

Procedure for MIFID client's categorization

Axiology

1 GENERAL PROVISIONS

- 1.1 This Procedure sets out the process and measures how Axiology DLT, UAB ("Axiology") categorises its clients as retail clients, professional clients, or eligible counterparties in accordance with the Markets in Financial Instruments Directive (MiFID II) and Regulation (EU) 2017/565. The Procedure also sets out the process how clients may request to a change of category.
- 1.2 The purpose of client categorisation is to determine the appropriate level of regulatory protection and disclosure for each client, based on their knowledge, experience, and ability to bear the risks associated with financial instruments and investment services.
- 1.3 Before providing any investment services, and where appropriately ancillary service, Axiology must inform the client of their assigned category. Axiology shall notify the client how they will be treated unless both the Client agree otherwise. Axiology shall provide the client, in writing, with information regarding the client's classification. Such information shall be included in the client agreement governing the provision of services, unless otherwise stipulated in this procedure or expressly agreed with the client in a separate written document.
- 1.4 Clients shall be informed of this Procedure prior to the provision of any investment or ancillary services. A copy of the Procedure shall be made available to clients in advance, either by direct provision or by publication on the Axiology website at www.axiology.xyz

2 CATEGORIES OF CLIENTS

- 2.1 Axiology's obligations and the level of regulatory protection granted to a client shall depend on the client's classification. Non-professional clients shall be afforded the highest degree of protection as prescribed by applicable legislation; professional clients shall be granted a reduced level of protection corresponding to their presumed expertise and experience; and eligible counterparties shall not be entitled to the conduct-of-business protections provided under the applicable regulatory framework.
- 2.2 Axiology shall classify each client into one of the applicable MiFID II categories based on the information provided by the client and on any additional verification carried out by the Axiology during the onboarding and assessment process.
- 2.3 Axiology categorizes clients into one of the following groups:
 - 2.3.1 Eligible counterparties;
 - 2.3.2 Professional clients;
 - 2.3.3 Retail clients.

Eligible counterparties

- 2.4 Eligible counterparties are entities that are authorised or regulated to operate within financial markets, such as credit institutions, investment firms, insurance companies, and pension funds and other entities referred to in Article 30(2) of MiFID II. These entities are considered to possess the highest level of expertise and risk awareness and therefore receive the lowest level of regulatory protection and disclosure.
- 2.5 Under MiFID II, eligible counterparties are classified as either Per Se Eligible Counterparties, which automatically meet the criteria set out in Article 30(2) of MiFID II, or Elective Eligible Counterparties, which acquire this status upon request and subject to the investment firm's approval in accordance with Article 30(3) of MiFID II.

Professional clients

- 2.6 For the purposes of this Procedure, professional clients are those who possess the experience, knowledge, and expertise necessary to make their own investment decisions and to properly assess the risks associated with those decisions.
- 2.7 Professional clients include the following categories of entities and undertakings:
 - 2.7.1 Entities authorised or regulated to operate in the financial markets. This category covers all entities that are required to be authorised or regulated to operate in the financial markets, regardless of whether such authorisation or regulation derives from European Union law, national legislation, or the laws of a third country. This includes, but is not limited to: Credit institutions; Investment firms; Other authorised or regulated financial institutions; Insurance companies; Collective investment schemes and their management companies; Pension funds and their management companies; Commodity and commodity derivatives dealers; and Other institutional investors.
 - 2.7.2 Large undertakings. Undertakings meeting at least two of the following size requirements on a

company basis shall also be considered professional clients: Balance sheet total: EUR 20,000,000; Net turnover: EUR 40,000,000; Own funds: EUR 2,000,000.

2.7.3 Public sector and international institutions. This category includes i) National and regional governments, including public bodies that manage public debt at the national or regional level; ii) Central banks; and iii) 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 organisations.

2.7.4 Other institutional investors. Other institutional investors whose main activity is to invest in financial instruments, including entities established for the purpose of asset securitisation or other financing transactions, shall also be classified as professional clients.

2.8 Under MiFID II, professional clients are classified as either Per Se professional clients, which automatically meet the criteria set out in Annex II of MiFID II, or clients who may be treated as professional clients on request, which acquire this status upon request and subject to the investment firm's approval in accordance with Section II of Annex II of MiFID II.

