



# IGM FX

## CLIENT CATEGORIZATION POLICY

---

last updated

**September 2024**

version 0.5

+357 25 252 371  
[support@igmfx.com](mailto:support@igmfx.com)

**By accepting this Client Categorisation Policy, you acknowledge and confirm that our official legally binding language is English. In the event of any discrepancy or inconsistency between any documentation, information and communications in any other language other than English, the English documentation, information and communication shall prevail.**

IGM Forex Ltd (hereinafter referred to as the “**Company**” or “**IGM FX**”) is an Investment Firm incorporated and registered under the laws of the Republic of Cyprus under registration number HE346738, with registered address Agiou Georgiou Makri, 64, ANNA MARIA LENA COURT, Flat/Office 201, 6037, Larnaca, Cyprus. The Company is regulated by the Cyprus Securities and Exchange Commission (hereinafter “**CySEC**”) under License Number 309/16.

The Company is operating under the provisions of the 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, as the same may be in force from time to time and modified or amended from time to time (the “**MIFID II**” or the “**Law**”), which was transposed into Cyprus Law, as the “Investment Services and Activities and Regulated Markets Law of 2017 (L.87(I)/2017) as amended from time to time.

Since the Company strictly complies with the relevant laws and regulations and due to the fact that the client categorisation is considered to be a fundamental part of this regulatory framework, the Company is required to categorise its clients as Retail Client, or Professional Client or as Eligible Counterparty in order to ensure that it provides to the client the level of information, services and protection that is appropriate and consistent with the client’s categorisation.

This Client Categorisation Policy aims among others to inform the client that the Company will, based on the information available, treat the client as a Retail Client in providing its services. The client has the right to follow a specific method of categorisation as explained herein under and request a different categorisation. If the client chooses to request a different categorisation the client accepts that the level of protection differs and some protections that is afforded by the applicable laws will be waived by the conduct of business rules to this type of client under the regulatory system.

After receiving the required request from the client, the Company will assess and inform the client if it agrees to re-categorise the client. It should be noted that it is the Client’s responsibility to inform the Company if it has not categorised him/her correctly and if any change occurs which could affect his/her categorisation as a Retail Client.

All the information and criteria in relation to the client’s categorisation are stated herein below.

## **1. Client Classification**

The Company, prior to engage in business relationship with its potential clients, notifies the potential clients of the clients’ classification in use by the Company, and informs them about the category in which they are initially classified by the Company. As stated herein above, the Company based on the information available treat its clients as “Retail Client” in providing its services. It should be noted that each category entails a different level of client protection – maximum protection is given to Retail clients while minimum protection is given to Professionals and Eligible Counterparties. The definition, details and criteria to allow the Company to treat any of its clients as a Retail, Professional or Eligible Counterparty are outlined below:

## A. Retail Client

A Retail Client is a client who is not a professional client or an eligible counterparty and which could be a natural person (private individual investor) or a Legal Entity (company).

Retail Clients are entitled to receive the highest level of protection and information from the Company and be subjected to lower level of leverage limits as per CySEC Policy Statement on the Imposition of National Measures in Relation to the Marketing, Distribution and Sale of CFDs [\(PS-04-2019\)](#)

## B. Professional Client

Professional client is a client who possesses the necessary experience, knowledge and expertise in order to understand the risks involved in relation to those particular investment services or transactions, or types of transaction or product for which the client is classified as a Professional client and be able to make his own investment decisions and properly assess the risks that it incurs.

