TERMS AND CONDITIONS FOR TRADING AND CLEARING OF DERIVATIVES

Revised as at 7 May 2019

1. THE COMPANY

Name:	Arctic Securities AS
Organisation no.:	991 125 175
Address:	Haakon VIIs gate 5, Oslo
Postal address:	P.O.BOX 1833, N-0123 OSLO
Tel:	(+47) 21 01 31 00
Fax:	(+47) 21 01 31 39
Internet:	www.arctic.com/terms

2. OBJECTIVE

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. The Terms and Conditions also regulate the client's trading in listed derivatives unless the Client has entered into a separate agreement directly with the clearing house or market place regarding trading in such financial instruments.

The Terms and Conditions are a supplement to the general client agreement for the performance of investment services between the Company and the client, which among other things contain the Company's general business terms and conditions for trading in financial instruments.

3. DEFINITIONS

Words and expressions in these Terms and Conditions are to have the meaning stated in Annex 1 unless otherwise expressly stated.

4. TRADE IN DERIVATIVES – RISKS, ETC.

The client has as attachment to the agreement on performance of investment services received a document describing the risks associated with investing and trading in derivatives products.

5. ENTERING INTO TRADES AND TIMELY CONFIRMATION

When the Company and client enter into a Derivative Contract, the conditions of the Derivative Contract will be in accordance with the conditions of the standard contract specifications (cf Annex 2) unless other conditions have been agreed upon for each contract. Upon entering into a Derivative contract the client will receive a contract note, in which the conditions of the Contract specifications will be clarified (such as underlying instrument, size of contract, price etc.) This may be specified by issuing the abbreviations listed in annex 3.

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.

6. TRADING AND CLEARING RULES

The prevailing terms and conditions for trading in options and futures on the Oslo Stock Exchange and clearing of trades through Six x-clear Ltd Norwegian Branch, as stipulated at any time and in so far as they are appropriate, apply as trading and clearing rules. The client undertakes to become familiar with these rules and the Company is not liable for any loss or damage that arises as a result of the client not becoming familiar with the prevailing rules or not understanding these rules.

Options will be adjusted in accordance with the prevailing rules for trading in derivatives at the Oslo Stock Exchange or the involved market place.

Regarding *swap contracts*, when a dividend is paid, unless otherwise agreed, the swap rate is to be adjusted in accordance with the dividend actually received by the Company, minus any retained withholding tax or other deductions imposed by a relevant authority. When distributing subscription rights and other distributions from the underlying financial instrument, the number of underlying financial instruments is to be adjusted. In the event the underlying shares are owned by a foreign shareholder, withholding tax may also be deducted from the dividend on Norwegian shares so that the dividend credited to the buyer of a price swap may be less than the nominal dividend paid by the company.

If the underlying instrument in a contract is interest-bearing and the forward/futures/swap rate is calculated on the basis of the coupon rate being paid to the Company, the client bears the risk of the coupon rate being correctly paid to the Company. If the coupon rate is not paid to the Company, the Company may demand to have the coupon rate refunded by the client in addition to the forward/futures/swap rate unless the failure to pay is due to gross negligence on the part of the Company.

Forward/futures contracts and price swap contracts may be exercised prior to the expiry date pursuant to an agreement with the Company. In the case of such an early exercise, the client is not entitled to demand the adjustment of the forward/futures/swap rate. Normally, however, the Company will be able to recalculate the forward/futures/swap rate, but a recalculated Forward/Futures Price must be agreed on by the Company and client in each case.

In addition, for price swaps, the contract will normally be settled in relation to a fixing value determined by the Company on the basis of the sales value that the Company achieves through selling its hedging shares which are normally acquired to reduce the market risk the Company assumes by entering into the price swap contract with the client. Should the number of underlying financial instruments be large compared to the liquidity of the financial instrument, the Company may start to sell its hedging positions prior to the expiry date and make use of more stock exchange days to realise its hedging position. In such a case, it is still the Company's average price when selling its hedging position that is to form the basis for settling the price swap contract.

7. SECURITY

The client shall provide satisfactory security for the client's obligations and margin requirements under a Derivative Contract. A contract governing how security is to be provided is to be entered into before a trade is carried out. The security is to be established immediately. If the Company does not consider the security to be satisfactory, the Company may at its sole discretion demand that the client provides increased security.

When trading with the assistance of a Norwegian or foreign clearing house, the client shall provide collateral which is no less than the collateral required by the clearing house.

When issuing Call Options or selling Forward/Futures Contracts, the Company will normally require security in the form of a charge on a sufficient number of the underlying securities. When issuing Put Options or buying Forward/Futures Contracts, the Company will normally require security in the form of cash and/or a charge on other securities.

In general, the Company will accept security in the form of

- 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 may require that the client provide collateral by charging a VPS account, custody account and the client's trading account in favour of the Company.

