

Pareto Securities Oy

General Terms and Conditions of Business and Information pertaining to Financial Instruments

Effective from 25 May 2018

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Part A – General Terms and Conditions of Business

These General Terms and Conditions of Business (the "Terms and Conditions of Business") of Pareto Securities Oy ("Pareto"), a part of Pareto Securities Group ("Pareto Group") have been drafted pursuant to Financial Services and Markets Act (747/2012) and other relevant rules and regulation related to financial instruments and investment services (the "Securities Trading Regulations"), and replace previous versions of the Terms and Conditions of Business in their entirety.

The Terms and Conditions of Business applicable at any given time are deemed to have been accepted by the client each time the client submits orders to, or trades with, Pareto.

Any terms defined in the Financial Services and Markets Act shall have the same meaning whenever used in the Terms and Conditions of Business.

1. Pareto in brief

1.1 Contact details

Pareto Securities Oy
Company registration no: 2045188-8
LEI number: 743700NDOKFSKZEMDX22
GIIN number: FMSU12.99999.SL.246

Aleksanterinkatu 44, 6th floor, 00100 Helsinki, Finland
Telephone +358 9 8866 6000

clientservice.fi@paretosec.com
www.paretosec.com

See Clause 26 for further details concerning communications directly with Pareto.

1.2 Tied agents

The Pareto Group may use tied agents to market its services, to source new assignments, to receive and transmit orders, as well as to conclude contracts for financial instruments and investment services provided by the Pareto Group. Pareto is liable for all activities conducted by the agent on behalf of Pareto. An overview of Pareto Group's tied agents is available on the Pareto Group website; www.paretosec.com.

1.3 What services Pareto is licensed to provide

1.3.1 Pareto is licensed to provide the following investment services:

1. reception and transmission, on behalf of clients, of orders in relation to one or more financial instruments;
2. execution of orders on behalf of clients;
3. dealing in financial instruments on own account;
4. investment advice;
5. safekeeping of financial instruments; and
6. placing of financial instruments without a firm commitment basis.

1.3.2 Pareto will offer the following ancillary services

1. safekeeping and administration of financial instruments;
2. granting credits or loans;¹
3. advice to undertakings on capital structure, industrial strategy and related matters, as well as advice and services relating to mergers and the purchase of undertakings;
4. foreign exchange services;
5. preparation and provision of investment recommendations, financial analyses and other forms of general recommendation relating to transactions in financial instruments;

¹ Granting credits or loans for the purchase of, and subscription for, financial instruments

6. placing of financial instruments without a firm commitment basis; and
7. services related to underwriting.

1.4 Supervisory authority

Pareto Securities Oy is under the supervision of:

Financial Supervisory Authority of Finland
Snellmaninkatu 6, P.O Box 103, 00101 Helsinki
www.finanssivalvonta.fi

2. Scope of the Terms and Conditions of Business

The Terms and Conditions of Business govern the investment services and ancillary services provided by Pareto to the extent applicable, as well as any services relating to transactions in instruments that are similar to financial instruments.

The Terms and Conditions of Business shall apply as a supplement to any specific agreements concluded between Pareto and the client. Such agreements shall take precedence over the Terms and Conditions of Business in case of conflict.

Trading and clearing may also be governed by specific trading rules / standard terms and conditions in the regulated markets and clearing centres where trading and settlement/clearing take place. In case of conflict between the Terms and Conditions of Business and/or any agreements as mentioned in the preceding paragraph and such trading rules / standard terms and conditions, the trading rules / standard terms and conditions of each individual regulated market or clearing centre shall take precedence.

In addition to the abovementioned, the services may be governed by the Financial Services and Markets Act, Securities Market Act, Securities Accounts Act, and acts on clearing and settlement, book-entry system, and trading in financial instruments, the Limited Companies Acts and other relevant legislation (the "Regulatory Framework").

In addition, the Pareto Group is required to comply with conduct of business rules applicable to each of the respective markets.

3. Client classification

3.1 Classification

Pareto is required to classify its clients into different categories on the basis of their degree of professionalism, as non-professional clients, professional clients or eligible counterparties, respectively.

The statutory protection afforded to clients depends on their category. A presentation of the main features of the investor protection afforded to each client category follows below. The presentation is not exhaustive and must be read in conjunction with the remainder of the Regulatory Framework and the Terms and Conditions of Business (see, *inter alia*, provisions on conflicts of interest, best outcome requirement with regard to order execution and the handling of client orders, reporting of trading, etc.).

3.2 Non-professional client

3.2.1 Degree of investor protection

Clients who do not meet the requirements applicable to professional clients or eligible counterparties will be classified into this category, which offers the highest degree of investor protection.

Pareto is subject to a general requirement that it carries on its business activities in accordance with the conduct of business rules, and it shall hereunder safeguard the interests of clients and the integrity of the market in the best possible manner. This requirement applies with regard to all clients, but is more comprehensive in relation to non-professional clients.

Pareto shall give clients and potential clients relevant information, in an understandable form. This information material, as well as any marketing material used by Pareto and not specifically limited to professional clients, is intended to be understandable to non-professional clients. Clients who do not understand the content of such material, or who have questions, need to approach their contact person at Pareto.

Pareto shall, prior to providing investment services to clients, assess whether the investment service or investment product envisaged is appropriate for the client, given Pareto's information regarding the client's knowledge of, and experience from, the relevant investment field (the "appropriateness test"). If Pareto finds that the service or product is not appropriate, Pareto shall warn the client accordingly. Such warning shall also be given if the client fails to provide Pareto with the information necessary to perform the test. Any warning will be given orally or as otherwise determined by Pareto. The investment service may nevertheless be provided if thus desired by the client despite the warning. The client acknowledges that Pareto is entitled to base its assessment on the information disclosed by the client, without conducting its own checks. No appropriateness test will be performed if the service only consists of transmission and/or execution of orders relating to non-complex instruments, when the order has its origin in the client's initiative.

If Pareto provides the client with investment advice, Pareto shall also assess whether the investment services and financial instruments offered are suitable for the client (the "suitability test"). Pareto shall in such cases assess whether the product is compatible with the client's investment objectives, whether the client is in a financial position to handle the risk, and whether the client has the necessary experience and knowledge to understand the risk associated with the product. It is specifically noted that status as a non-professional client may imply that certain investment services and financial instruments are not presented to the client.

3.2.2 Scope for reclassification as a professional client

Non-professional clients may request reclassification as professional clients if they meet at least two of the following criteria:

1. the client has carried out transactions of significant volume in the relevant market 10 times per quarter on average in the four preceding quarters;
2. the size of the client's financial portfolio, defined to include liquid assets and financial instruments, exceeds an amount equivalent to EUR 500,000.
3. the client works or has worked in the financial sector for at least one year in a professional position that requires knowledge of the planned transactions and investment services.

The client must notify Pareto if the client wishes to be classified as a professional client, and must document that the requirements are met. Reclassification is conditional upon the approval of Pareto, and may be limited to certain investment services and products.

After approval has been granted, the client must declare, in a separate document, to Pareto that the client is aware of the implications of losing the protection afforded to non-professional clients.

3.3 Professional client

3.3.1 Degree of investor protection

The requirements for classification as a professional client are set out in Financial Services and Markets Act. Professional clients enjoy less protection than non-professional clients.

The general conduct of business rules, and hereunder the duty of Pareto to safeguard the interests of clients and the integrity of the market in the best possible manner, apply with regard to professional clients as well, but the scope of such duty will be reduced.

Pareto will, for purposes of the appropriateness and suitability tests, assume that professional clients generally have the experience and knowledge required for the investment services and products offered by Pareto, and are in a financial position to handle the risk. As far as reclassified clients are concerned, this will apply to the products in relation to which such clients are classified as professional.

Professional clients will, like other clients, receive relevant marketing material from Pareto, but are expected to be able to obtain any supplementary information themselves.

3.3.2 Reclassification

Professional clients are responsible for the investment firm being kept informed on an ongoing basis of any changes to matters of relevance to their classification, and will be reclassified if Pareto is informed in writing by the client that the requirements are no longer met.

Professional clients that are legal entities and that meet two out of three criteria in Clause 3.2.2 above may request classification as an eligible counterparty. This shall be subject to an explicit confirmation from the client to the effect that it consents to being classified as an eligible counterparty.

3.4 Eligible counterparty

3.4.1 Degree of investor protection

Eligible counterparties are those contracting parties that meet the requirements in the Financial Services and Markets Act.

The requirements in the Financial Services and Markets Act concerning conduct of business rules, information to clients, appropriateness tests, suitability tests, best outcome with regard to order execution and certain rules in relation to the processing of orders, as well as certain other rules, are not applicable as far as eligible counterparties are concerned.

3.4.2 Scope for reclassification

Eligible counterparties may submit a written request for classification as a professional client if they want a higher degree of investor protection. Such a request is not deemed to have been received until Pareto has confirmed receipt thereof.

4. Responsibility of the client for information and authorisations, etc.

4.1 Information

Pareto is under a statutory obligation to gather information from clients. The client undertakes to provide, upon request, Pareto with adequate and correct information concerning its financial position and investment experience, etc., and shall notify Pareto immediately in case of any material changes to any information previously disclosed.

Pareto will gather information about the financial position of the client from credit rating agencies, etc. In addition, accounting information will be gathered in respect of legal entities. The client must notify Pareto in writing if the client is of the view that such information does not convey a correct impression of the financial position of the client.

All personal data will be handled in accordance with Chapter 7 of these Terms and Conditions of Business.

4.2 Internal authorisations

The client warrants that its own trading and settlement are in compliance with, and within the scope of, any licences and authorisations governing the client's trading in financial instruments. The client shall document, at the request of Pareto, such licences and authorisations. Pareto reserves the right, if the client is a foreign undertaking, to request the submission, for the account of the client, of reasoned legal opinions concerning the licences and authorisations of the client with regard to participation in the relevant trading.

The client shall provide Pareto with an overview of the person or persons authorised to submit orders, engage in trading, conclude other agreements in relation to financial instruments and other products, or accept trades on behalf of the client. Trades or acceptances from such person or persons are binding on the client, unless Pareto did not act in good faith as far as the authorisation of any such person was concerned. The client is responsible for keeping Pareto updated at all times with regard to any person or persons authorised to submit orders or accept trades on behalf of the client.

Pareto will not accept any authorisations that specify limits in respect of the trading of each individual client, other than by prior written agreement.

The client undertakes to ensure that the funds and financial instruments encompassed by each individual assignment are free of encumbrances of any nature, such as mortgages, security interests (rights of retention), attachments, etc. The same applies in those cases where the client trades as the authorised representative of a third party.

4.3 The investment objective of the client, etc.

Pareto's services primarily comprise trading in equities and bonds, with a special focus on Nordic securities and industries, as well as transactions relating to foreign exchange.

Pareto offers a limited range of investment products and services. Pareto does not, for example, offer bank deposits or active management, which may, depending on the investment objective and risk profile of the client, form part of an

investment portfolio. Any advice is limited to the small number of investment products offered by Pareto, and consequently is not product-independent advice.

Nor do Pareto's business activities include advice to the client with regard to the establishment of investment objectives and detailed investment limits (asset allocation principles, portfolio composition to achieve the desired diversification, etc.). Consequently, clients wanting assistance on this need to contact another service provider that offers such a service.

Pareto's investment products aim to achieve positive yields/gains, and are generally characterised by medium/high risk, whilst their recommended investment horizons vary depending on, *inter alia*, liquidity.

Pareto operates on the assumption that the client's investment objective and risk profile are compatible with investment in the types of products offered by Pareto, and that no special restrictions apply as far as concerns such part of the assets of the client as are invested in products offered by Pareto. Clients with different investment objectives or different risk profiles or special investment restrictions therefore need to notify Pareto thereof in writing.

5. At the risk and responsibility of the client

The client acknowledges that investment and trading in financial instruments, foreign exchange and other related instruments are associated with risk of loss. The value of the invested capital may increase or decrease. The value of the financial instruments depends, *inter alia*, on general fluctuations in the financial markets. Historical capital gains and yields cannot be used as a reliable indicator of future capital gains and yields on financial instruments.

