex Financial Instruments', it is not required to perform appropriateness tests for Retail Clients, unless the following conditions present themselves:

- a. the service is provided on the initiative of the client or potential client;
- b. the Company informs the client that is not required to assess the suitability of the financial instrument or the service provided;
- c. the Company informs the client that he/she is not subject to protection according to the predetermined conduct rules; and
- d. the Company complies with its obligations with regard to conflicts of interest.

B. PROCESS OF RECEPTION, TRANSMISSION AND EXECUTION OF ORDERS IN COMPLEX FINANCIAL INSTRUMENTS

4.7. When the Company provides services of Reception, Transmission and Execution of Orders in Complex Financial Instruments, it will perform appropriateness tests of the provided service for each Retail Client, by deriving information regarding the client's experience level and knowledge that enables him/her to understand the risks related to the transaction.

4.8. Where it appears from the test that the financial instrument or the service is not appropriate in regard to the client's experience and knowledge or is not appropriate for the specific client, the Company warns the client accordingly, and will execute the transaction only upon specific and written instructions from the client prior to the execution of the transaction. Otherwise, the transaction will not be executed. The Company will not recommend particular investment products, services or transactions to clients, in case the information received indicates that these are not suitable for the client

4.9. In the event that the Company does not obtain the necessary information or receives insufficient information, the Company will warn the client in the course of the appropriateness test procedure that it is not able to determine whether the investment service or the financial instrument are appropriate for the client.

4.10. The Company will further inform the client that, in these circumstances, it cannot be held responsible for the risks resulting from the execution of the specific transaction and the provision of these services. Accordingly, under these circumstances, the specific services can only be provided upon specific and written instructions received from the client.

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APPENDIX 1 – COMPLEX AND NON-COMPLEX FINANCIAL INSTRUMENTS

Financial Instruments	Complex/Non-Complex Instruments
Shares admitted to trading on a regulated market	Non-complex instrument
Bonds or other forms of securitized debt (excluding those bonds or securitized debt that embed a derivative)	Non-complex instrument
Bonds or other forms of securitized debt that embed a derivative	Complex instrument
UCITS	Non-complex instrument
Rights	Complex instrument
Compensatory instruments	Non-complex instrument
Financial instruments not admitted to trading on a regulated market	Complex instrument
Options, futures, swaps, forward rate agreements and other derivative	Complex instrument
Structured deposit	Complex instrument

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