

# Pareto Securities

## PARETO SECURITIES AB GENERAL TERMS AND CONDITIONS

Applicable from May 25, 2018

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### ***Investment savings account (Sv: investeringsparkonto)***

*Information regarding Swedish Investment Account is only found on the Swedish version of this document since this is only service offered to Swedish tax registered individuals.*

## SECTION I - DEFINITIONS

*This document is a translation of the Swedish original. The Swedish version shall be the sole authentic version and, in the event of discrepancies, shall prevail.*

In this document, the following definitions shall apply unless otherwise separately specified.

### **a) securities**

**first** financial instruments as defined in the Securities Market Act (2007:528), i.e. 1) transferable securities that are negotiable on the capital market, 2) money market instruments, 3) shares in companies for collective investments (fund units), 4) financial derivative instruments, and 5) emission rights;

**second** documents of value, by which is meant documents which are not negotiable on the capital market, i.e. 1) shares or debt instruments in name of holder which are not financial instruments according to the above definition, 2) guarantees, 3) deeds of assignment, 4) mortgages are similar documents.

**b) contract note** a note that an order/a commercial mandate has been executed.

**c) regulated market** as defined in the Securities Market Act (2007:528), i.e. a multilateral system within the European Economic Area (EEA) which brings together or facilitates the bringing together of multiple third party buying and selling interests in financial instruments – in the system and in accordance with its non-discretionary rules – in a way that results in a contract;

**d) marketplace** as defined in the Securities Market Act (2007:528), i.e. a regulated market or a multilateral trading facility (MTF) or an organised trading facility (OTF).

**e) execution venue** i.e. a marketplace, a systematic internaliser or a market maker within the EEA or another person that provides liquidity within the EEA.

**f) trading facility** an MTF or OTF.

**g) MTF**, as defined in the Securities Market Act (2007:528), i.e. a multilateral system within the EEA which brings together multiple third party buying and selling interests in financial instruments – in the system and in accordance with its non-discretionary rules – in a way that results in a contract.

**h) OTF**, as defined in the Securities Market Act (2007:528), i.e. a multilateral system within the EEA which is not a regulated market or an MTF, and within which multiple third party buying and selling interests in bonds, structured financial products, emission rights or derivatives can integrate within the system in a way that results in a contract.

**i) systematic internaliser** as defined in the Securities Market Act (2007:528), i.e. a securities institution which, in an organised, frequent

and systematic manner, trades on its own behalf by executing Client orders outside a regulated market or a multilateral trading facility, without utilising a multilateral system.

**j) multilateral system**, as defined in the Securities Market Act (2007:528), i.e. a system in which multiple third party buying and selling interests in financial instruments can integrate within the system.

**k) storage of securities**, both the storage of physical paper-form securities and the storage of such dematerialised securities as arise through registration in custody accounts.

**l) third party custodian**, a securities institution which, on the instructions of the institution or another third party custodian acquires and holds securities in a custody account on behalf of Clients.

**m) securities institution**, securities companies, Swedish credit institutions authorised to carry on securities business and foreign companies which carry on securities business through local branches or affiliated representatives established in Sweden, as well as foreign companies authorised to carry on business equivalent to securities business.

**n) central securities depository**, as defined in the Registration of Financial Instruments Act (1998:1479), i.e. the same as in section 2.1.1 of the Central Securities Depository Regulations, in the original wording.

**o) banking day**, days in Sweden other than Sundays or other national holidays and, as concerns payment of promissory notes, days similar to holidays (currently such as Saturdays, Midsummer Eve, Christmas Eve and New Year's Eve).

**p) central counterparty (CCP)**, as defined in Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories (Emir), i.e. a legal person that interposes itself between the counterparties to the contracts traded on one or more financial markets, becoming the buyer to every seller and the seller to every buyer.

**q) the Company**, refers to Pareto Securities AB, corporate ID number 556206-8956

**r) OTC trade**, trade through a securities company that does not involve a systemic internaliser, for the institution's own depository or for another of the institution's client

## SECTION II TERMS AND CONDITIONS FOR CUSTODY & CASH ACCOUNTS INVESTMENT SAVINGS ACCOUNTS AND TRADING ACCOUNTS

### SECTION II A - General terms and conditions for trading in financial instruments

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#### Orders

Unless otherwise separately agreed, a request from the Client to execute a trade ("request" or "order"), submitted in the manner instructed by the Company, means a request for the Company to seek to enter into an agreement on the Client's behalf regarding trading in financial instruments on the terms and conditions provided by the Client. The Company does not guarantee that an order will result in a trade.

The Company executes orders applying applicable market rules and generally accepted market practice.

The Company is not obliged to accept orders. The Company has the right to cancel or reject orders without providing reasons for doing so if the Company suspects that execution of the order may be in violation of applicable legislation regarding, e.g., market abuse, or other applicable market rules or generally accepted securities market practice, if the Client does not provide the information or documents required for the institution or the Client to fulfil their obligations under this agreement of which follow from applicable EU regulations, laws, directives, general legal principles or the regulations of the execution venue, central securities depository or central counterparty (CCP), or if the Company for any other reason considers that special reasons exist for doing so.

The Client is aware that the Company may record and archive telephone calls or other electronic communication which can result in a transaction, e.g. in connection with the placing of orders by the Client with the Company or the provision of payment or delivery instructions. Copies of recorded telephone calls and archived electronic communications with the Client will be available on request for a period of five years. The Client has the right on request to access recorded telephone calls and archived electronic communications. The Company has the right to charge a reasonable fee for this.

Unless otherwise agreed, the Client's orders shall be valid on the day on which the order is received until the time on the aforesaid day when the Company closes trading in the type of financial instrument to which the order relates.

In order to carry out transactions with instruments that are traded on other execution venues than those in which the Company participates directly in trading, the Company may transmit orders to companies with direct access to such execution venues.

#### Guidelines for executing orders

In the execution of orders for Clients who are treated by the Company in general or in special cases as non-professional or professional Clients, the Company's special execution and order-handling policy as set out in Section II B below shall apply.

In addition, applicable rules adopted by, and available at, a Swedish or foreign issuer, execution venue, central counterparty (CCP) or central securities depository apply. At the Client's request, the institution can provide the Client with details on where the information is available, e.g. website or contact details.

#### Commission, combination and acting as a principal, etc.

Where the Client's order is an order on commission, the Company may carry out the Client's order either through an agreement with a third party on behalf of the Client but in the name of the Company (commission), along with another of the Company's Clients (referred to as "combination"), or by the Company itself acting

as buyer or seller (what is commonly referred to as acting as a principal, in Swedish called "självinträde").

#### Execution of orders on the Client's initiative

When executing and/or forwarding orders at the initiative of the Client in respect of such non-complex instruments as set forth in Chapter 9, Section 25 of the Securities Market Act (2007:528), the Company will not generally make an assessment of whether the services in question or the financial instruments are appropriate for the Client.

#### Fees and taxes

For orders submitted to the Company according to these terms and conditions, commission and other fees, if any, will be applied in accordance with the Company's valid pricelist, which is available at [paretosec.com](http://paretosec.com), or according to a special agreement between the Client and the Company. The Client is responsible for any tax or other fees payable according to Swedish or foreign legislation based on orders executed by the Company on behalf of the Client under these terms and conditions.

#### Purchase orders

The following provisions shall apply in the event the Client ("the purchaser") submits an order to the Company for the purchase of financial instruments.

As set forth in the contract note, and unless otherwise agreed, the purchaser shall pay the total amount stated in the contract note in Swedish kronor to the Company no later than 8 a.m. on the morning of the settlement date. If the order has been executed in a currency other than Swedish kronor, the currency will be indicated in the contract note. The exchange rate applied by the Company will be stated in conjunction with any currency exchange carried out by the Company.

The Company may also debit the total amount shown on the contract note from an account that the purchaser has in the Company, to settle the payment arising from a purchase order. In addition, the Company may, from the date of receipt of the purchase order, reserve funds for this purpose from the account that the purchaser has in the Company.

If the purchaser has provided details of an account with another institution for the settling of payments from the purchaser or the Company relating to orders placed by the purchaser with the Company, the Company may instruct such institution to make payments to the Company for instruments purchased on behalf of the purchaser from funds on the account. The purchaser shall instruct the other institution to execute such payments in favour of the Company.

If the purchaser fails to fulfil its payment obligations to the Company in accordance with the procedure outlined above, the Company is entitled to charge interest on its claim until full payment has been made. Interest shall be calculated from the settlement date set forth in a contract note or from such later date on which the instruments became available to the purchaser, up to and including the date the payment is made.

Unless otherwise required by law, regulations of public authorities, special rules for the financial instrument in question or a separate agreement with the purchaser, the financial instruments to which the order relates shall be transferred to the purchaser:

- in respect of instruments which are to be owner-registered with a central securities depository or the equivalent or instruments which are to be registered in a custody account with the Company, by the Company undertaking the necessary registration measures;
- in respect of instruments which are to be registered in a custody account or the equivalent with a third-party custodian, by the purchaser instructing the third party regarding receipt of the instruments to which the order relates; and
- in respect of instruments that have been issued in document form, by delivery to the purchaser.

The Company's obligation to deliver the purchased instruments to the purchaser arises when the purchaser has fulfilled its payment obligation for the purchased instruments. However, the Company is entitled to retain the financial instruments if the purchaser has an unpaid debt to the Company, e.g. relating to another order which the Company has executed on behalf of the purchaser. The Company also has a lien over the purchased instruments as collateral for its claim against

the purchaser on account of the order. The Company is entitled to take the necessary steps to perfect such lien. If the purchaser fails to fulfil its payment obligation to the Company, the Company may, in such manner and at such time as the Company deems appropriate, sell the instruments in question or undertake other measures of disposal in order to settle the transaction. For such purposes, the Company may sign on behalf of the purchaser and take any other action that may be required in connection with the settlement. The Company is entitled to retain from the funds received the required amount to settle the Company' claim together with interest thereon as prescribed above as well as compensation for the Company' work and costs and, where applicable, for exchange rate losses.

If, following such sale or other measures of disposal as aforesaid, the proceeds are insufficient to cover the Company' total claim, the purchaser shall be liable for the difference together with interest thereon in accordance with the above. The Company may also in such a case, according to the procedure described above, debit an account that the purchaser has with the Company.

If, following the execution of a trade, the Company fails to fulfil its obligation to make the instruments available to the purchaser within a reasonable time, the purchaser is entitled to revoke the order and be released from its obligations in respect thereof. Revocation under this provision shall take place in accordance with applicable EU regulations (e.g. the Market Abuse Regulation), laws or directives.

The aforesaid shall in no way constitute a limitation of the Company' rights according to EU regulations, laws or directives.

### Sales orders

The following provisions shall apply in the event the Client ("the seller") submits an order to the Company for the sale of financial instruments. The seller shall ensure that the Company receives full right of disposal in respect of the instruments to which the sales order relates. If the instruments are owner-registered with a central securities depository or the equivalent, or registered on a custody account with the Company, the Company is entitled to undertake the requisite registration measures for the Company to be able to carry out the delivery of the sold instruments to the purchaser of the instruments.

In other cases, unless otherwise agreed, the seller shall at the time the order is placed, take such steps as are required for the Company to obtain unrestricted right of disposal in respect of the instruments. In connection with the aforementioned, the following applies:

- in respect of instruments registered on a custody account or the equivalent with a third party custodian, the seller shall immediately instruct the third party to promptly transfer to the Company the instruments to which the order relates and
- for instruments that are owner-registered with a central securities depository or the equivalent through an account-holding institution other than the Company, the seller shall ensure that the Company is granted power of attorney over the instruments or shall instruct the third party to promptly transfer to the company the instruments to which the order relates, and
- in respect of instruments that have been issued in document form, the seller shall deliver them to the Company.

