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GENERAL BUSINESS TERMS AND CONDITIONS
FOR
TRADING IN FINANCIAL INSTRUMENTS, ETC, THROUGH
CARNEGIE AS

15 September 2021

These general business terms and conditions (the "General Business Terms and Conditions") have been prepared in accordance with the Norwegian Securities Trading Act and the regulations issued pursuant to it. These General Business Terms and Conditions supersede in their entirety earlier versions of the general business terms and conditions. Concepts which are defined in the Securities Trading Act have the same meaning when used in these General Business Terms and Conditions, unless stated otherwise herein.

The Investment Firm's Clients are assumed to have accepted these General Business Terms and Conditions as binding on themselves when they, after having received a copy of the General Business Terms and Conditions, submit orders to, or enter into contracts or carry out transactions with, the Investment Firm.

1 In brief about Carnegie AS (the "Investment Firm")

1.1 Contact information

Carnegie AS
Address; Fjordalléen 16, Aker Brygge, Oslo
Telephone: +47 22 00 93 00
E-mail: post@carnegie.no
Website: www.carnegie.no
Business registration number: 936 310 974

For further information regarding direct communication with the Investment Firm, refer to item 27.

The Manager is an independent investment firm, wholly owned by Carnegie Investment Bank AB with Altor Fund III (ca. 70%), a fund managed by Altor Fund Manager AB, as the ultimate owner.

1.2 The services that the Investment Firm is permitted to provide

1.2.1 The Investment Firm has a license to provide the following investment services:

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

1.2.2 The Investment Firm will also offer the following associated services:

1. the safekeeping and management of financial instruments for the account of clients,
2. granting credits or loans to an investor to allow him to carry out a transaction in one or more financial instruments, where the firm granting the credit or loan is involved in the transaction,
3. advice on an undertaking's capital structure, industrial strategy and related issues, as well as advice and services in connection with mergers and the purchase of undertakings,
4. services related to foreign exchange operations when these take place in connection with the provision of investment services,
5. the preparation and dissemination of investment recommendations, financial analyses and

other forms of general recommendations relating to transactions involving financial instruments,
6. services relating to underwriting,

In addition, the Investment Firm acts as a systematic internaliser for liquid equities on the Oslo Stock Exchange.

1.3 Investment advice

The Investment Firm is authorised to provide investment advice. The investment advice provided by the Investment Firm is not to be considered as independent pursuant to the conditions set out in relevant legislation.

1.4 Supervisory authority

The Manager is under the supervision of Finanstilsynet (the Financial Supervisory Authority of Norway)
Address: Revierstredet 3, 0151 Oslo, Norway.
Website: www.finanstilsynet.no
Business registration number: 840 747 972

2 The scope of the General Business Terms and Conditions

These General Business Terms and Conditions apply to the Investment Firm's investment services, investment activities and associated services in so far as they are appropriate, as well as to services relating to transactions in instruments that are related to financial instruments.

A separate agreement or supplementary agreement may be entered into for the following:

1. the trading in and clearing of standardised (listed) derivatives contracts,
2. the trading in and/or clearing of non-standardised (OTC) derivatives contracts,
3. trading on credit,
4. services in connection with the underwriting of share issues or other public offerings, including the placement of share issues or offers and services in connection with corporate mergers and acquisitions,
5. the borrowing and lending of financial instruments,
6. the safekeeping and management of financial instruments,
7. the conclusion of interest-rate and foreign exchange contracts,
8. the conclusion of contracts regarding charges and the provision of financial security,
9. trading in commodity derivatives,
10. trading and settlement, including clearing in foreign markets,

The General Business Terms and Conditions apply in addition to separate agreements that are entered into between the Investment Firm and the Client. In the case of any conflict between agreements mentioned in the previous paragraph and the General Business Terms and Conditions, the agreements are to take precedence.

Trading and clearing may also be regulated by separate trading rules/standard terms and conditions in the individual market places and clearing houses where trading and settlement/clearing take place. In the case of any conflict between these General Business Terms and Conditions and/or agreements as mentioned in the previous paragraph and such trading rules/standard terms and conditions, the trading rules/ standard terms and conditions for the individual market place or clearing house shall apply.

In addition to the abovementioned, the services mentioned in item 1.2 may be regulated by the Norwegian Securities Trading Act, Central Securities Depository Act, Stock Exchange Act, Companies Acts, Sale of Goods Act, Contracts Act, Consumer Purchases Act (cooling-off period) and other relevant legislation.

In addition, the Investment Firm is obligated to comply with the code of business conduct determined for the individual markets, including ethical norms stipulated by the Norwegian Securities Dealers Association.

The ethical norms and rules governing the treatment of complaints regarding these are to be found at www.vpff.no.

3 Telephone recording and other documentation

The Investment Firm is obligated to record telephone conversations involving investment services and activities, or telephone conversations that are meant to lead to the provision of investment services or activities. The Investment Firm will record all telephone conversations regarding the conclusion of agreements to buy, sell or subscribe for financial instruments. The Investment Firm cannot record conversations submitted to a telephone which is not connected to a recording device, including mobile telephones without recording functionality.

Sound recordings are to be stored by the investment Firm for a retention period stipulated by prevailing law, calculated from the recording date, and will normally be deleted following the expiry of the mandatory storage period. Sound recordings of conversations with the individual Client may be traced by searching, among other things, for the time of the call, the telephone number called and the Investment Firm employee who received the order. The Investment Firm may be ordered to hand the sound recording over to public authorities and others that may so demand pursuant to the law. In addition, sound recordings may be handed over to the Ethics Council of The Norwegian Securities Dealers Association, among other things in connection with the handling of complaints by Clients, cf. also item 25 of General Business Terms and Conditions. Agents and other undertakings that cooperate with the Investment Firm regarding the reception and transmission of orders and indications may have a duty to make sound recordings of their conversations with Clients.

Documentation of the communication through other communication channels than telephone involving investment advice, will be stored by the Investment Firm for a retention period stipulated by prevailing law. Clients may upon request be granted access to sound recordings and other documentation from the Investment Firm. The Client should contact the Investment Firm in order to receive information about the procedure to be granted access.

4 Client Classification

According to the Securities Trading Act, the Investment Firm has a duty to classify its Clients in Client categories as non-professional Clients and professional Clients, including eligible counterparties. The Securities Trading Act and regulations contain provisions governing how this categorisation is to take place. The Investment Firm will inform all Clients of the category in which they have been classified.

The classification is important for the extent of the Client's protection. The information and reports given to Clients classified as non-professional Clients are subject to more demanding standards than those given to Clients classified as professional. In addition, according to the Securities Trading Act, the Investment Firm has a duty to obtain information on the Client in order to assess whether the service or the financial instrument/product in question is suitable or appropriate for the Client, designated the suitability test and appropriateness test in regulations.

The classification is important for the scope of these tests and for the assessment of what will be the "best execution" when carrying out trading for the Client, refer to item 7.3.

The General Business Terms and Conditions apply to Clients classified as professional Clients and non-professional Clients. Clients classified as professional are nonetheless regarded as having particular prerequisites for assessing the individual markets, investment alternatives, transactions and the advice provided by the Investment Firm. Professional Clients cannot invoke rules and conditions that have been stipulated to protect non-professional Clients.

A Client may request the Investment Firm to change its Client classification. Information on such reclassification and on the consequences of this is attached as an appendix to these General Business Terms and Conditions.

5 The Client's responsibility for information given to the Investment Firm, authorisations, etc.

In order to meet the Securities Trading Act's requirement that a suitability test and appropriateness test must be conducted, the Investment Firm has a duty to obtain information from Clients. The Client is obligated to give the Investment Firm satisfactory, correct information on the Client's own financial position, investment experience and investment goals that is relevant to the desired services and financial instruments/products. The Client is also obligated to inform the Investment Firm if there are any major changes in information that has previously been given.

Client information is also obtained to meet the information requirements for reporting transactions and for FATCA[1] and CRS[2] reporting in accordance with international agreements by which Norway is bound. When establishing a business relationship, the Client must inform the Investment Firm of his/her national ID number/its organisation number/LEI[3], address, tax country, telephone number, any electronic addresses, owners or beneficial owners of legal persons, and persons with the authority to place orders. Natural persons must state their citizenship(s).

The Client understands that the Investment Firm is entitled to base its assessment of whether the service or the financial instrument/product is suitable or appropriate for the Client on the information provided by the Client and that the Investment Firm will basically not conduct its own investigations. The Client further understands that the Investment Firm is entitled to conduct its own investigations to make sure that the information which has been obtained is reliable.

The Client also understands that, if the Investment Firm is not given sufficient information, the Investment Firm will not be able to determine whether or not the service or financial instrument/
product is appropriate or suitable for the Client. In the case of investment advice, the Client will then be informed that the service or instrument in question cannot be provided. In relation to the other investment services, the Client will in such cases be informed that the information provided to the Investment Firm is insufficient and that the service or product is thus to be regarded as inappropriate. Should the Client, despite such a warning, still wish to have the service or product, this may nonetheless be provided.

The Client undertakes to comply with the prevailing legislation, rules, terms and conditions that apply to the individual trading system used for transactions. The same applies to settlement and clearing through the individual settlement or clearing houses.

The Client warrants that its own trading and settlements take place in accordance with and within the scope of any permits and authorisations that apply to the Client's trading in financial instruments. If requested by the Investment Firm, the Client shall document such permits and authorisations. Should the Client be a foreign undertaking, the Investment Firm reserves the right to demand the Client to present, at the Client's expense, a reasoned legal opinion on the Client's permits and authorisations to enter into the trade in question.

The Client shall give the Investment Firm an overview of the person or persons that may place orders, trade, enter into other agreements relating to financial instruments/products or are authorised to accept a trade on behalf of the Client. A trade or acceptance from these is binding on the Client unless the Investment Firm did not act in good faith in relation to the individual's authorisations. The Client is responsible for keeping the Investment Firm at all times up to date as regards who may place orders or accept a trade on behalf of the Client. The Investment Firm will not accept authorisations which stipulate limits for the individual Client's trading unless this has been agreed on in writing in advance. The Client undertakes to ensure that the assets and financial instruments included in the individual assignment are free from liens,

[1] Foreign Account Tax Compliance Act, applies to US citizens
[2] Common Reporting Standard, applies within the OECD
[3] Legal Entity Identifier

charges and encumbrances of any kind, such as a charge, security interest (possessory lien), attachment, etc. The same applies when the Client acts as a proxy for a third party.

The Client undertakes to provide the Investment Firm with information if the Client places an order to sell financial instruments to which the Client does not have access (uncovered short sales).

6 Risk

The Client understands that investing and trading in financial instruments and other related instruments are linked to a risk of loss. The invested capital may increase or decrease in value. The value of the financial instruments depends, among other things, on fluctuations in the financial markets. Historical price developments and yields cannot be used as reliable indicators of future developments in and yields on financial instruments. Financial instruments and other similar instruments may have a different degree of liquidity. The most liquid financial instruments are likely to be disposed without any effect on the price of the instrument, while the opposite may be the case for less liquid instruments. For certain financial instruments, transactions may be difficult to conclude without affecting the price, in particular for financial instruments which are not listed on a regulated market or an MTF.

For more detailed information on properties linked to the various financial instruments and on the risk linked to trading in various financial instruments, refer to the information published on www.carnegie.no. If necessary, this material will be sent to the Client prior to the Investment Firm's provision of services to the Client. The Client is responsible for evaluating the risk relating to the instrument and market in question.

The Client should refrain from investing and trading in financial instruments and other related instruments if the Client does not understand the risk relating to such an investment or trade. The Client is urged to seek the advice of the Investment Firm and other relevant advisers and, if required, to seek additional information in the market before making a decision.

All trading carried out by the Client after advice has been obtained from the Investment Firm is the responsibility of the Client and takes place according to the Client's own discretion and decision. The Investment Firm under no circumstances accepts any liability for the advice given if the Client in whole or in part departs from the advice provided by the Investment Firm. The Investment Firm does not guarantee any specific outcome of a Client's trading.

7 Orders and assignments – entering into contracts

7.1 Placing and acceptance of orders and entry into of contracts

Orders from Clients shall be placed orally by telephone calls. Subject to specific agreement orders may be placed via e-mail, fax, Bloomberg, Reuters and other messaging systems. Restrictions may apply on such placing of orders. Further information on this is available from the Investment Firm. Order placed orally by telephone call is binding on the Client when it has been received by the Investment Firm unless otherwise separately agreed. Order placed by email or fax is binding pursuant to specific agreement. Regarding trading in non-standardised derivatives (OTC) and in currency and interest-rate instruments, including foreign exchange, a trading contract will be regarded as having been entered into with binding effect once the terms and conditions for the contract in question have been accepted by the Client.

The Investment Firm will record all orders and indications of orders to purchase, sell or subscribe for financial instruments that are made by telephone. The Investment Firm is unable to carry out orders or indications that are placed over telephones that are not connected to sound recording equipment (including mobile phones with recording functionality). Sound recordings and other documentation of contracts, orders and indications of orders placed in some other way will be stored by the Investment Firm. Reference is made to item 3 above. The Client undertakes to give information to the Investment Firm if the Client places an order to sell financial instruments that the Client does not own (short sale).

The Investment Firm will not be obligated to carry out orders or enter into contracts that the Investment Firm assumes may lead to a breach of public law legislation or rules stipulated for the market place(s) in question.

The Client may not engage in programme trading (the use of algorithms) to or via the Investment Firm unless this has been specifically agreed on.

Orders from a Client that normally trades for the account of a third party, i.e. for his/her employer or another natural or legal person, will be rejected if, when placing an order, the Client does not clearly state the party for whose account the order is being placed. If the Client simultaneously places orders for his/her own account and for the account of his/her employer or another natural or legal person, the Investment Firm will prioritise the party represented by the Client.

7.2 Assignment period for orders

For orders linked to trading in marketable securities and derivatives contracts with marketable securities as underlying instruments, the order applies on the assignment date or until the market place where the order has been placed closes, and it thereafter lapses unless otherwise agreed or is apparent for the order type or order specification in question. For other assignments, the duration of the assignment is to be agreed on separately.

The assignment date is the date when the Client's order to the Investment Firm to buy or sell financial instruments through or to/from another undertaking has been received by the Investment Firm.When the Investment Firm initiates a trade, the assignment date is to be regarded as the date when the Investment Firm contacts the Client and the assignment to purchase or sell the financial instruments in question is agreed to.

The order may be recalled to the extent that it has not been carried out by the Investment Firm. If, as part of carrying out the order, the Investment Firm has placed all or part of the Order with other parties, the order may only be cancelled to the extent that the Investment Firm can recall or cancel the order it has placed with other parties.

7.3 Guidelines for executing orders

The Investment Firm is obligated to implement all measures necessary to secure the Client the best possible terms when carrying out received orders during the assignment period. The Investment Firm has prepared order execution guidelines ("execution policy") that, among other things, state the trading systems in which transactions in various financial instruments are to be carried out. Trading will be carried out in accordance with these guidelines unless the Client has given specific instructions regarding how the trade is to be carried out. The order will in such case be carried out in accordance with such instructions.

The order execution guidelines ("execution policy") must be separately approved by the Client before the Investment Firm carries out orders on behalf of the Client.

The Investment Firm reserves the right to aggregate the Client's orders with orders from other Clients, persons or undertakings that are or are not linked to the Investment Firm as described in the order execution guidelines. The aggregation of orders may take place if it is unlikely that aggregation in general will be a disadvantage to the Clients. However, the Client understands that the aggregation of orders may in individual cases cause drawbacks.

