General business terms and conditions

Information on Client classification

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Information on characteristics and risks associated with financial instruments

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

November 2023

These general business terms and conditions (the "General Business Terms and Conditions") are based on Norwegian legislation and legislation in the EU and EEA which investment firms, such as the Investment Firm (as defined below), are obliged to comply with.

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

In the event of a conflict with waivable legislation, these General Business Terms and Conditions, agreements, customary practices, and established norms between the parties shall take precedence. For the avoidance of doubt and to the extent permitted by law, the Norwegian Financial Contracts Act (Finansavtaleloven, the "FCA") only applies to services provided under these General Business Terms and Conditions to a Client who qualifies as a 'consumer,' as defined by the FCA.

These General Business Terms and Conditions may be amended with binding effect on the Client provided that the amendments are not unfavourable to the Client. In such cases, the amendments apply from the date when the Client receives notification of the amendments from the Investment Firm. In the case of any amendments that are unfavourable to the Client, there is a duty to give notice two months before such amendments enter into force.

If the Client opposes the amendments, the Client must in both the abovementioned cases notify the Investment Firm of this before the stated date when the amendments will enter into force. Such notification entitles the Investment Firm to terminate the agreement with the Client.

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

1.1 Contact information

Carnegie AS
Org.no.: 936 310 974
Fjordalléen 16, 5th floor, Aker Brygge
P.O.Box 684 Sentrum
NO – 0106 Oslo, Norway
Telephone: +47 22 00 93 00
E-mail: Post@carnegie.no
Website: www.carnegie.no

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

1.2 The services the Investment Firm is permitted to provide

1.2.1 The Investment Firm's investment services and investment activities comprise the following licensed services:

1. receipt and transmission of orders on behalf of clients in connection with one or more financial instruments,
2. execution of orders on behalf of clients,
3. purchase/sale of financial instruments for own account,
4. Investment advice,
5. Underwriting of financial instruments and/or placing of financial instruments on a firm commitment basis;
6. Placing of financial instruments without a firm commitment basis,

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

1. the safekeeping and management of financial instruments,
2. credit provision,[1]
3. advice on an undertaking's capital structure, industrial strategy and related issues, as well as advice and services in connection with mergers and acquisitions,
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 research and other forms of general recommendations relating to transactions involving financial instruments,
6. services relating to underwriting,
7. services relating to underlying commodity derivatives and derivatives when these services are linked to investment services or ancillary services as mentioned in this provision.

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

1.2.3 Investment advice

The Investment Firm is licensed to provide investment advice. The Investment Firm's investment advice is to be regarded as independent investment advice according to the conditions stipulated in the legislation. The Investment Firm does only provide investment advice to professional clients, thus, a non-professional client must request to be reclassified provided that the conditions for such reclassification are met, for further information please refer to **Appendix 1**.

1.3 Supervisory authority

The Investment Firm is under the supervision of Finanstilsynet (the Financial Supervisory Authority of Norway) (Organisation number: 840 747 972).
Address: Revierstredet 3, 0151 Oslo, Norway.
www.finanstilsynet.no
For more information about Carnegie and its business see www.carnegie.no

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 ancillary services in so far as they are appropriate, as well as to services relating to transactions involving instruments that are related to financial instruments.

The General Business Terms and Conditions also apply to separate agreements entered into between the Investment Firm and the Client. In the case of any conflict between such agreements as mentioned in the last sentence and the General Business Terms and Conditions, the agreements are to take precedence.

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. leveraged trading,
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,

[1] The provision of credit in order to buy 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,

Trading and clearing may also be regulated by separate trading rules/standard terms and conditions at the individual execution venue[2] 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/contracts mentioned in the previous paragraph and such trading rules/standard terms and conditions, the trading rules/standard terms and conditions at the execution venue or clearing house shall apply.

In addition, the Investment Firm is obliged to comply with the code of business conduct determined for the individual markets, including ethical standards stipulated by the Norwegian Securities Dealers Association. The ethical standards and procedural rules for complaints regarding these are to be found at www.vpff.no.

3 Telephone recordings and other documentation

The Investment Firm makes mandatory recordings of telephone conversations in connection with the provision of investment advice and investment activities, or of telephone conversations that are meant to lead to investment services being provided or investment activities being carried out. The Investment Firm will record all orders to buy, sell or subscribe for financial instruments that are placed by telephone. The Investment Firm is not allowed to carry out orders that are placed by calling telephones which are not linked to voice-recording equipment, including mobile telephones. Voice recordings and other documentation will be stored by the Investment Firm.

Voice recordings will be stored by the Investment Firm for the retention period stipulated by prevailing legislation, calculated from the recording date, and will normally be deleted following the expiry of the mandatory storage period. Recordings of conversations with the individual Client may be traced by searching, among other things, for the time of the call, the incoming and outgoing telephone numbers and the Investment Firm employee who took part in the call. The Investment Firm may be ordered to hand voice recordings over to public authorities and others that may so demand pursuant to the law. In addition, voice 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. Tied agents and other undertakings that cooperate with the Investment Firm in providing relevant investment services have a corresponding duty to record their conversations with clients to the extent that such investment services are provided by phone.

That described above in this item also applies to voice recordings on other communication channels, such as Teams, video conferences and similar electronic communication.

Documentation of communication through communication channels other than the telephone when investment services are provided will be stored by the Investment Firm for the retention period stipulated by prevailing law. If so requested by the Client, the Investment Firm will make voice recordings and other documentation available to the Client. The Client can obtain further information on the procedure for doing so by contacting the Investment Firm.

4 Client classification

According to the legislation, the Investment Firm has a duty to classify its clients in the following client categories: retail clients, professional clients and eligible counterparties. The legislation contains provisions governing how this categorisation is to take place. The Investment Firm will inform all clients of the category in which they have been placed.

The classification is important for the extent of the protection afforded to the Client. The information and reports given to clients classified as non-professional/retail clients are subject to more demanding standards than those given to clients

[2] An execution venue includes all the trading venues used by the Investment Firm, including Systematic Internalisers.

classified as professional. In addition, according to the legislation, the Investment Firm has a duty to obtain information on the Client in order to assess whether the service or financial instrument/product in question is suitable or appropriate for the Client, designated the suitability test and appropriateness test. 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.

Clients classified as professional are regarded as being particularly qualified to assess the individual markets, investment alternatives and transactions as well as the advice provided by the Investment Firm. Professional clients cannot invoke rules and conditions that have been stipulated to protect retail clients.

A Client may request the Investment Firm to change its client classification. Should a professional client wish to be treated as a retail client, the Investment Firm must consent to this, and the parties must enter into an agreement. Retail clients that want to be classified as professional clients must meet the conditions stipulated in the legislation. Further information on the re-classification procedure and conditions and on the consequences of re-classification may be obtained from the Investment Firm.
For further information, please refer to **Appendix 1** hereto.

