

Differences in investor protection between the categories of retail client and professional client

A retail client may request to be treated as a professional client. Such a request by a client is subject to the discretion of Mega Equity Securities & Financial Services Public Ltd exercised pursuant to the provisions of the Law.

It is noted that differences in treatment between retail clients and professional clients relating to the time prior to the signing of the Agreement are not set out below.

Investor protection for retail clients

Paragraph 1

Mega Equity Securities & Financial Services Public Ltd ensures that all information, it addresses to, or disseminates in such a way that it is likely to be received by, retail clients including marketing communications and, furthermore, satisfies the conditions laid down in subparagraphs 1 to 7.

(1) The information referred to above:

- (a) includes the name of the IF - Mega Equity Securities & Financial Services Public Ltd
- (b) is accurate and in particular does not emphasise any potential benefits of an investment Service or Financial Instrument without also giving a fair and prominent indication of any relevant risks;
- (c) is sufficient for, and is presented in a way that is likely to be understood by, the average member of the group to whom it is directed, or by whom it is likely to be received;
- (d) does not disguise, diminish or obscure important items, statements or warnings.

(2) Where the information compares investment or ancillary Services, Financial Instruments, or persons providing investment or ancillary Services, the following conditions are satisfied:

- (a) the comparison is meaningful and presented in a fair and balanced way;
- (b) the sources of the information used for the comparison are specified;
- (c) the key facts and assumptions used to make the comparison are included.

(3) Where the information contains an indication of past performance of a Financial Instrument, a financial index or an investment Service, the following conditions are satisfied:

- (a) that indication is not the most prominent feature of the communication;
- (b) the information includes appropriate performance information which covers the immediately preceding 5 years, or the whole period for which the Financial Instrument has been offered, the financial index has been established, or the investment Service has been provided if less than five years, or such longer period as the firm may decide, and in every case that performance information is based on complete 12-month periods;
- (c) the reference period and the source of information is clearly stated;
- (d) the information contains a prominent warning that the figures refer to the past and that past performance is not a reliable indicator of future results;
- (e) where the indication relies on figures denominated in a currency other than that of the Member State in which the retail client is resident, the currency is clearly stated, together with a warning that the return may increase or decrease as a result of currency fluctuations;
- (f) where the indication is based on gross performance, the effect of commissions, fees or other charges is disclosed.

(4) Where the information includes or refers to simulated past performance, it relates to a Financial Instrument or a financial index, and the following conditions are satisfied:

- (a) the simulated past performance is based on the actual past performance of one or more Financial Instruments or financial indices which are the same as, or underlie, the Financial Instrument concerned;
- (b) in respect of the actual past performance referred to in point (a), the conditions set out in points (a) to (c), (e) and (f) of subparagraph 4 are complied with;
- (c) the information contains a prominent warning that the figures refer to simulated past performance and that past performance is not a reliable indicator of future performance.

(5) Where the information contains information on future performance, the following conditions are satisfied:

- (a) the information is not based on or refers to simulated past performance;
- (b) the information is based on reasonable assumptions supported by objective data;
- (c) where the information is based on gross performance, the effect of commissions, fees or other charges are disclosed;
- (d) the information contains a prominent warning that such forecasts are not a reliable indicator of future performance.

(6) Where the information refers to a particular tax treatment, it prominently states that the tax treatment depends on the individual circumstances of each client and may be subject to change in the future.

(7) The information does not use the name of any competent authority in such a way that would indicate or suggest endorsement or approval by that authority of the products or services of . Mega Equity Securities & Financial Services Public Ltd

Paragraph 2

Mega Equity Securities & Financial Services Public Ltd , in good time, before the provision of investment or ancillary Services to retail clients provides the information required under **paragraphs 3 to 6**.

If Mega Equity Securities & Financial Services Public Ltd has not already provided the information set out in **paragraphs 3 to 6** then it shall provide the information to a retail client immediately after starting to provide the service.