The Investment Firm also reserves the right to aggregate the Client's order with transactions carried out for the Investment Firm's own account. If the total order is only carried out in part, the Client's order will basically be given priority over the Investment Firm's order. However, an exception to this applies if the Investment Firm could not have carried out the trade on correspondingly favourable terms without the aggregation.

Orders from a Client that normally trades for the account of a third party, ie, for his employer or another natural or legal person, will be rejected if the Client does not clearly state the party on whose account the order is being placed when placing the order. Should the Client simultaneously place orders for both his own account and the account of his employer or another natural or legal person, the Investment Firm will give first priority to the party that the Client represents.

The prevailing order execution guidelines will be regarded as having been approved by the Client when the Client Agreement is entered into. In this agreement, the Client has expressly agreed that the Investment Firm may trade in financial instruments for the Client outside a marketplace.

7.4 Further trading rules

For trading in financial instruments (equity instruments and debt instruments) that are listed on Oslo Stock Exchange/Euronext Expland, with the exception of derivative contracts, the separate trading rules (Oslo Børs Member and Trading Rules) apply to the relationship between the Client and Investment Firm. These rules deal with the registration of orders and trades in the trading system, including the order conditions that can generally be used and the more detailed rules governing prioritization and validity, etc. Refer in this context to https://www.euronext.com/nb/markets/oslo..

For trading which takes place in another Norwegian or foreign market place, the trading rules stipulated for the market place in question apply to the relationship between the Client and the Investment Firm.

7.5 Cancellation of orders and sales

According to the Oslo Børs Member and Trading Rules, Oslo Stock Exchange/Euronext Expand may under certain circumstances cancel orders and transactions. Such a cancellation will be binding on the Client.

The same may apply in the case of the cancellation of orders and sales in another Norwegian or foreign market place.

8 Delivery and payment (settlement) of financial instruments in Norway

8.1 Marketable securities, unit trust shares, standardised financial forward/futures contracts and options, as well as certificates

For trading in Norway involving marketable securities in a regulated market, mutual fund holdings, standardised financial forward/futures contracts and options to buy or sell financial instruments registered in the Norwegian Central Securities Depository (VPS), the ordinary period allowed for settlement is three stock exchange days (T+2) unless otherwise agreed. By stock exchange day is meant any day on which the Norwegian stock exchange is open.

The period allowed for settlement is calculated as from and including the trading date up to and including the settlement date.

Settlement is conditional on the Client making the necessary funds and financial instruments available to the Investment Firm on or before the settlement date. Unless otherwise agreed on separately, the Investment Firm has the Client's permission and authority to, in accordance with the individual trade or transaction, debit the Client's bank account or submit a request to debit the Client's bank account, unless the bank in question demands that a separate written debit authorisation must have been provided by the Client.

The Client is to be regarded as having delivered financial instruments registered in the Central Securities Depository to the Investment Firm when the financial instruments have been received in one of the Investment Firm's securities accounts in the VPS or in another securities account in the VPS stipulated by the Investment Firm.

The Client is to be regarded as having paid the purchase price to the Investment Firm once the amount is credited to the Investment Firm's bank account, with a value date not later than the settlement date.

The Client undertakes to deliver the sold financial instruments to the Investment Firm or to release the sold financial instruments in the Client's securities account in the Central Securities Depository or another corresponding register by the settlement deadline. Unless otherwise agreed in writing, the placing of an order to sell financial instruments or acceptance of a sales offer means that the Investment Firm is authorised to request the Client's account operator to release the financial instruments in question. The delivery of physical financial instruments must take place in accordance with a separate agreement with the Investment Firm.

For financial instruments that have been admitted for clearance in a CCP[4] or are registered in a CSD[5] or listed in a marketplace, a cover purchase will automatically be initiated if the financial instrument has not been delivered at the latest a certain number of days after the settlement deadline. This will normally be four days after the settlement deadline. This deadline may be extended to seven days for instruments that are traded in less liquid marketplaces, and to 15 days for financial instruments listed on an SME stock exchange.

The individual CCP, CSD or marketplace has its own publicly approved cover-purchase rules that are determined in accordance with the legislation relating to CSDs and settlement activities.

Cover purchases are to be initiated by the CCP if the instrument is cleared by the CCP. If the instrument is traded in a marketplace and is not cleared by a CCP, the cover purchase is to be initiated by the marketplace. In those cases where the instrument is neither cleared by a CCP nor traded in a marketplace, the cover purchase is to be initiated by a CSD. If this cover purchase fails, the buyer has an opportunity to choose between delayed delivery and cash compensation.

In the case of delayed delivery, a statutory sanction system applies. The CCP, CSD or marketplace will impose a fee/fine on the seller as a result of the breach of contract, irrespective of whether or not a cover purchase is carried out. The size of the fee/fine is standardised and irrespective of the seller's blame (strict liability). The size of the fee/fine is standardised in accordance with prevailing legislation.

8.2 Foreign exchange (spot)

Regarding foreign exchange trading (spot), the ordinary period allowed for settlement is three banking days (T+2) (including the trading day), unless otherwise agreed. By banking day is meant days on which banks in the market in question are open. The settlement period is calculated as from and including the trading date up to and including the settlement date.

8.3 Other financial instruments

Special settlement deadlines and settlement rules apply to other financial instruments. These settlement rules and settlement deadlines will be stated in the separate contracts as mentioned in item 2, subsection two, and may sometimes be stipulated in the product information that has been prepared for the individual product. For trading in non-standardised derivatives (OTC) and trading in currency and interest-rate instruments, including currency exchange, the settlement deadlines and settlement rules may be agreed on when the contract is entered into. In such cases, the settlement deadlines and settlement rules will be stated on the confirmation sent to the Client once the contract has been entered into.

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[4] A CCP (Central Counterparty) is a player in the securities market that becomes a key counterparty to a securities trade and carries out the settlement of securities and money between the two original parties (the buyer and seller). The CCP becomes the buyer in relation to the seller and the seller in relation to the buyer at the moment when the trade takes place.

[5] Central Securities Depository, equivalent to the Verdipapirsentralen (VPS) in Norway.

9 Reporting of services carried out – confirmation of contracts and assignments carried out

By means of a contract note/confirmation or in some other way, the Investment Firm will immediately report to the Client the services it has carried out or the contracts that have been entered into. To the extent that this is relevant, the contract note/confirmation will also include information on costs related to the trade carried out for the Client. Apart from this, the contract note/confirmation will contain information in accordance with the prevailing law.

Confirmations that are to be signed by the Client must be signed as soon as they are received and then returned to the Investment Firm as stated in the confirmation or as agreed in some other way with the Client.

The Investment Firm reserves the right to correct obvious errors in the contract note or other confirmation. Such corrections shall be made as soon as the error is discovered.

The delivery of financial instruments registered in the Central Securities Depository may be confirmed by a notification of changes from the Central Securities Depository to the extent that the Client has agreed with the account operator that the Client is to receive such confirmations.

10 Complaints to the Investment Firm by the Client

Should the Client have agreed to receive a contract note or other confirmation by e-mail or other electronic medium and the Client has not received such a contract note or confirmation by the end of the next stock exchange day/banking day after the date when the contract is entered into or the expiry of the assignment period, the Client must notify the Investment Firm of this as quickly as possible and at the latest by the end of the second stock exchange day/banking day after the contract has been entered into or the assignment period has expired. Should the Client have agreed to receive a contract note or other confirmation by ordinary post and the Client has not received a contract note or other confirmation within three stock exchange days, or within seven stock exchange days for Clients with a foreign address, after the contract has been entered into or after the expiry of the assignment period, the Client must notify the Investment Firm of this as quickly as possible and at the latest by the end of the fourth stock exchange day or eighth stock exchange day respectively after the contract has been entered into or the assignment period has expired. The Client must check the contract note or other confirmation immediately following receipt and must notify the relevant unit in the Investment Firm as quickly as possible after receipt and at the latest by the end of the next stock exchange day/banking day – if no complaint could be made during normal office hours on the date of receipt – if he wishes to allege that anything stated on the contract note/confirmation contradicts the order, assignment or trade agreed to. Should the Client fail to complain
as stated above, the Client may be bound by such a contract note/confirmation even if this does not agree with the contract/conditions agreed on for the trade.

If the delivery to the Client of financial instruments registered in the Central Securities Depository has not taken place by the settlement date and the Client has made the necessary funds available to the Investment Firm, the Client must immediately contact the Investment Firm and possibly give notice to the Investment Firm that the contract is terminated if the Client wishes to invoke the delay as grounds for terminating the contract. However, the notice of termination will not have any effect if the Client receives fulfilment within two stock exchange days after such a notice of termination is received. During this period, the Client is not entitled to enter into an offsetting contract for the Investment Firm's account and risk.

"Immediately" in the previous paragraph is understood to mean the same day or – if a complaint or objection could not be submitted during normal office hours – at the latest by the end of the next stock exchange day. The deadline is counted from the earliest of:

- the date when the Client became aware or ought to have become aware that delivery had not taken place by checking the Central Securities Depository account, by using an electronic confirmation system, by information from a fund manager or in some other way,
- the date when a notification of a change from the Central Securities Depository arrived at

or, according to the period taken for normal postal deliveries, ought to have arrived at the address stated by the Client.

If payment to the Client has not taken place by the time stipulated in the contract and the Client has delivered the financial instruments in question or made these available to the Investment Firm, the Client must, as soon as he has ascertained or ought to have ascertained that no settlement has been received, contact the Investment Firm and possibly give notice to the Investment Firm that the contract is terminated if the Client wishes to invoke the delay as grounds for terminating the contract. The Client may only terminate the contract if the delay is significant.

In the case of the purchase or sale of financial instruments through the Investment Firm, the normal rules governing the invalidity of contracts apply correspondingly to the relationship between the buyer and seller. Should the Client wish to assert that a contract is not binding due to invalidity, the Client must submit an objection regarding this as soon as the Client becomes aware or ought to have become aware of the circumstances that are pleaded as the grounds for the invalidity. (In all cases, the objection must be put forward within six months of the contract being entered into.) Such an objection will have the effect on the Investment Firm that follows from the normal rules governing the invalidity of contracts.

Verbal complaints or objections must be confirmed in writing immediately.

A partial delivery to the Client does not entitle the Client to terminate the contract unless the Client has expressly stipulated full delivery.

For contracts concerning trading in foreign currency (currency spot contracts), the complaints dead-lines are to be calculated on the basis of banking days and not stock exchange days.

Should the Client not have complained during the period stated above, the right to complain is to be regarded as having lapsed.

If the Firm is an Investor Account Operator for the customer pursuant to item 16 paragraph 2, the customer shall immediately notify the Firm of any errors in the information registered for the Verdipapirsentralen ASA (VPS (Norwegian Central Securities Depository)) account. If no such notification is received by the Firm by the end of the market day after the customer received a change notice from VPS, the customer is to be regarded as having accepted the Firm's registration.

11 Cooling-off period

According to the Norwegian Act relating to a cooling-off period in connection with certain consumer purchase contracts, etc. (Act no. 27 of 20 June 2014), no cooling-off period applies to the services and trading in financial instruments that are covered by the General Business Terms and Conditions.

12 Trading abroad, including safekeeping of the Client's assets

For trading in and settlement of foreign financial instruments, reference is made to the trading rules and settlement or delivery conditions stipulated in the country or by the market place where the financial instruments were bought or sold. Reference is also made to the separate contract that can be entered into for this type of trade, cf. item 2, no. 10.

Should financial instruments or Client assets be stored in another jurisdiction in connection with the provision of investment services or associated services, the Investment Firm will inform the Client of this. The Client understands that his rights in connection with such assets may deviate from that which applies in Norway. The Client also understands that settlement and the provision of security in foreign markets may mean that the Client's assets that have been provided as settlement or security are not kept separate from the assets of the foreign investment firm and/or settlement representatives used by the Investment Firm. The Client understands that he bears the risk relating to his own assets that are transferred to foreign banks, investment firms, clearing agents, clearing houses, etc., in the form of settlement or security, and that the Investment Firm's liability to the Client for such assets is limited in accordance with the laws and regulations in the country in question or in the market in question. Notwithstanding, The Investment Firm accepts no

liability other than that laid down in Norwegian law, cf. item 18, unless this has been agreed upon in writing with the Client.

13 Breach of contract

The Client is considered to have breached his obligations under these General Business Terms and Conditions when, among other things:

1. the delivery of financial instruments or money is not effected within the agreed settlement deadline or the Client fails to meet any other significant obligation under the General Business Terms and Conditions,
2. the Client enters into a separate agreement with his creditors regarding a deferment of payments, becomes insolvent, enters into debt negotiations in any form, suspends payments, has bankruptcy proceedings initiated against him or is placed under public administration,
3. the Client terminates his activities or substantial parts of these.

In the case of a breach of contract, the Investment Firm is entitled but not obligated to:

1. Declare that all unsettled trades have been breached and that assignments which have not been carried out are cancelled and terminated.
2. Exercise its right to retain security pursuant to section 16-2 of the Securities Trading Act.

   According to section 16-2 of the Securities Trading Act, the Investment Firm is entitled to retain the financial instruments that the Investment Firm has purchased for the Client.

   Should the Client not have paid the purchase price within three – 3 – days after the settlement deadline, the Investment Firm may, unless otherwise agreed in writing, without further notification sell the financial instruments for the Client's account and risk to cover the Investment Firm's claim. Such a sale shall normally take place at the stock exchange price or a price that is reasonable with regard to the market's position. Should the financial instruments in question have been transferred to the Client's securities account with the Central Securities Depository or another corresponding register for financial instruments, the Client is regarded as having released the financial instruments or as having authorised such a release in order for the cover sale to be carried out.
3. Realise assets other than those covered by item 2 above, and the Client is regarded as having agreed to such an enforced sale through an independent broker, cf section 1-3, second subsection of the Enforcement of Claims Act.
4. Close all the positions that are subject to collateral and/or the calculation of a margin.
5. Offset all of the Investment Firm's receivables from the Client arising from other financial instruments and/or services, including claims for brokerage, disbursements for taxes and duties, claims for interest, etc, and expenses or losses caused by the Client's breach of one or more obligations to the Investment Firm, against any credit balance the Client has with the Investment Firm on the date of the breach, irrespective of whether the claims are in the same or different currencies. Claims in foreign currencies are to be converted into NOK at the market rate applicable on the date of the breach of contract.
6. For the Client's account and risk, take the steps the Investment Firm deems necessary to cover or reduce the loss or liability arising from agreements entered into for or on behalf of the Client, including reversing transactions.
7. Should the Client fail to deliver the agreed performance or amount, including failing to deliver the financial instruments to the Investment Firm at the agreed time, the Investment Firm may immediately purchase or borrow financial instruments for the Client's account and risk in order to satisfy its obligation to deliver to the purchaser. Correspondingly, the Investment Firm may carry out the actions it believes necessary to reduce the loss or liability arising from the Client's breach of a contract with the Investment Firm, including actions to reduce the risk of loss linked to changes in currency rates, interest rates and

other rates or prices to which the Client's trade is linked. The Client undertakes to cover any loss made by the Investment Firm with the addition of interest on arrears and charges, if any. If no cover purchase is carried out by the Investment Firm, a cover purchase will be initiated according to legal rules stipulated in the legislation applicable to CCPs, CSDs or regulated marketplaces.

