

## APPROPRIATENESS AND SUITABILITY ASSESSMENT

### TABLE OF CONTENTS

1.	GENERAL PRINCIPLES .....	2
2.	APPROPRIATENESS ASSESSMENT .....	3
2.1.	Appropriateness Assessment – Applicability.....	3
2.2.	Appropriateness Assessment – Factors to consider.....	3
2.3.	Appropriateness Assessment – Scoring system .....	3
2.4.	Appropriateness Assessment – Failure & warning.....	4
2.5.	Appropriateness Assessment – Update .....	4
3.	SUITABILITY ASSESSMENT .....	4
3.1	Suitability Assessment – Applicability.....	4
3.2	Suitability Assessment – Factors to consider.....	5
3.3.	Suitability Assessment – Scoring system .....	5
3.4.	Suitability Assessment – Failure and warning.....	5

## 1. GENERAL PRINCIPLES

Top Markets Solutions Ltd ("the Company") operating under the trade name Earn is a Cyprus Investment Firm ("CIF") registered with the Registrar of Companies under number HE 272810 and regulated by the Cyprus Securities and Exchange Commission ("CySEC") under license number 158/11.

Following the requirements and/or obligations implemented by the relevant laws and regulations and in compliance with the current legal framework the Company has developed and implemented:

- a. the clients' Appropriateness assessment procedure with the relevant questionnaire for the evaluation of the client's knowledge and experience for the provision of appropriate financial instruments related to the results of the carried assessment.
- b. the clients' Suitability assessment procedure with the relevant questionnaire for the provision of investment advice and portfolio management services based on the results of the carried assessment.

The Company should obtain from Clients all the necessary information in order to perform the required assessments, in an effort to understand and conclude whether an Investment Service or Financial Instrument is appropriate and/or suitable for the Client.

The Company shall rely on the information provided by its Clients or potential clients unless it is aware or ought to be aware that the information is manifestly out of date, inaccurate or incomplete. In the case where the Client fails to provide or does not provide information, which is up-to-date, complete, accurate, and sufficient for performing the necessary assessments, the Client will be informed that the Company is unable to assess whether the Investment Service or Financial Instrument is appropriate/suitable and may refuse to proceed with the offering of the Investment Service or Financial Instrument. The extent of the assessment that the Company will carry out depends on the type of Client, Investment Service or Financial Instruments offered to its clients.

When providing non-advised or execution-only services dealing with the reception and transmission of orders in relation to one or more financial instruments, the Company assesses the respective knowledge and experience of a client in each of those financial instruments by asking the client to complete the relevant appropriateness assessment questionnaire.

At the same time, when a client, categorized as Retail or Professional, is interested in ancillary services other than non-advised or execution-only services, in particular, in investment advice and/or portfolio management services, the Company asks the client to provide additional information to enable the Company to assess the client's ability to understand and financially undertake the relevant risks or losses associated with the services or financial instruments requested. In this case, the client is asked to complete the suitability assessment via the applicable Company's suitability questionnaire.

## 2. APPROPRIATENESS ASSESSMENT

### 2.1. Appropriateness Assessment – Applicability

Appropriateness assessment means a set of questions designed to check whether the client's knowledge and experience are such that the client is likely to be able to understand the terms and risks involved in certain investments and, therefore, whether that investment is appropriate for them.

The appropriateness assessment is carried out for all Retail Clients and Elective Professional Clients. In the case of a Per-se Professional Client / Eligible Counterparty, it is assumed that these clients have the necessary experience, knowledge, and expertise to make their own investment decisions and properly assess the risks that they incur. Where there is a reference to the client's experience and knowledge it shall be interpreted as the level enabling the client to make his or her own investment decisions and properly assess the risks attached to the product based on their own expertise.

As a result, the appropriateness assessment is not obligatory for these categories of clients. In such cases, it will remain at the discretion of the Company, depending on the merits of each case, whether to carry out the appropriateness test or not. At the same time, the Company shall not induce the client by any means, either with the help of warnings, messages, or notifications, to request an upgrade to a professional client.

In the case of a legal entity where a representative is foreseen under applicable national law or is designated, information about knowledge and experience is collected from that representative, and the Company performs an appropriateness assessment with regard to that representative.

### 2.2. Appropriateness Assessment – Factors to consider

The purpose of the appropriateness assessment is to determine whether the client has the necessary experience and knowledge in order to understand the risks involved in relation to the product or service provided. When assessing the client's knowledge and experience in the investment field, the Company takes into consideration the following information, to the extent appropriate to the nature of the client, the nature and extent of the service to be provided and the type of product or transaction envisaged, including their complexity and the risks involved:

- a. the types of financial services, transactions, and regulated financial instruments the client is familiar with.
- b. the nature, volume, and frequency of the client's transactions in regulated financial instruments; and
- c. the level of education, and profession or relevant former profession of the client or potential client.

