

Classification as a Professional Client in delivery transactions

1. Client classification

Under the German Securities Trading Act (Wertpapierhandelsgesetz; WpHG), Baader Bank AG (hereinafter referred to as the "Bank") classifies you as a Professional Client. In terms of this classification, the Bank will execute transactions with you on the basis of the relevant regulations of the German Securities Trading Act (Wertpapierhandelsgesetz; WpHG). You are entitled to demand another classification (e.g. as Retail Client) at any time on a general basis or for individual transactions to receive a higher level of protection in terms of the regulations of the German Securities Trading Act (Wertpapierhandelsgesetz; WpHG). In this case, please notify us in writing at the following e-mail address: compliance@baaderbank.de.

In terms of the German Securities Trading Act (Wertpapierhandelsgesetz; WpHG), Professional Clients are those clients where the Bank can assume that a sufficient amount of experience, knowledge and expertise exists to independently make investment decisions. In addition, these clients are able to appropriately judge the risks involved with such investment decisions (Section 67 (2) of the German Securities Trading Act (Wertpapierhandelsgesetz; WpHG)).

In terms of the German Securities Trading Act (Wertpapierhandelsgesetz; WpHG), Professional Clients include securities services companies, other approved or supervised financial institutions, insurance companies, other institutional investors or companies which exceed two of the three following criteria:

- Total assets of 20 million Euro
- Income of 40 million Euro
- Equity of 2 million Euro

Retail Clients are classified as Professional Clients when they meet at least two of the three following criteria:

- During the last year, the client has executed an average of ten transactions of material size per calendar quarter on the market in which the financial instruments are traded and for which he/she is to be classified as Professional Client.
- The client has bank assets and a securities portfolio with a value exceeding 500,000.00 Euro. Property assets are not taken into account.
- For at least a year, the client has exercised a profession on the capital market which requires the knowledge of the relevant transactions, securities services and supplementary securities services.

When being classified as a Professional Client, Retail Clients must be informed in text form that the change of classification means that the protective regulations for Retail Clients of the German Securities Trading Act (Wertpapierhandelsgesetz; WpHG) no longer apply. The client must confirm in text form that he/she acknowledges this information.

2. Summary of the main differences between the treatment as Professional Client and Retail Client

2.1 Exclusion of the appropriateness test

In the case of professional clients and eligible counterparties, the Bank does not carry out an appropriateness test pursuant to § 63 (10) WpHG and in accordance with Art. 56 of the Delegated Regulation (EU) 2017/565 may assume in its application that these groups of clients are able to understand, assess and evaluate the risks of the selected forms of investment. In this context, we would like to point out that we do not collect any information

in accordance with § 63 (10), § 64 (3) WpHG and, except in cases required by law, do not provide any warning notice in accordance with § 63 (10) WpHG.

2.2 Suitability test

If it becomes necessary to examine the suitability of a personal investment recommendation to you (provided that the Bank offers this service), the Bank assumes that you have both the necessary knowledge and experience, the investment is in line with your investment objectives, and that you can carry the related financial risks. For this reason, your transactions with us, in contrast to those of private banking investors, are not subject to any suitability test.

2.3 Client funds

The Deposit Protection Fund of The Association of German Banks (Einlagensicherungsfonds des Bundesverbandes deutscher Banken e. V.) applies exclusively to non-banking institutions.

2.4 Periodic information

The Bank is obligated to make detailed information available to Retail Clients, especially within the scope of the provision of financial services. The financial services provider's reports are sent to Retail Clients every 3 months and to Professional Clients only every 6 months.

2.5 Best Execution

In terms of Section 82 of the German Securities Trading Act (Wertpapierhandelsgesetz; WpHG), other criteria apply to the best execution of client orders for transactions with Professional Clients. For Professional Clients the relative weighting of the order execution criteria is decisive (not only price and costs as for Retail Clients, but also the speed, the probability of execution and settlement of the order as well as scope and type of order are also to be taken into consideration).

3. Information about classification as a Professional Client

3.1 Classification as a Professional Client

We have classified you as a Professional Client.

You are aware that you have less protection than retail clients under the provisions of the German Securities Trading Act (WpHG).

3.2 The Bank's execution principles

The Bank has delivered their "Policies governing the execution of orders in financial instruments" in text form.

3.3 Limited client orders

In those cases in which limited client orders in shares, admitted for trading on an organized market or traded on a trading venue, cannot be executed immediately due to market conditions, the bank is not obliged to publish these orders with the associated limit. Unless otherwise instructed by the client, the bank will always forward client orders immediately after receipt and verification to a MiFID II trading venue, which complies with the requirements of Article 70 (1) of Delegated Regulation (EU) 2017/565. In this respect, the disclosure requirement is fulfilled.

3.4 Consent to execute the order outside a regulated market or multilateral trading system (MTF)

You agree to the Bank executing orders over the counter outside a regulated market or a multilateral trading system. If you do not agree, please inform us by emailing compliance@baaderbank.de

3.5 Customer waiver on issue of distribution allowances/fees

The client agrees that the Bank will retain the distribution allowances/fees it receives from issuers or business partners provided that the Bank may accept the distribution allowances/fees under the German Securities Trading Act (Section 70 of the German Securities Trading Act (Wertpapierhandelsgesetz; WpHG)). In this respect, the Client and Bank are entering into an agreement that deviates from the statutory provisions of agency relationship laws (Sections 675 and 667 of the German Civil Code (Bürgerliches Gesetzbuch; BGB)) i.e. that the client cannot assert claims against the Bank regarding the reimbursement of distribution allowances/fees. Without this agreement, the Bank – assuming that the agency relationship law applies to all transactions in financial instruments between the Bank and the client –

would have to surrender the distribution allowances/fees to the customer. In addition, I/we give my/our consent to the following:

If the account opening contract is created on the initiative of more than one of the Bank's authorised agents, the Intermediaries may claim a proportion of the fees invoiced to the client for the duration of the business relationship between the client and the Bank as a finder's fee. The Intermediary/Bank must disclose the proportion of the fee repayment amounts to the client before signing the contract.

On request, if this is required in the individual case, the Bank will provide separate information as to whether and in what amount the bank is receiving distribution allowances/fees/supplementary fee payments or pays to third parties to cover sales expenses.