To be considered as a professional client, the client must comply with the following criteria:

1. Entities which are required to be authorised or regulated to operate in the financial markets. The list below shall be understood as including all authorised entities carrying out the characteristic activities of the entities mentioned: entities authorised by a European Union Member State (“**Member State**”) without a reference to a Directive, and entities authorised or regulated by a third country:
  - a) Credit institutions
  - b) Investment Firms
  - c) Other authorised or regulated financial institutions
  - d) Insurance companies
  - e) Collective investment schemes and management companies of such schemes
  - f) Pension funds and management companies of such funds
  - g) Commodity and commodity derivatives dealers
  - h) Locals
  - i) Other institutional investors
2. Large undertakings meeting two of the following size requirements, on a proportional basis:
  - a) Balance Sheet total at least EUR20.000.000
  - b) Net Turnover at least EUR40.000.000
  - c) Own Funds at least EUR2.000.000
3. National and regional governments, public bodies that manage public debt at national or regional level, Central Banks, international and supranational institutions such as the World Bank, the International Monetary Fund, the European Central Bank, the European Investment Bank and any other similar international organizations.
4. Other institutional investor whose main activity is to invest in financial instruments, including entities dedicated to the securitization of assets or other financing transactions.

The entities mentioned above are considered to be Professional Clients per se. So, where the Client fulfils one of the criteria referred to above, the Company shall inform him prior to any provision of services that, on the basis of the information available to the Company, the Client is deemed to be a professional Client and will be treated as such. Notwithstanding the aforementioned, these Professional Clients are however allowed to request non-professional treatment, and the Company may agree to provide a higher level of protection. The Professional client can request a variation of the terms of the agreement in order to secure a higher degree 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 a professional for the purposes of the applicable conduct of business regime. Such agreement shall specify whether this applies to one or more particular services of transactions or to one or more types of product or transaction.

### C. Eligible Counterparties

1. When the Company is authorised to receive and transmit orders, and/or execute orders on behalf of the clients and/or deal on own account, may bring about or enter into transactions with eligible counterparties without being obliged to comply with the obligations under Article 24 (with exception of paragraphs 4 and 5, Article 25 (with the exception of paragraph 6), Article 27 and Article 28(1) of the Law.

Article 24: General principles and information to clients (except paragraphs 4 and 5)

Article 25: Assessment of suitability and appropriateness and reporting to clients (except paragraph 6)

Article 27: Obligation to execute orders on terms most favourable to the client

Article 28 (1): Client order handling rules

The Company ensures that in its relationship with eligible counterparties, it act honestly, fairly and professionally and communicate in a way which is fair, clear and not misleading, taking into account the nature of the eligible counterparty and of its business.

2. The Company, when dealing with eligible counterparties, is exempted from important obligations under conduct of business rules, best execution rules, client order handling rules. For that purpose, eligible counterparties may consider to be falling within the following categories:
  - a) Investment firms
  - b) Credit institutions
  - c) Insurance companies
  - d) UCITS and their management companies
  - e) Pension funds and their management companies

- f) Other financial institutions authorized or regulated under European Union law or under Cyprus national law
- g) Commodity and commodity derivative traders (dealing on own account)
- h) National governments and their corresponding offices including public bodies which manage public bodies that deal with public debt at national level
- i) Central Banks
- j) Supranational organizations

Classification as an eligible counterparty under the subparagraph 1 above shall be without prejudice to the right of such entities to request, either on a general form or on a trade-by-trade basis, treatment as clients whose business with Company is subject to Articles 24, 25, 27 and 28.

- 3. The Company recognises as eligible counterparties other undertakings meeting predetermined proportionate requirements, including quantitative thresholds. In the event of a transaction where the prospective counterparties are located in a different jurisdiction, the Company shall defer to the status of the other undertaking as determined by the law or the measures of the Member State in which that undertaking is established.

When dealing with eligible counterparty, the Company will obtain express confirmation from the counterparty that it agrees to be treated as an eligible counterparty and can be obtained either as a general agreement or on a transaction-by-transaction basis.

- 4. The Company may recognise as eligible counterparties third country entities equivalent to those categories of entities referred in paragraph 2 above. The Company may also recognise as eligible counterparty third country undertakings such as those referred to in the paragraph 3 above on the same conditions and subject to the same requirements as those laid down in paragraph 3.
- 5. On request, the Company may also recognized as an Eligible Counterparty which fall within a category of Clients who are to be considered Pprofessional Clients in accordance with the test for compliance with the relevant criteria and procedures mentioned above. 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.
- 6. If an Eligible Counterparty does not expressly request treatment as a Retail Client and the Company agrees to that request, the Company shall treat that eligible counterparty as a Professional Client and if that eligible counterparty expressly requests treatment as a Retail Client, the provisions in respect of non-professional treatment shall apply.