Paragraph 3

(1) Mega Equity Securities & Financial Services Public Ltd provides retail clients with the following general information, where relevant:

(a) the name and address of Mega Equity Securities & Financial Services Public Ltd , and the contact details necessary to enable clients to communicate effectively with Mega Equity Securities & Financial Services Public Ltd ;

(b) the languages in which the client may communicate with Mega Equity Securities & Financial Services Public Ltd , and receive documents and other information from the IF;

(c) the methods of communication to be used between Mega Equity Securities & Financial Services Public Ltd and the client including, where relevant, those for the sending and reception of orders;

(d) a statement of the fact that Mega Equity Securities & Financial Services Public Ltd is authorised and the name and contact address of the competent authority that has authorised it;

(e) where Mega Equity Securities & Financial Services Public Ltd is acting through a tied agent, a statement of this fact specifying the Member State in which that agent is registered;

(f) the nature, frequency and timing of the reports on the performance of the service to be provided by Mega Equity Securities & Financial Services Public Ltd to the client in accordance with section 36(1)(g) of the Law;

(g) if Mega Equity Securities & Financial Services Public Ltd holds client Financial Instruments or funds, a summary description of the steps which it takes to ensure their protection, including summary details of any relevant investor compensation or deposit guarantee scheme which applies to Mega Equity Securities & Financial Services Public Ltd by virtue of its activities in the Republic or in other Member State;

(h) a description, which may be provided in summary form, of the conflicts of interest policy maintained by Mega Equity Securities & Financial Services Public Ltd in accordance with paragraph 23 of the Directive for the Authorisation and Operating Conditions of Cyprus Investment Firms;

(i) at any time that the client requests it, further details of that conflicts of interest policy in a durable medium or by means of a website (where that does not constitute a durable medium) provided that the conditions specified in paragraph 4(2) of the Law are satisfied.

(2) Mega Equity Securities & Financial Services Public Ltd , when providing the investment Service of portfolio management, establishes an appropriate method of evaluation and comparison such as a meaningful benchmark, based on the investment objectives of the client and the types of Financial Instruments included in the client portfolio, so as to enable the client for whom the service is provided to assess Mega Equity Securities & Financial Services Public Ltd performance.

(3) Mega Equity Securities & Financial Services Public Ltd , when it proposes to provide portfolio management services to a retail client provides the retail client, in addition to the information required under subparagraph (1), with such of the following information as is applicable:

(a) information on the method and frequency of valuation of the Financial Instruments in the client portfolio;

(b) details of any delegation of the discretionary management of all or part of the Financial Instruments or funds in the client portfolio;

(c) a specification of any benchmark against which the performance of the client portfolio will be compared;

(d) the types of Financial Instrument that may be included in the client portfolio and types of transactions that may be carried out in such instruments, including any potential relevant limits;

(e) the management objectives, the level of risk to be reflected in the manager's exercise of discretion, and any specific constraints on that discretion.

(3) Mega Equity Securities & Financial Services Public Ltd shall provide the professional clients with the information referred to in paragraphs 4(5) and (6) in good time before the provision of the service concerned.

Paragraph 4

(1) Mega Equity Securities & Financial Services Public Ltd provides clients with a general description of the nature and risks of Financial Instruments, taking into account, in particular, the client's categorisation either as a retail or professional client. That description must explain the nature of the specific type of instrument concerned, as well as the risks particular to that specific type of instrument in sufficient detail to enable the client to take investment decisions on an informed basis.

(2) The description of risks includes, where relevant to the specific type of instrument concerned and the status and level of knowledge of the client, the following elements:

(a) the risks associated with that type of Financial Instrument including an explanation of leverage and its effects and the risk of losing the entire investment;

(b) the volatility of the price of the specific instrument and any limitations on the available market for such instrument;

(c) the fact that an investor might assume, as a result of transactions in such instruments, financial commitments and other additional obligations, including contingent liabilities, additional to the cost of acquiring the instruments;

(d) any margin requirements or similar obligations, applicable to instruments of that type.

(3) If Mega Equity Securities & Financial Services Public Ltd provides a retail client with information about a Financial Instrument that is the subject of a current offer to the public and a prospectus has been published in connection with that offer in accordance with the Public Offer and Informative Bulletin Law, the IF informs the client where that prospectus is made available to the public.

