

## **TERMS AND CONDITIONS FOR SECURITIES FINANCING**

**Revised as at 1 September 2023**

### **1. THE COMPANY**

Name: Arctic Securities AS  
Organisation no.: 991 125 175  
Address: Haakon VII's gate 5, Oslo  
Postal address: P.O. Box 1833 Vika, NO-0123 OSLO  
Tel: (+47) 21 01 31 00/ (+47) 21 01 30 40  
Website: [www.arctic.com/terms](http://www.arctic.com/terms)

### **2. OBJECTIVE**

These terms and conditions for securities financing (the "Terms and Conditions") and the annexes regulate the relationship between the Company and the client when trading through a securities financing scheme in which the client is allowed credit when paying for securities traded through the Company.

The Terms and Conditions are a supplement to the client agreement between the Company and the client, which among other things contain the Company's general business terms and conditions for trading in financial instruments. In the case of any conflict, these Terms and Conditions shall take precedence.

### **3. LOAN LIMIT**

The client will be allocated a loan limit for loan financed securities trading through the Company. The amount of the loan limit that is used at any time is to be regarded as a loan provided by the Company to the client.

It is a prerequisite for using the loan that the collateral value of the client's collateral is at least the same as the amount of the loan used at any time. The amount available to borrow will thus be the lower of the total collateral value of the collateral and the loan limit that has been granted. The client must ensure that the loan at no time exceeds that which the client is entitled to according to the above.

The client is responsible for having sufficient funds/assets available to cope with changes in the value of the collateral.

### **4. PLEDGE AND COLLATERAL VALUE**

The client shall in favour of the Company pledge or assign as financial collateral its Euronext VPS Account, custody account and the balance on the client's cash account for any present and future amounts owned by the client to the Company. The VPS account and the balance on the client's cash account with the Company may not be pledged to any other third party. Further, the securities held on the custody account may not be transferred as collateral to any other third party.

Securities that are provided as collateral will be assigned a value measured as a percentage of their market value. This percentage rate is called the *collateral value*. The collateral value of the securities is determined by the Company in its sole discretion and is subject to general review at any time, which will be binding for the clients. The Company is also entitled to reduce the collateral value of securities held for individual clients, for example due to a high concentration of exposure to a few securities.

Typically, the following assets could be assigned a collateral value provided that the relevant assets may be pledged/transferred in accordance with applicable law:

- Shares listed on a regulated market
- Government bonds/certificates
- Other financial instruments may in special cases be assigned a collateral value following prior agreement with the Company.
- Cash

## **5. INSUFFICIENT COLLATERAL**

The client shall provide satisfactory collateral for the client's obligations as determined and communicated by the Company. The collateral is to be established immediately. If the Company does not consider the collateral to be satisfactory, the Company may at its sole discretion demand that the client provides additional collateral. If such additional collateral has not been provided by the time the stock exchange opens on the next stock exchange day, the Company is entitled, but not obliged, to sell all or parts of the client's portfolio for the client's expense and risk and withhold the proceeds thereof as additional collateral to the extent necessary to meet the collateral requirement. Such a sale may be carried out immediately without any further warning.

## **6. CLIENT'S ASSETS**

The Client accepts that cash deposited within the Company (e.g. dividends from financial instruments deposited within the Company, consideration received in connection with sale of financial instruments etc.) will be deemed as payment of the loan utilised under this Agreement and that the utilised loan amount will be adjusted down accordingly.

Funds deposited within the Company as cash collateral for derivatives, share loans etc. will 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 funds and the Client has a contingent claim on the Company.

## **7. REPRESENTATIONS**

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

- leveraged trading 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 leveraged trading,
- the client has in-depth understanding of the risk involved in leveraged trading, and has had access to such information as the client has deemed necessary and desirable in connection there with 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 the event the client is a natural person, the client confirms that the purpose of the leveraged trading and this agreement, is not mainly outside the person's business or professional activities.

## **8. COSTS AND CALCULATION OF INTEREST**

Interest is accumulated and calculated on the client's account on a monthly basis. The loan amount utilised will be debited with a debit interest rate, while balances in the client's favour will be credited with a credit interest rate. The interest rate will be determined by the Company and notified to the clients.

If amounts are drawn in excess of the loan limit granted or in excess of the total collateral value of securities provided as collateral, the Company reserves the right to charge interest on the overdrawn amount according to the higher of the prevailing statutory interest rate on overdue payments or the interest rate set by the Company and included in the Company's price list at any time.

The Company may further charge a fee for providing an available loan limit. The fee may be changed on a monthly basis.

## **9. LIABILITY**

The Company is not liable for damages or loss that the client may suffer as a result of circumstances linked to the Terms and Conditions provided the Company has acted with due care. The Company is under no circumstances liable for indirect losses. Compensation may only be claimed for foreseeable losses.

## **10. TERMINATION AND CANCELLATION**

The Company may terminate the loan by giving at least 14 days' notice in writing. On termination the client shall repay the loan and the Company may realise any of the provided financial collateral.