Securities provided as security will be assigned a value measured as a percentage of their market value. This percentage is called the *collateral value*. The collateral value is determined individually for each of the securities. The Company may reduce the collateral value for individual securities or in special market situations, on an independent basis and in a way that is binding for the client. The Company is also entitled to reduce the collateral values of shares for individual clients, for example due to a large concentration of exposure in few securities.

Collateral values are determined by the Company and are subject to general revision at all times.

The client agrees that the Company in the event of a breach of the contract may demand that all non-standardised Derivative Contracts entered into between the client and the Company that have fallen due may be offset against each other and against all other balances existing between the client and Company. The set-off shall take place at market value or other reasonable value. Set-off may take place despite of the Creditors' Security Act section 7-3 and 8-1, cf. Act on Financial collateral section 6. All of the client's Derivative Contracts shall be pledged in favour of the Company, so that added value in a contract may be used to cover a shortfall in value in other contracts.

The client agrees that paid-in cash security is **not** to be treated as client funds but instead as a credit amount that falls due for payment when the contracts for which it is provided as security are exercised/closed and settled.

The Company is also entitled to use security as an owner unless otherwise specifically agreed. This means, among other things, that the Company may sell, lend and create a charge on security that is provided for the performance of the Terms and Conditions.

8. PORTFOLIO RECONCILIATION

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

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

9. DISPUTE REGULATION

All disputes between the parties shall be immediately identified, recorded and monitored. The dispute shall be specified by either party with regards to whether it involves the (i) recognition, (ii) valuation or (iii) collateral of the disputed Derivative Contract. The monitoring of the dispute shall keep track of the length of time for which the dispute remains outstanding, the counterparty and the disputed amount.

Disputes shall be sought to be resolved amicably as soon as possible and within five business days.

Disputes arising under this agreement are governed under Norwegian Law, with Oslo City Court as legal venue.

10. LIABILITY FOR LOSSES, EXPENSES, BREACH OF CONTRACT, ETC.

The client is liable for all its own losses and current expenses which arise as a result of Derivative Contracts it has entered into.

Should the client default on its obligations under a Derivative Contract, the Company is entitled, but not obliged, to carry out transactions which fully or partially close the client's positions.

Should the client have failed to provide security, the Company may, without warning or consent, close such a large part of the Derivative Contract that the effective security provided is once more within that required. This is done by trading in underlying securities in the client's VPS (Central Securities Depository) account, transactions in the relevant Derivative Contracts or other measures that the Company considers to be suitable. Should the Company choose to maintain the client's positions despite the lack of security provided, the client is nonetheless liable for all losses and expenses related to these.

Otherwise the breach of contract provisions stipulated in the Company's general business terms and conditions for trading in financial instruments through the Company apply in so far as they are appropriate.

11. AMENDMENTS

Should changes be made to the share capital or other factors relevant to the Derivative Contract in question, the Derivative Contract is to be adjusted by the Company in accordance with the then prevailing practice on the current leading (largest and widest) market for Norwegian share-related derivatives, or other markets for other types of derivatives in so far as this is appropriate. This also applies to adjustments in connection with a suspension, delisting and other extraordinary circumstances linked to the Securities or the Enterprise.

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

12. TRANSFER

The client may not transfer its rights or obligations under Derivative Contracts or these Terms and Conditions without the consent of the Company.

The Company reserves the right to transfer the handling of settlement and delivery under the relevant Derivative Contracts to a separate clearing house. To the extent it is necessary and general practice in connection with such clearing, the Company is entitled to amend the Terms and Conditions and/or the Contract Specifications in accordance with this, and to transfer its rights under the relevant Derivative Contracts.

13. PURCHASES, ETC, THAT ARE SUBJECT TO A LICENCE

Should a licence or other public permit be required to purchase the Securities that may be covered by a Derivative Contract, the client shall bear the responsibility for such a licence, etc, being granted and for any terms and conditions imposed or intervention by public authorities in connection with this.

14. 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.

15. 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.

14. FORCE MAJEURE

The Company shall not be liable for or in any way bear the risk for losses that the client incurs as a result of circumstances outside the Company's control that the Company could not reasonably be expected to have taken into consideration when preparing these Terms and Conditions or entering into the individual Derivative Contract.

