

APPROVED

by the Decision of the Board
of MACTE INVEST FM AB No. 20200915,
15th of September, 2020

MACTE INVEST FM AB

PROCEDURE FOR CLIENTS CATEGORISATION AS PROFESSIONAL, NON-PROFESSIONAL AND ELIGIBLE COUNTERPARTIES

1. GENERAL PROVISIONS

- 1.1. Macte Invest FM AB (hereinafter - The Broker) provides investment services and/or performs investment activities. The Broker shall be guided by international agreements concluded by the Republic of Lithuania, laws of the Republic of Lithuania, resolutions of the Bank of the Republic of Lithuania.
- 1.2. The Broker shall establish policies and procedures according to which clients shall be classified as professional, non – professional and eligible counterparties according to the provisions of the Republic of Lithuania Law on Markets in Financial Instruments and other relevant legal acts.
- 1.3. The purpose of this document is to implement the principle „Know Your Customer“, to offer and provide the best quality of investment services for the client.

2. DEFINITIONS

- 2.1. The main terms shall be used in this document:
 - 2.1.1. **Procedure** shall mean this document which classifies clients as professional, non-professional and eligible counterparties.
 - 2.1.2. **Non-professional client** shall mean the client who is neither professional client nor eligible counterparty.
 - 2.1.3. **Professional client** shall mean the client who has enough knowledge, skills, experience to evaluate the risk and make reasonable investment decisions independently; the client shall also conform requirements specified on Article 3.1.
 - 2.1.4. **Eligible counterparty** shall mean the client who conform requirements specified on Article 3.3.
 - 2.1.5. **The Client** shall mean Professional, Non-professional client or Eligible counterparty.

- 2.2. The terms used in this document are consistent with the terms defined in the Republic of Lithuania Law on Markets in Financial Instruments and other relevant legal acts unless it is stated otherwise.

3. CATEGORIES OF CLIENTS AND AGREEMENTS

3.1. Professional clients are:

- 3.1.1. licensed and/or otherwise supervised entities operating in financial markets - credit institutions, financial brokerage firms, other licensed and/or supervised financial institutions, insurance undertakings, collective investment undertakings and their management companies, pension funds and their management companies, commodity and commodity derivatives dealers, the persons trading in futures for their own account and other institutional investors. The professional clients referred in this SubClause include entities licensed and/or supervised in the Member States of the European Economic Area (including Member States of the European Union) and in third countries;
- 3.1.2. large undertaking meeting at least two of the following criteria:
- 3.1.3. the balance sheet total – at least EUR 20 million;
- 3.1.4. net turnover - at least EUR 40 million;
- 3.1.5. own funds - at least EUR 2 million.
- 3.1.6. national and regional governments, including public bodies that manage public debt at 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 organizations; other institutional investors whose main activity is to invest in financial instruments, including entities dedicated to the securitisation of assets or participate in other financing transactions.

3.2. Subjects may be classified as professional clients:

- 3.2.1. The Broker may also classify the Client as a professional client, if there are at least two of the following criteria are met:
 - 3.2.1.1. during the past four quarters of the year, the Client concluded on average 10 contracts in significant size (10 000 EUR and more) each quarter in a relevant market (40 trades per year);
 - 3.2.1.2. the size of the Client's financial instruments portfolio, including cash deposits, exceeds 500,000 EUR;
 - 3.2.1.3. the Client works or has worked in the financial sector at least one year in a professional position, which required knowledge of the

services to be provided to the Client or the transactions to be entered into.

3.2.2. The Broker may decrease the level of investor protection indicated in Article 3.2.1 in cases, if:

3.2.2.1. The Client seeking to be treated and classified as professional must state in writing to the Broker that he/she wishes to be treated as a professional client, either generally or in respect of a particular investment service or transaction;

3.2.2.2. the Broker serves a clear written warning to the Client which part of protection and investor compensation rights the Client may lose in a contract;

3.2.2.3. the Client classified as a professional client must confirm, in the written form, concluded with the Broker that he/she is aware of and understands the consequences of non-application of certain investor protection measures.