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

In order to meet the requirements of "know your clients" stipulated in the Norwegian Money Laundering regulations and Securities Trading Act's provisions regarding suitability and appropriateness tests, the Investment Firm is obliged to obtain and update some information about the Client. Client information is also obtained to meet the information requirements for reporting transactions and for FATCA[3] and CRS[4] reporting in accordance with international agreements by which Norway is bound. When establishing a business relationship, the Client must provide information to the Investment Firm, such as, his/her national ID number/its organisation number/LEI[5], 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 must provide information about bank accounts and securities accounts in Euronext Securities Oslo[6] (ES-OSL) or another corresponding register.

The Investment Firm must be notified of any changes to the information immediately and in writing.

The Client is also obliged 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. Such information is necessary for the Investment Firm to be able to act in the Client's best interests and advise on the financial instruments that it is suitable for the Client to buy, sell or continue owning. When providing investment advice, the Investment Firm must also send the Client a suitability declaration.

The Client also undertakes to inform the Investment Firm if there are any (major) changes to information that has previously been provided.

The Client 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 Investment Firm is entitled to base its assessment of whether the service or financial instrument is suitable or appropriate for the Client on the information provided by the Client.

The Client also understands that, if the Investment Firm is not given sufficient information, the Investment Firm will be unable to determine whether or not the service or financial instrument is appropriate or suitable for the Client. In the case of investment advice, the Client will in such case be informed that the service in question cannot be provided. In relation to the other investment services, the Client will in such case be informed that the information provided to the Investment

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[3] The Foreign Account Tax Compliance Act, applies to US citizens.
[4] The Common Reporting Standard, applies within the OECD.
[5] Legal Entity Identifier.
[6] Legal name Verdipapirsentralen ASA (The Norwegian Central Securities Depository) (often abbreviated to VPS).

Firm is insufficient and that the service or financial instrument is thus to be regarded as inappropriate. Should the Client, despite such a warning, still wish to have the service or financial instrument, this may nonetheless be provided. Information which is lacking or incomplete may thus reduce the investor protection to which the Client is otherwise entitled. If, despite such a warning, the Client still wants the service or financial instrument, the assignment may nonetheless be carried out.

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

Clients warrant that their own trading and settlements take place in accordance with and within the scope of any permits and authorisations that apply to their 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 that the Client presents, at the Client's expense, a reasoned legal opinion on the Client's permits and authorisations to enter into the trade in question.

The Investment Firm may request an overview of the person(s) that may place orders or enter into other agreements relating to financial instruments or that are authorised to accept trades 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 transactions 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, 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.

If, when placing an order, the Client has stated that the money is to be registered to a CSD account (i.e., Central Securities Depository account) which is linked to a share savings account (ASK), the Client is bound by this trade even if the financial instruments in question are not covered by the share savings account scheme and thus cannot be registered to the stated share savings account.

6 Risk

The Client understands and acknowledges that investing and trading in financial instruments and other related instruments entail a risk of loss. The invested capital may increase or decrease in value. The value of financial instruments depends, among other things, on fluctuations in the financial markets and may increase or decrease. Historical price developments and returns cannot be used as reliable indicators of future developments in and return on financial instruments.

The liquidity of financial instruments and other related instruments may vary. It is likely that the most liquid financial instruments can be traded without the price being affected to any great extent, but the opposite may be true for less liquid financial instruments. It may be difficult to sell some instruments. For more detailed information on the properties linked to the various financial instruments and on the risk linked to trading in various financial instruments, refer to the information published on the Investment Firm's website. 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 search for 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 does not accept any

liability under any circumstances if the Client completely or partially disregards the advice provided by the Investment Firm. The Investment Firm does not guarantee any specific outcome of a Client's trading.
Please refer to **Appendix 3** for further information regarding the characteristics and risks associated with financial instruments.

7 Orders and assignments – contract formation

7.1 Placing and acceptance of orders and formation of contracts

Orders from clients may be placed orally, in writing or electronically. Restrictions may apply to orders placed via electronic communication channels. Further information on this is available from the Investment Firm. The order is binding on the Client when it has been received by the Investment Firm unless otherwise separately agreed. 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 not be obliged to carry out orders or enter into contracts that the Investment Firm assumes may lead to a breach of public legislation or rules stipulated for the regulated market(s) in question.

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 Client may not engage in programme trading (using algorithms) against 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

Regarding orders linked to trading in financial instruments, the order applies on the assignment date or until the regulated market where the order has been placed closes, and it thereafter lapses unless otherwise agreed on 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 obtains acceptance of the assignment to purchase or sell the financial instruments in question.

The order may be cancelled 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 cancelled the order it has placed with other parties.

7.3 Guidelines for executing orders

The Investment Firm is obliged 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 that, among other things, state the trading systems in which transactions in various financial instruments may be carried out. Trading will be carried out in accordance with these guidelines unless the Client has given specific instructions on how the trade is to be carried out. The order will in such cases be carried out in accordance with the Client's instructions.

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. Orders may be aggregated if it is unlikely that aggregation in general will be disadvantageous 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 partially carried out, the Client's order will 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.

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 details of special trading rules

When trading in financial instruments on execution venues, the trading rules at the execution venue also apply to the relationship between the Client and Investment Firm in so far as they are appropriate. These rules normally deal with the registration of orders and trades in the trading system at the execution venue, including the order conditions that can generally be applied and the more detailed rules governing prioritisation and validity, etc. Refer in this context to www.oslobors.no.

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

7.5 Cancellation of orders and sales

In accordance with the trading rules at the execution venue, the individual execution venue 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 marketplace.

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

8.1 Transferable securities, mutual/securities fund units, standardised financial forward/futures contracts and options, as well as interest-bearing securities

For trading in Norway involving transferable securities on a regulated market, mutual/securities fund units, standardised financial forward/futures contracts and options to buy or sell financial instruments registered in Euronext Securities Oslo (ES-OSL), as well as interest-bearing securities, 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 and 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 money or bank account or submit a request for such debiting of the Client's money or bank account, unless the bank in question requires a separate written debit authorisation to have been provided by the Client.

The Client is regarded as having paid the purchase price to the Investment Firm once this has been credited to the Investment Firm's money or bank account with value-dating on the settlement date at the latest.

The Client is to be regarded as having delivered financial instruments registered in ES-OSL to the Investment Firm when the financial instruments have been received in one of the Investment Firm's securities accounts in ES-OSL or in another

securities account in ES-OSL stipulated by the Investment Firm.