If the Company has not received full disposal rights with respect to the instruments in connection with the placing of the order, or within such other time as may have been agreed upon, the Company is entitled to fulfil the agreement with the counterparty in a manner the Company deems appropriate. The seller shall compensate the Company for the costs connected therewith, including the cost of the Company' work and where applicable, exchange rate losses, with interest calculated from the date the costs were incurred until and including the date the payment is made.

On condition that the Company has received the right of disposal for the instruments to which the sales order refers and unless otherwise agreed, the seller shall receive from the Company the net amount stated in a contract note no later than 6 p.m. on the settlement date. If the order was executed in a currency other than Swedish kronor, the currency shall be specified in the contract note. In connection with currency exchange, the exchange rate applied by the Company shall be indicated. If the seller has not, at the time the order is placed or at another agreed time, taken the necessary actions in order for the Company to obtain the full right of disposal with respect to the instruments to which the order relates, the seller will receive funds at the earliest on the second banking day following the day on which the Company has gained access to the instruments,

however, not earlier than the stated settlement date. Measures taken by the seller later than 12.00 (noon) on a certain banking day, may in certain cases be deemed to have been taken on the following banking day.

In the event of delay by the seller or where the Company otherwise has reasonable grounds, the Company shall be entitled to cancel an accepted order and thereby be released from its obligations in respect thereof.

If the seller has taken the necessary measures in connection with the order, but the Company does not provide the funds pursuant to the order within a reasonable time following the execution of the transaction, the seller shall have the right to revoke the order and be released from its obligations in respect thereof. Revocation under this provision shall take place in accordance with applicable EU regulations (e.g. the Market Abuse Regulation), laws or directives.

### Transactions with foreign connections

Departures from the aforementioned terms and conditions regarding purchase and sales orders may occur in connection with transactions with foreign connections.

### Contract notes

When the Company has executed an order, the Company shall provide information regarding the execution by means of a contract note or the equivalent.

Where the order is executed through an agreement directly with the Company, the contract note or equivalent shall state that the order has been executed on the Company' own account, through an internal transaction or with the Company as the Client's counterparty. Where the order is executed through an agreement with another of the Company' Clients (including a legal entity in the Company' group of companies), the contract note or equivalent shall state that the order has been executed through a mutual trade or internal transaction. The fact that a transaction, according to the contract note, has been carried out on the Company' own account, through an internal transaction or with the Company as the Client's counterparty does not preclude that the order may have been executed within the framework of a trading system involving anonymous trading in competitive conditions.

If, following a separate agreement with the Client, the Company has drawn up a contact note without having purchased or sold the financial instruments on behalf of the Client, such fact shall be stated on the contract note, e.g. through a statement that the Company has only assisted in an exchange of payment and financial instruments.

### Clearing and settlement of executed orders

The Company must comply with an execution venue's regulations governing clearing and settlement of transactions which are executed on the execution venue. Such regulations may entail, *inter alia*, a requirement for use of a clearing organisation in the form of a central counterparty. Unless otherwise agreed, as between the Client and the Company an executed order shall be completed pursuant to that which is stated above regarding buy and sell orders.

### Annulment of orders and cancellation of trades

the Company is entitled to annul the Client's order or cancel trades executed on behalf of the Client if the order is annulled or the trade is cancelled by the relevant execution venue. The same right applies in other cases if the Company deems that annulment of an order or cancellation of a trade is necessary considering that an obvious error has been made by the Company, a market counterparty or the Client, or if the Client in placing the order acted in violation of EU regulations, laws or other regulations, or if the Client has otherwise acted in violation of generally accepted practices in the securities market.

If an order is annulled or a trade is cancelled, the Company shall notify the Client thereof without undue delay. If, as a result of a suspension in trading, technical fault or suchlike, the execution venue has annulled all relevant orders, the Company will inform the Client only if the Company does not place the order again. If the order is placed again, it would normally be placed subject to unchanged terms and conditions.

**Other terms and conditions**

For other terms and conditions on Notices, Deposit Guarantees and Investor Compensation, Processing of Personal Data, Limitation of Liability, Applicable Law etc., see Section V below.

## SECTION II B - Information regarding characteristics and risks relating to financial instruments

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For further information on derivative instruments, see INFORMATION ON TRADING IN OPTIONS, FUTURES AND OTHER DERIVATIVE INSTRUMENTS

### 1. Trading of financial instruments

The trading of financial instruments, i.e., inter alia, shares in limited liability companies and equivalent participation rights in other types of undertakings, 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 on at an execution venue. Trading is carried out by banks and securities companies with authorisation to provide investment services, herein after referred to as securities institutions, which participate in the trade on the execution venue. As a client, you normally have to contact such a securities institution in order to buy and sell financial instruments.

#### 1.1. Execution venues

There are currently two regulated markets in Sweden, OMX Nordiska Börs Stockholm AB (hereinafter referred to as the "Stockholm Stock Exchange") and Nordic Growth Market NGM AB (hereinafter referred to as "NGM"). In addition, organised trading takes place on other execution venues, e.g. First North and Nordic MTF (multilateral trading facilities) as well as on **securities institutions' 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 buyers 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.

#### 1.2. 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., Stockholm Stock Exchange's Large, Mid and Small cap). The shares with the highest turnover may also be on a special list. Certain securities institutions 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 regarding prices, etc. regarding shares as well as 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 to the price when the investment was made. In the description below, the word investment also means 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 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 do not concentrate risks that can be triggered simultaneously. Normally, a spreading of the investments to include foreign markets also reduces the risk of the total portfolio, even if, 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 information. The Client is personally liable for the risk and must, therefore, himself at the retained securities institution - or via his own asset management representative -, become acquainted with the terms and conditions, in the form of general terms and conditions, prospectuses and suchlike, which apply to the trade of such instruments and the characteristics of the instruments and risks associated therewith. The Client must also regularly monitor his investments in such instruments. This is the case even if the Client has received personal advice in conjunction with the investment. The Client 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 the risk assessment which you should carry out when you as a Client make an investment in a financial instrument, 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 are set out below.

**Market risk** – the risk that the market as a whole, or a particular part thereof in which you as a Client have your investment, e.g. The Swedish 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) are weakened.

**Risk of leveraged effect** – the construction of a derivative instrument which means that there is a risk that the price of the underlying asset has a greater negative 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. Shares and share-related instruments

#### 3.1. Generally regarding shares

##### 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 cause their shares to be 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 which in turn, at least in the long term, is 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** regarding the global economy, technology, legislation, competition, etc. determine the demand for the company's products or services and, consequently are of fundamental significance regarding changes in 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 regularly traded normally fall, as well as those already traded fixed interest instruments. The reason is that the increased return on the newly issued fixed income instruments become, relatively speaking, better than the return on shares, as well as on already traded fixed income instruments. 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 Sweden, *inter alia*, since many Swedish limited liability companies are also listed on foreign execution venues and price equalisation (arbitrage) takes place between different execution venues. Prices in shares in 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. This effect can also apply with respect to companies in other countries.

Investors on the market have different needs for investing cash (liquid funds) or 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 and thereby creating buying pressure from many buyers, or they will wish to sell and 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**). (The difference between bid and ask prices are often referred to as the spread.) A share with a high turnover, where large amounts can

be traded without affecting the price, enjoys good **liquidity** and is therefore easy to buy or sell. Companies on the regulated markets' lists (e.g. The Stockholm Stock Exchange's Nordic list and NGM's NGM Equity) more 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 in 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 kronor is published, *inter alia*, in most major daily newspapers, on text-TV and on various websites maintained by execution venues, securities institutions 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 equal portion of the company's share capital that each share represents. The quotient value is obtained by dividing the share capital with the total amount 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 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** (in English often referred to as Initial Public Offering, IPO) means that the shares in a company are introduced on to the equities market, e.g. are approved for trading on a regulated market or a multilateral trading facility (MTF). The public is then invited to **subscribe for** (purchase) 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, where the owners have decided to expand the number of shareholders and facilitate trading of the company's shares. Where a state-owned company is introduced on the market, this is called **privatisation**.

A **take-over (company acquisition)** 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 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** (a kind of private placement) 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 (private placement) and non-cash issues, **dilution** takes place of an existing shareholder's portion of the voting capital and share capital in the company, 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. Generally regarding share-related instruments

Some instruments often closely connected to shares are share-index bonds, depositary receipts, convertible debentures, shares and share index options, share and share index futures, 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 has a limited risk of loss compared to e.g. shares and fund units. The risk with an investment in a share index bond can, except for 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. Depositary receipts

**Swedish Depositary receipts** are receipts regarding the right to foreign shares which the issuer of the receipt holds on behalf of the holder. Depositary receipts are traded just as shares on a regulated market or other execution venue and the price normally follows the price on the foreign execution venues on which the share is traded. In addition to the general risks associated with trading of shares or other types of participating interests, currency risks should be considered.

#### 3.2.3. Convertible Instruments

**Convertibles** (convertibles or convertible instruments) 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.

#### 3.2.4. 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.

### 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**.

A third form of fixed income bond is the state's **premium bonds**, 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, bonds for which satisfactory security has been provided for redemption are typically less risky than fixed income instruments without security. However, in purely 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 for long-term savings where the capital is not to be jeopardised, e.g. for pension commitments, fixed income-related investments are commonly included. 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. This takes place on the money market and bond market. The market interest rates are affected by analysis and assessments which are conducted by the Central Bank of Sweden and other major institutional market players regarding short-term and long-term trends with respect to a number of economic factors such as inflation, the state of the global economy, and interest rate changes in Sweden and other countries. The Central Bank of Sweden also conducts monetary policy operations in order to control changes in market interest rates to ensure that inflation does not exceed an established target. The financial instruments traded on the money market and bond market (**e.g. treasury bills, treasury bonds and bonds issued by home loan institutions**) are often traded in large quantities (multi-million amounts).

Where market interest rates increase, the price of **already issued** fixed income financial instruments will fall if they provide fixed interest, since new bonds are issued bearing rates of interest that follow current market rates of interest and thereby provide a higher rate of interest than the already issued instruments. Conversely, the price of already issued instruments 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 asset (security in the form of property or real security).

Also there are other fixed income instruments associated with a higher risk than bonds if and when the issuer encounters difficulties to repay the loan, e.g. **subordinated debentures**.

A type of fixed income-related instrument is **secured bonds**. These are associated with a specific priority right according to special legislation. The regulations concerning secured bonds aims at ensuring that an investor will receive full payment according to the agreed term even where the issuer of the bond was to be placed in insolvent liquidation/declared bankrupt, provided that the assets which secures the bond has a sufficient value.

## 5. Participations in collective investment undertakings (fund units)

A collective investment undertaking, commonly known as 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 means 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. For further information see the Swedish Consumers' Bank and Finance Bureau's website, <http://www.konsumentbankbyran.se/>, and the Swedish Investment Fund Association's website, [www.fondbolagen.se](http://www.fondbolagen.se).

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, and only **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, instead investments are made in financial instruments which copy and 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 have to deal with choosing, buying, selling and monitoring the shares and other management work associated therewith holdings.

The idea of **interest funds** is the same as for equity funds; investments are made in different fixed income-related instruments in order to obtain a spreading of risk in the fund and management of the fund is carried out based on 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 yourself. Therefore, you may obtain the spreading of risk which a well-considered personal fund portfolio could have. There are fund-in-fund 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. Hedge funds try 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 be anything 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 often 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 fund and both types are regulated by the Swedish Investment Funds Act. UCITS are funds which meet the so-called UCITS Directive's requirements (EU directive), mainly in relation to the investment rules and spreading of risk. Swedish and foreign UCITS (which have received licences in their home country within the EEA), may be sold and marketed freely in all the 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 Client to find out which investment rules that apply for 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 each potential investor with a fact sheet regarding the fund. Special funds may not be marketed and sold freely outside of Sweden. 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 securities institutions 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 and it is therefore the investor cannot be sure to receive the entire invested capital when selling.

