



INFORMATION ABOUT RE-CLASSIFICATION FROM RETAIL TO PROFESSIONAL CLIENT

1. Introduction

Retail clients may request to be treated as professional clients, provided that certain specified criteria are met and a specified procedure is followed. Such reclassification entails a lower level of investor protection.

2. Requirements for re-classification

A retail client may request to be reclassified as a professional client. Such reclassification requires that at least two of the following three criteria are satisfied:

1. The client has carried out transactions of a significant size in the relevant market at an average frequency of 10 per quarter over the previous four quarters,
2. The size of the client's financial portfolio, defined as including cash deposits and financial instruments, exceeds EUR 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 transactions or services envisaged.

When requesting to be treated by Fearnley Securities as a professional client, the following statutory procedure must be followed:

1. The client must state in writing to Fearnley Securities that the client wishes to be treated as a professional client, either generally or in relation to a particular investment service, transaction or product.
2. Fearnley Securities shall give the client a clear written warning of the investor protections the client may lose.
3. The client must state in writing, in a separate document from the client agreement, that the client is aware of the consequences of waiving such investor protections.
4. Fearnley Securities shall take all reasonable steps to ensure that the client requesting to be treated as a professional client meets the requirements. Any waiver of the investor protection shall only be considered valid if Fearnley Securities' assessment of the client's expertise, experience and knowledge gives reasonable assurance, in light of the nature of the transactions or services envisaged, that the client is capable of making investment decisions and understanding the risks involved.

3. Important warning regarding the waiver of investor protection and rights

Before we can make such a reclassification from retail to professional client, a clear warning must be given about the investor protection and the rights that the client thereby waives:

- Clients classified as retail clients have the highest degree of investor protection. This means that Fearnley Securities is obliged to customize the service provision to the clients' individual needs to a greater extent than for other client categories.
- Professional clients are protected by legislation to a somewhat lesser extent than retail clients. Professional clients are in certain areas considered qualified to take care of their own interests and

consequently the provision of the services will to a lesser degree be customized to the client's individual needs.

Examples of differences between investor protection for retail and professional clients (the list is not exhaustive):

Client classification and implications for investor protection		
Investment service	Retail Client	Professional Client
Reception and transmission of orders		
Assessment of appropriateness	When providing investment services other than investment advice and portfolio management, Fearnley Securities shall seek to obtain information regarding the client's knowledge and experience in the investment field in question. This shall enable Fearnley Securities to assess whether the investment service or product envisaged is appropriate for the client. If Fearnley Securities, based on the information received from the client, considers that the product or investment service is not appropriate, the client shall be warned.	The firm may normally assume that the client has the necessary knowledge and experience to understand the relevant risks
Execution of orders on behalf of clients		
Best order execution	If the client has not given specific instructions, the best possible result is determined in terms of the total consideration, representing the price and cost related to execution.	If the client has not given specific instructions, the best possible result is determined in terms of price, cost, speed of execution, likelihood of execution and likelihood of settlement of the order, the size and nature of the order and other relevant factors for executing the client order.
Investment advice		
Suitability assessment	Fearnley Securities is obliged to conduct a suitability assessment when providing investment advice. Fearnley Securities will collect information about; ▪ The client's knowledge and experience in the relevant investment field, including the client's knowledge of and experience with financial instruments, as well as the client's education and professional background. ▪ The client's financial situation, including income, assets, regular financial commitments and the client's ability to bear losses. ▪ The client's investment objectives, including investment horizon, risk appetite, risk profile, investment objectives, sustainability preferences and risk tolerance.	Fearnley Securities is obliged to conduct a suitability assessment when providing investment advice. Fearnley Securities will collect information about; ▪ The client's investment objectives (including investment horizon, risk willingness, risk profile and objectives, including ESG preferences and risk tolerance) Within the scope of the investment services, transactions and financial instruments covered by the re-classification, Fearnley Securities may, as a starting point, presume that the client has the necessary knowledge and experience. When providing investment advice, Fearnley Securities will continue to obtain and assess the information required under applicable regulations regarding the client's financial situation, ability to bear losses, investment objectives and risk tolerance.

	This information will enable Fearnley Securities to recommend the client the investment services and financial products that are suitable for the client and, in particular, are in accordance with his/her risk tolerance and ability to bear losses. Inadequate information retrieval may cause the client to receive advice that is not suitable to his or her situation.	This information will enable Fearnley Securities to recommend the client the investment services and financial products that are suitable for the client and are in accordance with his/her risk tolerance and ability to bear losses. Inadequate information retrieval may cause the client to receive advice that is not suitable to their situation.
Placing of financial instruments		
Product offerings	Not all products offered by Fearnley Securities will be approved for distribution. (outside "Target Market")	The client's classification as a professional client may provide access to products that are not available to retail clients. However, status as professional client does not automatically imply that the client is within the Target Market for all products.
Information to the client	Retail Client	Professional Client
Suitability report	When providing investment advice, the client will receive a suitability report describing the advice given and how the recommendation meets the client's preferences, objectives and other characteristics. Specific rules apply to the timing of providing the suitability report where advice is provided through distance communication.	No suitability report will be produced or provided when investment advice is given to professional clients.
Cost and charges	Provide information on costs and charges, including the total costs to be paid by the client for each financial instrument	Provide information about costs and charges, including the overall costs the client will pay for each financial instrument. Fearnley Securities may enter into agreements with professional clients to limit the reporting of costs and charges except for investment advice and derivatives.