### 2.3. Appropriateness Assessment – Scoring system

For the assessment of the Client's knowledge and experience by means of the appropriateness questionnaire, the Company has implemented a scoring system which is linked to the relevant sections of the questionnaire. Based on the final ranking, clients are assigned to one of the following three categories in accordance with the score obtained:

1. Advanced investors with access to complex financial instruments.
2. Basic investor with access to non-complex financial instruments.
3. Denied investor is not recommended to participate in any investment or trading activities.

#### 2.4. Appropriateness Assessment – Failure & warning

If the Financial Instrument is deemed not appropriate for the Client, the Client will be informed immediately, and in any case prior to entering any transaction. In particular, the Company warns the Client that the specific Financial Instrument is not appropriate and that the Client may be exposed to risks that fall outside the Client's knowledge and experience and/or which the Client may not have the knowledge and experience to properly assess and/or control by way of mitigating the impact of such risks. If despite the above warnings, the Client wishes to proceed with the said Investment Service or Financial Instrument, the Client must explicitly provide the Company with his / her declaration in writing, where any risks arising from his/her decision are transferred to the Client.

The Company has the right to accept or not proceed with the provision of the Investment Service or Financial Instrument in question.

#### 2.5. Appropriateness Assessment – Update

A client is requested to inform the Company regularly of any change or update regarding the information provided initially by resubmitting the appropriateness assessment questionnaire upon becoming aware of a relevant change that could affect the level of knowledge and/or experience or modify his/her investment objectives. The information must be updated at least annually or when a relevant change that could affect the level of knowledge and/or experience occurs.

### 3. SUITABILITY ASSESSMENT

#### 3.1 Suitability Assessment – Applicability

Suitability assessment means a process implemented by the Company to ensure that investment services such as investment advisory services or portfolio management services match the client's investment objectives, financial situation, and knowledge and experience.

The suitability assessment process is initiated for any transaction under the portfolio management services for all categories of clients without any exemptions and for any type of recommendation under advisory services.

The Company will obtain the necessary information from its clients so as to understand the essential facts about them and to have a reasonable basis for determining, giving due consideration to the nature and extent of the service provided, that the specific transactions to be entered into, satisfy the following criteria:

- a. meet the investment objectives of the client in question;
- b. are such that the client is able financially to bear any related investment risks consistent with his investment objectives;

c. are such that the client has the necessary experience and knowledge in order to understand the risks involved;

so as enable the Company to act in the client's best interests and to provide investment services fitting to the client's expectations, preferences, and objectives.

The suitability assessment is carried out by means of a relevant suitability questionnaire and is mandatory for all categories of clients (both Retail and Professional) interested in ancillary investment services provided by the Company. Therefore, the Company expects to collect sufficient information to provide portfolio management services and issue advisory recommendations within the defined investment preferences.

### 3.2 Suitability Assessment – Factors to consider

During the suitability assessment process, the client's investment profile is assessed and evaluated based on four (4) main factors:

- Knowledge and Experience
- Financial Situation
- Investment horizon (as a part of Investment Objectives)
- Risk tolerance/risk preferences (as a part of Investment Objectives)

In accordance with the provisions and the requirements of Commission Delegated Regulation (EU), 2021/1253 as of 21 April 2021 and ESMA 35-43-3172 Guidelines on certain aspects of the MiFID II suitability requirements as of 23 September 2022 the Company has implemented the assessment of one more additional factor in the scope of its suitability assessment process which is the assessment of client's sustainability preferences which is performed by means of additional sustainability questionnaire.

### 3.3. Suitability Assessment – Scoring system

For a better assessment of the factors under consideration the Company has implemented the relevant suitability scoring system:

- For portfolio management services client's total scoring under each assessed factor is analysed separately, and a client is sorted into one of the relevant groups for each factor in accordance with the scoring received. Suitable portfolio selection is later performed based on the results of the client's scoring and the groups the client is sorted into;
- For advisory services a responsible officer or advisory manager checks the client's investment profile based on the client's replies to the relevant questionnaire and the results of the client's suitability assessment.

### 3.4. Suitability Assessment – Failure and warning

As part of the suitability assessment process, the Company issues the Suitability Report to inform the client that a suitability test has been performed in respect of portfolio management or investment advisory services, containing the results of such tests.

If a client believes that the results of the suitability assessment and the presented investment profile do not constitute an adequate representation of his/her investment objectives, risk tolerance, ability to bear losses, investment horizon, or any other circumstances, a client may contact his/her manager or investment adviser for additional explanations. However, the Company will not provide any investment advice for products or services for which the client has been notified that are not suitable.