

Policy for Determination of a Client's Status in the Field of Rendering Investment Services

Approved

Signet Bank AS

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Table of Contents

I. Terms Used.....	2
II. Objective.....	2
III. General Provisions	2
IV. The Basic Principles for Assigning Client Status.....	2
V. The eligible counterparty status	3
VI. Professional Client Status.....	4
VII. Retail Client Status	6
VIII. Principles for Changing Client Status	6
IX. Related Internal Regulatory Documents	7
X. Applicable External Regulations.....	7

I. Terms Used

1. The Policy uses the following abbreviations and terms:
 - 1.1. **Bank** – Signet Bank AS;
 - 1.2. **Client** - a person to whom the Bank will provide / provides investment services and / or ancillary investment services;
 - 1.3. **Policy** – the internal regulatory document of the Bank “Policy for Determination of a Client’s Status in the Field of Rendering Investment Services”.

II. Objective

2. The purpose of the Policy is to define the Bank's principles for assigning Client status in the context of providing investment Services, ensuring compliance with the requirements set forth in regulatory enactments and protecting investor interests.

III. General Provisions

3. The Bank ensures the highest possible level of Client interest protection by selecting a Client status that best corresponds to Client’s experience, knowledge, and investment objectives.
4. The Bank informs Clients of all significant changes to the Policy by posting its updated version on the Bank's website <https://signetbank.com/en/mifid-2/>.
5. The Bank regularly, but not less than once a year, evaluates the compliance of the Policy with the current and prospective development of the Bank and, if necessary, ensures its updating.

IV. The Basic Principles for Assigning Client Status

6. The Bank assigns Clients one of the following statuses:
 - 6.1. eligible counterparty;
 - 6.2. professional Client;
 - 6.3. retail Client.
7. The Bank assigns a status to the Client, estimating the information rendered by the Client on his/her activity, knowledge and experience in transactions with financial instruments, and depending on the assigned status, the Bank takes measures for protection of Clients' interests stipulated in the rules and regulations.



8. The Bank informs Clients on the status assigned to them prior to rendering investment services and/ or ancillary investment services, using the following channels:
 - 8.1. via email;
 - 8.2. at customer service locations;
 - 8.3. through internet banking.
9. The Bank may review the status assigned to the Client to ensure its compliance with the Client's actual activities.
10. The Bank assigns the Client's status for all investment services and ancillary investment services provided to the Client. In certain cases, by entering into an agreement with the Client, the Bank may assign a Client status with respect to a specific type of investment service or ancillary investment service, a specific type of transaction, a single specific transaction, or a single specific financial instrument.
11. The Client shall immediately inform the Bank about any facts and changes in the previously rendered information that may affect the Client's compliance with the assigned status or requirements thereto.

V. The eligible counterparty status

12. The Bank applies the Eligible Counterparty status to the Client:
 - 12.1. Without obtaining the Client's written consent:
 - 12.1.1. investment brokerage company;
 - 12.1.2. credit institution;
 - 12.1.3. insurance company;
 - 12.1.4. investment management company;
 - 12.1.5. pension fund and pension fund management company;
 - 12.1.6. other financial institution that is licensed and operate in accordance with the rules and regulations of member states of the EU or other foreign country regulating financial services;
 - 12.1.7. government and other state institution managing the national debt;
 - 12.1.8. central bank;
 - 12.1.9. supranational organisation;
 - 12.1.10. to a foreign entity equivalent to the aforementioned entities.
 - 12.2. Only with the Client's written consent regarding the investment services provided as a whole, specific investment services, or individual transactions:
 - 12.2.1. for a goods dealer;
 - 12.2.2. for a company that carries out transactions on its own behalf in the markets of options contracts, futures contracts or derivative financial instruments or in the markets of the underlying asset of a derivative instrument, the sole purpose of which is to limit financial risk in the market of derivative financial instruments, or which conducts transactions at the expense of other participants in these markets or creates prices for them, and which is guaranteed by the participants of the settlement system in this market, if the responsibility for ensuring the