8. Demand payment of all costs and losses that the Investment Firm has incurred as a result of the Client's breach of contract, including, but not limited to, fees or fines imposed on the Investment Firm by the relevant CCP, CSD or marketplace, costs incurred in connection with cover purchases or the borrowing of financial instruments, share price losses in the case of cover sales and reverse transactions, costs incurred in connection with borrowing financial instruments, interest expenses, losses due to changes in currency rates, interest expenses, etc, and other charges for late delivery.

The provisions of the Sale of Goods Act relating to anticipatory breach, including cancellation in the case of such a breach, otherwise apply.

In the case of transactions as a consequence of a Client's breach or anticipatory breach of contract, the Client bears the risk, pursuant to item 13, no. 8 above, of price or market fluctuations through to the completion of the transaction, however in such a way that any gain does not accrue to the Client unless the Client can prove that he could have fulfilled his obligation on the settlement date and that the reason for settlement not taking place cannot be held against him. This applies regardless of whether the transaction is a cover transaction undertaken by the Investment Firm, or if there is a transaction made by the Client once the Investment Firm has announced that the remedy for breach of contract will be implemented.

14 Interest in the case of a breach of contract

In the event of a breach of contract by the Investment Firm or the Client, interest is payable at the prevailing interest rate, cf. the Act relating to interest on overdue payments (Act no. 100 of 17 December 1976), unless otherwise specifically agreed.

15 Remuneration

The Investment Firm's remuneration in the form of brokerage, price differences or other, possibly with the addition of charges related to trading and clearing, etc., will be subject to individual agreement.

Brokerage is a commission (remuneration) that is added to or deducted from the value of the financial instruments which the Client buys or sells. Brokerage is normally stated as a percentage. Up to a stated investment amount, the Client pays a specific minimum brokerage. Alternatively, the remuneration may be calculated as a difference in price, i.e., a markup on the buying price or a deduction from the sales price. For derivatives and complex financial instruments, the Client's cost elements will normally be different to those stated above.

Prior to a service being provided, the Client will receive more information on payment conditions and the total expenses the Client is to pay for the individual financial instrument, investment service or associated service. This shall include information on commissions, charges and all the taxes and duties that are payable via the Investment Firm. Should it be impossible to state the expenses precisely, the basis for calculation shall be stated. In addition, it shall be stated whether there may be other charges and/or expenses that are not payable or imposed via the Investment Firm. For further information on the Investment Firm's remuneration, refer to the Investment Firm's website.

The Investment Firm reserves the right to deduct expenses mentioned in the first paragraph, as well as any taxes, purchase taxes, etc., from the Client's credit balance.

In the event that a trade is not effected, the Investment Firm will not demand any remuneration unless otherwise specifically agreed.

16 Operating a VPS account and depository

Unless another agreement has been entered into, that stated below for operating a VPS account and storage/management in a depositary applies.

If the Firm is to act as the customer's Investor Account Operator in VPS, the Firm is authorised to make the VPS account registrations that are covered by the customer's instructions, including transferring from the VPS account negotiable securities that are covered by sales orders given to the Firm. The customer is aware that bought or subscribed-for negotiable securities will be registered to the VPS account in question unless another account is stated on the order. The Firm is entitled to know the balance of the customer's VPS account. The customer is also aware that the Firm's VPS account registrations take place in accordance with the provisions stated in the Business Terms and Conditions of Verdipapirsentralen ASA, which are available on VPS's website https://www.euronextvps.no/no/kontoforer/ /, and with the prevailing laws and regulations.

The Investment Firm may enter into an agreement with another depository regarding the management or safekeeping of the Client's financial instruments. The choice of such a depository will be made to the best of the Investment Firm's ability, and the Client is assumed to have accepted the choice of depository unless otherwise stated in the separate management and depository agreement. The Investment Firm accepts no responsibility for any breach by such a depository in dealing with or managing the Client's assets.

17 Authorised representatives (intermediaries), managers and settlement agents

Should the Client place orders or assignments as an authorised representative, manager, settlement agent or the like for a third party, the Client and the party on whose behalf or for whom the Client is acting are jointly and severally liable to the Investment Firm for that third party's obligations to the Investment Firm to the extent that the obligations are a consequence of the Client's order or assignment.

Should the Client make use of a manager, settlement bank or other intermediary, this must be regulated in a separate agreement. The use of such intermediaries does not exempt the end Client from his responsibilities under these General Business Terms and Conditions.

18 Safekeeping of Clients' assets – Client accounts

The Investment Firm will ensure that the Client's assets are held separately from the Investment Firm's own assets and, as far as possible, protected from the Investment Firm's other creditors. The Client will be credited with interest accrued on his assets in accordance with the Investment Firm's general terms and conditions.

Assets which are being held in safekeeping for the Client by the Investment Firm will be deposited in the Investment Firm's Client account with a credit institution or approved money-market fund pursuant to the written consent of the Client. This account may be a combined account for assets being held in safekeeping for several Clients by the Investment Firm. Should the credit institution be wound up, the account will be covered by the rules governing the Norwegian Banks' Guarantee Fund. For deposits in credit institutions that are members of the Norwegian Guarantee Fund Scheme, a combined Client account of up to NOK 2,000,000 will be covered. The Client's right to claim coverage will in such cases be reduced correspondingly. Should the assets be deposited in a credit institution that is not a member of the Norwegian Guarantee Fund scheme, the cover will be stipulated in the rules governing the guarantee scheme in the country where the credit institution is a member. In such a case, too, the right to cover may be reduced.

If the Client's financial instruments are registered in the Central Securities Depository (VPS) or a similar securities register, they will be transferred to the Client's account with this register. Should the financial instrument not be registered, it will be held in safekeeping by a bank or other depository. Should a register, bank or other depository become insolvent, the Client's financial instruments will normally be protected as a claim kept separate from the assets of an insolvent debtor.

The Investment Firm accepts no liability to the Client for the assets that have been transferred to Client accounts with a third party (including combined accounts) provided such a third party has been chosen in accordance with prevailing law and the Investment Firm has otherwise complied with normal requirements of due care. This will also apply if a third party becomes insolvent or goes bankrupt. For further information on disclaimers of liability, reference is made to item 19.

If information is given in no other way, the Investment Firm will send the Client an overview of the assets it is holding in safekeeping for the Client each year. This does not apply if such information is included in other periodical overviews. The Investment Firm may not use financial instruments that the Investment Firm is holding for safekeeping on behalf of the Client unless otherwise separately agreed on.

For separate rules apply to trading and settlement in foreign markets, cf. item 12.

19 Liability and exemption from liability

The Investment Firm is liable to the Client for the fulfilment of purchases or sales it has entered into on behalf of or with the Client. However, this does not apply if the Client has approved the other party as the other party to the deal in advance.

The Investment Firm accepts no liability for settlement if the Client does not make available to the Investment Firm the agreed funds and/or financial instruments on or before the settlement date. Nor is the Investment Firm liable if an unsuitable or inappropriate service is provided as a result of the Client having given the Investment Firm incomplete or incorrect information, cf. item 5.

The Investment Firm accepts no liability for indirect damage or loss that the Client incurs as a result of the Client’s contract(s) with third parties lapsing in whole or in part or not being correctly performed.

Furthermore, the Investment Firm and its employees are not liable for the Client’s losses as long as the Investment Firm or its employees have complied with normal requirements of due care when providing advice or carrying out orders or assignments. In the event that the Investment Firm has used credit institutions, investment firms, clearing houses, managers or other similar Norwegian or foreign intermediaries, the Investment Firm or its employees will only be liable for these intermediaries’ acts or omissions if the Investment Firm has failed to use reasonable care when selecting its intermediaries. Should intermediaries as mentioned in the previous sentence have been used on the orders or demands of the Client, the Investment Firm accepts no liability for errors or breaches by these intermediaries.

The Investment Firm is not liable for loss or damage due to impediments or other factors outside the Investment Firm’s control, including power cuts, errors in or interruptions to electronic data processing systems or telecommunications networks, etc., fires, water damage, strikes, amendments to legislation, orders of the authorities or similar circumstances.

Should a transaction be carried out in a Norwegian or foreign trading venue (including SI) on the orders or demands of the Client, the Investment Firm will not be liable for errors or breaches committed by this trading venue or any associated clearing house. The Client is thus assumed to understand that the individual regulated market or individual clearing house may have stipulated separate rules governing its liability to members of the regulated market or clearing house, Clients, etc., including different lesser disclaimers of liability.

The Investment Firm is not liable in those cases where a delay or omission is due to the settlement of money or securities being suspended or terminated as a result of circumstances outside the Investment Firm’s control.

If rules or public authorities order the Client to be registered with a Legal Entity Identifier (LEI), it is the Client's responsibility to obtain and maintain this. The Client is to indemnify the Investment Firm for any loss, claim and costs that the Investment Firm incurs as a result of the duty to obtain and maintain an LEI not being complied with.

Limitations on the Investment Firm's liability in addition to those stated above may result from a separate agreement with, or warning to, the Client.

20 Withholding of taxes, etc.

When trading in foreign markets, the Investment Firm may be obligated, pursuant to law, regulation or a tax treaty, to withhold amounts corresponding to various forms of taxes and duties. The same may apply to trading in Norway on behalf of foreign Clients.

In the event that such withholding is to take place, the Investment Firm may provisionally calculate the amount in question and withhold this amount. When a final calculation is available from a competent authority, any excess amount withheld as tax shall be paid to the Client as quickly as possible. The Client is responsible for producing necessary and correct documentation.

21 Termination of the business relationship

Trades or transactions that are under settlement at the time the business relationship is terminated shall be carried out and completed as soon as possible. On termination of the business relationship, the Investment Firm shall arrange a final settlement in which the Investment Firm is entitled to offset the Investment Firm's receivables, including brokerage, taxes, duties, interest, etc., against the Client's credit balance.

22 Conflict of interest

The Investment Firm is obligated to take suitable precautions in order to prevent conflicts of interest from arising between the Investment Firm and Clients, and from arising between Clients.
The Investment Firm has guidelines and rules for ensuring that the Investment Firm's business areas operate independently of each other so that the Client's interests are satisfactorily safeguarded. A summary of the guidelines is available on the Investment Firm's website. The Investment Firm will especially place emphasis on there being satisfactory information barriers between the departments providing corporate finance activities and advisory services and other departments, including the ordinary trading activities in the Investment Firm.

The Investment Firm also has a special duty to ensure that the Client's interests take precedence over the Investment Firm's interests and over the interests of persons with direct or indirect control of the Investment Firm. Similarly, individual Clients are not to be unfairly favoured at the expense of other Clients.

Should the Investment Firm have a particular interest above and beyond that of ordinary earnings, for example as a result of its own positions of a certain size in the financial instruments to which the advice refers, this interest will be disclosed.

This, along with the separate confidentiality provisions which apply, may result in the Investment Firm's employees who have contact with the Client being prevented from using or not being aware of information that is available within the Investment Firm and which may be relevant to the Client's
investment decisions. In certain cases, the Client's contact person(s) in the Investment Firm may not be able to provide advice on specific investments. In such cases, the Investment Firm may not state why it cannot provide advice or carry out a specific order.

The Investment Firm and its employees may have interests of their own in relation to the transactions the Client wishes to make. This may be a consequence of:

1. Corporate finance or advisory services for the investment object in question,
2. the provision of guarantees or participation in underwriting syndicates,
3. market-making and other forms of trading for own account,
4. advisory services and the execution of orders for other Clients,

5. unpublished investment analyses, etc, prepared by the Investment Firm,
6. the employees' own investments.

23 Provision of security

The Investment Firm is a member of the Norwegian Investor Compensation Scheme (the "Compensation Scheme") in accordance with the Securities Trading Act.

The Compensation Scheme provides compensation for claims which are due to its members' inability to repay money or hand back financial instruments that are stored, administered and managed by the members in connection with the provision of investment services and/or certain additional services. Each Client is covered for up to NOK 200,000. FX trading is not covered by the Compensation Scheme.

This scheme does not cover claims arising from transactions covered by a legally enforceable money laundering conviction or Clients that are responsible for or have benefited from circumstances that affect the Investment Firm when such circumstances have caused the Investment Firm's financial difficulties or contributed to a worsening of the Investment Firm's financial situation. Nor does the scheme cover claims from financial institutions, credit institutions, insurance companies, investment firms, securities funds and other collective management undertakings, pension institutions and pension funds, or from any of the companies in the same group as the Investment Firm.

24 Measures against money laundering

On establishing a business relationship, the Client shall, by providing proof of identity, document his identity and specify and document any powers of attorney or authority to represent others so that the Investment Firm can at all times meet its obligations pursuant to the prevailing regulations arising from measures against money laundering.

The Client is aware that the Investment Firm is or may be obligated to provide public authorities with all relevant information related to its relationship with the Client or individual transactions. This may be done without the Client being informed that such information has been provided.

25 Duty to provide information to the authorities, complaints body, etc.

Notwithstanding the statutory duty of confidentiality, the Investment Firm will furnish information on the Client, the Client's transactions, and the balance of the Client's account, etc., to any public bodies that demand such information pursuant to prevailing law.

The Client is assumed to have agreed that information which is subject to a duty of confidentiality may also be given to any market places, clearing houses, etc., that request such information pursuant to laws, regulations or other rules laid down for these bodies. Similarly, the Client is assumed to have agreed to such information being furnished to the Ethics Council of the Norwegian Securities Dealers Association or the Norwegian Financial Services Complaints Board (Finansklagenemnda) if this is necessary for dealing with complaints.

26 Amendments

The Investment Firm reserves the right to amend the General Business Terms and Conditions. Significant amendments take effect from the date when they are notified in writing to the Client. The Client is regarded as having agreed to receive notification of amendments by e-mail if the Client has informed the Investment Firm of his/her e-mail address. Other amendments come into force from the date when they are published on the Investment Firm's website. Amendments will not have any effect on orders, trades, transactions, etc., that are entered into or completed prior to the date when the amendments are notified.

27 Notifications, language and authorisations

The Client's written inquiries shall be sent by email or some other electronic communication agreed with the Investment Firm, to the correct recipient in the Investment Firm. To the extent that the Client knows or ought to know of the entity within the Investment Firm that is the proper recipient, the notification must be sent to the entity in question and, if it is not, is not to be regarded as having been received by the Investment Firm. The Client may communicate with the Investment Firm in Norwegian or English.

When establishing the business relationship, the Client shall notify the Investment Firm of his personal ID number/organisation number/LEI number, address, telephone and e-mail address, any electronic addresses and any authorised representatives. The same applies to bank accounts and securities accounts in the Central Securities Depository or other corresponding register. Any changes are to be notified to the Investment Firm immediately.

28 Interpretation

In the case of any conflict with legislation that may be waived by agreement, the General Business Terms and Conditions are to take precedence.

Should there be a reference to legislation, other regulations or these terms and conditions, this shall be understood to be a reference to the prevailing legislation, regulations and terms and conditions.

Regarding the relationship between the General Business Terms and Conditions and other agreements entered into between the Investment Firm and Client, reference is made to item 2.

29 Complaints

If the Client has any complaint about the Investment Firm, the Client may raise it with the Investment Firm's Head of Legal who will try to resolve the complaint in accordance with the Investment Firm's internal procedure for dealing with customer complaints, available upon request.

All complaints must be in writing, clearly marked with complaint and forwarded by e-mail to post@carnegie.no with the attention of Head of Legal or by mail to

Carnegie AS
Att.: Legal
P.O. Box 684 Sentrum
0106 Oslo

A complaint subsequently also be forwarded to the Norwegian Securities Dealers Association Ethical Council at post@vpff.no. More information is available on https://www.vpff.no/nor/For-investor/Klagebehandling (in Norwegian only).
The Client may make a complaint to the Investment Firm. It should clearly be stated that it is a complaint. The Investment Firm's complaints-handling process is available at www.carnegie.no.

