

## TERMS AND CONDITIONS FOR TRADING AND CLEARING OF DERIVATIVES

Revised as of 1 September 2023

### 1. THE COMPANY

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### 2. BACKGROUND

These terms and conditions (the "Terms and Conditions") with their annexes regulate the relationship between the Company and the Client when trading and clearing Derivatives.

### 3. DEFINITIONS

Words and expressions in these Terms and Conditions are to have the meaning set out below unless otherwise expressly stated.

<b>Clearing Account</b>	An account the Company holds with a clearinghouse or another counterparty for registering of all Clearing Transactions.
<b>Clearing Transaction</b>	A Derivative Contract that is cleared through a clearinghouse
<b>Clearing Rules</b>	The set of rules and agreements governing the rights and obligations of the Parties in a Clearing Transaction in respect to holdings on a Clearing Account and the corresponding Collateral Account
<b>Client</b>	The Client under the Client Agreement
<b>Client Agreement</b>	The general client agreement for the performance of investment services between the Parties
<b>Collateral</b>	Assets determined by the collateral holder to be eligible collateral
<b>Collateral Account</b>	An account the Company holds with a clearinghouse or another counterparty for posting of collateral to the clearinghouse or the other counterparty for the transactions on the Clearing Account.

<b>Derivative(s)</b>	A generic term for options, forwards, futures, swaps and similar. Underlying values may be securities, indexes, commodities, interest, currencies or other valuables eligible for trading.
<b>Derivative Contract/ Transaction</b>	A contract between two or more parties regarding a transaction in a Derivative
<b>Financial Agreements Act</b>	The Norwegian Financial Agreements Act of 18 December 2020 No 146
<b>Financial Collateral Act</b>	The Norwegian Financial Collateral Act of 26 March 2004 No 17
<b>General Business Terms</b>	Has the meaning ascribed to such term in clause 4
<b>Margin Requirement</b>	The collateral requirement calculated by the collateral holder, expressed in a nominal amount
<b>Parties</b>	The Client and the Company (each a Party)
<b>Portfolio Reconciliation</b>	Reconciliation of the Clients portfolio of Derivatives as set out in Commission Delegated Regulation (EU) No 149/2013 Art. 13, 14 and 15.

#### 4. INTRODUCTION

The Client wishes to enter into transactions in Derivatives, and the Parties have for this purpose agreed to these Terms and Conditions.

The Company may offer trading in Derivatives cleared through clearinghouses or trading in non-cleared Derivatives with other counterparties. For transactions between the Parties in such Derivatives, the relevant clearing rules (the “Clearing Rules”) as directly applicable between the Company and the clearinghouse/counterparty from time to time, with the necessary modifications, have a corresponding effect to the relationship between the Parties under these Terms and Conditions if not otherwise agreed. The Company will provide such Clearing Rules on demand.

These Terms and Conditions supplements the Client Agreement and is supplemented by the “General Business Terms and Conditions for Trading in Financial Instruments, etc, through Arctic Securities AS”, including the “Best Execution Policy” and the information documents related thereto (the “**General Business Terms**”). In case of any conflict, the Clearing Rules (if applicable) will prevail over these Terms and Conditions and these Terms and Conditions will prevail over the General Business Terms and the Client Agreement.

## **5. STATUS AND REPRESENTATIONS**

The Client confirms as follows (such confirmation to be deemed to be repeated upon each transaction):

- The Client has familiarized itself with the risks associated with derivatives instruments, including relevant documentation available at [arctic.com/terms](http://arctic.com/terms);
- trading in Derivatives falls within the Client's general business purpose, investment objectives (including with respect to investment horizon, risk preference and risk profile) and any and all laws applicable to the Client;
- the Client has sufficient knowledge, sophistication and experience in financial and business matters to be capable to evaluate the merits and risks of trading in Derivatives;
- the Client has in-depth understanding of the risk involved in Derivatives, and has had access to such information as the Client has deemed necessary and desirable in connection therewith and has made such investigation with respect thereto as it deems necessary;
- the Client is able to bear the economic risk and has sufficient financial standing to withstand a complete loss of its investments in Derivatives;
- the Client has sufficient understanding of clearing and the rights, obligations arising therefrom and the risks associated therewith; and
- in the event the Client is a natural person, the Client confirms that the purpose of the trading in Derivatives and the entering into of these Terms and Conditions and any Derivative Contract is within the Client's business or professional activities.

