

CLIENT CLASSIFICATION CRITERIA

Effective from 1.1.2013

A. Non-professional clients

Clients other than professional clients or eligible counterparties.

B. Professional clients
1. Institutional entities

Finnish entities authorised or regulated to operate in the financial markets¹ and comparable non-Finnish entities regulated by authorities:

- a) Investment firms;
- b) Credit institutions;
- c) Fund management companies and Custodians;
- d) Stock exchanges;
- e) Clearing and settlement houses;
- f) Central securities depositaries;
- g) Insurance companies referred to in the Finnish Insurance Companies Act;
- h) Authorised employee pension companies and pension funds;
- i) Entities referred to in items 5 and 6 of subsection 1 of section 2 of the Investment Services Act (747/2012);
- j) Undertakings dealing on own account in commodities and commodity derivatives; and
- k) Other institutional investors².

2. Large undertakings

Undertakings that meet two of the following three requirements according to financial statements for the past full financial year:

- a) Balance sheet total: at least €20,000,000;
- b) Net turnover: at least €40,000,000; and
- c) Own funds³: at least €2,000,000.

¹ Regulated entities are considered to include local mutual insurance associations

² According to Government bill No. 43/2007, other institutional investors include specialised finance companies which are not governed by the Act on Credit Institutions. Such investors include Finnvera Plc and Finnish Fund for Industrial Cooperation Ltd (FINNFUND).

³ Own funds include equity capital or other similar capital, share premium account, fair value reserve, other reserves and retained earnings.

3. State its units

- a) Finnish government;
- b) Finnish State Treasury;
- c) Province of Åland;
- d) Foreign states and their states;
- e) Bodies servicing government debt.

4. Central banks

- a) European Central Bank;
- b) Bank of Finland;
- c) Foreign central banks; and
- d) International Monetary Fund, World Bank and similar international entities or organisations.

5. Institutional investors

Entities whose main business is to invest in financial instruments

6. Clients applying themselves

Procedure:

6.1 The client applies in writing.

6.2 The client meets at least two of the following requirements:

- a) the client has carried out transactions significant in size⁴ in the markets involved at an average frequency of ten times per quarter over the previous four quarters;
- b) the size of the client's investment portfolio⁵ exceeds €500,000; and
- c) the client works or has worked for at least one year in the financial sector in a professional position that requires knowledge of transactions and services in question.

6.3 The securities dealer estimates that the client is capable of both making independent investment decisions and understanding the risks involved in them, and the securities dealer accepts the client's application.

6.4 The securities dealer informs the client in writing that the client does not enjoy the protection afforded by either the conduct of business rules referred to in Chapter 10 of the Investment Services Act (747/2012) or the Investors' Compensation Fund.

⁴ A transaction is considered significant in size if it amounts to at least €50,000.

⁵ Including cash funds

6.5 The client informs the securities dealer in writing that he or she is aware of the loss of protection provided by the conduct of business rules and the Investors Compensation Fund.

C. Eligible counterparties

1) Institutional entities

Finnish entities authorised or regulated to operate in the financial markets⁶ and comparable non-Finnish entities regulated by Finnish authorities:

- a) Investment firms;
- b) Credit institutions;
- c) Fund management companies and Custodians;
- d) Stock exchanges;
- e) Clearing and settlement houses;
- f) Central securities depositaries;
- g) Insurance companies referred to in the Finnish Insurance Companies Act;
- h) Authorised employee pension companies and pension funds;
- i) Entities referred to in items 5 and 6 of subsection 1 of section 2 of the Investment Services Act (747/2012);
- j) Undertakings dealing on own account in commodities and commodity derivatives; and
- k) Other institutional investors⁷

2) Large undertakings

Undertakings that

2.1 meet two of the following three requirements according to financial statements for the past full financial year:

- a) Balance sheet total: at least €20,000,000;
- b) Net turnover: at least €40,000,000; and
- c) Own funds⁸: at least €2,000,000.

2.2 give their express consent to be treated as an eligible counterparty.

3) State and its units

- a) Finnish government;
- b) Finnish State Treasury

⁶ Regulated entities are considered to include local mutual insurance associations.

⁷ According to Government bill No. 43/2007, other institutional investors include specialised finance companies which are not governed by the Act on Credit Institutions. Such investors include Finnvera Plc and Finnish Fund for Industrial Cooperation Ltd (FINNFUND).

⁸ Own funds include equity capital or other similar capital, share premium account, fair value reserve, other reserves and retained earnings.

- c) Province of Åland;
- d) Foreign states and their states;
- e) Bodies servicing government debt

4) Central banks

- f) European Central Bank;
- g) Bank of Finland;
- h) Foreign central banks;
- i) International Monetary Fund; and World Bank and similar international entities or organisations.

5. Clients classified as eligible counterparties applying for treatment as professional clients

Procedure:

- 5.1 An eligible counterparty of the kind referred to above in point 1, 3 or 4 applies in writing for application of the code of conduct rules to transactions to be concluded with the eligible counterparty either in general or in respect of an individual transaction.
- 5.2 The securities dealer accepts the client's application.

6. Clients classified as eligible counterparties applying for treatment as non-professional clients

Procedure:

- 6.1 An eligible counterparty of the kind referred to above in point 1, 3 or 4 applies in writing for application of the code of conduct rules to transactions to be concluded with the client in general or in respect of an individual transaction.
- 6.2 The securities dealer accepts the client's application.
- 6.3 A written agreement is concluded to the effect that the client be treated as a non-professional client in respect of one or several services or transactions or in respect of one or several types of securities or transactions.

7. Clients classified on earlier application as institutional investors applying now for treatment as eligible counterparty

Procedure:

- 7.1 The client applies in writing.
- 7.2 The client meets at least two of the following requirements:

- a) the client has carried out transactions significant in size⁹ in the markets involved at an average frequency of ten times per quarter over the previous four quarters;
- b) the size of the client's investment portfolio¹⁰ exceeds €500,000; and
- c) the client works or has worked for at least one year in the financial sector in a professional position that requires knowledge of transactions and services in question.

7.3 The securities dealer estimates that the client is capable of both making independent investment decisions and understanding the risks involved in them, and the securities dealer accepts the client's application.

7.4 The securities dealer informs the client in writing that the client does not enjoy the protection afforded by either the conduct of business rules referred to in Chapter 10 of the Investment Services Act (747/2012) or the Investors' Compensation Fund.

7.5 The client informs the securities dealer in writing that he or she is aware of the loss of protection provided by the conduct of business rules and the Investors Compensation Fund.

⁹ A transaction is considered significant in size if it amounts to at least €50,000.

¹⁰ Including cash funds