(4) Where the risks associated with a Financial Instrument composed of two or more different Financial Instruments or Services are likely to be greater than the risks associated with any of its components, Mega Equity Securities & Financial Services Public Ltd provides an adequate description of the components of that instrument and the way in which their interaction increases the risks.

(5) In the case of Financial Instruments that incorporate a guarantee by a third party, the information about the guarantee includes sufficient details about the guarantor and the guarantee to enable the retail client to make a fair assessment of the guarantee.

Paragraph 5

(1) Where Mega Equity Securities & Financial Services Public Ltd holds Financial Instruments or funds belonging to the retail clients, it shall provide the retail clients with such of the information specified in subparagraphs (2) to (7) as is relevant.

(2) Mega Equity Securities & Financial Services Public Ltd informs the retail client where the Financial Instruments or funds of that client may be held by a third party on behalf of Mega Equity Securities & Financial Services Public Ltd and of the responsibility of Mega Equity Securities & Financial Services Public Ltd for any acts or omissions of the third party and the consequences for the client of the insolvency of the third party.

(3) Where funds or Financial Instruments of the retail client are held in an omnibus account by a third party, Mega Equity Securities & Financial Services Public Ltd informs the client of this fact and provides a prominent warning of the resulting risks.

(4) Mega Equity Securities & Financial Services Public Ltd informs the retail client where it is not possible for client Financial Instruments held with a third party to be separately identifiable from the proprietary Financial Instruments of that third party or of Mega Equity Securities & Financial Services Public Ltd and provides a prominent warning of the resulting risks.

(5) Mega Equity Securities & Financial Services Public Ltd informs the client where accounts that contain Financial Instruments or funds belonging to that client are or will be subject to the law of a jurisdiction other than that of a Member State and indicates that the rights of the client relating to those Financial Instruments or funds may differ accordingly.

(6) Mega Equity Securities & Financial Services Public Ltd informs the client about the existence and the terms of any security interest or lien which Mega Equity Securities & Financial Services Public Ltd has or may have over the client's Financial Instruments or

funds, or any right of set-off it holds in relation to those instruments or funds. Where applicable, it also informs the client of the fact that a depository may have a security interest or lien over, or right of set-off in relation to those instruments or funds.

(7) Mega Equity Securities & Financial Services Public Ltd , before entering into securities financing transactions in relation to Financial Instruments held by it on behalf of the retail client, or before otherwise using such Financial Instruments for its own account or the account of another client, in good time before the use of those instruments provides the retail client, in a durable medium, with clear, full and accurate information on the obligations and responsibilities of Mega Equity Securities & Financial Services Public Ltd with respect to the use of those Financial Instruments, including the terms for their restitution, and on the risks involved.

Paragraph 6

(1) Mega Equity Securities & Financial Services Public Ltd provides its retail clients with information on costs and associated charges that includes such of the following elements as are relevant:

(a) the total price to be paid by the client in connection with the Financial Instrument or the investment or ancillary service, including all related fees, commissions, charges and expenses, and all taxes payable via Mega Equity Securities & Financial Services Public Ltd or, if an exact price cannot be indicated, the basis for the calculation of the total price so that the client can verify it;

(b) where any part of the total price referred to in point (a) is to be paid in or represents an amount of foreign currency, an indication of the currency involved and the applicable currency conversion rates and costs;

(c) notice of the possibility that other costs, including taxes, related to transactions in connection with the Financial Instrument or the investment service may arise for the client that are not paid via Mega Equity Securities & Financial Services Public Ltd or imposed by it;

(d) the arrangements for payment or other performance.

For the purposes of point (a), the commissions charged by Mega Equity Securities & Financial Services Public Ltd are itemised separately in every case.

Paragraph 7

(1) Mega Equity Securities & Financial Services Public Ltd obtains from clients such information as is necessary for Mega Equity Securities & Financial Services Public Ltd to understand the essential facts about the client and to have a reasonable basis for believing, giving due consideration to the nature and extent of the service provided, that the specific transaction to be entered into in the course of providing a portfolio management service or to be recommended in the course of providing investment advice service satisfies the following criteria:

(a) it meets the investment objectives of the client in question;

(b) it is such that the client is able financially to bear any related investment risks consistent with his investment objectives;

(c) 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.