Foreign Clients, including Norwegians domiciled abroad, who may invoke legislation and regulations which protect them from legal action by the Investment Firm in relation to their obligations to the Investment Firm, waive such rights to the extent that this does not directly conflict with the legislation or regulations in question.

30 Legal venue – choice of law – dispute resolution

Disputes arising in the Client-Investment Firm relationship, including disputes relating to the General Business Terms and Conditions, are to be resolved pursuant to Norwegian law, with the Oslo District Court as the (non-exclusive) legal venue. Clients with a foreign legal venue waive any right they have to oppose a lawsuit that is related to these terms and conditions being heard by the Oslo District Court. Clients with a legal venue abroad may, irrespective of the above, be sued by the Investment Firm in such a legal venue should the Investment Firm wish to do so.

31 Information regarding processing of personal data

Personal data which is provided in an application or agreement, for example contact information and personal identification number, or which is otherwise recorded in connection with the preparation or administration of an engagement (e.g. a credit reference or evaluation of a transaction), is processed by the Investment Firm, as a controller of personal data, for the administration and performance of agreements entered into, for the execution of orders, and for taking measures which have been requested before or after an agreement is entered into. Processing of personal data also takes place to enable the Investment Firm to comply with its statutory duties.

The personal data may also constitute the basis for the Investment Firm's market and client analyses, business development and the development of processes, and statistics and risk management, e.g. in risk calculation models which the Investment Firm uses to satisfy capital adequacy rules.

In banking matters, such as the purchase and sale of securities, which are conducted by telephone, personal data is also processed through the recording of telephone conversations.

In order to provide good service to clients and to maintain various registers, the Investment Firm may supplement the personal data by collecting data from private and public registers, e.g. updating address details.

Personal data may for a defined purpose, in observance of bank secrecy rules, be disclosed to other companies within the Carnegie Group or to undertakings which co-operate with the Investment Firm, within and outside the EU/EEA in accordance with EU's approved and appropriate protective measures. In certain cases, the Investment Firm is also under a statutory duty to provide information, e.g. to Financial Supervisory Authorities and Tax Agencies.

The Securities Trading Act contains confidentiality provisions according to which all of the Investment Firm's employees are bound by a duty of confidentiality with regard to clients and other parties to whom services are provided. As a result, the Investment Firm does not disclose information concerning its clients other than in the cases described above. The duty of confidentiality also applies between and within the various companies in the Carnegie Group.

Information concerning which personal data is processed by the Investment Firm, a request to block direct marketing, deletion of personal data, limitations on the processing of personal data, data portability or the rectification of personal data can be requested from the Investment Firm's Data Protection Officer. Clients can also contact the Data Protection Officer to obtain further information about how the Investment Firm processes personal data. If the client wishes to make a complaint regarding processing of personal data, the client is entitled to turn to the Data Protection Authority in its capacity as supervisory authority.

Data Protection Officer
dpo@carnegie.no
+47 22 00 93 00

Personal data shall be deleted if it is no longer needed for the purposes for which it was originally collected or otherwise processed, provided that the Investment Firm has no legal obligation to preserve the personal data.

32 Language

These General Business Terms and Conditions are issued in Norwegian and English versions. In the case of conflict, the Norwegian version is to take precedence.

INFORMATION ON CLIENT CLASSIFICATION

1 Classification

It is mandatory for us to classify all our Clients in different Client categories depending on professionality. Clients are to be classified as non-professional Clients, professional Clients or eligible counterparties.

The extent to which the Client is protected by legislation depends on the Client category. Below is an account of the main features of the investor protection applicable to each Client category. This account is not exhaustive.

To a certain extent, the legislation allows Clients that so wish to ask the investment firm for a transfer to a different Client category. We underline that a transfer to a different Client category must be approved by the investment firm. Even if the conditions for a reclassification stated below are met, we are nonetheless free to decide whether or not we wish to comply with a request.

2 NON-PROFESSIONAL CLIENT

2.1 Degree of investor protection

Clients classified in this Client group have the highest level of investor protection. This means, among other things, that the investment firm is obligated, to a greater extent than for the other Client categories, to adapt the services it provides to the Client's individual needs and qualifications.

In addition to the investment firm's services to the Client being subject to the general code of good business conduct, the investment firm will consider, before any trading takes place or advice is given, whether a service/transaction, including a financial instrument, is appropriate or suitable for the Client. Investment advice will be given on the basis of the information provided by the Client on his/her investment goals, financial position and experience and knowledge of the service/transaction in question.

Should the Client wish to carry out a transaction that the investment firm does not believe to be appropriate, taking into account the Client's knowledge and experience, the investment firm has a
duty to advise against this. However, the transaction may nonetheless be carried out if the Client so wishes despite the warning. The investment firm's duty to consider whether a service/transaction is appropriate does not apply in all cases. Among other things, there is an extensive exception for online trading.

Status as a non-professional Client also entails an extensive right to receive information from the investment firm. The investment firm is obligated, among other things, to inform the Client of the financial instruments in question and of the risks relating to these, of the trading systems and marketplaces the investment firm uses, and of the prices and other costs of all transactions so that the Client is enabled to make an informed investment decision. Non-professional Clients in the Investment Firm will as a main rule only have access to trade with the Investment Firm on an "execution only"-basis, i.e. that the Investment Firm will not provide investment advice to non-professional Clients. non-professional Clients may however apply to be reclassified pursuant to clause 2.2. below, should the mandatory conditions be met.

2.2 Option to be reclassified

Non-professional Clients may ask to be treated as professional Clients or as eligible counterparties provided more detailed conditions are met and a further specified procedure is followed. Such a reclassification results in a lower level of investor protection.

2.2.1 From non-professional Client to professional Client

1) The absolute requirements

The Client must meet at least two of the following criteria:

1. the Client has carried out transactions, in significant size, on the relevant market at an average frequency of 10 per quarter over the previous four quarters,
2. the size of the Client's financial instruments portfolio, defined as cash deposits and financial instruments, exceeds an amount which in NOK equals EUR 500,000,
3. the Client works or has worked in the financial sector for at least one year in a professional position, which requires knowledge of the relevant transactions or investment services.

2) Procedure

Clients must inform the investment firm in writing that they wish to be treated as a professional Client. The Client will be asked to document that the requirements stated in item 1 above are met. In addition, Clients must in a separate document declare in writing that they know the consequences of losing the protection which is afforded by being classified as a non-professional Client and which are mainly stated in this letter. The investment firm may be contacted for further information.

The investment firm must carry out a concrete assessment of whether the Client – based on the Client's expertise, experience and knowledge and the planned transactions – is capable of making own investment decisions and understands the risk involved.

2.2 From non-professional Client to eligible counterparty

A non-professional Client cannot be reclassified as an eligible counterparty. Only the professional Clients which fulfil the requirements regarding balance sheet, own funds and/or turnover may request a reclassification to eligible counterparty.

3 Professional Client

3.1 What type of entities are in scope

Pursuant to MiFID II, the following type of Clients are considered professional:

1. Credit institutions,
2. Investment firms,
3. Other authorised or regulated financial institutions,
4. Insurance companies,
5. Collective investment schemes and management companies of such schemes,
6. Pension funds and management companies of such funds,
7. Commodity and commodity derivatives dealers,
8. Locals, or
9. Other institutional investors.

Large undertakings meeting two of the following size requirements on a company basis: a balance sheet total of EUR 20 000 000, net turnover of EUR 40 000 000 and/or own funds of EUR 2 000 000.

National and regional governments, including public bodies that manage public debt at national or regional level, Central Banks, international and supranational institutions such as the World Bank, the IMF, the ECB, the EIB and other similar international organsisations.

With regard to the category "other institutional investors", the Investment Firm will, according to its policies, include undertakings whose (i) legal purpose is to invest in financial instruments, (ii) financial portfolio is at least 10 MNOK and (iii) experience and knowledge, at the Investment Firms discretion, meets the necessary requirements in order to be considered as a professional Client.

3.2 Level of investor protection

Clients classified as professional Clients are protected by the legislation to a slightly less extent than non-professional Clients. Professional Clients are in some areas regarded as able to safeguard their own interests, and the services provided will therefore to a lesser extent be adapted to suit the Client's individual needs.

Basically, the code of good business conduct applies in full to professional Clients. However, the extent of the investment firm's obligations is slightly reduced. Among other things, professional Clients are normally expected to have sufficient knowledge to assess whether a transaction is appropriate. Our investment advice will thus be based on the investment goals stated by the Client and we will basically not ask for information on the Client's financial position or knowledge/experience. The investment firm will not assess whether carrying out the transactions in question is appropriate, and it thus also has no duty to advise against a transaction as it has in relation to non-professional Clients. The execution of transactions will thus be slightly less elaborate than it is for non-professional Clients. This may affect the rate at which the transaction in question is executed. Another consequence will be that professional Clients can have access to a wider range of products.

Professional Clients are also assumed to be able to determine the information that is necessary in order to make an investment decision. This means that professional Clients must, to a greater extent than non-professional Clients, themselves obtain the information they regard as necessary. However, professional Clients will receive reports on services that have been carried out and other important information, such as the investment firm's order execution policy and security rights or possessory liens in financial instruments or assets.

3.2 Option to be reclassified

Professional Clients may ask to be classified as non-professional Clients and thus achieve a higher level of investor protection. Professional Clients may also ask to be classified as eligible counterparties and thus achieve a lower level of investor protection. Professional Clients are responsible for the investment firm being kept continuously informed of any change that may affect their classification.

3.2.1 From professional Client to non-professional Client

It is the professional Client's duty to request a higher level of protection when the Client feels unable to make a correct risk assessment. Such a change of Client classification is to be documented by a written contract between the investment firm and the Client.

3.2.2 From professional Client to eligible counterparty

Professional Clients that are legal entities and meet two of the three criteria stated in item 2.2.1, no. 1) above, may ask to be treated as eligible counterparties. Express confirmation is to be obtained from the Client, in which the Client agrees to be treated as an eligible counterparty.

4 Eligible counterparty

4.1 Level of investor protection

An eligible counterparty has the lowest level of investor protection.

Clients with the status of an eligible counterparty basically have the same protection as a professional Client, refer to item 3. However, the investor protection for this group is significantly reduced when the investment firm provides the following investment services: the receipt and imparting of orders, execution of orders for the Client's account and the own-account sale of financial instruments.

When providing such services to eligible counterparties, the investment firm is not subject to the Norwegian Securities Trading Act's provisions regarding good business conduct, best execution (including the investment firm's order execution policy) and certain rules linked to order processing. As regards the

requirement of assessing suitability and appropriate, the rules applying to professional Clients will apply correspondingly to eligible counterparties.

The exemption from the provision regarding good business conduct means, among other things, that some of the rules stipulating requirements as to information and reporting are not applicable to this Client category. This basically also applies to the rule that the investment firm must ensure that the Client's interests are safeguarded in the best possible way. However, the requirement of good business conduct as a general principle must apply irrespective of the exemption from the Securities Trading Act provision, and eligible counterparties will thus to a certain extent be protected by general principles of good business conduct.

4.2 Option to be reclassified

Eligible counterparties may ask to be reclassified as a professional Client or Non-professional Client and thus achieve a higher level of investor protection.

4.2.1 From eligible counterparty to professional Client

Eligible counterparties may ask to be treated as a professional Client if they wish a higher level of investor protection and to be covered by the rules regarding good business conduct.

4.2.2 From eligible counterparty to non-professional Client

Should Clients that are initially classified as eligible counterparties wish a higher level of investor protection, they may ask to be treated as a non-professional Client. Item 3.2.1 above will apply correspondingly in the case of such a request.

ORDER EXECUTION POLICY

1 GENERAL PROVISIONS

1.1 Introduction

Best Execution is the requirement to take all sufficient steps to obtain the best possible result for Clients in executing or transmitting Orders on behalf of Clients ("Order Execution"). To achieve Best Execution, Carnegie AS, ("Carnegie"), will take into account all relevant factors as set out in this Order Execution Policy.

1.2 Scope

This Policy applies to orders in financial instruments that Carnegie receives and transmits, and executes on behalf of professional and non-professional Clients.

The Policy applies to Order Execution where Carnegie:

- is executing Client orders;
- receives/transmits orders; and
- is dealing on own account.

1.3 Relevant Order Execution Factors

Carnegie will take all sufficient steps to obtain the best possible results for all Clients taking into account the below Order Execution factors:

- Price
- Costs
- Speed
- Likelihood of execution and settlement
- Size
- Nature
- Market impact
- Any other consideration relevant to the execution of the order

In Order to determine the relevant importance of the Order Execution factors, each class of Financial Instrument is assessed by Carnegie, taking into account the characteristics of:

- The Client as either a non-professional or professional Client;
- The Order, for example size or nature;
- The Financial Instrument that is the subject of that Order; and
- The Execution Venue(s) to which that Order can be directed.

Best Execution will be determined in terms of "Total Consideration". Total Consideration is the price of the relevant Financial Instrument, plus the costs related to the execution when passed on to the Client. Such costs include all direct expenses, execution venue fees, clearing and settlement fees, taxes/stamp duty etc.

Carnegie will, using its reasonable judgement, weigh the execution factors at the time of execution in accordance with the Client's characteristics, the type of Order, Financial Instrument involved and prevailing market conditions. However, depending upon the circumstances, factors like liquidity, speed, likelihood of execution and settlement and market impact may occasionally be of more importance for a particular Order

if they are instrumental in providing the best possible result for that particular Order or in terms of Total Consideration.

When a Client Order is received, Carnegie will endeavour to select the venue(s) that Carnegie believes, taking all factors above into consideration, is sufficiently likely to achieve Best Execution for the Client.

1.4 Specific Client Instructions

Where a Client provides Carnegie with a specific instruction on how all or part of its Order should be executed, the Order will be executed in accordance with those instructions. This may prevent Carnegie from taking the steps it has designed and implemented in this policy to obtain the best possible result for the execution of those Orders in respect of any execution factors which may be affected or influenced by those instructions.

Where the Client has given a specific instruction which is limited to one part or one aspect of an Order, Carnegie may still owe Best Execution obligations in the part of the Order that is not covered by the specific instruction of the Client.

1.5 Client Consent

This policy details the Order Execution and Order allocation arrangements Carnegie has put in place to meet its Best Execution obligations. Clients will be deemed to have accepted the arrangements put in place under this policy when they place an Order for execution with Carnegie.

1.6 Limit Orders

Where a Client provides an instruction to place an Order at a specific price limit or better, or for a specified size (a limit Order), then it may not always be possible to execute that Order under the prevailing market conditions. Carnegie will not necessarily publish the entire Order immediately, unless the Client has provided alternative instructions, and Carnegie considers, that the publication of whole or parts of the order is in the best interest of the Client when executing each individual Order.

1.7 Smart Order Router

Carnegie uses a smart order router to access liquidity and multiple venues. The use of smart order routing is subject to monitoring and review in accordance with this policy. Carnegie may adjust and override the smart order router to avoid certain Execution Venues and trading patterns based on a continuous monitoring, in order to ensure the best execution of orders on behalf of Clients.

1.8 Carnegie as Systematic Internaliser

Carnegie will, at its discretion, act as a Systematic Internaliser (SI) for Norwegian listed liquid equities. Carnegie will through its affiliate Carnegie Investment Bank AB act as an SI for Nordic listed liquid equities. Carnegie quotes prices through BATS in the opening hours of the Oslo Stock Exchange.