Reference is made to Part B of the present document for more information about characteristics and risks associated with the various products.

The client must by him- or herself evaluate the risk associated with the relevant product and market. All trades carried out by the client are at the risk and responsibility of the client him- or herself, and at the discretion and will of the client him- or herself. Pareto does not guarantee any specific outcome of any investment.

The client should refrain from making investments and trading in financial instruments and other products unless the client is aware of the risks associated with such investments or trading. The client is encouraged to seek supplementary information in the market prior to making his or her decision.

The client is him- or herself responsible for ensuring that he or she is at all times in compliance with all requirements stipulated in the Regulatory Framework and the Terms and Conditions of Business. The client must assume a special responsibility for ensuring that his or her business activities are not in violation of provisions relating to insider trading, market manipulation and conduct of business rules.

Pareto assumes no responsibility for disclosure obligations, notification obligations or information to stock exchanges or government bodies, unless agreed in writing.

6. Trading through Pareto

6.1 Introduction

The provisions of the present Chapter 6 govern order transmission and order execution through Pareto, hereunder trading with Pareto as a counterparty.

The provisions govern both subscription and secondary trading, unless otherwise specified.

The provisions govern all client categories (including eligible counterparties), unless otherwise specified.

6.2 Submission of orders and acceptances

Trading through Pareto may be effected through the submission of orders to Pareto's trading desk or as otherwise determined by Pareto for each individual transaction (for example through the submission of a subscription form).

The same shall apply upon the client's acceptance of an offer made by Pareto. When the client accepts an offer made by Pareto without any basis in an order or indication from the client, it is deemed to constitute an acceptance, and not the submission of an order.

Orders and acceptances from the client may be submitted by telephone to Pareto's trading desk or to a mobile phone that is connected to audio recording equipment, by e-mail or via Bloomberg. Subscription to issues may also be effected through the submission of a subscription form / power of attorney to Pareto.

Orders and acceptances are binding on the client when the order is received by Pareto, unless otherwise specifically agreed. Confirmation of receipt from Pareto is required before an order is deemed to have been received. Pareto is deemed to have confirmed an order or acceptance when it has been submitted by telephone, unless otherwise specified during the telephone conversation. Upon the submission of orders or acceptances in writing, via Bloomberg or via e-mail, an order is deemed to be binding when Pareto has confirmed receipt by telephone, via Bloomberg or via e-mail.

Pareto will make audio recordings of all orders and indications submitted by telephone. The undertaking is unable to execute orders or indications submitted to telephones that are not connected to audio recording equipment. Audio recordings and other documentation of any agreements, orders and indications submitted by other means will be kept by Pareto in accordance with the Regulatory Framework.

Audio recordings with individual clients can be retrieved by searching, *inter alia*, on the basis of the timing of the conversation, the telephone number called and the Pareto employee who received the order. Pareto may be ordered to hand over audio recordings to government bodies and others entitled to request these pursuant to statute. Pareto is not obliged to transmit or execute any orders that Pareto assumes may entail an infringement of the Regulatory Framework or any rules adopted for the relevant regulated market or markets. Pareto may, correspondingly, disregard any acceptances if such circumstances are assumed to prevail.

6.3 Conditional orders

In general, Pareto will accept orders where no price limit is stipulated, as well as those types of limit orders, etc., specified under litra a) to j) below.

Pareto may in certain cases refuse to accept a limit order for reasons to do with the market situation or similar.

- a) *Limit order.* A limit order shall specify the volume, as well as the highest price at which a purchase order may be executed or the lowest price at which a sales order may be executed. All or part of orders are executed at limit or better as soon as possible.
- b) *Top limit/low limit.* Orders are executed within limit over time at higher/lower levels at best discretion. The client must be aware that the order may be partially executed.
- c) *At market orders.* Orders shall state a specific volume, and are executed at best discretion at market prices over a short period of time.
- d) *Careful at market orders.* Orders shall state a specific volume. The order is executed at best discretion at market prices over a longer period of time, in a manner that has no material impact on the market price.
- e) *Share of traded volume.* The client specifies what share of the traded volume in the relevant trading system during a specified period the order shall represent. The order may be submitted with or without a maximum volume, and with or without any limit.
- f) *Volume-weighted price.* The order is specified with a volume and, if applicable, a top/low limit, and shall be sought executed at an average price equal to the volume-weighted average of the trades over the period during which the order is executed.
- g) *Carefully over the day.* The order is specified with a volume and, if applicable, a top/low limit, and shall be sought executed reasonably evenly over the opening hours of the regulated market on the relevant day.
- h) *Swap orders.* Purchase of a stock is conditional upon the simultaneous sale of another stock, and vice versa. The order may specify a limit on the spread between the prices of the two stocks.
- i) *Fill and kill.* Fill and kill may in special cases be used for limit orders. Orders must be executed when registered in the trading system of the relevant regulated market offering the service. Any part of such an order not executed at such point of time will be deleted.
- j) *Fill or kill.* Fill or kill may in special cases be used for limit orders. Orders must be executed, in respect of the entire volume specified, when registered in the trading system of the relevant regulated market offering the service, or there may be agreed a total volume that needs to be achieved before the order is binding. If the total volume

specified cannot be executed, the order will be deleted and no trade will take place. Fill or kill orders require a specific agreement between Pareto and the client.

6.4 Order validity period

For any orders pertaining to transferable securities and derivatives contracts with transferable securities as underlying instruments, the order shall remain valid until the end of the order date or until closure of the regulated market on which the order has been submitted, and shall thereafter lapse, unless otherwise agreed or specified for the relevant order type or order specification.

The duration of other assignments shall be agreed specifically.

The order date is the date on which the client's order to Pareto for the purchase or sale of a product has been received by Pareto. In the event that Pareto initiates a trade, the order date is deemed to be the date on which Pareto approaches the client and the client accepts the assignment for the purchase or sale of the relevant products.

The order may be revoked by the client to the extent not executed by Pareto.

6.5 Order Execution Guidelines

Pareto is obliged to take all measures that are sufficient to ensure the best possible terms for the Client upon execution of received orders during the assignment period. Pareto has prepared order execution guidelines that specify, *inter alia*, which trading systems transactions in various financial instruments may be executed in. These are set out in Pareto's [Order Execution Policy](#) and found on www.paretosec.com/terms-and-conditions.php.

Trades will be executed in accordance with the said guidelines unless the Client has provided specific instructions on how the trade shall be executed. Orders will in such cases be executed in accordance with the instructions of the Client.

Pareto reserves the right to aggregate the Client's orders with orders from other clients, persons or undertakings that are not associated with Pareto as described in the order execution guidelines. Aggregation of orders will not take place unless it is improbable that aggregation in general will disadvantage any of the Clients. However, the Client acknowledges that aggregation of orders may be disadvantageous in individual cases.

Pareto also reserves the right to aggregate the Client's orders with transactions carried out for Pareto's own account. If the overall order is only executed in part, the Client's orders will, as a general rule, be accorded priority over Pareto's orders. However, an exception shall be made from this if Pareto would have been unable to execute the trade on correspondingly attractive terms without the aggregation.

The order execution guidelines applicable at any given time will be deemed to have been approved by the Client upon conclusion of the Client Agreement. The Client has in the said agreement explicitly consented to Pareto trading in financial instruments for the Client outside a regulated market or multilateral trading facility.

6.6 The trading rules of the relevant regulated market

For trades executed on Nordic or other foreign regulated markets or multilateral trading facilities, the Terms and Conditions of Business are also supplemented by the trading rules of the relevant market or trading facility.

As far as the trading rules governing trading on the NASDAQ OMX Nordic or Oslo Stock Exchange and Oslo Axess are concerned, reference is made to www.nasdaqomxnordic.com and www.oslobors.no.

The NASDAQ OMX Nordic and Oslo Stock Exchange/Oslo Axess may, pursuant to the trading rules, cancel orders and trades under certain circumstances. Such cancellation will be binding on the client.

The same may apply to cancellation of orders and trades on other regulated markets or trading facilities.

6.7 Short sales

The client must give notice upon order submission if submitting sales orders without being the owner of, or having other secure access to, the relevant financial instruments ("short sales").

The client can only sell, and Pareto can only transmit or execute the order, if the client achieves the access required to guarantee timely delivery as per the time of concluding the agreement, and borrowing of financial instruments may hereunder be agreed in each individual case.

6.8 Orders transmitted to another investment firm

Pareto is not a direct member of a regulated market or a multilateral trading facility. Instead, Pareto mainly uses the electronic trading system ("DMA") of Pareto Securities AS (Norway) to transfer the orders it has received. It may also have the order carried out by the brokers of Pareto Securities AS or Pareto Securities AB (Sweden) or other parts of the Pareto Group. Pareto and the client may agree that the client's orders shall be transmitted to another investment firm if it would not be straightforward for Pareto to execute the order, typically with regard to foreign regulated markets of which Pareto Securities AS is not a member. Pareto will in these cases be the client of the foreign broker, unless otherwise agreed with the client.

6.9 Foreign exchange transactions, as well as other derivatives

6.9.1 Relevant definitions

By "LIBOR" is meant the interest rate applicable in the interbank market in London at approximately 11:00 a.m. (London time) two working days prior to the relevant interest period for loans in the relevant foreign currency (other than EUR, NOK and SEK) for a period corresponding to the interest period, as the said interest rate is published by Telerate, p. 3750 ("BBAIRS"), or through another corresponding system or another corresponding reference that replaces the said system or reference.

By "NIBOR" is meant the interest rate published by the Reuters information system, screen "NIBO", or through another corresponding system or screen that replaces the said system or screen and is based on the mean of the interest rates quoted by banks in Norway in the interbank market in Oslo at approximately 12:00 noon (Oslo time) two working days prior to the relevant interest period for loans in NOK for a period corresponding to the interest period.

By "STIBOR" is meant the interest rate published by the Reuters information system, screen "SIOR", or through another corresponding system or screen that replaces the said system or screen and is based on the mean of the interest rates quoted by banks in Sweden in the interbank market in Stockholm at approximately 11:00 a.m. (Stockholm time) two working days prior to the relevant interest period for loans in SEK for a period corresponding to the interest period.

By "EURIBOR" is meant the interest rate published by the Reuters information system, screen "EURIBOR", or through another corresponding system or screen that replaces the said system or screen and is based on the mean of the interest rates published by the European Banking Federation at approximately 11:00 a.m. (CET) two working days prior to the relevant interest period for loans in EUR for a period corresponding to the interest period.

By "borrowing rate" is meant the interest rate corresponding to the borrowing cost of the parties for the relevant currency and period in respect of outstanding amounts, with NIBOR (for amounts denominated in NOK), STIBOR (for amounts denominated in SEK), EURIBOR (for amounts denominated in EUR) and LIBOR (for amounts denominated in another relevant currency), respectively, providing guidance.

By "benchmark rate" is meant NIBOR when settlement is to be effected in NOK, STIBOR when settlement is to be effected in SEK, EURIBOR when settlement is to be effected in EUR or LIBOR for another currency when settlement is to be effected in such other currency, provided that no other benchmark rate has been agreed.

By "interest period" is meant the period for which interest amounts shall be calculated under the terms of the agreed trade.

6.9.2 Margin collateral requirements and information, etc.

A client approved as a "credit client foreign exchange" is, as a main rule, not required to furnish collateral in respect of foreign exchange transactions within the established credit limit. Pareto may nevertheless, if there is an elevated risk of default or if deemed necessary pursuant to statute or government orders or for other special reasons, require the client to furnish margin collateral in respect of the market value of concluded contracts, as calculated by Pareto, as well as any supplementary margin determined by Pareto. A client not approved as a "credit client foreign exchange" shall furnish margin collateral as decided by Pareto in respect of foreign exchange transactions.

Pareto stipulates collateral requirements in respect of derivatives and other transactions.