In addition, the loan may be cancelled immediately if:

- a) the client exceeds the available loan limit,
- b) the client fails to pay interest on any outstanding loan or fails to repay the principal amount of the loan when due;
- c) the client has misrepresented or failed to provide information of significance to the Company in relation to the matters regulated by these Terms and Conditions, or there is a fundamental breach of the assumptions on which these Terms and Conditions are based,
- d) the client fundamentally breaches other commitments entered into with the Company,
- e) the client dies or is placed under the protection of a legal guardian without any adequate collateral for performance existing or, after notice being sent, being provided within a reasonable time,
- f) the client becomes insolvent, suspends payments, petitions for debt settlement proceedings pursuant to the Norwegian Bankruptcy Act or any other relevant rule or regulation, goes bankrupt or becomes subject to enforcement proceedings,
- g) any of the circumstances mentioned in items b) through f) above occur with respect to any guarantor or owner of deposited collateral, and the client does not provide new satisfactory collateral by the deadline set by the Company, or
- h) a major change takes place in the ownership, composition of the board or general management of the client's business, or the client's auditor resigns, provided in both cases that this is, in the Company's opinion, of significant importance to the contractual relationship between the parties.

In the case of cancellation, the Company may:

- i. demand that the loan is repaid immediately,
- ii. realise financial collateral, and/or
- iii. demand compensation for estimated financial losses due to the breach of contract, and include this claim in the amounts offset or the final accounts.

The client may at any time repay the loan.

## **11. TAXES**

The parties are each responsible for their own taxes and other costs that the respective party incurs in relation to the Terms and Conditions.

## **12. THE COMPANY'S FINANCING OF A LOAN TO THE CLIENT**

Arctic Securities AS has entered into a loan agreement with an external lending institution, currently DNB Bank ASA (the external lending institution or DNB Bank ASA is hereinafter called the "Bank") in order to finance lending to the client. In connection with such financing the client is informed about and consents to the Company providing the following pledges in favour of the Bank.

- 1) 1st priority pledge of the Company's claim against the client under these Terms and Conditions as a result of a provided loan (the "Claim").
- 2) 1st priority pledge of the Company's collateral referred to in paragraph 4, cf. the Mortgages and Pledges Act §1-10 (Norwegian: "frem pant").
- 3) 1st priority pledge over the Company's client accounts related to securities financing provided under these Terms and Conditions, limited in amount to the client's obligations towards the Bank if the Bank has enforced the pledge over the Company's claim against the client referred to under item 1) above.

If the Company breaches its obligations under the loan agreement with the Bank so that the loan from the Bank falls due for payment, the Bank shall not have any further rights to the above collateral than as the Company has. The Bank is entitled to enforce the pledged claims by demanding payment directly from the client, use the assets that have been pledged as collateral for claims against a client, or in any other way that the Bank deems necessary. In such event the Bank may notify the client that the client may only make payment with discharging effect to the Bank and provide account payment details.

The Bank is given an irrevocable authorisation to transfer a claim, or terminate the claim that is pledged to the Bank.

The client is informed about and consents to the Bank and the Company having agreed that if and to the extent the security referred to under item 2) above becomes enforceable, the proceeds received or recovered as a result thereof shall be allocated between the Bank and the Company in the following order: (i) first, in or towards payment of any documented fees, costs and expenses by or on behalf of the Bank in connection with the enforcement such pledge, (ii) secondly, in or towards payment of any liabilities owed by the client towards the Bank under or in relation to the Claim, and (iii) thirdly, in or towards payment of any liabilities owed by the client towards the Company.

### **13. SHARING OF INFORMATION WITH THE BANK**

The client is aware of and consents to the Company sharing with the Bank any and all information relating to the client or otherwise regarding the client relationship with the Company. The Company may thus with the Bank share information such as, but not limited to, any documents provided by the client as part of establishing the client relationship, financial information about the client, the current status of the client's financial positions with Arctic, trades done with the Company, outstanding amounts against the Company, status of collateral provided etc.

### **14. AMENDMENTS**

The Company reserves the right to unilaterally amend the Terms and Conditions with binding effect for the client. Amendments which are not adverse to the client will apply from the time the client is notified thereof either by direct notification or by publication of a notice on the Company's website. Otherwise, the client will be notified either by direct

notification or by publication of a notice on the Company's website at least two months before the relevant amendments are implemented.

If the client wants to object to an adverse amendment, the client must notify the Company before the specified time for the amendments to take effect. Such a notification gives the Company the right to terminate the agreement with the client.

Amendments will not affect orders, trades, transactions, etc., that are entered into or completed prior to the date when the amendments are notified.

## **15. MISCELLANEOUS**

Before granting or increasing a loan limit, the Company will carry out a thorough assessment of the client's creditworthiness and any available collateral.

The credit assessment will be carried out on the basis of sufficient and relevant information about the client's income, assets, expenses and other financial obligations. In addition to information provided by the client, the Company will obtain information from debt information companies, credit rating agencies, relevant databases or other relevant sources. The Company may obtain a credit rating of the client from a third party prior to providing any financing to the client.

If the client is a consumer (as defined in section 1-4 of the Financial Agreement Act), the client has the right to receive the result of the credit assessment if the client is not allowed loan as a result of such credit assessment.

## **16. THE FINANCIAL AGREEMENTS ACT**

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