## **6. TRADING**

Trading with the Company will involve Derivatives further agreed upon. Generally, the Company will offer exchange/off-exchange/OTC traded Derivatives.

Each trade will be entered into upon specific order from or acceptance by the Client, and be documented by a contract note from the Company, based on the terms and abbreviations set forth in Annex 1, Annex 2 or as otherwise agreed. The trading is further regulated by the General Business Terms, the rules from the relevant trading venues or rules/terms issued by or agreed with other counterparties.

As an alternative to issuing a written contract specification, the Parties may choose to agree on the terms for the contract specification over a taped telephone line or in other satisfactory manner. The Company will in any case confirm a Derivative Contract in an ordinary contract note.

Any Derivative Contract shall be confirmed in writing T+1 at the latest.

In the case of any conflict between the Terms and Conditions and the agreed specifications for a Derivative Contract, the agreed specifications are to take precedence over the Terms and Conditions to the extent of such conflict.

## **7. CONTRACTUAL RELATIONSHIP**

The Company will act as principal towards the counterparty/clearinghouse (if relevant) with respect to all Derivative Transactions with the Client. In the event the Company has cleared

Derivative Contracts (i.e. Clearing Transactions) through a clearinghouse or other counterparty, the following regulations will apply:

The Clearing Transactions will be registered in an omnibus Clearing Account. The Clearing Transactions in an omnibus Clearing Account will include Clearing Transactions executed for a number of clients of the Company. The Clearing Transactions in an omnibus Clearing Account are netted with respect to the margins required by the clearinghouse/counterparty from the Company and secured by deposits in Collateral Accounts. Accordingly, the Client's Clearing Transactions and Collateral assets may be applied for financing and collateralisation of transaction executed for a number of clients. By accepting these Terms and Conditions, the Client acknowledges this and consents thereto.

The Clearing Rules governing the relationship between the Company, the clearinghouse and other counterparties will accordingly have a corresponding effect on the relationship between the Parties, to the extent not otherwise provided for herein. The Clearing Rules will accordingly supplement these Terms and Conditions with definitions and provisions impacting the rights and obligations of the Parties. In particular (but not limited to), the Client understands and accepts the following (with the exemptions provided for herein):

- The contract specifications applicable between the Company and a clearinghouse or other counterparty, will equally apply to the Parties, including corporate action and force majeure adjustments.
- The Client's entitlements, rights and claims towards the Company will be limited to the same extent as the Company's corresponding entitlements, rights and claims against such clearinghouse or counterparty.
- The Company will not be liable towards the Client for any obligations that the clearinghouse or counterparty is not liable to perform towards the Company, or for any obligations where the clearinghouse or counterparty defaults in respect of the Company.
- Any provision in the Clearing Rules or decision, waiver, amendment or other action taken by the clearinghouse or counterparty affecting the existence or terms of cleared transactions and/or the rights and/or obligations of the Company related thereto, will have similar effect between the Parties.
- Any notice sent to the Client from the Company in connection with these Terms and Conditions shall be deemed to have been received by the Client at the same time as sent from the Company. It is the Client's responsibility that the Client's e-mail or other agreed communication media is functioning.
- The Clearing Rules may provide for close-out, netting and set-off by the relevant clearinghouse or counterparty of all Clearing Transactions, funds payments and collateral assets recorded in the name of the Company. Accordingly, the Clearing Transactions, funds payments and Collateral originated from the Client may be closed out/off-set/netted against Clearing Transactions of other clients of the Company recorded on the same omnibus Clearing Account as the Client.
- There will be no contractual arrangement between the clearinghouse or other counterparty and the Client. This will not discharge the Company from its obligation towards the Client with respect to the settlement of the Transactions and the redelivery of relevant Collateral, but implies that the Client has a credit risk on the Company with respect to such obligations.

- If, and when regulating authorities introduce an obligation to report derivative transactions to a trade repository, and this applies to the Parties, the Client hereby authorizes the Company to submit such reports on the Client's behalf.