Collateral under margin requirements shall be furnished by payment in EUR into the EUR account of the client, unless otherwise agreed.

Pareto may require clients that are party to transactions in foreign exchange and/or derivatives to provide Pareto with

updated financial and other information, as well as to provide, in connection with trades, a legal opinion confirming the right of the client to conclude contracts and to perform its obligations pursuant thereto.

7. Storage of client communications, processing and safekeeping of personal data

Pareto collects various personal data of the Client in order to comply with Pareto's obligations under the securities legislation and anti-money laundering legislation in order to among other prevent money laundering and insider trading, classify and register the Client, receive orders and executing orders, perform settlement and establish securities accounts and send the Client accounts statements.

Pareto has a statutory obligation to store all client communications relating to the provision of investment services and investment activities. Pareto therefore makes audio recordings of all telephone conversations and SMS made with clients via landline and mobile telephones. All Bloomberg communications and e-mails are stored on a non-manipulable medium.

The principal purposes of personal data processing are client administration, invoicing and compliance with the obligations assumed by Pareto for the execution or assignments for, and performance of agreements with, the Client. The legal basis for personal data processing is statutory obligations, as well as such processing being necessary for the performance of an agreement with, or the provision of a service to, the Client. Pareto will otherwise process personal data to the extent it is required or permitted under applicable legislations, or to the extent the Client has consented to such processing. Pareto has a legitimate interest to provide the Client with information on similar services and products from the Pareto Securities Group that may be of interest to the Client, to use profiling for example when conducting client analysis for marketing purposes or monitoring transactions in order to detect frauds. The Client may during the establishment of the client relationship or subsequent thereto have consented to receiving electronic communications from Pareto. Pareto will in such case send the Client communications based on the consent the Client gave at the time. Pareto also uses telephone, e-mail, SMS and other digital channels of communication in its client marketing. Such marketing takes place in compliance with the legislation applicable at any given time. If the Client does not wish to receive such communications, the Client may decline such communications at any given time.

Audio recordings of conversations and SMS with any given Client can be retrieved through searches based on, *inter alia*, the time of the conversation, the telephone number called and the Pareto employee who participated in the conversation. E-mails and Bloomberg communications can be retrieved on the basis of time, name, user identities and words featured in the message. The client communications may be reviewed by the Pareto Compliance department for control purposes.

Tied agents and other firms that collaborate with Pareto on the provision of relevant investment services have a corresponding obligation to make audio recordings of conversations with the Client to the extent that such investment services are provided via telephone.

Pareto Securities Oy is the controller of the registered personal data. All data are kept confidential and processed in accordance with applicable law.

The personal data will only be disclosed to third parties when (i) Pareto is legally obliged to do so, for example upon reporting on suspicious transactions or when disclosure is ordered by government bodies, (ii) disclosure to companies internally within the Pareto Group is necessary to perform our agreement with, or to provide our service to, the Client, as well as if such disclosure is necessary to others to comply with group-based management, control and/or reporting requirements laid down by statute, (iii) disclosure is necessary to attend to Pareto's interests in any disputes, (iv) the Client consents to disclosure or (v) it is necessary in connection with the operation of Pareto's IT systems.

The Client may request access, correction or deletion of personal data. Such request shall be made to PSComplianceFinland@paretosec.com. Pareto has a duty to respond to the request for access or transparency as soon as possible and at the latest 30 days after receipt of the request. Some exemptions will apply to the access of personal information, e.g. in the event secrecy is necessary for investigative purposes of criminal offences or in the event the information only is included in an internal document not accessible to others. The right to access further does not apply in the event the information is only used for historical or scientific purposes and the use have no direct importance for the person in question.

The Client has the right to request processing limitations and the right to data portability (the right to have your personal data transmitted from one service provider to another). As noted above, Pareto is obliged to keep client communications on tampering-proof platforms. This obligation means that Pareto is both legally and physically unable to erase personal data during the mandatory storage period.

The Client has the right to file a complaint with the competent Data Protection Authority, which may be the supervisory authority in the Client's country of residence or place of work if the Client believe that his/her personal data processing

violates applicable legislation. The relevant authority for Pareto is the Norwegian Data Protection Authority. P.O. Box 8177 Dep., 0034 Oslo, or submitted by e-mail to postkasse@datatilsynet.no.

For further information on which personal data Pareto collect, how the data is used, how the data is safeguarded, how long the data are kept and disclosure to third parties, reference is made to [Pareto's Privacy Notice](#).

Please contact PSCComplianceFinland@paretosec.com if you have any questions in relation to Pareto's personal data processing.

8. Conclusion of a trade - Reporting to the client

8.1 Formation of an agreement

A trade has been concluded as soon as the client's order has been executed, or the client has accepted an offer from Pareto.

Pareto and the client will be counterparties when trading in the secondary market, unless Pareto and the client have otherwise agreed or the client has approved the other party in advance.

The client and the issuing undertaking are counterparties upon subscription for transferable securities, unless otherwise agreed between the client and Pareto, and Pareto consequently has no responsibility for the settlement of such transactions.

8.2 Reporting to the client (contract note, etc.)

Pareto will report, in the form of a contract note, to the client with regard to the trades concluded for the account of the client in the secondary market, as well as transactions in foreign exchange. The contract note will, to the extent relevant, include information about costs associated with the trade carried out for the client.

Notification of allotment in issues will be given in the form of a letter of allotment. The rules governing contract notes shall apply correspondingly to letters of allotment.

A contract note will be sent electronically to all clients who have specified an e-mail address for this purpose, and otherwise by mail or telefax or as otherwise agreed. Clients who receive an electronic contract note will not receive a contract note in any other format, unless otherwise specifically agreed.

Confirmations to be signed by the client shall be endorsed immediately upon receipt, and shall thereafter be returned to Pareto as specified in the confirmation or otherwise agreed with the client.

Pareto reserves the right to correct any obvious errors in the contract note. Such correction shall be made immediately upon the discovery of the error, and no later than by the end of the same stock exchange day.

The client acknowledges that transactions will also be reported to the relevant authorities

9. Notification of contract note defects

9.1 Absence of contract note

If the client can be furnished with contract notes by e-mail and the client has not received a contract note on the first stock exchange day after the agreement was concluded or the assignment period expired, the client must notify Pareto thereof as soon as possible and no later than by the end of the second stock exchange day after the agreement was concluded or the assignment period expired.

If the client is only to be furnished with contract notes by ordinary mail, the final deadline for notification pursuant to the previous paragraph shall be the fourth stock exchange day after the agreement was concluded or the assignment period expired, provided however that it shall be the eighth stock exchange day if the mailing address of the client is located abroad.

The trade shall not be binding on Pareto if the client has failed to notify Pareto of the absence of a contract note within the above deadlines.

The notification deadlines shall be determined by reference to banking days, and not stock exchange days, as far as foreign exchange trading (foreign exchange spot) is concerned.

9.2 Errors in contract notes

The client shall check any contract note immediately upon the receipt thereof. The client must notify Pareto as soon as possible, and no later than by the end of the following stock exchange day if notification could not be submitted by the end of regular office hours on the day of receipt, if anything reflected in the contract note is contrary to the order, the assignment or the concluded trade.

If the client fails to notify Pareto of any error in a contract note as specified above, the trade as reflected in the contract note / confirmation will be binding on the client, even if it is not in conformity with the order/acceptance.

The general rules on the invalidity of agreements shall apply correspondingly to the relationship between the purchaser and the seller upon the purchase and sale of financial instruments through Pareto. If the client wants to argue that an agreement is not binding on grounds of invalidity, the client must make an objection to such effect immediately after the facts invoked as a basis for invalidity came, or ought to have come, to his or her knowledge. In any event, such objection must be made no later than six months after the conclusion of the agreement.

Any oral notification or objection shall immediately be confirmed in writing to the Pareto Clearing Department.

The notification deadlines shall be determined by reference to banking days, and not stock exchange days, as far as foreign exchange trading (foreign exchange spot) is concerned.

10. Delivery and payment (settlement)

10.1 Settlement deadlines

Pareto's settlement is performed by Pareto Securities AS. Pareto Clearing Department is located in Stavanger, Norway. The ordinary settlement deadline for secondary trading in transferable securities, securities fund units and standardised derivatives listed on the NASDAQ OMX Nordic and Oslo Stock Exchange or Oslo Axess shall be three stock exchange days (T+2), unless otherwise agreed. The same shall apply to the settlement of option premiums.

By stock exchange day is meant any day on which a Nordic stock exchanges are open for business. The settlement period runs from the trading day until the settlement date, inclusive.

A corresponding settlement deadline applies to trading in unlisted transferable securities in the Finnish market, unless otherwise agreed between Pareto and the client.

The settlement deadline for notes listed on the NASDAQ OMX Nordic and Oslo Stock Exchange or Oslo Axess shall be three stock exchange days (T+2), unless otherwise agreed.

The ordinary settlement deadline for foreign exchange trading (spot) is three banking days (T+2), unless otherwise agreed. By banking day is meant any day on which banks in the relevant market are open for business. The settlement period runs from the trading day until the settlement date, inclusive.

Financial instruments traded in a foreign regulated market are subject to the settlement deadlines stipulated in the rules governing the relevant market.

The settlement deadline will be specified in the contract note.

10.2 Settlement process

Timely settlement is conditional upon the client making the necessary funds and financial instruments available to Pareto no later than the settlement date.

The client shall, no later than the settlement date, deliver any financial instruments sold to Pareto or release the financial instruments sold from his or her securities account with the Central Securities Depository (Euroclear) or another corresponding register. Submission of an order for the sale of financial instruments or acceptance of a sales offer implies, unless otherwise agreed in writing, that Pareto is authorised to request the client's account operator to release the relevant financial instruments, and to request that such release be registered with the Central Securities Depository immediately. Delivery of physical financial instruments shall take place by specific agreement with Pareto.

Partial delivery to the client shall not authorise him or her to terminate the agreement for breach unless the client has explicitly made execution conditional upon delivery in full.

The Client shall authorise Pareto to use a commission account as permitted by Finnish law for the clearing and settlement of trades.

10.3 Notification of no settlement or incorrect settlement

If delivery to the client of financial instruments registered with the Central Securities Depository or another corresponding register has not taken place on the settlement date, and the client has made the necessary funds available to Pareto, the client must contact Pareto immediately and, if applicable, declare termination for breach if the client wishes to invoke the delay as grounds for terminating the agreement for breach.

A declaration of termination for breach shall under any circumstance have no effect if the client obtains delivery within two stock exchange days after such a declaration of termination for breach has been received by Pareto. The client shall during such period have no right to conclude any cover agreement for the account and risk of Pareto.

By "immediately" in the above paragraph is meant the same day or, at the latest, the end of the following stock exchange day if notification or objection could not be submitted by the end of regular office hours. The deadline shall run from the time when the client became aware, or ought to have become aware, that delivery has not taken place, by accessing the Central Securities Depository account, by way of an electronic confirmation system, by notification from a nominee or otherwise.

If payment to the client has not taken place by the time stipulated in the agreement, and the client has delivered the relevant financial instruments or made these available to Pareto, the client shall contact Pareto immediately once he or she becomes aware, or ought to have become aware, that settlement has not been received and, if applicable, declare termination for breach if the client wants to invoke the delay as grounds for terminating the agreement for breach. The client may only terminate the agreement for breach if the delay is material.

The notification deadlines shall be determined by reference to banking days, and not stock exchange days, as far as foreign exchange trading (foreign exchange spot) is concerned.

10.4 No access to settlement system

If the settlement date of a transaction is not a working day, the settlement date shall be the first working day subsequent thereto, unless such day is in a new calendar month, in which case the settlement date shall be the last working day prior thereto. By "working day" is meant, in relation to payment, any day on which the banks in Helsinki are open for business and, if settlement is to be effected in foreign currency, the banks in the relevant financial centre are open for business. For purposes of the determination of any benchmark rate, "working day" shall mean any day on which the banks in Oslo (NIBOR), Helsinki (EURIBOR), Stockholm (STIBOR) and London (LIBOR), respectively, are open for business.

