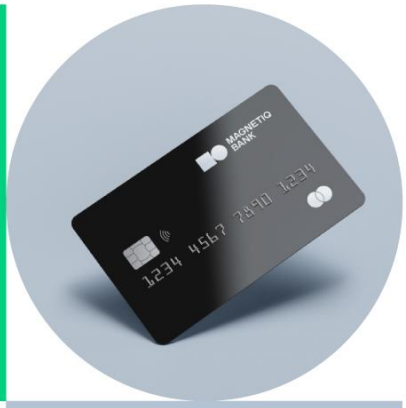
MAGNETIQ BANK

AS Magnetiq Bank Client Status Policy



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1. Terms and Abbreviations

1.1. **Compliance laws, rules and standards** – laws and regulations governing the Bank's activities, standards set by self-regulatory bodies, codes of professional conduct and ethics and other best practice standards related to the Bank's activities.

1.2. **Bank –** AS Magnetiq Bank.

1.3. **FIs –** financial instruments and/or derivatives.

1.4. **FI Questionnaire –** a questionnaire from an individual/legal entity regarding their experience and knowledge in handling financial instruments, or a questionnaire from an individual/legal entity on the purpose of transacting in FIs.

1.5. **FI Risk Profile –** the risk profile corresponding to a specific product (service) group, or group of FIs, defined by the Bank. The types of FI Risk Profiles are set out in Section 5.8. The FI Risk Profile corresponds to the degree of risk that the Bank believes the Client is able to bear, taking into account the Client's experience and knowledge.

1.6. **Ancillary Investment Service –** one of the following investment ancillary services provided by the Bank and referred to in the Financial Instruments Market Law:

1.6.1. FI custody;

1.6.2. foreign exchange services, if these are related to the provision of Investment Services.

1.7. **Investment Service –** one of the following investment services provided by the Bank and referred to in the Financial Instruments Market Law:

1.7.1. acceptance and transmission of orders in respect of one or more FIs;

1.7.2. execution of orders on behalf of the Client;

1.7.3. executing transactions on behalf of the Bank;

1.8. **Internal regulatory documents –** documents issued by the Bank and regulating the activities of the Bank and its individual departments or employees, such as policies, procedures, regulations, instructions.

1.9. **Client status –** membership in one of the Client status groups – Private Client, Professional Client or Eligible Counterparty, determined on the basis of the Client FI Questionnaire.

1.10. **Client –** a person to whom the Bank provides or wishes the Bank to provide Investment Services and/or Ancillary Investment Services in accordance with the Agreement.

1.11. **Agreement –** an agreement concluded between the Bank and the Client for the provision of the relevant Investment Services and/or Ancillary Investment Services.

1.12. **Policy** – the Bank's Client Status Policy.

1.13. **TD –** the Treasury Department.

1.14. **Order –** an order from the Client for transactions with FIs, which the Client submits to the Bank.

2. Scope

2.1. The purpose of the Policy is to define:

2.1.1. the procedures for the Bank to assign Client status and make changes to the Client status;

2.1.2. the procedures for the Bank to assign a FI Risk Profile and to make changes to the FI Risk Profile;

2.1.3. the procedures for reviewing the suitability and appropriateness of Investment Services and Ancillary Investment Services for the Client.

3. General Provisions

3.1. The Policy shall be approved by the Bank's Council.

3.2. The Policy shall be reviewed at least annually to ensure its currency and relevance to any changes in the Bank's business or external circumstances affecting the Bank's business, as well as following amendments to the Compliance Laws, Regulations and Standards governing the matters set out in the Policy. Necessary changes to the Policy shall be approved by the Bank's Council.

3.3. The Bank shall design the FI Questionnaire in such a way that makes it possible to obtain all necessary information from the Client and to assign Client Status and FI Risk Profile to them in accordance with the Policy, the Client Status Procedure and the Compliance Laws, Regulations and Standards.