- performance of contracts concluded by such companies is assumed by the participants of the settlement system in this market;
- 12.2.3. another commercial company whose main activity is investing in financial instruments and which makes such investments on a large scale;
 - 12.2.4. for a commercial company and another legal entity that meets 2 (two) of the mentioned 3 (three) requirements:
 - 12.2.4.1. equity - not less than 2 (two) million euros;
 - 12.2.4.2. net turnover - not less than 40 (forty) million euros;
 - 12.2.4.3. balance sheet value - not less than 20 (twenty) million euros;
 - 12.3. to the state institution that manages the state debt, the state's central bank, the World Bank, the International Monetary Fund, the European Central Bank and another international financial institution;
 - 12.4. to a commercial company registered in another Member State, which is equivalent to the aforementioned commercial companies.
13. The Bank applies the lowest level of protection to an eligible counterparty, as these Clients are considered to be equivalent partners to the Bank.
14. In its relations with the eligible counterparty, the Bank acts honestly, fairly and professionally and carries out fair, clear and non-misleading communication, taking into account the nature of the eligible business partner and its commercial activities.
15. In transactions concluded with an eligible counterparty, the Bank applies the “[Policy on Managing Conflicts of Interest](#)”, when receiving and transmitting orders related to one or more financial instruments, executing orders on behalf of an eligible counterparty, or conducting transactions in its own name, and it is entitled not to apply the requirements stipulated in Sections 126, 126.¹, 126.², 128. (except the seventh part of Article 128), in the first part of 128.¹, 128.² and 128.³ of the [Financial Instrument Market Law](#).
16. A Client who has been granted the status of an eligible business partner may request that the Bank grant him the status of a professional or private Client. If the Client does not directly indicate which status - professional or private Client status - to assign to him, the Bank grants the Client the status of a professional Client. The bank informs the Client about the status assigned to him after the application has been evaluated.

VI. Professional Client Status

17. The Bank assigns the Client the status of a Professional Client:
- 17.1. an institution licensed and supervised for operations in the financial market in the Republic of Latvia or another country, which is:
 - 17.1.1. credit institution;
 - 17.1.2. investment brokerage company;
 - 17.1.3. other licensed or regulated financial institution;
 - 17.1.4. investment fund and investment management company;
 - 17.1.5. alternative investment fund and alternative investment fund manager;
 - 17.1.6. insurer;
 - 17.1.7. pension fund and pension fund manager;



- 17.1.8. commodities dealer;
- 17.1.9. company that make transactions on their own behalf in the markets of options, futures or financial derivatives or of underlying assets of derivative contracts for the sole purpose of hedging positions on financial derivatives markets or that make transactions for the account of other members of those markets or make prices for them and which are guaranteed by clearing members of the same markets, where responsibility for ensuring the performance of contracts entered into by such companies is assumed by clearing members of the same markets;
- 17.1.10. other commercial company, the basic activities of which is investment into financial instruments and which makes bulk investments;
- 17.2. commercial company and other legal entity that comply with at least 2 (two) of the 3 (three) requirements referred to below:
 - 17.2.1. own funds are not less than 2 (two) million *euro*;
 - 17.2.2. net turnover is not less than 40 (forty) million *euro*;
 - 17.2.3. balance sheet total is not less than 20 (twenty) million *euro*;
- 17.3. public institution that service public debt, national central bank, the World Bank, International Monetary Fund, European Central Bank and other international financial institution;
- 17.4. other commercial company, the basic activities of which is investment into financial instruments, including those engaged in securitization of financial assets or financing of other transactions, and which makes bulk investments;
- 17.5. to a person recognized as a professional Client in another country according to a methodology equivalent to that established by the Bank.
- 18. The Bank is entitled to recognise any Client not referred to in Clause 17 of the Policy, as a professional Client if they have submitted a written request, if:
 - 18.1. The Bank has assessed the individual's competence, knowledge, and experience and has confirmed that, considering the specifics of the particular or planned transaction or service, the individual is capable of independently making investment-related decisions and is aware of the associated risks, and
 - 18.2. The individual meets at least two of the following criteria:
 - 18.2.1. the individual has conducted significant transactions in the relevant market — at least 10 transactions per quarter over the previous four quarters;
 - 18.2.2. the value of the individual's financial instrument portfolio, including financial assets and instruments, exceeds 500 000 *euros*;
 - 18.2.3. the individual has at least one year of experience in the financial sector in a position that requires knowledge of the transactions and services that the individual intends to carry out or receive as a professional Client.
- 19. Clients recognized as professional Clients in accordance with the procedure specified in Section 18.2. of the Policy are obligated to provide the Bank with information about any changes in their operations that may affect their compliance with the requirements for