## **8. MARGIN AND COLLATERAL**

The Company will accept the following assets as Collateral:

- Government bonds/certificates
- Shares listed on regulated markets
- Other financial instruments, including shares listed on other stock exchanges, may in special cases be assigned a collateral value following prior agreement with the Company
- Derivatives on the above, issued and cleared by the Company and regulated by this contract
- Cash

The Company will calculate and distribute Margin Requirements with respect to the Client's Derivative Transactions according to the Company's own margin calculation method, including adjusted value of collateral. This Margin Requirement may deviate from the margin calculated by the clearinghouse or the other counterparty.

The Client must post Collateral with the Company to cover Margin Requirements applicable to the Client at any time. Collateral must be accessible for the Company at the latest at 09.00 CET on the first banking day following the margin claim.

The Company may at any time upon notice require that the Client shall provide extra Collateral in addition to the Margin Requirement initially calculated. The Company may request payment of such additional margin to be executed immediately.

If Collateral is not provided, the Company may, at its own discretion, close or terminate all or some of the Derivative Contracts under these Terms and Conditions to reduce the Margin Requirement. The Client will however, be liable for all losses or costs related to the Derivative Contracts independent of the Company having executed such closing.

Cash Collateral from professional clients shall be deposited with the Company on a transfer-of-title basis according to the Norwegian Pledges Act of 8 February 1980 No 2 section 4-9 (for physical persons) and the Financial Collateral Act section 3 (for legal persons) and not as client funds, whereby the Company becomes owner of the Collateral and the Client has a contingent claim on the Company. By accepting these Terms and Conditions, the Client acknowledges and accepts that any and all Cash Collateral shall be provided on a transfer-of-title basis unless otherwise agreed in writing.

Cash Collateral from non-professional Clients will be pledged to the Company as collateral for Derivative Contracts entered into under these Terms and Conditions.

Securities Collateral, will be pledged to the Company as collateral for Derivative Contracts entered into under these Terms and Conditions. For professional clients not being physical persons, the pledge will be executed according to the Financial Collateral Act section 4 on a right-of-use basis.

The Client may at any time require return of any Collateral in excess of the Margin Requirement, unless otherwise provided for in the General Business Terms. The Clearing Rules may include further provisions on release of Collateral.

## **9. PORTFOLIO RECONCILIATION**

The Company will on an annual basis perform and provide to the Client a Portfolio Reconciliation. The Portfolio Reconciliation shall cover key trade terms that identify each particular Derivative Transaction including a mark-to-market valuation and financial outcome of each Derivative Transaction.

If a Client at any given time has more than one hundred open Derivative Contracts, Portfolio Reconciliation will be performed on a quarterly basis.

## **10. DEFAULT PROVISIONS - CLOSE-OUT NETTING**

Each Party may, in the event that there is a material default by the other Party of its obligations arising from these Terms and Conditions, terminate these Terms and Conditions with immediate effect upon written notice and upon such termination carry out a close-out of all open Derivative Transactions between the Client and the Company.

Material default include (but shall not be limited to) default in providing Collateral for Margin Requirements, default in settlement obligations and Insolvency Events.

An Insolvency Event means the occurrence at any time with respect to a Party of any of the following events:

- The Party institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights or a petition is presented for its winding-up liquidation, and such proceeding or petition results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation, or is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof.
- The Party has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger).
- The Party seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets.

The close-out involves a termination and valuation of the Derivative Transactions at reasonable market terms, and may or may not involve close-out trades in the markets provided however that the Company will seek to close-out the Derivative Transactions in the relevant markets to the extent this is possible.

The positive and negative amounts resulting from the valuation shall be aggregated, eventually recalculated into a single currency and off-set (netted) to a net cash amount that is netted/aggregated with any and all other payment obligations between the Parties, whereafter the net amount is settled between the Parties (where the Party owing a net amount to the other Party shall pay such amount within 30 banking days).

Further default provisions follow in the General Business Terms. The Company shall in the event of a material default be entitled to carry out any and all of the remedies provided for in the General Business Terms.

#### **11. FEES AND REIMBURSEMENT OF COST**

The fees are subject to the Company's standard fees or further agreement.

The Client may be charged with the costs related to clearing and mandatory reporting.

#### **12. LIABILITIES**

The Client undertakes to indemnify the Company for any claim for damages caused by the Client's default under these Terms and Conditions.