Annexes

Annex 1

CONCEPTS AND TERMS

"American Option"	Means an option that can be exercised by the client on each Stock Exchange Day from the Trading Date until the end of the Expiry Date.
"Expiry Date"	Means the date when the client's right and duty to carry out a final settlement of a Derivative Contract arises, or the last day on which an Option can be exercised according to the agreed Option Period. The Expiry Date is to be agreed on for the individual Derivative Contract. Should the Expiry Date fall on a day that is not a Stock Exchange Day, the Expiry Date shall be counted as the first subsequent Stock Exchange Day.
"Stock Exchange Day"	Means a day on which shares may be traded on the Oslo Stock Exchange, Oslo Axess or the relevant market
"Derivative Contract"	Means the individual contract regarding the trading and clearing of derivatives that is entered into between the Company and the client, including Forward/Futures Contracts and Options Contracts.
"European Option"	Means an Option that may only be exercised on the Expiry Date.
"Fixing Value"	Means an estimated value for the Securities in question that is used in final settlements or market settlements for Derivative Contracts.
"Forward"	Means a forward contract according to which settlement takes place on the Expiry Date. A Forward may be (i) a contract entailing the delivery of an underlying instrument, (ii) a contract entailing a final settlement and delivery of an underlying instrument, or (iii) a contract entailing a final settlement.
"Futures"	Means a futures contract with a daily market settlement, according to which the buyer and seller have a right to and obligation to make a cash settlement in the form of a daily market settlement on each Stock Exchange Day. A Future may be (i) a contract with a daily market settlement and delivery of an underlying instrument or (ii) a contract with a daily market settlement.
"Trading Date"	Means the date when a Derivative Contract is entered into.
"Exercise Price"	Means the price that is to be paid for the Securities in question if an Option is exercised. (Also often called the Strike/Strike Price or suchlike.)
"Call Option"	Means an Option that gives the option holder a right, but not a duty, to acquire a number of Securities. The option writer has a duty, but not a right, to deliver a number of Securities on or by the Expiry Date at the Exercise Price if the Option Holder exercises the Option.
"Contract Specification"	Means the Contract Specification that is issued when entering into a Derivative Contract unless the Company decides otherwise.
"Settlement Date"	Means the date when financial instruments and cash are to be transferred and paid.
"Option Contract"	Means a contract for one or more options linked to Securities.
"Option Holder"	Means a party with the rights to Options.

“Option Premium”	Means the payment that the Option Holder is to pay for the Option and the Option Writer is to receive.
“Option Period”	Means the period when the Option may be exercised.
“Option Type”	Means normally a specification of whether the Option is a Put or Call Option and of whether it is an American or European.
“Option Writer”	Means the party that assumes obligations according to the Option’s contents.
”Put Option”	Means an Option that gives the Option Holder a right but not a duty to sell the number of Securities stated in the individual Contract Specification on or by the Expiry Date at the Exercise Price. The Option Writer has a duty, but not a right, to buy the number of Securities stated in the individual Contract Specification on or by the Expiry Date at the Exercise Price if the Option Holder exercises the Option.
“The Enterprise”	Means the Company that has issued the Securities in question.
“Terms and Conditions”	Means these Terms and Conditions.
“Forward/Futures Contract”	Means a contract regarding the trading and clearing of forward/futures.
“Forward /Futures Price”	Means, in relation to a Forward/Futures Contract, the price to be paid for the Securities in question on the Expiry Date.
“Securities”	Means the financial instrument underlying the individual Forward/Futures Contract, Option or other Derivative Contract.
“Exercise Date”	Means the date when a demand to exercise an Option is received by the Company.
“Portfolio Reconciliation”	Means reconciliation of the client’s portfolio of derivatives as set out in EU/149/2013 Art. 13, 14 and 15.

Annex 2

CONTRACT SPECIFICATIONS

OPTIONS

Contract types	• Option involving the delivery of an underlying instrument • Option involving a final settlement and the delivery of an underlying instrument • Option involving a final settlement If underlying instruments are equities the contract shall normally be an option involving the delivery of an underlying instrument.
Call or put option	The agreed alternative will be specified in the contract note.
American/ European option	Unless otherwise agreed the Derivative Contract is an American Option.
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 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 Oslo Stock Exchange or other 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	• Forward involving the delivery of an underlying instrument • Forward involving a final settlement and the delivery of an underlying instrument • Forward involving a final settlement • Future involving a daily market settlement • Future involving a daily market settlement and the delivery of an underlying instrument, If underlying instruments are equities the contract shall normally be a forward involving the delivery of an underlying instrument
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	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 Oslo Stock Exchange or other 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.

INDEX OPTIONS

Contract types	Option with final settlement.
American/ European option	European.
Underlying instrument	The agreed index 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 last trading day.
Exercise	The option will be automatically exercised on the expiry date in accordance with rules for clearing.
Means of settlement	Settlement will be regulated by the rules for clearing.
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.

INDEX FORWARD / FUTURES

Contract types	Forward/futures with daily market settlement unless otherwise agreed.
Underlying instrument	The agreed index will be specified in the contract note.
Contract size	The agreed contract size will be specified in the contract note.
Forward/futures price	The Exercise Price 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.
Means of settlement	Settlement will be regulated by the rules for clearing.
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.

Annex 3

CONTRACT NOTES SPECIFICATIONS

This chapter consists of explanations of the abbreviations used in the contract notes for non-standardised 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 options or forward / futures, 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.

Expiry month	**Call option**	**Put option**
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.

Expiry month	**Abbreviation**
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 stead 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 at which the forward/futures may be exercised
Total amount	The total amount that shall be paid when exercising the future/forward
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	The total amount that shall be paid when exercising the future/forward