This service is open for all Carnegie's Clients. However, Carnegie, in its role as an SI, retains the right to refuse to enter into, or to discontinue, business relationships with any Client on the basis of commercial considerations such as the Client's credit status, counterparty risk and the final settlement of the transaction.

Carnegie will only execute at Carnegie's publicly quoted prices in a size up to Standard Market Size (SMS) although Carnegie may execute larger trades at Carnegie's own discretion.

2 TRADING AND EXECUTION VENUES

2.1 Selection of Orders Execution Methods and Venues

Carnegie will execute a Order through one, or a combination, of the following methods:

- on a Trading Venue where Carnegie is a member, i.e. on a Regulated Market, an MTF or an OTF;
- on a Execution Venue where Carnegie is not a member, but can access through third party providers; or
- outside of a Trading Venue.

A non-exhaustive list of accessable Trading Venues are listed in Annex 1, which Carnegie believes enables us to consistently obtain the best possible result for the order execution based on our ongoing monitoring of our best execution efforts. Carnegie may from time to time execute orders on venues that are not included in Annex 1, if that venue is deemed to satisfy the best execution obligation set out in this policy.

2.2 Execution of Orders outside a Trading Venue

Best Execution may occasionally require execution outside a Trading Venue. In such cases, which are restricted to Financial Instruments admitted to trading on a regulated market, an MTF or an OTF, Carnegie will obtain the Client's prior consent.

This may include for example when Carnegie acts as a Systematic Internaliser, trading illiquid instruments such as corporate bonds and executing equity block trades.

If an unlisted financial instrument is registered on the Norwegian OTC List, Carnegie will place the order as an interest in the OTC system and then contact another Investment Firm that has shown a corresponding interest in the OTC system. Carnegie will negotiate with this Investment Firm in order to achieve the best possible price for the Client. If the financial instrument is not registered on the OTC List, Carnegie will use its best efforts in order to facilitate a transaction on the best possible terms for the Client.

2.3 Carnegie dealing on own account or acting as a principal

Carnegie may deal as Principal with the Client, for example where the Client has accepted a quote (RFQ) by Carnegie. Best Execution obligations will apply depending on whether the Client is legitimately relying on Carnegie to protect its interests in relation to the pricing and other elements of a transaction.

In Order to determine whether or not a Client legitimately relies on Carnegie owing Best Execution obligations, the following considerations will be taken into account:

- Which party initiates the transaction, Carnegie or the Client.
- Shop around – where market practice suggests that the Client takes responsibility for the pricing and the market practice is to obtain quotes from various sources.
- The relative levels of price transparency within a market. For markets where Clients do not have ready access to price, and Carnegie does, it is more likely that the Client will be placing reliance on Carnegie.
- The information provided by Carnegie and the terms of any agreements with the Client.

These factors are supporting the presumption that, in ordinary circumstances, a non-professional Client legitimately relies on Carnegie to protect its interest in relation to the pricing and other parameters of the transaction. Similarly these factors are likely to lead to the presumption that a Professional Client does not rely on Carnegie in the same way.

3 CRITERIA FOR SELECTION OF EXECUTION VENUES AND BROKERS

3.1 Selection of Execution Venue

Carnegie's selection of Execution Venues is based on objective criteria e.g. liquidity, instrument coverage, geography. Carnegie will also base the selection on the reports, published by the Execution Venues, describing the quality of execution of transactions. Carnegie will only select Execution Venues that are operating in the EU/EEA.

3.2 Criteria for Selection of Execution Venue when placing an Order

When placing Orders, Carnegie will choose an Execution Venue that Carnegie considers to be the most appropriate to meet its Best Execution obligations.

Carnegie will generally assign a high relative importance to the price and costs related to each specific transaction. In certain cases, Carnegie may assign higher weight to other factors, for example where the Order, due to its size or nature, may have a material affect on the price or an affect on the likelihood that it will be executed or can be settled or where, for any other reason, it is pertinent to attach greater importance to other factors other than the price and costs.

4 ORDER ALLOCATION

4.1 General

Carnegie will execute or transmit Orders in a prompt, fair and expeditious manner relative to other Orders or to its own trading interests. Carnegie will ensure that executed Orders are promptly and accurately recorded and allocated. Carnegie will carry out otherwise comparable Orders sequentially in accordance with the time of their reception unless (i) the characteristics of the Order or prevailing market conditions make this impracticable; or (ii) the interests of the Client require otherwise.

Orders are not treated as otherwise comparable if they are received by different media and it would not be practicable for them to be treated sequentially.

4.2 Aggregation of Orders

Carnegie reserves the right to aggregate the orders of the Clients with orders from other Clients, persons or firms, irrespective of whether or not these are associated with Carnegie. Orders or transactions will not be carried out in aggregation with another Order unless the following conditions are met:

a) It is unlikely that the aggregation of Orders and transactions will work overall to the disadvantage of any Client whose Order is to be aggregated.
b) Where an aggregated Order is partially filled, allocation to Clients will as a main rule take place on an equal split basis. However, the allocation must be in the best interests of all relevant Clients and any allocation must be undertaken on a fair and reasonable basis at Carnegie's discretion.

Further the Client should be aware that, from time to time, the effect of the aggregation may work to the Client's disadvantage in relation to an individual Order.

5 MONITORING AND REVIEW

5.1 Monitoring

Carnegie will regularly monitor the effectiveness of the execution arrangements it has in place with Execution Venues and Brokers and assess these results against its obligation to provide Best Execution against the execution factors under section 1.3. Where material deficiencies are identified these will be corrected.

The predominant number of executions will be monitored through an automated monitoring system and the reports from the system will be reviewed on a regular basis. If any deficiency should be discovered the matter will be promptly escalated and handled accordingly depending on the type and materiality of the deficiency.

Some executions cannot be monitored automatically and for these transactions manual routines will be developed in order to detect and analyse deficiencies.

5.2 Review of Policy

This Policy will be reviewed regularly and its provisions will be reviewed annually and also whenever a material change occurs that affects Carnegie's ability to continue to obtain the best possible result for its Clients. Moreover, Carnegie will notify Clients of any material changes to execution arrangements or the Policy.

Carnegie will classify any significant event that could impact parameters of Best Execution such as cost, price, speed, likelihood of execution and settlement, size or nature or any other consideration relevant to the execution of the Order as a material change.

However, the addition or removal of Execution Venues or Brokers is generally not considered a material change unless it is one of the main Trading Venues that Carnegie relies on for execution for a certain class of Financial Instrument. Non material changes will only be published on Carnegie's website.

Appendix – Glossary

Best Execution - The requirement to take all sufficient steps to obtain the best possible result for Clients, when executing or transmitting Orders on behalf of Clients

Client - Means any natural or legal person to whom Carnegie provides Investment and/or Ancillary Services.

Order - Means a transaction buying or selling one or more Financial Instruments, whether it is on behalf of Clients, or at the request of Clients.

Execution Venue - Means a Regulated Market, an MTF, a Systematic Internaliser, or a market maker or other liquidity provider or an entity that performs a similar function in a third country to the function performed by any of the foregoing.

Trading Venue - Means a Regulated Market, an MTF or an OTF.

Financial Instrument - According to the specification in the Securities Trading Act with regulations.

For the avoidance of doubt, "Financial Instruments" do not include spot foreign exchange transactions or loans.

Investment Firm – Means any person whose regular occupation or business is the provision of one or more Investment Services to third parties and/or the performance of one or more investment activities on a professional basis as defined by a competent authority.

Investment Services - Means the provision of a service as listed in the Securities Trading Act with regulations.

Regulated Market – As defined in the Terms and Conditions.

Multi-lateral Trading Facility (MTF) – As defined in the Terms and Conditions.

Organized Trading Facility (OTF) – As defined in the Terms and Conditions.

Systematic Internaliser - Means an Investment Firm which, on an organised, frequent and systematic basis, deals on own account by executing Orders outside a Regulated Market or an MTF.

OTC List – the OTC List is an unregulated marketplace for unlisted shares, operated by the Norwegian Securities Dealers Association and wholly owned by Oslo Stock Exchange.

Order Execution – When Carnegie executes or transmits Orders on behalf of Clients.

Professional Client - Means a Client that is either a per se Professional Client, institutional client or an elective Professional Client in the meaning of Directive 2014/65/EU.

Non-professional Client - Means any Client which is not a Professional Client or eligible counterparty.

Principal - Where we are acting as Principal, Clients will be contracting directly with Carnegie as their market counterparty.

Total Consideration - Total Consideration is the price of the relevant Financial Instrument plus the costs related to execution.

Annex 1 – Carnegie AS' execution as member

Financial instruments	**Trading Venue**
Listed shares, primary capital certificates, ETP	Oslo Børs
	Euronext Expand
	Chi-X
	Bats
	Euronext Growth
Non-listed shares	NOTC
Debt instruments, listed	Oslo Børs/Bloomberg MTF
Debt instruments, non-listed	Nordic ABM/ Bloomberg MTF

Annex 2 – Carnegie AS' execution via third parties

Financial instruments	**Third party**
Stocks	Carnegie Investmentbank AB Virtu Beech Hill Securities
Debt instruments	Carnegie Investment Bank AB Virtu
FX derivatives	Nordea
OTC derivatives	Nordea DNB SP1 Markets Pareto

INFORMATION TO CLIENTS ON CONFLICTS OF INTEREST

Carnegie AS have in place a written code of conduct which is aimed at ensuring appropriate handling of price sensitive information and potential conflicts of interest between Carnegie and the Client, and between Clients. It is mandatory for all relevant employees to comply with this code.

Carnegie shall organise its business insofar that the risk of conflict of interest is limited to a minimum, and take all suitable precautions in order to identify, prevent and deal with conflicts of interest between Carnegie and its Clients and between Clients. To ensure fair treatment for our Clients, Carnegie maintain arrangements such as information barriers between different departments and employees of Carnegie (known as Chinese walls). In particular, these segregate information and maintain confidentiality between different areas of the business and Clients whose interests might otherwise conflict. Furthermore Carnegie has in place ethical guidelines as well as strict rules on employees' own trading and conduct of private business.

Clients should pay attention to the fact that when Carnegie provide investment services to Clients, Carnegie, an associated company or some other person connected, may have an interest, relationship or arrangement that is material or that gives rise, or may give rise, to a conflict of interest with any of our Clients in relation to the investment, transaction or service concerned.

Carnegie and its affiliates carry on business as dealers in securities. Furthermore, Carnegie provides investment banking services to Clients, including assisting Clients in corporate financing in the equity market. Whilst Carnegie are obligated to ensure fair treatment to all Clients, it must be acknowledged that when Carnegie receives an order from a Client, Carnegie may already be working on an order in relation to the relevant investment on own behalf, for an associated company or a connected person or for another Client. If, on receiving an order, Carnegie is already working on another order or have other business which matches the order, Carnegie can execute a dual agency or principal transaction. Clients are also reminded that, before making an investment recommendation, Carnegie, an associated company or some other person connected, may have acted upon it in relation to that investment or a related security, or made use of the information on which it is based on own behalf.

If there are circumstances that might give rise for a specific and extraordinary conflict of interest with a Client, apart from what is described above, we will inform the Client accordingly orally or in writing that Carnegie, employees, an associated company, or some other person connected, has an interest, relationship or arrangement that is material or gives rise, or may give rise, to a conflict of interest with the Client in relation to the investment, transaction or service concerned. Clients might be required to confirm in writing that the Client does not object to that interest, relationship or arrangement or conflict of interest. Informing the Client shall be a measure of last resort after all suitable measures have been taken or considered to be unsatisfactory with regard to providing a reasonable safeguard for preventing the risk of damaging the interests of the Client.

INFORMATION TO CLIENTS REGARDING THE CHARACTERISTICS OF, AND RISK ASSOCIATED WITH, FINANCIAL INSTRUMENTS

As a Client, you must be aware that:

- trading in financial instruments takes place at your own risk
- before starting to trade in financial instruments, you must carefully study the firm's general business terms and conditions as well as any other relevant information on the financial instrument in question and its characteristics and risks
- you must immediately scrutinise the contract note and submit any complaints regarding errors
- you are responsible for monitoring changes in the value of the financial instruments in which you have invested
- you must regularly assess your investments and make the necessary changes to adapt these to your investment strategy and risk profile

1. DEFINITIONS

Financial instruments. This is a generic term for the assets and liabilities that are traded in the securities market, derivative market and in part currency market and is further defined in section 2-2 of the Norwegian Securities Trading Act.

Regulated market. A regulated market is a market for the sale of financial instruments. A regulated market has a licence and is subject to a number of rules and obligations. There is a separate Norwegian Act relating to regulated markets (the Stock Exchange Act).

Stock exchange. A stock exchange is a regulated market that has a special licence to operate as a stock exchange and is entitled to use the term "stock exchange" in or in addition to its name.

Multilateral Trading Facility (MTF). An MTF is not a regulated market; it is a trading venue for automatic matching of orders in financial instruments. All investment firms that meet the objective requirements set by the MTF may be member of the MTF and take part in its trading. In Norway, operating an MTF requires a licence pursuant to the Securities Trading Act.

Systematic Internaliser (SI). An investment firm which, on an organised, frequent systematic and substantial basis, deals on own account when executing Client orders outside a regulated market, an MTF or an OTF without operating a multilateral system. An investment firm may also opt in and register as an SI in one or more financial instruments or classes of financial instruments. An SI is obligated to offer binding bid and ask prices and to notify its Clients of these.

Dark pool. A marketplace where participants can submit orders that are not shown in an open order book. The orders will be automatically matched if another participant submits a corresponding order. There is often a requirement that such orders must be a minimum size and that matching must automatically take place at the mid-price, i.e. the average of the best bid and ask prices in the open order book. Some dark pools also allow investors to submit their orders to the pool themselves.

Organised trading facility (OTF). A multilateral system which is not a regulated market or an MTF and in which multiple third-party buying and selling interests in bonds and derivatives may be matched.

Underlying assets/underlying financial instrument(s). These are the assets or financial instruments that a derivative contract gives the parties the rights and obligations to buy or sell or that the parties have agreed to base a monetary settlement on.

Option. A contract that gives one party (the Holder) for a limited period a right but no obligation to buy (a Call Option) or sell (a Put Option) an agreed volume of financial instruments at a predetermined price from/to the other party (the Writer).

Forward/futures contract. A contract according to which both the buyer and seller agree that an agreed volume of financial instruments will be transferred from the seller to the buyer at an agreed price on an agreed date that is further into the future than the normal settlement period for the underlying financial instrument covered by the contract.

Price swap. A contract linked to an agreed volume of financial instruments, a settlement price (the swap price) and a settlement date, and according to which the underlying financial instruments are not to be delivered but there is instead to be a monetary settlement based on the difference between the swap price and the market price on the expiration date.

Contract for difference (CFD). A contract according to which both the buyer and seller are bound to agree to a monetary settlement of the price developments of an agreed volume of one or a group of financial instruments, indices, currencies or similar. The buyer of a CFD makes a gain if the price rises and a loss if the price falls. A CFD does not have a predetermined expiration date but the buyer may close the position at any time.

Credit Default Swap (CDS). A contract which provides a buyer with an insurance against the issuer of a debt obligation being unable to settle the debt, in whole or in part, on the settlement date.

Index option/index futures contract. A contract where the underlying asset is an index value, not a security. Such a contract is not settled t by delivering financial instruments but by calculating the contract’s monetary value.

