

APPROVED
by Order of the Director of UAB FMI "Orion Securities"
No. 2015-03-13-1 of 13 March 2015

**PROCEDURE FOR CLASSIFICATION OF CLIENTS OF UAB FMI "ORION SECURITIES"
INTO NON-PROFESSIONAL CLIENTS, PROFESSIONAL CLIENTS AND ELIGIBLE
COUNTERPARTIES**

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GENERAL PART

1. **UAB FMĮ “Orion Securities”** (hereinafter referred to as the Intermediary or the FMĮ) is guided by the laws of the Republic of Lithuania and international legislations, as well as the resolutions of the Board of the Bank of Lithuania in the process of providing Investment Services and carrying out investment activities.
2. In accordance with the Law on Markets in Financial Instruments of the Republic of Lithuania and the resolution of the Board of the Bank of Lithuania regarding the approval of the rules for the provision of Investment Services and the acceptance and execution of client orders, with this document the Intermediary defines the process and procedures for the classification of clients into Non-Professional Clients, Professional Clients, and Eligible Counterparties.
3. The purpose of this Procedure is to make sure that the principle “know your client” is implemented and that the client of the Intermediary is offered and properly provided with Investment Services that best suit his / her interests.
4. The main concepts used in the Procedure for Classification of Clients into Non-Professional Clients, Professional Clients and Eligible Counterparties:
 - 4.1. Procedure shall mean this Procedure for Classification of Clients into Non-Professional Clients, Professional Clients and Eligible Counterparties;
 - 4.2. Employee shall mean all employees of the Intermediary;
 - 4.3. Non-Professional Client shall mean a client who is not classified as either a Professional Client or an Eligible Counterparty;
 - 4.4. Professional Client shall mean a client who has sufficient knowledge, skills, and experience to make reasonable investment decisions independently, can properly assess potential risks, and meets the criteria set for Professional Clients, specified in Clauses 6 or 7 of the Procedure;
 - 4.5. Eligible Counterparty shall mean a client who meets the criteria provided for in Clause 13 of the Procedure;
 - 4.6. Investment Services shall mean the following services related to one or more financial instruments:
 - 4.6.1. acceptance and transmission of client orders;
 - 4.6.2. execution of orders at the expense of clients;
 - 4.6.3. management of clients’ portfolios of financial instruments;
 - 4.6.4. providing investment recommendations;
 - 4.7. Internal Documents of the Intermediary are various policies, procedures, instructions, orders, resolutions and other documents approved by the management bodies of the Intermediary, which regulate the provision of Investment Services and investment activities of the Intermediary;
 - 4.8. LMFI shall mean Law on Markets in Financial Instruments of the Republic of Lithuania.
5. Other terms defined in this Procedure shall be construed in reference to their definitions provided in the MFRI and other legislations of the Republic of Lithuania and international law.

CATEGORIES OF CLIENTS AND TRANSACTIONS CARRIED OUT

6. The following are considered Professional Clients without separate recognition:
 - 6.1. licensed and (or) otherwise supervised entities operating in financial markets: credit institutions, financial brokerage firms, other licensed and (or) supervised financial institutions, insurance companies, collective investment entities and their management companies, pension funds and their management companies, dealers trading in stock

exchange commodities and derivatives on stock exchange commodities, futures with their own funds and other institutional investors. Professional Clients referred to in this Clause include entities licensed and (or) supervised by European Union member states and third countries;

