
Under Law No 3606/2007 “Markets in Financial instruments and other provisions” which came into force on November 1, 2007, MiFID was incorporated to the Greek legislation.

MiFID’s main objective is to enhance the development of a pan-European harmonized market in investment services through the establishment of a single set of regulatory rules for all European Member States and to provide a high level of protection to the investors by establishing detailed organizational requirements, operating and conduct of business rules for investment firms and protection rules for investors according to their categorization.

Assessment of Appropriateness of Provided Investment Service or Financial Instrument

In order to assess the appropriateness of the provided investment services or products to the individual Individual Client, AAAFx asks for information on his/ her knowledge and experience that will assert that he/ she is in the position of understanding the risks related to the requested investment service or financial instrument. If it is deemed that the Individual Client has the knowledge and experience and understands the risks involved in the investments on the financial instruments, AAAFx will provide the protection stipulated by the MiFID institutional framework. If the Individual Client does not provide AAAFx with the required information or AAAFx deems, on the basis of the information at its disposal, that the said investment service or financial instrument is not appropriate to the Individual Client, then the Company warns the client prior to commencing providing the service that it cannot assess whether the offered or requested investment service or financial instrument is the appropriate one for him/ her.

AAAFx considers the information provided by Individual Clients in general and special contracts, or their appendices, relating to the provision of investment services, to be true, and, as a consequence, is entitled to rely on the said information. AAAFx would like to inform its clients that in case of any change whatsoever in the information provided, the clients are obliged to inform AAAFx, otherwise the company bears no responsibility whatsoever.

As regarding Professional Clients, AAAFx can within reason assume that they have the experience and necessary knowledge in order to understand the risks involved in the financial instruments or investment services provided. This assumption involves Professional Clients by definition or per se and not the Clients categorized as Professionals, following their request for a change in their categorization.

Clients’ categorisation

AAAFx, complying with the new institutional framework on MiFID, divides its clients into three categories depending on the criteria determined by L. 3606/2007, the provided services/ products, as well as the Clients' data and information AAAFx has at its disposal. The categories are: "Individual Clients", "Professional Clients" and "Eligible Counterparties". The criteria on the basis of which AAAFx categorises its clients are set forth in APPENDIX I of these MiFID Terms of Business.
AAAFx treats each and every client according to his categorisation, by providing the relevant protection and level of information during the provision of investment services and the exercise of relevant activities, as determined by the new MiFID institutional framework, which varies depending on the experience and knowledge associated with the category the client belongs to. Within this framework, Individual Clients enjoy maximum protection contrary to Professional Clients and Eligible Counterparties for whom a lower level of protection is reserved, as they are treated by AAAFx as clients having specialized knowledge of investment services and with the financial ability to bear the investment risk involved in their investment goals.

The different treatment of the clients of AAAFx, depending on the category they belong to, is mainly focused on:

- the information notified to the client;
- the assessment of suitability and appropriateness of the investment service/products provided to the client;
- the reports sent to the client as regarding the return of the investment service;
- the obligation of executing orders on terms most favourable to the client.

More specifically about “Individual Clients”:

AAAFx characterizes as Individual Clients the clients who do not meet the requirements described in Appendix I in order to be classified as Professional Clients or Eligible Counterparties and, consequently, they are regularly informed, aiming at a higher level of protection. More specifically, AAAFx provides them with information as regarding the investment services company, the types and characteristics of financial instruments offered by AAAFx and the associated risks, information as regarding the safe keeping of the financial instruments from AAAFx, information as regarding the costs and charges, the best order execution, assessment of the compatibility of the product or service provided depending on their knowledge and investment experience under the conditions analyzed below, assessment of the suitability of investment advice or portfolio management, firstly depending on the experience/knowledge of the Individual Client and, secondly, on the investment objectives and the general financial status of the client.

