

## CLIENTS CLASSIFICATION POLICY

The purpose of this Clients Classification Policy of Alaric Securities is to establish internal rules for classification of clients pursuant to the criteria and the requirements of the Market in Financial Instruments Act (MFIA).

Depending on their features the clients of Alaric Securities can be categorized as:

### **I. Professional clients.**

Professional client is a client who possesses the experience, knowledge and expertise to make its own investment decisions and properly assess the risks that it incurs. In order to be considered a professional client, the client must comply with the following criteria.

1. Categories of client who are considered to be Professional clients in all investment services and activities and financial instruments:

1.1. Entities which are required to be authorized or regulated to operate in the financial markets. The list below should be understood as including all authorized entities carrying out the characteristic activities of the entities mentioned: entities authorized by a member state under EU Directive, entities authorized or regulated by a member state without reference to EU Directive, and entities authorized or regulated by a third country:

- (a) Credit institutions
- (b) Investment firms
- (c) Other authorized or regulated financial institutions
- (d) Insurance companies
- (e) Collective investment undertakings and their management companies
- (f) Pension funds and management companies of such funds
- (g) Commodity and commodity derivatives dealers
- (g) Locals;
- (h) Other institutional investors.

1.2. Large companies which meet at least two of the following conditions:

- (a) balance sheet total – at least EUR 20,000,000;
- (b) net turnover – at least EUR 40,000,000;
- (c) own funds – at least EUR 2,000,000.

1.3. National and regional governments, including public bodies that manage public debt on national or regional level, central banks, international and supranational institutions such as the World Bank, the IMF, the ECB, the EIB and other similar international organisations.

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

2. Clients who may be treated as Professional clients on request

Two of the following criteria should be satisfied:

(a) 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;

(b) the size of the client's financial instrument portfolio, defined as including cash deposits and financial instruments exceeds EUR 500 000;

(c) 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.

3. Procedure for identification of clients as Professional clients on their request

Clients may request treatment as Professional clients subject to the following procedure:

(a) they must state in writing to the investment firm that they wish to be treated as a professional client, either generally or in respect of a particular investment service or transaction, or type of transaction or product;

(b) the investment firm must give them a clear written warning of the protections and investor compensation rights they may lose;

(c) they must state in writing, in a separate document from the contract, that they are aware of the consequences of losing such protections.

Before deciding to accept any request for waiver, investment firm is required to take all reasonable steps to ensure that the client requesting to be treated as a professional client meets the relevant requirements above.

Professional clients assets are not subject of any compensation from Investor Compensation Fund.

4. The Professional client has the right to require changes in the terms of the agreement in order to secure a higher degree of protection.

The investment firm provides a higher degree of protection of a Professional client upon his request, where the client judges that he cannot properly assess and manage the risks related to the investments in financial instruments.

The higher level of protection is provided on the basis of a written agreement between the investment firm and the client, containing the specific services, activities, transactions, financial instruments or other financial products in respect of which the client will be provided a higher level of protection.

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The higher level of protection enables the client to waive the option for Professional client for the purposes of the regulations applicable to the activity of the investment firm.

## **II. Retail clients**

Retail client is a client who does not comply with the requirements for Professional client stated above.

## **III. Eligible counterparty**

The investment firms classifies as eligible counterparty any investment firms, credit institutions, insurance companies, UCITS and their management companies, pension funds and their management companies, other financial institutions authorised or regulated under Union law or under the national law of a Member State, national governments and their corresponding offices including public bodies that deal with public debt at national level, central banks and supranational organisations, as well as such entities from third countries.

Any entity classified as eligible counterparty by the investment firm may request expressly not to be treated as such counterparty in general or in respect of an individual transaction. In this case the investment firm shall treat the client as a professional unless the client request expressly to be treated as a retail client.