The Company shall be liable for any losses of the Client caused by negligence or wilful default by the Company.

The Company is not liable for losses caused by actions or failures by the trading venue or the clearinghouse or other circumstances beyond its control, such as change in law, or regulation, acts of God or a public enemy, acts and orders of a public authority, embargoes, flood, labour dispute, unavailability or restriction of computer or data processing facilities, energy supplies, settlement systems or of bank transfer systems or wires.

If the Client is prevented or delayed from performing any of his obligations due to force majeure, the Company is entitled to declare default and take all actions described in the General Business Terms and the Terms and Conditions to the extent necessary to prevent the Company from suffering substantial losses.

The Parties shall under no circumstances be liable for any indirect or consequential loss or consequential damages.

#### **13. SHAREHOLDER RIGHTS**

In the case of Derivative Contracts involving delivery of the underlying instrument, shareholder rights to the securities are not transferred until the final settlement of the Derivative Contract has taken place.

#### **14. TAX**

Each of the Parties is responsible for its own taxes and other expenses that the Party in question incurs in relation to these Terms and Conditions.

#### **15. THE FINANCIAL AGREEMENTS ACT**

Unless the Client is a consumer (as defined in section 1-4 of the Financial Agreements Act), only the mandatory provisions of the Financial Agreements Act shall apply as further set out in the Financial Agreements Act section 1-9, paragraph 2 and 3.



**ANNEX 1**
**CONTRACT SPECIFICATIONS**
**OPTIONS**

Contract types	<ul style="list-style-type: none"> <li>• Option involving the delivery of an underlying instrument</li> <li>• Option involving a final settlement and the delivery of an underlying instrument</li> <li>• Option involving a final settlement</li> </ul> <p>If the underlying instruments are equities, the contract shall, unless otherwise agreed, be an option involving the delivery of an underlying instrument.</p>
Call or put option	The agreed alternative will be specified in the contract note.
American/ European option	<p>American option: Can be exercised at any time prior to expiration.</p> <p>European option: Can be exercised only at expiration.</p> <p>Unless otherwise agreed the Derivative Contract is an American option.</p>
Underlying instrument	The underlying instrument will be specified in the contract note.
Contract size	The agreed contract size will be specified in the contract note.
Exercise Price	The Exercise Price will be stated in the contract note.
Option premium	Will be stated in the contract note.
Costs/fees	Will be stated in the contract note.
Closing	Closing may take place on any trading day up to and including the Expiry Date.
Exercise	The deadline for demanding exercise will normally be within 12:00 CET on the Expiry Date. The Company will attempt to act in the client's best interests and in line with normal market practice, but is under no circumstances obliged to exercise options with real value for clients that have not themselves demanded that these be exercised.
Dividend payments	Save to the extent that the confirmation note regulates otherwise, the holder of a call option will only receive any dividend paid by the underlying stock if the option is exercised at least one trading day prior to the ex-dividend date for the underlying stock. The opposite shall apply if a put option is exercised. The adjustment of Exercise Price for dividends will be done at time and place in accordance with the rules of the relevant market.
Settlement date	Will be stated in the contract note.



Expiry date	Will be agreed by the Parties and shall be stated in the contract note.
Contract adjustment	Upon suspension, deletion or change in issued capital of underlying stocks or other special circumstances, the conditions of the option contracts may be adjusted in accordance with the rules for trading with derivatives of the relevant market. If the relevant market has decided to adjust the contracts, this will apply correspondingly. The adjustment may apply to the contract size, number of contracts held or written, exercise price, expiry date, underlying instrument(s) and settlement forms, and a temporary exercise ban may be imposed.