(2) Where Mega Equity Securities & Financial Services Public Ltd 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 subparagraph 1(c).

Where that investment service consists in the provision of investment advice to a professional client covered by Part A of Annex II of the Law, Mega Equity Securities & Financial Services Public Ltd shall be entitled to assume for the purposes of subparagraph 1(b) that the client is able financially to bear any related investment risks consistent with the investment objectives of that client.

Paragraph 8

When Mega Equity Securities & Financial Services Public Ltd is assessing whether an investment Service other than the Service of portfolio management or the service of investment advice, as referred to in Section 36(1) (d) of the Law is appropriate for a client, it determines whether that client has the necessary experience and knowledge in order to understand the risks involved in relation to the product or investment service offered or demanded.

For those purposes, Mega Equity Securities & Financial Services Public Ltd 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.

Paragraph 9

Mega Equity Securities & Financial Services Public Ltd, when providing investment Services other than investment advice or portfolio management, asks the 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 Mega Equity Securities & Financial Services Public Ltd to assess whether the investment service or product envisaged is appropriate for the client; where Mega Equity Securities & Financial Services Public Ltd considers, on the basis of the information received under this paragraph, that the investment service or financial product is not appropriate for the client Mega Equity Securities & Financial Services Public Ltd shall warn the client; this warning may be provided in a standardised format; where the client elects not to provide the information regarding his knowledge and experience, or where he provides insufficient information regarding his knowledge and experience, Mega Equity Securities & Financial Services Public Ltd warns the client that such a decision will not allow Mega Equity Securities & Financial Services Public Ltd to determine whether the investment Service or financial product envisaged is appropriate for him; this warning may be provided in a standardised format. When Mega Equity Securities & Financial Services Public Ltd provides investment services that only consist of the reception and transmission or/and execution of client orders with or without ancillary services, it may provide those investment Services to its clients without the need to make the determination provided for above, if all the following conditions are met:

(a) The above services relate to shares admitted to trading on a regulated market or in an equivalent third country market, money market instruments, bonds or other forms of securitised debt (excluding those bonds or securitised debt that embed a derivative), UCITS and other non-complex Financial Instruments, a third country market shall be considered as equivalent to a regulated market if it complies with requirements equivalent to those laid down in Part X III.

(b) the Service is provided at the initiative of the client (c) the client has been clearly informed that in the provision of this Service Mega Equity Securities & Financial Services Public Ltd is not required to assess the appropriateness of the Financial Instrument or investment service provided or offered and that therefore he does not benefit from the corresponding protection of the relevant conduct of business rules; this warning may be provided in a standardised format,

(d) the IF complies with its obligations under section 29 of the Law.

Paragraph 10

When Mega Equity Securities & Financial Services Public Ltd provides an investment Service other than investment advice to a new retail client for the first time after the date of application of the Directive it proceeds to enter into a written basic agreement, in paper or another durable medium, with the client setting out the essential rights and obligations of Mega Equity Securities & Financial Services Public Ltd and the client.

The rights and duties of the parties to the agreement may be incorporated by reference to other documents or legal texts.

Paragraph 11

(1) Where Mega Equity Securities & Financial Services Public Ltd has carried out an order, other than for portfolio management, on behalf of a client, it takes the following action in respect of that order:

(a) Mega Equity Securities & Financial Services Public Ltd promptly provides the client, in a durable medium, with the essential information concerning the execution of that order;

(b) in the case of a retail client, Mega Equity Securities & Financial Services Public Ltd sends the client a notice in a durable medium confirming execution of the order as soon as possible and no later than the first business day following execution or, if the confirmation is received by Mega Equity Securities & Financial Services Public Ltd from a third party, no later than the first business day following receipt of the confirmation from the third party.

Point (b) does not apply where the confirmation would contain the same information as a confirmation that is to be promptly dispatched to the retail client by another person.

