

## Translation: kategoriseringsinformation

# Client Categorisation

### 1. General

According to the rules on investor protection in respect of securities trading, we are required to categorise our clients into one of the following categories:

- Retail clients
- Elective professional clients
- Professional clients
- Eligible counterparties

Retail clients are afforded the highest level of protection and eligible counterparties are afforded the lowest level of protection.

### 2. Significance of categorisation

The different MiFID client categories are described below so you can see the significance of your categorisation:

#### Retail clients:

As a retail client you are afforded the highest level of investor protection. This implies among other factors that:

- you must receive information on our charges and services in good time before you carry out a trade.
- we must ensure that you possess sufficient knowledge of or experience in trading in relevant financial instruments (securities).
- before buying selected units and certain other investment products, you will be offered investor information (Key Investor Information or PRIIPs KID) and you will be given the possibility of requesting prospectuses, articles of association or other investor information.
- when providing advisory services to you, we must have information about your investment objectives so that we can provide tailored advice, including information about:
  - your educational background
  - your occupation
  - your time horizon and risk tolerance
  - your financial circumstances
- you will receive a summary report (assessment of suitability) every time you have received advice and before any trades are executed.
- when executing orders, we are obliged to obtain the best possible price, including transaction costs, unless we carry out the order according to other criteria determined by you.
- we will send you a holding statement every quarter.
- once a year we will send you a statement showing the investment service charges and any product costs paid by you.

Clients that do not meet the categorisation requirements applying to professional clients or eligible counterparties, see below, will be categorised as retail clients. Consequently retail clients may be personal customers as well as commercial undertakings.

#### Elective professional clients:

Clients who are very active traders in specific types of financial instruments may request re-categorisation from retail client to "elective professional" client. To become an elective professional client a request for re-categorisation must be submitted to the bank. In accordance with legislation the bank must carefully assess whether the client is able to make its own investment decisions and to understand the risks involved. Moreover two of the following three criteria must be met:

- The client has carried out transactions, in significant size, on the relevant market at an average frequency of 10 per quarter over the previous four quarters.
- The client has a portfolio (custody account value plus related accounts) exceeding EUR 500,000.
- The client works or has worked in the financial sector for at least one year in a professional position which requires knowledge of the transactions or services envisaged.

Compared with the retail client categorisation, the elective professional client categorisation affords a lower level of protection:

- The client will not receive a summary report after advisory services have been provided.
- The client and the bank may agree that information on charges and fees is less detailed.
- Before buying selected units and certain other investment products, the client may request investor information (Key Investor Information or PRIIPs KID).

#### Professional clients:

A professional client is a large undertaking meeting two of the three criteria below:

1. Capital base (own funds) exceeding EUR 2m
2. Balance sheet total exceeding EUR 20m
3. Net turnover exceeding EUR 40m

Professional clients are afforded a lower level of protection compared with retail clients. The following applies to professional clients:

- The bank can assume that the professional client has knowledge of and experience in trading relevant financial instruments (including securities).
- The bank can assume that the client has the financial resources to make the desired investments and comprehends the financial consequences of the investments.
- The bank is not under an obligation to prepare a summary report after advisory services have been provided or before any trades are executed.
- The client and the bank may agree that information on charges and fees is less detailed.
- The client may request investor information before any purchases, eg Key Investor Information as regards UCITS funds or PRIIPs KID as regards other collective investment funds.

## **Eligible counterparties:**

Legislation defines eligible counterparties as a specific type of business, eg banks, pension funds and insurance companies.

Eligible counterparties are afforded only a limited level of investor protection in terms of:

- Information about investment services and financial instruments.
- Information about charges and fees in connection with investment services.
- Reporting on transactions and services provided.
- the bank can assume that the client has knowledge of and experience in trading financial instruments (including securities).
- the bank can assume that the client is financially capable of assuming the investment risks.

Eligible counterparties receiving advisory services or portfolio management are treated as professional clients.

## **3. Changes in categorisation**

Clients may submit a request for re-categorisation to the bank. The Danish executive order on investor protection in respect of securities trading focuses on protecting investors. Consequently there are specific statutory requirements as regards the situations in which a client requests re-categorisation to a client category with a lower level of investor protection than their current level.

Based on changes in the client's circumstances, the bank may decide to re-categorise the client. If this occurs the bank will notify the client. The client is obliged on his own initiative to inform the bank about any change in circumstances which may result in a change of categorisation.

## **4. Translation**

The above is a translation of the Danish "Kategoriseringsinformation". In case of doubt the Danish original will apply.