“Professional Clients”:

AAAFx considers Professional Clients able to assess or properly manage the risks to which they are exposed. Please note that AAAFx does not assess the appropriateness of the investment service or product provided to its Professional Clients, while a lower level of protection applies to them, as regarding the Order Execution Policy of AAAFx (more specifically, the criteria taken into consideration for the best execution - such as price, cost, speed - may be different from the ones applied for “Individual Clients”) and the assessment of the suitability of the investment advice or portfolio management, (which is mainly based on their investment goals and the general financial status of the clients) given the fact that their specialized knowledge about investment services is taken for granted. Moreover, "Professional Clients are not provided with the same level of information as " Individual Clients", mainly as regarding portfolio management, for which the information provided is less detailed, the safe keeping of financial instruments or their assets, as well as the AAAFx Conflict of Interest Policy.
"Eligible Counterparties":

The clients categorized as "Eligible Counterparties" for the investment services of executing orders on behalf of clients, trading for own account and receiving and transmitting orders, falling under the application field of article 30, para 1, L.: 3606/2007, are treated by AAAFx as clients of specialized knowledge and as having the financial ability to bear the investment risk corresponding to their investment goals. As a consequence, on the basis of article 30, para 1, L. 3606/2007, they do not enjoy the kind of protection provided by specific provisions of the Law and the Decision of the Capital Market Commission, No 1/452/11.11.2007 on the "Conduct Rules of Investment Firms", such as the following: a) conduct of business obligations when providing investment services (suitability - appropriateness check etc, article 25, L. 3606/2007, b) best execution of clients' orders (article 27, L. 3606/2007) and c) obligation of applying procedures and mechanisms securing the timely, fair and quick execution of clients' orders (article 28, para 1, L. 3606/2007).

Right and Criteria of Change in Categorisation

The clients of AAAFx are entitled to ask in writing for a change in their categorisation for all or some of the investment services or financial instruments provided, on condition that they meet the Criteria of Change of Categorisation that constitute part of AAAFx Policy on Client Categorization, as determined in the attached Appendix I, MiFID Terms of Business, on the condition that AAAFx assesses their knowledge and experience in understanding the risks involved in their investment decisions, as regarding the financial instruments and services provided. If AAAFx, according to its absolute discretion and after taking into consideration the factors of the previous section, agrees with the change of categorisation, it will inform the client about the consequences arising from the change of category, the rights the client waives and the obligations assumed as well as about the date the change of categorisation will enter into force. The Client is obliged to notify AAAFx in writing that he/ she studied and fully understood the consequences arising from the change of categorisation and that he/she accepts them unreservedly.

INVESTOR COMPENSATION SYSTEM

The compensation payment to investors for liabilities arising from the provision of investment services is governed by the provisions on the Investor Compensation Fund. The coverage amount for the investment services offered to the Client comes up to thirty thousand (30,000) EUROS for all investment services provided to him.

INFORMATION ON THE NATURE OF FINANCIAL INSTRUMENTS AND THE RISKS RELATED TO THEM

Introduction

The document is not designed to present an exhaustive analysis of the risks associated with financial instruments offered or marketed by AAAFx, when providing investment or ancillary services. The purpose of this document is to provide clients with summarized information and a general warning about the risks associated with financial instruments so that clients have a reasonable understanding of the general nature and risks of financial instruments and, as a consequence, are able to make informed investment decision.
A. Derivatives

A.1 Overview

Derivatives are contracts that give one person the option or right to obtain from another person over the course of the investment period or on maturity of the derivative itself, an asset, the price of which is subject to fluctuation, or interest rate, for a price or obligations determined at the conclusion of the contract. The parties can negotiate on market or by mutual agreement (OTC).

These instruments are referred to as "derivatives" because they represent rights and financial commitments the value of which vary or is derived from underlying assets or liabilities.

There are various types of derivatives differentiated by the nature of the underlying instrument (shares, bonds, money-market instruments, interest rates or exchange rates, stock exchange indices or commodities etc.).

There are many combinations of products in which it is possible to invest and therefore derivatives are characterized by very diverse risk profiles. Some are characterized by limited risk and unlimited potential upside for one party while the other party takes an inverse position because it exposes itself to potentially unlimited losses and potentially limited gains.

In the same way, the mode of settlement of a product may have a significant impact on the types of risks associated with that product. Whilst derivatives that are settled by a cash payment are mainly subject to counter party risk and market risks, those that are physically settled with the delivery of the underlying instrument are subject to the same risks and directly to risks to the relevant underlying instrument after its delivery.

Besides the structure of the relevant product, much of the risk associated with derivatives contracts results from the fact that these contracts are leveraged. This means that it is necessary only to pay a part (by paying a premium or a deposit) of the total exposure to market risk opening and maintaining a position. The actual exposure to market risk with derivatives contracts can be an amount that is several times the premium or deposit paid.

For derivatives, market risk encompasses the exposure to changes in the value of market parameters such as interest rates, exchange rates, share prices, index movement or commodities prices, but also exposure to variations in the price of the underlying instrument or to other factors such as the implied volatility or the time value.

