

# Terms and conditions for custody accounts

Applicable from 1 November 2007

*This is a translation of the document "Betingelser for depoter" in the Danish language. In case of discrepancies, the Danish version prevails.*

Below we set out our terms and conditions for custody accounts with Danske Bank.

Certain custody accounts, for instance pledged custody accounts, trust custody accounts, pension custody accounts, employee share custody accounts and mortgage deed custody accounts, are governed by separate legislation and additional terms and conditions not mentioned here.

If financial instruments in your custody account are registered as "special items", they are treated as physical items under the terms and conditions that apply to temporary and sealed safe deposits. Therefore, the services described in these terms and conditions do not apply to such deposits.

## 1. Opening a custody account

When you open a custody account, you will have to present valid documentation of your name, address and civil or company registration number. If you do not have a civil registration number, we will ask you to state

your passport number and present your passport in evidence of your nationality.

If you live outside Denmark, you will have to present documentation specifying the country where you are liable for tax and provide a copy of documentation specifying your identification number. Moreover, we will ask you to provide a specimen signature.

If you want to authorise other persons to operate your custody account or sign on your behalf, these persons must also provide specimen signatures.

Custody account holders with a special ownership structure – such as associations and foundations – must submit additional documentation, for example their articles of association.

### 1.1 Mandatory cash account with Danske Bank

In addition to the custody account, you must maintain a cash account with us to which we

may credit interest, dividends, etc., and debit custody fees, etc.

## 1.2 Deposits and safekeeping

When you deposit or transfer financial instruments to your custody account, we do not check whether they are actually at your disposal or whether you are actually entitled to them. Furthermore, we do not check the authenticity of physical financial instruments – neither Danish nor non-Danish.

We do not necessarily keep physical financial instruments at the branch to which they were delivered. Consequently, it may take a few days if you want us to return the instruments to you.

If you want to deposit financial instruments registered with the Danish VP Securities Services in your custody account, your account must be opened as a VP custody account.

## 2. Financial instruments registered with the Danish VP Securities Services

To protect rights to VP assets, such rights must be notified to a central securities

depository, such as the Danish VP Securities Services.

Registration is established when we, as your depository, open an account in your name at the Danish VP Securities Services and a parallel account at Danske Bank.

Rights other than ownership – for example by way of pledge or power of attorney – must be registered at one of our Danish branches, excluding exchange bureaux and similar sub-offices, within the normal business hours of the branch at which you hold your custody account.

If notification of rights is made at another branch at a time when the branch at which you hold your custody account is closed, we will not notify the Danish VP Securities Services for registration purposes until your branch reopens.

You must notify us in writing. We do not accept notification by electronic means of communication, such as telephone, fax, telex or telegram, unless you have made a specific agreement with us.

You may request written confirmation of our receipt of your notification and the time of receipt.

### 2.1 Documentation of rights

To register rights to financial instruments, we require documentation showing that

- the party giving notification of the rights is entitled to do so
- the notified rights can be registered
- the rights actually exist.

We may require additional information and/or documentation before registration. The extra information we may require is information that we find necessary to process the notification.

### 2.2 Registration of rights

When we receive notification, we check formalities and facts to determine whether or not we can register the rights. This process is called an examination.

If we cannot register the rights, we reject the notification, stating the reason for our rejection to the notifying party.

If a notified right concerns only some of the financial instruments registered in a custody

account, we will transfer the instruments affected by this right to a new custody account and register the right on the new account.

We report notification of a right to the Danish VP Securities Services for final examination and registration. Registration takes effect at the time of the final examination at the Danish VP Securities Services.

### 2.3 Information about registration

Once the Danish VP Securities Services has registered the rights, you, the notifying party and other entitled parties will be informed of the registration. If the rights are modified or deleted, we will ensure that the parties are informed according to the rules in force. You may select or deselect such information in accordance with the rules in force.

### 2.4 Registration by name of Danish financial instruments

In their articles of association, etc., issuers of shares, units of collective investment schemes and similar financial instruments may stipulate whether their instruments should be issued as registered or bearer financial instruments.

Normally, registered financial instruments are registered in the name of the custody account holder. Alternatively, you may opt for the entry of the name of a third party in the issuer's register of shareholders as the holder of your instruments.

In practice, this means that the registered third party will be your representative. Admission cards and ballot papers for the general meetings of the issuer as well as announcements and other information will therefore be sent to the party listed in the register of shareholders. Your rights to the shares and to dividends are not impaired by the entry of the name of a third party in the register of shareholders.