3.2.3. The Broker must make sure that the Client meets legal requirements indicated in Article 3.2, before classifying the Client as a professional client and decreasing the level of investor protection. Before making the final decision, the Broker has to provide a notification to the professional client that indicates his acknowledgement as a professional client, which has to be signed and sent to the Broker via e-mail. The Broker must make the final decision about the Client classification on the basis of the collected information about the Client.

3.2.4. the Broker must be informed by The Client classified as a professional client that information mentioned in Article 3.2.1 has changed. The information about the Client shall be updated constantly, depending on risk level of the Client (once in 6 months, when the risk is high and once in 2 years when the risk is low). The Client must be informed that he/she no longer fulfills the conditions for which he/she has been classified as a professional client. The Broker who found out this information, classify the Client as non-professional and increase the level of investor protection.

3.2.5. The investor protection measures, may not be applied for the Clients in accordance with Article 3.2.1 classified as professional clients, if there is a written form request made by the Client.

3.2.6. The Broker informs the Client classified as a professional client in a contract that he/she has a right to ask the Broker to change the investment services agreement and apply a higher level of investor protection.

3.3. Eligible parties may be:

3.3.1. financial brokerage firms (investment firms);

- 3.3.2. credit institutions;
 - 3.3.3. insurance undertakings;
 - 3.3.4. collective investment undertaking and their management companies;
 - 3.3.5. pension funds and their management companies;
 - 3.3.6. other financial institutions authorized or regulated under European Union Law or under the national law of a Member States of the European Economic Area (including Member States of the European Union), national governments and their corresponding offices including public bodies that deal with public debt at national level, central banks and supranational organizations third country entities equivalent to those categories of entities referred to above in this Sub-Clause;
- 3.4. Agreements executed with eligible counterparties:
- 3.4.1. If the Client, with its consent, is classified as an eligible counterparty, the Broker has the right to provide services provided in the Law without observing the duties established by Articles 22, 24 and Sections 2 and 3 of Article 25 of the Law.
 - 3.4.2. The Client classified as an eligible counterparty shall have the right to request the application, either on a general form or on a trade-by-trade basis of all the measures of investor protection, established by the Law Articles 22, 24 and 25. The request shall be written in a general form or provided in a specific situation.
 - 3.4.3. Other subjects may be also recognized as the eligible counterparties not mentioned in Article 3.3, if they meet criteria set by the Bank of Lithuania. The Broker shall recognize the status of entities as determined by the law of the Member State in which the counterparty is established, if the parties of the transaction belong to different jurisdictions.
 - 3.4.4. The Broker shall have direct agreement from the Client that he/she agrees to be recognised as a eligible counterparty before signing the contract with the Client recognised as a eligible counterparty. This agreement may be recognised as a general scope or to be specifically applied to one or more transactions. The agreement of the Client is definite, when the agreement is confirmed with the Client signature.
- 3.5. The order of the Client categorisation:
- 3.5.1. The information about financial situation and investment experience shall be filled by the Client or by potential client in the Annex of the Financial Instruments agreement submitted by the Broker. The Client shall be categorised as a professional, non-profesional client or eligible counterparty based on criteria of this Procedure.

- 3.5.2. The employers of the Securities trading department make decisions to classify clients as professional, non-professional or eligible counterparties based on documents and circumstances mentioned before.
- 3.5.3. The level of investor protection is applied based on category of the Client and on the agreements made with the Broker.

4. PROCEDURE REVIEW

- 4.1. The Broker reviews the Procedure and the efficiency of measures securing its implementation on an annual basis. If any deficiencies are found, they are corrected immediately as far as possible. The review and the implementation measures must also be reviewed in cases of essential changes affecting The Broker's ability to achieve the best result for the client
- 4.2. At least once in a year, the Broker makes a review aimed at verifying that the order execution venues provided for in this Procedure allow the Broker to achieve best execution for clients and checking whether the order execution means require improvement.

5. FINAL PROVISIONS

- 5.1. The Policy shall enter into force on the date of its approval.
- 5.2. The Policy may be revoked, amended and / or supplemented only by the decision of the Board of the Broker and shall enter into force on the day following the adoption of such amendments and / or additions, unless another effective date is specified.
- 5.3. The Broker's manager or a person appointed by the Broker must ensure that the Broker's employees are informed in a timely manner about the changes and / or additions to the Policy.