The Client undertakes to deliver the sold financial instruments to the Investment Firm or release the sold financial instruments in the Client's securities account in ES-OSL or another corresponding register by the settlement deadline. Unless otherwise agreed on 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 Investor Account Operator to release the financial instruments in question. The delivery of physical financial instruments shall take place in accordance with a separate agreement with the Investment Firm.

For financial instruments that have been admitted for clearance in a CCP[7] or are registered in a CSD[8] or listed on 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 central securities depositories 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 legal rules.

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 and 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. For trading in non-standardised derivatives (OTC) and 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.

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

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 include information on costs related to the trade carried out for the Client in accordance with the legal rules that apply to this. Apart from this, the contract note/confirmation will contain information in accordance with

[7] 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.
[8] Central Securities Depository, equivalent to Euronext Securities Oslo in Norway.

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 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 ES-OSL may be confirmed by a notification from ES-OSL to the extent that the Client has agreed with the Investor Account Operator that the Client is to receive such confirmations.

10 Right to cancel

In the case of distance contracts[9] for services to a consumer[10], clients that are consumers have the right to cancel for 14 days after the contract for services was concluded. The right to cancel does not apply to trading in financial instruments covered by the General Business Terms and Conditions[11]. When opening a CSD account, any holdings in the account must have been transferred to another CSD account in order for the Client to be able to exercise the right to cancel.

11 Obligation to examine and obligation to mitigate loss

The Client must check the contract note or other confirmation immediately following receipt. If the Client discovers, or should have discovered, a discrepancy that may potentially lead to a loss for the Client, the Client is obligated to notify the Investment Firm of this immediately and give the Investment Firm an opportunity to correct the discrepancy. The Client is deemed to have fulfilled its legal obligation to mitigate loss if the Client notifies the Investment Firm at the latest by the end of the first stock exchange day/banking day following the receipt of the contract note or other confirmation. If the Client has not received a contract note or confirmation by the end of the first stock exchange day/banking day after the contract has been entered into or after the assignment period has expired, 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[12].

No compensation may be claimed for a loss that arises due to the failure of the Client to fulfil the obligation to examine and the obligation to mitigate loss. The liability provisions in item 20 otherwise apply.

12 Complaints arising between the Investment Firm and the Client

The Client must check the contract note or other confirmation immediately following receipt and must notify the relevant entity 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 by the end of normal office hours on the date of receipt – if the Client wishes to allege that anything stated on the contract note/confirmation conflicts with 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 entered into terms and conditions agreed on for the trade. A Client that is a consumer must make a complaint within two months from the time when the discrepancy was discovered and notified to the Investment Firm in accordance with item 11. The complaint deadline for the consumer does not exempt the consumer from the obligation to examine and obligation to mitigate loss, see item 11.

If the delivery to the Client of financial instruments registered in ES-OSL 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

[9] Distance contracts are contracts concluded as part of an organised sales or service-provision scheme without the simultaneous physical presence of the trader and consumer and concluded exclusively by means of distance communication.
[10] A *consumer* is a natural person when the contract's objective mainly lies outside the person's business or professional activities.
[11] Refer to section 3-41 (2) letter a) of the Financial Contracts Act.
[12] If the Investment Firm offers contract notes sent by ordinary mail, the Investment Firm may include extended deadlines.

Client receives delivery within the deadlines set for cover purchases by the relevant CCP or CSD or by ES-OSL. During this period, the Client is not entitled to enter into a cover 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 by the end of normal office hours – at the latest by the end of the next stock exchange day. The deadline is counted from the earliest of:

- the point in time when the Client became aware or ought to have become aware that delivery had not taken place by checking the CSD account, using an electronic confirmation system, being informed by a fund manager or in some other way; or,
- the point in time when notification from ES-OSL arrived at or, according to the period taken for normal postal deliveries, ought to have arrived at the address stated by the Client.

The Client must check that payment to the Client has taken place at the time stipulated in the contract with the Investment Firm.

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 contact the Investment Firm as soon as the Client has ascertained or ought to have ascertained that no settlement has been received. The Client may invoke the delay as grounds for claiming interest on the overdue payment.

Regarding trading in financial instruments through the Investment Firm, the normal rules governing the invalidity of contracts apply correspondingly to the relationship between the buyer and seller. A Client wishing to assert that a contract is not binding due to invalidity 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 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 deadlines are to be calculated on the basis of banking days and not stock exchange days.

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

If the Investment Firm is the Investor Account Operator in ES-OSL for the Client, the Client shall immediately notify the Investment Firm of any errors in the registration in the CSD account. If no such notification is received by the Investment Firm by the end of the next stock exchange day after the Client received a notification from ES-OSL, the Client is to be regarded as having accepted the Investment Firm's registration.

13 Breach of contract

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

1. The delivery of financial instruments or money does not take place 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/her creditors regarding a deferment of payments, becomes insolvent, enters into debt negotiations in any form, suspends payments, has bankruptcy proceedings initiated against him/her or is placed under public administration,
3. The Client terminates his/her activities or substantial parts of these.

In the case of a breach of contract, the Investment Firm is entitled but not obliged 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,

   If the Client has not paid the purchase price within three – 3 – days after the settlement deadline, the Investment Firm may, unless otherwise agreed in writing, without further notice 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. If the financial instruments in question have been transferred to the Client's securities account with ES-OSL 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 consented to such an enforced sale through an independent broker.
4. Close all the positions that are subject to the provision of collateral and/or the calculation of a margin,
5. Offset all the Investment Firm's receivables from the Client arising from other financial instruments and/or services, including claims for brokerage, outlays 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 amounts owed to the Client by 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 Norwegian krone (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 its counterparty. 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.

   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 exchange 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 any charges,
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, price losses in connection with cover trades and reversal transactions, losses due to changes in exchange rates, interest rates and other charges for delays.

   In the case of transactions which follow from the Client's breach of contract or anticipatory breach of contract, the Client bears the risk of changes to prices or in the market until the date when the transaction has been carried out.

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

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 Trading abroad including the safekeeping of the Client's assets

For trading in and the settlement of foreign financial instruments, reference is made to the trading rules and settlement or delivery conditions stipulated in the country or by the regulated market where the financial instruments were bought or sold. Reference is also made to the separate contract that may be entered into for this type of trade.

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/her rights in connection with such assets may deviate from those which apply in Norway. The Client also understands that settlement and the provision of security in foreign markets may involve 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/she bears the risk relating to his/her 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 or market in question. In no case does the Investment Firm accept liability in excess of that which will follow from Norwegian law, cf. item 20 below, unless this has been agreed upon in writing with the Client.