## 6. 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 for 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, and there is, in principle, no maximum amount of potential losses.

## 7. BORROWING

In many cases, financial instruments may be purchased for partly borrowed capital. Due to the fact that your own capital as well as the borrowed capital affects the yield, you as a Client 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, krona for krona, 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 by the income 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.

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**As a Client you must together with other considerations be fully aware of the following:**

- **that investments or other positions in financial instruments are entered into at the Clients own risk**
- **as a Client you must carefully review the Company' general terms and conditions for trading in that financial instruments as well as other relevant information about the certain financial instrument, its features and risk**
- **that when trading in financial instruments you must review contract notes and other documentation on your holdings and positions and immediately report any inaccuracies**
- **that you must constantly monitor variations of values in holdings and positions in financial instruments**
- **that you as a Client must initiate measures required to reduce the risk of losses in your own investments or other positions**

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Information regarding various types of financial instruments and trading in financial instruments as well as suggestions of other literature within this area may also be found, e.g. on the Swedish Consumers' Bank and Finance Bureau's website, [www.konsumentbankbyran.se](http://www.konsumentbankbyran.se), and on SwedSec's website, [www.swedsec.se](http://www.swedsec.se).

## SECTION II C - Information regarding trading in Options, Futures and Other Derivative Instruments

*This document is a translation of the Swedish original document. The Swedish version shall be the sole authorised version and, in the event of discrepancies, shall prevail.*

### 1. GENERALLY REGARDING RISKS ASSOCIATED WITH DERIVATIVE INSTRUMENTS

Trading in derivative instruments is associated with particular risks which are described in further detail in this information. The Client is personally responsible for the risks and must, therefore, at the retained securities institution - or through its own asset management representative - become acquainted with the terms and conditions, in the form of general terms and conditions, prospectuses and suchlike, which apply to the trade of such instruments and the characteristics of the instruments and risks associated therewith. The Client must also regularly monitor his investments (positions) in such instruments. The information to be monitored (price information, etc.) can be obtained, e.g. on execution venues' websites, in daily newspapers and other media as well as from the Client's securities institution. Further, the Client should, in his own interests, be prepared to take measures promptly where such prove necessary, for example, by providing additional collateral or by ending his investments in derivative contracts (redeem or close his positions).

For further information regarding trading in financial instruments in general, various risk concepts and risk reasoning, see also **INFORMATION REGARDING CHARACTERISTICS AND RISKS IN RELATION TO FINANCIAL INSTRUMENTS**.

### 2. THE USE OF DERIVATIVE INSTRUMENTS

Derivative instruments are a form of agreement (contract) where the agreement itself is negotiable on the capital market. The derivative instrument is connected to an underlying property or an underlying value. This property or value (hereinafter referred to as "property") may consist of a financial instrument, any other assets of economic value, e.g. currency or commodity, or some form of value measurement, e.g. an index. A derivative instrument can be used to create protection against an undesired change in price of the underlying asset. It can also be used to yield a profit or return through a lower capital investment than that which would be required for an equivalent transaction directly in the underlying asset. Derivative instruments may also be used for other purposes. The use of derivative instruments is based on a certain expectation regarding the changes in the price of the underlying asset over a certain period of time. Therefore, before trading is commenced in derivative instruments, it is important that the Client, personally, sets out the aim thereof and the price changes in the underlying asset which can be expected and, based on this, chooses the correct derivative instruments or combination of such instruments.

### 3. VARIOUS TYPES OF DERIVATIVE INSTRUMENTS

The main types of derivative instruments are options, futures and swap agreement.

An **option** is an agreement entailing one party (issuer of an option contract) undertaking to purchase or sell the underlying asset of or to the other party (holder of the contract) at a predetermined price (redemption price). Acquired call options entitle the holder to purchase already issued securities at a predetermined price within a specific period of time. Conversely, put options entitle the holder to sell securities at a predetermined price within a specific period of time. There is an **issued** option corresponding to each **acquired** option. The agreement can, depending on the type of option, either be exercised at any time during the term (American option) or only on the expiry date (European option). The holder pays a fee (premium) to the issuer and obtains the right to exercise the contract but is not obliged to do so. However, the issuer is obliged to fulfil the contract where so requested by the holder (redeem the option). The price of the option normally follows the price of the underlying asset. The risk for the person who acquires an option is, unless measures are undertaken to limit the risks, that the option will decrease in value or become worthless on the expiry date. In the latter case, the premium paid upon the purchase of the option is consumed in its entirety. The issuer of the option runs a 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 share or indexes, but subject to greater volatility.

A **future** means that the parties enter into a mutually enforceable agreement regarding the purchase and sale of the underlying asset at a predetermined price and with delivery or other completion event, e.g. cash payment, of the agreement at an agreed time (the closing date). No premium is paid as the parties have corresponding obligations under the agreement.

A **swap agreement** means that the parties agree to make regular payments to each other, for example based on fixed or variable interest (interest swaps), or at a certain time swap some form of asset with each other, e.g. different types of currencies (currency swap).

Trading also takes place of certain call and put options with longer terms until expiration, which in Sweden are normally referred to as **warrants**. Warrants may be used in order to purchase or sell underlying shares or, in other cases, provide a cash return where the price of the underlying shares performs well in relation to the warrants' redemption price. Subscription warrants for shares may, within a certain period, be used to subscribe for corresponding newly-issued shares.

A **leverage certificate**, which is often just called 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 investor'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.

The derivative instruments can be combined in a certain manner in order to create, e.g. a certain protection against changes in price in the underlying asset, or in order to obtain a certain economic result in relation to the expected changes in prices in the underlying asset.

It is important, in relation to trading in combined products, to acquire knowledge of the product's characteristics and how these interact. In certain cases the characteristics' interaction can mean a higher risk than each characteristic by itself. Further details regarding a certain product's various characteristics and the manner in which these interact can be obtained, *inter alia*, from the issuer or the securities institution.

### 4. CUSTOMARY CHARACTERISTICS OF DERIVATIVE INSTRUMENTS

Trading in derivative instruments can be described as trading in, or transferring, risks. For example, a person who fears a fall in prices on the market can purchase put options which increase in value if the market falls. In order to decrease or remove the risk of a fall in price, the buyer pays a premium, i.e. the price of the option.

Trading in derivatives can, in many cases, be said to be less appropriate for amateurs as such trading requires special expertise. Therefore, it is important to highlight the following customary characteristics of derivative instruments for those who intend to trade in such instruments. The construction of derivative instruments means that the changes in price in the underlying asset has 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 value of the underlying asset. The price effect is therefore called the **leverage effect** and may result in a larger profit on the invested capital than where the investment had been 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 value of the underlying asset where the price of the underlying asset becomes different than expected. The leverage effect, i.e. The possible profit and the risk of loss, varies depending on the derivative instrument's construction and manner of use. Stringent requirements are therefore imposed on the monitoring of prices of derivative instruments and the underlying asset. In their own interest, investors should be prepared to act quickly, often during the day, in case the investment in the derivative instrument performs in a negative way. It is also important to consider in the risk assessment that the ability to dispose of a holding can be more difficult where the price decreases.

The party who undertakes an obligation by issuing a standardised option or by entering into a standardised futures agreement is, from the beginning, obliged to

provide collateral for its undertakings. In conjunction with the price of the underlying asset in time increasing or decreasing, and therefore the value of the derivative instrument increasing or decreasing, the requirements for collateral also changes. Further security in the form of additional collateral may therefore be required. Therefore, the leverage effect also affects the requirements for collateral which may change quickly and vigorously. In the event the Client fails to provide sufficient collateral, the counterparty or the securities institution is normally entitled, without informing the Client, to terminate the investment (close the position) in order to minimise the loss. Therefore, a Client should diligently monitor changes in prices also in relation to the requirement for collateral in order to avoid an involuntary closing of the position.

The term of the derivative instrument may vary from a very short period up to several years. Changes in prices are often greater for instruments with short terms. The price of, e.g. a held option generally falls more quickly towards the end of the term due to the fact that the so-called time value decreases. Therefore, the Client should also diligently monitor the term of the derivative instrument.

## **5. STANDARDISED AND NON-STANDARDISED/OVER THE COUNTER DERIVATIVE INSTRUMENTS**

Derivative instruments are traded in standardised and non-standardised form.

Trading in standardised derivative instruments takes place on regulated markets ("derivative exchanges") and is subject to standard contractual terms and conditions. On the Swedish derivatives market, e.g. OMX Nordiska Börs Stockholm AB (Stockholm Stock Exchange) and Nordic Growth Market NGM AB (NGM) offer standardised trading in and clearing (settlement of completed transactions) of, *inter alia*, options and futures. Standardised clearing of derivative instruments traded in manner other than through a derivative exchange also takes place at such derivative exchanges. Trading and clearing at a derivatives exchange takes place through a securities institution which trades therein.

Some securities institutions offer their own forms of derivative instruments for which they normally provide both the trading and transaction settlement according to specific agreements and terms and conditions which are provided by the institution. These derivative instruments, *inter alia*, are often termed as non-standardised/over the counter (OTC derivatives). A person who wants to trade in such over the counter derivative instruments should specifically acquaint himself with the specific contractual terms and conditions which apply.

Trading in foreign standardised derivative instruments is normally subject to the rules and terms and conditions of the country where the exchange trading and clearing is organised. It is important to note that these foreign rules and terms and conditions do not need to correspond to those which apply to Swedish circumstances.

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**You as a Client should understand, inter alia, the following:**

- **that investments and other positions in derivative instruments are at the Client's own risk**
  - **that you as a Client must yourself carefully and sufficiently familiarise yourself with the terms and conditions which apply to the trading in financial instruments in general and, where applicable, information in the prospectus and other information regarding the relevant derivative 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 holding and positions and immediately submit complaints about any errors**
  - **that it is important to monitor changes in value of holdings of, and positions in, the relevant instrument regularly**
  - **that you as a Client must fulfil the requirements for collateral within the agreed framework**
  - **that you as a Client must initiate the measures which are required in order to reduce the risk of losses on your investments and other positions**
  - **that the terms and conditions for trading in derivative instruments often change and must be regularly monitored**
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## SECTION III A - GENERAL TERMS AND CONDITIONS GOVERNING CUSTODY & CASH ACCOUNT SERVICES

### A. HOLDING IN CUSTODY ACCOUNT ETC.

#### A. 1 HOLDING IN CUSTODY ACCOUNT

A.1.1 The Company shall, under its custody arrangements, record such securities that have been received by the Company for holding, etc. while in Custody Account. Received securities are held by the institution on behalf of Clients. The Company does not accept emission rights for holding under this Custody account/cash account agreement other than through separate written agreement with the Client. The Company reserves unto itself the right to give consideration to the receipt of certain securities, see also section G.9. If the Client has several custody accounts with the company and the Client has not instructed the Company in which Custody Account a particular security shall be recorded, the Company may decide upon the Custody Account in which the record shall be made.

The Company may, as manager, permit the registration of financial instruments in its own name with securities depositories such as Euroclear Sweden AB or a depository which undertakes corresponding registration measures outside the EEA in respect of the instrument. In doing so, the Client's financial instruments may be registered along with instruments of the same class owned by others.

A.1.2 In terms of these General Conditions, financial instruments entered in book-entry systems at a central securities depository (CSD) or a depository which executes corresponding registration measures outside the EEA in respect of the instruments. - shall be regarded as having been received when the Company has been put in a position to register, or cause to be registered, information concerning the instrument in such a system. Other securities are regarded as having been received when they have been delivered to the Company. Securities received, which have been issued in document form, shall be held in Custody Account by the Company or another custodian on behalf of the Client.

