Client Categorisation Policy

CLIENT CATEGORISATION POLICY UNDER THE DIRECTIVE ON MARKETS IN FINANCIAL INSTRUMENTS (2014/65/EU)

VertexAlpha Services Ltd, operating as Bexsero Capital and Bexsero Capital EU (hereinafter referred to as the "**Company**") is operating under the Investment Services and Activities and Regulated Markets Law of 2017 with number L.87(I)/2017 (hereinafter "Law") which transposed 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 (the "Markets in Financial Instruments Directive (2014/65/EU)") as modified or amended from time to time (hereinafter "MiFID II").

Client Categorisation:

One of the main consequences of MiFID II is that entities carrying on investment business are subject to specific regulatory requirements, including obligations to protect investors. A fundamental part of this regulatory framework is the requirement to categorize clients.

We, at VertexAlpha Services Ltd, are required under MiFID II to categorize you as Eligible Counterparty, Professional Client or Retail Client so that when carrying out business with you we can provide the level of information, services and protection that is appropriate to and consistent with your categorisation.

The Client Categorisation Policy (the "**Policy**") is to inform you that we will, on the basis of the information available to us, treat you as a Retail Client as specified in MiFID II in providing our services to you.

This categorisation will apply to all of our MiFID II-related businesses with you unless otherwise agreed.

You may, however, request to be treated as a Professional Client instead, provided that the relevant criteria and procedure are fulfilled in accordance with MiFID II.

If we agree to categorize you as a Professional Client, you may need to waive some of the protection that is afforded by the conduct of business rules to this type of client under the regulatory system.

Clients who wish to request classification as a Professional Client should complete the Professional Client Application. The eligibility criteria and application process are described in that application. It is your responsibility to inform us if we have not categorized you correctly and if any change occurs which could affect your categorisation as a Retail Client.

Retail Clients	Professional Clients
Retail client is a client who is not professional client or an eligible counterparty. Retail clients (Natural Persons and Legal Entities) will receive the greatest possible protection for investors.	Professional client is a client who possesses the necessary experience, knowledge, and expertise to make his/her own investment decisions and properly assess the risks that he/she may incur. In order to be considered a professional client, the client must comply with the below criteria.

Part A: Categories of clients who are considered to be professionals:

The following should be considered as professionals in all investment services and activities and financial instruments:

1. Entities which are required to be authorized or regulated to operate in the financial markets. The list below should be understood as including all authorized entities carrying out the characteristic activities of the entities mentioned: entities authorized by a Member State under a European Community Directive, entities authorized or regulated by a Member State without reference to such Directive, and entities authorized or regulated by a non-Member State:
    a. Credit Institutions
    b. Investment Firms
    c. Other authorized 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. Other institutional investors

2. Large undertakings meeting two of the following size requirements on a proportional 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.

3. National and regional governments, public bodies that manage public debt, Central Banks, international and supranational institutions such as the World Bank, the International Monetary Fund (IMF), the European Central bank (ECB), the European Investment Bank (EIB) and other similar international organizations.

4. Other institutional investors whose main activity is to invest in financial instruments, including entities dedicated to the securitization of assets or other financing transactions.

The aforementioned entities are considered to be "professional clients". They are however allowed to request non-professional treatment, and the Company may agree to provide a higher level of protection. Where the client of the Company is an undertaking referred to above, the Company must inform the client 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 unless the Company and the client agree otherwise. The client may 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 is deemed 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 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 will specify whether this applies to one or more particular services or transactions, or to one or more types of products or transaction.

Part B: Clients who may be treated as "professionals on request"

1. *Identification criteria:*

Clients other than those mentioned in Part A 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 of the above clients as professionals provided that the relevant criteria and procedure mentioned below are fulfilled. These clients should not, however, be presumed to possess market knowledge and experience comparable to that of the categories listed in Part A above.

Any such waiver of the protection afforded by the standard conduct of business regime will 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 client is capable of making his own investment decisions and understanding the risks involved.

The fitness test applied to managers and directors of entities licensed under European Directives in the financial field could be regarded as an example of the assessment of expertise and knowledge. 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.

In the course of the 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.

2. *Procedure for reclassification:*

The retail clients as defined above may waive the benefit from the detailed rules of conduct only where the following procedure is followed:

- They must submit the Professional Client Application requesting 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 will give them a clear written warning of the protections and investor compensation rights they may lose,
- They must acknowledge, within the Professional Client Application, that they understand and accept the consequences of losing the protections offered to Retail Clients.

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 requirements stated above.

However, if clients have already been categorized as professionals under parameters and procedures similar to those above, it is not intended that their relationships with the Company should be affected by any new rules adopted pursuant to the Directive and legislation mentioned above.

The Company implements appropriate written internal policies and procedures to categorize clients. Professional clients are responsible for keeping the Company informed about any change which could affect their current categorisation. Should the Company become aware however that the client no longer fulfils the initial conditions, which made him eligible for professional treatment, the Company will take appropriate actions.

Part C: Eligible Counterparties

A. Where permitted under the Company's authorisation and applicable law, the Company may bring about or enter into transactions with eligible counterparties without being obliged to comply with the obligations under Articles 25, 26, 28 and 29(1) of L 87(I)/2017 in respect of those transactions and services or in respect of any ancillary service directly related to those transactions..

- Article 25: General Principles and information to Clients (except subsections (4) and (5))
- Article 26: Assessment of suitability and appropriateness and reporting to clients (except subsection (6))
- Article 28: Obligation to execute orders on terms most favorable to the Client
- Article 29(1): Client orders handling rules

B. The following entities shall be recognized as eligible counterparties:

- Investment Firms
- Credit institutions
- Insurance companies

- UCITS and their management companies
- Pension funds and their management companies
- Other financial institutions authorized 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 organizations.

