Customer classification criteria

A. Non-professional investors

Customers other than professional investors or eligible counterparties.

B. Professional investors

1. Institutional entities

Finnish entities operating in the financial markets\(^1\) pursuant to an operating license or regulation, and comparable foreign entities subject to regulatory supervision:

a) investment firms,
b) credit institutions,
c) fund management companies, alternative investment fund managers and depositaries,
d) stock exchanges,
e) clearing and settlement houses,
f) central securities depositories,
g) insurance companies referred to in the Finnish Insurance Companies Act,
h) pension insurance companies, pension trusts and pension funds,
i) entities referred to in chapter 1 items 5 and 6 of subsection 1 of section 2 of the Act on Investment Services,
j) undertakings dealing on their own account in commodities and commodity derivatives, and
k) other institutional investors\(^2\).

2. Large undertakings

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

a) the balance sheet total amounts to at least EUR 20,000,000,
b) revenue is at least EUR 40,000,000,
c) own funds\(^5\) amount to at least EUR 2,000,000.

3. The government, municipalities and their departments

a) the Finnish government,
b) the State Treasury,
c) the Province of Åland,
d) foreign states and regional administrative units,
e) foreign bodies servicing government debt.

4. Central banks

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

5. Institutional investors

Entities whose main business is to invest in financial instruments.

6. Based on customer’s application

6.1. The customer makes a written application.

6.2. The customer meets at least two of the following requirements:

a) the customer has carried out significant-sized transactions\(^3\) in the markets in question at an average frequency of ten times per quarter over the previous four quarters,
b) the value of the customer’s investment portfolio\(^4\) exceeds EUR 500,000 and
c) the customer works or has worked in the financial sector in a professional position for at least one year.

6.3. The investment firm estimates that the customer is capable of both making independent investment decisions and understanding the risks involved in them.

6.4. The investment firm informs the customer in writing that the customer is not protected by all the conduct of business rules referred to in the Securities Markets Act or the Investors’ Compensation Fund.

6.5. The customer informs the investment firm 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 operating in the financial markets pursuant to an operating licence or regulation\(^1\), and comparable foreign entities subject to regulatory supervision:

a) investment firms,
b) credit institutions,
c) fund management companies, alternative investment fund managers and depositaries,
d) stock exchanges,
e) clearing and settlement houses,
f) central securities depositories,
g) insurance companies referred to in the Finnish Insurance Companies Act,
h) pension insurance companies, pension trusts and pension funds,
i) entities referred to in chapter 1 items 5 and 6 of subsection 1 of section 2 of the Act on Investment Services,
j) undertakings dealing on their own account in commodities and commodity derivatives, and
k) other institutional investors\(^9\).
CUSTOMER CLASSIFICATION CRITERIA

2. Large undertakings

2.1. Undertakings that meet two of the following three requirements according to the financial statements for the most recent full financial year:
   a) the balance sheet total amounts to at least EUR 20,000,000,
   b) revenue is at least EUR 40,000,000,
   c) own funds\(^2\) amount to at least EUR 2,000,000.

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

3. The government, municipalities and their departments
   a) the Finnish government,
   b) the State Treasury and
   c) the Province of Åland,
   d) foreign states and regional administrative units,
   e) bodies servicing government debt.

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

5. Customers classified as eligible counterparties applying for classification as professional investors

5.1. An eligible counterparty as referred to above in sections 1, 3 and 4 makes a written application for the code of conduct rules to transactions to be applied to the customer in general or to an individual transaction.

5.2. The investment firm accepts the customer’s application.

6. Customers classified as eligible counterparties applying for classification as non-professional investors

6.1. An eligible counterparty as referred to above in sections 1, 3 and 4 makes a written application for the code of conduct rules to transactions to be applied to the customer, either in general or to an individual transaction.

6.2. The investment firm accepts the customer’s application.

6.3. A written agreement is concluded stating that the customer will be treated as a non-professional investor with respect to one or several services or transactions or with respect to one or several types of securities or transactions.

7. Customers classified as professional investors based on an earlier application who are now applying for classification as eligible counterparties

7.1. The customer makes a written application.

7.2. The customer meets at least two of the following requirements:
   a) the customer has carried out significant-sized transactions\(^4\) in the markets in question at an average frequency of ten times per quarter over the previous four quarters,
   b) the size of the customer’s investment portfolio\(^5\) exceeds EUR 500,000 and
   c) the customer works or has worked in the financial sector in a professional position for at least one year.

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

7.4. The investment firm informs the customer in writing that the customer is not covered by all the conduct of business rules referred to in the Securities Markets Act or by the Investors’ Compensation Fund.

7.5. The customer informs the investment firm 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.

\(^{1}\)Regulated entities include local mutual insurance associations.
\(^{2}\)According to Government Bill 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 the Finnish Fund for Industrial Cooperation Ltd (FINN-FUND).
\(^{3}\)Own funds include equity capital, cooperative capital or other similar capital, share premium account, fair value reserve, other reserves and retained earnings.
\(^{4}\)A transaction is considered to be significant in size if it amounts to at least EUR 50,000.
\(^{5}\)Cash assets are included in the calculation of the value of the investment portfolio.