A.1.3 The Company undertakes no examination into the authenticity of the Client's securities.

A.1.4 The Company is entitled to reasonable time in order to effect the recording, delivery and transfer of securities.

A.1.5 The Company reserves the right to withdraw securities from the Client's Custody Account when the issuer of the securities has gone into bankruptcy or the securities have lost their value for another reason. If practical and appropriate, the Company shall then seek to register the securities in the Client's name with the authorised registrar.

A.1.6 Over and above contracted liens in the Custody/Cash account agreement, the Company may have set-off rights, lien or other security in accordance with EU regulations, laws, directives, general legal principles or the rules of a central securities depository or central counterparty (CCP).

A.1.7 The Company's services in accordance with the Custody account/Cash account agreement and its provisions are not intended for physical persons resident in the USA or legal persons registered in the USA or other US Persons (as defined in the currently applicable Regulation S of the United States Securities Act 1933) or for such persons in other countries in which it is required that the institution has carried out registration measures or other similar measures.

#### A.2 THIRD PARTY CUSTODIANS

A.2.1 The Company may deposit the Client's securities with another securities depository in Sweden or abroad. A third party Custodian may in turn engage another third party Custodian to hold the Client's securities

A.2.2 The choice of third party Custodian is at the Company's discretion, taking account of the obligations incumbent on the institution in accordance with EU regulations, laws and directives.

A.2.3 When securities are deposited with a third party Custodian abroad (inside or outside the EEA) the Client's securities are covered by applicable national laws, which may mean that the Client's rights in respect of the securities may vary from those applicable in the event of the securities being held in Sweden.

A.2.4 Securities deposited with a third party custodian are normally held in the Company's name on behalf of the Client. The Client's securities may thereby be

registered together with the securities of other holders, for example in an omnibus account. The Company may instruct a third party custodian to allow itself to be registered in place of the Company in respect of the Client's securities.

In special circumstances, the Company may also permit the Client's securities to be included in a single joint document for multiple owners.

A.2.5 In the event that the Client's securities are held in an omnibus account with a third party Custodian, the Client's rights comply with applicable national legislation. When the Client's securities are held together with other Clients' securities, and if a shortfall should arise so that the total holding in the omnibus account does not correspond to the Clients' correct holdings, the shortfall is regulated between the holders in accordance with law or market practice governing the third party Custodian. This may mean that the holders do not receive the whole of their holdings, and the shortfall is divided among the holders in proportion to the size of each individual's holding.

Whether or not the Client has a protected property law right of separation in the event that the institution or third party Custodian is placed into insolvent liquidation or affected by another measure with a similar legal effect may vary and depends on applicable national legislation.

Right of separation apply in Sweden conditional on that the securities are held separately from the third party custodian's or the institution's own securities. In conjunction holding at third party custodians abroad, as a result of applicable foreign law, it may be impossible to identify the Client's securities separately from the third party custodian's or the institution's own securities. In such an event, there is a risk that the Client's securities, in conjunction with an insolvency situation or other measure with equivalent legal effect, could be deemed to be included in the assets of the third party custodian or the institution.

A.2.6 A third party custodian, central securities depository, central counterparty (CCP), as well as the equivalent outside the EEA, may have security in, or set-off rights concerning the Client's securities and claims connected thereto. In that event, the Client's securities may be taken up for such rights.

#### A.3 ONLINE SERVICES

The Client may, upon special request, and following the Company's specific consent, be granted access to an online service specially established by the Company, where the Client may access certain data as well as execute transactions in securities provided by the Company at any given time.

### B. THE COMPANY'S UNDERTAKINGS CONCERNING SECURITIES

#### B.1 GENERAL

B.1.1 The Company undertakes to carry out on behalf of the Client the measures as are set out in section B.2 - B.4 below in respect of securities received.

B.1.2 The undertaking comes into effect - if nothing to the contrary appears hereunder or has been specially agreed - for Swedish financial instruments registered with a central securities depository from and including the fifth, and for the remaining Swedish securities and for foreign financial instruments from and including the fifteenth, banking day after the securities have been received by the Company. Accordingly, the Company is not obligated to take notice of any time limits that expire prior to that time.

B.1.3 The Company undertakes the measures set out below subject to the condition that the Company has received adequate information in good time concerning the circumstances giving rise to the measures through notice from the Client, third party custodian, issuer, agent (or equivalent) or central securities depository.

B.1.4 The issuer is responsible for the distribution of annual reports, interim reports, prospectuses and other information. If the Client indicates in the Custody & Cash Account Agreement that annual reports, etc. are desired from an issuer in which the Client holds securities registered with a central securities depository and recorded in the Custody Account, the Company, at the issuer's request, may provide, via the central securities depository, the Client's name and address details. The issuer normally distributes annual reports, interim reports and the like. Prospectuses and other information concerning offers are not normally distributed. Instead, the Company provides the Client with a summary of the offer. At the same time, the Client receives directions as to where more information regarding the offer can be obtained.

B.1.5 The Company may fully or partly refrain from taking a measure if there are not sufficient funds on a cash account connected to the Custody Account, or if the credit limit, if any, is insufficient to allow for such measure to be taken or if the Company has not been furnished with that information necessary for the measure to be taken or to fulfil the requirements set out in EU regulations, laws or directives.

B.1.6 The Company may, on its own initiative and at its own discretion in each specific case, irrespective of what is stated in sections B.2 and B.3 below, on the

Client's behalf take or omit to take measures detailed in the points mentioned if the Company has specified this in a notification concerning such measures to the Client and if the Client has not instructed otherwise within the response period given in the notification. The Client is bound by a measure taken or omitted to be taken by the Company in the same way as if the Client had instructed that the measure should be taken or not taken.

B.1.7 The Company and the Client can agree that the Company shall act in another manner than what the Company should otherwise do according to sections B.2.1 b) and d) and B.3 below. If the question concerns subscription/additional purchase or the sale of the Client's rights, such an agreement cannot be made after that point in time when the Company concerned has the intention to carry out the subscription/additional purchase or sale of the Client's rights. That point in time, mostly with respect to the remaining time for trading in the rights, occurs regularly before the official last point in time for subscribing.

B.1.8 On the Company's sale of rights according to the terms hereunder, the sale may be combined for several Clients and, where applicable, in accordance with the Company's Policy regarding execution of orders and aggregation and allocation of orders applicable from time to time. In such circumstances, the funds shall be distributed proportionally between the Clients.

B.1.9 If, according to the applicable law or rules for an issue or an offer, the Client does not have the right to exercise those preferential rights which result from the Client's holding of certain financial instruments, the Company may sell those preferential rights.

## B.2 SWEDISH FINANCIAL INSTRUMENTS

B.2.1 As regards **Swedish financial instruments** the Company's undertaking – with the possible variation that can result from what is stated in section B.1.6 – covers the following measures. In this section B.2, "Swedish financial instruments" means financial instruments that are issued by issuers whose registered offices are located in Sweden and that are registered with a central securities depository authorised to trade in a Swedish marketplace.

As regards other financial instruments, the provisions of section B.3 in respect of foreign financial instruments apply instead.

B.2.2 As regards **shares** the Company undertakes to

**a)** receive dividends. If the Client has the choice of receiving a dividend in cash or in another form, the Company may choose to collect the dividend in cash if the Client has not explicitly instructed otherwise;

**b)** in connection to a rights issue of shares in which the Client has a preferential right, inform the Client of the corporate action and offer to assist with various corporate actions. If no instructions has been received by the Company within 3 banking days before the last day of trading with subscription rights the Company shall – If the Company deems it as practical, possible and appropriate, among several factors and in line with the interest of the client – sell subscription rights that have not been used;

**c)** notify the Client of any public offer for the acquisition of shares, directed to the Client by the issuer (redemption/buy-back) or by any other party (buyout) and regarding which the Company has received information and, after specific instructions by the Client, to assist in taking any action required in connection therewith. (See also B.2.5) The same applies with any public offer regarding the purchase of shares directed to the Client;

**d)** where a bonus issue is concerned regarding shares, purchase, if possible, such fractions as may be necessary so that all fractions to which the Client is entitled, based on the securities recorded with the Company, are used in full in the bonus issue and record such number of new shares as the Client thereafter is entitled to;

**e)** notify the Client of any compulsory redemption in the case of shares in VPC registered/affiliated companies;

**f)** receive or collect, in the case of shares in the Euroclear Sweden registered companies, capital as well as other sums due where there is a reduction in share capital, redemption or liquidation; and

**g)** register, if requested by the Client, the voting rights in the Client's name in respect of shares registered in nominee name with the central securities depository, on the condition that such registration of voting rights may take place in accordance with prevailing procedures at the central securities depository concerning the registration of voting rights and on the condition that the instructions are received by the Company at least five banking days prior to the last date for registration in the share register in order to secure the right to participate in the shareholders' meeting. If the Custody Account is held jointly in the name of two or more parties and the instructions do not specify in whose name the shares shall be registered, registration for voting rights shall be carried out in accordance with each party's respective holding. Share voting rights are not registered in respect of excess shares.

B.2.3 As regards **warrants in respect of subscription rights**, the Company undertakes to notify the Client in good time of the last date for share subscriptions and, after specific instructions by the Client, to arrange for supplementary purchases of warrants and arrange subscription for new shares. Unless otherwise instructed, at the latest three banking days prior to the last date for trade in such warrants, the Company shall - if the Company considers it feasible in practice and expedient - sell the warrants which are not taken up.

B.2.4 As regards **purchase rights**, the Company undertakes to notify the Client in good time of the last date for notification of purchase and, after specific instructions by the Client, to arrange for supplementary purchases of the purchase rights and to give notification of purchase. Unless otherwise instructed, at the latest three banking days prior to the last date for trade in the purchase rights, the Company shall - if the Company considers it feasible in practice and expedient - sell the purchase rights which are not taken up;

B.2.5 As regards **redemption rights**, the Company undertakes to notify the Client in good time of the last date for notification of redemption and, after the special instructions of the Client, seek to execute the supplementary purchase of redemption rights and give the requisite notification of redemption. Unless otherwise instructed, at the latest three banking days prior to the last date for trade in the redemption rights, the Company shall - if the Company considers it feasible in practice and expedient - sell the redemption rights which are not taken up;

B.2.6 As regards **Swedish "depository receipts" concerning foreign shares**, the Company undertakes to render the equivalent services as for Swedish shares according to the above if the Company considers it feasible in practice and expedient.

B.2.7 As regards **debt instruments and other promissory notes** that are negotiable on the capital market, the Company undertakes to

**a)** receive and collect interest and capital or other sums which with redemptions, lottery drawings or cancellation fall due for payment after the debt instrument is received;

**b)** collect prizes drawn on premium bonds according to the lottery list, in connection with drawings which have taken place after the premium bonds are received by the Company, and to notify the Client of exchange of such premium bonds and to assist the Client in taking any measures required in connection therewith;

**c)** notify the Client in good time as regards convertible instruments and other convertible debt instruments of the last conversion date and, after specific instructions by the Client, to arrange for conversion;

**d)** subscribe, on account of the Client, to any debt instrument/promissory note issue to which the Client has preferential rights, unless otherwise agreed. In such case, what is stated in section B.2.2.b) above shall apply;

**e)** notify the Client regarding any public offer for the acquisition of financial instruments directed to the Client from the issuer or a third party, concerning which the Company has either received information in the manner described in section B.1.3 and after taking the Client's specific instructions, assist the Client with the desired measures to be taken in that connection. The same applies to any public offerings regarding the purchase of debt instruments/ promissory notes directed to the Client; and

**f)** notify the Client regarding any notice being given of early redemption or creditors' meeting with respect to debt instruments/promissory notes in which the Client is a holder and of which the Company has received information in the manner described in section B.1.3, and after taking the Client's specific instructions, assist the Client with the desired measures to be taken in connection therewith, and

**g)** As regards structured products that are debt instruments/promissory notes, collect interest, dividends and capital amounts.