It is the responsibility of the client, considered to be an eligible counterparty, 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 eligible counterparty enters into a written agreement with the Company to the effect that it shall not be treated as an eligible counterparty for the purposes of the applicable conduct of business regime. Such agreement will specify whether the eligible counterparty wish to be treated as a professional or retail client, either generally or in respect of a particular investment service or transaction, or type of transaction or product.

## 2. Option to Change Classification

It is noted that an eligible counterparty or professional client is allowed to request non-professional treatment and the Company may agree to provide a higher level of protection. In this respect, the Company notifies its clients in a written form of their option to be classified as retail clients. The Company proceeds in this action, in order to offer a uniform level of protection to all of its clients.

The higher level of protection will be provided by the Company when the client enters into a written agreement with the Company, to the effect that it shall not be treated as a professional or eligible counterparty. It is the responsibility of the client who is classified as a professional client or an eligible counterparty to ask for a higher level of protection, when they are not in a position to properly assess and manage the risks involved in the transactions.

## 3. Request for Different Categorization

In accordance with Section 2 above, the following request may be submitted to the company:

- a) A Retail Client has the right to request to be categorized as a Professional Client. In that case the Client will be afforded a lower level of protection.
- b) A Professional Client has the right to request to be categorized as a Retail Client. In that case the Client seeks to obtain a higher level of protection. Any professional client has the right to request to be re-classified as a retail client in order to obtain higher protection, however, this is the client's responsibility to ask for a higher level of protection when it deems its unable to properly assess or manage the risks involved. This higher level of protection will be provided when a professional client enters into a written agreement with the Company to the effect that he/she shall not be treated as a professional for the purposes of the applicable conduct of business regime. 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.
- c) An Eligible Counterparty has the right to request to be categorized as a Professional Client or a Retail Client. In that case the Client seeks to obtain a higher level of protection.

The Company reserves the right to decline any of the above requests for different categorization.

## A. Retail Client requesting to be categorized as a Professional Client

Clients other than those mentioned in “1.B” above, including public sector bodies, local public authorities, municipalities and private individual investors, may also be allowed to waive some of the protections afforded by the conduct of business rules.

The Company is allowed to treat any such Clients as Professionals, provided that the relevant criteria and procedures mentioned herein below are fulfilled. These clients should not, however, be presumed to possess market knowledge and experience comparable to that of the categories of paragraph B. Therefore, any waiver of the protection afforded to them shall be considered 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 said Client is capable of making his own investment decisions and understanding the risks involved.

**In the course of the abovementioned assessment, as a minimum two of the following criteria shall be satisfied:**

- a) 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.
- b) the size of the Client’s financial instrument portfolio, defined as including cash deposits and financial instruments exceeds 500,000 Euros.
- 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.

In the case of small entities, the person subject to the above assessment should be the person authorized to carry out transactions on behalf of the entity.

### **Procedure:**

The clients may waive the benefit of the detailed rules of conduct only where the following procedure is followed:

- i The Client must state in writing to the Company that he/she 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.
- ii The Company must give a clear written warning of the protections and investor compensation rights that the client may lose.
- iii The client must state in writing, in a separate document from the main Agreement, that he/she is aware of the consequences of losing such protections.

Before deciding to accept any request for waiver, the Company will take all reasonable steps to ensure that the Client requesting to be treated as a Professional Client meets the relevant requirements stated above.

However, if the client has already been categorised as a professional under parameters and procedures similar to those referred to above, it is not intended that their relationship with the Company shall be affected by any new rules adopted pursuant to Annex II of MIFID II.

