

CLIENT STATUS
DETERMINATION POLICY
FOR THE PROVISION OF
INVESTMENT SERVICES IN
THE FINANCIAL
INSTRUMENT MARKET

www.bluorbank.lv

CONTENTS

1. General Provisions.....	1
2. Guidelines for Determining the Client Status.....	1
3. Procedure for Determining the Client Status.....	2
4. Updating the Policy.....	2

1. GENERAL PROVISIONS

- 1.1.** The purpose of the Client Status Determination Policy for the Provision of Investment Services in the Financial Instrument Market (hereinafter referred to as the Policy) is to define the principles used by BluOr Bank AS (hereinafter referred to as the Bank) to determine the statuses provided for in applicable legislation in the provision of investment services for clients who use the investment services provided by the Bank, thereby ensuring protection of clients' interests.
- 1.2.** The Policy forms the basis for assigning, reviewing and changing the status of each client.
- 1.3.** The Bank shall implement the Policy in accordance with the applicable legislation of the Republic of Latvia and the Bank's strategy.
- 1.4.** The definitions used in the Policy conform to the Financial Instrument Market Law.
- 1.5.** By implementing its Policy, the Bank shall, within its capabilities, undertake to achieve protection of the client's interests to the highest extent possible during provision of its investment services, and to choose the client's status in accordance with the client's experience, knowledge and the goals they want to achieve by using the Bank's investment services.
- 1.6.** At the Bank, measures for granting the client's status shall be implemented by the structural divisions in charge of servicing clients' financial instruments accounts, the Investment Services Compliance Officer at the Compliance Control Department, the Brokerage Services Department, the Client Asset Management Department and the Financial Markets Department.
- 1.7.** This Policy is drafted in Latvian and translated into English and Russian. In case of linguistic or interpretative disputes, disagreements, the text of the Policy in Latvian shall be legally binding.

2. GUIDELINES FOR DETERMINING THE CLIENT STATUS

- 2.1.** The Bank shall grant one of the statuses stipulated in the Financial Instrument Market Law to the client: *retail client, professional client or eligible business partner*.
- 2.2.** The relevant status shall be granted to the client on the basis of information about their previous experience and knowledge with respect to investment services and financial instruments, an assessment of the client's experience with concluding financial instrument transactions by competent Bank personnel, and if possible, analysis of other indicators of the client's activities and profile in accordance with the requirements of the Financial Instrument Market Law.
- 2.3.** The Bank shall notify its clients of their status prior to commencing provision of investment services. Clients shall be informed by e-mail, at the Bank or via Internet Bank.
- 2.4.** In order to ensure control of the compliance of the provision of investment services with the status of the client, as well as the compliance of the granted status with the client's actual operations and profile, the Bank shall regularly monitor the client's transactions with financial instruments. If a discrepancy is identified between the assigned status and the client's actual profile and activities, the Bank may decide to apply a different status to the client.
- 2.5.** The client's status may also be changed upon the client's initiative by filling out the relevant application and signing the status change agreement in the cases specified in the Policy. Before changing the client's status, the Bank shall verify that the client's status change is justified and complies with the requirements of the Financial Instrument Market Law.

3. PROCEDURE FOR DETERMINING THE CLIENT STATUS

- 3.1.** In order to ensure that the client is granted the appropriate status, the Bank shall:
 - 3.1.1.** Request information from the client regarding the characteristics of the client's business, experience and knowledge of financial market instruments, and certain services (portfolio management services and other investment services), as well as the goals they want to achieve by using the investment services provided by the Bank. For this purpose, the Bank shall use special questionnaires or other polling documents, including the information obtained from the client during the conversation;
 - 3.1.2.** Process and analyse information received from the client (as specified in clause 3.1.1), evaluate the suitability of types of investment services and compliance with the interests of the client;
 - 3.1.3.** Assign the client the relevant status based on the results of the analysis;
 - 3.1.4.** Inform the client about the status assigned thereto and warn about the investor's right to protection and possible risks in relation to investment services.
- 3.2.** The client shall be entitled to request a change of status. The Bank shall evaluate the client's application and decide to change or leave the status unchanged in accordance with clause 3.1 of the Policy and the requirements of the Financial Instrument Market Law. If changing the client's status is not possible in accordance with regulatory enactments, the status cannot be changed, and the client shall be notified accordingly.
- 3.3.** The status of retail clients may be changed by raising it to the status of a professional client (in general or in relation to a separate type of investment service, type of transaction or a specific transaction or product) only in cases specified in the Financial Instrument Market Law. Before granting the status of a professional client to a retail client, the Bank shall warn the latter par in writing about the investor's right to protection that may be withdrawn in the status of a professional client. The client shall confirm with their signature that they have read the warning and are aware of the consequences of losing such rights. A written agreement on granting professional client status shall be concluded.
- 3.4.** Professional clients may change their status to a retail client in respect of all services provided or to certain types of investment services, transactions or products by signing a status change agreement between the Bank and the client upon receipt of a relevant application from the client, or to an eligible business partner.
- 3.5.** Eligible business partners may change their status to that of a professional client or retail client.
- 3.6.** A person recognised by the Bank as a professional client or an eligible business partner shall provide the Bank with information on any changes in their business that may affect their conformity to the requirements of the relevant status.
- 3.7.** In cases where the Bank receives information that the client no longer meets the requirements of a professional client or an eligible business partner, the Bank shall decide to revoke such status and notify the client accordingly by e-mail, at the Bank or through the Internet Bank.

4. UPDATING THE POLICY

- 4.1.** The Policy shall be updated in accordance with internal control system procedure and in compliance with amendments to applicable legislation.
- 4.2.** The board of the Bank shall be entitled to make amendments to the Policy and report the amendments made to the council of the Bank.
- 4.3.** The council of the Bank shall review the Policy at least once per year, evaluating its relevance, and shall approve it.
- 4.4.** The Policy with the amendments made shall be published on the Bank's website and shall be effective from the date of its publication.