

INFORMATION ON CLIENT CLASSIFICATION

1. Classification

The Undertaking has a duty to classify all its clients in different client categories depending on professionalism. Clients will be classified as non-professional clients, professional clients or eligible counterparties respectively.

The extent to which the client is protected by the legislation depends on the client category. Below is an account of the main characteristics of the investor protection for each client category. The account is not exhaustive.

The legislation opens up to a certain extent for allowing clients who wish to change client category to request the Undertaking to do so. We emphasise that a change of client category must be approved by the Undertaking. Even if the conditions for reclassification stated below are met, we nevertheless are free to assess whether we wish to accommodate any request.

2. Non-professional client

2.1 Degree of investor protection

Clients classified in this client group have the highest degree of investor protection. This means, among other things, that the Undertaking to a higher degree will be obligated to adapt the services to the individual need of the investor.

In addition to the investment firm providing investment services to such clients being subject to the rules of good business conduct in its provision of services, the investment firm will, prior to trading or consulting taking place, have to assess whether a service/transaction, including a financial instrument, is appropriate or suitable for the client. Investment advice will be provided based on the client's information on investment goals, financial situation and experience and knowledge of the relevant service/transaction.

Should the client wish to carry out a transaction that the investment firm finds not to be appropriate taking into account the client's knowledge and experience, the investment firm has a duty to dissuade the client from such transaction. The transaction may nevertheless be carried out if the client so wishes in spite of the warning. The investment firm's duty to assess whether a service/transaction is appropriate is not applicable in all cases. There is an extensive exemption for Internet trading, among other things.

The status as a non-professional client also entails an extensive entitlement to receive information from the investment firm. The investment firm is obliged to inform about such things as the relevant financial instruments and the risks related to these, trading systems and market places used by the investment firm, as well as prices and other costs of any transaction so that the client will be able to make an informed investment decision.

2.2 Reclassification

Non-professional clients may ask to be treated as professional clients or eligible counterparties, subject to compliance with certain detailed conditions and procedures. Such reclassification leads to a lower degree of investor protection.

2.2.1 *From non-professional to professional client – absolute requirements*

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

1. the client has made transactions of a significant size in the relevant market 10 times per quarter in average during the four preceding quarters,
2. the size of the client's financial portfolio, defined as comprising cash in hand and financial instruments, exceeds an amount that in NOK corresponds to € 500.000,

3. the client works or has worked in the financial sector for at least one year in a position for which knowledge of the relevant transactions and investment services is required.

2.2.2 *From non-professional to professional client – procedure*

The client must inform the Undertaking in writing that he/she wishes to be treated as a professional client. The client is asked to document that the requirements in item 2.2.1 above are met. The client is also to state in a separate document that he/she is aware of the consequences of losing the protection that follows from being classified as a non-professional client. The Undertaking may be contacted for further information.

The Undertaking must make a specific assessment of whether the client – based on the client's expertise, experience and knowledge as well as the planned transaction – is able to make his/her own investment decisions and understands the risk involved.

2.2.3 *From non-professional client to an eligible counterparty*

Should a non-professional client ask to be reclassified to an eligible counterparty, the client must first reclassify to a professional client. Reclassification from non-professional to professional status is set out in item 2.2.1 and 2.2.2 above and reclassification from professional client to eligible counterparty is set out in item 3.2.2 below.

3. **Professional client**

3.1 Degree of investor protection

Clients classified as professional clients are to a somewhat lesser degree than non-professional clients protected by the legislation. Professional clients are in certain areas considered to be qualified to take care of their own interests and consequently the provision of services will to a lesser degree be adapted to the client's individual needs.

Basically, the rules of good business practice apply fully in respect of professional clients. However, the extent of the Undertaking's duties is somewhat reduced. Professional clients are normally expected to have sufficient knowledge to be able to assess whether a transaction is suitable, among other things. The Undertaking will not consider whether implementing certain transactions is suitable, and the Undertaking consequently has no duty of dissuasion like the one applicable to non-professional clients. The implementation of transactions will thus be a little less elaborate than for non-professional clients. Another consequence will be that professional clients may get access to a broader product range.

Professional clients are also assumed to be in a position to assess which information is necessary in order to make an investment decision. This means that professional clients to a larger degree than non-professional clients must themselves obtain the information they consider necessary. However, professional clients will receive reports on services carried out and other important information such as the Undertaking's guidelines for execution of orders and the Undertaking's security rights or possessory lien in financial instruments or assets.

3.2 Reclassification

Professional clients may ask to be classified as non-professional clients and thus obtain a higher degree of investor protection. Professional clients may also ask to be classified as eligible counterparties and thus receive a lower degree of investor protection. Professional clients are responsible for keeping the Undertaking currently updated on any change that may influence their classification.

3.2.1 *From professional to non-professional client*

It is the professional client's responsibility to ask for a higher degree of protection where he/she feels unable to make a correct risk assessment.

3.2.2 *From professional client to eligible counterparty*

Professional clients that are legal persons and that meet two out of three criteria in item 2.2.1 above may ask to be treated as an eligible counterparty. A specific confirmation is to be obtained from the client by which the client agrees to be treated as an eligible counterparty.

4. Eligible counterparty

4.1 Degree of investor protection

Eligible counterparties have the lowest degree of investor protection.

Clients having the status of eligible counterparties have the same protection as professional clients, see item 3. However, the investor protection is substantially reduced for this group when the Undertaking provides the following investment services: reception and transfer of orders, execution of orders for the client's account and dealing in financial instruments for own account. When providing such services to eligible counterparties the Undertaking is not subject to the Securities Trading Act's rules of good business practice, best execution (including the Undertaking's best execution policy) and certain rules in relation to the processing of orders.

With regard to requirements as to assessment of suitability and appropriateness, the rules will apply to eligible counterparties in the same way as to professional clients.

The exemption from the rules of good business practice implies among other things that the rules on requirements as to information and reporting do not apply to this client category. Essentially, this also applies to the provision that the Undertaking must ensure that the client's interests are taken care of in the best possible way. Requirements as to good business practice as a general principle must nevertheless apply regardless of the exemption from the provision in the Securities Trading Act and thus eligible counterparties will to a certain degree be protected by general principles on good business practice.

4.2 Reclassification

Eligible counterparties may ask to be reclassified to professional clients or non-professional clients and thus obtain a higher degree of investor protection.

4.2.1 *From eligible counterparty to professional client*

Eligible counterparties may ask to be treated as professional clients if they want a higher degree of investor protection and be comprised by the rules of good business conduct.

4.2.2 *From eligible counterparty to non-professional client*

Should clients that are classified as eligible counterparties want a further degree of investor protection, they may expressly ask to be treated as non-professional clients. Item 3.2.1 above will apply correspondingly to such a request.