B.2.8 As regards **financial instruments, which are not covered by sections B.2.1-7 above**, such as derivative instruments (e.g. options and futures) and structured products which are not debt instruments/promissory notes, the Company undertakes, where appropriate, to collect dividends, and in addition to carry out any other measures the Company deems practically possible and appropriate, or which the Company has agreed to undertake by special agreement with the Client.

B.2.9 As regards **other financial instruments issued by an issuer whose registered office is located in Sweden and admitted to trading on a regulated market outside Sweden**, what is stated below in section B.3 concerning foreign financial instruments applies, instead of what is stated in B.2.1-8 above.

B.2.10 As regards shares in collective investment undertakings (**fund units**), the Company will primarily receive dividend in cash and in other hand reinvest the dividend in the form of new fund units. The Company undertakes to inform the Client about any transfers, consolidations and splits of funds of which the Client is

a unit holder, when the Company receives such information from the fund company.

### **B.3 FOREIGN FINANCIAL INSTRUMENTS**

B.3.1 As regards shares and debt instruments which are not covered by section B.2 above and which are admitted to trading on a regulated market, an equivalent market outside the EEA or an MTF, the Company shall render – with those possible exceptions which can result from what is stated in section B.1.6 - the same services as for Swedish financial instruments - where the Company considers this is feasible in practice and expedient.

In connection herewith the Client should be particularly aware of certain foreign shares registered with the central securities depository or the equivalent outside the EEA, for which, due to restrictions in its obligations, there are limited opportunities for the Client as shareholder to exercise certain rights, such as participating in general meetings and participating in issues as well as being informed thereof.

B.3.2 As regards foreign financial instruments other than those set out in the previous section, the Company's undertakings shall only include such undertakings as have been subject to separate agreement between the Company and the Client.

B.3.3 When the measure concerns foreign financial instruments, the Client fully acknowledges that the Client's rights may vary depending on applicable foreign laws and regulatory frameworks. The Client is also aware and acknowledges that, where the measure relates to a foreign financial instrument the Company may often have to apply different time limits, vis-à-vis the Client, than those applicable in the country where the measure in question should be taken.

### **B.4 SWEDISH AND FOREIGN DOCUMENTS OF VALUE**

As regards Swedish and foreign documents of value, the Company's undertakings – with those possible exceptions which can result from what is stated in section B.1.6 - are to do what the Company has taken upon itself to do by separate agreement between the Company and the Client.

## **C. CASH ACCOUNTS AND CREDIT FACILITIES CONNECTED TO THE CUSTODY ACCOUNT**

### **C.1 GENERAL**

One or several cash accounts are connected to the Custody Account. Unless otherwise agreed, one connected cash account shall be maintained in Swedish kronor.

The Company may credit a connected cash account with funds which represent an advance payment for purchase orders or settlement for sales orders (or equivalent), the yield on securities serviced as well as funds which the Client otherwise passes over to the Company or which the Company receives on behalf of the Client and which are related to the Custody Account, unless the Client has instructed the Company another cash account to be credited.

The Company may exercise a set-off right and may also debit a connected cash account in respect of amounts which the Client may have instructed or has accepted and in respect of outlays, costs or preliminary tax related to the connected cash account or the Custody Account, including credit related costs. The Company may also debit connected cash account with amounts representing outlays, expenses and fees for any other commissions which the Company may have undertaken for the Client, and also payments in respect of any other due claims which the Company may have on the Client from time to time.

### **C.2 FOREIGN CURRENCY**

Funds on foreign currency remitted or received by the Company on account of the Client shall be exchanged into Swedish kronor, using the Company's from time to time applicable exchange rate, prior to a connected cash account being debited or credited - unless otherwise agreed or provided that none of the cash accounts concerned are maintained in that specific foreign currency.

### **C.3 CREDIT FACILITIES**

Subject to the Company's approval, the Client can obtain credit facilities, provided the Client is not under aged or incapable of managing his own affairs and provided that the contents of the Custody Account and the funds on the connected cash accounts are not subject to separate administration or under the administration of an official guardian.

A credit facility can be accessible - if the Company does not inform otherwise - up to an amount equivalent, from time to time, to the total collateral value of the assets in the Custody Account and connected cash accounts<sup>1</sup>.

In the event of the Client pledging, under a separate agreement, securities recorded in the Custody Account and/or assets on connected cash account also for obligations other than the Client's credit facility (for example, for trading with derivative instruments), depending on such policies which the Company applies from time to time, such obligations shall be taken into account in determining the extent of entitlement to credit.

The Client's credit facility according to these General Conditions applies until further notice, the Company retaining the right to terminate the credit after 30 calendar days' notice. Furthermore, on giving notice of termination of the Custody & Cash Account Agreement, according to Section G.10 below, first or second paragraphs - unless the Client is a consumer - the credit is due for payment when the Custody & Cash Account Agreement terminates. No later than on the date when the Client's right to the credit facility terminates, the Client shall repay the Company any amount borrowed together with accrued interest.

If the Client wishes to terminate the credit facility early, the Client must inform the Company of this and repay any outstanding credit balance along with interest and other costs associated with the credit facility up until the date on which the advance payment is made. The Company may not charge any compensation for early payment of the credit facility.

### **C.4 ACCEPTED COLLATERAL AND MARGIN CALLS**

The collateral value of the assets in the Custody Account and connected cash accounts is calculated by the Company in accordance with those principles which the Company applies from time to time. The Client can obtain information from the Company about the up-to-date total value of the collateral and the up-to-date collateral value of a certain financial instrument recorded in the Custody Account as well as the collateral value and the balance of the connected cash accounts.

It is the Client's responsibility to be aware at any time of the total collateral value of the assets in the Custody Account and connected cash accounts and to ensure that there is no shortfall in the collateral (borrowing in excess of limit) at any time, that is to say that - even with regard to other obligations against which the above mentioned assets have been pledged - the credit at no time exceeds the total collateral value of the assets. Under no circumstances can the Client avoid responsibility for a shortfall in collateral which may arise, by maintaining that the Company did not give notification of the current total collateral value of the pledged assets in the Custody Account and connected cash accounts or concerning a shortfall arising in the collateral held.

If a shortfall in collateral should nevertheless occur, the Client is obliged to repay the Company immediately and of his own accord the excess amount owing or pledge additional collateral to cover the shortfall. In the absence of such repayment or such pledge of additional collateral, the whole amount owing on the connected cash accounts becomes immediately repayable. If the Client is a consumer the Company has the right in such circumstances to sell pledged collateral to such extent as to bring the credit within the approved credit limit.

If the Client's positions in financial instruments result in a shortfall in collateral, the Company have the right to compulsorily liquidate the Client's positions to the extent deemed necessary by the Company in order to eliminate a shortfall in collateral as well as to avoid a shortfall in collateral. The Company thereby also has the right to, on behalf of the Client, compulsorily liquidate derivative positions by buying or selling contracts that would neutralise positions prematurely.

### **C.5 INTEREST RATES**

Credit interest shall be paid on the connected cash accounts according to the interest rates that the Company applies from time to time in respect of accounts of a similar nature. For amounts owing on the connected cash accounts, interest will be charged in accordance with the current price list published on the Company's website. In determining whether there is a credit balance or an amount owing on connected cash accounts, each account is treated separately. This means, for example, that one connected cash account can be credited with interest whereas another connected cash account can be charged interest.

The interest rates may be changed with immediate effect following official rate changes over which the Company has no determining influence, public credit policy changes, changes in the Company's funding costs or other cost increases for the Company. Changes in the interest rates for other reasons may take place only from and including that day when the Company has informed the Client regarding changes in the interest rate.

If the Client is a consumer, instead of what is stated in the previous paragraph, the following shall apply in respect of changes in the interest rate on amounts owing on connected cash accounts, other than changes caused solely by official rate changes over which the Company has no determining influence: the interest rate shall only be varied to the detriment of the Client if caused by public credit policy changes, changes in the Company's funding costs or other cost increase

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balance where for example the Company chooses to set the collateral value of a connected Currency Account at less than 100%.

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<sup>1</sup>The collateral value on the connected cash account can be lower than the

that the Company could not reasonably have foreseen when the Custody & Cash Account Agreement was entered into. The Company shall inform the Client of such change in the interest rate before the change may take effect. For changes in interest rates which are caused solely by official rate changes over which the Company has no determining influence, the change may take effect immediately, provided that the new official rate is held available with the Company and the consumer is informed of the change at the latest in the next account statement from the Company.

Information concerning interest rates can be obtained from the Company.

The interest on credit balances is calculated from and including the day after deposit until the date of withdrawal. The interest on debit balances applies from the day when the debt arose up to and including the date of repayment<sup>2</sup>.

The overall value of the Clients balances and liabilities in the associated accounts may not at any time be negative (overdraft). In case of an overdraft the Company has the right to, without prior notice, charge the account overdraft interest according to the Company's applicable price list.

The Company will calculate the interest on the basis of 365 days a year. Debit interest (costs of negative holdings) will be charged from the Clients account on a monthly basis. Credit interest (interest on positive holdings) will be credited to the Clients account on a yearly basis. Overdraft interest will be charged to the Clients deposit on a monthly basis. Transactions that result in a deficit will affect the calculation of interest from the settlement date. Deposits that reduce the deficit will affect the calculation of interest the same day.

If a credit facility linked to the custody account or a negative balance exceeds the granted credit limit or the collateral value, interest or overdraft interest will be paid in accordance with separate credit agreement and/or applicable price list

The Company has the right to charge interest on overdue amounts owing by the Client at such interest rate the Company at any time applies.

## **D. PLEDGES**

### **D.1 GENERAL**

In addition to the provisions concerning pledges below, there are also provisions in the Custody & Cash Account Agreement under the heading Pledging.

The yield and all other rights based on the collateral are also covered by the pledge and constitute collateral.

The Company's undertaking in respect of pledged property in its role as pledge holder should not be more extensive than those stated under these conditions.

The pledge shall not constitute collateral for claims against the Client which the Company has acquired or may acquire from anyone other than the Client, if such claims either have no connection with the Client's trading with financial instruments or have not arisen through the Client's connected cash accounts being debited.

### **D.2 PLEDGE REALISATION**

Should the Client fail to fulfil his/her obligations towards the Company under the conditions of this Custody & Cash Account Agreement, or otherwise arising from the Client's transactions in financial instruments, the Company may utilise the pledge as it deems it appropriate. The Company shall proceed with due care in this and shall notify the Client in advance, if this can be done in the Company's judgement without prejudice to the Company in its capacity as pledge holder. The Company may determine the sequence in which the collateral pledged (pledges, guarantees, etc.) should be utilised. The Company also has the right to determine the order by which the Clients liabilities shall be settled.

In the performance of what has been stated above, the pledged securities may be sold in some other way than in the execution venue where the securities are traded or are admitted for trading.

If the pledge consists of a credit balance in the connected cash account, the Company may, without prior notice to the Client, reimburse itself for the amount due out of the funds on the account.

The Company is empowered, either in person or through the Company's nominee, to sign for the Client where this is necessary in order to utilise the pledge or otherwise to safeguard or exercise the Company's right to pledged property. Towards the same end, the Company may open a separate custody account and/or a central securities depository account or an account with some other book-entry system. The Client cannot revoke such authorisation while the pledge is in force.

### **D.3 GUARANTEE AND RECOURSE**

<sup>2</sup> Interest is capitalised monthly by the accrued interest for the quarter being added to the amount owing on the account.