Clients wishing to be treated as Professionals should send their written request via email to [compliance@igmfx.com](mailto:compliance@igmfx.com)

### **Keeping the Company Informed:**

Professional Clients are responsible for keeping the Company informed about any change which could affect their current categorization.

However, if the Company becomes aware that the Client no longer fulfils the initial conditions which made him eligible for a professional treatment, the Company should take appropriate action.

## **B. Professional Clients Requesting to be treated as Retail**

It is noted that Professional Clients of paragraph 2 are allowed to request non-professional treatment and instead be treated as Retail Clients, so as to enjoy 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 he deems, he 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 a Professional, for the purposes of the applicable conduct of business regime. Such agreement should specify whether this applies to one or more particular services or transactions, or to one or more types of product or transaction.

## **4. Protection Rights**

### **Retail Clients/ Professional Clients**

Where the Company treats the Client as a retail client, he/she/they will be entitled to more protections under the law than if the Client was entitled to be a professional client. In summary, the additional protections retail clients are entitled to, are as follows:

- a) A retail client will be given more information/disclosures with regard to the Company, its services and any investments, its cost, commissions, fees and charges and the safeguarding of client financial instruments and client funds.

The Professional Clients will be provided with the essential elements however, they might receive fewer information disclosures with regards to the Company, its services, products and financial instruments such as CFDs, for example on costs, commission, fees and charges, information on the overall risks associated



with the CFDs. The Company should inform the Professional Clients about all costs and charges as set out in the aforementioned laws when the services of investment advice or portfolio management are provided or when, irrespective of the investment service provided, the financial instruments concerned embed a derivative.

- b) Under the law, where the Company provides investment services other than investment advice (in the form of personal recommendations) or discretionary portfolio management, the Company shall ask a retail client to provide information regarding his knowledge and experience in the investment field relevant to the specific type of product or service offered or demanded, so as to enable the Company to assess whether the investment service or product envisaged is appropriate for the client.

In case the Company considers, on the basis of the information received, that the product or service is not appropriate to a retail client, it shall warn the client accordingly. Please note that the Company is not required to assess appropriateness in certain cases specified by law.

The Company shall be entitled to assume that a professional client has the necessary experience and knowledge in order to understand the risks involved in relation to those particular investment services or transactions, or types of transaction or product, for which the client is classified as a professional client. Consequently, and unlike the situation with a retail client, the Company should not generally need to obtain additional information from the client for the purposes of the assessment of appropriateness for those products and services for which they have been classified as a professional client. If the Company requires to assess the suitability of a personal recommendation made to you in respect of providing the service of investment advice or portfolio management services, the Company can assume that the Professional Client has the necessary experience and knowledge to understand the risks involved and can sometimes assume that the Professional Client is able to financially bear any risks consistent with his/her investment objectives.

- c) When executing orders, investment firms and credit institutions providing investment services must take all reasonable steps to achieve what is called “best execution” of the client’s orders, that is to obtain the best possible result for their clients. Where the Company executes an order on behalf of a retail client, the best possible result shall be determined in terms of the total consideration, representing the price of the financial instrument and the cost related to execution, which shall include all expenses incurred by the client which are directly related to the execution of the order, including execution venue fees, clearing and settlement fees and any other fees paid to the third parties involved in the execution of the order. The Company also sends a daily notice to a Retail Client confirming the execution of the order as soon as practically possible and no later than the first business day following the receipt of the confirmation from the third party as applicable.

For Professional Clients when providing the “Best Execution”, the Company is not required to prioritize the overall costs of the transaction as being the most important factor in achieving best execution for the client. The Professional Clients are also entitled to a confirmation for the execution of their order, however, there is no specific timeframe involved as to when a Professional Client should receive this information. Nevertheless, the Company will ensure that this confirmation will be promptly provided.