16 Remuneration

The Investment Firm's price list, including information of commission, transaction costs, depot costs, etc., from time to time is available at the Investment Firm's website, (https://www.carnegie.no/price-list/). The Investment Firm's remuneration can also be subject to individual agreement.

Brokerage fee is a commission (remuneration) that is added to or deducted from the value of the financial instruments bought or sold by the Client. Brokerage fee is normally stated as a percentage. Up to a stated investment amount, the Client pays a specific minimum brokerage fee. 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 detailed 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, fees and all the taxes and charges payable via the Investment Firm. Should it be impossible to state the expenses precisely, the basis for the 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, sales taxes, etc, from the Client's credit balance.

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

17 Account operation in Euronext Securities Oslo[13] (ES-OSL) and depositories

Unless otherwise agreed, the information stated below applies to account operation in ES-OSL and custody/management in depositories.

[13] Legal name Verdipapirsentralen ASA (Central Securities Depository) (often abbreviated to VPS).

If it is to act as the Client's Investor Account Operator [14] in ES-OSL, the Investment Firm is authorised to make the registrations in the CSD account[15] that are covered by the Client's instructions, including transferring from the CSD account transferable securities that are covered by sales orders submitted to the Investment Firm. The Client understands that bought or subscribed for transferable securities will be registered to the CSD account in question unless another account is stated on the order. The Investment Firm is entitled to know the contents of the Client's CSD account.

The Client is aware that ES-OSL may check the information registered on the CSD account against official central identity and business entity registers and update the CSD account using such information, and that ES-OSL cannot be held liable for the consequences of any failure to update name information.

The Client is aware that ES-OSL may disclose information regarding the Client's bank account in the VPS register to an issuer or the issuer's account operator if this is necessary in order to make a payment or issue a confirmation of payment in connection with a settlement.

ES-OSL shall send the Client a Notification when a CSD account is opened and subsequently if there is any change in the register that may affect the Client's rights. If the Client does not wish to receive Notifications, the Client must notify the Investment Firm of this in writing.

The Investment Firm is entitled to charge the Client fees for operating a CSD account in accordance with the Investment Firm's prevailing price list published on the Investment Firm's homepage.

The Investment Firm shall close the Client's CSD account if the Client so requests. If there is a holding in the CSD account, the account may not be closed until the Client has provided details of another CSD account to which the instruments can legally be transferred, and this has been done.

A Client who has a Nominee Account must immediately notify the Investment Firm if the Client is deprived of or renounces its authorisation to act as a nominee or otherwise does not meet the statutory requirements for a nominee[16].

The Client is also aware that the Investment Firm's registrations in the CSD account take place in accordance with the provisions stated in the legislation regarding the Central Securities Depository[17], ES-OSL`s own rules, and other relevant legislation and regulations.

Further information for accountholders can be found on ES-OSL's website[18].

The Investment Firm may enter into an agreement with another depository regarding management or safekeeping for the Client. 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 a separate management or depository agreement with the Investment Firm. The Investment Firm accepts no responsibility for any breach of contract by such a depository when dealing with or managing the Client's assets.

18 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 must comply with the General Business Terms and Conditions. The Client is jointly and severally liable to the Investment Firm for this third party's obligations to the extent that the obligations are a consequence of the Client's order or assignment.

[14] The role of the Investor Account Operator is to open a CSD account for the Client, to carry out account-to-account transactions, to register limited rights, and to update account information and disposition rights relating to the CSD account.

[15] Where a CSD account is referred to, this may include both an Individual Account and a Nominee Account as mentioned in the ES-OSL rules.

[16] The Norwegian Central Securities Depository Act, Public Limited Liability Companies Act and Securities Fund Regulations.

[17] The Norwegian Central Securities Depository Act.

[18] The ES-OSL Rules and "Guide to VPS' rules for registration activities" can be found here: https://www.euronextvps.no/legal-framework/

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

19 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, if applicable, be credited with interest accrued on his/her assets in accordance with the Investment Firm's general terms.

If the Investment Firm makes an erroneous payment to the Client, the Investment Firm has the right to debit the Client's account with the Investment Firm by an amount equal to the erroneous payment.

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 compensation will in such cases be reduced correspondingly. Should 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 compensation may be reduced.

If the Client's financial instruments are registered in ES-OSL or a similar securities register, they will be transferred to the Client's account with this register. If the financial instrument is not 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 by being kept separate from the bankruptcy estate.

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.

If information is not given in any other way, the Investment Firm will send the Client an overview of the assets it is holding in safekeeping for the Client at least once a year. This does not apply if such information is included in other periodical overviews.[19] Unless otherwise expressly agreed, the Investment Firm may not use financial instruments that it is holding for safekeeping on behalf of the Client.

20 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 counterparty to the deal in advance.

The Investment Firm accepts no liability for settlement if the Client does not make available to it 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 giving the Investment Firm incomplete or incorrect information, cf. item 5.

The Investment Firm accepts no liability for indirect harm 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

[19] Not applicable to credit institutions.

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 assistants, the Investment Firm or its employees will only be liable for these assistants' acts or omissions if the Investment Firm has not complied with reasonable standards of due care when selecting its assistants. If assistants 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 them.

The Investment Firm is under no circumstances liable for harm or loss that is due to impediments or other circumstances 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, legislative amendments, orders of the authorities or similar circumstances.

Should a transaction be carried out in a Norwegian or foreign execution venue on the orders or demands of the Client, the Investment Firm will not be liable for errors or breaches committed by this execution venue or any associated clearing house. The Client is hereby assumed to understand that the individual execution venue or individual clearing house may have stipulated separate rules governing its liability to members of the execution venue or clearing house, clients, etc, including greater or 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.

The extent of the Investment Firm's liability for financial losses in connection with the activities mentioned in item 19 is regulated by the Central Securities Depository Act. The Investment Firm assumes no liability for errors committed by ES-OSL or losses that have arisen as a result of conditions at ES-OSL.

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

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.

21 Withholding of taxes, etc.

When trading abroad, the Investment Firm may be obliged, pursuant to laws, regulations or a tax treaty, to withhold amounts corresponding to various forms of taxes and duties. The same may apply when 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 the necessary documentation for this and for the documentation being correct.

22 Termination of the business relationship

Trades or transactions that are in the process of being settled when the business relationship is terminated shall be carried out and completed as quickly as possible. On termination of the business relationship, the Investment Firm shall carry out 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.

23 Conflicts of interest

The Investment Firm is obliged 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 for handling and preventing conflicts of interest. A summary of the investment firms handling of potential conflicts of interests is included in **Appendix 2.**

The objective of the guidelines is to ensure that the Investment Firm's business areas operate independently of each other so that the Client's interests are safeguarded in a satisfactory manner. The Investment Firm will especially place emphasis on there being satisfactory information barriers between departments that provide advisory or corporate finance services and other departments, and the Investment Firm's ordinary brokering activities.