If settlement cannot take place as the result of any Nordic or foreign statutory prohibition or other similar circumstances outside the control of the parties, settlement shall instead be effected on such subsequent date as shall be communicated by Pareto and which shall be the first available working day after the relevant obstacle has been removed. The parties shall not be entitled to invoke the default provisions under such circumstances. Unless otherwise agreed, interest shall be calculated on the relevant amount from the payment date until the date on which payment is actually made, at an interest rate specified below. No other compensation shall be provided as the result of a party being prevented from making payment or delivery for the abovementioned reasons.

If the benchmark rate is not determined or not published for a relevant interest period due to circumstances as mentioned in the previous paragraph, the benchmark rate for such an interest period shall instead be deemed to be the interest rate corresponding, according to a notification from Pareto, to the mean of the last published benchmark rate quote (for the relevant period) prior to the occurrence of such circumstances and the first corresponding quote after these had come to an end. If the benchmark rate is not determined or not published for a relevant interest period for any other reason, the benchmark rate shall instead be deemed to be the interest rate corresponding, according to a notification from Pareto, to Pareto's borrowing rate.

If new or amended rules are applied to Pareto with regard to capital adequacy, reserve requirements or other framework conditions, or if Pareto is otherwise subjected to, or complies with, framework conditions imposed or recommended by the authorities in Finland, Norway or other countries, and this results in a cost increase or an income reduction on the part of Pareto in respect of one or more foreign exchange contracts and other contracts, Pareto shall be entitled to terminate such contract after prior notification of the client, with settlement on the date specified in such notification. The provisions

concerning close-out netting in Clause 13 shall apply in the event of termination, and Pareto shall perform the necessary calculations.

If payment in a specific currency cannot take place as the result of any Norwegian or foreign statutory prohibition, any measures adopted by Norwegian or foreign authorities or other similar circumstances, payment of the relevant amount on the payment date shall be effected in NOK or – if NOK is not available – in EUR or USD as specified by Pareto. Conversion shall take place at an exchange rate determined by Pareto. However, the present provision shall not apply if a specific currency is replaced by "euro".

11. No cooling-off period for transactions in financial instruments

There is no statutory cooling-off period with regard to the services and transactions in financial instruments governed by the Terms and Conditions of Business.

12. Trading abroad, hereunder safekeeping of client assets

Trading in, and settlement of, foreign financial instruments is governed by the trading rules and settlements or delivery terms stipulated in the country, or by the regulated market or the trading facility, where the financial instruments are purchased or sold.

If financial instruments or client funds are kept in another jurisdiction in connection with the provision of investment services or ancillary services, Pareto will notify the client thereof. The client acknowledges that the rights of the client as far as such assets are concerned may differ from those applicable in Finland. The client also acknowledges that settlement and the furnishing of collateral in foreign markets may imply that those assets of the client that are allocated to settlement or to the furnishing of collateral are not kept separate from the own funds of the foreign investment firms and/or clearing representatives used by Pareto.

The client acknowledges that he or she carries the risk associated with his or her own assets transferred to foreign banks, investment firms, clearing agents, clearing centres, etc., for purposes of settlement or the furnishing of collateral, and that Pareto's liability as against the client with regard to such assets is limited under statutes and rules applicable in the relevant country or the relevant market. Pareto shall under no circumstance assume any liability over and above that applicable under Finnish law, unless otherwise agreed in writing with the client.

13. Breach of contract

The client is deemed to be in breach of his or her obligations under the Terms and Conditions of Business, *inter alia*:

1. when delivery of financial instruments or money does not take place within the settlement deadline or the client fails to perform any other material obligation under the Terms and Conditions of Business; or
2. if the client concludes a specific agreement with his or her creditors for the postponement of payments, becomes insolvent, engages in debt settlement proceedings of any type, suspends his or her payments, or if his or her estate is placed under public administration as an estate in bankruptcy or otherwise.

Upon breach of contract, Pareto shall be entitled, but not obliged, to:

- (i) Declare all unsettled trades to be in default and all non-executed orders to be null and void.
- (ii) Exercise its security interest, pursuant to which Pareto has the right to retain, and obtain settlement from, the financial instruments Pareto has purchased for the client. If the client has failed to pay the purchase price within three days after the settlement deadline, Pareto may, unless otherwise agreed in writing, and without further notice, sell the financial instruments for the account and risk of the client to satisfy Pareto's claims. Such a sale shall normally take place at the stock exchange price or at a price that is reasonable given market conditions. If the relevant financial instruments have been transferred to the client's securities account with the Central Securities Depository or another corresponding financial instrument register, the client shall be deemed to have released the financial instruments or to have authorised such release in order to implement a sale for purposes of satisfying Pareto's claims.
- (iii) Realise other assets than those referred to in (ii) above, to the extent that Pareto holds a security interest or other right to obtain settlement from such assets. The client accepts, and is deemed to have consented to, a forced sale being effected through an independent broker.

- (iv) Close all positions that are subject to the furnishing of collateral and/or margin requirements, as well as perform close-out netting of outstanding transactions in foreign currency and derivatives.
- (v) Set off any amounts that are, or may become, owing to Pareto or any other undertaking forming part of the same group as Pareto from the client, hereunder any claims for brokerage fees, tax disbursements, interest claims, etc., as well as any expenses or losses resulting from the client's breach of one or more of his or her obligations towards Pareto, against any amounts that are owing to the client from Pareto or any other undertaking forming part of the same group as Pareto, irrespective of whether the claims are in the same or different currencies. Foreign currency claims shall be converted to EUR at the market rate as per the date of the breach of contract.
- (vi) Take any steps, for the account and risk of the client, that Pareto deems necessary to meet or reduce any loss or liability resulting from agreements concluded for or on behalf of the client, hereunder the reversal of transactions.
- (vii) If the client fails to deliver the agreed instruments or amounts, hereunder fails to deliver the financial instruments to Pareto at the agreed time, Pareto may immediately make cover purchases or borrow financial instruments for the account and risk of the client in order to meet its delivery obligation towards the purchaser. Pareto may likewise take any measures Pareto deems necessary to reduce the loss or liability resulting from the client's breach of any agreement concluded with Pareto, and may hereunder take any measures to reduce the risk of loss relating to changes in foreign exchange rates, interest rates, as well as other rates or prices to which the client's trading relates. The client shall reimburse any loss incurred by Pareto, with the addition of late payment interest and any fees and expenses.
- (viii) Pareto shall, for issues where Pareto is a place of subscription, have the right to pay to the issuer any subscription amount on which the client has defaulted. Pareto shall in such cases hold a security interest in the securities subscribed and paid for, and may retain and sell such securities for the account and risk of the client.
- (ix) Pareto may claim the reimbursement of all costs and losses incurred by Pareto as the result of the breach of contract on the part of the client, hereunder, but not limited to, any trading loss from cover transactions or transaction reversals, any expenses incurred in the borrowing of financial instruments, any interest, any loss resulting from changes in foreign exchange rates, interest rates, etc., as well as any other late payment or delivery penalties.

As far as concerns any cover transactions resulting from breach of contract or anticipated breach of contract on the part of the client, the client shall carry the risk of any price or market changes until such cover transactions have been completed, provided however that no gain, if any, shall accrue to the client, unless the client is able to document that he or she could have settled his or her obligations as per the settlement date, and that he or she is not to blame for the fact that settlement did not take place.

Close-out netting implies that all outstanding transactions in foreign exchange or derivatives are converted to an aggregate net amount in NOK based on relevant market values, and the sum total of the market values is set off against any other amounts outstanding between the parties. Market values and outstanding amounts in foreign currency shall be converted to NOK at the exchange rate that applied at approximately 12:00 (Oslo time) on the same date. If Pareto is entitled to receive an aggregate net payment, the client shall make such payment to Pareto within three working days. If the client is entitled to receive an aggregate net payment, Pareto shall make such payment to the client within three working days. The amount shall in both cases accrue interest at the borrowing rate from the calculation date until actual payment is made.

If Pareto and the Client have opposing payment obligations deriving from same-day purchases and sales, Pareto shall be entitled to net the payments between Pareto and the Client. Pareto shall have the right to convert the receivables into the same currency for the purposes of netting.

In the event of the Client's insolvency, Pareto shall have the right to make the Client's payment and delivery obligations fall due immediately and to net them in accordance with the Act on Certain Conditions of Securities and Currency Trading and Settlement Systems. If the Client is a legal person, Pareto shall also have the right pursuant to the Financial Collateral Act to net from the Client the receivables covered by the Client's collateral.

14. Late payment interest

In case of payment default on the part of Pareto or the client, interest shall be charged at the statutory late payment interest rate applicable at any given time, cf. The Interest Payment Act¹, unless otherwise specifically agreed.

15. Remuneration

Pareto's remuneration in the form of brokerage fees, bid-offer spreads, underwriting commission, etc., with the addition of any trading and clearing fees, etc., if applicable, will be determined on an individual basis.

Brokerage fee is a commission (remuneration) added to or deducted from the value of the financial instruments purchased or sold by the client. Brokerage fees are normally quoted as a percentage. For equities these will normally range between 0.1 % and 0.5 %.

Bid-offer spread is a commission (remuneration) computed as an increase in the bid price or a reduction in the offer price. For bonds this will normally range between 0.2 % and 1.0 %, calculated on the basis of the nominal value of the bond. For foreign exchange the bid-offer spread will normally range between 0.2 % and 1.0 %. For freight derivatives and commodity derivatives, the bid-offer spread will normally range between 0.2 % and 2.0 %.

Trading in freight derivatives and commodity derivatives may, in addition to the bid-offer spread, be subject to a commission to cover the direct trading costs of Pareto.

No brokerage fee or bid-offer spread is paid directly from the client to Pareto upon subscription under an issue. The company making the issue pays a predetermined commission to the manager/place of subscription. Consequently, upon the client making a subscription under the issue, the client is indirectly charged such commission in his or her capacity of holder of equities issued by the company.

The client will normally pay a specific minimum brokerage fee up and until a certain investment amount.

There may be incurred other charges and/or costs that are not paid or imposed through Pareto.

Pareto reserves the right to make deductions in amounts owing to the client to cover costs as mentioned in the first paragraph of the present Clause, as well as any value added tax or other taxes, etc.

Pareto will not claim any remuneration in those cases where no trade is effected, unless otherwise specifically agreed.

16. Authorised representatives, nominees and clearing agents

If the client submits an order or assignment as an authorised representative, nominee, clearing agent, etc., for a third party, the Terms and Conditions of Business shall be binding on the client and the party on whose behalf he or she acts. The client shall be jointly and severally liable to Pareto for the obligations of such third party to the extent that such obligations result from the order or assignment submitted by the client.

If the client uses a nominee, clearing bank or other intermediaries, it is a requirement that such relationship be governed by a separate agreement. The use of such intermediaries shall not exempt the end client from his or her liability under the Terms and Conditions of Business.

17. Safekeeping of client assets – client accounts

Pareto will ensure that the assets of the client are kept separate from Pareto's own assets and protected against Pareto's other creditors to the extent possible. The client will be credited with interest on his or her cash deposits on the general terms and conditions offered by Pareto.

The financial instruments of the client will, if these are registered with the Norwegian Central Securities Depository or a similar securities register, be transferred to the client's account with such register. If the financial instrument is not registered, it will be left in the custody of a bank or other custodian. If a register, bank or other custodian is bankrupted, the financial instruments of the client will normally be protected by a right to separate such instruments out of the estate in bankruptcy.

Pareto has no liability towards the client in respect of any assets transferred to a client account with a bank or other third party (hereunder general client accounts), provided that Pareto has exercised due and reasonable care. This shall also apply if such third party becomes insolvent or is bankrupted. See Clause 18 for additional information concerning liability waivers.

¹The Interest Payment Act 20.8.1982/633

Pareto will, unless information is otherwise provided, furnish the client with a statement of the assets held by Pareto on behalf of the client at least once a year, unless such information is included in other periodical statements.