We may register bearer financial instruments by name and modify registrations of financial instruments only if instructed by a person entitled to do so.

In their articles of association, etc., issuers often stipulate that shareholders' rights to vote at general meetings are conditional on their shares having been registered by name for a specified period of time preceding a general meeting.

When you sell your registered shares, etc., your name is deregistered.

Danish bonds cannot be registered by name.

#### **2.5 Registration by name of non-Danish financial instruments**

Registration by name of non-Danish shares, units of collective investment schemes and similar financial instruments is possible only if the non-Danish issuer accepts the registration system under Danish law that allows anonymous ownership and if permitted by the law of the issuer's country of residence. If that is not the case, the Danish VP Securities Services or a nominee appointed by the Danish VP Securities Services is entered in the register of shareholders as the holder of the shares.

Non-Danish bonds cannot be registered by name in Denmark, even if this is possible in the issuer's country of residence.

#### **2.6 Interest, dividends, etc., on Danish financial instruments**

When dividends on shares and units of collective investment schemes have been adopted by the general meeting or the board of

directors, the amount less dividend tax, if any, is credited to the cash account. It will take at least four business days before the amount is credited.

Income and proceeds from drawn bonds are credited to the account on the due date.

#### **2.7 Interest, dividends, etc., on non-Danish financial instruments**

We receive interest, dividends, etc., on non-Danish financial instruments through the Danish VP Securities Services. Before crediting an amount to the cash account, we will convert it into the currency of the account.

If the cash account is denominated in the same currency as the financial instrument on which the amount is payable, we will, of course, not convert the amount.

#### **2.8 Lower dividend tax on shares**

Share dividends are generally distributed net of dividend tax. This applies to both Danish and non-Danish shares. Tax is withheld in accordance with the rules and rates that apply in the issuer's country of residence.

However, Denmark has concluded double-taxation treaties with a number of countries, which allows a reduction of the dividend tax rate. The Danish VP Securities Services has established a special scheme under which dividend tax is automatically withheld at the lower rate stipulated by the double-taxation treaty in question.

Only shares registered with the Danish VP Securities Services qualify for this scheme. Furthermore, certain other formalities as regards documentation of tax liability must be observed.

If you live in Denmark, we automatically sign you up for the scheme. If you live outside Denmark, you can sign up provided that the country you live in has a double-taxation treaty with Denmark. To sign up, please contact the branch at which you hold your custody account.

If you have signed up for the scheme, you must notify us immediately of any changes of country of residence or tax liability. We are entitled to demand documentation of your tax liability at any time.

### 2.9 Legislation

Financial instruments registered with the Danish VP Securities Services are regulated by the Danish Securities Trading, etc., Act, relevant executive orders and the Danish Financial Business Act.

### 3. Danish financial instruments not registered with the Danish VP Securities Services

We will register Danish financial instruments not registered with the Danish VP Securities Services in your custody account. The registration will specify the owner.

We offer the following services:

#### *Bonds*

We will check for drawings and redemptions in the Danish Official Gazette. We will collect the proceeds from such bonds as well as coupon payments at maturity and credit the amounts to your cash account.

#### *Shares, etc.*

We will collect dividends from shares, etc., if the time and place for collection are published in the Danish Official Gazette or a national

morning paper (ordinary weekdays only) and credit the amounts to your cash account.

If possible, we can arrange for the registration of shares, etc., by name or as bearer financial instruments subject to separate agreement with you.

Safekeeping of shares registered in a name other than the custody account holder's name requires special agreement.

#### *Interim certificates, etc.*

We will exchange interim certificates, etc., for shares or bonds and talons for new coupon sheets.

#### *Mortgage deeds, insurance guarantees, etc.*

We accept mortgage deeds in custody accounts provided that we receive information about the debtor's name, address and civil registration number or company registration number, as well as the outstanding debt.

When keeping mortgage deeds, etc., in custody accounts, we undertake to

- advise the debtor that we hold the mortgage deed in a custody account

- credit fixed payments received from the debtor to the cash account of the custody account holder. We are registered as a creditor with PBS (Danish Payment Business Services) on behalf of the custody account holder. The PBS rules in force at any time therefore apply to payments received from debtors via the system. You can always obtain a copy of the rules at one of our branches
- notify the custody account holder when we receive payments
- receive any special mortgage payments due on the conveyance of property and any other similar payments and notify the custody account holder. Our acceptance of such amounts is conditional on the account holder's approval and is without liability for us
- notify the debtor when the mortgage deed is removed from the custody account
- send reminders of claim in accordance with Section 42(a) of the Danish Land Registration Act.