Given the wide range of risk profiles as regards derivatives, it is important to understand the specific risk/yield of any strategy in relation with the relevant product.

A.2 Option contracts

The buyer of an option acquires the right to buy (call) or to sell (put) to the seller a given quantity of an underlying instrument at a price determined beforehand (the strike price), or to receive an amount of monies equal to the difference between the strike price and the current price of the underlying instrument, on a definite date (a "European Option") or at any time until the maturity date (an "American Option"). The price paid for this right is called the premium. The seller of an option makes a commitment to the buyer to sell
(call) or to buy (put) the underlying instrument or to receive an amount equal to the difference in the price of the underlying instrument (see notably 1.4.5), at the strike price, whatever is the current price of the underlying instrument.

Market risk will be limited for the buyer of an option to the amount of the premium (revalued as the case may be) and it will be considerably higher for a seller.

The buyer takes counter party risk on the counter party with which it has negotiated the option.

**A.3 Futures contracts: forwards and futures**

A party to a forward or futures contract makes a commitment to receive or to deliver when due, a definite quantity of an underlying instrument, at a price determined at the time the contract is agreed. A party can also receive a payment if the value of the underlying instrument increases, while the other party can receive a payment in case of decrease in the value of the underlying instrument between two dates.

Futures are standardized instruments traded on a stock exchange (regulated or organised markets). They are contracts standardized as regards the quantity of the underlying instrument and the due dates for delivery or payment. Futures on commodities or physical goods can be generally distinguished from purely financial futures where the underlying instrument is a financial instrument.

Forwards are traded by mutual agreement (OTC). Their terms are either standardized, or agreed between the buyer and the seller.

In a forward sale, underlying instruments must be delivered at the price and the time agreed on the conclusion of the contract, even if the price of the underlying instrument has risen above this agreed price in the meantime. The risk of loss thus lies in the difference between these two values.

In theory as prices can have an unlimited upside, the exposure to potential loss is also potentially unlimited.

In a forward purchase, the delivery of underlying instruments must be at the price and time agreed when the contract is concluded, even if the price of the underlying instrument has fallen below the agreed price in the meantime. The risk of loss thus lies in the difference between these two values. At most it is possible to lose the amount corresponding to the agreed initial price.

A future rate agreement ("FRA") is a fixed income product particularly used to exchange a difference in interest rates in the same currency at a predetermined date. There is no exchange of any nominal amount, either at the beginning or at the end of the transaction. For example, a FRA allows an interest rate to be locked in. Used as a speculative product (in case the transaction does not provide for any financial instruments to be hedged), this product allows an investor to speculate on the increase (purchase of FRA) or the decrease (sale of FRA) of the reference-floating rate. The principal risk in relation to FRAs is linked to their sensitivity to interest rate movement.

**A.4 Swap**

At its most general, a swap is a contract by which the parties to it exchange interest flows or currencies.

Swaps can be distinguished according to their subject matter, the two main types or swap being the currency swap (or the exchange swap) and the interest rate swap.
The first one is a double transaction on currencies by which one party sells to another party at the spot price, an amount of currency and as a counterpart buys an amount in another currency, and agrees to buy it back at maturity at an agreed price which corresponds to the spot price increased or reduced by the difference in the interest rate between the two investments, given that the two swaps have equivalent terms for each of the relevant currencies. The main risk linked to this type of swap is thus interest rate risk on exchange rates, foreign exchange risk only on the implicit interests, liquidity risk and counter party risk.

The second type is a contract by which the parties "exchange" interest rates, that is, make a commitment to pay, on an agreed frequency, amounts corresponding to the application to a given nominal amount of different interest rates. The main risk linked to this type of swap is interest rate risk and counterpart risk.

B. General Risks

Besides the specific risks related to particular types of financial instruments set out in section one, there are certain risks that apply to any type of financial instrument. The types of risks described below can thus impact every type of investment.

B.1 Market risk

Market risk covers exposures in the change of the value of a market indicator such as interest rates, credit spreads, share prices, index prices commodities prices or variation in volatility.

Market risk does not cover exposures to (i) credit events linked to market transaction counter parties, or (ii) settlement/delivery risks, and legal or operational risks.

The different types of market risk is as follows:

- **Interest rate risk**
  Interest rate risk is the risk linked to an unfavorable fluctuation of interest rates. Interest rate risk also includes the cost of carry. The cost of carry is positive or negative of the financing cost of the asset is respectively lower or higher than the received interest. Thus, the cost of carrying for a floating rate loan can increase with a rise in rates. Fluctuations in interest rates can expose the holder of financial instruments to the risk of capital loss, The importance of the risk differs according to the type of financial instrument.