Classification as an eligible counterparty under Section 3(i) 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 the CIF is subject to sections 25, 26, 28 and 29.

Furthermore, the Company recognizes as eligible counterparties member state undertakings, other than those referred above meeting pre-determined proportionate requirements, including quantitative thresholds. In the event of a transaction where the prospective counterparty is located in another member state, the Company will defer to the status of the other undertaking as determined by the legislation of the said member state in which that undertaking is established.

The Company may recognize an undertaking as an Eligible Counterparty if that undertaking falls within paragraphs (1), (2) or (3) of Section I of Annex II to MiFID II.

The Company recognizes as eligible counterparties, third country entities which are equivalent to those categories of entities referred to in Section 3(ii).

The Company, when it enters into such transactions with eligible counterparties, will obtain express confirmation from the prospective counterparty that it agrees to be treated as an eligible counterparty. This confirmation may be obtained either in the form of a general agreement or with respect to each individual transaction.

Where a client requests to be treated as an Eligible Counterparty, the Company will provide the client with a written warning of the consequences of such request, including the protections the client may lose. The client must confirm in writing that it wishes to be treated as an Eligible Counterparty, either generally or in respect of

one or more investment services, transactions, types of transaction or products, and that it is aware of the consequences of losing such protections.

If an eligible counterparty requests treatment as a client whose business with the Company is subject to the following articles of the Law:

- Article 25: General Principles and information to Clients
- Article 26: Assessment of suitability and appropriateness and reporting to clients
- Article 28: Obligation to execute orders on terms most favorable to the Client
- Article 29(1): Client orders handling rules,

but 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. If that eligible counterparty expressly requests treatment as a retail client, the provisions in respect of requests for non-professional treatment shall apply.

It is the responsibility of the client, considered to be 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 wishes 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.

Part D: Request for Different Classification

A. The Retail Client has the right to request the different classifications of Professional Client, but he/she/it will be afforded a lower level of protection. The Company is not obliged to deal with him/her on this basis.

B. The Professional Client has the right to request the different classification of Retail Client in order to obtain a higher level of protection. The Company is not obliged to deal with the Client on this basis.

   Any professional client has the right to request to be reclassified as a retail client in order to obtain higher protection. It is the responsibility of the client, considered to be 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 client 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 will specify whether this applies to one or more particular services or transactions or to one or more types of products or transactions.

C. The Eligible Counterparty has the right to request a different classification of either as a Professional Client or Retail Client in order to obtain a higher level of protection. The Company is not obliged to deal with the Client on this basis

Part E: Protection of clients

1. Retail Clients / Professional Clients

Where the Company treats the client as a retail client, the client will be entitled to more protection under the law than it would be entitled to as a professional client. In summary, the additional protections retail clients are entitled to comparing to professional clients are as follows:

A. A retail client will be given more information and disclosures with regard to the Company, its services and any investments, its costs, commissions, fees and charges.

   Professional clients will be given fewer information disclosures with regard to the Company, its services, products and financial instruments such as CFDs, for

example on costs, commission, fees and charges, information on overall risks associated with CFDs but essential elements will be provided. The Company should inform professional clients about all costs and charges as set out in the aforementioned regulations, 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/instruments, or types of transaction or product, for which the client is classified as a professional client.

C. Where the Company is authorised to provide, and provides, investment advice or portfolio management services, the applicable suitability assessment requirements will apply. In relation to a Professional Client, the Company may, where permitted under applicable legislation, make certain assumptions regarding the client's experience and knowledge and, where applicable, the client's ability to financially bear the relevant investment risks.

D. When executing orders, the Company must take all sufficient steps to achieve what is called "best execution" of the retail client's orders that is to obtain the best possible result for its 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 costs 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 third parties involved in the execution of the order. The Company shall also send a notice to a Retail Client confirming execution of the order as soon as possible and no later than the first business day following receipt of the confirmation from the third party, as applicable,

For Professional Clients when providing 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.

Professional clients are also entitled to confirmation for the execution of their order, however there is no specific timeframe involved as to when the Professional Client will receive this information. Nevertheless, this confirmation shall be provided promptly.

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.

As a Company for Professional clients, 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. The Company is required to provide Retail and Professional Clients with a written basic agreement , setting out the essential rights and obligations of both parties.

H. Where we are holding client money, we are not required to notify Professional Clients of whether interest is payable on it, whereas the Company shall notify Retail Clients if such a case exists.

I. Retail clients may be entitled to compensation under the Investor Compensation Fund for Clients of Investment Firms, whereas Professional Clients will not be entitled to such compensation.

2. Eligible Counterparties:

Where the Company treats the client as an eligible counterparty, the client will be entitled to fewer protections under the law than it 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 best execution in executing 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 clients 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 the Company provides to the client;

D. The Company is not required to provide the client with information about the Company, its services, execution venues and the arrangements through which the Company will be remunerated;

E. The Company is not required to provide reports to the client on the execution of his/her/it orders.

F. The Eligible Counterparties are not entitled to compensation under the Investor Compensation Fund.

General Information

The above information is based on the Markets in Financial Instruments Directive (MiFID II) 2014/65/EU as well as the Investment Services and Activities and Regulated Markets Law of 2017 (87(I)/2017). For further information you can visit the Cyprus Securities and Exchange Commission website at https://www.cysec.gov.cy