- 6.2. large companies meeting at least 2 of the following criteria:
 - 6.2.1. the value of assets specified in the balance sheet is at least 20 million euros;
 - 6.2.2. net sales revenue: at least 40 million euros;
 - 6.2.3. own funds: at least 2 million euros;
 - 6.3. national governments and municipalities, public debt management entities, central banks, the World Bank, the International Monetary Fund, the European Central Bank, the European Investment Bank and other similar international and cross-border institutions;
 - 6.4. other institutional investors whose main field of activity is investing in financial instruments, including entities that engage in property investment or are involved in other financing transactions.
7. The Intermediary may also recognise clients who do not meet the requirements of Clause 6 of this Procedure as Professional Clients, if such client meets at least 2 of the following criteria:
 - 7.1. the client has concluded an average of 10 large transactions of EUR 30,000 (thirty thousand) each quarter in the relevant market over the past four quarters of the year;
 - 7.2. the client's portfolio of financial instruments, including pecuniary means, exceeds 500 thousand euros;
 - 7.3. the client works or has worked professionally in the financial sector for at least one year and holds or held positions requiring knowledge of the services to be provided to the client or the transactions to be concluded, for example, his / her job functions include making investment decisions.
 8. The Intermediary may not apply some investor protection measures to clients who meet the criteria specified in Clause 7 of the Procedure, if:
 - 8.1. the client has declared in writing to the Intermediary that he / she wishes to be recognised as a Professional Client: either for all services provided and concluded transactions, or only for certain services and concluded transactions or types of transactions or financial instruments;
 - 8.2. the Intermediary has clearly indicated in writing to the client which investor protection measures are not applicable to him / her in the contract concluded with the client;
 - 8.3. the client has confirmed in writing in the contract that he / she is familiar with and understands the consequences of waiving certain investor protection measures.
 9. Before recognising a person as a Professional Client and ceasing to apply some investor protection measures to him / her, the Intermediary must make sure that the client meets the requirements stipulated in Clause 7 of the Procedure. After collecting, checking, and analysing the data, the final decision on assigning the client to a specific category is made by the responsible employee of the Intermediary in accordance with the provisions of Clauses 19-21 of this Procedure.
 10. A person recognised as a Professional Client must inform the Intermediary in the event of any changes in the information on the basis of which the client was assigned to a certain client category. When the Intermediary learns that the client no longer meets the conditions resulting in his / her recognition as a Professional Client, the Intermediary must inform the client that he / she is classified as a Non-Professional Client and apply all investor protection measures to the client.
 11. All or some of the investor protection measures specified in Annex No. 1 may not be applied to Non-Professional Clients indicated in Clauses 6 and 7 of this Procedure at their request.

12. The Intermediary informs the Professional Client that he / she has the right to request a change in the terms of the contract for the provision of Investment Services in order to achieve a higher level of protection of the client's interests in the manner specified in the contract concluded with the client.
13. The following are considered Eligible Counterparties:
 - 13.1. financial brokerage firms;
 - 13.2. credit institutions;
 - 13.3. insurance companies;
 - 13.4. collective investment entities and their management companies;
 - 13.5. pension funds and their management companies;
 - 13.6. other financial institutions licensed or supervised in the European Union or individual member states, governments of member states and their authorised entities engaged in public debt management, as well as central banks and cross-border organisations;
 - 13.7. persons whose main activity is concluding transactions on exchange commodities and (or) derivative instruments on exchange commodities at their own expense, except if such persons concluding transactions on exchange commodities and (or) derivative instruments on exchange commodities at their own expense belong to a group of persons, whose main activity is the provision of other Investment Services or banking services;
 - 13.8. companies providing Investment Services and (or) carrying out investment activities that consist only of entering into transactions with their own funds in financial futures, options or other derivative instruments and money markets with the sole purpose of hedging their positions in the derivative financial instrument markets, as well as companies that enter into transactions with other companies providing Investment Services and (or) carrying out investment activities, which consist only of entering into transactions with their own funds in financial futures, options or other derivative instruments and money markets for the sole purpose of hedging their positions in the derivative financial instrument markets, with funds or acting in accordance with their interests from the prices, and they are guaranteed by the members of the clearing systems of the same markets, taking responsibility for the transactions concluded by such companies.
14. The Intermediary who executes orders on behalf of clients and (or) concludes transactions at one's own expense, and (or) accepts and transmits client orders, enters into transactions, or mediates transactions with Eligible Counterparties without complying with the duties for the concluded transactions and additional services directly related to these transactions as established in Articles 22 and 24 as well as Paragraphs 2 and 3 of Article 25 of the LMFI (Annex No. 1).
15. The assignment of the client to the category of Eligible Counterparties does not cancel the right of this client to request that all measures designed to protect the interests of non-professional investors be applied to him / her, including those established in Articles 22, 24, and 25 of the Law on Markets in Financial Instruments (Annex No. 1). Such a request may be general in nature or made in a specific case.
16. Other entities not specified in Clause 13 of this Procedure, which meet the criteria established by the Bank of Lithuania, may be recognised as Eligible Counterparties as well. If the parties to the planned transaction belong to different jurisdictions, the Intermediary recognises the status of entities as determined by the legislations of the member state where the counterparty is established.
17. The Intermediary obtains an explicit confirmation of the counterparty in the contract concluded with the client indicating the consent thereof for being considered an Eligible Counterparty before entering into a transaction with a client recognised as an Eligible Counterparty or acting as an Intermediary during the conclusion of such a transaction. Such consent may be general in

