

## Costs and Charges

Pursuant to MiFID II Directive Article 24 (4) and MiFID II Delegated Regulation 10 Article 50 Investment firms are required to provide clients with appropriate information about costs and charges related to the offered products and services.

Below we describe the cost intervals for our manual investment services and key factors determining where in the cost interval our clients will be charged. The costs and charges may be negotiated on an individual basis. Costs and charges related to electronic investment services (online trading) are disclosed at [paretosec.no](http://paretosec.no).

The price commission or spread rate paid will be highlighted in the trading note the client receives post trade.

Our costs and charges are subject to change and may be changed without prior notification.

This document must be read in conjunction with Pareto Securities' [General Terms and Conditions of Business](#).

### Trading in equities, equity-like instruments, Exchange Traded Funds (ETF), Exchange Traded Notes (ETN) and bonds

Product	Fee type	Calculation base	Fee accrues to
Equities, equity-like instruments ETN and ETF (secondary market traded through the brokerage desk)	Commission	<p><u>Listed equities and equity-like instruments:</u> A standard rate of commission is pre-agreed and set on client level in the range between 5 and 50 basis points. This rate will be used on trades in liquid instruments in volumes consumed within the typical intraday liquidity of the instrument. Among factors which will determine the standard rate are:</p> <ul style="list-style-type: none"> <li>• Expected trading volume</li> <li>• Expected client dialogue (execution only/ or investment advice in addition)</li> <li>• Extent of settlement work</li> <li>• Settlement risk</li> </ul> <p><u>Standard commission rate for unlisted equities:</u> A standard rate of commission is pre-agreed and set on client level in the range between 5 and 100 basis points. This rate will be used for passive orders or where an active execution is expected to be relatively undemanding.</p> <p><u>Deviation from standard commission rate for unlisted and listed equities:</u> Pareto Securities may deviate from the standard commission and charge up to 250 basis points when the contemplated trade is of a size which is large compared to the liquidity of the instrument and execution of it will require extraordinary resources. In such cases the level of the commission rate will depend on one or more of the following factors:</p> <ul style="list-style-type: none"> <li>• Time and effort spent by the sales person and traders</li> <li>• Involvement of other sales persons</li> <li>• Involvement of research professionals</li> <li>• Trade size compared to the effort involved, where a demanding albeit small trade may warrant a higher rate of commission than if it were larger</li> </ul> <p><u>Commission for unlisted Project Finance companies (companies structured by Pareto Securities):</u> Project finance instruments are not traded on venues and the liquidity is normally low. Execution can be expected to take time. The standard commission rate is 250 basis points.</p>	Pareto Securities AS

Product	Fee type	Calculation base	Fee accrues to
Equities, equity-like instruments ETN and ETF (secondary market traded through online solutions)	Commission	Cost and charges related to electronic investment services (online trading) are disclosed at <a href="https://www.paretosec.no/aksjehandel-paa-nett/verdipapirhandel/prisliste">https://www.paretosec.no/aksjehandel-paa-nett/verdipapirhandel/prisliste</a>	Pareto Securities AS
Bonds (secondary market)	Price margin	<p>The cost associated with trading fixed income instruments is the price margin we charge the client. The price margin is calculated as a mark-up on the purchase price or a mark-down on the sales price. The level of the price margin will normally be in the 10 to 75 basis points range, calculated on the basis of the nominal value of the bond (clean price "ticks").</p> <p>The actual level of the margin is determined taking into account several factors which can be specific to the client, the instrument or related to external circumstances. Among them are:</p> <ol style="list-style-type: none"> <li>1. The resources required to clear a trade, such as: <ul style="list-style-type: none"> <li>• Time and effort spent by the sales person</li> <li>• Involvement of other sales persons</li> <li>• Involvement of research professionals</li> <li>• Trade size compared to the effort involved, where a demanding albeit small trade may warrant a higher margin than if it were larger</li> </ul> </li> <li>2. The amount of dialogue the client relationship entails,</li> <li>3. Expected trading volume,</li> <li>4. Extent of settlement work,</li> <li>5. Settlement risk and</li> <li>6. The level of the clean price, where a price tick on a very low clean price may warrant a lower margin calculated on the basis of the nominal value of the bond</li> </ol>	Pareto Securities AS
Short trading in equities and borrowing of securities in connection with such trading	Establishment fee	We charge a standard lump sum fee of NOK 500.	Pareto Securities AS
	Interest	Interest rate for the period of borrowing of the security The interest rate will vary from instrument to instrument according to supply and demand of lendable instruments at the time of establishment of the loan.	Pareto Securities AS
Securities financing	Interest	The interest rate we charge in relation to securities financing is disclosed at <a href="https://www.paretosec.no/aksjehandel-paa-nett/verdipapirfinansiering/belaaning-av-aksjer">https://www.paretosec.no/aksjehandel-paa-nett/verdipapirfinansiering/belaaning-av-aksjer</a>	70 % of the interest accrue to Pareto Securities AB NUF

## Clients intermediated to Pareto Bank ASA

Pareto Securities AS operates in close collaboration with Pareto Bank ASA, and can receive remuneration from the bank for the services mentioned below:

Product	Fee type	Calculation base	Fee accrues to
Short trading in equities and borrowing of securities in connection with such trading	Establishment fee	We charge a standard lump sum fee of NOK 500.	50% of the fee shall accrue to Pareto Bank ASA
	Interest	Interest rate for the period of borrowing of the security The interest rate will vary from instrument to instrument according to supply and demand of lendable instruments at the time of establishment of the loan.	50% of the interest shall accrue to Pareto Bank ASA
Securities financing	Interest	Please contact Pareto Bank for information about the interest they charge	Pareto Bank ASA

## Products intermediated to Mfex Mutual Funds Exchange AB

Pareto Securities AS uses Mfex upon intermediation of fund orders to fund managers domestically and abroad. Mfex normally receives up to 50% of the fund's management fee from the fund manager. Pareto Securities receives a variable portion of such fee payment from Mfex. Please note that this fee model is under revision. Pareto Securities AS will from 01.01.2021 implement a new model where the management fee received from Mfex will be transferred to the client (through reinvestments in the relevant fund) and replaced with a fee to be paid directly by the client.

Product	Fee type	Calculation base	Fee accrues to
Equity/fixed-income and combination funds	Annual management fee	0 – 1.78% of the client's holdings in the fund. Please note the management fee is set by the fund manager. Pareto Securities AS is not involved in the price formation.	Up to 95% of the management fee received by Mfex may accrue to Pareto Securities AS

## Reimbursement of costs paid to VPS

Pareto Securities AS will from 01.01.2021 re-invoice customers with VPS account at Pareto Securities AS for a safekeeping fee if the value on the VPS account exceeds certain thresholds. The re-invoicing is a pure coverage of costs that VPS is invoicing Pareto Securities AS.

The safekeeping fee is based on the total market value of the investor's holdings, excluding short term bonds, on the VPS account held by Pareto Securities AS at years' end and the previous year.

Invoicing will only apply to customers with value per 31.12 previous year  $\geq$  NOK 10,000,000. The fee is calculated per account for every commenced million NOK.

### When market values are:

From NOK 200,000 – NOK 3 mill.	Per commenced million per year	NOK 60,90
From NOK 3 mill. - NOK 100 mill.	Per commenced million per year	NOK 28.67
From NOK 100 mill. - NOK 1 billion	Per commenced million per year	NOK 20.65
From NOK 1 billion - NOK 5 billion	Per commenced million per year	NOK 16.06
More than NOK 5 billion	Per commenced million per year	NOK 8.03