- d) The Company when providing investment services must obtain from clients such information as it is necessary for the firm or credit institution, as the case may be, to understand the essential facts about

the client and to have a reasonable basis for giving due consideration to the nature and extent of the service provided, that the specific transaction to be recommended in course of providing the service of investment advice or entered into in the course of providing a portfolio management service, satisfies the following criteria:

- i. It meets the investment objectives of the client in question;
- ii. It is such that the client is able financially to bear any related investment risks consisted with his investment objectives
- iii. 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.

Where the Company provides an investment service to a professional client it shall be entitled to assume that, in relation to the products, transactions and services for which it is so classified, the client has the necessary level of experience and knowledge for the purposes of point (iii) above. In addition, under certain circumstances, the Company shall be entitled to assume that a professional client is able financially to bear any investment risks consisted with its investment objectives.

- e) The Company must inform retail clients of material difficulties relevant to the proper carrying out of their order(s) promptly upon becoming aware of the difficulty.

The Company does not need to inform the Professional Clients of material difficulties relevant to the proper carrying out of their order(s) promptly.

- f) The Company is required to provide retail clients:
- i. With more information than Professional Clients as regards execution of orders other than for portfolio management
  - ii. With periodic statements in respect of portfolio management activities carried out on their behalf, more frequently than for Professional Clients
- g) Where the Company provides portfolio management transactions for retail clients or operates retail client accounts that include an uncovered open position in a contingent liability transaction, it shall also report to the retail client any losses exceeding any predetermined threshold, agreed between the Company and the client, no later than the end of the business day in which the threshold is exceeded or, in case where the threshold is exceeded on a non-business day, the close of the next business day.
- h) If the Company provides an investment service other than investment advice to a new retail client, the Company must enter into a written basic agreement with the client, setting out the essential rights and obligation of the firm and the client.
- i) The Company shall not use financial instruments held by it on behalf of a client for its own account or the account of another client of the Company, without the client's prior express consent to the use of the instruments on specified terms, as evidenced, in the case of a retail client, by his signature or equivalent alternative mechanism.
- j) The Company is not required to provide to the Professional Clients a periodic statement as frequently or as detailed as for retail clients.

- k) The Company is not required to notify Professional Clients of whether interest is payable on it whereas the Company shall notify retail clients if such case exists.
- l) Retail clients may be entitled to compensation under the Investor Compensation Fund for clients of Investment Firms, whereas Professional Clients are not entitled for such compensation. The purpose of this Investor Compensation Fund is to secure the claims of clients through the payment of compensation, if the necessary preconditions are fulfilled.

## Eligible counterparties

Where the Company treats the Client as an eligible counterparty, the Client will be entitled to fewer protections under the law than he/she/they would be entitled to as a professional client. In particular, and in addition to the above:

- a) The Company is not required to provide the Client with the best execution the Client's orders;
- b) The Company is not required to disclose to Client information regarding any fees or commissions that the Company pays or receives;
- c) The Company is not required to assess the suitability or 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 him/her/they and that he/she/they is/are able financially to bear any investment risks consisted with his/her/their investment objectives;
- d) The Company is not required to provide the Client with information about the Company, its services and the arrangements through which the Company will be remunerated;
- e) The Company is not required to provide the Client with risk disclosures on the products or services that he/she/they select/s from the Company; and
- f) The Company is not required to provide reports to the client on the execution of his/her/it orders.

## General Information

**In case of dispute, the English version prevails.**

For more detailed information you can visit the Cyprus Securities and Exchange Commission website at <http://www.cysec.gov.cy>.

Further information is available upon request from Company's means of communication:

Tel: +25252371, email : [compliance@igmfx.com](mailto:compliance@igmfx.com)



address

**1 Agios Zonis, No. 504, Block B,  
5<sup>th</sup> Floor, Nikolaou Pentadromos  
Center Building, 3026, Limassol**

contact

**+357 25 252 371**

**Support @igmfx.com**

**IGM Forex Ltd.**

Registered in Cyprus under the Companies  
Law (Registration No. HE 346738)

Authorized and regulated by the Cyprus  
Securities and Exchange Commission  
(License no. **309/16** )

**Website:** [www.igmfx.com](http://www.igmfx.com)