

More about customer classification

This document is an English translation of the original Danish text. In the event of discrepancies between the original Danish text and the English translation, the Danish text shall prevail.

The rules on investor protection generally aim at ensuring that investment advice is given and investment decisions are made on a properly informed basis.

All securities dealers must therefore place their customers in one of three customer categories with different protection levels. The categories are:

- retail customers
- professional customers, and
- eligible counterparties.

The following contains information on the protection you enjoy as a customer of the different categories in connection with securities trading in Nykredit Bank.

The rules on investor protection imply:

- Requirements as to the information which securities dealers must obtain from you. This applies to details of your financial circumstances and knowledge of and experience with securities trading. The purpose is to offer you the best possible advice.
- Requirements as to the information which you must receive from your securities dealer. This applies to details of the financial instruments traded, and the securities dealer and its terms and conditions for trading.

Retail customers

As a retail customer, you enjoy the highest level of protection. The majority of Nykredit Bank's customers are retail customers. This applies to personal customers and to a large number of small and medium-sized enterprises, local and regional authorities.

When Nykredit Bank provides advice on investments and financial instruments or provides portfolio management services, we require detailed information in order to be able to recommend the securities trade best suited to fulfil your investment objectives. This is done by obtaining information on:

- your knowledge of and experience with investment and financial instruments
- your investment objective, and
- your financial position and investment horizon .

In addition to collecting information about you as a retail customer in connection with advice and portfolio management, Nykredit Bank must also provide you with certain information. This also applies in situations where a trade is executed without the customer having received specific advice.

Nykredit Bank is obligated to

- satisfy a number of detailed requirements for the information and marketing material provided to you as a retail customer
- inform you of contractual terms and forward trade confirmations promptly after concrete trades
- provide information about Nykredit Bank
- provide information about the securities traded, where relevant, and
- regularly forward performance reports if we provide portfolio management services.

This will enable you to make investment decisions on a properly informed basis.

Professional customers

As a professional customer you are also entitled to protection, but to a lesser degree than retail customers.

Generally, you are a professional customer when you satisfy at least two of the following three criteria:

- Total assets EUR 20m (approx DKK 150m)
- Net revenue EUR 40m (approx DKK 300m)
- EquityEUR 2m (approx DKK 15m)

When Nykredit Bank provides advice and portfolio management to you as a professional customer, you are assumed to possess the necessary experience and knowledge of the products concerned. Consequently, we need not obtain such information – which we would for a retail customer.

In some situations, it may also be assumed that, being a professional customer, you are able to sustain any losses on an investment, in which case Nykredit Bank as a securities dealer need not examine this aspect. However, we are still required to assess whether the investment to which the advice relates satisfies your investment objective.

Compared with retail customers, as a professional customer, you are not entitled to receive as detailed information. However, also to professional customers, Nykredit Bank must

- provide information about the securities traded, where relevant
- forward the essentials of trades executed, and
- regularly forward performance reports if Nykredit Bank provides portfolio management services.

At Nykredit Bank, however, being a professional customer, you generally enjoy the same level of information as retail customers, cf, however, the above on cost information.

Eligible counterparties

Eligible counterparties are less protected than retail customers and professional investors. As an eligible counterparty, in compliance with legislation, you will receive limited information about costs.

Eligible counterparties are companies that are typically subject to supervision by a public authority. This could be banks, insurance companies, pension companies, etc.

Change of category

You may request a transfer to another customer category. This may be relevant in exceptional cases where as a retail customer you already possess broad experience with financial instruments and/or securities trading, but does not otherwise fulfil the criteria for being categorised as a professional customer.

Nykredit Bank is not obliged to accommodate the request for a change of category.

If, being a retail customer, you request to be recategorised as a professional customer, Nykredit Bank will assess whether you possess the necessary experience and knowledge of the investment area. In addition, at least two of the following three criteria must be fulfilled:

- You have carried out major transactions in the relevant market ten times each quarter on average for the past four quarters,
- The size of your portfolio, comprising cash and financial instruments, exceeds EUR 500,000 (approx DKK 3.75m), or
- You are working or has worked in the financial sector for at least one year in a position that requires knowledge of the planned transactions or services.

On that basis, Nykredit Bank will determine whether to comply with your request. Such request for a change of category is expected to be relevant for you in exceptional cases only.

If you change from the category of retail customer to professional customer, you waive the protection that you enjoy as a retail customer. As a retail customer, if you change into the category of professional customers, Nykredit Bank is required – in connection with advice and portfolio management – to assess whether you are able to sustain any losses on investments on which we advise.

As a professional customer or eligible counterparty, you may also request a change into the category of retail customer or professional customer, thus reaching a higher level of protection.