

ACRO SECURITIES HF.

RULES ON CLASSIFYING CUSTOMERS

APRIL 2022

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1. Purpose and scope

- 1.1. These rules are set, based on Art. 51.-55. of Act no. 115/2021 regarding markets for financial instruments.
- 1.2. The purpose of the rules is to ensure that ACRO Securities hf. (hereinafter "*the company*") classifies its securities trading clients per the act and that only trading suitable for individual clients' classification is executed.

2. Responsibility

- 2.1. The company's employees are responsible for the enforcement of these rules in day-to-day operations.
- 2.2. If doubt arises over the execution or interpretation of the rules, employees shall seek the opinion of the compliance officer.

3. Classifying clients

- 3.1. Before trading occurs, the company shall have classified clients as a) professional clients, b) eligible counterparties, or c) retail clients.
- 3.2. The company will register clients as retail clients unless provided or gathered information deems another classification necessary.

Professional clients

- 3.3. Professional clients are clients with experience, knowledge, and expertise to make decisions on investments and evaluate the accompanying risk. The following parties are deemed to be professional clients:
 - 3.3.1. Legal persons, in Iceland or other countries, having operations or seeing to statutory operations on financial markets, including financial companies and companies related to the financial field, insurers, funds for mutual investment and their operations companies, pension funds and their operations companies, as relevant, sellers of commodities and commodity derivatives, regional parties and other institutional investors.
 - 3.3.2. Large companies fulfilling at least two of the following conditions:
 - i. The balance sheet total is €20 million or more.
 - ii. The net annual turnover is €40 million or more.
 - iii. The equity capital is €2 million or more.
 - 3.3.3. National and local governments, central banks, and international institutions, such as the International Monetary Fund, European Central Bank, European Investment Bank, and other comparable international institutions.

3.3.4. Other institutional investors, the main work of which is to invest in financial instruments, including parties dealing with securities assets or other financial transactions.

3.3.5. Parties accepted as professional clients, based on Art. 54. of the Act on markets for financial instruments no. 115/2022.

3.3.6. The company shall inform professional clients that they may request to be treated as retail clients. The increased protection will only be granted to professional clients after a written agreement with the company has been made to the effect that the party involved will not be treated as a professional client. The agreement shall specify whether this applies generally or concerns specific trading, services, financial instruments, or products.

Eligible counterparty

3.4. An eligible counterparty means a client falling under Art. 3.3.1, 3.3.2, and 3.3.3.

3.4.1. When the company trades with an eligible counterparty, it shall obtain confirmation from the client that it shall be deemed an eligible counterparty before trading occurs. The obtained confirmation may be a general agreement or an agreement regarding particular trading.

3.4.2. An eligible counterparty may demand that the company treat it as a professional client or a retail client in its trading. If an eligible counterparty requests increased protection but does not unequivocally request treatment as a retail client, and the company agrees to this request, the party shall be treated as a professional client.

3.4.3. An eligible counterparty may also request the company to proceed according to the rules on investor protection set out in Art. 33.-41., 44.-46., 48. and 49. of Act no. 115/2021 on markets for financial instruments.

Retail client

3.5. A retail client means a client that is neither a professional client nor an eligible counterparty.

3.5.1. A retail client can request treatment as a professional client if the conditions above in Art. 5 are met.

3.6. The company notifies clients of their classification, informs them of their right to request to be placed in another classification and notifies them of restrictions on the scope of clients' protection by classification.

4. Changes affecting classification

4.1. Professional clients are responsible for notifying the company of changes that could affect their classification as professional clients.

4.2. The company is obligated to take appropriate measures if it becomes aware that a client no longer fulfils the conditions to be treated as a professional client.

5. Conditions a retail client must fulfil to be classified as a professional client

5.1. A retail client can request to be classified as a professional client generally or regarding particular trading or a type of trading. The company must receive such a request in writing on a form for that purpose.

The company shall assess the client's expertise, experience, and knowledge and whether it gives reasonable assurance that the client is capable of making investment decisions and understands the risks involved.

To treat a client as a professional client, it shall fulfil at least two of the following conditions:

- 5.1.1. A client shall have engaged in considerable trading on securities markets in the last four quarters, on average at least 10 times per quarter.
- 5.1.2. The value of an investor's portfolio shall exceed 500.000 EUR.
- 5.1.3. A client shall serve or have served for at least one year in a position in the financial market requiring expertise in securities investments.
- 5.2. The company will make an independent evaluation of whether to grant a client's wish to be shifted into the classification of professional clients.
- 5.3. The company clearly explains to a client its legal protection and the additional rights there may be from shifting into the classification of professional clients. A client shall confirm in writing that it has acquainted itself with the company's summary of investor classifications.

6. Follow-up

- 6.1. The compliance officer and internal chartered accountant monitor the enforcement of these rules.

Approved by the Board of Directors of ACRO Securities hf. in April 2022