**FORWARD/FUTURES CONTRACTS**

Contract type	<ul style="list-style-type: none"> <li>• Forward involving the delivery of an underlying instrument</li> <li>• Forward involving a final settlement and the delivery of an underlying instrument</li> <li>• Forward involving a final settlement</li> <li>• Future involving a daily market settlement</li> <li>• Future involving a daily market settlement and the delivery of an underlying instrument,</li> </ul> <p>If underlying instruments are equities the contract shall, unless otherwise agreed, be a forward involving the delivery of an underlying instrument</p>
Underlying instrument	The underlying instrument will be specified in the contract note.
Contract size	The agreed contract size will be specified in the contract note.
Forward/futures price	The agreed price will be stated in the contract note.
Costs/fees	Will be stated in the contract note.
Settlement date	Will be stated in the contract note.
Expiry date	Will be agreed by the Parties and shall be stated in the contract note.
Contract adjustment	<p>Upon suspension, deletion or change in issued capital of underlying stocks or other special circumstances, the conditions of the forward/futures contracts may be adjusted in accordance with the rules for trading with derivatives of the relevant market. If the relevant market has decided to adjust the contracts, this will apply correspondingly. The adjustment may apply to the contract size, number of contracts held or written, exercise price, expiry date, underlying instrument(s) and settlement forms, and a temporary exercise ban may be imposed.</p>

**ANNEX 2**
**CONTRACT NOTES SPECIFICATIONS**

This Annex 2 consists of explanations of the abbreviations used in the contract notes for Derivatives. Contract notes may also be manually prepared for each trade in order to include special conditions, which are not included in the abbreviations below.

**1 Series designation**

The series designation is a symbol for each type of Derivatives, which also states the special conditions for the derivative contracts. The series designation consists of standardised abbreviations, which are explained below.

**1.1 Options**

The expiry month and option type are indicated in the series designation in accordance with the following rules.

<b>Expiry month</b>	<b>Call option</b>	<b>Put option</b>
January	A (alfa)	M (mike)
February	B (bravo)	N (november)
March	C (charlie)	O (oscar)
April	D (delta)	P (papa)
May	E (echo)	Q (quebec)
June	F (fox)	R (romeo)
July	G (golf)	S (sierra)
August	H (hotell)	T (tango)
September	I (india)	U (uniform)
October	J (juliet)	V (victor)
November	K (kilo)	W (whisky)
December	L (lima)	X (x-ray)

**1.2 Forwards / Futures**

The expiry month for forwards/futures are indicated in the series designation in accordance with the following rules.

<b>Expiry month</b>	<b>Abbreviation</b>
January	M (mike)
February	N (november)
Mach	O (oscar)
April	P (papa)
May	Q (quebec)
June	R (romeo)
July	S (sierra)
August	T (tango)
September	U (uniform)
October	V (victor)
November	W (whisky)
December	X (x-ray)

## 2 Options

The series designation will consist of the following:

*Derivatives ticker (ticker + expiry date + expiry month + price) +  
Derivatives symbol (ticker + type of option + expiry date + price + call or put option +  
European or American option)*

As an example an American option in YAR will appear in the following way:

YAR210808H320 – YAR AD HOC OPTION 21082008 320,00 CALL (AM))

YAR210808H320	Derivatives ticker
H	The expiry month is August. The letter H furthermore indicates that the derivatives is a call option
YAR	Underlying share normally stated by using the ticker code at the market where the instrument is listed
Ad hoc option	Type of option – i.e. OTC-derivatives
21082008	Expiry date
320	The exercise/strike price will normally be stated in the currency at which it is traded
Call	Call option (a Put option will be stated as "Put")
AM	American (European Option will be stated as "EU")

In addition the contract note will state the following:

ISIN	ISIN is a specific code for each derivative
Amount	Number of derivative contracts
Price	The price for the option exercised
Total amount future/forward	The total amount that shall be paid when exercising the
Costs/fees	Fees and commission

## 3 Forward/futures

The series designation will consist of the following:

*Derivatives ticker (ticker + year + type of contract + expiry date) +  
Derivatives symbol (ticker + date + type of contract + expiry date)*

As an example a forward/futures will appear in the following way:

NHY8FW17P – NHY APR-08 FWD (17.04.2008)

NHY8FW17P	Derivatives ticker (Forward with Norsk Hydro as underlying share with expiry date 18 April 2008)
NHY	Underlying share normally stated by using the ticker code at the market where the instrument is listed
2008	Year
Forward/futures	Type of contract
17.04.2008	Expiry date

In addition the contract note will state the following:

ISIN	ISIN is a specific code for each Derivatives
Amount	Number of Derivative Contracts
Price	The price at which the forward/futures may be exercised
Total amount future/forward	The total amount that shall be paid when exercising the