Short sale. The sale of financial instruments that a party does not own, but has borrowed to carry out settlement on time. The financial instruments are bought at a later date and handed back to the lender. A short sale where the seller has not borrowed the underlying financial instruments is called an naked short sale and is illegal in Norway.

Securities swap. A combination of short and long positions in (at least) two financial instruments, in which the change in the price of one of the instruments (the long position) is netted against the change in the price of the other instrument (the short position).

Exercising an option means demanding the trading of the underlying financial instrument in accordance with the option contract. Normally, the Holder may demand the partial exercise of the option while the option is maintained for the residual quantity.

The expiration date. The date when either a demand to exercise the option must be put forward or the option lapses as being worthless. The expiration date for a forward/futures contract is the date when the contract is changed into a trade with an ordinary settlement period for the delivery of an underlying financial instrument in return for payment of the purchase price.

The settlement date. The date when a forward/futures contract, option or price swap is finally settled by the underlying financial instruments being delivered in return for the agreed purchase price, or the monetary settlement falling due for payment. The settlement date is normally three stock market days after the expiration date.

American option. An option that the Holder may demand to exercise, in whole or in part, at any time prior to the agreed time on the expiration date.

European option. An option that the Holder may only demand to exercise on the expiration date.

Spot price/rate. The price at which the security is traded at for normal delivery on the second stock market day after the trading date.

Strike price/rate. The agreed price or rate for the exercise of an option.

Forward/futures price/rate. The agreed price or rate for the settlement of a forward/futures contract.

Swap price/rate. The agreed price(s) or rate(s) to be used when settling the individual elements in a swap.

Option premium. The amount the Holder has paid the Writer to purchase an option.

Hedge shares/hedge. If the seller of an option, forward/futures contract or swap does not want to have any price risk, he/she buys or short sells a quantity of the underlying securities so that any increase in the value of the sold derivative is offset against a corresponding increase in the value of the underlying securities. The securities that in this way protect the issuer against a price risk are often called hedge shares or a hedge.

NIBOR interest rate. An interest rate that is calculated by the Oslo Stock Exchange according to rules determined by Finance Norway and states the market interest rate for unsecured loans in NOK. The interest rate is determined daily for various terms to maturity.

Interest rate risk. The risk of the financial instrument that the Client invests in falling in value due to changes in the market interest rate.

Credit risk. The risk of an issuer or a counterparty being unable or less able to pay.

Clearing. The function as a counterparty between the parties to derivatives contracts or share trades that guarantees that the parties will receive settlement for the contract/trade.

2. TRADING IN FINANCIAL INSTRUMENTS

Trading in financial instruments, such as shares, equity certificates, bonds, certificates, derivatives or other rights and obligations intended for trading in the securities market, normally takes place in an organised form in a trading system.

Trading takes place through the investment firms that use the trading system. As a Client, you must normally contact such an investment firm in order to buy or sell financial instruments. There are also investment

firms that forward orders to another investment firm that then uses the trading system. Trading may also take place internally in an investment firm, for example by the investment firm becoming the counterparty to the trade, as an SI or through a trade with another of the investment firm's Clients (internal trade). Trades outside of venues is restricted by law, and the main rule is that all trades are to be carried out on a regulated market, an MTF, an OTF or through an SI.

In a ***regulated market,*** financial instruments can be ***listed***. That means that the instruments are approved for trading and the marketplace monitors that the company which has issued the financial instruments meets the requirements linked to the listing. Shares, equity certificates, bonds, certificates, some fund units and derivatives linked to financial instruments are traded on the Oslo Stock Exchange.

Trading in listed financial instruments may take place in regulated markets, in an MTF, in an OTF, in a dark pool or through an SI.

Information on the prices of the financial instruments traded on a regulated market is published regularly on the marketplace's website, in newspapers and/or through other media.

2.1. Share trading

Shares in a limited company entitle the owner to a percentage of the company's share capital. The share entitles the owner to a percentage of the dividends or other amounts distributed by the company. Shares also provide a ***right to vote*** at the general meeting, which is the company's supreme decision-making body. The more shares an owner has, the larger the owner's percentage normally is of the capital, dividend and votes. The right to vote may vary depending on the share category. There are two types of limited company in Norway, a ***public limited company*** (ASA) and a ***private limited company*** (AS).

Only shares issued by a public limited company (ASA) or a corresponding foreign entity can be listed on a stock exchange in Norway. In addition, there are requirements as to the company's size, business history and ownership spread and the publication of the company's finances and other operations.

Less stringent rules often apply to listing on regulated markets that are not stock exchanges.

In Norway, there are currently two ***regulated markets*** for trading in shares: the Oslo Stock Exchange and Euronext Expand. Only the Oslo Stock Exchange has a ***stock exchange*** licence (https://www.euronext.com/nb/markets/oslo). Euronext Expand (https://live.euronext.com/nb/markets/oslo/equities/expand/list) is on the whole subject to the same rules as the Oslo Stock Exchange as regards follow-up, monitoring and the sanctioning of breaches of the regulations.

Shares may be listed on more regulated markets, so-called secondary listings. Several Norwegian companies have secondary listings on foreign regulated markets.

Trading in Norwegian securities also takes place in a number of MTFs.

Trading in shares that are not listed on a regulated market takes place in the so-called OTC market. Here, trading takes place to a large extent based on information about prices and interests that the brokerage firms disclose to each other. In Norway, the brokerage firms can enter interest in buying or selling in a trading support system run by NOTC AS, a company owned by the Norwegian Securities Dealers Association and Oslo Stock Exchange. The brokerage firms then enter into agreements to buy/sell over the phone. The companies registered on this list must publish significant price-relevant information in the NOTC's trading-support system. For more information on the NOTC List, refer to www.vpff.no.

If a share is not listed on a regulated market or traded in an MTF and does not have buy and sell interests published in a trading support system, it will normally be traded by the brokerage firm trying to assist the Client by contacting other Clients who may be interested in becoming a counterparty. Investments in this type of shares entail a considerable liquidity risk and significant uncertainty regarding the determination of the price.

Trading in a regulated market or other trading system comprises the ***secondary market*** for shares and equity certificates that a company has already issued. In addition, the NOTC List functions as a secondary market for shares. If the secondary market functions well, i.e. if it is easy to find buyers and sellers and the offer prices from buyers and sellers and final prices of completed trades are continuously registered, companies

benefit from the fact that it is easier to issue new shares and thus raise more capital for the company's operations. The ***primary market*** is the market where new issues of shares, equity certificates and bonds are offered/subscribed for.

Shares registered on a regulated market or other trading system are normally divided into various groups depending on the company's market value or liquidity. These groups, often called lists or segments, are usually published on the trading system's website, in newspapers and via other media. The companies listed on the Oslo Stock Exchange are divided into three different segments depending on the company's liquidity: ***OBX, OB Match*** and ***OB Standard.***

The daily key prices at which the shares are traded, such as "highest", "lowest" and "latest", as well as information on the volume traded, are published in the financial press and on various websites run by marketplaces, investment firms and information vendors to the financial industry, among other places. The relevance of this price information may vary, depending on the way in which it is published.

There are various ***classes*** of shares, usually A and B shares, and these are normally important for the exercise of voting rights at the company's general meeting. Class A shares normally entitle the holder to one vote, while class B shares usually entitle the holder to a restricted voting right or no voting rights at all. The differences in voting rights may, for example, be due to the fact that, in conjunction with a diversification of ownership, the company wants to protect the original founders' and owners' influence over the company by giving these parties stronger voting rights. For the time being, only a few Norwegian listed companies have different classes of shares

A share's ***nominal value*** is the amount of the company's share capital that the share represents. The sum of all the shares in a company multiplied by the nominal value of each share constitutes the company's share capital. Occasionally, companies change the nominal value, for example because the market price of the share has risen significantly. By dividing each share into two or more shares, a so-called ***split***, both the nominal value and price of the share are reduced. However, after a split the shareholder's capital remains the same but is divided into a greater number of shares, each of which has a lower nominal value and price.

Conversely, a ***reverse share split*** may be carried out if, for example, the share price falls dramatically. In such a case, two or more shares are consolidated to form one share. Following a reverse share split, the shareholder's capital remains unchanged but is divided into fewer shares, each of which has a higher nominal value and higher price.

A ***stock exchange introduction*** means that shares in a limited company are listed and admitted for trading on a regulated market. In connection with this, the general public may be invited to ***subscribe for*** (buy) shares in the company. The listing is normally motivated by the company wanting better access to the capital market and improved opportunities for trading in the company's shares.

An ***acquisition*** normally involves an investor or investors inviting the shareholders of a company to sell their shares on certain terms. A buyer that obtains 90% or more of the share capital and votes in the company can petition for the ***compulsory purchase*** of the remaining shares from those shareholders that have not accepted the acquisition offer.

A mandatory bid obligation arises when a shareholder becomes such a dominant owner that he can take control over a company. The Securities Trading Act states that this takes place when a shareholder becomes the owner of, or in some other way controls, more than one third of the shares in the company. A mandatory bid obligation arises once more if the dominant owner controls more than 40% and 50% of the shares. Anyone that exceeds such a limit and does not reduce his shareholding to below the limit again as quickly as possible, is obligated to make an unconditional offer to all the company's shareholders to buy their shares at the highest price that the bidder has paid in a given period prior to the passing of the bid obligation threshold.

Share issues raise new capital for a company. If a limited company wants to expand its operations, it often requires additional capital. It raises this by issuing new shares through a share issue. The main rule in the Norwegian Private Limited Companies Act is that existing shareholders have a pre-emptive right to subscribe for shares in the share issue. The number of shares that can be subscribed for is in such case

determined by the number of shares already owned by the shareholder and the company issues subscription rights to existing shareholders. The subscriber must pay a price (the issue price) for the new shares. This price is normally lower than the market price. The subscription rights will therefore have a certain market value and the price of the shares normally drops correspondingly after the subscription rights have been detached from the shares. Shareholders who have subscription rights but do not subscribe for shares, may during the subscription period (which in a rights issue must be at least two weeks), sell their subscription rights on the marketplace where the shares are listed. After the expiry of the subscription period and allotment of the shares, the subscription rights expire and are thus useless and worthless.

A limited company can also carry out a so-called ***private placement***, which is a share issue directed solely at a limited group of investors. In order to carry out a private placement, the shareholders must have decided to relinquish their pre-emptive rights to the new shares at a general meeting. Private placements often take place according to an authorisations given to the company's board by the general meeting. In the case of a private placement, the existing shareholders' percentages of the votes and share capital in the company are ***diluted***. The company may decide to carry out a repair issue in order to counter the dilution effect in whole or in part.

2.2. Share-like instruments

Equity certificates, convertible bonds/debentures and depositary receipts may have similar properties to shares. These types of financial instruments are traded on regulated markets, but can also be traded on the OTC market.

Equity certificates are very similar to shares. The difference is primarily related to the ownership of the company's assets and influence over the issuer's corporate bodies. There are also some restrictions on the distribution of dividend. The listed equity certificates in Norway are issued by savings banks. More information on equity certificates is available at www.egenkapitalbevis.no.

Convertible bonds/debentures are interest-bearing securities which may be exchanged for new issued shares, within a certain period of time and at an agreed price. A convertible bond/debenture is both an interest-rate instrument and a call option. When the conversion rate is much higher than the share's market price, a convertible bond/debenture is normally priced in the same way as any other interest-rate instrument. If the opposite is true, the price of the convertible bond/debenture will reflect both the option value and interest element. In both cases, the price is expressed as a percentage of the nominal value of the convertible bond/debenture.

Depositary receipts are a financial instrument that gives the holder all the rights of an owner to an underlying financial instrument that is registered with a custodian. A depositary receipt is normally traded in the same way as the underlying financial instrument.

2.3. Interest-bearing financial instruments

An interest-bearing financial instrument is a claim against the issuer of a loan that has not yet fallen due. The return is normally provided in the form of ***interest (coupon)***. There are different types of interest-bearing instruments, depending on who the issuer is, the *security* that the issuer has provided for the loan, the *term to maturity* and how interest is paid.

Instruments with a term to maturity of one year or less are often called certificates, while instruments with a longer term to maturity are called bonds.

Many interest-bearing instruments are assessed by independent analysis firms, so-called credit rating agencies. Such an assessment, called a **rating**, is intended to express the default risk on the issuing entity and the rated instrument.

In addition to the rating provided by credit rating agencies, certain Norwegian brokerage houses provide so-called shadow ratings/valuations. This means that the brokerage house itself assesses the creditworthiness of the issuer and assigns a rating value to the interest-bearing security based on its own criteria.

The interest (coupon) is normally paid as either a fixed or floating interest rate. The interest on a fixed-interest loan applies to the entire term of the loan. The interest on a floating-interest loan is normally set (fixed) four times a year for three months at a time based on the NIBOR interest rate and an agreed interest-rate mark-up (interest spread). The interest spread is fixed for the entire term of the loan unless it has been agreed that certain events are to trigger a change. It is not unusual for it to be agreed that the interest spread for loans that are not rated is to change if the loan achieves a predetermined satisfactory rating.

On certain types of loans, no interest is payable and only the nominal amount is repaid on the loan's maturity date (zero coupons). The purchase of zero-coupon bonds takes place at a considerable discount, which means that the effective interest rate is the same as for bonds on which a regular coupon rate is paid. For example, all the debts that the Norwegian state issues in Treasury bills (government certificates) are zero-coupon instruments.

The interest that a borrower has to pay is linked to the market's assessment of the risk of the debt being defaulted on. It is normal to classify loans in two main groups: High Yield and Investment Grade. Interest-bearing securities that credit rating agencies classify as being lower than **bbb** or the equivalent are considered to be more likely to be defaulted on and are therefore classified as high yield securities.

A number of bonds are listed on a stock exchange. The reporting of trades in these financial instruments takes place, like listed shares, on a regulated market. In addition, the Oslo Stock Exchange offers an alternative marketplace for trading in bonds and certificates that are not listed on a stock exchange – the ***Alternative Bond Market*** (ABM). The ABM is a separate marketplace that is not regulated by, or subject to a licence, pursuant to the Norwegian Stock Exchange Act but is administered and organised by the Oslo Stock Exchange.

Bonds are normally traded in a different way to shares. In practice, the interest and currency market is regarded as a ***quoting*** or ***price-driven market***, unlike the stock market which is an order-driven market.

2.4. Derivative instruments

Share options give the Holder the right to buy or sell a share. Acquired (bought) purchase options (call options) give the owner the right to buy, within a certain period, already issued shares at a predetermined price (strike price). Acquired (bought) sales options (put options) give the owner the right to sell shares within a certain period at a predetermined price (strike price). There is an ***issued/written*** (sold) option corresponding to each ***acquired*** option.

Index options provide a gain or loss linked to in the value of the underlying index and are settled by a cash payment of the difference between the strike price and market price when this difference is in the buyer's favour.

The price of options (premium/price) normally follows changes in the price of the option's underlying shares or index.

Call options with a longer term to maturity than standardised call options are called ***warrants***. Warrants may be used to buy underlying shares or to provide a cash settlement if a gain has been achieved as a result of the price of the underlying share being higher than the agreed future purchase price/selling price. Many exchange-traded warrants are issued by investment firms or banks as part of their derivative operations. Warrants can also be issued by the company itself. Such warrants are exercised by the company issuing new shares or selling shares it owns itself.

Derivative instruments are contracts that can be traded on the capital market for financial instruments. The derivative instrument is linked to an underlying financial instrument or an underlying index value.