Pareto shall not use any financial instruments held by Pareto on behalf of the client unless otherwise specifically agreed.

18. Liability and exclusion of liability

Pareto is liable to the client for the implementation of purchases or sales it has concluded on behalf of, or with, the client. This shall nevertheless not apply if the client has in advance approved the other party as a counterparty to the trade.

Pareto assumes no liability for settlement if the client fails to make the agreed funds and/or financial instruments available to Pareto on the settlement date at the latest.

Nor shall Pareto be liable for the provision of an inappropriate service as the result of the client having furnished Pareto with incomplete or incorrect information, cf. Clause 4.

Pareto assumes no liability for any indirect damage or loss incurred by the client as the result of the client's agreement(s) with any third party lapsing, in full or in part, or not being correctly implemented.

Moreover, Pareto and its employees shall not be liable for any loss incurred by the client as long as Pareto and its employees have exercised due and reasonable care.

In the event that Pareto has made use of credit institutions, investment firms, clearing centres, nominees or other similar Finnish or foreign service providers, Pareto and its employees shall only be liable for the actions or omissions of such service providers if Pareto has failed to exercise due and reasonable care in the selection of said service providers. Pareto assumes no liability for any error or breach of contract on the part of any service providers as mentioned in the previous sentence if these are used at the order or request of the client.

Pareto shall not be liable for any damage or loss caused by any obstacle or other circumstances outside the control of Pareto, hereunder electrical power failure, error or shutdown in computer systems or telecommunications networks, etc., fire, water damage, strike, statutory amendments, government orders or similar.

When a trade is executed in Finnish or foreign regulated market at the order or request of the client, Pareto assumes no liability for any error or breach of contract on the part of such regulated market or any related clearing centre. The client is hereby deemed to have acknowledged that each individual regulated market or each individual clearing centre may have adopted its own rules pertaining to its liability to members of the regulated market or clearing centre, clients, etc., involving liability waivers of varying scope.

Pareto shall not be liable for any instance of delayed performance or non-performance caused by cash or security settlement having been suspended or discontinued as the result of circumstances outside the control of Pareto.

If any applicable regulation or any government body requires the Client to be registered under a Legal Entity Identifier ("LEI"), it is the responsibility of the Client to obtain and maintain such LEI. The Client shall indemnify Pareto in respect of any loss, claim or cost suffered by Pareto as the result of failure to comply with the obligation to obtain and maintain such LEI, and Pareto accepts no liability for any loss incurred by the Client as the result of any error or omission with regard to the LEI registration.

Limitations in the liability of Pareto that are additional to those specified above may follow from any specific agreement with the client.

19. Withholding of taxes, etc.

Trading in foreign markets may involve Pareto being required, pursuant to statutes, regulations or tax treaties, to withhold certain amounts to pay various types of direct and indirect taxes. The same may apply to trading in Finland on behalf of foreign clients.

Pareto may, where such withholding of taxes is required, perform a preliminary calculation of the relevant amount and withhold such amount. Any excess tax withheld shall be paid to the client as soon as possible after a final calculation is available from the competent authority. The client shall be obliged to gather the necessary documentation with regard thereto, and to ensure that such documentation is correct.

20. Termination of the business relationship

Trades awaiting settlement upon the termination of the business relationship shall be implemented and completed as soon as possible. Pareto shall, upon the termination of the business relationship, perform a final settlement in which Pareto is entitled to set off any amount owing to Pareto in respect of brokerage fees, taxes, charges, interest, etc., against any amount owing to the client.

21. Conflicts of interest

Pareto is obliged to take suitable measures to prevent the occurrence of any conflicts of interest between Pareto, Pareto's employees and clients, as well as between clients.

Pareto has guidelines to handle and prevent conflicts of interest. A version of these is available on the Pareto website.

The purpose of the guidelines is to ensure that the Pareto business areas operate independently of each other, with the interests of the Client being attended to in a satisfactory manner. In particular, Pareto will emphasise the existence of satisfactory Chinese walls between departments involved in corporate finance, on the one hand, and client advice, broking and research, on the other hand.

Pareto's organisational structure, as well as the special confidentiality provisions that apply, may result in the Pareto employees who are in contact with the client not being aware of, or being prevented from using, information that is available at Pareto, although such information may be of relevance to the investment decisions of the client. On occasion the client's contact person(s) in the Firm may not have the opportunity to render advice with respect to certain assets. The Firm may in such case not disclose the reasons why it may not render advice or execute a certain order.

Pareto and its employees may have their own interests in relation to the trades that the client wishes to conduct. These may, *inter alia*, be the result of:

- corporate finance assignments in relation to the relevant asset
- underwriting or participation in underwriting consortiums
- market making, systematic internalisation and other own-account trading
- advice and execution of orders for other clients
- unpublished investment recommendations (analyses) prepared by Pareto
- employees' own positions.

22. Investors' Compensation Fund

Pareto is a member of the Investors' Compensation Fund.

The Investors' Compensation Fund was established to safeguard the claims of the investors in the case the Fund's member investment firm is unable to pay the investors' claims under an agreement. In practice, the Investors' Compensation Fund would pay compensation to investors when a firm is insolvent or has engaged in wrongdoing in its operations. The Fund compensates for 90% of an investor's claims but no more than EUR 20,000. The customer is responsible for the repercussions of his or her investment decisions, i.e. the Fund does not, for example, compensate for any losses resulting from a decline in share prices. The Investors' Compensation Fund only compensates for claims of non-professional investors.

For more information on the Investors' Compensation Fund, please refer to the Fund's web pages at www.sijoittajienkorvausrahasto.fi.

23. Anti-money laundering and terrorist financing measures

The Client shall upon the establishment of a client relationship document his or her identity through identity verification, etc., as well as specify and document any authorisation or representation arrangements, thus enabling Pareto to meet, at all times, its obligations under any rules pertaining to anti-money laundering and terrorist financing measures, as applicable at any given time.

The Client acknowledges that Pareto is or may be obliged to disclose all relevant information relating to the client relationship or individual transactions to government authorities. This may take place without the Client being informed that such information has been disclosed.

All personal data will be handled in accordance with Chapter 7 of these Terms and Conditions of Business.

24. Duty of disclosure to government bodies, appellate bodies, etc.

Pareto will, irrespective of any statutory duty of confidentiality, disclose information about the client, the client's transactions, funds deposited in the client account, etc., to any government bodies requesting such information pursuant to applicable law.

The client accepts and is deemed to have consented to any information subject to a duty of confidentiality also being disclosed to any regulated markets, clearing centres, etc., requesting such information pursuant to statutes, regulations or other rules laid down by such bodies.

25. Amendments

Pareto reserves the right to amend the Terms and Conditions of Business.

Any amendments shall take effect upon being published on the Pareto website, www.paretosec.com, unless otherwise specified in connection with the amendment.

Any important amendments to Order Execution Guidelines will be communicated to the client in writing, or by e-mail if the client has provided Pareto with an e-mail address.

Any amendments to the Terms and Conditions of Business will have no effect on any orders, trades, transactions, etc., submitted or carried out prior to the communication of such amendments, unless said amendments are caused by statutory amendments or orders imposed by any courts of law or government authorities.

26. Notices, languages and authorisations

Any written communication from the Client may be sent by e-mail, letter, Bloomberg or, by agreement, other electronic means of communication to the unit within Pareto or contact person which is the appropriate addressee. If the Client does not know who the appropriate addressee for such communication is, the Client shall contact Pareto. The Client may use the Finnish or English language in communications with Pareto.

The Client shall, upon the establishment of the business relationship, inform Pareto of his or her social security number/enterprise registration number, address, telephone number, electronic addresses, as well as any authorised representatives. The same shall apply to bank accounts and securities accounts with the Central Securities Depository or another similar register. Any changes shall immediately be notified to Pareto in writing.

27. Interpretation and language

The Terms and Conditions of Business shall take precedence and apply in full in case of conflict with any non-mandatory legislation.

Any reference to legislation, other rules or these Terms and Conditions of Business shall mean such legislation, other rules and Terms and Conditions of Business as applicable at any given time.

Reference is made to Clause 1 concerning the relationship between the Terms and Conditions of Business and other agreements concluded between Pareto and the client.

The Terms and Conditions of Business are available in English language version.

28. Venue, governing law and dispute resolution

Any disputes in the relationship between the client and Pareto, hereunder any disputes relating to the Terms and Conditions of Business, shall be governed by Finnish law, with the Helsinki District Court as (non-exclusive) venue.

Clients whose permanent address is located abroad waive any right to object to legal action relating to the Terms and Conditions of Business being brought before the Helsinki District Court. Pareto may, irrespective of the above, bring legal

action, against clients whose permanent address is located abroad, in the relevant judicial district abroad if Pareto so wishes.

Foreign clients, hereunder Finnish domiciled abroad, who may invoke statutes or rules offering protection against legal proceedings from Pareto in relation to their obligations towards Pareto, waive any such rights to the extent doing so would not represent a direct violation of the relevant statutes or rules.

29. Access to audio recordings

The client may request access to audio recordings in the form of release of a copy of the audio file or a written transcript of such audio file. The client shall specify which conversations are wanted; i.e. are these conversations relating to a specific transaction, a specific date or with a specific broker. The client may also listen to the audio files on the premises of Pareto.

All personal data will be handled in accordance with Chapter 7 of these Terms and Conditions of Business.

Part B - Information to Clients concerning the Characteristics of, and Risks associated with, Financial Instruments

The client shall be aware that:

- trading in financial instruments takes place at the client's own risk
- the client must carefully study the Terms and Conditions of Business and other relevant information on the relevant financial instrument and its characteristics and risks prior to the commencement of trading in financial instruments
- the client must immediately check the contract note and give immediate notice of any error
- the client must monitor, on a continuous basis, changes in the value of the financial instruments in which the client holds positions
- the client must him- or herself react by selling his or her positions if necessary to reduce the risk of loss on his or her own investments

1. General information

1.1 Introduction

This Part B provides a description of various financial instruments, their characteristics and the risks associated with such instruments, as well as a brief description of how trading in the various instruments takes place.

It is specifically noted that the below description is not exhaustive with regard to the characteristics of the financial instruments, and that the descriptions of risks are kept at a general and non-specific level. The purpose of the document is to provide clients with an introduction to the financial instruments it describes, and clients wishing to invest in the instruments must study marketing materials and other relevant documentation.

The information is prepared against the background of the information requirements under rules and regulations at financial markets. The document does not represent investment advice from Pareto and shall under no circumstance be considered any other form of advice or service provided by Pareto.

1.2 Trading in financial instruments

The trading of financial instruments, i.e. shares in limited liability companies and equivalent book-entry securities of companies, bonds, depository receipts, fund units, money market instruments, financial derivative instruments or other such securities, except instruments for payment, which are negotiable on the capital market, mainly takes place in an organized manner at an execution venue. Trading is carried out by investment firms which participate in the trading. As a client, you normally have to contact such an investment firm in order to buy and sell financial instruments.

1.2 Execution venues

"Execution venues" refer to regulated markets, multilateral trading facilities (MTF), and systematic internalisers (SI), as well as trading that take place within investment firms.

Various types of financial instruments are traded on a regulated market. In relation to shares, only shares of publicly listed companies can be listed and traded on a regulated market and there are stringent requirements for such companies, *inter alia*, regarding the company's size, operational history, the spread of ownership and public reporting of the company's finances and operations.

A multilateral trading facility (MTF) can be described as a trading system that is organised and provided by an exchange or investment institution. Typically, less stringent requirements, such as the provision of information and operational history, apply to financial instruments traded on a multilateral trading facility compared to financial instruments traded on a regulated market.

A systematic internaliser is an investment firm which, in an organised, frequent and systematic manner, trades on its own behalf by executing customer orders outside a regulated market or a multilateral trading facility. A systematic internaliser is obligated to publish buy and/or sales bids on prices that correspond to the market price for liquid shares which are traded on a regulated market and on which the systematic internaliser carries out systematic internal trading.

Trading can also take place through an investment firm by means of the firm's warehouses or with a customer without it being considered internal trading.