nature or made for a specific transaction. The client's consent is deemed to be expressly given when he / she signs a contract where he / she is classified as an Eligible Counterparty.

18. Investor protection measures are applied to clients depending on the category they are assigned to and the agreements concluded by the Intermediary with the client.

PROCEDURE FOR DETERMINING THE CLIENT CATEGORY

19. The client or prospect client fills in the Annex to the Investment Services Provision Agreement provided by the Intermediary: the General Assessment Questionnaire for the Client's Investment Goals, Period, Risk and Financial Situation as well as Suitability of Investment Services, where he / she indicates his / her financial situation and information about his / her investment experience. The client having filled it in is classified as a Non-Professional Client, a Professional Client, or an Eligible Counterparty according to the criteria set out in the Procedure.
20. The decision on the assignment of clients to the relevant category is made by an employee of the Intermediary holding a license of a financial broker by taking into account the data provided by the client.
21. In the event that clients are served by an employee who does not hold a license of a financial broker, such an employee must contact an employee of the Intermediary holding a license of a financial broker to make a decision on assigning the client to the relevant category. If there is no opportunity for an employee of the Intermediary holding a license of a financial broker to make a decision on assigning the client to the appropriate category (the employee is not at the workplace, other reasons) at the time of the client's visit, the client, with his / her consent, may only be assigned to the Non-Professional Client category.

ANNEX No. 1 – INVESTOR PROTECTION MEASURES

1. Having collected and assessed the information specified in the Annex to the client's Investment Services Provision Agreement: the General Assessment Questionnaire for the Client's Investment Goals, Period, Risk and Financial Situation as well as Suitability of Investment Services, the employee who provides Investment Services to a client, must recommend specific Investment Services to the client or prospect client and financial instruments that best suit the client's interests.
2. If the employee, having assessed the client's knowledge and experience in the field of investment related to specific Investment Services or financial instruments offered by the Intermediary or for which the client or prospect client applies himself / herself, determines that the Investment Service or financial instrument is not suitable for a specific client or prospect client, he / she must warn the client or prospect client about this. The warning may also be given in a standard form.
3. If the client or prospect client refuses to provide information about knowledge and experience in the field of investment related to specific Investment Services or financial instruments offered by the Intermediary or for which the client or prospect client applies himself / herself, or provides insufficient information about his / her knowledge and experience in the field of investment, the Intermediary warns the client or prospect client that his / her refusal to provide the necessary information or failure to provide all the necessary information prevents the Intermediary from determining whether specific Investment Services and financial instruments are suitable for him / her. Such a warning may also be given in a standard form.
4. The Intermediary provides the client with notifications about the services provided to him / her in accordance with the procedure established in the contract with the client.
5. When executing the client's order, the Intermediary acts in a manner aimed at achieving the best possible result for the client, taking into account the price of financial instruments, the costs of execution of the order, the speed, the probability of execution and settlement of the order, the scope of the order, the content and other circumstances important for the execution of the order. However, if the client submits a specific instruction to the Intermediary, such client's instruction is executed precisely and without deviating from the conditions provided in the instruction.
6. The Intermediary executes the client's orders in accordance with the Policy for Order Execution, Consolidation and Distribution of Transactions, which the client is informed about in detail and the client's prior consent is obtained for it before starting to execute his / her orders.
7. At the request of the client, the Intermediary must prove that his / her order was executed in accordance with the Policy for Order Execution, Consolidation and Distribution of Transactions.