Derivatives can also have other types of underlying value, such as a currency or commodity, or indices for these. Such derivatives are called currency derivatives or commodity derivatives and are by nature similar to derivatives based on financial instruments. Below, the main focus will be on derivatives based on financial instruments.

Derivative instruments may be used for many different purposes:

- to protect against negative developments in the price of owned financial instruments.

- to achieve a gain on changed market prices without having to own or short sell the underlying financial instrument.
- to achieve a gain or return with a smaller capital investment than that required to carry out a corresponding direct trade in the underlying financial instrument.
- to agree on the sale of securities with settlement in the future.

The price of a call option or a forward/future will usually fluctuate in the same direction as the underlying financial instrument. Investments in derivatives will therefore to a large extent be based on the same assessments as investments in the underlying financial instruments, but an investment in a derivative will produce a risk profile that is different to that of a direct investment.

Investors in the derivatives market can also speculate in changes to secondary parameters that affect the price of the derivative, such as interest-rate changes and the volatility in the market.

In Norway, standardised derivatives are traded on the Oslo Stock Exchange. Derivatives with Norwegian shares and indices as underlying values are also traded on other marketplaces, including the NASDAQ OMX.

Trading in unlisted derivatives takes place on the so-called OTC market. Trading on this market takes place to a large extent on the basis of information regarding prices and interests that the brokerage firms notify each other of. It is also common for the brokerage firms to carry out own-trading in OTC derivatives and to offer prices and act as counterparties to their Clients.

3. RISKS RELATING TO TRADING IN FINANCIAL INSTRUMENTS

3.1. General about risk

Financial instruments normally provide a ***return*** in the form of a ***dividend*** (shares and fund units) or ***interest*** (interest-bearing instruments). In addition, the investor may make a gain or loss due to the price of the instrument rising or falling. The total return is the sum of the dividend/interest and change in the price of the instrument.

Naturally, the investor is seeking a total return that is positive, i.e. that produces a ***gain***. However, there is also a ***risk*** that the total return will be negative, i.e. that the investor will make a ***loss*** on the investment. The risk of loss varies between different instruments. In an investment context, the word risk is often used to express both the risk of loss and the opportunity for a gain. In the description below, however, the word risk is used solely to designate the risk of loss.

There are various ways of investing in financial instruments in order to reduce the risk involved. It is normally better from a risk point of view to invest in several different financial instruments rather than a single one or only a few financial instruments. These instruments should have characteristics so the ***risk is spread*** and they should not gather risks that may be triggered simultaneously. Investors can also invest in negative positions in instruments (short positions). Such investments will increase in value when the share price falls.

The Client personally bears the risk of an investment falling in value and must therefore become acquainted with the terms and conditions, prospectuses, etc., governing trading in such instruments, and with the instruments' individual risks and characteristics. The Client must also regularly monitor his/her investments in such instruments. This is the case even if the Client has received personal advice in conjunction with the investment. Information for use in monitoring prices and thus changes in the value of the Client's own investments may be obtained from price lists published in the media, e.g. newspapers and the internet and, in certain cases, by the investment firm itself.

The Client must continuously assess the risk entailed by his investments. Many different factors may affect the value of financial instruments. The Client should therefore become familiar with the factors that affect different instruments and be aware of the elements that may affect his own investments. The Client should

continuously assess his investment portfolio and, if necessary, make changes to adapt it to his investment strategy and risk profile.

3.2. Shares and share-related instruments

The ***price*** of a share is affected to a great extent by the ***company's prospects***. A share price may rise or fall depending on investor analyses and assessments of the company's opportunities to make ***future profits***. Future external developments in economic cycles, technology, legislation, competition, etc., may determine the demand for the company's products or services and, consequently, are also of fundamental importance to changes in the price of the company's shares.

The price may also be affected by the general **market risk** – the risk of a fall in prices in the market in general or in certain parts of the market where the Client has invested. The price developments for financial instruments listed in ***foreign*** regulated markets may also affect price developments in Norway.

The price may also be influenced by developments in the sector to which the company belongs – **sector-specific risks** – the risk of a specific sector doing worse than expected or being altered by a negative event so that the financial instruments linked to companies in the sector in question may decline in value. The share price of a company is often affected by changes in the share price of other companies in the same industry/sector irrespective of the country to which the companies belong.

Other factors directly related to the company, such as changes in the company's management and organisation, disruptions to production, etc., may also affect the company's future ability to create profits in both the long- and short-term. This is called the **company-specific risk** – the risk of a company doing worse than expected or being affected by a negative event so that the financial instruments linked to the company may fall in value.

The ***framework conditions*** for industry, both national and international, may also affect share prices. Changes in tax and duty levels nationally and in other countries, affect the companies' cost levels and thus their competitive situation. International agreements between countries regarding customs charges and duties on the import and export of goods and services affect the competition situation that exists between companies and thus also share prices. Major events such as disasters, terrorist acts and wars may have huge effects on share prices on stock exchanges worldwide.

The ***general interest rate level*** (market interest rate) also plays a crucial role in share-price developments. If the market interest rate increases, investing in interest-bearing financial instruments may become more attractive so that the players transfer some of their investments from the stock market to the interest-rate market and the demand for shares falls. Normally, share prices fall when demand declines. In addition, share prices are negatively affected by an increase in the interest payable on the company's debts, since this worsens the company's future financial results.

Changes in **foreign-exchange rates** may also affect share prices. Companies whose revenues and costs are in different currencies will be especially vulnerable to such fluctuations. This applies to several Norwegian export companies. When investing in foreign markets, fluctuations in foreign-exchange rates will also affect the result after the purchase or sales amount has been converted into Norwegian krone (NOK).

In the worst case, a company may perform so poorly that it must be declared ***bankrupt*** (***in liquidation***). The shareholders have last priority for receiving any money from the entity in bankruptcy. The company's other debts must first be repaid in their entirety. This results in there only in exceptional cases being any assets left in the company after its debts have been paid, so that the shares in a bankrupt company are normally worthless.

Players in the financial market have different opinions on how share prices will develop, often because they place emphasis on different factors that affect share-price developments or expect the factors that influence the share price to develop in different ways. This means there are both buyers and sellers. If many investors share the same opinion regarding price trends, they will either buy, thereby creating pressure to buy, or sell, thereby creating pressure to sell. Prices increase when there is pressure to buy and fall when there is pressure to sell.

The turnover, i.e. the quantity of a particular share that is traded, affects the share price. In the event of a high turnover, the difference, also called the ***spread***, between the price the buyers are prepared to pay (bid price) and the price demanded by the sellers (ask price) is reduced. A share with a high turnover, where large amounts can be traded without any major effect on the price, enjoys good ***liquidity*** and is thus easy to buy or sell. Shares in companies listed in a generally used benchmark index in a regulated market are normally very liquid.

3.3. Interest-bearing instruments

The risk associated with an interest-bearing instrument consists in part of the price changes that may occur during the term to maturity due to changes in market interest rates, and in part of the market's assessment of the risk that the issuer will be unable to repay the loan. Loans for which satisfactory security for repayment have been provided are thus less risky than loans without security.

For loans where the credit risk is considered especially high the issuer has to pay a particularly high interest rate. Such interest-bearing securities are often called **high-yield** bonds.

In the case of bankruptcy or debt settlement proceedings, the owner of an interest-bearing instrument may lose all or some of his investment. In the case of a bankruptcy, all debt must be repaid before the shareholders can receive anything, so in general it can be said that the risk of loss is less in relation to interest-bearing instruments than it is in relation to shares.

The market interest rate is quoted every day for both instruments with short terms to maturity (less than one year), e.g., ***certificates***, and instruments with longer terms to maturity, such as ***bonds***. This takes place in the money market and bond market. Market interest rates are affected by analyses and assessments conducted by Norges Bank (the central bank of Norway) and other major institutional market players with regard to short-term and long-term trends in a number of economic factors, such as inflation, the state of the economy and interest rate changes in other countries.

If the market interest rate increases, the price of interest-bearing financial instruments will fall since the return on the instrument compared to the market interest rate has become less favourable. Conversely, the price of already issued instruments increases when the market interest rate declines.

Loans issued by the Norwegian state, county councils or municipalities (or guaranteed by such organisations) are deemed to be more or less risk-free with respect to redemption at the predetermined value on the due date.

3.4. Risk related to trading in derivative instruments

Trading in derivative instruments is linked to special risks in addition to the risks linked to the underlying financial instrument. The Client bears this risk and must find out all about the derivatives' properties as well as about the terms and conditions in the form of the general terms and conditions, prospectuses or suchlike that apply to trading in such instruments. The Client must also constantly monitor his investments (positions) in such instruments. Monitoring information may be obtained from price lists on the internet, the mass media and the Client's investment firm.

Trading in derivative instruments can be described as trading in, or a transfer of, risk. For example, a party that expects prices in the market to fall can buy put options that increase in value if the market drops. To reduce or avoid the risk of a fall in share prices, the buyer pays a premium, i.e. what the option costs. Trading in derivatives is in many cases not advisable for Clients with little or limited experience of trading in financial instruments, since trading in derivatives often requires specialist knowledge. The structure of a derivative instrument means that developments in the price of the underlying asset affect the price of the derivative instrument. This price effect is often stronger in relation to the investment than the change in the value of the underlying asset. The price effect is therefore called the gearing effect and may lead to a greater gain on invested capital than if the investment had been made directly in the underlying asset. On the other hand, the gearing effect may lead to the loss on the derivative instrument being greater than the relative change in the value of the underlying asset. Changes in the price of the derivative instrument and of the underlying

asset must therefore be closely monitored. The Client should, for his own sake, be prepared to act quickly, often that same day, if the investment in the derivative instrument starts to develop negatively.

A party that incurs an obligation by issuing/writing an option or entering into a forward/futures contract must provide collateral for his position right from the start. The requirement for collateral changes as the price of the underlying asset rises or falls so that the value of the derivative instrument rises or falls. Additional collateral may therefore be required. The gearing effect thus also influences the collateral requirement, which may change rapidly and radically. If the Client does not provide sufficient collateral, the clearing organisation or investment firm is entitled to terminate the investment (close the position) without the Client's consent in order to reduce its risk. A Client should thus closely monitor price developments and the collateral requirement in order to avoid the involuntary closure of the position.

The term to maturity of derivative instruments may vary from a very short time to several years. The relative change in price is often largest for instruments with a short (remaining) term to maturity. The price of a held option generally falls towards the end of the term to maturity as the time value is reduced. The Client should therefore also carefully monitor the term to maturity of the derivative instruments.

Some derivative trades require that the Client has to provide collateral (***margin requirement***), for example in the case of sales of options, purchases and sales of futures and forwards and swap contracts. The margin requirement will vary depending on, among other things, the underlying securities, type of instrument and the instrument's term to maturity and volatility. The margin requirement may also vary considerably from day to day. For his own sake, the Client should be ready to act immediately to provide additional collateral (to meet any higher margin requirement) or to terminate his investments in derivative contracts (close his positions) by buying or selling (opposite) contracts.

3.5. The risk involved in various types of derivative instruments

The main types of derivative instruments are options, forward/futures contracts and swap contracts.

3.5.1. Options

An ***option*** is a contract which involves one party (the issuer (writer) of the option contract) undertaking to buy (Put Option) or sell (Call Option) the underlying financial instrument to the other party (the holder of the contract), at a predetermined price (the strike price), if the holder so demands. The date when the holder can exercise this right depends on the type of option in question. An ***American option*** may be exercised at any time during the life of the option. A ***European option*** may only be exercised on the expiration date. The holder pays a premium to the writer for the right stated in the contract. The price of the option normally follows the price of the underlying financial instrument. The main elements in the price of an option are the difference between the market value of the underlying financial instrument and the agreed strike price as well as a time value, which is an expression of possible future fluctuations in the value of the underlying financial instrument. The time value declines as the remaining life of the option is reduced, so that the price of a call option may fall even if the value of the underlying financial instrument has risen.

An investor must take all such price elements into account when considering whether to close a derivative position or maintain it.

3.5.2. Call options

By ***buying*** a call option, an investor obtains a ***right*** to buy the underlying financial instrument on a future date at a predetermined price. When an investor buys a call option, he pays an option premium plus the costs relating to selling and administering the option contract.

The maximum amount that the holder of a call option can lose is the option premium plus the costs paid. The maximum loss arises if the price of the underlying financial instrument remains lower than or equal to the agreed strike price.

The potential gain is in theory unlimited. When exercising the option, the gain is the value of the underlying financial instrument minus the strike price and option premium including costs.

By ***writing/selling*** a call option, the writer incurs a ***duty*** to sell (if the option holder demands to buy) the underlying financial instruments on a future date and at a predetermined price. The seller of a call option receives an option premium minus the costs of selling and administering the option contract.

The potential gain on issuing/writing a call option is limited to the net option premium. If the strike price remains higher than or equal to the market price of the underlying financial instrument until the expiration date, the holder will not normally demand to buy the securities and the writer can take the entire net option premium as profit.

The writer of a call option has an unlimited loss potential if the price rises. If the holder demands to exercise the option, the writer must buy the financial instruments in the market at the market price. The loss is calculated as the market value of the underlying financial instruments minus the strike price and option premium.

If the writer has hedged his interests by owning the underlying financial instruments (a covered call), no loss is payable if the price rises but the writer misses out on the increase in value in excess of the strike price plus net option premium. By tying up the underlying financial instruments, the writer is exposed to the risk of loss due to a fall in price and a loss arises if the fall in value is greater than the option premium. If the underlying assets are sold, the writer is subject to a risk if the price rises again. Writers of covered calls often try to manage the risk of a price fall by selling some of the underlying assets.

3.5.3. Put options

The ***buyer*** of a sell (put) option obtains a ***right*** to sell the underlying financial instrument at a future date at a predetermined price. The buyer of a put option pays an option premium as well as costs related to selling and administering the option contract.

The maximum amount that the holder of a put option can lose is limited to the option premium and the costs paid. The maximum loss arises when the price of the underlying financial instrument remains higher than or equal to the strike price.

The potential for gain is limited to the strike price minus the option premium including costs. The gain is the strike price minus the value of the underlying financial instrument on the strike date and the option premium including costs.

The ***writer/seller*** of a put option incurs a ***duty*** to buy (if the holder demands to sell) the underlying financial instruments at a future date at a predetermined price. The seller of a put option receives an option premium minus costs related to selling and administering the option contract.

The potential gain on issuing/writing a put option is limited to the net option premium. If the value of the underlying financial instrument remains higher than or equal to the strike price, the holder will not normally demand to be allowed to sell the securities and the writer can take the entire net option premium as profit.

In the case of a fall in price, a loss arises when the value of the underlying financial instruments is lower than the strike price minus the net option premium. The loss is limited to the strike price minus the net option premium.

3.5.4. Forward/futures contracts

A ***forward/futures contract*** means that the parties enter into a mutually binding contract to purchase/sell the underlying financial instrument at a predetermined price, with delivery or other performance of the contract on a further agreed date.

No option premium is paid for forward/futures contracts but the agreed forward/futures price will normally be stipulated to be the spot price (the current market price) of the underlying financial instrument plus interest costs until the forward/futures settlement date. In addition, the costs of trading and administering the forward/futures contract must be paid.

Under a forward/futures contract, the ***buyer*** has assumed the entire price risk relating to the underlying financial instrument. If the price falls, a loss arises which is equal to the difference between the value of the

underlying financial instrument and the forward/futures price. If the price increases, a corresponding gain arises, equal to the difference between the value of the underlying financial instrument and the forward/futures price. In addition to the price risk, the buyer runs a credit risk related to the seller delivering the agreed financial instruments on the settlement date.

