

# Information on client classification

Applicable from 1 January 2022

## 1. Classification

We are required to classify all of our clients in various client categories based on professionalism. Clients will be classified as non-professional clients, professional clients or eligible counterparts.

The extent to which the client is protected by legislation depends on the client category. A description of the main features of investor protection for each client category follows. This description is not exhaustive.

Legislation allows, to a certain extent, for clients to request that their bank changes their client category. We emphasise that any change of client category must be approved by the bank. Even when the conditions for re-classification as stated below are met, we are still free to evaluate whether we wish to fulfil a request.

## 2. Non-Professional Client

### 2.1 Degree of Investor Protection

Clients who are classified in this client group have the highest level of investor protection. This means that the bank to a greater extent than with other client categories is required to adapt the services to the client's individual needs and circumstances.

In addition to being subject to the general rules of good business practice through its provision of service to the client, the bank shall, before any trading or advising takes place, evaluate whether a service/transaction, including a financial instrument, is appropriate or suitable for the client. Investment advice will be based on the client's investment objectives, financial position and experience and knowledge of the service/transaction.

If the client wishes to conduct a trade which the bank does not consider to be appropriate considering the

client's knowledge and experience, the bank has a duty to advise against it. The trade can still be conducted if the client wishes to, despite this warning. The bank's obligation to evaluate whether a service/transaction is appropriate does not apply in all cases. Among other things, there is an extensive exception for online trading.

Having the status of a non-professional client also confers an extensive right to receive information from the bank. The bank is obliged, among other things, to provide information about the financial instruments and the risks associated with these, trading systems and marketplaces that the bank employs, pricing and other costs of any transaction so that the client is able to make an informed investment decision.

### 2.2 Access to Reclassification

Non-professional clients may request to be treated as professional clients or eligible counterparts, provided that specific conditions are met and that a specific procedure is followed. Such reclassification results in a lower level of investor protection.

#### 2.2.1 From Non-Professional to Professional Client

##### 1) Absolute Requirements

The client must meet at least two of the following criteria:

1. the client has carried out transactions of a significant size, on the relevant market, at an average of 10 times a quarter over the previous four quarters;
2. the size of the client's financial portfolio, defined as cash deposits and financial instruments, exceeds an amount in Norwegian kroner which is equivalent to € 500,000;
3. the client works in or has worked in the financial sector for at least one year in a

position that requires knowledge of the relevant transactions and investment services.

##### 2) Procedure

The client is required to inform the bank in writing of a request to be treated as a professional. The client is asked to document that the requirements of section 1 above are met. Furthermore the client shall, in a different document than the client agreement, state that it is aware of the consequences of losing the protection that comes from being classified as a non-professional client and which principally appears in this letter. For further information, please contact the bank

The bank must make a specific assessment as to whether the client - on the basis of the client's expertise, experience and knowledge, as well as the planned transactions - is able to make their own investment decisions and understand the risks involved.

## 3. Professional Client

### 3.1 Degree of Investor Protection

Clients classified as professional clients are somewhat less protected by legislation than non-professional clients. Professional clients are in certain areas considered to be qualified to safeguard their own interests, and the services provided will therefore be less adapted to suit the client's individual needs.

Basically, the code of good business practice fully applies to professional clients. The scope of the bank's obligations is, however, slightly reduced. Among other aspects, professional clients are expected to have sufficient knowledge to assess whether a transaction is appropriate. When giving investment advice, we will

therefore base our advice on the client's investment objectives, and initially not obtain information about financial positions or the client's knowledge and experience. The bank will not consider whether it is appropriate to conduct the transactions, and the bank therefore does not have a duty to advise against the transactions as in the case of non-professionals. Completion of the transactions will thus be slightly less elaborate than for non-professional clients. This may affect the speed at which the transaction is conducted. Another consequence will be that professional clients can access a wider range of products.

Professional clients are also expected to be fit to determine which information is required to make an investment decision. This means that professional clients to a greater extent than non-professional clients must themselves obtain the information that they deem necessary. However, professional clients will receive reports on completed services and other important information such as the bank's order execution policy and the bank's security interest or possessory lien in financial instruments or funds.

### **3.2 Access to Reclassification**

Professional clients may ask to be classified as non-professional clients and thus receive a higher level of investor protection. Professional clients may also request to be classified as eligible counterparts and thus receive a lower level of investor protection. Professional clients are responsible to keep the investment bank continuously informed of any changes that may affect their classification.

#### **3.2.1 From Professional to Non-Professional Client**

It is the professional client's duty to request a higher level of protection when the client considers himself/herself to be unable to make an accurate risk assessment. Such a change of client classification shall be documented by written agreement between the bank and the client.

#### **3.2.2 From Professional to Eligible counterpart**

Professional clients that are legal persons and meet two of three criteria of section 2.2.1 No. 1) above may re-quest to be treated as eligible counterparts. Express confirmation shall be obtained from the client stating that the client consents to being treated as an eligible counterpart.

### **4. Eligible Counterparty**

#### **4.1 Degree of Investor Protection**

Eligible counterparts receive the lowest level of investor protection.

Clients who have the status of an eligible counterpart have basically the same protection as professional clients; see section 3. Investor protection is, however, significantly reduced for this group when the bank provides the following investment services: reception and transmission of orders, execution of orders on the client's behalf, and the trade of financial instruments on its own behalf. When providing such services to eligible counterparts, the bank is not subject to the Securities Trading Act's (Verdipapirhandelloven) provisions on good business practice, best performance (including the bank's general requirements for order execution), and certain rules related to order processing.

With regard to requirements for assessment of suitability and appropriateness, the rules that apply for professional clients will apply correspondingly to eligible counterparts.

Exemption from the provision on good business practice entails that some of the rules regarding requirements for information and reporting do not apply to this category. Basically, this also applies to the rule that the bank must ensure that the client's interests are protected in the best way. Requirements for good business practice as a general principle must apply regardless of the exemption from the Securities Trading Act (Verdipapirhandelloven), so eligible

counterparts will to some extent be protected by the general principles of good business practice.

### **4.2 Access to Reclassification**

Eligible counterparts may ask to be classified as professional clients or non-professional clients and thus receive a higher level of investor protection.

#### **4.2.1 From Eligible Counterparty to Professional Client**

Eligible counterparts may request to be treated as professional clients if they wish to receive a greater degree of investor protection and to be covered by the rules of good business practice.

#### **4.2.2 From Eligible Counterparty to Non-Professional Client**

If clients who are initially classified as eligible counterparts wish to receive a higher level of protection, they may ask to be treated as non-professional clients. Section 3.2.1 above shall apply mutatis mutandis to such a re-quest.