There is currently one regulated market in Finland, OMX Nordic Exchange Helsinki Ltd (hereinafter referred to as the "Helsinki Stock Exchange"). In addition, organised trading takes place on other execution venues, e.g. First North (MTF), as well as on investment firms' own lists.

Trading on regulated markets, multilateral trading facilities and other execution venues constitutes a secondary market for financial instruments which are not newly issued. Where the secondary market functions well, i.e. it is easy to find buyer and seller and there is continuous notation of bid prices from buyers and sellers, as well as closing rates (transaction prices) for completed transactions, the companies are also at an advantage because it is easier, when required, to issue new instruments and thereby obtain more capital for the company's operations. The primary market, is the market on which the purchase of / subscription of newly issued instruments takes place.

1.3 Trading / quoting lists

In relation to shares, the execution venues usually divide the shares into different lists which are published, e.g. on the execution venues' website, in daily newspapers and other forms of media. A deciding factor in relation to the list on which the company's shares are traded may be the company's market value (e.g., Helsinki Stock Exchange's Large, Mid and Small cap). The shares with the highest turnover may also be on a special list. Certain investment firms publish their own lists of financial instruments which are traded through the institute, prices at which the instruments are traded, etc., e.g. via the institution's website. Shares quoted on lists with stringent requirements and high turnover are generally deemed to involve a lower risk than shares on other lists.

Information on the prices, etc., of shares as well as of other types of financial instruments, for example fund units, options, and bonds, are also published regularly on, e.g. the execution venues' websites, in daily newspapers, and other forms of media.

2. Risks associated with financial instruments and trading of financial instruments

2.1 Generally regarding risks

Financial instruments can provide a return in the form of dividends (shares and funds) or interest (fixed income instruments). In addition, the price of the instrument may increase or decrease compared with the price at the time of the investment. In the description below, the word investment also refers to any negative positions (negative holdings in the instrument; compare with e.g. that which is stated in section 7 below regarding short selling). The total return is the sum of the dividends/interest and price change for the instrument.

Naturally, the investor seeks a total return that is positive, i.e. yields a profit, preferably as high as possible. However, there is also a risk that the total return will be negative, i.e. that there will be a loss on the investment. The risk of loss varies between different instruments. Normally, the chance of a profit on an investment in a financial instrument is linked to the risk of a loss. The longer the time for which the investment is held, the greater the chance is of a profit or the risk of a loss. In an investment context, the word "risk" is sometimes used to express both the risk of loss and the chance of profit. However, in the description below the word "risk" is used solely to designate the risk of loss. There are various ways to invest which may reduce the risk. It is normally regarded as preferable not to invest in a single or only a few financial instruments but, instead, to invest in several different financial instruments. These instruments should then offer a spreading of the risks, and risks that can be triggered simultaneously should not be concentrated. Normally, a spreading of the investments to include foreign markets also reduces the risk of the total portfolio, although, when trading in foreign financial instruments, there is also a currency risk.

Investments in financial instruments are associated with economic risks, which will be described in some greater detail in this fact sheet. The Customer is personally liable for the risk and must, therefore, himself at an investment firm of his choice - or via his own asset management representative - become acquainted with the conditions, in the form of general conditions, prospectuses and suchlike, which apply to the trade of such instruments and the characteristics of the instruments and risks associated therewith. The Customer must also regularly monitor his investments in such instruments. This is the case even if the Customer has received personal advice in conjunction with the investment. The Customer should, in his own interests, be prepared to take measures promptly where such prove necessary, for example through

selling investments that have performed negatively or by providing additional collateral in conjunction with investments financed through loans and where the collateral value has fallen.

It is also important to consider the risks involved in trading with financial instruments on an execution venue other than a regulated market, where the requirements imposed are generally less stringent.

2.2 Different types of risk concepts, etc.

In conjunction with risk assessment which should be carried out when making an investment and also regularly during the holding period, there are many different risk concepts and other factors to consider and weigh-up. A short description of some of the most common risk concepts is set out below.

Market risk – the risk that the market, as a whole or a particular part thereof, in which you as a Customer have your investment, e.g. the Finnish equities market, falls.

Credit risk – the risk of e.g. an issuer or a counterparty having an insufficient ability to make payment.

Price volatility risk – the risk of large swings in the price of a financial instrument, negatively affecting the investment.

Price risk – the risk of the price of a financial instrument falling.

Tax risk – the risk that the tax rules and/or tax rates are unclear or may be changed.

Currency risk – the risk that a foreign currency to which a holding is related (e.g. fund units in a fund which invests in US securities listed in USD) is weakened.

Risk of leverage effect – the structure of a derivative instrument which has the effect that there is a risk that the price of the underlying asset has a considerable effect on the price of the derivative instrument.

Legal risk – the risk that relevant legislation and rules are unclear or may be changed.

Company-specific risk – the risk that a certain company performs worse than expected or is affected by a negative event and the financial instruments related to the company may thereby fall in value.

Sector-specific risk – the risk that a certain sector performs worse than expected or is affected by a negative event and the financial instruments related to the company within the sector may thereby fall in value.

Liquidity risk – the risk that you are unable to sell or purchase a financial instrument at a certain chosen time due to the turnover in the financial instrument being low.

Interest risk – the risk that the financial instrument in which you have invested decreases in value due to changes in the market interest rate.

3. Equities and equity-related instruments

3.1 General information concerning equities (shares/stock)

3.1.1 Shares and limited liability companies

Shares in limited liability companies entitle the owner to a portion of the company's share capital. Where the company makes a profit, the company usually distributes dividends on the shares. Shares also entitle the holder to voting rights at the general meeting of the company, which is the highest-ranking decision-making body in the company. The more shares the holder owns, the greater the portion of the capital, dividends and votes that inure to him. Voting rights may vary depending on the class of shares concerned. There are two types of companies, public and private. Only public companies may have their shares traded on an execution venue.

3.1.2 The share price

The price of a share is affected mainly by the supply and demand for the relevant share. Supply and demand, on the other hand are, at least in the long term, affected by the company's future prospects. A share is valued upwards or downwards depending primarily on the investors' analysis and assessment of the company's possibilities to make future profits. Future external developments as regards the global economy, technology, legislation, competition, etc. determine the demand for the company's products or services and, consequently, are fundamentally significant in relation to the development of the price of the company's shares.

Current interest rate levels also play a large role in the pricing. Where the market interest rates increase, fixed interest financial instruments that are issued at the same time (newly issued) provide a better return. In such cases, the prices of shares which are subject to trading normally fall, as well as those of fixed interest instruments already traded. The reason is that the increased return on the newly issued fixed income instruments becomes, relatively speaking, better than the return on shares, as well as on fixed income instruments already traded. In addition, share prices are negatively affected by the fact that the interest payments on the company's debts increase when market interest rates increase, a factor which reduces the scope for profits in the company.

Also, other factors directly related to the company, e.g. changes in the company's management and organisation, disruptions in production, etc. may strongly affect the company's future ability to create profits, both in the long and short-term. In the worst case, a limited liability company may perform so poorly that it must be declared bankrupt. The share capital, i.e. the capital invested by the shareholders, is the capital that is used first in order to pay the company's debts. This often results in the shares of the company becoming worthless.

Even prices on major foreign regulated markets or execution venues affect the prices in Finland, inter alia, since some Finnish limited liability companies are also listed on foreign execution venues and price equalisation (arbitrage) takes place between different execution venues. The prices of shares of companies that belong to the same industrial sector are often affected by changes in the prices of shares of other companies within the same sector. Such an effect may also occur between companies based in different countries.

Investors on the market have different needs for investing cash (liquid funds) and obtaining liquid funds. In addition, they often have different opinions as to how the price will develop. These factors, which also include the way in which the company is valued, contribute to there being both buyers and sellers. On the other hand, if the investors have the same opinions regarding price trends, they will either wish to buy, thereby creating buying pressure from many buyers, or they will wish to sell, thereby creating selling pressure from many sellers. The prices increase in the event of buying pressure and fall in the event of selling pressure.

Turnover, i.e. the quantity of a certain share which is purchased and sold, in turn affects the share price. In the event of high turnover the difference is reduced between the price the buyer is prepared to pay (bid price) and the price the seller demands (ask price). A share with a high turnover, where large amounts can be traded without this affecting the price, enjoys good liquidity and is therefore easy to buy or sell. Companies on the regulated markets' lists often have high liquidity. During the day or during longer periods, different shares can exhibit different degrees of price stability (volatility), i.e. increases and declines, as well as the size of the price changes.

The prices at which shares are traded (transaction prices), such as highest/lowest/most recently paid during the day, as well as the last quoted bid/ask prices and further information regarding traded volume in euros is published, inter alia, in most major daily newspapers, on text-TV, and on various websites maintained by execution venues, investment firms, and media companies. How current such price information is can vary depending on the manner in which it is published.

3.1.3 Various classes of shares

There are various classes of shares, commonly class A and B shares, which normally refer to voting rights. Class A shares normally entitle the holder to one vote while class B shares entitle the holder to a restricted voting right, often one-tenth of the vote. The differences in voting rights are due to, inter alia, the fact that in conjunction with diversification of ownership the original founders or owners of the company wish to maintain their influence in the company by being given stronger voting rights. Therefore, newly issued shares are accorded a lower voting value than the original class A shares and are designated with the letters B, C or D, etc.

3.1.4 Quotient value, split and consolidation of shares

A share's quotient value is the portion of the company's share capital that each share represents. The quotient value is obtained by dividing the share capital with the total number of shares. Occasionally, companies wish to change the quotient value, e.g. because the price, i.e. the market price of the share, has risen significantly. By dividing up the share into two or several shares through a so-called split, the quotient value is reduced and at the same time the price per share is reduced. However, after a split the owner's capital remains unchanged but this is divided into a greater number of shares which have a lower quotient value and a lower price per share.

Conversely, a consolidation of shares (reverse split) can be carried out where the price has fallen dramatically. In such a case, two or several shares are merged into one share. Following a consolidation of shares, shareholders retain the same capital; however this is divided into fewer shares with a higher quotient value and a higher share price.

3.1.5 Market introduction, privatisation and take-overs

Market introduction means that the shares of a company are introduced on to the equities market, i.e. are approved for trading on a regulated market or a multilateral trading facility (MTF). The public is then invited to subscribe for (purchase) the shares of the company. Most often, this is related to an existing company which has not previously been traded on a

regulated market or other execution venue, the owners having decided to expand the number of shareholders and facilitate the trading of the company's shares. Where a state-owned company is introduced on the market, this is called privatisation.

A take-over normally involves one or more investors making an offer to the shareholders of a company, on certain terms and conditions, to sell their shares. Where the buyer obtains 90% or more of the number of shares in the acquired company, the buyer can request compulsory purchase of the remaining shares from the shareholders who have not accepted the company acquisition offer. These shareholders are then obliged to sell their shares to the buyer in exchange for payment, which is determined through an arbitration proceeding.

3.1.6 Share issues

Where a company wishes to expand its operations, additional share capital is often required. The company raises additional capital by issuing new shares through a new issue. The existing shareholders often receive subscription rights entailing a pre-emptive right to subscribe for shares in a new issue. The number of shares that may be subscribed for is normally established in relation to the number of shares previously held by the shareholders. The subscriber must pay a certain price (issue price) which is often lower than the market price, for the newly issued shares. Immediately after the subscription rights (which normally have a certain market value) are detached from the shares, the price of the shares normally declines but, at the same time, shareholders who have subscribed have a larger number of shares. During the subscription period, which often lasts for several weeks, those shareholders who do not subscribe may sell the subscription rights on the marketplace on which the shares are traded. Upon the expiry of the subscription period, the subscription rights lapse and thus become useless and worthless.

A limited liability company can also carry out a directed rights issue which is carried out as a new issue but directed solely to a limited group of investors. The limited liability company can also carry out non-cash issues of new shares in order to acquire other companies, business operations, or assets other than cash. In conjunction with both directed issues and non-cash issues, dilution of an existing shareholder's portion of the voting capital and share capital in the company takes place, but the number of the shares held and the market value of the invested capital is normally not affected.