A ***seller that owns*** the underlying financial instruments runs no risk of having to pay an amount relating to developments in the price of the underlying financial instrument but loses out on the increase in value in excess of the agreed forward/futures price. The seller runs a credit risk related to the buyer being able to settle the agreed amount on the settlement date.

If the ***seller does not own*** the underlying financial instruments, he has in principle an unlimited loss potential if the price rises. The loss is calculated as the value of the underlying financial instruments minus the agreed forward/futures price. Correspondingly, in the case of a fall in price, the seller has a potential for gain which is calculated as the forward/futures price minus the value of the underlying financial instruments. The seller also runs a credit risk related to the buyer being able to settle the agreed amount on the settlement date.

A forward/futures contract is a generic term for instruments with various calculation and settlement mechanisms but with the same risk profile. Forward/futures contracts that are to be settled by the physical delivery of the underlying financial instrument are often called forward contracts, while contracts that are to be settled by a monetary payment on the settlement date are called futures contracts.

The provision of collateral for forward/futures contracts is intended to safeguard against future fluctuations in price. Traditionally, the intermediary or settlement agent in a forward/futures contract has not provided collateral but has only demanded collateral from his Clients, but the mutual provision of collateral is now increasingly being required.

In a futures contract, it is common to carry out a daily calculation based on the changes in the price since the previous stock market day in addition to providing collateral for future fluctuations.

3.5.5. Contracts for difference (cfd)

Standardized futures with individual shares or indices as underlying instruments are currently often sold as CFDs. The sellers of a CFD often require a low security collateral margin so that investors can achieve a lot of market exposure at little expense.

A Contract for Difference is highly risky. It is possible to lose more than the original investment. Prices can move quickly in the opposite direction to that expected and losses can lead to a requirement of an additional margin contribution. Under certain market conditions, it can be difficult or impossible to close a position. This may occur, for example, when the price of an underlying instrument rises or falls so quickly that trading in the underlying instrument is restricted or closed.

The risk involved in such low margins is also that the issuer may immediately, including that same day, close the position if the value of the collateral falls below the margin requirement. The Client is often given very short deadlines by which to provide more collateral and rapid fluctuations may lead to the issuer (in accordance with the contract) closing the position in contravention of the Client's wishes.

The value of investments in CFDs with underlying instruments listed in foreign currencies may also vary due to changes in foreign-exchange rates.

A Contract for Difference is not suitable for all Clients. The Client must make sure that he fully understands the risk involved and seek independent advice if necessary.

3.5.6. Swap contract

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

3.6. Standardised and non-standardised derivative instruments

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

Trading in ***standardised*** derivative instruments takes place in regulated markets and complies with contracts and conditions which have been standardised by a stock exchange or clearing organisation The following regulated markets in Norway offer trading in standardised derivative instruments:

- **Oslo Børs ASA –** trading in standardised options and forward/futures contracts.

  Trades on the Oslo Stock Exchange are cleared by SIX x-clear and the London Clearing House (LCH).

- **NASDAQ OMX OSLO ASA –** carries out trading in and the clearing of commodity derivatives, including financial power contracts, as well as freight derivatives.

- **Fish Pool ASA** – trading in salmon contracts

  Trades on Fish Pool ASA are cleared by NASDAQ OMX.

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

Some investment firms offer different forms of derivative instruments which are not traded in regulated markets. These are called ***non-standardised*** derivative instruments (OTC derivatives). A party wishing to trade in this type of derivative instrument should examine the contracts and conditions which regulate trading in these extremely carefully.

3.7. Clearing

When clearing derivatives, the clearing institution becomes the counterparty between the investment firms that represent the buyer and the seller of the derivatives contracts, and guarantees that the investment firm will receive settlement for the contract. The clearing institution acts as the seller in relation to the buying investment firm and as the buyer in relation to the selling investment firm. In the standardised derivative market, derivative contracts are often cleared by a licensed central counterparty (CCP). In the OTC market, it is often the investment firm that has this role.

At present, CCPs provide no direct protection to end-investors. In both CCP-cleared trades and OTC trades, the investor runs the risk that his investment firm will not fulfil the contract.

Investors who do not want to run any risk relating to their investment firm can enter into an agreement to have a segregated account in the clearing company. Such a solution requires a separate body of agreement and leads to increased costs, and is most suitable for large institutional investors.

4. MUTUAL FUNDS

A mutual (securities) fund is a "portfolio" of different financial instruments, such as shares and/or bonds. The fund is owned by all those who save in the fund, the ***unit holders***, and is managed by a ***management company***. There are various kinds of mutual funds with different investment strategies and risk profiles.

A unit holder receives the number of fund units that corresponds to the percentage of the fund's assets under management that the unit holder has invested.

The units may be issued (bought from) and redeemed (sold to) by the management company. The unit's actual value is normally calculated daily by the management company and is based on changes in the prices of the financial instruments in which the fund has invested. Some fund units can also be traded in a regulated market (***Exchange Traded Funds*** ("ETF")), see item 5 below.

One of the purposes of an mutual fund is to invest in several different shares and other financial instruments. This means that unit holders run less of a risk than shareholders who only invest in one e or a few shares. Unit holders do not have to select, buy, sell or monitor the shares or carry out other management work related to this.

Mutual funds are regulated by various laws and regulations.

UCITS funds are funds established in accordance with EU regulations and are therefore approved for marketing throughout the EEA. Most new funds that are established are UCITS funds.

Domestic funds are funds regulated by the Norwegian Securities Funds Act.

Alternative Investment Funds are fund-like investment entities that may be organised as limited companies or in other corporate forms that are not UCITS funds. These are regulated by a separate Norwegian Act relating to alternative investment funds (EU regulations) and includes for example hedge funds and private equity funds. Foreign alternative investment funds can be marketed in Norway pursuant to prior notification or approval from Finanstilsynet.

For more information on mutual funds, see www.vff.no

Mutual funds are also classified on the basis of the fund's investment mandate. Below is a brief description of the most common mutual funds:

Equity fund - a mutual fund that must normally invest at least 80 per cent of its assets under management in shares (or other equity instruments), and which must normally not invest in interest-bearing securities.

Interest fund - a mutual fund that is to invest in interest-bearing financial instruments. These funds are divided into bond funds and money market funds.

Combination fund - a mutual fund that is not defined as a pure equity fund or interest fund. A combination fund may have a more or less permanent ratio of shares to interest-bearing securities, but the percentage of various securities may also change during the fund's lifetime.

Index fund - a mutual fund that is managed relatively passively in relation to the fund's benchmark index.

Fund of funds - a mutual fund that invests its assets in one (or possibly more) underlying mutual funds.

Specialised fund – domestic funds that are often called hedge funds. Specialised funds are managed in a more flexible way than normal mutual funds. Specialised funds may have very different levels of risk and protection. They may entail a high level of risk-taking. Specialised/hedge funds often use investment techniques such as the extensive use of derivatives, short sales, the debt financing of investments and open currency positions. Units in specialised funds can only be offered to professional Clients. This means that specialised funds cannot be marketed or sold to non-professional Clients and this applies irrespective of whether the initiative is taken by the Client or the investment firm. Specialised funds are under the supervision of Finanstilsynet (the Financial Supervisory Authority of Norway) and are also specially regulated by the Norwegian Securities Funds Act. Foreign specialised funds may be marketed in Norway if Finanstilsynet grants permission for this.

5. EXCHANGE TRADED FUNDS AND FUND-LIKE PRODUCTS

ETP (Exchange Traded Products) is a generic term for ETF (Exchange Traded Funds) and ETN (Exchange Traded Notes). They allow exposure to shares, indices, currencies, commodities and suchlike. Some of the products include a gearing element. The exposure can either be to a falling/bear market (short) or a rising/bull market (long). There may be huge variations in the way in which these products are structured, so investors must find out a lot about the product they choose.

An ETN is normally issued by a financial institution (bank/brokerage firm) and traded in the secondary market in the same way as a share. With this type of product, the investor normally incurs a **credit risk** in relation to the issuer. The credit risk is the risk that the issuer or a counterparty will be unable to pay. This means that if the issuer does not manage to fulfil its obligations, the securities may be worthless.

ETFs are fund units issued by a mutual/securities fund. This means that, through ownership of the fund units, the investor directly owns underlying assets and thus has no credit risk in relation to the issuer.

Several ETPs contain derivative elements and/or have inbuilt gearing which can lead to the product having a high **market risk**. This means that their prices may fluctuate more than those of the underlying assets, and that the products will normally include a greater risk of loss than a direct investment in underlying assets such as shares. In addition, the geared products are rebalanced daily. This means that the return over lengthy periods will deviate from market developments when the gearing factor is taken into account. The return may be negative even if the underlying assets have the same value on the purchase and sales dates. These properties make the geared products less suitable as long-term investment alternatives.

The fact that underlying assets are often sold in other markets and listed in currencies other than NOK also means that investors must be aware of the possible **foreign-exchange risk**. This may mean that even if the underlying developments indicate that the security should produce a positive return, the return may shrink, disappear or be negative as a result of exchange-rate developments.

ETPs normally have one or more liquidity guarantors (market makers) that have undertaken to provide bid and offer prices for the security. However, at times it may be difficult to execute trades in the ETP in question. This may be the case if, for example, there is little **liquidity** or if trading in the marketplace in question has been closed.

6. SHORT TRADING

"Short trading" means to sell financial instruments that one does not own. According to Norwegian law, uncovered short sales are illegal, so that anyone selling short has to borrow the financial instruments from the investment firm or in some other way ensure access to the instruments on the settlement date. At the same time, the borrower undertakes to return instruments of the same type to the lender on a predetermined later date.

Short trading is often used as an investment strategy when the financial instrument is expected to fall in value. The borrower expects to be able to buy the borrowed instruments on the later date when the instruments are to be returned, at a lower price than the price at which these instruments were sold. If the price rises instead, the borrower will incur a loss which, in the case of a sharp price rise, may be considerable.

Often, agreements to borrow financial instruments stipulate that the lender may at any time demand the return of the financial instruments by giving two-three days' notice. This increases the risk involved in a short sale.

7. TRADING FREQUENCY AND COSTS

The more frequent the trades, the higher the brokerage costs, since costs are normally incurred for each trade (purchase or sale). If the brokerage costs over time are larger than the return, this will result in a loss for the Client. Please note that brokerage costs are also incurred in debt-financed trades.

Trading in securities incurs brokerage costs that normally increase in proportion to the size of the trade. If, for example, a Client sells shares worth NOK 50,000 and the brokerage rate is 0.2%, the sale costs NOK 100. If, on the other hand, shares are sold for NOK 500,000, the brokerage cost will be NOK 1,000. In addition, minimum brokerage fees are used, so that the sale or purchase of securities for a small amount may be percentagewise more expensive than selling/buying for a larger amount.

8. LEVERAGED (DEBT-FINANCED) TRADING

Financial instruments can in many cases be bought for partially borrowed capital. Since both the capital invested by the Client and the borrowed capital affect the return, the Client may make a larger gain through debt financing if the investment develops positively compared to an investment made using only the Client's own capital. The debt linked to the borrowed capital is not affected by any rise or fall in the prices of the purchased instruments, which is an advantage if prices rise. However, if the price of the purchased instruments falls, this results in a corresponding disadvantage since the debt remains the same. In the case of a price drop, therefore, the Client's own invested capital may be entirely or partly lost while the debt has to be repaid in whole or in part from the revenues from the sale of the financial instruments that have fallen in value. The debt must also be repaid even if the sales revenues do not cover the entire debt.

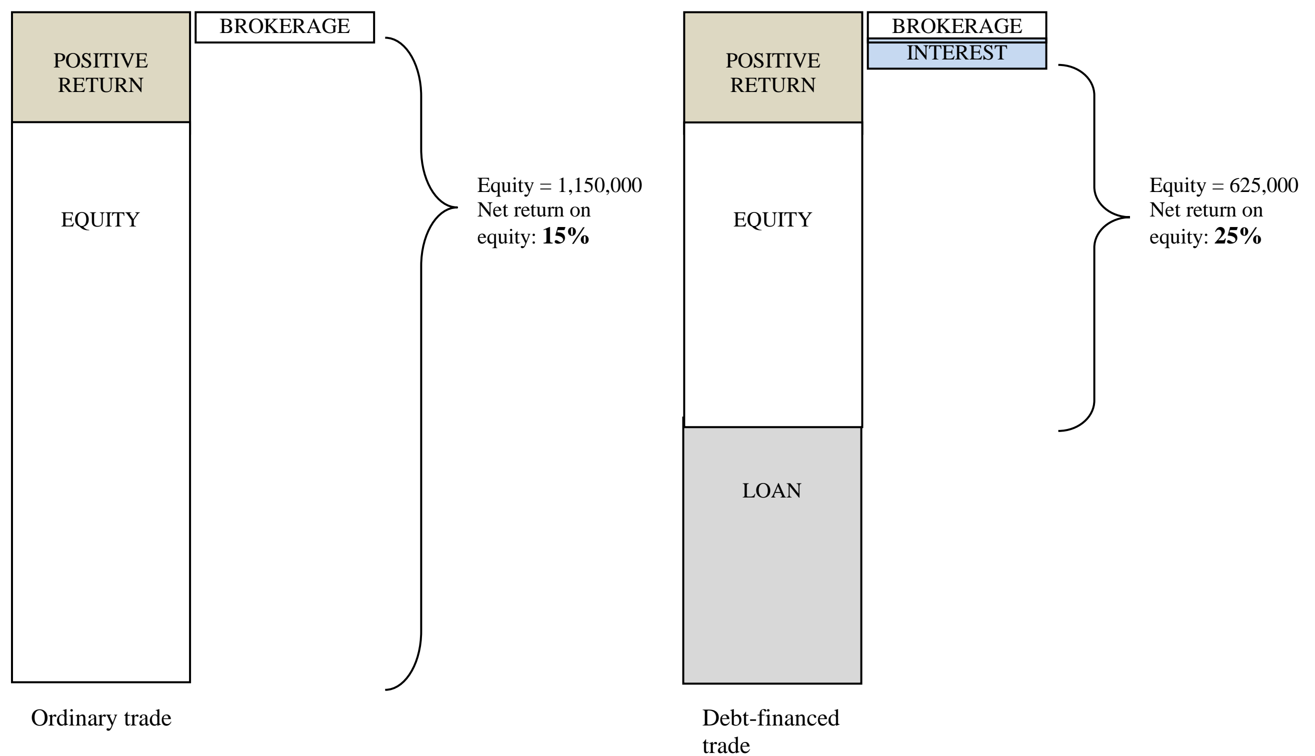
The risk entailed in a debt-financed share purchase increases with the level of debt financing. For example, a portfolio which is 80% debt-financed will lose all its equity if share prices fall by 20%. If the portfolio is 60% debt-financed, the equity will be lost if share prices fall by 40%.

The return on equity in a partially debt-financed portfolio will fluctuate more than in a corresponding equity-financed portfolio and the debt financing will only produce an additional return when the return on the investment is higher than the borrowing rate.

An illustration of a positive return in the case of partial debt financing is provided below.

Assumptions:

- 20% positive return
- NOK 1,000,000 invested in the market
- 5% brokerage (20 transactions each with a brokerage fee of 0.25%)
- 5% interest expense
- 50% debt financing



An illustration of a negative return in the case of partial debt financing is provided below.
Assumptions:

- As above, but a 20% negative return