The way in which the Investment Firm is organised and the special duty of confidentiality provisions that apply may mean that the Investment Firm's employees who are in contact with the Client are not aware of, or may be prevented from using, information which exists in the Investment Firm even if the information may be relevant to the Client's investment decisions. In some cases, the Client's contact person(s) in the Investment Firm will not be permitted to provide advice on specific investments. In such cases, the Investment Firm may not provide any reason for being unable to provide advice or carry out a specific order.

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

1. advisory or corporate finance services for the investment object in question,
2. the provision of guarantees or participation in underwriting syndicates,
3. market-making, systematic internalising and other forms of trading for own account,
4. advisory services and the execution of orders for other clients,
5. unpublished investment recommendations (research) prepared by the Investment Firm,
6. the employees' own investments.

24 Provision of security

The Investment Firm is a member of the Norwegian Investor Compensation Scheme in accordance with prevailing legislation.

The Norwegian Investor Compensation Scheme is intended to provide compensation for claims which are due to its members' inability to repay money or hand back financial instruments that are held in safekeeping, 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.

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 affecting 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, mutual/securities funds and other collective management undertakings, pension institutions and pension funds, or from any companies in the same group of companies as the Investment Firm.

25 Measures to combat money laundering and terrorist financing

The Investment Firm is subject to the Act relating to measures to combat money laundering and terrorist financing (the Anti-Money Laundering Act) and regulations issued pursuant to it. The purpose of the Anti-Money Laundering Act is to prevent and detect money laundering and terrorist financing, and the Anti-Money Laundering Act imposes certain obligations on the Investment Firm. The Investment Firm is obliged to apply client due diligence measures when establishing a client relationship and to continuously follow up the Client during the client relationship. As part of the application of client due diligence measures, the Investment Firm must obtain and confirm information from the Client, including obtaining personal data, a description of the Client's operations, confirmation of the Client's identity, documentation of any authorisations, information on beneficial owners and/or politically exposed persons, information on the purpose and nature of the client relationship, and information on the source of wealth and funds.

The Client is obliged to provide information in accordance with the anti-money laundering regulations so that the

Investment Firm can fulfil its obligations under the prevailing Anti-Money Laundering Act.

The Client is regarded as being aware of and having accepted that the Investment Firm is obliged to continuously follow-up the client relationship by, among other things, monitoring that transactions carried out in the client relationship are in accordance with the information obtained about the Client, the Client's operations and risk profile, the source of the funds and the client relationship's purpose and intended nature. Further, clients are aware of and accept that the Investment Firm is obliged to continuously, throughout the client relationship, ask the Client for the information necessary for the Investment Firm to comply with its obligations pursuant to the aforementioned legislation.

If the Client does not provide the information that the Investment Firm is obliged to obtain, the Investment Firm may terminate the client relationship.

The Client is aware that the Investment Firm is or may be obliged 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.

26 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, the balance of the Client's account, etc, to any public bodies that demand such information pursuant to prevailing law.

The Client is regarded as having agreed that information which is subject to a duty of confidentiality may also be given to those 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 if this is necessary for dealing with complaints.

27 Notifications, language and authorisations

The Client is assumed to have accepted that all communication with the Investment Firm regarding the services covered by the General Business Terms and Conditions can be made electronically. 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.

If the Client is a consumer, the Client may make reservations against electronic communication by written notice to the Investment Firm. If the Client has made such reservations, the Client will normally receive communication per post and notices and communication will be deemed to be effective when post has reached the Client's address.

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.

29 Complaints by clients

Clients may submit complaints to the Investment Firm. It should be clearly stated that this is a complaint. The Investment Firm's guidelines for dealing with clients' complaints are published on the Investment Firm's website.

See General business terms and more - Carnegie Norway.

If the complaint concerns matters related to the registration activities in ES-OSL and the Investment Firm is the Client's Investor Account Operator, the complaint can be submitted to ES-OSL or the Investment Firm. Where a complaint is submitted to ES-OSL, the ES-OSL rules on complaints shall apply. In the case of a complaint to the Investment Firm, the Investment Firm may forward the complaint to ES-OSL for its opinion. Complaints that involve matters of general principle shall always be submitted to ES-OSL prior to a final decision being made. The Investment Firm shall send notification that a complaint has been received to all parties with rights in the financial instruments referred to in the complaint if the complaint may be of significance to the rights of these parties.

If the Client is dissatisfied with the way in which the Investment Firm has dealt with the complaint, the Client may submit the complaint to the Ethics Council of the Norwegian Securities Dealers Association in accordance with the ethical norms and procedural rules for cases relating to ethical norms.

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).

Foreign clients, including Norwegians domiciled abroad, that can invoke legislation or regulations which provide protection against prosecution by the Investment Firm in relation to their obligations to the Investment Firm waive this right in so far as this does not directly contravene the laws or regulations in question.

30 Legal venue, choice of law and dispute resolution

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

31 Processing of personal data

The Investment Firm is the data controller in relation to personal data. Personal data will be processed and kept in accordance with prevailing laws and regulations. The purposes of processing personal data are to execute the agreements entered into between the Investment Firm and the Client, administration, invoicing/settlement and the marketing of investment products and services.
Should there be a statutory duty to disclose information, personal data may be handed over to public authorities.
The Client may request information about the processing of personal data carried out by the Investment Firm and ask what data is registered. The Client may demand that incorrect or defective information be rectified, and that information is to be deleted when the purpose of the processing has been completed and the information cannot be used/archived for other purposes.

To read more about processing of personal data at Carnegie AS please visit http://www.carnegie.no/gdpr/

Appendix 1 - Information on client classification

1 Classification

Carnegie AS ("Carnegie") is obliged to classify all clients into different client categories based on their level of professionalism. 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 Carnegie. Even if the conditions for a reclassification stated below are met, we are nonetheless free to decide whether 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 Carnegie is obliged, 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 Carnegie's services to the client being subject to the general code of good business conduct, Carnegie 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 Carnegie does not believe to be appropriate, taking into account the client's knowledge and experience, Carnegie has a duty to advise against this. However, the transaction may nonetheless be carried out if the client so wishes despite the warning. Carnegie'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 (retail client) also entails an extensive right to receive information from Carnegie. Carnegie is obliged, 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 Carnegie 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 Carnegie will as a main rule only have access to trade with Carnegie on an "execution only"-basis, i.e., that Carnegie 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 Opportunity to be reclassified

Non-professional clients may ask to be treated as professional clients 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 Carnegie 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. Carnegie may be contacted for further information.

Carnegie 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.

