

# INNOVESTOR

## CUSTOMER CLASSIFICATION CRITERIA

| Valid from 1.12.2021 |



### A. NON-PROFESSIONAL CUSTOMER

- All investment customers of Innovestor are primarily classified as non-professional customers in the beginning of the customer relationship.
- A customer is considered as a non-professional customer if he/she/it is not qualified as a professional customer based on certain criteria (see section B) or as an eligible counterparty (see point C).

### B. PROFESSIONAL CUSTOMER

#### 1 Organizations

An organization (please see endnote 1) authorized or regulated to operate in the financial market on the basis of an operating permit and a comparable foreign organization under regulatory supervision:

- an investment firm
- a credit institution
- a fund management company, an alternative investment fund management company and a depository institution
- a stock exchange
- a settlement organization
- a central securities depository
- an insurance company
- a pension firm, pension foundation and pension fund
- a local organization as defined in the Capital Requirements Regulation of the EU (article 4, point 1, subparagraph 4)
- a company buying and selling commodities and commodity derivatives for its own account
- another institutional investor (please see endnote 2)

#### 2 Large companies

A company, which on the basis of the previously completed financial year meets at least two (2) of the following requirements:

- total assets at least EUR 20.000.000
- turnover at least EUR 40.000.000
- own resources (please see endnote 3) at least EUR 2.000.000

#### 3 State and its entities

- Government of Finland
- State Treasury
- Åland Islands
- a foreign state
- an entity dealing with central government debt

#### 4 Central banks

- European Central Bank, European Investment Bank
- Bank of Finland
- a foreign central bank
- the International Monetary Fund, the World Bank and other comparable international organizations

#### 5 Institutional investors

Companies whose principal activity is to invest in financial instruments.

#### 6 Classification on the basis of customer's own application

- The customer applies in writing.
- The customer meets at least two (2) of the following criteria:

- the customer has carried out significantly large transactions (endnote 4) in the relevant market at an average of ten (10) times per quarter over the previous four quarters;
- the customer's investment portfolio's value is more than EUR 500.000 (please see endnote 5);
- the customer works or has worked professionally in the financial sector for at least one (1) year.

The investment service provider estimates that the customer is capable of making independent investment decisions and understanding the risks involved, and the investment service provider accepts the customer's application.

If the customer's application is accepted, the investment service provider informs the customer in writing that the customer is not covered by all procedural provisions of the Investment Services Act and the Finnish Investor Compensation Fund.

The customer shall notify the investment service provider in writing that it is aware of the loss of procedural provisions of protection and compensation fund protection.

### C. ELIGIBLE COUNTERPARTY

#### 1 Organizations

An organization (please see endnote 1) authorized or regulated to operate in the financial market on the basis of an operating permit and a comparable foreign organization under regulatory supervision:

- an investment firm
- a credit institution
- a fund management company, an alternative investment fund management company and a depository institution
- a stock exchange
- a settlement organization
- a central securities depository
- an insurance company
- a pension firm, pension foundation and pension fund
- a local organization as defined in the Capital Requirements Regulation of the EU (article 4, point 1, subparagraph 4)
- a company buying and selling commodities and commodity derivatives for its own account
- another institutional investor (please see endnote 2)

#### 2 Large companies

A company, which on the basis of the previously completed financial year meets at least two (2) of the following requirements:

- total assets at least EUR 20.000.000
- turnover at least EUR 40.000.000
- own resources (please see endnote 3) at least EUR 2.000.000

and gives an express consent to be considered as an eligible counterparty.

### 3 State and its entities

- Government of Finland
- State Treasury
- Åland Islands
- a foreign state
- an entity dealing with central government debt

### 4 Central banks

- European Central Bank, European Investment Bank
- Bank of Finland
- a foreign central bank
- the International Monetary Fund, the World Bank and other comparable international organizations

### 5 A customer classified as an eligible counterparty applies to be considered as a professional customer

An eligible counterparty mentioned above under sections 1 (Organizations), 3 (State and its entities) and 4 (Central banks) applies in writing that the procedural provisions of the Investment Services Act shall be applied either to all transactions or to one individual transaction concluded with the said applicant.

The investment service provider accepts the application.

### 6 A customer classified as an eligible counterparty applies to be considered as a non-professional customer

An eligible counterparty mentioned above under sections 1 (Organizations), 3 (State and its entities) and 4 (Central banks) applies in writing that the procedural provisions of the Investment Services Act shall be applied either to all transactions or to one individual transaction concluded with the said applicant.

The investment service provider accepts the application.

A separate written agreement about considering the customer as a non-professional customer shall be concluded. The agreement shall specify if the customer is considered as a non-professional customer in one individual transaction or in several transactions.

### 7 A customer classified as a professional customer based on an application applies to be considered as an eligible counterparty

- The customer applies in writing.
- The customer meets at least two (2) of the following criteria:
  - the customer has carried out significantly large transactions (endnote 4) in the relevant market at an average of ten (10) times per quarter over the previous four quarters;
  - the customer's investment portfolio's value is more than EUR 500.000 (please see endnote 5);
  - the customer works or has worked professionally in the financial sector for at least one (1) year.

The investment service provider estimates that the customer is capable of making independent investment decisions and understanding the risks involved, and the investment service provider accepts the customer's application.

If the customer's application is accepted, the investment service provider informs the customer in writing that the customer is not covered by all procedural provisions of the Investment Services Act and the Finnish Investor Compensation Fund.

The customer shall notify the investment service provider in writing that it is aware of the loss of procedural provisions of protection and compensation fund protection.

#### ENDNOTES

1. Also, insurance associations are considered as regulated entities.
2. According to the governmental bill other institutional investors are for example different special financing entities which are not covered by the Act on Credit Institutions. Such entities are for example Finnvera Oyj and Finnish Fund for Industrial Cooperation Ltd. (FINNFUND).
3. Own funds include, for example, equity capital or other similar capital, fair value reserve, other reserves and retained earnings.
4. Transactions that exceed EUR 50.000 are considered as significantly large transactions.
5. When calculating the value of the investment portfolio, cash is included in the calculation of the value of investment assets. Rights, such as shares in a housing company, that entitle to the ownership of an apartment, other space, or real estate are ignored.