If a guarantee has been issued for the Client's obligations according to the Custody & Cash Account Agreement the following shall apply as regards the guarantor's right to property pledged by the Client solely or jointly with another according to the Custody & Cash Account Agreement.

Where the Company has utilised the guarantee, the pledge shall thereafter constitute collateral for the guarantor's right of claim (recourse) against the Client only if this has been stated in the guarantee. Such right is subordinate to the Company's right to the pledge. If the pledge constitutes collateral for several guarantors' right of recourse, they have the right to the pledge in proportion to each and every right of recourse, provided nothing else to the contrary has been agreed. The Company may, as long as the Company has not utilised the guarantee, release collateral which in the Company's judgement is not needed for payment of any amount which is due according to the Custody & Cash Account Agreement, without the guarantor's responsibility decreasing as a result thereof.

## **D.4 RIGHT OF DISPOSITION OF PLEDGED PROPERTY**

The Client may not, without the Company's prior consent, pledge to a third party property which is pledged according to these General Conditions and the Conditions of the Custody & Cash Account Agreement. Any such pledge to a third party shall be made in accordance with the Company's instructions using such form as has been approved by the Company. If any pledge is made which conflicts with these General Conditions, the Company has the right to terminate this Custody & Cash Account Agreement forthwith and notwithstanding the notice period stated in section V below.

If the Client has pledged a security recorded in the Custody Account or funds on the connected cash account to another party, the Company may, regardless of the Client's objections, release or transfer the security or the funds on the Custody & Cash Account to the pledge holder or to a third party in accordance with the pledge holder's instructions. Notice of such release or transfer shall be sent to the Client.

The Client may not in any other way dispose of the pledged securities or funds covered in the Custody & Cash Account Agreement without the Company's consent in every individual case.

## **E. TRADING WITH SECURITIES THROUGH THE CUSTODY & CASH ACCOUNT**

### **E.1 INSTRUCTIONS AND ORDERS**

On the Client's instructions - even in terms of what the Client and the Company may have agreed in a separate agreement on trading via electronic means - the Company will buy and sell securities and carry out other commissions concerning trading in securities on behalf of the Client. After fulfilment and if the necessary prior conditions exist, the Company registers such transactions in the Client's Custody Account.

The Client is bound by the Company's Policy regarding execution of orders and aggregation and allocation of orders applicable from time to time, and the terms and conditions applicable from time to time for trading in each type of financial instrument when using the Company's services in respect of trading in financial instruments. It is understood that such conditions include the General Terms and Conditions for trading with financial instruments applicable from time to time, the terms and conditions of the Company's sales/purchase order documents, and the terms and conditions of contract notes prepared by the Company, as well as rules adopted by the Company, Swedish or foreign issuer, execution venue, clearing organisation or central securities depository. It is the Client's responsibility to keep updated and comply with such terms and conditions and rules.

### **E.2 SECURITIES AND EXECUTION VENUE**

The Company reserves the right to at any given time decide which securities may from time to time become subject to trading under this agreement. If the Client through a power of attorney has given someone else access to the deposit, the Company has the right to introduce special restrictions as to which securities may be traded through this. Information about which securities are subject to trading at any given time under this agreement can be obtained from the Company's Client service.

The Company reserves the right to without notifying the Client add a new security or discontinue the option of trading a certain security through the trading system. An already placed order for securities for which trading through the trading system has been discontinued shall be considered as cancelled and the Company is not liable for loss suffered by the Client due to such decision.

Unless otherwise agreed, the Company may decide which execution venue and in which trading currency the Clients order in respect of trading in securities shall be executed.

### **E.3 TRADING CAPACITY**

In order to place an order in the trading system the required securities and/or funds or credit margin both for the order as well as the commission must be available in the deposit/account when the order is placed. The Company may at its discretion fully or partly refrain from carry out a transaction if the required securities and/or funds or credit margin necessary for the transaction are not available in the deposit.

In the Company's trading system there are barriers aimed at preventing the execution of such orders as mentioned above. The Client is, however bound by an order that has been executed despite there being insufficient coverage in the account or the securities are not available in the Custody account deposit

#### **E.4 PLACEMENT OF ORDERS**

Once the Company has approved the Client for trading through the custody account, orders for buying or selling securities may be submitted in one of two ways:

- a) by filling out and submitting an order through the Company's trading system. An order may be submitted through the trading system in the ways offered by the Company at any given time (for example through the Company's website while logged in, by mobile phone), or
- b) by calling the Company and after specifying a deposit/account number orally placing a buy or sell order.

The Client declares that he/she possesses the required skills for trading in the respective trading systems. For trading etc. fees are payable (such as commission) to the Company in accordance with the Company's current applicable terms,

The fees charged by the Company for trading by telephone will normally be higher than the fees for trading through the trading system.

By using any of these two possibilities the Client commissions the Company to carry out the purchase or the sale covered by the order. After the transaction has been completed the Client will receive a confirmation. The Client only has the right to use the trading system for his own transactions.

The Client undertakes to not submit buy or sell orders in any other way.

Submitted orders are valid for one trading day unless otherwise specified by the Client. This means that order submitted during the opening hours of an execution venue will be valid until the execution venue closes the same day. Orders submitted after the closing of a marketplace will be valid until the execution venue closes the following trading day.

There could be barriers in the Company's trading system or in the system of a particular execution venue relating to prices and volumes for orders placed by the Client. These barriers could for example result in that a placed order cannot be accepted because the specified price in the order deviates too much from the current prices or because the order refers to volumes that are too large. Further information about the currently applicable barriers according to the above is provided on the Company's website. It is the Client's duty to read this information.

The Client may not, by the placement of an order, act in violation of any applicable law or other regulation or otherwise violate any generally accepted practices in the securities market. The Client may not in any event place a buy or sell order that may result in a settlement against another buy or sell order placed by the Client himself or, unless the order was placed for a purpose that could be considered appropriate, by a natural person or legal entity closely related to the Client.

#### **E.5 CANCELLATION AND ANNULMENT**

In terms of the General Conditions for trading with financial instruments, the Company has the right to cancel purchases and sales, where the contract is made for the Client's account, to the same extent as the contract is cancelled by the actual execution venue. The same right exists if the Company in other circumstances finds that cancellation of the contract is called for where an obvious mistake has been made by the Company, market counter-party or by the Client personally or, if the Client through the order contravenes the applicable law or other statutes, or if the Client has otherwise contravened good practice on the securities market. If the cancelled contract has already been registered in the

Client's Custody Account, the Company will correct the registration and inform the Client in accordance with section G.5. If an order has been cancelled or a transaction has been invalidated, the Company shall without undue delay seek to notify the Client accordingly.

#### **E.6 EXECUTION OF FUND ORDERS**

The purchase will take place in accordance with a specific purchase order placed by the Client. Purchases or sales of fund units will take place as soon as practically possible in accordance with each fund's cut-off times following the submission of a complete purchase/sale order.

#### **E.7 DUE DATE AND REDEMPTION**

In respect of positions in deliverable contracts on the closing date, if the Client should lack liquid funds or deliverable instruments in its deposit with associated account, the Client shall no later than four (4) hours before the end of trading give instructions to the Company for how the mentioned position shall be liquidated. If the above mentioned instructions have not been received by the Company according to the above, the Client accepts that the Company may liquidate the position.

### **F. TAXES, ETC.**

#### **F.1 GENERAL**

The Client shall be responsible for taxes and other dues payable according to Swedish or foreign law in respect to securities registered in the Custody Account, for example preliminary tax, foreign withholding tax and Swedish coupon tax on dividends. In the event that the Client has not ensured that there are non-restricted funds available in the Deposit for the payment of tax or other fees, the Company has the right to dispose of securities recorded in the Deposit for the payment of tax or other fees related to the Deposit or the securities included therein.

#### **F.2 THE COMPANY'S AND THE CLIENT'S RESPONSIBILITIES**

The Company may, in accordance with Swedish/foreign law, Swedish/foreign public authorities' regulations or decisions or the Company's agreement with Swedish/foreign authorities, be obliged on account of the Client to take measures concerning tax based on dividends/interest/disposals concerning the Client's securities. It is incumbent upon the Client to provide that information, including written documentation, which the Company deems to be necessary in order to fulfil such obligation.

If the Company, as a result of the obligations according to section F.2, has paid tax on behalf of the Client, the Company may recompense itself for the equivalent amount in the same manner as set out in section C.1.

#### **F.3 REDUCTION OF TAX OR RESTITUTION OF OVERPAID TAX**

The Company shall, if the Client specifically requests, endeavour to assist in achieving a reduction or restitution of tax and payment of the balance with the tax authorities, if the right thereto exists and if the Company considers it feasible in practice and expedient. The Company may in this connection sign on behalf of the Client and also provide information, to the extent necessary, concerning the Client and the Client's securities.

### **G. OTHER TERMS AND CONDITIONS**

For other terms and conditions on Notices, Deposit Guarantees and Investor Compensation, Processing of Personal Data, Limitation of Liability, Changes to Terms and Conditions, Applicable Law etc., see Section V below.

## SECTION V – OTHER PROVISIONS

Over and above what follows from sections II.A, III.A and IV.B above, the following general contract terms and conditions shall be deemed to be incorporated in all relationships between the Company and the Client.

### LOG-IN DATA ONLINE SERVICE

When the Company has approved the Client, a user name will be sent by e-mail and a password by text message to the Clients mobile phone.

The Client is aware that all orders, expressions of wishes and instructions given to the Company utilising the Clients password, regardless of who gave the order or the instruction, are binding for the Client. The Client can also accept new agreements, commitments and orders through the Company's website while logged-in.

The Client undertakes to keep the user name and password confidential and not to make a note of them in such a way that their association with the services offered by the Company is revealed.

The Client undertakes to immediately notify the Company if there is suspicion that an unauthorised person has become aware of the personal password.

The Company has the right to change the Clients user name and password at any time. In the event of such change the Company shall as soon as possible notify the Client. The Company is not responsible for any direct or indirect loss the Client might suffer as a result of such change.

The Company has the right to without prior notification to the Client block the Clients access via user name and password to the services offered by the Client in the event of repeated use of an incorrect password or on suspicion of unauthorised use of the password.

If the Company blocks the password in accordance with the above, the Client will be informed as soon as possible.

The Company is not responsible for any direct or indirect loss the Client or another party might suffer as a result of such blocking of the password as indicated above.

The Client is liable for payment of any order submitted by those that used the Clients password without authorisation. The Client is also liable for loss or damage caused to the Company, a third party or to the Client due to that:

- the Client deliberately or through gross negligence has revealed the personal password for someone or if the password due to the Clients gross negligence in some other way has become known to an unauthorised person; or

- the Client has not immediately upon suspicion thereof notified the Company. If two or more persons enter the agreement together they are both equally liable for any damage or losses.

If the Client is a legal entity the Client is responsible for ensuring that only authorised person(s) at the Client are aware of and may use the user name and password.

### SUSPENSION FROM ONLINE SERVICE

The Company has the right to, without prior notice to the Client, with immediate effect to suspend the Client from being able to submit electronic orders and/or from being able to access such information provided electronically by the Company under this agreement if:

- a) the Company should suspect that the Clients utilisation of the service would be contrary to the applicable legislation on insider trading or market abuse or would otherwise be contrary to the applicable rules or sound practice in the securities market or if the Company for some other reason would find that there are special reasons to do so;

- b) the Company finds that this should be done in order to protect the Client's, other clients', the Company's or other's interests; or

- c) the Client, as the Company has reason to believe, disregards or will disregard the provisions of this agreement or other instructions given by the Company in respect of electronic services under this agreement.

