

# **INFORMATION ON CLIENT CLASSIFICATION**

ABG Sundal Collier Group

2 March 2021



## 1 Classification

It is mandatory for ABG Sundal Collier ("ABGSC") to classify all our clients in different client categories depending on professionalism. Clients are to be classified as non-professional clients, professional clients or eligible counterparties.

The extent to which the client is protected by legislation depends on the client category. Below is an account of the main features of the investor protection applicable to each client category. This account is not exhaustive.

To a certain extent, the legislation allows clients that so wish to ask ABGSC for a transfer to a different client category. We underline that a transfer to a different client category must be approved by ABGSC. Even if the conditions for a reclassification stated below are met, ABGSC are nonetheless free to decide whether or not we wish to comply with a request.

## 2 Non-professional client

### 2.1 Degree of investor protection

Clients classified in this client group have the highest level of investor protection. This means, among other things, that ABGSC is obliged, to a greater extent than for the other client categories, to adapt the services it provides to the client's individual needs and qualifications.

In addition to ABGSC's services to the client being subject to the general code of good business conduct, ABGSC will consider, before any trading takes place in a complex financial instrument or advice is given, whether a service/transaction, including a financial instrument, is appropriate or suitable for the client. ABGSC will not perform appropriateness assessments regarding trading in non-complex financial instruments. Investment advice will be given on the basis of the information provided by the client regarding investment goals, financial position and experience and knowledge of the service/transaction in question.

Should the client wish to carry out a transaction that ABGSC does not believe to be appropriate, taking into account the client's knowledge and experience, ABGSC has a duty to advise against this. However, the transaction may nonetheless be carried out if the client so wishes despite the warning. ABGSC's duty to consider whether a service/transaction is appropriate does not apply in all cases. For example, and as mentioned above, it does not apply to transactions in non-complex financial instrument.

Status as a non-professional client also entails an extensive right to receive information from ABGSC. ABGSC is obliged, among other things, to inform the client of the financial instruments in question and of the risks relating to these, of the trading systems and marketplaces ABGSC uses, and of the prices and other costs of all transactions so that the client is able to make an informed investment decision.

### 2.2 Opportunity to be reclassified

Non-professional clients may ask to be treated as professional clients or as eligible counterparties provided more detailed conditions are met and a further specified procedure is followed. Such a reclassification results in a lower level of investor protection.

#### *2.2.1 From non-professional client to professional client*

##### The absolute requirements

The client must meet at least two of the following criteria:

1. 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,
2. the size of the client's financial instruments portfolio, defined as cash deposits and financial instruments, exceeds an amount which in NOK equals €500,000,

3. the client works or has worked in the financial sector for at least one year in a professional position, which requires knowledge of the relevant transactions or investment services.

#### Procedure

Clients must inform ABGSC in writing that they wish to be treated as a professional client. The client will be asked to document that the absolute requirements stated above are met. In addition, clients must in a separate document declare in writing that they know the consequences of losing the protection which is afforded by being classified as a non-professional client and which are mainly stated in this letter. ABGSC may be contacted for further information.

ABGSC must carry out a concrete assessment of whether the client – based on the client's expertise, experience and knowledge and the planned transactions – is capable of making own investment decisions and understands the risk involved.

#### *2.2.2 From non-professional client to eligible counterparty*

Should a non-professional client ask to be reclassified as an eligible counterparty, the client must first become a professional client. For a reclassification from a non-professional client to an eligible counterparty, refer therefore to the information on reclassification from a non-professional to a professional client in item 2.2.1 and from a professional client to an eligible counterparty in item 3.3.2.

### **3 Professional client**

#### **3.1 Criteria to qualify as professional client**

The following clients are deemed to be professional in relation to all investment services and financial instruments:

- (a) eligible counterparties as mentioned in the Securities Trading Act section 10-14 subsection (2),
- (b) legal persons who meet at least two of the following three requirements as to the size of the undertaking:
  - 1) balance sheet total amounting to at least EUR 20,000,000 in Norwegian currency,
  - 2) annual net turnover amounting to at least EUR 40,000,000 in Norwegian currency,
  - 3) own funds amounting to at least EUR 2,000,000 in Norwegian currency, and
- (c) other institutional investors whose main business is to invest in financial instruments, including special purpose vehicles.