To ascertain whether or not payment has been effected, we reserve the right to wait a few days after the expiry of a payment period

before we send notice of payment, reminder of claim and the like.

Furthermore, we undertake to

- notify guarantors of defaults on guaranteed mortgage deeds
- according to special agreement, take the steps necessary to maintain insurance guarantees or other types of mortgage guarantee.

#### *Premium bonds*

We will check the official drawing lists for prizes on premium bonds. We will collect the prizes and credit the amounts, less any government tax payable, to the cash account.

When premium bonds mature, we will collect the proceeds and credit the amount to the cash account.

#### **4. Non-Danish financial instruments not registered with the Danish VP Securities Services**

Non-Danish financial instruments which are not registered with a Danish central securities depository are held or registered in an omnibus account with our non-Danish business partners. The financial instruments

and the owners are also registered in our systems.

An omnibus account is an account in which financial instruments of several clients are registered in our name or in the name of our business partner with information specifying that the instruments belong to either our clients or the clients of our business partner.

If your financial instruments are registered in an omnibus account, we can buy or sell the financial instruments on your behalf, but only in accordance with your instructions. We can delegate this authority to our business partner, if necessary.

If we have selected a non-Danish bank, we are liable for the solvency of this bank. We also assume liability for any errors acknowledged by the non-Danish bank or established in a final court judgement. In other circumstances, we cannot be held liable.

#### **4.1 Interest, dividends, etc.**

When we receive interest and dividends, the amounts will be converted into the currency in which your cash account is denominated and then credited to the account. If you have a cash

account denominated in the same currency as the amount received, we will, of course, not convert the amount.

The amount we receive may be a net amount, as banks in a number of countries are obliged by national law to withhold tax on both interest income and dividends. We are not responsible for applying for a refund of non-Danish taxes on dividends or interest income, unless we have made a special agreement with you to this effect.

**4.2 Non-Danish rules, etc.**

Both we and you as a custody account holder are bound by the laws and practices of the countries of residence of the issuers and our business partners. This means that requirements may vary. We may, for example, have to report your name, address, and the size, composition and returns on your portfolio to non-Danish authorities and companies.

Furthermore, both we and you are bound by the terms and conditions of our business partners.

**5. New issues of Danish financial instruments**

The following provisions apply to Danish shares and bonds, whether registered with the Danish VP Securities Services or not.

**5.1 New issues and bonus shares**

We will write to you if offers to subscribe for new shares and/or bonds, including convertible bonds, with pre-emptive rights for existing shareholders or bondholders are published in the Danish Official Gazette or a national morning paper (ordinary weekdays only). We will also write to you if a notice is published stating that new bonus shares will be issued. In our letter, we will inform you when the new shares will be available.

However, we will notify you only if we can do so within the stated deadlines. We will not always notify you if we receive the financial instruments for safekeeping after publication.

The notification is for information only and is not a recommendation.

Within the deadline set by us, you must let us know whether you want to

- subscribe for new shares or bonds or take delivery of bonus shares
- sell subscription or bonus share rights
- buy or sell fractional subscription or bonus share rights.

If we do not receive your instructions within the deadline, or you do not make the funds for carrying out the instructions available, we

- may sell your subscription rights
- will take delivery of the largest possible number of bonus shares and sell any fractional bonus share rights for your account.

However, we do not assume any responsibility for the completion of a sale. If the value of the subscription rights is lower than the costs of a sale, we may decide not to sell the subscription rights.

On expiry of the subscription period, unused rights registered with the Danish VP Securities Services will be deleted. The holder will not be notified of the deletion.

Unused bonus share rights registered with the Danish VP Securities Services may be deleted without notice to the holder.

## 5.2 Convertible bonds

We will notify you by letter about conversions of convertible bonds published in the Danish Official Gazette or a national morning paper (ordinary weekdays only).

However, we will notify you only if we can do so within the stated deadlines. We will not always notify you if we receive the financial instruments for safekeeping after publication.

The notification is for information only and is not a recommendation.

Within the deadline set by us, you must let us know whether you want to

- convert the bonds into shares, or
- collect the proceeds from the bonds at maturity.

If we do not receive your instructions within the deadline we have set, the convertible bonds will be allowed either to mature or to wait for a subsequent offer of conversion.