Suspension as described in the above paragraphs may be limited to a certain type of order, for example certain securities or certain transaction(s), a certain type of electronic medium or certain type of information. Suspension as stated under b) in the above paragraph may be done in general for all clients or only for certain client(s).

If the Company suspends the Client as described above the Client shall be informed about this as soon as possible.

As stated above in this paragraph about the right to suspend will also apply to the Company's right to refrain from executing an order submitted by the Client.

If the Company has acted with due care the Company is not liable for loss suffered by the Client or someone else as a result of such suspension or such refraining from executing an order as indicated above in this paragraph. The Company is, however, not liable for indirect loss, unless the indirect loss has been caused by the Company's gross negligence.

The Section headed "*Suspension from on-line service*" contains provisions for the Company's right to block the Clients user name and password.

### SOFTWARE

Through a separate agreement with the Company, the Client will receive a non-exclusive, non-transferable right to use, for his own use, a certain software for

trading through the Company's trading system, either through Direct Electronic Access or through trading in the Company's web applications/web pages (the Software). The Client must not copy, modify or in some other manner use the Software for purposes other than trading through the Company's trading system. The Client must not decompile, deconstruct or by other means interfere with the Software. The Client must also not permit others or enable others to handle the Software in the above mentioned manner. The Client must not transfer his licence rights, grant sub-licences or otherwise use or dispose of the Software other than as set out in these General Provisions or by binding law.

The Software shall be installed by the Client in accordance with the instructions that are from time to time provided by the Company. In the event that the Software should be defective the Client shall immediately notify the Company. In the event that the Software should be defective the Company has the right at its discretion to provide a new copy (including a new version) of the Software or, if the defect relates to the Software as such and not just that copy and supplying a new Software would be unreasonably burdensome for the Company, to terminate this agreement with immediate effect. If the Company should fail to supply a new copy or a new version of the Software which the Client may reasonably accept, the Client has the right to terminate this agreement with immediate effect. The Client undertakes to immediately install new or amended versions of the Software that is made available by the Company.

Under no circumstances is the Company obliged to pay compensation to the Client as a result of defective Software (such as loss of data, inadequate accessibility to the trading service or loss due to virus). When using the services covered by this agreement the Client shall ensure that an adequate anti-virus program is installed and activated on the Clients computer. If the Client should fail to comply with this undertaking the Client is liable for the loss that could have been avoided if the Client had complied with this undertaking. The Company is not liable for malfunction or damage caused by viruses.

The Company's, or a company in the same group as the Company, agreement with the Stockholm Stock Exchange, Nordic Growth Market NGM AB (NGM) or other marketplace involves a right for the Company to inspect the Clients technical system and connections as well as other factors related to the placement of orders through the trading system. Moreover, the Company has a right to receive the information and, if appropriate together with OMX Nordic Exchange Stockholm, NGM or other marketplace or relevant authority, carry out the checks necessary in order for the Company to fulfil its obligations to the Stockholm Stock Exchange, NGM or other marketplace or relevant authority. The Client accepts that the Company is given such rights.

For the use of the Software, in addition to these General Provisions, if appropriate, the terms that are sent together with the Software or evident from this will apply.

### TRADING INFORMATION

Price information and other information is provided through the Company's website while logged in. The information is based on data provided by independent content suppliers. The price information as well as other information supplied by third parties may only be used by the Client for its own use and any further distribution is therefore not permitted. The Company assumes no

responsibility for the accuracy of the information or data or for any incurred loss due to any inadequacies or mistakes in the information provided. The Company reserves the right to without prior notification fully or partly cease to provide or change the nature or the composition of the information.

The value of a fund unit will follow the movements in the market price. The price given to the Client in direct connection with the trade is preliminary pending final confirmation and may therefore need to be revised. The reason for that may be that trading is done over several time zones.

Information and analytical material is only for personal use and must not be reproduced, redistributed or compiled in an edited or unedited form without the Company's consent.

### Faults and outages

The Client is aware that breakdowns or other faults or outages can occur in the Client's, the Company's or other party's computer system (hardware or software), telecommunications or electrical systems used in delivering the services under this agreement, and that the consequences of such faults or outages may include

- the Client being unable to submit an order,
- the Client's order not reaching the Company,
- the Client's order being delayed in reaching the Company and/or the execution of the order being delayed,
- the Client's order not being executed in the intended way, or
- the information (e.g. information on order status, custody account/cash account and exchange rate information) provided by the Company not being available to the Client or being incorrect.

If a fault or outage in accordance with the first paragraph occurs, the Company generally has the option of accepting the order verbally by telephone. If such a fault or outage means that an electronic order cannot be placed and a large number of Clients trying to place orders over the telephone, the ability to place an order over the phone might, in practice, be sharply curtailed.

If the Client experiences a fault or outage as specified above, the Client must inform the Company immediately. If this is not done, the Client loses the right to apply for compensation, to cancel the order or claim any other sanction or compensation based on the fault or outage.

The corresponding limitation of liability following from these provisions shall also apply to content providers engaged at any point by the Company in respect of price information or other external information providers contracted by the Company.

### Client's duty to report

It is incumbent upon the Client, at the request of the Company, to supply such information, including written documents, which the institution considers essential to fulfil the obligations which fall on the institution under the provisions of this agreement or as a consequence of applicable EU regulations, laws, directives, general legal principles or regulatory framework of the execution venue, central securities depository or central counterparty (CCP).

### Set-off

In the event of one of the parties being declared bankrupt or if the Client should be subject to company reconstitution, according to the Act (1996:764) governing Company Reconstitution, all outstanding obligations on account of trading in financial instruments shall be set off as between the parties and a balance struck as at the date of such occurrence. Whatever is due by one of the parties after such final settlement becomes payable immediately.

### Legal Entity Identifier (LEI)

A Legal Entity Identifier (LEI) is a global identification code for companies and other organisations which was introduced on the initiative of the G20 countries. Under current EU regulations, a legal entity must have an LEI code to execute a securities transaction. Without such a code, the institution is not permitted to carry out transactions with the Client.

Banks and other securities companies will therefore require that companies, associations, foundations and in some cases sole proprietorships have an LEI before a securities transaction can be executed.

An LEI is already required for transactions in derivatives. For other securities transactions, the requirement will be introduced with effect from 3 January 2018.

A Client who requires an LEI can obtain one from any of the suppliers in the market. This link takes you to approved institutions for the global LEI system [http://www.lei.org/publications/gls/lou\\_20131003\\_2.pdf](http://www.lei.org/publications/gls/lou_20131003_2.pdf).

A charge is made for an LEI. For trading in derivatives, an annual renewal fee is charged. The amount of the fee is shown on the individual supplier's price list.

More information on the requirements on LEIs is available, for example, on the Company's website and on the Company's website and an, among others, the Swedish Financial Supervisory Authority's website, [www.fi.se](http://www.fi.se).

### Deposit guarantee and investor compensation

Custody Accounts and Investment Savings Accounts (Investeringsparkonto) are covered by the state-provided guarantee of deposits in accordance with a decision by the Swedish National Debt Office.

Every Client has the right to compensation for his/her total account balances in the Company up to a maximum amount of SEK 950,000. The Swedish National Debt Office pays out the compensation within 7 working days from the date on which the institution enters into liquidation or the Swedish Financial Supervisory Authority decides that the guarantee will take effect.

Over and above this amount, the account holder may have a statutory right, under certain conditions, to receive compensation for certain deposits which are attributable to separately specified events, e.g. the sale of private accommodation, severance pay and insurance compensation, to a maximum of SEK 5 million. In this event, the disbursement may be made over a longer period.

Notwithstanding the above, the following account holders, or foreign equivalents, may not be entitled to compensation from the guarantee: banks, credit market companies, securities companies, insurance companies, reinsurance companies, friendly societies, financial institutions in accordance with the Banking and Financing Business Act, securities funds or alternative investment funds, pension funds, county councils, municipalities and government agencies.

Pursuant to the Investor Compensation Scheme Act (1999:158) providing investor protection, in the event of the Company' insolvent liquidation and where the Client is not able to withdraw financial instruments deposited with the Company, the Client has the right to separate compensation in an amount prescribed by law, which as of 1 July 2009 shall not exceed SEK 250,000. Such compensation can also include liquid funds for which the Company is accountable. Not later than one year from the date of the insolvency order a Client seeking compensation must submit a demand to the Swedish National Debt Office, which pays compensation following an assessment.

More information about the Deposit guarantees and investor compensation can be found on The Swedish National Debt Office web page [www.insattningsgarantin.se](http://www.insattningsgarantin.se).

### Fees etc.

Fees will be charged for custodian and other services rendered in accordance with these provisions according to what the Company notified the Client at the time of entering into the agreement or later, in the manner set out in the section headed "Notices etc." below. If the price for a single service is not specified in the price list or in a separately concluded agreement, the company has the right to charge reasonable fees related to that service.

Information on the current fees may be obtained on request from the Company.

The Client shall compensate the Company for expenses and outlays in connection with the Company's assignment in accordance with these provisions as well as charges and outlays for monitoring and collecting amounts due to the Company by the Client.

Fees, expenses and outlays will be charged to the connected cash account in Swedish kronor unless the institution advises otherwise.

### Interest calculation

Where the Company has the right to charge the Client interest, interest shall be payable for each day during which the amount remains unpaid, at an annual interest rate which exceeds the STIBOR rate (Stockholm Interbank Offered Rate) by eight percentage points for one week's borrowing, which is determined two banking days before the first day of each such period. Interest is not, however, payable for any day at a lower interest rate than that determined by the Swedish Riksbanken, the current reference rate in accordance with § 9 of the Interest Act (1975:635) with a supplement of eight percentage points

### Notices etc.

#### Notices from the Company

The Company has the right to provide information to the Client via the institution's Internet service or by e-mail to the e-mail address provided by the Client when the Company deems that providing information by e-mail is appropriate.

Notices sent by the Company by registered mail or ordinary mail shall be deemed to have been received by the Client no later than the fifth banking day after the date the notice is mailed, if sent to the address provided by the Client.

Notices sent through the institution's Internet service, email or other electronic communication shall be deemed to have been received by the Client at the time of transmission if sent to the number or electronic address provided by the Client. If such a notice arrives at a Client's address after Swedish office hours, the notice shall be deemed to have been received at the beginning of the following banking day.

#### *Notices to the Company*

The Client may send notices to the Company via the Company's Internet or telephone service or by sending a letter. Notices from the Client to the Company are to be sent to the Company at the address given on the first page of these provisions, provided that the Company has not requested a response to a different address. The Client may only send notices to the institution by email by special agreement with the institution.

Notices from the Client shall be deemed to have been received by the Company on the banking day the notice arrives at the stated address. Even in other cases, the institution shall be regarded as having received the notice from the Client if the Client can demonstrate that the notice was sent in an appropriate manner. In such case, the institution shall be regarded as having received the notice on the banking day on which the Client can demonstrate that the institution should have received it.

Notices regarding complaint and rescission as a consequence of an order on commission submitted by a consumer who has been categorised by the Company as a non-professional client for the service in question under the provisions of the Securities Market Act (2017:528) may be invoked if the Client can demonstrate that it has been sent in an appropriate manner, even if the notice is delayed, distorted or does not arrive. However, if the Client has reason to believe that the notice has not reached the Company or has been distorted, the notice shall be sent again to the Company by the Client.

In respect of trading in financial instruments, see General terms and conditions for trading in financial instruments.

#### **Release of information to others, use of personal data, recording of telephones etc.**

Notwithstanding anything to the contrary in these General Conditions or any other agreements connected to these General Conditions, the Company's processing of personal data is done in accordance with the principles set out in this section.

The Company collects various personal data of the Client in order to comply with its 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 in relations to any business between the Company and the Client.