Should a client fulfil the above stated criteria, ABGSC will treat the client as a professional client, if nothing else is agreed.

#### **3.2 Level of investor protection**

Clients classified as professional clients are protected by the legislation to a slightly less extent than non-professional clients. Professional clients are in some areas regarded as able to safeguard their own interests, and the services provided will therefore to a lesser extent be adapted to suit the client's individual needs.

Basically, the code of good business conduct applies in full to professional clients. However, the extent of ABGSC's obligations is slightly reduced. Among other things, professional clients are normally expected to have sufficient knowledge to assess whether a transaction is appropriate. Our investment advice will thus be based on the investment goals stated by the client and we will not ask for information on the client's financial position or knowledge/experience. ABGSC will not assess whether carrying out the transactions in question is

appropriate, and it thus also has no duty to advise against a transaction as it has in relation to non-professional clients. The execution of transactions will thus be slightly less elaborate than it is for non-professional clients. This may affect the rate at which the transaction in question is executed. Another consequence will be that professional clients can have access to a wider range of products.

Professional clients are also assumed to be able to determine the information that is necessary in order to make an investment decision. This means that professional clients must, to a greater extent than non-professional clients, themselves obtain the information they regard as necessary. However, professional clients will receive reports on services that have been carried out and other important information, such as ABGSC's order execution policy and security rights or possessory liens in financial instruments or assets.

### **3.3 Opportunity to be reclassified**

Professional clients may ask to be classified as non-professional clients and thus achieve a higher level of investor protection. Professional clients may also ask to be classified as eligible counterparties and thus achieve a lower level of investor protection. Professional clients are responsible for ABGSC being kept continuously informed of any change that may affect their classification.

#### *3.3.1 From professional client to non-professional client*

It is the professional client's duty to request a change of client classification to non-professional and as a result receive a higher level of investor protection when the client feels unable to make a correct risk assessment. Such a change of client classification will be documented by ABGSC.

#### *3.3.2 From professional client to eligible counterparty*

Professional clients that are legal entities and meet two of the three absolute criteria stated in section 2.2.1 or 3.1 above, may ask to be treated as eligible counterparties. Express confirmation is to be obtained from the client, in which the client agrees to be treated as an eligible counterparty.

## **4 Eligible counterparty**

### **4.1 Level of investor protection**

An eligible counterparty has the lowest level of investor protection.

Clients with the status of an eligible counterparty basically have the same protection as a professional client, refer to section 3. However, the investor protection for this group is significantly reduced when ABGSC provides the following investment services: the receipt and transmission of orders, execution of orders for the client's account and the own-account sale of financial instruments. When providing such services to eligible counterparties, ABGSC is not subject to the Norwegian Securities Trading Act's provisions regarding good business conduct, best execution (including ABGSC's order execution policy) and certain rules linked to order processing.

The requirements of assessing suitability and appropriateness when providing investment services, the rules applying to professional clients will apply correspondingly to eligible counterparties.

The exemption from the provision regarding good business conduct means, among other things, that some of the rules stipulating requirements as to information and reporting are not applicable to this client category. This basically also applies to the rule that ABGSC must ensure that the client's interests are safeguarded in the best possible way. However, the requirement of good business conduct as a general principle must apply irrespective of the exemption from the Securities Trading Act provision, and eligible counterparties will thus to a certain extent be protected by general principles of good business conduct.

## **4.2 Opportunity to be reclassified**

Eligible counterparties may ask to be reclassified as a professional client or non-professional client and thus achieve a higher level of investor protection.

### *4.2.1 From eligible counterparty to professional client*

Eligible counterparties may ask to be treated as a professional client if they wish a higher level of investor protection and to be covered by the rules regarding good business conduct.

### *4.2.2 From eligible counterparty to non-professional client*

Should clients that are initially classified as eligible counterparties wish a higher level of investor protection, they may ask to be treated as a non-professional client. Item 3.3.1 above will apply correspondingly in the case of such a request.