Please find attached a form for completion where you declare to understand the consequences of reclassification from retail to professional client.

Best regards,
Fearnley Securities

REQUEST FOR RE-CLASSIFICATION FROM RETAIL TO PROFESSIONAL CLIENT

Client name: _____ Personal ID no/Company reg. no: _____

1. Re-classification options. Choose either A or B

Please check the desired option for re-classification from retail to professional client

- ☐ A. I/we wish to be treated as a professional client generally, i.e., in relation to all investment services, all products/financial instruments, and all transactions, by fulfilling at least two of the three criteria.
- ☐ B. I/we wish to be treated as a professional client only in relation to a specific investment service, transaction, or product, by fulfilling at least two of the three criteria. Please indicate what this applies to by marking the relevant box below:

Investment service type: ☐ Reception and transmission of orders ☐ Execution of orders Investment advice ☐ Other, please comment: 	Transaction type: ☐ Primary market ☐ Secondary market	Product/financial instrument, specify:
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2. Requirements for re-classification. Check at least two out of three alternatives below

At least **two** of the following **three** criteria must be met to be treated as a professional client. Fearnley Securities requests documentation demonstrating which criteria are satisfied.

☐ Criterion 1 The client has carried out transactions of a significant size in the relevant market at an average frequency of 10 per quarter over the previous four quarters.	☐ Criterion 2 The size of the client's financial portfolio, defined as including cash deposits and financial instruments, exceeds EUR 500,000.	☐ Criterion 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 transactions or services envisaged. <i>For more information, see Criterion 3 below*.</i>
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Regarding Criterion 1

Were the transactions carried out through Fearnley Securities? YES ☐ NO ☐

If the transactions were not carried out through Fearnley Securities, we request documentation of the transactions. Documentation may include, for example, VPS statements and settlement confirmations.

Fearnley Securities assesses what constitutes a "significant size", as referred to in Criterion 1, on a case-by-case basis, taking into account, among other factors, the type of financial instrument, the relevant market, the size of the transaction and the client's other circumstances.

Please specify in which asset class the executed transactions are related to:

- ☐ Equity and bond funds, including «Exchange Traded Funds» (ETFs)
- ☐ Listed stocks included in the main index on the Oslo Stock Exchange or equivalent foreign index
- ☐ Unlisted stocks and listed stocks outside the main index
- ☐ «Investment grade» bonds
- ☐ «High yield» bonds
- ☐ Listed derivatives, such as Exchange Traded Notes and listed options
- ☐ Unlisted derivatives
- ☐ Project finance (Project Finance/Direct Investment)

Regarding Criterion 2

Does the financial portfolio with Fearnley Securities exceed 500 000 euros?

YES ☐ NO ☐

If a financial portfolio is not held with Fearnley Securities, we request documentation of the financial portfolio, including its size. Documentation may include, for example, bank statements, VPS printouts, annual financial statements, etc.

Regarding Criterion 3

** Knowledge and experience apply not only to individuals who have worked within the finance industry. Other relevant professional or investment experience may be taken into account as part of Fearnley Securities' overall qualitative assessment, but will not, on its own, satisfy this criterion. In this context, the assessment will consider the types of responsibilities the person has held and the extent to which, by virtue of their professional background, the person may reasonably be expected to be familiar with the transactions or services envisaged. This also applies to experience as an investor.*

For **legal entities**, questions concerning knowledge and experience must be answered by the person or persons who will actually make investment decisions on behalf of the entity, such as the chair of the board, an authorised signatory, or another person specifically authorised to act on behalf of the legal entity. **Private individuals** should answer questions based on their own experience.

Information about the person who will be trading on behalf of the client

- Full name _____ Personal ID number _____
- Specify relevant experience: _____
- Number of years with relevant experience: _____
- Specify employer/company (if any): _____
- Specify financial instruments you have knowledge about:
 - ☐ Stock- and bond funds, including «Exchange Traded Funds» (ETFs)
 - ☐ Unlisted stocks and listed stocks outside the main index
 - ☐ «High yield» bonds
 - ☐ Unlisted derivatives
 - ☐ Project finance (Project Finance/Direct Investment in real estate and/or shipping)
 - ☐ Listed stocks included in the main index of the Oslo stock exchange or equivalent foreign index
 - ☐ «Investment grade» bonds
 - ☐ Listed derivatives, such as exchange traded notes and listed options
- Which types of investment services do you have knowledge about?
 - ☐ Reception and transmission of orders
 - ☐ Execution of orders
 - ☐ Investment advice
 - ☐ Placement of public offerings, placement of issuances, as well as underwriting for the full subscription of issuances or offers to purchase financial instruments

Consent

I/we confirm/consent:

- That the request to be treated as a professional client is made on the client's own initiative.
- To have received, read, and understood the contents of the information letter from Fearnley Securities regarding "Information about the possibility of re-classification from retail to professional client" and have been informed about the investor protection and legal rights that I/we waive by being reclassified as a professional client.
- That, within the scope of the reclassification, Fearnley Securities may assume that I/we have the necessary knowledge and experience to understand the risks associated with the relevant investment services, products and transactions.
- That the information provided above is accurate and complete, and I/we will inform Fearnley Securities if there are any changes that affect the response given above.

Place and date

Name in capital letters

Client's signature