



CLIENT CATEGORIZATION POLICY

CLIENT CATEGORIZATION POLICY (Policy)

Introductory provisions Article 1.

The company Intercapital Securities Ltd., with its headquarters in Zagreb, Masarykova 1 (hereinafter: the Company) is authorized to provide investment and auxiliary services in terms of the Capital Market Act (Official Gazette no. 65/2018, 17/2020, 83/2021, 151/2022, hereinafter: the "Act") based on the approval of the Croatian Financial Services Supervisory Agency.

Information about the Company and the services provided by the Company can be found in the document General information about the Company, which is available on the [Company 's website](#) and in the premises of the Company's headquarters.

With this Policy, the Company prescribes measures and procedures for the categorization of clients.

Categorization Article 2.

When categorizing clients to whom it provides the investment service of receiving and transferring orders in relation to one or more financial instruments, executing of orders for the client's account and safekeeping and administering financial instruments for the client's account, including custody and custody-related services (hereinafter: "Clients") the Company takes into account their knowledge, experience, financial situation and investment goals.

In accordance with the above, the Company categorizes its Clients into **retail clients, professional clients and eligible counterparties**.

The Company performs the categorization on the basis of data and documentation received from the Client, which are collected through a questionnaire signed by the Client in one copy that remains with the Company. At the Client's request, the Company will also make a copy of the questionnaire.

The Company may consider the data received from the Client to be reliable, except when it is aware or should be aware that the data is obviously outdated, incorrect or incomplete. The client is obliged to inform the Company about the change of relevant data without delay. By signing the categorization notification, the Client confirms that he agrees with the categorization and that the Company has informed him of the provisions of this Policy.

Professional Clients Article 3.

In accordance with the Act, a Professional Client is considered a Client who has sufficient experience, knowledge and expertise to independently make investment decisions and properly assess the risks associated with it.

Entities that are considered professional clients are:

1. an entity that, in order to operate on the financial market, must have appropriate authorization or is subject to supervision by the competent supervisory body:
 - a) investment company
 - b) credit institution
 - c) another financial institution with a work permit issued by the competent authority or regulated according to special regulations
 - d) insurance company
 - e) joint venture entity and its management company
 - f) pension fund management company and pension funds
 - g) pension insurance company
 - h) trader of goods and commodity derivatives

i) local legal entity i
j) another institutional investor whose main activity is not covered by the previous subparagraphs a) to h), and is subject to the obligation of approval or supervision for operating on the financial market

2. a large company that, at the level of an individual legal entity in relation to the previous business year, meets at least two of the following conditions:

- a) total assets amount to at least EUR 20,000,000.00
- b) net income in the amount of at least EUR 40,000,000.00 i
- c) capital in the amount of at least EUR 2,000,000.00.

3. national and regional government, public debt management authority, central bank, international and supranational institutions such as the World Bank, International Monetary Fund, European Central Bank, European Investment Bank and similar international organizations.

4. another institutional investor whose main activity is investing in financial instruments, including entities that deal with asset securitization or other financing transactions.

Retail Clients Article 4.

All Clients who do not meet the criteria for professional clients are considered Retail Clients.

Retail Clients enjoy a higher degree of protection in accordance with the relevant legal regulations (for example, when the Company executes orders of retail Clients, the best possible result will be determined in terms of the total consideration, representing the price of the financial instrument and the costs related to execution. Retail Clients also exercise rights based on the Investor Compensation Scheme as regulated by Part Two, Chapter II of the Act).

Eligible counterparties Article 5.

Eligible counterparties are Clients on whose account or for whom the Company executes orders and/or receives and transfers orders and/or trades for its own account and/or provides them with auxiliary services directly related to these transactions, namely:

- 1. investment company
- 2. credit institution
- 3. insurance company
- 4. UCITS fund and UCITS fund management company
- 5. pension fund management company and pension fund
- 6. another financial institution that is subject to the obligation to obtain authorization for work according to special regulations or whose operations are regulated by the legislation of the European Union
- 7. national government and public debt management authority and central bank
- 8. supranational organization.

In the case of a transaction with another contracting party based in another member state, the Company will recognize the status of an eligible counterparty if it is prescribed by the law or measures of that other member state.

The company must obtain an explicit confirmation from the other contracting party that it agrees to the status of an eligible counterparty if that contracting party is based in another member state. Consent can be given in general or for each individual transaction.

When performing the services and activities from paragraph 1 of this article, the Company is not obliged to comply with the rules of business conduct from the Act in relation to these services and activities, except for dealing with cases prescribed by the Act (data provided before providing the service, etc.).

Clients considered to be Eligible counterparties may request to be categorized as Professional or Retail Client.

A higher level of protection Article 6.

A Professional Client may request that the Company provides him a higher level of protection, as provided to Retail Clients.

In the event of such request, the Company will categorize the Client as a Retail Client, whereby such Client will be provided with a higher degree of protection, as described in Article 4 of this Policy.

It is the responsibility of the Client who is considered a Professional Client to request a higher level of protection if he believes that he cannot properly assess or manage the risks involved.

Elective professional clients Article 7.

In addition to the Clients from Article 3 of this Policy, the Company may also treat its other Clients as Professional Clients, if the criteria and procedures prescribed by the Act and this Policy are met.

The Company may treat Clients as Professional Clients solely on the basis of their request and if the Company assesses that the Client, depending on the type of transaction or service, possesses sufficient knowledge, experience and expertise to be able to make his own investment decisions and understand the risks involved, given that for such a Client, the Company cannot assume that he possesses professional knowledge and experience, identical to the knowledge and experience of a Professional Client .

When submitting a request to acquire the status of a Professional Client, the Client must prove to the Company that he meets **at least two** of the following conditions:

1. he carried out transactions of significant size, on the relevant market at an average frequency of 10 transactions per quarter over the previous year ;
2. the size of the Client's financial instruments portfolio exceeds the value of EUR 500,000.00 and
3. he works or has worked in the financial sector for at least one year in professional position, which requires knowledge of the transactions or services envisaged.

The Company can treat such Clients as Professional Client only if the conditions and procedure for waiving a higher level of protection from the Act and Article 7 of this Policy are met.

Waiver of higher level of protection Article 8.

Clients who have the status of a retail Client withing the meaning of Article 4 of this Policy can waive the higher level of protection guaranteed by the rules of business conduct only if all of the following conditions are met:

1. they request to be categorized as Professional Clients in writing, indicating whether they request this status in general or in relation to a particular investment service, transaction, type of transaction or product;
2. The Company clearly warns the Client in writing about the rights and protection he loses by choosing the status of a professional client;
3. The Client confirms in writing, in a document that is separate from the contract, that he is aware of the consequences of losing the rights and protection of the retail client.

Before deciding whether to accept a request for a waiver of a higher level of protection arising from the rules of business conduct, the Company will take all reasonable steps to determine whether the Client meets the requirements of the Act and Article 7 of this Policy.

The professional client is obliged to inform the Company of any change that could affect his status.

The Company is obliged to take appropriate measures regarding the change of the Client's status if it learns that the Client no longer meets the conditions prescribed for a professional client.