The Company has a statutory obligation to store all client communications relating to the potential provision of investment services for example in connection with any orders or instructions on any securities accounts that the Client gives the Company. The Company therefore makes audio recordings of all telephone conversations, both land lines and mobile telephones, and other electronic communications. All Bloomberg communications and e-mails are stored on a non-manipulable medium.

Audio recordings of conversations 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.

The principal purposes of personal data processing are client administration, invoicing and compliance with the obligations assumed by the Company for the execution or assignments for, and performance of agreements with, the Client. The 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. The Company 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. The Pareto group also have a legitimate interest to use personal data to provide the Client with information on services and products that may be of interest to the Client, to conduct profiling for example when conducting marketing or surveillance of transactions in order to detect fraud. The Client may during the establishment of the client relationship or subsequent thereto have consented to receiving electronic communications from the Company. The Company will in such case send the Client communications based on the consent the Client gave at the time. The Company 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.

The Company is the controller of the registered personal data. All data are kept confidential and processed in accordance with applicable law. The Company has however agreed with its parent company, Pareto Securities AS, to process the registered personal data. All personal data is held and processed in accordance with applicable legislation.

The personal data will only be disclosed to third parties when (i) the Company is legally obliged to do so, for example upon reporting on suspicious transactions or when disclosure is ordered by government bodies, (ii) the Company has agreed to do so with another securities institution and if it by law, regulation, decision, intergovernmental agreement or agreement between authorities entails a obligation for the Company to disclose such personal data or for the ability for a third party institute to collect such data from the Company, (iii) the Company's disclosure is made to a Swedish or foreign securities institute, third party register keeping entity, clearing organisation or the alike in order to handle or simplify an order by the Client (iv) 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, (vi) disclosure is necessary to attend to Pareto's interests in any disputes, (vi) the Client consents to disclosure or (vii) it is necessary in connection with the operation of Pareto's IT systems. The Company may, in accordance with Swedish/foreign law, Swedish/foreign public authorities' regulations or decisions and/or the Company' agreements with Swedish/foreign authorities, trading rules or contracts/terms relating to certain securities, be obliged to release information concerning the Client's affairs. The Client shall, at the request of the Company, provide such information, including written documentation which the Company deems necessary in order to fulfil such obligation.

The Client may request access, correction or deletion of personal data. Such request shall be made to [PSComplianceStockholm@paretosec.com](mailto:PSComplianceStockholm@paretosec.com). The Company 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, the Company 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 group is the Norwegian Data Protection Authority, P.O. Box 8177 Dep., 0034 Oslo, or e-mail [postkasse@datatilsynet.no](mailto: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 [PSComplianceStockholm@paretosec.com](mailto:PSComplianceStockholm@paretosec.com) if you have any questions in relation to Pareto's personal data processing.

## Reporting

For transactions executed by the Company on the Client's behalf, the Company has the right to provide electronic contract notes. Reporting in relation to custody accounts, investment savings accounts and associated accounts is carried out - unless a separate agreement has been concluded otherwise - at least once a year, unless similar monitoring has been provided in another regular extract. The Company has the right to receive payment for reports, contract notes or extract which have not been transmitted electronically.

The Client relinquishes the right to receive annual reports or interim reports from the Company for funds which are held in custody accounts or investment savings accounts.

The Company is not responsible for the accuracy of information on securities which has been collected by the Company from external information sources.

## Erroneous entries in the custody account or investment savings account

If the Company, in error or due to incorrect instructions from the Client or someone else, should record securities in the Client's Custody Account or investment savings account or erroneously deposit funds in accounts connected to a Custody account or investment savings account, the Company has the right to reverse the wrong entry or deposit in question. If the Client should have accessed the erroneously entered securities or the funds credited in error, the Client shall return the securities or repay those funds received from the sale or from the deposit to the Company as the soon as possible. If the Client neglects to do this, the Company has the right, where it concerns the Client's disposal of the securities, to acquire the securities in question and charge the Client's connected cash account with what it costs the Company to do so and, where it concerns the disposal of the funds, to debit the Client's cash account with the amount in question.

If the Company has taken corrective action, as above, the Company shall notify the Client accordingly without delay. The Client does not have the right to make any claims against the Company in connection with such a mistake. The terms of the foregoing two paragraphs also apply when, in other circumstances, the Company has recorded securities in the Custody Account or investment savings account or deposited funds on the connected cash account that did not by rights relate to the Client.

## Rejection of assignments, etc.

The Company reserves the right to reject any assignment under these General Conditions relating to Swedish financial instruments registered with a central securities depository such as Euroclear Sweden within five banking days after receipt of the securities by the Company and for any other Swedish securities and foreign financial instruments within fifteen banking days after receipt of the securities by the Company. For surrendering/transferring the security in question, what is stated below in the section headed "Termination" that defines surrender/transfer on termination shall apply.

## Termination

Unless otherwise provided for in these General Conditions, termination of all or part of an agreement between the Company and the Client shall be carried out in accordance with the following. If only parts of these general conditions are to be terminated, those parts which are not to be terminated will remain unchanged.

The Company may terminate all or parts of these general conditions by letter giving two months' notice, after which, the Client, in accordance with the "Notices etc." paragraph above shall be regarded as having received the notice.

The Client may terminate the agreement in the manner described in the "Notices etc." paragraph (i.e. through the Internet bank/telephone bank, by letter or email or via another form of electronic communication by separate agreement) giving one month's notice, after which the Company, in accordance with the same paragraph, shall be regarded as having received the notice.

In the event that these General Conditions are terminated in whole or in part, the parties shall immediately settle all their obligations under these general conditions. For the Client, this involves, inter alia, selling or transferring his/her financial instruments to another institution, if appropriate. These general conditions apply, however, in applicable parts until this party has fulfilled all its obligations towards the counterparty. Furthermore, both the Company and the

Client may terminate assignments under these general conditions in respect of certain securities on the same terms and conditions as specified above.

Notwithstanding the terms of the preceding paragraph, either party may terminate these General Conditions with immediate effect if the counterparty is in material breach of the agreement or of securities law, regulations, directives or other rules which apply to trading at the execution venue, or if a party is declared bankrupt, becomes the subject of a corporate reorganisation, suspends payments or may otherwise be regarded as insolvent. In this context, each breach where restitution has been requested but has not been made as soon as possible, shall be regarded as a material breach of agreement. The Company may also terminate these general conditions with immediate effect where changes concerning the Client's fiscal domicile result in the Company being no longer able to fulfil its obligations to take measures concerning tax according to what is stated in section F, in section III A above or where the fulfilment of such obligations has been made significantly more difficult.

On termination of these general conditions, the Company shall surrender/transfer to the Client all the money or securities recorded in the Custody Account or investment savings account, or - if the termination relates to a specific security - that security. The Client shall give the Company written instructions regarding the surrender/transfer. If such instructions are not provided within sixty calendar days after the day on which these General Conditions cease to apply in accordance with the notice of termination, or if the surrender/transfer cannot take place in accordance with the instructions provided by the Client, the Company may:

- concerning securities in document form, if nothing prevents delivery on legal or agreed grounds, with due care and at the Client's expense deliver the securities to the address known to the Company,
  - concerning financial instruments which are registered according to the Financial Instruments Registration Act (1998:1479); open a securities account or the equivalent in the Client's name with the central securities depository to which to transfer the financial instruments, and
  - concerning securities other than the above mentioned as well as securities in document form if the consignment turns out to be undeliverable; in such manner as the Company deems appropriate, to sell or in any other way dispose of the securities, also if the securities are of no value to either destroy or de-register the same. From the purchase price received, the Company may reimburse itself for the measures taken and for the winding-up costs. Any surplus shall be paid to the Client, while any deficit shall be immediately reimbursed by the Client.
- Concerning money in the Custody account and connected accounts; pay out to another account held by the Client or held on the Client's behalf.

## Limitation of undertaking and matters concerning other agreements

The Company is not obligated to carry out any measures other than those specified in these General Conditions unless agreed separately in writing. In the event of any inconsistencies between such separate agreement and the General Conditions, the separate agreement shall prevail.

In the event that the Client has ordered services from a supplier other than the Company, and that supplier is integrated in the Client's Custody account/cash account or investment savings account either through an online solution or otherwise, the Client, unless otherwise agreed in writing, shall compensate such third parties separately, and, in the event of the termination of the service, arrange such termination directly with the third party. The Company has now responsibility for such a termination or otherwise for such services.

## Complaints and rescission

The Client shall review the contact note or equivalent accounting regarding the execution of an order and also verify that such note or equivalent accounting is received.

The Client shall draw attention to any errors or omissions in contract notes or if a contract note is missing or if there are any errors or omissions in connection with the execution of an order, and the Client shall immediately notify the Company thereof (complaint).

If the Client wishes to rescind an executed purchase or sales order, this should be expressly conveyed to the Company immediately and in connection with the notification of the error or omission.

However, with respect to an executed order on commission, submitted by a consumer who has been categorised by the Company as a non-professional Client for the service in question, a request for rescission may be conveyed to the Company without delay and a request for a different price may be conveyed to

the Company within a reasonable time of the moment when the Client realised or should have realised, the circumstances on which the relevant request is based.

If a complaint or request for rescission or different price is not submitted within the time stated above, the Client will forfeit the right to demand compensation, rescind the executed order or demand that the Company take other action.

#### **Limitation of the Company's liability**

In addition to limitations on the Company's liability otherwise agreed, the following limitations apply to the Company's liability.

The Company shall not be liable for any loss or damage resulting from Swedish or foreign legal enactment, actions by a Swedish or foreign public authority, an act of war, strike, blockade, boycott, lockout or other similar circumstance. The reservation in respect of strike, blockade, boycott and lockout applies even if the Company itself is the subject of or takes such industrial action.

The Company shall not be liable for loss or damage caused by Swedish or foreign execution venues, third party custodians, central securities depositories, clearing organisations, or other parties providing equivalent services or by contractors employed by the Company or third party custodian with due care or that have been designated by the Client. The foregoing applies also in the case of loss or damage caused by the insolvency of an organisation or contractor as referred to above. The Company shall not be responsible for any loss or damage suffered by the Client or any other party on account of restrictions of disposal that may be applied against the Company in respect of financial instruments.

The Company is not liable for indirect loss or damage, unless the indirect loss or damage has been caused by gross negligence on the part of the Company. Nor does this limitation apply in the event of orders which have been placed by a consumer if the indirect loss or damage has been caused by negligence on the part of the institution. In the event of direct or indirect loss or damage which arose in relation to an order executed on commission for a consumer, it is incumbent upon the institution to establish that the loss or damage did not occur

through negligence on the part of the institution.

Where an impediment exists as a result of a circumstance as described in the first paragraph above that prevents the Company from fully or partially executing a purchase or sales order in respect of financial instruments, the action may be postponed until the impediment no longer exists. If the Company, as a result of such a circumstance, is prevented from making or receiving payment/delivery, neither the Company nor the Client shall be liable to pay penalty interest.

That which is stated above shall apply subject to the provisions of the Financial Instruments Accounting Act (1998:1479).

Any loss or damage that may occur in other circumstances shall not be indemnified by the Company provided the Company has observed general standard of care.

#### **Changes to terms and conditions**

Changes to these terms and conditions or to the Company's fees will become effective in relation to the Client two months from the date on which the Client, in accordance with the section headed "*Notices*", shall be deemed to have received notice of the change regarded as having received notice of the change.

If the Client does not accept the change, he/she has the right to give notice to terminate the Custody account/cash account agreement within the specified time in accordance with these general conditions without having to abide by the notice periods specified in the section headed "*Complaints and rescission*" mentioned above.

#### **Applicable law**

The interpretation and application of these terms and conditions and the Company's special execution and order handling guidelines, as well as the combining and distribution of orders, shall be made in accordance with Swedish law.