Points (a) and (b) do not apply where orders executed on behalf of clients relate to bonds funding mortgage loan agreements with the said clients, in which case the report on the transaction is made at the same time as the terms of the mortgage loan are communicated, but no later than one month after the execution of the relevant order.

(2) In addition to the requirements under subparagraph 1, Mega Equity Securities & Financial Services Public Ltd supplies the client, on request, with information about the status of his order.

(3) In the case of orders for retail clients relating to units or shares in a collective investment undertaking which are executed periodically, Mega Equity Securities & Financial Services Public Ltd either takes the action specified in subparagraph 1(b) or provides the retail client, at least once every six months, with the information listed in subparagraph 4 in respect of those transactions.

(4) The notice referred to in subparagraph 1(b) includes such of the following information as is applicable and, where relevant, in accordance with Table 1 of Annex I of Regulation (EC) No 1287/2006:

- (a) the reporting IF identification;
- (b) the full name, in case of a physical person or the trade name in case of a legal person or other designation of the client;
- (c) the trading date;
- (d) the accurate trading time;
- (e) the type of the order;
- (f) the venue identification;
- (g) the instrument identification;
- (h) the buy/sell indicator;
- (i) the nature of the order if other than buy/sell;
- (j) the quantity;
- (k) the unit price;
- (l) the total consideration;
- (m) a total sum of the commissions and expenses charged and, where the retail client so requests, an itemised breakdown;
- (n) the client's responsibilities in relation to the settlement of the transaction, including the time limit for payment or delivery as well as the appropriate account details where these details and responsibilities have not previously been notified to the client;
- (o) if the client's counterparty was Mega Equity Securities & Financial Services Public Ltd itself or any person in the group of Mega Equity Securities & Financial Services Public Ltd or another client of the IF, the fact that this was the case unless the order was executed through a trading system that facilitates anonymous trading.

For the purposes of point (k), where the order is executed in tranches, Mega Equity Securities & Financial Services Public Ltd may supply the client with information about the price of each tranche or the average price. Where the average price is provided, Mega Equity Securities & Financial Services Public Ltd supplies the retail client with information about the price of each tranche upon request.

(5) Mega Equity Securities & Financial Services Public Ltd may provide the client with the information referred to in subparagraph 4 using standard codes if it also provides an explanation of the codes used.

Paragraph 12

(1) Where Mega Equity Securities & Financial Services Public Ltd provides the service of portfolio management to clients it provides each such client with a periodic statement in a durable medium of the portfolio management activities carried out on behalf of that client unless such a statement is provided by another person.

(2) In the case of retail clients, the periodic statement required under subparagraph 1 includes, where relevant, the following information:

- (a) the name of Mega Equity Securities & Financial Services Public Ltd ;
- (b) the full name, in case of a physical person or the trade name in case of a legal person or other designation of the retail client's account;
- (c) a statement of the contents and the valuation of the portfolio, including details of each Financial Instrument held, its market value, or fair value if the market value is unavailable and the cash balance at the beginning and at the end of the reporting period, and the performance of the portfolio during the reporting period;
- (d) the total amount of fees and charges incurred during the reporting period, itemising at least total management fees and total costs associated with execution, and including, where relevant, a statement that a more detailed breakdown will be provided on request;
- (e) a comparison of performance during the period covered by the statement with the investment performance benchmark if so agreed between Mega Equity Securities & Financial Services Public Ltd and the client;
- (f) the total amount of dividends, interest and other payments received during the reporting period in relation to the client's portfolio;

- (g) information about other corporate actions giving rights in relation to Financial Instruments held in the portfolio;
- (h) for each transaction executed during the period, the information referred to in paragraph 10 (4)(c) to 10 (4) (l) where relevant, unless the client elects to receive information about executed transactions on a transaction-by-transaction basis, in which case subparagraph 4 of this paragraph shall apply.

(3) In the case of retail clients, the periodic statement referred to in subparagraph 1 is provided once every six months, except in the following cases:

- (a) where the client so requests, the periodic statement is provided every three months;
- (b) in cases where subparagraph 4 applies, the periodic statement is provided at least once every 12 months;
- (c) where the agreement between Mega Equity Securities & Financial Services Public Ltd and a retail client for a portfolio management service authorises a leveraged portfolio, the periodic statement must be provided at least once a month.