3.4. TD employees shall ensure that the Bank complies with the requirements set out in the Policy.

3.5. TD employees are obliged to use the information available to the Bank regarding the status of the Client and the risk profile of the FIs only for the performance of their duties.

3.6. In complying with the requirements of the Policy, the Bank's units and employees shall comply not only with the Internal Regulatory Documents but also with the Compliance Laws, Regulations and Standards binding on the Bank, in particular the Financial Instrument Market Law.

3.7. In complying with the requirements of the Policy, the Bank's departments and Employees shall ensure that they perform their duties to such an extent and to such a quality that the performance of their duties by the Bank does not result in a breach of the requirements of the Internal Regulatory Documents and the Compliance Laws, Regulations and Standards to which the Bank is bound.

3.8. Bank employees keep the FI questionnaire received from the Client and other documents specified in the Policy for 5 (five) years in the relevant Client's file after the termination of the transaction relationship with the Client. Evaluating the necessity, proportionality and reasonableness of further storage in order to prevent, detect or investigate cases of money laundering and financing of terrorism and proliferation, the Financial Intelligence Service, supervisory and control institution, subject of operational activity, including the state security institution, as well as after the investigation institution, the prosecutor's office or the court's instruction can extend the term, which will be specified in the request of the relevant institution. The Bank destroys the documents and information about the person at the disposal of the Bank after the expiry of the specified period of storage of documents and information.

3.9. Clients are obliged to provide the Bank with information on changes in their FI Questionnaires (e.g. assigning a new Client representative whose knowledge was not previously assessed) without the Bank's request in order for the Bank to be able to adequately, and in a timely manner, assess the appropriateness of the Client Status and FI Risk Profile.

3.10. The Bank shall ensure that the Bank has relevant and up-to-date information to determine the FI Risk Profile of the Client. For the purposes of this clause, the Bank shall, if necessary, require the Client to submit a new FI Questionnaire.

4. Assigning Client Status

4.1. The Bank shall determine the status of each Client, i.e., their membership in one of the Client Status groups – Private Client, Professional Client or Eligible Counterparty, on the basis of the Client FI Questionnaire and in compliance with the requirements of the Financial Instrument Market Law.

4.2. The Bank shall grant the Client one Client Status applicable to all Investment Services or Ancillary Investment Services.

4.3. The Client has the right to request that the Bank assign them a different Client Status.

4.4. The Client may submit a Client Status change application in the following ways:

4.4.1. by visiting the Bank in person;

4.4.2. by contacting the Bank via telephone;

4.4.3. by contacting the Bank via the Internet Bank.

4.5. The Bank shall consider the Client's Client Status change application and:

4.5.1. an application for changing Client Status with respect to certain Investment Services or Ancillary Investment Services shall be rejected, since the Bank does not assign different Client Status for different Investment Services or Ancillary Investment Services;

4.5.2. if the Client wishes to downgrade their Client Status (from Professional Client to Private Client or from Eligible Counterparty to Professional Client), Client Status shall be changed after the Client and the Bank sign a written agreement on the change of Client Status;

4.5.3. if the Client wishes to upgrade their Client Status (from a Private Client to a Professional Client or from a Professional Client to an Eligible Counterparty), the Bank shall verify whether the Client meets the conditions of the respective Client Status in accordance with the requirements of the Financial Instrument Market Law and, if so, shall change the Client Status once the Client and the Bank sign a written agreement on the change of the Client Status, and the requirements set out in clause 4.6 are met.

4.6. Before granting the status of a Professional Client, the Bank shall warn the Private Client in writing of the investor protection rights that the Client may lose by becoming Professional Client, and shall request and obtain from the Client a signed statement of confirmation that the Client has indeed received such warning and understands the consequences of waiving such rights.

5. Appropriateness of an Investment Service or Ancillary Investment Service for the interests of the Client

5.1. To determine the appropriateness of an Investment Service or Ancillary Investment Service in the interest of the Client, the Bank shall request from the Client or prospective Client details of experience and knowledge in the field of investment in relation to the particular Investment Service or product offered or requested.