- **Spread risk**
  Spread risk measures the loss associated with an unfavorable change in the probability of implicit failure (estimated by the market) of a debtor, measured (if appropriate) by the rating of the issuer.

- **Leverage risk**
  Leverage Risk is characterized by an exposure to a market risk based on a notional amount that is higher than the invested capital (examples: option premiums or future contracts).

- **Correlation risk**
  Correlation is an indication that measures the degree according to which the variations in two variables are linked.
• Option risk

When the asset has a component, which is an option, the value of the asset may be affected by variations of some particular factors:

- volatility: a measure of the variability of the price of the underlying asset of the option.
- time value: the value of the option excluding its intrinsic value. This includes the cost of carry and the probability that the option can be exercised.
- intrinsic value; the amount by which an option is in the money, that is, its relative value with regard to the forward price
- inferred by the market at the time of the revaluation.
- the risk-free interest rate: the interest rate of a risk-free investment.

In case of exotic options, in some circumstances the risk can result from the functions of the underlying asset as much as from conditions in relation to its evolution (corridors, options with average, barrier options etc).

• Basic risk

The basic risk is the risk that the cost of a hedged product does not move in line with that of the asset to be protected (example: a future contract with regard to its underlying asset).

• Risk of early redemption

This risk is similar to the risk of reinvestment in the case of a bond or a swap that can be terminated prior to maturity. It is the risk that an investor cannot find the same investment conditions in the market if an existing investment is cancelled.

• Risk of relative performance

The risk that an asset does not match the performances of the benchmark index.

• Specific risk

The risk of fluctuation in the price of an asset, due to factors specific to that asset contrary to the general risk of market, which reflects general movement of rates, or the equity market.

B.2 Liquidity risk

Liquidity risk is the risk that an asset cannot be bought or sold quickly. The liquidity of a market depends on how it is organised (stock exchange or over-the-counter) but also of the relevant underlying instruments. Indeed, it can be easy to buy or to sell a common product, but more difficult in the case of a very specialized product. If a market is not liquid, it may not be possible to find a buyer or a seller at the required time. The liquidity of a financial instrument can change over time.
B.3 Volatility Risk

This is the risk linked to the movements of specific prices of a security. Volatility is high if the security is subject to wide movements over a relative time period (ie daily for some types of instrument and longer for others). The risk of volatility is calculated on the basis of the average difference between the lowest prices and the highest prices of a financial instrument over a given period.

B.4 Counter party risk

Counter party risk is the risk that a debtor does not pay his debt in time. It takes into three factors; the amount of the debt, the probability of insolvency and the proportion of the debt which should be recovered in case of insolvency. This is to measure the loss in connection with the failure of a debtor. For example, an investor must consider the quality of the issuer of securities, that is the issuer's capacity to repay or redeem (as appropriate). In respect of OTC derivatives, transactions that do not involve debt, counter party risk corresponds at any given time to the replacement value of the relevant derivative instrument if this value is positive.

B.5 Valuation risk

Valuation risk is lined to the unfavorable change in the estimated variables that are used to the valuation of an investment, that is volatility, interest rate and/or as the case may be the estimated dividend yield.

B.6 Operational risks

Operational risk is the risk of loss resulting from inadequate or failing internal processes, employees, or systems, or external events. This risk covers human error, the fraud and malicious behaviors, failures of information systems, problems linked to the staff management, commercial disputes, as well as external events such as accidents, fires, floods etc.

B.7 Political or Legal Risk

The risk that a government (or any other relevant authority) imposes new taxes, regulatory or legal obligations or limitations on securities, which an investor has already acquired. For example, a country's government can decide to prohibit the repatriation of assets in custody from this country.

B.8 Force majeure

Apart from the above mentioned risks, Force Majeure is a risk associated with industrial or natural disasters or decisions taken by the regulatory authorities or the market bodies that result, for example, in the suspension of the introduction of a financial instrument to the stock exchange. Force Majeure cases are not due to the liability of the issuer or the market or the Company. These events, however, if they are of a big scale, can influence the issuer's ability to meet its commitments or influence the operation of the market.