However, the exception provided for in point (b) does not apply in the case of transactions in Financial Instruments covered by paragraph (c) of the definition of 'transferable securities' of Section 2(1) of the Law or within paragraphs 4 to 10 of Part III of Annex III of the Law.

(4)

(a) Mega Equity Securities & Financial Services Public Ltd , in cases where the client elects to receive information about executed transactions on a transaction-by-transaction basis, provides promptly to the client, on the execution of a transaction by the portfolio manager, the essential information concerning that transaction in a durable medium.

(b) Where the client concerned is a retail client, Mega Equity Securities & Financial Services Public Ltd sends him a notice confirming the transaction and containing the information referred to in paragraph 10 (4) no later than the first business day following that execution or, if the confirmation is received by Mega Equity Securities & Financial Services Public Ltd from a third party, no later than the first business day following receipt of the confirmation from the third party.

Point (b) shall not apply where the confirmation contains the same information as a confirmation that is to be promptly dispatched to the retail client by another person.

Paragraph 13

When Mega Equity Securities & Financial Services Public Ltd provides portfolio management transactions for retail clients or operates retail client accounts that include an uncovered open position in a contingent liability transaction, it also reports to the retail client any losses exceeding any predetermined threshold, agreed between the firm and the client, no later than the end of the business day in which the threshold is exceeded or, in a case where the threshold is exceeded on a non-business day, the close of the next business day.

Paragraph 14

(1) When executing client orders, Mega Equity Securities & Financial Services Public Ltd takes into account the following criteria for determining the relative importance of the factors referred to in Section 38(1) of the Law (i.e. the factors of price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order):

- (a) the characteristics of the client including the categorisation of the client as retail or professional;
- (b) the characteristics of the client order;
- (c) the characteristics of Financial Instruments that are the subject of that order
- (d) the characteristics of the execution venues to which that order can be directed.

(2) Where Mega Equity Securities & Financial Services Public Ltd executes an order on behalf of a retail client, the best possible result is determined in terms of the total consideration, representing the price of the Financial Instrument and the costs related to execution, which 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.

Paragraph 15

(1) Mega Equity Securities & Financial Services Public Ltd, when providing the service of portfolio management, acts in accordance with the best interests of their clients when placing orders with other entities for execution that result from decisions by Mega Equity Securities & Financial Services Public Ltd to deal in Financial Instruments on behalf of its client.

(2) Mega Equity Securities & Financial Services Public Ltd, when providing the service of reception and transmission of orders, it acts in accordance with the best interests of their clients when transmitting client orders to other entities for execution.

(3) Mega Equity Securities & Financial Services Public Ltd takes all reasonable steps to obtain the best possible result for their clients taking into account the factors referred to in Section 38(1) of the Law. The relative importance of these factors shall be determined by reference to the criteria set out in paragraph 13(1) above for retail clients.

Paragraph 16

(1) Mega Equity Securities & Financial Services Public Ltd provides retail clients with the following details on their execution policy in good time prior to the provision of the service of execution of orders:

(a) an account of the relative importance Mega Equity Securities & Financial Services Public Ltd assigns, in accordance with the criteria specified in paragraph 13(1), to the factors referred to in Section 38(1) of the Law, or the process by which Mega Equity Securities & Financial Services Public Ltd determines the relative importance of those factors;

(b) a list of the execution venues on which Mega Equity Securities & Financial Services Public Ltd places significant reliance in meeting its obligation to take all reasonable steps to obtain on a consistent basis the best possible result for the execution of client orders;

(c) a clear and prominent warning that any specific instructions from a client may prevent the firm from taking the steps that it has designed and implemented in its execution policy to obtain the best possible result for the execution of those orders in respect of the elements covered by those instructions.

Paragraph 17

(1) When Mega Equity Securities & Financial Services Public Ltd is carrying out client orders it informs a retail client about any material difficulty relevant to the proper carrying out of orders promptly upon becoming aware of the difficulty.