3 Professional Client

3.1 What type of entities are in scope

Pursuant to the Norwegian Securities Trading Act (implementing MiFID II in Norway), 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; (i) a balance sheet total of EUR 20 000 000, (ii) net turnover of EUR 40 000 000 and/or (iii) 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", Carnegie will, according to its policies, include undertakings whose; (i) legal purpose is to invest in financial instruments, (ii) financial portfolio is at least MNOK 10 and, (iii) experience and knowledge, at Carnegie's 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 Carnegie'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. Carnegie 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.

3.3 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 Carnegie being kept continuously informed of any change that may affect their classification.

3.3.1 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 Carnegie and the client.

3.3.2 From professional client to eligible counterparty

Professional clients that are legal entities that are defined as professional clients, 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, Carnegie is not subject to the Norwegian Securities Trading Act's provisions regarding good business conduct, best execution (including Carnegie'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 Carnegie 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 3.3.1 above will apply correspondingly in the case of such a request.

Appendix 2 - Information to clients on conflicts of interest

Introduction

Investment firms, like Carnegie AS ("Carnegie"), are obliged in accordance with the Securities Trading Act and its related regulations, to mitigate conflicts of interest that could adversely affect the interests of clients.

Carnegie has an overall duty to contribute to stable and orderly markets and the confidence in the securities market at large. We will make every reasonable effort to promote fair treatment for clients and investors by upholding internal rules of confidentiality, avoiding conflicting actions, and considering the disclosure of information when deemed appropriate.

Conflicts of interest can arise between Carnegie (or any person or company associated with Carnegie) and our clients, and between clients with conflicting interests.

We shall take all appropriate precautions with regard to identifying, preventing and managing conflicts of interest between Carnegie and the clients and between our clients. We have organised our business and activities insofar that the risk of conflicts of interest is limited to a minimum, and we will seek to prevent conflicts of interest from having negative consequences for clients by having routines and measures in place for handling conflicts of interest.

Carnegie has established a comprehensive framework, including a written code of conduct, internal policies, and procedures specifically designed for identifying and managing potential conflicts of interest. This framework is customized to suit the size, organization, scope, and complexity of our business, as well as the degree of risk of harm to the clients' interests.

Carnegie is not obliged to refrain from activities that by their nature may give rise to conflicts of interest. Nonetheless, we are committed to giving priority to the interests of our clients over our own and avoiding any unfair preference for our interests over those of our clients.

Identification of conflicts of interest

Carnegie has established routines for identifying conflicts of interest at all levels of the organisation, including those relating to other entities within the Carnegie group. Carnegie has established internal procedures to routinely evaluate situations across all business areas that may give rise to conflicts of interest. This includes the identification of potential new conflicts, such as the introduction of a new type of business, new products, or a new group of clients. Moreover, we adhere to industry standards and recommendations regarding conflicts of interest as outlined by the Norwegian Securities Dealers Association (VPFF).

When identifying conflicts of interest that may arise between Carnegie and a client, or between clients, we will assess whether Carnegie or a member of our management, staff, or any person directly or indirectly associated with Carnegie (non-exhaustive list):

- Holds an interest in the outcome of the investment service provided to the client or the transaction carried out on behalf of the client, which differs from the client's interest.
- Is likely to make a financial gain or avoid financial loss at the expense of the client.
- Engages in the same type of business as the client or participates in outside business activities or affiliations that could create a conflict with the client's interests.
- Possesses a financial or other incentive to prioritize the interests of another client or group of clients over those of the client.
- Receives or will receive from a party other than the client, an inducement in the form of money, goods, or services in excess of the standard commission or fee for the service in question.

Certain services and service combinations within Carnegie may be more prone to conflicts of interest than others. Hence, we maintain a heightened awareness of conflicts of interest related to investment analyses and advice, own account dealing, and certain corporate finance activities. Vigilance in identifying potential conflict situations is particularly emphasized in instances where the same individual within Carnegie performs multiple functions for clients.

In addition to more general potential conflicts of interest arising from our different business areas, we have identified some example cases in the below non-exhaustive list:

- When providing services to clients in financial instruments for which another person or client initiates a transaction.

- When engaging as a principal in trading financial instruments for our own account, which involves buying from or selling to a client or holding a dealing position in the concerned financial instrument.
- When providing "corporate finance" services or advising clients who are competitors with each other.
- Matching orders for different parties, acting on behalf of several clients.
- Where a member of our staff or other representative of Carnegie engages in own account trading or has an interest in a financial instrument, and a client has interests potentially in conflict with such trading/interest.
- When participating as an advisor, broker, or in a similar capacity in new issues, takeovers, or comparable transactions related to a financial instrument in which a client has an interest.
- When maintaining business relationships, including investment banking connections, with companies in which a client is involved in transactions.
- When providing services in connection with an IPO to a successful admission process for the issuer while at the same time ensuring financial and legal due diligence investigations and orderly trading on the venue.
- When providing investment research about an entity or group for which Carnegie also offers investment advisory services.
- When employing staff members with personal relationships with clients.
- When executing and prioritizing client orders and/or aggregating client orders.
- Where there is an internal inference of transactions within an entity that provides multiple services, for example a portfolio manager who places orders with a broker within the same entity.
- Where Carnegie, or members of staff, are offered gifts or other forms of remuneration that could influence our independence or create conflicts of interest with clients.

Measures for preventing conflicts of interest

Carnegie has several arrangements and internal procedures in place in order to avoid conflicts of interest and maintain the independence of our various business areas, and within the Carnegie group. To ensure fair treatment for our clients, Carnegie maintain arrangements such as information barriers (e.g., to prevent the flow of price-sensitive information) between different Carnegie group entities, Carnegie departments (i.e., between our analysis, corporate finance, and brokerage departments) and our employees, known as "Chinese walls". In particular, this segregates information and maintains 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 (incl. approval- and reporting procedures) on employees' own trading and conduct of private business. Furthermore, Carnegie has adopted an internal anti-corruption policy to prevent inducements to employees that could conflict with duties owed to clients. We have structured our internal remuneration systems to discourage incentives for conduct that could lead to conflicts of interest, ensuring that behaviour detrimental to clients is not rewarded. More details are provided in our remuneration policy.

Carnegie has established an Engagement Committee (EC) with a specific responsibility to assess conflicts of interest related to potential new corporate assignments and ongoing engagements. If conflicts of interest are identified, the decision maker(s) for the relevant assignment shall ensure that considerations are made to prevent or manage such conflicts and ensure that the prescribed follow-up activities are documented. Carnegie staff that are creating or disseminating investment analyses or other information recommending or suggesting an investment strategy shall ensure that the information is presented objectively, and that their interests or conflicts of interest are transparently disclosed in relation to the financial instruments involved.