2.9 In the course of the assessment to determine whether a client may be treated as a professional client on request, the client must meet at least two of the following criteria:

2.9.1 The client has carried out transactions, in significant size, on the relevant market at an average frequency of ten per quarter over the previous four quarters;

2.9.2 The size of the client's financial instrument portfolio, including cash deposits and financial instruments, exceeds EUR 500,000;

2.9.3 The client works or has worked in the financial sector for at least one year in a professional position requiring knowledge of investment services or transactions of the type envisaged.

2.10 Where a client requests to be treated as a professional client on request, the client must specify in writing whether the requested classification is to apply to all investment services and transactions, or only to certain specified categories of services, transactions, or financial instruments.

Retail clients

2.11 Retail clients are those who do not fall within the categories of professional clients or eligible counterparties. They are considered to have the lowest level of experience, knowledge, and risk awareness, and therefore benefit from the highest level of regulatory protection and disclosure requirements under MiFID II.

3 REQUEST TO CHANGE CATEGORY

2.1 Professional clients and eligible counterparties are entitled to request a higher level of protection by asking to be treated as non-professional (retail) clients. Such treatment provides enhanced regulatory safeguards and disclosure obligations. The request may apply to all investment services or to one or more specific transactions or financial instruments. Axiology may, at its discretion, agree to such a request. It remains the responsibility of any professional client to seek a higher level of protection whenever it considers that it is unable to properly assess or manage the risks associated with its investments.

2.2 A higher level of protection shall be granted when a professional client enters into a written agreement with Axiology confirming its wish to be treated as a non-professional client for the purposes of the applicable conduct of business regime. The agreement shall specify whether the reclassification applies to all investment services, to one or more specific services or transactions, or to particular types of products or transactions.

2.3 Axiology reserves the right to refuse a request for reclassification where such change is not considered appropriate, including any request that would result in a partial reclassification that is, a change limited to a specific service, transaction, or product which would cause the client to hold multiple classifications simultaneously. Such mixed classifications are not permitted, as they may compromise the consistent application of the conduct-of-business rules.

2.4 Where a client seeks additional information or risk clarification in connection with a particular investment service or instrument, Axiology may, at its discretion, provide more detailed explanations of the relevant risks and service characteristics. The provision of such information does not, however, constitute a formal change in the client's categorisation unless expressly agreed in writing by both parties.

2.5 Clients who meet the criteria referred to in Clause 3.2 of this Procedure and wish to be treated as professional clients must submit a written request to Axiology, clearly specifying whether the request

applies to all investment services and activities, or only to particular services, transactions, or categories of financial instruments. Upon receipt of such a request, Axiology shall provide the client with a clear written warning outlining the protections and investor compensation rights that may be forfeited as a result of reclassification.

- 2.6 The client shall confirm their understanding and acceptance of these consequences in a separate written declaration, distinct from the main contractual documentation, expressly stating that they are aware of and accept the implications of waiving the protections afforded to non-professional clients.
- 2.7 Before approving any reclassification, Axiology shall take all reasonable steps to ensure that the client meets the relevant criteria for professional status in accordance with MiFID II and the applicable national framework. Once the assessment is complete and Axiology is satisfied that the client meets the criteria, the Axiology shall issue a written confirmation specifying the scope and effective date of the new status.
- 2.8 Axiology may, at its own initiative, reclassify a client to a higher protection category where such reclassification is justified by legal or regulatory requirements, supervisory expectations, or the Axiology's legitimate business interests.
- 2.9 Axiology shall maintain comprehensive internal policies and procedures to ensure that client categorisation is applied consistently and in accordance with MiFID II.
- 2.10 Professional clients and Eligible counterparties are responsible for promptly informing Axiology of any changes in their circumstances that could affect their current classification.
- 2.11 If Axiology becomes aware that a professional client no longer fulfils the conditions that justified their categorization, the Axiology shall take appropriate corrective action, which may include reassessment or reclassification of the client to a higher protection category. The categorisation of a client may change during the course of the business relationship, either at the client's request or as a result of a reassessment by Axiology based on updated information or regulatory developments.
- 2.12 Axiology shall ensure that the categorisation of each client remains accurate, justified, and compliant with the provisions of MiFID II and the applicable regulatory framework throughout the duration of the business relationship.