

## CATEGORIZATION POLICY OF CUSTOMERS

Luxembourg law requires that banks classify all their Customers in the three different types established by law, each with a different level of knowledge, experience and protection: (1) retail Customer, (2) professional Customer or (3) eligible counterparty.

1. a retail customer is a Customer who is not a professional Customer.
2. a professional customer (*professional "per se"*) is a Customer who possess the experience, knowledge and expertise to make its own investment decisions and properly assess the risks that it incurs. Amongst them are:
  - a. institutional investors, such as investment firms, credit institutions, insurance companies, UCITS and their management companies, pension funds and their management companies, other financial institutions, commodities and/or commodity derivatives dealers, or
  - b. large undertakings meeting two of the three following size requirements on a company basis: balance sheet total : €20 million, net turnover : €40 million or own funds : € 2 million;
  - c. national and regional governments or public bodies;
  - d. other institutional investors whose main activity is to invest in financial instruments, including entities dedicated to the securitization of assets or other financial instruments.
3. Eligible counterparties are a sub-category of the professional customer and are i.e. financial service providers with the exception of employment of an MTF and investment advisors:
  - Who execute the orders on behalf of the customers;
  - Who deal on own account in financial instruments and
  - Who receive and transmit Customer' orders.

For the sake of simplicity and to better protect the Customers' interests, we decided to classify all Customers "Retail customers" and all the accounts as "Retail accounts". Only on a case-to-case basis it shall give another classification.

The default classification of "Retail customer" is for each (joint) accountholder and is for the aggregate services to be provided by the Bank and for the account. If in case of a joint account one of the co-owners of the account is desirous to be treated as a "professional customer", this re-categorization is without any impact on the classification of Retail customer / Retail Account; the account remains to be considered as a "Retail account". Only when all co-accountholders wish to be treated as a professional customer, the account will be re-categorized as well, provided the conditions below are met.

### **Request for re-classification**

Each customer is entitled to request a re-classification and the Bank shall decide on a case-to-case basis whether this re-categorization is approved.

The Bank may treat a Retail customer as a professional customer upon the customer's request or on the Bank's own initiative, in general (not on a transaction basis), provided the Bank, based upon the experience, knowledge and competences of the retail customer may reasonably believe that the envisaged transactions and services are appropriate to that customer. The Retail customer should so meet two of the three criteria:

- (1) Customers made 10 significant transactions per quarter during the last four quarters;
- (2) the valuation of the portfolio of the customer exceeds 500.000€ and/or
- (3) customer has or has had a position as a professional of the financial sector during one year at least.

Moreover, the Bank shall only accept or allow such a change provided:

1. customer notifies in writing to the Bank customer's wish to be re-classified as a professional customer, in general "Request form to change Customer classification";
2. the Bank explains in writing the protections the Customer shall lose;
3. customer declares in writing, that the Customer is conscious of the consequences of the less protection.

The Bank may treat a Professional customer as a Retail customer upon the Customer's request or on its own initiative, in general (not on a transaction basis). The Bank shall decide this on a case to case basis.

The Bank shall inform the customer of his/her classification and the possibility to change category in writing or via the website of the Bank.

**MIFID - REQUEST FORM TO CHANGE CLIENT CLASSIFICATION**

To: Bank Leumi (Luxembourg) S.A

**Re: My account with you No. \_\_\_\_\_**

**I refer to your advise that as per MIFID requirements I was classified by you as a “ retail customer” in the above mentioned account.**

Herewith I request the Bank to be treated as a **Professional Client** instead of a **Retail Client** for all transactions with the Bank. I confirm that:

I meet two of the following conditions<sup>1</sup>:

- (1) I have made 10 significant transactions per quarter during the last four quarters;
- (2) the valuation of my portfolio exceeds 500.000€ and/or
- (3) I have or have had a position as a professional of the financial sector during one year at least.

I understand that I loose investor's protection by making such a choice. I confirm that:

- a) I have the necessary level of experience and knowledge and should therefore be able to identify for myself the information which I need to take an investment decision and therefore be given only the information that I myself request. Where such information requests are reasonable and proportionate the Bank shall provide me the additional information;
- b) I am able financially to bear any related investment risks consistent with my investment objectives, where that investment service consists in the provision of investment advice to me ;
- c) I have the necessary experience and knowledge in order to understand the risks involved in relation any investment service, transaction, or product. ,

It is clear to me that by changing my classification from Retail to Professional client I also loose the following investor's protections:

- 1) Where the Bank executes an order on behalf of a Retail Client, the best possible result shall be determined in terms of the total consideration, representing the price of the financial instruments and the costs related to execution, which shall include all expenses incurred by the client which are directly related to the execution of the order; this may be different in case of a professional investor, such as me.
- 2) Where the Bank handles a Retail Client order, it must inform the retail client in advance about any material difficulty relevant to the proper carrying out of orders. This is not the case for a professional investor, such as me.

Date:

Name:

Signature:

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<sup>1</sup> Please circle the two criteria applicable.