

## Description of statuses assignable to clients

In order to meet the requirements of the Financial Instruments Market Law of the Republic of Latvia and the Markets in Financial Instruments Directive 2014/65/EU of 15 May 2014 of the European Parliament and of the Council and Regulation (EU) No 600/2014 of 15 May 2014 of the European Parliament and of the Council, CBL Asset Management IPAS categorises the persons whom it provides investment services to, depending on their characteristics, investment experience and expertise, and their investment goals, as **retail clients**, **professional clients**, or **eligible counterparties**.

CBL Asset Management IPAS determines the client's status based on the information provided by the client on his/her knowledge and experience in the investment field, the financial situation including the ability to bear losses, and the investment objectives including the risk tolerance, and, depending on the status granted, a specific level of protection is applied to the client, in line with the corresponding laws and regulations.

CBL Asset Management IPAS is entitled to recognise the following types of clients as **professional clients**:

- 1) supervised financial institutions that have been licensed to perform in the financial market;
- 2) commercial companies that comply with two of the three requirements:
  - own funds are at least EUR 2 million;
  - net turnover is at least EUR 40 million;
  - balance sheet total is at least EUR 20 million;
- 3) commercial companies whose main business is investment in financial instruments and that perform such investments on a large scale;
- 4) persons recognised as professional clients in another EU member state or EEZ country.

The following clients are treated by CBL Asset Management IPAS as **eligible counterparties**:

- 1) investment brokerage companies;
- 2) credit institutions;
- 3) insurance companies;
- 4) investment management companies;
- 5) pension funds and management companies of such funds;
- 6) other financial institutions which are licensed and operate in accordance with laws and regulations which regulate financial services in the EU member states or EEZ countries.

CBL Asset Management IPAS assigns the status of a **retail client** to clients who are neither professional clients nor eligible counterparties.

CBL Asset Management IPAS takes all of the necessary and possible measures to identify and to prevent conflicts of interest, which in the course of the provision of investment services may arise between the client and CBL Asset Management IPAS, its employees, associate agents, persons directly or indirectly controlling CBL Asset Management IPAS, likewise between clients of CBL Asset Management IPAS. This condition is equally applied to retail clients, professional clients and eligible counterparties.

CBL Asset Management IPAS applies the highest level of protection to its retail clients, inter alia, by assessing the information provided by the retail clients about their knowledge and experience in the investment field, their financial situation including the ability to bear losses, and the investment objectives including the risk tolerance, to ensure the suitability of the rendered investment services to the clients' interests. While, where CBL Asset Management IPAS provides the investment services to professional clients and eligible counterparties, it may not implement some of the measures aimed at protection of the clients' interests as it is entitled to assume that such clients have the necessary level of experience and knowledge and are able to financially bear any related investment risks.

Where CBL Asset Management IPAS renders the investment services to retail clients, it provides the clients with the information on the investment services, financial instruments, costs of services and transactions performed, in line with the corresponding laws and regulations.

The client can request CBL Asset Management IPAS to change his/her status, according to the respective internal regulations of CBL Asset Management IPAS. However, CBL Asset Management IPAS does not grant the status of a retail client to supervised and licensed financial institutions or to persons who initially have been granted the status of an eligible counterparty.

Retail clients may request CBL Asset Management IPAS, and CBL Asset Management is entitled to recognise them as professional clients provided they meet at least two of the following criteria:

- the client has made transactions of a notable volume on the respective market, at least 10 transactions per quarter during the previous four quarters;
- the value of the client's financial instruments portfolio, including financial resources and financial instruments, exceeds 500 000 euros;
- the client has an experience in the financial sector of at least one year in a position requiring knowledge in respect of transactions and services that the client intends to make or receive as a professional client.

CBL Asset Management IPAS can only recognize an above mentioned client as a professional client after concluding a written agreement for granting the status of a professional client based on a written application received from the client and a warning on the investor protection rights the client is likely to lose signed by the client, and after assessing the client's competence, experience and knowledge to ascertain that, in view of the specific nature of the intended transactions or services, the client is able to take independent investment decisions and is aware of the respective risks.