If the assets or the reserve funds in a limited liability company have greatly increased in value, the company can transfer part of the value to its share capital through what is commonly referred to as a bonus issue. In conjunction with bonus issues, consideration is given to the number of shares already held by each shareholder. The number of new shares that inure through the bonus issue is established in proportion to the number of shares previously held. Through the bonus issue, the shareholder receives more shares but the owner's portion of the company's increased share capital remains unchanged. The price of the shares declines in conjunction with a bonus issue but, through the increase in the number of shares, the shareholder retains an unchanged market value for his or her invested capital. Another method of carrying out a bonus issue is for the company to redenominate the quotient value of the shares. Following a redenomination, the shareholders have an unchanged number of shares and market value for their invested capital.

3.2 General information concerning equity-related instruments

Some instruments often closely connected to shares are share-index bonds, depositary receipts, convertible debentures, share and share index options, share and share index forwards, warrants and leverage certificates.

3.2.1 Index bonds/Share-index bonds

Index bonds/share-index bonds are bonds where the yield, instead of interest, depends on, e.g. a share index. Where the index develops positively so does the return. In the event of a decline in the index, there may be no return. However, the nominal value of the bond is always repaid on the maturity date and therefore it has a limited risk of loss compared to e.g. shares and fund units. The risk involved in an investment in a share index bond can, in addition to any paid premium, be defined as the alternative interest income, i.e. the interest the investor would have received on the invested amount with an alternative investment. Index bonds can have different names, such as share index bonds, SPAX, share bonds, credit basket bonds, interest basket bonds, currency basket bonds, etc. depending on the underlying type of asset that determines the bond's return. When talking about index bonds, these are also often termed as capital-guaranteed or capital-protected products. These concepts are meant to describe, as stated above, that irrespective of whether or not the product yields a profit or not, the nominal amount is repaid, i.e. normally the same as the amount invested less any paid premium.

3.2.2 Convertibles

Convertibles are fixed income securities (loans to the issuer of the convertible) which may be exchanged for shares within a certain period of time. The return on the convertible, i.e. the coupon interest, is normally higher than the dividend of the shares received in exchange. The price of the convertibles is expressed as a percentage of the nominal value of the convertible.

3.2.3 Reverse convertibles

Reverse convertibles are a cross between an interest and a share investment. The reverse convertible is connected to one or several underlying shares or indexes. This investment yields an interest, i.e. a fixed, guaranteed return. Where the underlying shares or indexes perform well, the invested amount is repaid plus the fixed return. However, where the underlying shares or indexes fall, there is a risk that the investor instead of the invested amount receives one or several shares included in the reverse convertible or an equivalent amount in cash.

3.2.4 Share options and share index options

There are various types of share options. Acquired call options entitle the holder to purchase shares already issued at a predetermined price within a specific period of time. Conversely, put options entitle the holder to sell shares at a predetermined price within a specific period of time. There is an issued option corresponding to each acquired option. The risk for the person who acquires an option is that, unless measures are undertaken to limit the risks, it will decrease in value or becomes worthless on the expiry date. In the latter case, the premium paid upon purchase of the option is consumed in its entirety. The issuer of the option runs the risk which in certain cases, unless measures are undertaken to limit the risks, may be unlimited in scope. The price of the options normally follows the price of the underlying shares or indexes, but with greater volatility.

The most extensive trading in share options takes place on regulated markets. Trading also takes place in share index options. These index options yield a profit or loss directly in cash (cash settlement) on the basis of the changes in an underlying index.

3.2.5 Share forwards and share index forwards

A forward means that parties enter into a mutually enforceable agreement regarding the purchase and sale of the underlying asset at a predetermined price, delivery or other completion event, e.g. cash settlement, of the agreement being carried out at an agreed time (closing date). No premium is paid as the parties have corresponding obligations according to the agreement.

3.2.6 Warrants

There is also trading in certain call and put options with longer periods of validity, which in Finland are normally referred to as warrants. Warrants may be used in order to purchase or sell underlying shares or, in other cases, provide cash settlement where the price of the underlying share performs well in relation to the warrant's redemption price. Subscription rights for shares (in English referred to as subscription warrants) may within a certain period be used to subscribe for corresponding newly issued shares.

3.2.7 Leverage certificate

A leverage certificate, which is often merely referred to as a certificate, is often a combination of e.g. a call and put option and is dependent on an underlying asset, for example a share, an index or a commodity. A certificate has no nominal amount. A leverage certificate should not be confused with e.g. a commercial paper, which is a type of debt instrument which can be issued by companies in conjunction with the company borrowing money on the capital market.

A significant characteristic of a leverage certificate is that relatively small changes in the price of the underlying assets can result in significant changes in the value of the holder's investment. These changes in value may be to the investor's advantage, but may also be to the investor's disadvantage. The investor should be particularly aware that the leverage certificate may fall in value and also completely lose its value resulting in all or parts of the invested amount being lost. The same reasoning may also apply to options and warrants.

4. Fixed Income Instruments

A fixed income financial instrument is a claim against the issuer of a loan. The return is normally paid in the form of interest. There are various types of fixed income instruments depending on the issuer that has issued the instrument, the collateral provided for the loan by the issuer, the term until the maturity date and the type of payment of interest. The interest (the coupon) is normally paid annually.

Another form of interest payment is to sell the instrument at a discount (discount paper). Upon sale, the price of the instrument is calculated by discounting the loan amount including calculated interest to current value. The current value or the price is lower than the amount received upon maturity (the nominal amount). Certificates of deposit and treasury bills are examples of discount papers, as well as bonds with so-called zero coupon construction.

Another type of fixed income bond is the state's premium bond, where the interest on the bond is distributed by lottery among the holders of premium bonds. There are also fixed income instruments and other types of savings where the interest is protected against inflation and the investment thus yields a fixed real interest.

The risk associated with a fixed income instrument is based on the fact that price changes (price risk) may occur during the term of the instrument due to changes in market interest rates, and that the issuer might be unable to repay the loan (credit risk). Therefore, loans for which satisfactory security has been provided for redemption are typically less risky than loans without security. However, in general terms, it can be stated that the risk of loss associated with fixed income instruments may be deemed lower than for shares. A fixed income instrument issued by an issuer with high creditworthiness may therefore be a good alternative for someone who wishes to minimise the risk that the capital saved decreases in value and may be preferable for short-term savings. Also in the case of long-term savings where the capital is not to be jeopardised, e.g. pension commitments, fixed income-related investments are very common. The disadvantage of a fixed income investment is that, as a rule, it yields a low increase in value. Examples of fixed income investments are savings accounts, private bonds and interest funds.

The prices are determined each day both for instruments with short terms until maturity (less than one year), e.g. treasury bills, and for instruments with longer terms until maturity, e.g. bonds. The financial instruments traded on the money market and bond market (e.g. treasury bills and treasury bonds) are often traded in large quantities (multi-million amounts).

Where market interest rates increase, the price of fixed income financial instruments already issued will fall if they provide fixed interest, since new loans are issued bearing rates of interest that follow current market rates of interest and thereby provide a higher rate of interest than the instruments already issued. Conversely, the price of instruments already issued increases when market interest rates decline.

Loans issued by the state and municipalities are deemed to be risk-free with respect to redemption, which thereby applies to treasury bonds and municipal bonds. Issuers other than the state and municipalities may occasionally, in conjunction with the issuance of bonds, provide security in the form of other financial instruments or other assets (security in the form of property or real security).

There are also other fixed income instruments associated with a higher risk than bonds if the issuer encounters difficulties to repay the loan, e.g. debentures.

Secured bonds constitute a type of fixed income-related instrument. These are associated with a specific priority right according to special legislation. The regulations concerning secured bonds aim at ensuring that an investor receives full payment according to the agreed schedule even if the issuer of the bond were to be placed in insolvent liquidation/declared bankrupt, provided that the assets which secure the bond have a sufficient value.

5. Derivatives Instruments

Derivative instruments, such as options, forwards, etc. exist with various types of underlying assets, e.g. shares, bonds, commodities, and currencies. Derivative instruments may be utilised in order to reduce the risks associated with an investment.

A particular characteristic which should be considered upon investment in derivative instruments is that the structure of a derivative instrument causes the changes in the price of the underlying asset to have an effect on the price of the derivative instrument. This price effect is often stronger in relation to the invested amount (paid premium) than the change in the value of the underlying asset. The price effect is therefore called the leverage effect and it may result in a larger profit on the invested capital than where the investment is made directly in the underlying asset. Conversely, the leverage effect may just as well result in a larger loss on the derivative instrument compared to the change in the value of the underlying asset where the price of the underlying asset becomes different than expected. The leverage effect, i.e. the chance for profit and the risk of loss, varies depending on the derivative instrument's structure and manner of use. The investor must, therefore, conduct close monitoring of the prices of derivative instruments and the underlying asset. In their own interest, investors should be prepared to act quickly, often within the same day, should the investment in the derivative instrument start developing in an unfavourable direction. In conducting risk assessment, it is also important to consider that the ability to dispose of a position/holding can be more difficult if the price decreases.

For further information regarding derivative instruments, see Clause 10: Information regarding trading in options, futures and other derivative instruments.

6. Funds and Fund Units

A fund is a "portfolio" of various types of financial instruments, e.g. shares and bonds. The fund is owned jointly by all the savers in the fund, unit holders, and is managed by a fund management company. There are various types of funds with various investment focuses. Investment focus refers to the type of financial instruments in which the fund invests. A brief summary is set out below of some of the most common types of funds.

An equity fund invests all or most of the capital paid in by the unit holders in shares. There are also mixed funds that invest in both equities and fixed income instruments as well as interest funds where the capital is mainly invested in fixed income instruments. There are also, for example, index funds which are not actively managed by a fund manager, but instead investments are made in financial instruments which follow the performance of a certain specified index.

One of the ideas underlying an equity fund is that it invests in several different shares and other share-related financial instruments, which means that the risk for the unit holders is reduced compared with the risk faced by shareholders who invest in only one or a few different shares. In addition, the fund's unit holders do not need to choose, buy, sell, and monitor the shares or carry out any other management tasks associated with them.

The idea behind interest funds is the same as for equity funds – investments are made in different fixed income-related instruments in order to achieve a spreading of risk in the fund, and the management of the fund is carried out based on the analysis of future interest beliefs.

A fund-in-fund is a fund which invests in other funds. A fund-in-fund can be seen as an alternative to investing in several different funds. Therefore, you may obtain the spreading of risk which a well put-together personal fund portfolio may have. There are fund-in-funds with various investment focuses and risk levels.

Another type of fund is a hedge fund. Hedge means to protect. Even though hedging is meant to protect against unexpected changes in the market, a hedge fund can be a fund with high risk as such funds are often heavily leveraged. However, the differences between hedge funds are great. There are also hedge funds with low risk. The aim of hedge funds is to yield a return regardless of whether the share or interest market goes up or down. A hedge fund has greater freedom in its choice of investments than traditional funds. The investment focus can range from shares, currencies and fixed income instruments to different types of arbitrage strategies (speculation on the changes of e.g. interest rates and/or currencies). Hedge funds use derivatives more often than traditional funds in order to increase or decrease the fund's risk. Short selling (see below) is also common.

Funds can also be divided into UCITS (Undertakings for Collective Investments In Transferable Securities) and special funds. The collective name for these is investment funds and both types are regulated by the Investment Funds Act. UCITS are funds which meet the so-called UCITS Directive's requirements, mainly in relation to the investment rules and spreading of risk. Both Finnish and foreign UCITS (which have received licences in their home country within the EEA), may be sold and marketed freely in all EEA countries. Special funds (for example, so-called hedge funds) are funds which in some manner deviate from the rules in the UCITS Directive and it is therefore particularly important for you as a Customer to determine which investment rules apply to a special fund in which you intend to invest. This will be stated in the fund's prospectus and fact sheet. Each management company is obliged to provide, on its own initiative, each potential investor with information regarding the fund. A currency risk is also associated with funds which invest in foreign financial instruments (see section 2.2 above).