I addition to brokerage services, Carnegie provides investment banking services to clients, including assisting clients in corporate financing within the equity/debt market. Whilst Carnegie are obligated to ensure fair treatment to all clients, it must be acknowledged that when we receive an order from a client, we may already be working on an order or engagement in relation to the relevant investment/transaction on our own behalf, for an associated company or a connected person, or for another client. Clients are also reminded that, before making an investment recommendation or advice, Carnegie, an associated person or some other person connected, may have acted upon it in relation to that investment or a related instrument, or made use of the information on which it is based on own behalf. Handling potential conflicts of interest related to order execution and aggregation of client orders are further described in Carnegie's Order Execution Policy, available on our website.

Based on the circumstances, Carnegie may need to implement specific measures to ensure adequate handling of conflicts of interest such as, implementing additional information segregation methods or ad-hoc arrangements. When

necessary, these matters can be escalated to the senior management of Carnegie. Moreover, we may opt not to engage in providing our services to a client, decline personal staff requests entailing conflicts, or, when deemed necessary, request specific staff members to recuse themselves from a particular transaction due to conflicts.

Transparency and documentation requirements

If Carnegie's measures do not reasonably eliminate the risk of harm to the client's interests, we will inform the client of possible conflicts of interest and of the measures taken to reduce this risk. Information will be furnished on a durable medium in a sufficiently detailed manner to enable the client to make an informed decision regarding the service associated with the 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. Depending on the circumstances, clients may need to provide written confirmation that they do not object to the arrangement or conflict of interest.

It should be noted that the duty of disclosure is always subject to the rules on confidentiality, which will be considered on a case-by-case basis.

Carnegie is obliged to retain records for five years, documenting investment services and ancillary services where conflicts of interest have occurred or may arise, posing a real risk of harm to clients' interests.

Appendix 3 - 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; and
- investments with an element of gearing must be monitored with care.

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.

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. The legislation sets a limit on how much of the turnover in one listed share can be traded on a single dark pool (4 per cent of the total volume on the relevant trading venue) over a certain period and how much can be traded in total on dark pools (8 per cent of the total volume within the EU/EEA) over a certain period.

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 a naked (uncovered) 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 of declining in value as a result of fluctuations in market interest rates.

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 which in turn 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).

On a ***regulated market,*** financial instruments can be ***listed***. Meaning 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 *pro rata* share of the company's share capital. The share entitles the owner to a share of the dividends or other amounts distributed by the company. Shares also entails 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 share of the capital, dividend and votes the owner normally has. The right to vote may vary depending on the share category (i.e., share classes). There are two types of limited liability company in Norway, a ***public limited liability company*** (ASA) and a ***private limited liability company*** (AS).

Only shares issued by a public limited liability 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, ownership spread and the publication of the company's finances and other operations.

Listing on regulated markets that are not stock exchanges often involves less stringent regulations.

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 Euronext Expand Oslo (https://live.euronext.com/nb/markets/oslo/equities/expand/list) is essentially subject to the same rules that apply to Oslo Stock Exchange with regard to follow-up, monitoring and sanctions in the event of a breach of the regulations.

Shares may be listed on several 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. A number of Norwegian companies are listed on Euronext Growth, which is an MTF operated by Oslo Stock Exchange.

Trading in shares that are not listed on a regulated market takes place or an MTF in the so-called OTC market. In this market, 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 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 trading-support system. For more information on the NOTC List, refer to www.notc.no.

If a share is not listed on a regulated market or traded in an MTF and does not have buying and sell ing, 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 price determination.

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 indices depending on the company's market value or liquidity. On Oslo Stock Exchange, the most important are the OBX index, which consists of the 25 most liquid shares, and the so-called main index (OSEBX), which consists of the approximately 65-70 most liquid shares.

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, among other thing, in the financial press and on various websites run by marketplaces, investment firms and other information suppliers to the financial industry. 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, which are normally important for the exercise of voting rights at the company's general meeting. Only a small number of the Norwegian listed companies have different share classes. 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 and thus control over the company.

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.

An ***initial public offer*** (IPO) means that shares in a limited company are listed and admitted for trading on a regulated market. In this connection with, 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/takeover,*** normally involves an investor or investors inviting the shareholders of a company to sell their shares on certain terms. If the buyer obtains 90% or more of the share capital and votes in the company, the

buyer can request compulsory redemption of the remaining shares from the owners who have not accepted the takeover offer.

A mandatory offer obligation arises when a shareholder becomes such a dominant owner that he/she 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 offer obligation reoccurs if the dominant owner controls more than 40% and 50% of the shares. Whoever passes such a limit, and does not immediately sell below the limit again, becomes obliged to make an unconditional offer to all the company's shareholders to buy their shares for the highest price the offeror has paid in a given period.

Share issues *(rights issue)* raise new capital for a company. Expanding its operations typically necessitates additional capital for a limited company. This is achieved by issuing new shares through a share issuance. The main rule in the Norwegian Private Limited Liability 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. As a general rule, subscription rights will be transferable, and will be admitted to listing on the marketplace where the shares are listed. 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 waive their pre-emptive rights to the new shares at a general meeting. Private placements often take place according to an authorisation 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 aimed at existing shareholders who did not participate in the directed issue in order to remedy the dilution effect.

2.2 Share-like instruments

Equity certificates, convertible bonds/debentures and depositary receipts may have similar properties to shares. Trading in these instruments normally takes place on a regulated market, but OTC trading also occurs for this type of financial instrument.

Equity certificates have clear similarities with 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 about equity certificates can be found at www.sparebankforeningen.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-bearing instrument and a call option. When the conversion rate significantly exceeds the market price of the shares, a convertible bond/debenture is typically priced similarly to any other interest-bearing instrument. In the opposite case, 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 the form of interest payment.

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.

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 rate spread is fixed for the entire term of the loan unless it has been agreed that certain events will trigger a change. It is not unusual to agree 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. 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 and thus reporting of trades in these financial instruments takes place in the same way as 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 typically traded differently than 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

Derivative instruments are a form of agreement (contract), where the agreement itself can be the subject of trading on the capital market for financial instruments. The derivative instrument is linked to an underlying financial instrument or to an underlying index value.

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

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 rates without having to own or sell short the underlying financial instrument.

attain a profit or return using a smaller capital investment than what is needed for a corresponding direct trade in the underlying financial instrument.agreement on the sale of securities with future settlement.

As a general rule, the price of a derivative will fluctuate in the same direction as the underlying financial instrument. Consequently, investing in derivatives will rely largely on the same evaluations as investing in the underlying financial instrument, but opting for derivatives introduces a distinct risk profile compared to 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 NASDAQ OMX.

