

## 1. Definitions of terms

- Bank* - Joint Stock Company TRASTA KOMERCBANKA
- Financial instruments* - agreements, which simultaneously create financial assets to one party and financial liabilities or capital securities to another party and which are prescribed by the law *On Financial Instruments Market*:
- ✓ transferable securities (shares bonds, depository certificates and other transferable securities);
  - ✓ investment certificates of investment funds and other transferable securities that confirm participation in investment funds or comparable mutual funds;
  - ✓ money market instruments;
  - ✓ derivative financial instruments;
  - ✓ derivative commodity instruments;
  - ✓ other financial instruments not specified herein.
- Individual Customer* - a customer that is not an Institutional Customer.
- Institutional Customer* - ✓ Institutions of the Republic of Latvia or other countries that are licensed for activities in the financial market:
- credit institutions;
  - investment brokerage companies;
  - other licensed or regulated financial institutions;
  - investment funds and investment management companies;
  - insurers;
  - pension funds;
  - commodity dealers;
  - companies that perform at their own expense transactions in the option agreement, futures or derivative financial instrument markets or derivative instrument underlying asset markets with the only purpose to diminish financial risk in the derivative financial instrument market; or companies that perform transactions at the expense of other participants of said markets or create prices for them, which are guaranteed by participants of the payment settlement system of the market, provided that participants of the payment settlement system of the market undertake the responsibility for securing performance of concluded agreements of such companies;
  - other commercial companies that deal with investments into financial instruments as their primary activity, and make large scale investments;
- ✓ commercial companies that meet two criteria out of the following three:
- shareholders' equity should not be less than EUR 2 million or the equivalent in lats according to the exchange rate set by the Bank of Latvia;
  - net turnover should not be less than EUR 40 million or the equivalent in lats according to the exchange rate set by the Bank of Latvia;
  - book value should not be less than EUR 20 million or the equivalent in lats according to the exchange rate set by the Bank of Latvia;
- ✓ states and municipalities, state institutions that manage government debts, state central banks, World Bank, International Monetary Fund, Central Bank of Europe and other international financial institutions;
- ✓ other commercial companies that deal with investments into financial instruments as their primary activity, and make large scale investments;
- ✓ a person or an entity that is recognized as Institutional Customer in another country in compliance with the procedure that is comparable to one laid down in these Provisions.
- Authorized Business Partner* - An investment brokerage company, credit institution, insurance company, investment management company, pension fund and its management company, other financial institutions that are licensed and carry out their activities according to regulatory instruments of the member states, which provide guidelines for financial services, as well as state

governments and other state institutions that manage government debts, central Bank and supranational organizations.

## **2. General Provisions**

2.1. A person to which the Bank renders investment services or auxiliary investment services may have the status of Institutional Customer, Individual Customer or Authorized Business Partner. To determine Customer's status, the Bank uses Customer's questionnaire *Receipt of Investment Services and Auxiliary Investment Services for Transactions with Financial Instruments* (Appendix No 1). Before the Bank starts rendering investment services or auxiliary investment services, it shall inform the Customer about its status and related risks (Appendix No 2).

2.2. A person who has been classified as Individual Customer has the right to request to be classified as Institutional Customer. Assignment of another status shall be performed in accordance with paragraphs 2.3, 2.4 and 2.5.

2.3. The Bank has the right to assign the status of Institutional Customer to any person who is not listed in paragraph 2.4 but has expressed a respective request and whose knowledge and experience were checked by the Bank. This person shall meet at least two criteria from the ones listed below.

2.3.1. the person has performed large scale transactions in the respective market, at least ten transactions a quarter during the last four quarters;

2.3.2. the value of the person's financial instrument portfolio, which includes both funds and Financial Instruments, exceeds EUR 500,000 or the equivalent in lats according to the exchange rate set by the Bank of Latvia;

2.3.3. the person has at least one year experience in the position related to the financial sector, which requires knowledge of transactions and services that the person plans to carry out as Institutional Customer.

2.4. Before making a decision on assigning the status of Institutional Customer to the person referred to in paragraph 2.3, the Bank shall evaluate his/her competence, experience and knowledge to make sure that, taking into account specifics of respective transactions and services, Customer will be able to independently make investment decisions and comprehend related risks. The status of Institutional Customer may be assigned to the person mentioned herein in general or in regard to a certain type of investment services, or transactions, or a certain transaction or a product.

2.5. A person who wishes to be assigned the status of Institutional Customer shall submit to the Bank an application where he/she should indicate the type of investment service, transaction or product in regard to which he/she would like to receive the status of Institutional Customer. Before assigning the status of Institutional Customer to the person, the Bank shall serve this person a written notification advising that he/she may lose the investment protection right while having the Institutional Customer status. The person shall sign a confirmation statement that he/she has received the notification and understands the consequences of losing said right. The parties enter into a written agreement in regard to assignment of the Institutional Customer status.

2.6. A person who has been assigned the status of Institutional Customer according to paragraphs 2.3, 2.4 and 2.5 shall submit to the Bank information about the changes in his/her activities that may have an impact on the person's compliance with requirements of the Institutional Customer status. After receipt of the information indicating that Customer does not any longer meet the requirements specified for Institutional Customer, the Bank makes a decision about revocation of the status and notifies the person in writing.

2.7. A person who has been assigned the status of Institutional Customer has the right to request assignment of the Individual Customer status. Institutional Customer may be assigned the status of Individual Customer in regard to all provided services or certain types of investment services, transactions, or products. The Bank assigns the status of Individual Customer according to paragraphs 2.8 and 2.9.

2.8. Institutional Customer who is interested in obtaining the status of Individual Customer shall submit to the Bank a respective application where he/she should indicate the type of investment service, transaction or product in regard to which he/she would like to receive the status of Individual Customer.

2.9. In order for Institutional Customer to be assigned the status of Individual Customer, the Bank and the person who is recognized as Institutional Customer enter into a written agreement. This agreement shall stipulate types of investment services, transactions or products where the status of Individual Customer shall apply.

2.10. Before the Bank starts rendering investment services or auxiliary investment services, it shall inform respective companies about the status of Authorized Business Partner applied to such companies.

2.11. In relation to currency trading operations, the agreement on currency trading operations against cover is applied in determining of customer's status (01F0289).