Unit holders receive the number of units in the fund which correspond to the share of invested capital in relation to the fund's total capital. The units can be subscribed for and redeemed through investment firms which market units in funds or directly with the management company. However, it is important to note that certain funds have a predetermined period when the fund is "open" for subscription and redemption, resulting in regular trade not always being possible. The unit's current value is regularly calculated by the management company and is based on the prices of the financial instruments covered by the fund. The capital invested in a fund can increase and decrease in value, which is why it is not certain that the investor will receive his/her entire invested capital when selling.

7. Short Selling

Short selling means that the party who has borrowed financial instruments, and simultaneously undertaken to return the same type of instruments to the lender at a later date, sells the borrowed instruments. In making the sale, the lender counts on being able, on the date of return of the instruments, to acquire instruments on the market at a lower price than the price at which the borrowed instruments were sold. Where, instead, the price has increased, a loss is incurred, which can be substantial if the price has increased significantly.

8. Borrowing

In many cases, financial instruments may be purchased with partly borrowed capital. Due to the fact that your own capital as well as the borrowed capital affects the yield, you as a Customer can, through loan financing, obtain a higher profit where the investment performs well compared to an investment financed only with your own capital. The debt which is connected to the borrowed capital is not affected if the price of the purchased instrument increases or decreases, which is an advantage in the case of an increase of the prices. Where the price of the purchased instrument decreases, an equivalent disadvantage arises as the debt remains at 100 per cent which means that the decrease, euro for euro, drains your own capital. Therefore, upon a fall in price, your own capital may wholly or in part be lost while the debt must be paid

in whole or in part from the income derived from the sale of the financial instruments which have fallen in value. The debt must be paid even where the income from the sale does not cover the entire debt.

9. Exchange Traded Notes (ETN)

An ETN is a listed debt security issued by a bank, the yield on which is linked to developments in the value of an underlying commodity, market, index or equity.

Certain ETNs provide a leveraged exposure, and some ETNs will in addition to the exposure to the underlying benchmark provide foreign exchange exposure. Unlike Exchange Traded Funds (ETF), the holder will not own any stake in the underlying security.

ETNs can offer a wide range of different characteristics. One should, prior to making the investment, thoroughly review the product information and the base prospectus for the product in which one would like to invest. Such information is available from the issuer of the relevant ETN.

The risk associated with holding an ETN is primarily related to developments in the value of the relevant underlying commodity, market, index or equity. There will also be a credit risk relating to the issuer of the product, which issuer will also charge an administration fee. Moreover, there will be liquidity risk when wanting to sell the product.

There is a risk, when purchasing an ETN, that the entire purchase price may be lost. ETNs are volatile products that are not suitable for long-term investment. We also advise against borrowing money to trade in this type of product.

10. Information regarding the trading of options, forwards, and other derivative instruments

10.1 In general regarding the risks related to derivative instruments

Trading in derivative instruments is associated with certain risks which will be described in greater detail here. The Customer is responsible for the risks and must, therefore, obtain – from the investment firm s/he uses or through an agent who manages his/her capital – information on the conditions, in the form of general business terms, conditions, prospectuses and suchlike, which are applied to trading in such instruments as well as information on the instruments' characteristics and the risks linked to these instruments. The Customer must also constantly monitor his/her investments (positions) in such instruments. Information to assist in monitoring (e.g. information on market prices) can be obtained from the execution venues' website, newspapers, and other forms of media, as well as from the Customer's investment firm. The Customer should, in his/her own interests, be prepared to take swift action should this prove necessary, for example by providing further security or by terminating his/her investments in derivative contracts (closing his/her positions).

Further information on trading in financial instruments in general, different risk concepts, as well as risk-related discussion may be found in "Information regarding characteristics and risks relating to financial instruments".

10.2 Use of derivative instruments

A derivative instrument is a form of agreement where the agreement itself is traded on the capital market. The derivative instrument is linked to an underlying asset or an underlying value. This asset or value (described below simply as an asset) can be comprised of another financial instrument, another asset with a financial value (for example, a currency or commodity), or some form of value indicator, such as an index. Derivative instruments can be used to create a hedge against an anticipated unfavourable price development in the underlying asset. They can also be used to achieve a profit or yield with a smaller capital investment than would be required in order to trade directly in the underlying asset. Derivative instruments can also be used for other purposes. The use of derivative instruments is based on a certain expectation as to how the price of the underlying asset will develop over a certain period of time. Before starting to trade in derivative instruments, it is therefore important that the Customer is clear in his/her own mind as to the intended purpose and the price developments in the underlying asset that can be expected and, on that basis, chooses the right derivative instrument or combination of such instruments.

10.3 Various types of derivative instruments

The principal types of derivative instruments are options, forwards and swap agreements. An option is a contract which involves one party (the issuer (writer) of the option contract) undertaking to buy or sell the underlying asset to the other

party (the holder of the contract) at a predetermined price (the exercise price). Depending on the type of option in question, the contract may be exercised at any time during the maturity period (an American option) or only on the expiry date (a European option). The holder pays a premium to the writer and is then entitled to exercise the rights stated in the contract but has no obligation to do so. The writer, however, is obliged to fulfil the contract if the holder so wishes (to exercise the option). The price of the option normally follows the price of the underlying asset. The risk run by the party buying an option is that, without risk-reducing measures, it will be reduced in value or be worthless on the expiry date. In the latter case, the premium paid upon purchase of the option is consumed in its entirety. The writer of an option runs a risk which, unless special precautions are taken, may be unlimited. The price of the options normally follows the price of the corresponding, underlying shares or indexes, but with greater volatility.

A forwards means that parties enter into a mutually enforceable agreement regarding the purchase or sale of the underlying asset at a predetermined price, delivery or other completion event, e.g. cash settlement, of the agreement being carried out at an agreed time (closing date). No premium is paid as the parties have corresponding obligations according to the agreement.

A swap agreement means that the parties agree to make payments to each other on a regular basis, for example calculated at a fixed or floating interest rate (interest swap), or to swap some form of asset with each other, for example different kinds of currencies (currency swap), at a certain point in time.

There is also trading in certain call and put options with longer periods of validity, which in Finland are normally referred to as warrants. Warrants may be used in order to purchase or sell underlying shares or, in other cases, provide cash settlement where the price of the underlying share performs well in relation to the warrant's redemption price. Subscription rights for shares (in English referred to as subscription warrants) may within a certain period be used to subscribe for corresponding newly issued shares.

A leverage certificate, which is often merely referred to as a certificate, is often a combination of e.g. a call and put option and is dependent on an underlying asset, for example a share, an index or a commodity. A certificate has no nominal amount. A leverage certificate should not be confused with e.g. a commercial paper, which is a type of debt instrument which can be issued by companies in conjunction with the company borrowing money on the capital market.

A significant characteristic of a leverage certificate is that relatively small changes in the price of the underlying assets can result in significant changes in the value of the holder's investment. These changes in value may be to the investor's advantage, but may also be to the investor's disadvantage. The investor should be particularly aware that the leverage certificate may fall in value and also completely lose its value resulting in all or parts of the invested amount being lost. In many cases, the same reasoning also applies to options and warrants.

Derivative instruments may be combined in certain ways, which provides protection against changes in the price of the underlying asset or has the consequence of a specific financial result being achieved when the price of the underlying asset follows the expected pattern.

When trading in combined products, it is important to familiarize oneself with the different components of the products and their combined effects. In certain cases, a higher risk may be related to the combined effect of the components than to each component separately. A more detailed description of the different components of a specific product and their combined effects may be obtained, for instance, from issuers and investment firms.

10.4 Characteristic properties of derivative instruments

Trading in derivative instruments can be described as trading in, or the transfer of, risk. For example, a party that expects prices to fall in the market can buy put (sell) options which increase in value if the market falls. In order to reduce or avoid the risk involved in a fall in price, the buyer pays a premium, i.e. what the option costs.

Trading in derivatives is in many cases not advisable for beginners with little or limited experience of trading in financial instruments, since such trading often requires specialised knowledge. It is important that those intending to trade in derivative instruments are aware of the following characteristic properties of these instruments. The structure of derivative instruments is such that the price developments in the underlying asset are reflected in the price of the derivative instrument. The change in price is often greater in relation to the amount invested (paid premium) than the change in the value of the underlying asset. The change in price is therefore referred to as a leverage effect and can lead to a larger profit on the invested capital than if the investment had been made directly in the underlying asset. On the other hand, the leverage effect may result in a greater loss on the derivative instrument compared to the change in value of the underlying asset if the price of the underlying asset develops differently to that expected. The leverage effect, i.e. the possibility of making a profit or risk of suffering a loss, varies depending on the derivative instrument's structure and manner of use. The investor must, therefore, conduct close monitoring of the prices of derivative instruments and the underlying asset. In their own interest, investors should be prepared to act quickly, often within the same day, should the investment in the

derivative instrument start developing in an unfavourable direction. In conducting risk assessment, it is also important to consider that the ability to dispose of a position/holding can be more difficult if the price decreases.

When a party assumes an obligation by writing a standardised option or entering into a standardised futures contract, s/he is required to provide collateral for his/her position from the outset in order to meet the obligation. While the price of the underlying asset moves upward or downward and, consequently, the value of the derivative instrument increases or decreases, the collateral requirements also vary. Further security in the form of supplementary collateral may therefore be required. Thus, the leverage effect also has an impact on the collateral requirement, which can change quickly and radically. If the Customer fails to provide enough collateral, the counterparty or investment firm usually reserves the right to terminate the placement (close out the position), without the customer's permission, in order to reduce the loss. Customers should therefore carefully monitor price developments and their effects on collateral requirements in order to prevent a unilateral closing out of their positions.

The maturity period for derivative instruments can vary from a very short period to up to several years. The relative price changes are often greatest for instruments with a short maturity period. The price of a held option, for example, generally decreases more and more quickly towards the end of the maturity period due to the effect of the so-called time value. Customers should therefore carefully monitor the maturity periods of their derivative instruments as well.

10.5 Standardised and non-standardised derivative instruments

Derivative instruments are traded in standardised and non-standardised forms. Trading in standardised derivative instruments takes place in regulated markets ("derivatives exchanges") and complies with conditions which have been standardised. In the Finnish derivatives market, NASDAQ OMX Nordic and Eurex Exchange (Eurex) among others offer standardised trading in, for instance, options and forwards and related clearing services (clearing of completed trades). Such derivatives exchanges also offer standardised clearing of derivative instruments purchased through exchanges other than derivatives exchanges. In derivatives exchanges, trading and clearing take place through investment firms which participate in trading at the exchange in question.

Some investment firms offer their own forms of derivative instruments, the trading of which and the cancellation of trades being carried out by the firms according to contracts and conditions of their own. These derivative instruments, among others, are referred to as non-standardised derivative instruments (OTC derivatives). An investor wishing to trade in non-standardised derivative instruments should examine the special conditions which apply to them particularly carefully.

Trading in foreign standardised derivative instruments normally complies with the rules and conditions of the country where the stock exchange trading and clearing are organised. It is important to note that these foreign rules and conditions are not necessarily the same as those which apply in Finland.

As a Customer, you must fully understand, inter alia, the following:

- the investments made or other positions taken in financial instruments are at the Customer's own risk
- that you as a Customer must yourself carefully study the investment firm's general terms and conditions for trading in financial instruments and, where applicable, information in the prospectus and other information regarding the relevant financial instrument, its characteristics and risks
- that in conjunction with trading in financial instruments, it is important to scrutinise the contract notes and other reports regarding your investments and immediately submit complaints of any errors
- that it is important to regularly monitor changes in the value of holdings of, and positions in, financial instruments
- you as a Customer must meet the necessary requirements in accordance with agreed conditions
- you as a Customer must initiate the measures which are required in order to reduce the risk of losses on your investments or other positions
- the conditions regarding trading in derivative instruments change frequently, and they must be constantly monitored

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