Unlisted derivatives are traded on the Over-the-Counter (OTC) market. Trading in this market predominantly relies on information shared among brokerage firms regarding prices and interests. Additionally, brokerage firms often engage in proprietary trading of OTC derivatives, providing prices and acting as counterparties to their clients.

The most common forms of derivatives are options, warrants and futures.

Share options give the person who buys the option 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). The option seller is obligated to fulfill the option if the buyer exercises it. 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.

Options can be European, which can only be exercised at the end of the agreed time period, or American, which can be exercised at any time during the entire time period.

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 profit has been achieved as a result of the price of the underlying share being higher than the agreed future purchase price/redemption price. Many exchange-traded warrants are issued by investment firms or banks as part of their derivative activities. Warrants can also be issued by the company itself. Such warrants are exercised by the company issuing new shares or selling its own shares.

A forward is a binding agreement between two parties that a fixed amount of a security is to be sold from the seller of the forward to the buyer of the forward at a fixed price on a fixed date. For such an agreement to be classified as a forward, the term must be at least seven days.

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 take particular care if the financial instrument has characteristics that increase risk, such as derivatives. In these cases, the instrument may result in the loss of the entire investment, and in some cases also more than the investment.

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.

Climate change creates risks and opportunities for companies and investors. Sectors and companies will be exposed to climate change to varying degrees. In some cases, legislation associated with reporting a business's impact on climate change can cause assets to degrade in value; so-called 'stranded assets'.

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).

Balance sheet risk is an expression of the risk inherent in being a shareholder in enterprises where the cash flow is negative, which together with debt obligations may put pressure on the enterprise's cash reserves and require share issues to strengthen liquidity. Such rescue issues must often be done at very low prices. This may involve a significant **dilution risk** for investors not participating in the issue.

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.

It is important to be aware that the risk associated with equities can vary considerably from company to company, regardless of the place of listing (stock exchange, MTF or unlisted). There is a big difference between the risk associated with shares in a company that has shown good earnings over time and shares in a company that does not have appreciable earnings or has a loss, but where the pricing of the shares is, for example, based on the company succeeding in launching a new product in the future that will result in high earnings. The company may fail, production may become less profitable than estimated, new competitors may enter the field, etc. It is important for investors to make up their minds about the likelihood of a company going bankrupt in the same way as assessing the probability of success. In companies with a long stock exchange history, there will normally also be more information available than for start-up companies, with a short history, which further reinforces the vigilance investors should exercise.

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.

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 its 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, thus, the Client must make sure that he fully understands the risk involved and seek independent advice if necessary. The Client must ensure that the amount invested is not a too large proportion of the Client's total portfolio, and that the Client can absorb a loss of the entire amount invested, and in some cases more than the amount invested.

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. In the Norwegian derivatives

market, for example, Oslo Børs offers trading in standardised options and futures. Derivatives with Norwegian equities as underlying are also traded on other marketplaces, including 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 a 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 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 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 cannot be marketed or sold to non-professional clients (retail clients) without a marketing authorisation by Finanstilsynet, 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). These products are traded in various trading systems, such as the Oslo Stock Exchange. 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.**

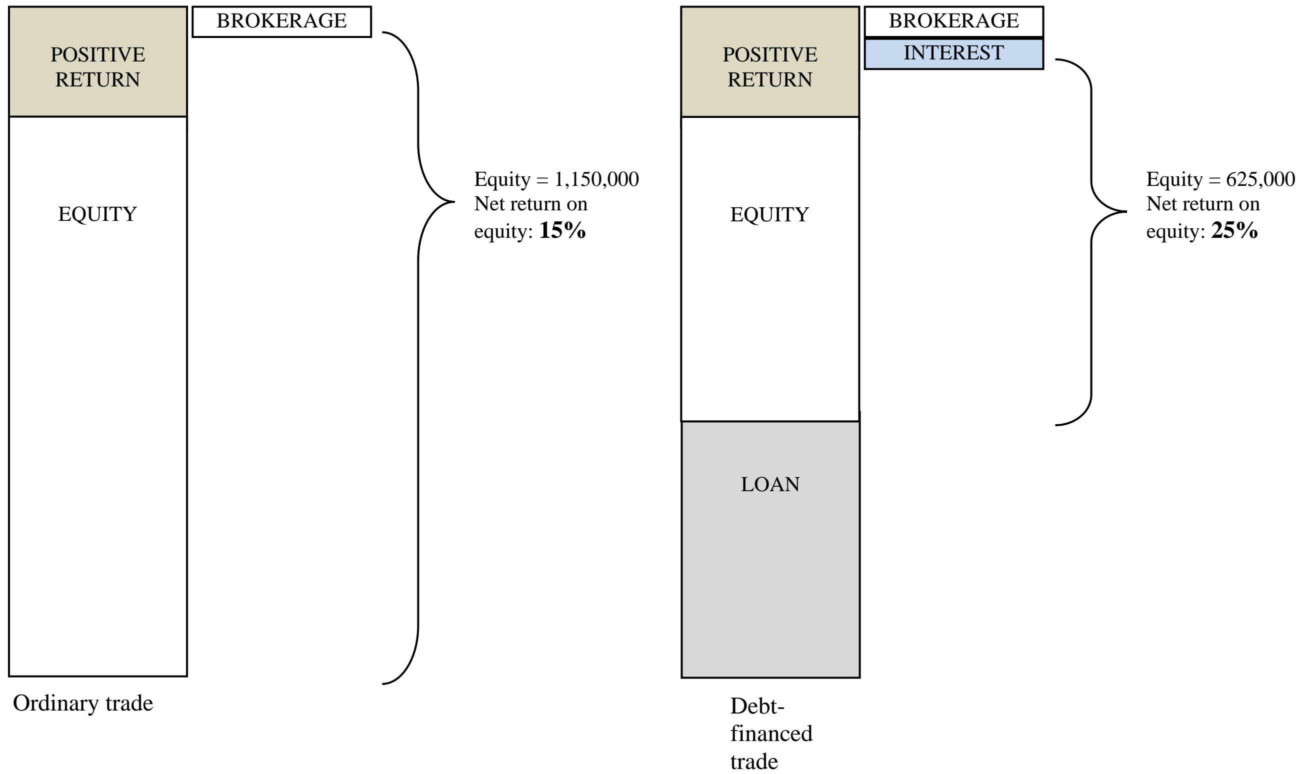
The risk entailed in a debt-financed share purchase increases with the level of debt financing. For example, a portfolio which is 80% debt-financed will lose all its equity if share prices fall by 20%. If the portfolio is 60% debt-financed, the equity will be lost if share prices fall by 40%.

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