5.2. The Bank shall use the information obtained pursuant to clause 5.1 to determine whether the Client has the necessary knowledge to understand the risks associated with the type of service or product being offered.

5.3. Information about the Client's or prospective Client's knowledge and experience in the field of investment shall include information on:

5.3.1. the types of services, transactions and FIs that the Client is familiar with;

5.3.2. the nature, volume, frequency and time period of the client's transactions in the FIs;

5.3.3. the education level and profession or relevant former profession of the Client or prospective Client.

5.4. In requesting the information referred to in clause 5.3, the Bank shall take into account factors such as Client Status, the type and scope of the service to be provided, the nature of the product or the intended transaction, the complexity of the service, and the risks involved.

5.5. The Bank shall not be entitled to encourage the Client to not provide the information referred to in clause 5.

5.6. If, on the basis of information obtained in accordance with clause 5.1, the Bank believes that the relevant product or service is not appropriate for the Client, it shall warn the Client. If the Client refuses to provide the Bank with the information referred to in clause 5.1, or if the Bank is aware that such information is incomplete or does not contain some recent changes, the Bank shall warn the Client or potential Client that it is not possible for the Bank to assess the appropriateness of the proposed service or product for the Client. If the Client fails to provide further information, the Bank shall not be liable for the consequences of the Client's refusal to provide such information, provision of incomplete information, or failure to report changes in the information previously provided.

5.7. In order to comply with the requirements of the Financial Instrument Market Law regarding the suitability and appropriateness of Investment Services and Ancillary Investment Services given the interests of the Client, the Bank, shall, in providing Investment Services and Ancillary Investment Services to the Client, determine the Client's FI Risk Profile.

5.8. The Bank shall, for each Client, assign an individual FI Risk Profile for all Investment Services and Ancillary Investment Services.

5.9. The FIs appropriate to the FI Risk Profile assigned to the Client are all FIs for which the Client has indicated "Yes" in the FI Questionnaire under "Does the Customer have good knowledge of the respective financial instrument and the risks related to it?". Notwithstanding the foregoing, the Bank may determine that one or more of the FIs indicated by the Client marked "Yes" in the "Is the Client aware the of relevant financial instrument and ensuing risks" section of the FI Questionnaire are not appropriate to the of the Client's FI Risk Profile.

5.10. The Bank shall assess the appropriateness of Investment Services and Ancillary Investment Services to the interests of the Client only for Retail Clients and Eligible Counterparties, except as specified in clause 5.12.

5.11. The Bank shall not evaluate the appropriateness of Investment Services and Ancillary Investment Services for Retail Clients if the Investment Service being provided to the Client meets the following criteria: the Client submits Orders for FI Transactions which comply with clause 8.2 of the Bank's Policy on Execution of Client Orders for Transactions in Financial Instruments. In this case, the Client shall not be separately notified that the Investment Services and Ancillary Investment Services are not subject to an appropriateness assessment. Such warning is contained in clause 8 of the Bank's Policy for the Execution of Client Orders for Transactions in Financial Instruments.

5.12. For Eligible Counterparties, the appropriateness of Investment Services and Ancillary Investment Services to the interests of the Client shall not be assessed in the following cases, i.e. where the following Investment Services are provided:

5.12.1. the acceptance and transmission of orders in respect of one or more FIs;

5.12.2. execution of orders on behalf of the Client;

5.12.3. executing transactions on behalf of the Bank.

5.13. Professional Clients possess sufficient knowledge and experience of FIs, FIs Transactions and Investment Services that enables Professional Clients to assess the risks associated with FIs Transactions and to bear the risk of any loss in connection with an

investment in FIs; therefore, the suitability and appropriateness of Investment Services and Ancillary Investment Services to the interests of the Client shall not be assessed for Professional Clients.

6. Related Documents

6.1. Financial Instrument Market Law.
6.2. The Bank's Client Status Procedure.
6.3. The Bank's Policy for the Execution of Client Orders for Transactions in Financial Instruments.