

RULES ON CLASSIFYING CUSTOMERS

1. Objectives and scope

- 1.1. These rules are established in accordance with Articles 51-55 of Act no. 115/2021 on Markets in Financial Instruments.
- 1.2. The purpose of these rules is to ensure that ACRO Securities hf. (hereinafter “the Company”) classifies its securities trading clients in accordance with 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 operations.
- 2.2. If doubt arises over the implementation or interpretation of the rules, employees shall seek the opinion of the Compliance Officer.

3. Classification of clients

- 3.1. Before trading occurs, the Company shall have classified clients as a) professional investors, b) eligible counterparties, or c) retail investors.
- 3.2. The Company classifies customers as retail investors, unless the available data shows that another classification is appropriate, e.g. financial statement or approved operating licence. The documents that form the basis for the classification shall be saved.

Professional clients

- 3.3. Professional clients are clients with experience, knowledge, and expertise to make investment decisions on their own and evaluate the accompanying risk. The following parties are deemed to be professional clients:
 - 3.3.1. Legal persons in Iceland or abroad licensed to operate or engaged in regulated activities in financial markets, including credit institutions, securities undertakings, financial institutions, insurance companies, collective investment undertakings and their management companies, pension funds and their management companies as applicable, commodity and commodity derivatives dealers, local entities and other institutional investors;
 - 3.3.2. Large companies fulfilling at least two of the following conditions in terms of amounts, which shall be based on the official reference exchange rate listed at any given time:
 - 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 that have been approved as institutional investors on the basis of Article 54 of Act no.115/2021 on Markets in Financial Instruments.

3.3.6. The Company shall inform professional clients that it may request them to be treated as retail clients. Increased protection shall only be provided to professional clients when a written agreement is concluded with the Company to the effect that the client in question will not be treated as a professional client. The agreement shall specify whether this applies in general or concerns specific trading, services, financial instruments or products.

Eligible counterparty:

3.4. An eligible counterparty means a client falling under Article 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 Articles 33-41, 44-46, 48 and 49 of Act no. 115/2021 on Markets in Financial Instruments in its trading.

Retail clients

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

3.5.1. A retail investor can request to be treated as a professional investor if the conditions in Article 5 above 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 keeping the Company informed of any change that could affect their current 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 that a retail client must meet in order to be classified as a professional client

5.1. A retail investor can request to be classified as a professional investor in general 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 expertise, experience and knowledge of the client and whether these give reasonable assurance that the client is capable of making its own investment decisions and understands the risks involved. To be treated as a professional client, the client must satisfy at least two of the following criteria:

- 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 EUR 500,000, based on the official reference exchange rate listed at any given time.
 - 5.1.3. A client or employee in the case of a legal entity shall serve or have served for at least one year in a position in the financial market requiring expertise in the envisaged trading or service.
- 5.2. In addition to this, the Company shall conduct an independent evaluation of whether to grant a client's wish to be transferred into the classification of professional clients.
 - 5.3. The Company clearly explains to a client its legal protection and the additional compensation rights a transfer into the classification of professional clients may entail. 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 auditor monitor the implementation of these rules.

Approved by the Board of Directors of ACRO Securities hf. on 26 April 2022.

Revised and approved by the Board of Directors of Acro Securities on 6 July 2023

Revised and approved by the Board of Directors of Acro Securities on 26 September 2024