Assessment of Suitability of Investment Advice

In order to assess the suitability of services associated with Investment Advice for Individual Clients, AAAFx asks the Client for information on the knowledge and experience as well as his/ her financial status and investment targets. On the basis of the above information, AAAFx assesses the investment profile of
the client, his/ her ability to understand the risks involved in the transaction and provides services deemed suitable for him/ her.

As regarding Professional Clients, AAAFx assumes that they have the necessary experience and knowledge in order to understand the risks involved in the financial instruments or investment services provided. This assumption concerns the Professional Clients by definition or per se and not the Clients categorized as Professionals following their request for a change in their categorisation. AAAFx, however, requests information on their financial status and investment goals as regarding these services.

If AAAFx does not receive the aforementioned information required for the suitability assessment, the Company has the right not to provide investment advice for the specific client.
Dear Mr./Mrs. ... ... ... ... ...

After processing the information you sent us by filling out the site Questionnaire, used to assess the compatibility of the offered/requested service or financial instrument with your investment experience and knowledge, we would like with this document to inform you know that the following financial instrument and/or service are not considered suitable for you and that the relevant inspection did not indicate that you have the necessary experience and knowledge to understand the risks of the transactions with:

Leveraged financial products

For these reasons, any transactions with these financial instruments and/or services will be provided to you at your initiative alone.

In any case we remain at your disposal for any further clarifications regarding the applied compatibility audit.

The compatibility check and this notice are requirements of our Company derived from paragraph 5 of Article 25 of L.3606/2007.
Appendix

Definition of Eligible Counterparties

Pursuant to Paragraph 2, Article 30, L. 3606/2007 eligible counterparties are:

- Investment Firms
- Credit institutions
- Insurance Companies
- Undertakings for Collective Investment in Transferable Securities (UCITS) and their management companies
- Collective Investment Schemes and management companies of such schemes
- Pension funds and management companies of such funds
- Other financial institutions authorized or regulated under Community legislation or the national law of a member state
- The firms exempted from the application of Law 3606/2007 pursuant to cases \\alpha and ip, para 3, article 3,
- National governments and their corresponding offices, including public bodies that deal with public debt
- Central banks and
- Supranational undertakings

Definition of Professional Clients

Pursuant to L.3606/2007, a Professional Client is the client that has the experience, knowledge and specialization to take investment decisions and properly assess the risks to which he/she is exposed as well as meet the criteria determined in article 6.

For the purposes of this law, professional clients for all investment services and activities and for all financial instruments are considered the following:

(a) the following entities that are obliged to have an operation license or regulated under supervisory rules, in order to exercise their characteristic activities in the financial markets, irrespective of whether they have received a license from one member state in application of Community legislation, or have a license, or are under the supervisory rules of a member state without reference to a directive, or are firms having received a license or are under the supervisory rules of a third country:

(aa) credit institutions
(bb) investment firms
(cc) other financial institutions
(dd) insurance companies
(ee) undertakings for collective investments and their management companies
(ff) pension funds and their management companies,
(gg) commodity and relevant derivatives dealers
(fin) local firms
(ii) portfolio investment companies and other institutional investors

(b) Large Undertakings meeting two of the following size requirements on a company basis:

(aa) total of balance sheet: 20,000,000 Euros
(bb) net turnover: 40,000,000 Euros
(cc) own funds: 2,000,000 Euros

(c) National and regional governments, public bodies managing the public debt, central banks, international and supranational organisations, such as the World Bank, the International Monetary Fund, the European Central Bank, the European Investment Bank and other similar international organizations.

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

Definition of Individual Clients

Pursuant to L. 3606/2007, a Individual Client is the client who is not a professional client.

Criteria of Categorisation Change of a Individual Client to Professional Client

According to the AAAFx procedure, apart from the other quality criteria of the Company, at least two of the following criteria must be met so that the categorisation of a Individual Client can change to Professional Client:

• The client has carried out in average transactions of significant size per quarter in the relevant market over the previous four quarters;
• The value of the financial instrument portfolio of the client, defined as cash deposits plus financial instruments, exceeds five hundred thousand (500,000) euros;
• The client has or had at least for one (1) year a professional position in the financial sector which requires knowledge of the transactions or services envisaged.

These clients can waive the benefit of the detailed rules of conduct with the following procedure:

(a) the clients notify AAAFx in writing about their wish to be treated as professional clients, either in general or for a specific investment service or transaction or for a type of transactions or products;
(b) AAAFx sends the clients a warning which clearly states the protection and compensation rights that they might lose;
(c) the clients state in writing, in a different document from the contract, that they are fully aware of the consequences of losing this protection.