Professional Client status.

20. The Bank applies an average level of protection to a professional Client, and the Bank consider that a professional Client has sufficient knowledge and experience to obtain the information necessary for making a decision independently and evaluate appropriateness of an investment service.
21. In transactions with professional Clients, the Bank applies the “[Order Execution Policy in the Field of Rendering Investment Services](#)” and “[Policy on Managing Conflicts of Interest](#)”, the Bank does not evaluate compliance of an investment service regarding which professional status is assigned to the Client.
22. A Client who has been granted the status of a Professional Client may request a change of status to the status of a retail Client or an eligible counterparty in accordance with the procedure set out in the Policy, thereby increasing or decreasing their level of protection.

VII. Retail Client Status

23. The retail Client status is applicable to the Clients who do not comply with the criteria of a professional Client or eligible counterparty status.
24. The Bank applies the highest level of protection to the Client who has been granted the status of a retail Client, and realizes it by applying the “[Order Execution Policy in the Field of Rendering Investment Services](#)”, the “[Policy on Managing Conflicts of Interest](#)”, as well as other requirements stipulated in [the Financial Instruments Market Law](#). This includes assessing the suitability and appropriateness of investment services and ancillary investment services in line with the interests of retail Clients.
25. A Client who has been granted the status of a retail Clients may request a change of status to the status of a professional Client or an eligible counterparty in accordance with the procedure set out in the Policy, thereby lowering their level of protection. To obtain eligible counterparty status, a retail Client must first meet the criteria for professional Client status outlined in the Policy.

VIII. Principles for Changing Client Status

26. The basis for a change in Client status may be either the Client's initiative or the Bank's initiative.
27. The Client has the right to request a change in their assigned status by submitting a written application to the Bank. The Client may request a status change:
 - 27.1. for all investment services and/or ancillary investment services as a whole, or
 - 27.2. for a specific type of investment service, transaction, or investment product.
28. If the Bank accepts a request from a Client with retail status to change their status to professional Client status, the Client and the Bank must enter into a written agreement regarding the change in status. Before the status change, the Bank must provide the Client with a written warning about the investor protection rights the Client will lose as a result of the status change and obtain the Client's written confirmation of receipt of the warning and acknowledgment of the consequences of losing investor protection rights.



29. If the Bank accepts a request from a Client with professional Client status to change their status to retail Client status, the Client and the Bank must enter into a written agreement regarding the status change, specifying the types of investment services, transactions, or products to which the new status will apply.
30. If the Bank accepts a request from a Client with eligible counterparty status to change their status to professional Client or retail Client status, the Bank must provide the Client with written notification of their new status.
31. If the Bank receives justified information indicating that the Client no longer meets the requirements for professional Client status, the Bank has the right to revoke the decision on the granted status and restore the status of a retail Client, providing written notification to the Client.
32. The Bank documents and retains all information obtained during the process of changing the Client's status in accordance with the Bank's internal regulations.

IX. Related Internal Regulatory Documents

1. [“Compliance Risk Management Policy”](#) (POL.020).
2. [“Policy on Managing Conflicts of Interest”](#) (POL.004).
3. [“Order Execution Policy in the Field of Rendering Investment Services”](#) (POL.023).

X. Applicable External Regulations

1. [The Financial Instrument Market Law](#).

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