## 5.3 Purchase offers

We will notify you by letter if it is announced in the Danish Official Gazette or a national morning paper (ordinary weekdays only) that a

purchase offer is made in connection with the transfer of a controlling shareholding.

Our notification of the purchase offer (which may be accompanied by the purchase offer) is for your information only and is not a recommendation. We do not assume any liability if you do not make use of the offer.

We will not always notify you if we receive the financial instruments for safekeeping after publication.

## 6. New issues of non-Danish financial instruments

You will receive a letter from us if one of our non-Danish business partners informs us of issues of new shares and/or bonds, including convertible bonds, warrants and bonus shares. The notification is for information only and is not a recommendation.

A new issue will not be concluded – and proceeds, etc., will not be credited – until the settlement amount is at our disposal.

We will not notify you of annual or extraordinary general meetings or special

announcements concerning non-Danish companies.

## 7. General matters

The crediting of amounts to your cash account is subject to our actual receipt of the amounts. If we do not receive an amount, we may reverse the entry. This right applies even if it is not specified in the account statement or other notices.

### 7.1 Conversion of currency amounts

If an amount received is to be converted into another currency, we convert the amount two business days before we credit it to the account.

We fix the exchange rate on the basis of the official quotation of the Danish central bank on the day of conversion. If the central bank does not quote an exchange rate, we will fix a rate.

We deduct a margin from the exchange rate and then credit the converted amount to your account. Similarly, we add a margin to the exchange rate when we convert amounts to be debited to the account.

### 7.2 Custody account fee

We charge fees for the safekeeping and registration of financial instruments in the custody account and related services. Fees are charged in accordance with the current list of charges and are payable half-yearly in arrears. We publish charges in our tariff of charges, which is available at our branches.

We may change custody account fees in accordance with the rules for changing interest rates and fees stated in our "General Conditions".

### 7.3 Custody account information

You will receive the following information about your custody account:

- annual statements - sent to you at the beginning of each calendar year. The statements contain a summary of your custody account as at end-December. Furthermore, they show the composition and market value of your portfolio and information about the account used for trading. Finally, they contain the information that we pass on to the Danish tax authorities
- statements that relate to your cash account - sent to you in accordance with

the conditions that apply to the type of account. Generally, we send statements to you on a quarterly basis

- fee notes - sent every six months.

In addition, we will notify you of any changes in your custody account, for example pledging of the account, interest payments or drawings of bonds.

Furthermore, you may opt for various automatic statements showing returns, etc., from the Danish VP Securities Services.

However, you receive much of this information from us already, and, to avoid sending you the same information twice, we have decided not to send VP messages in the event of

- portfolio changes arising from trading
- portfolio changes arising from receipt of subscription rights
- portfolio changes arising from changes in securities codes
- drawings of bonds at the time of publication
- portfolio changes (P10) arising from drawn bonds.

If you want to receive any of the above VP messages, you must sign an "Appendix to agreement on custody and securities trading - selection or deselection of statements". In this appendix, you may also select or deselect other VP messages.

### 7.4 Complaints

If you want to make a complaint about the registration, modification or deletion of rights, please write to

VP Complaints Board  
Helgeshøj Alle 61  
DK-2630 Taastrup

The board must receive your complaint no later than six weeks after registration was effected by a central securities depository. In special circumstances, the complaints board may consider complaints submitted after the deadline. You will have to pay a fee when you file a complaint.

Details on the procedure for filing complaints are available in the Danish Executive order No. 206 of March 11, 1997, on the VP Complaints Board.

**7.5 Compensation**

According to the Danish Securities Trading, etc., Act, a Danish central securities depository is liable for losses caused by errors in registering, altering or deleting rights relating to custody accounts with the central securities depository concerned or payments from these accounts, even if such errors are accidental. If the error can be traced back to us, we are liable even if the error is accidental.

Total damages for losses resulting from the same error cannot exceed DKr500m. In the event that a Danish depository is unable to pay, the other Danish depositories will be liable for damages of up to DKr500m. If an entitled party has contributed to the error - with intent or by negligence - the damages may be reduced or the right to damages be lost entirely.

**7.6 Investor compensation**

Generally, financial instruments will not be affected if a bank suspends payments or goes bankrupt. This is due to the fact that you will normally be able to take possession of your financial instruments based on the bank's registration of your rights.

Only if the bank fails to handle your financial instruments or register your rights correctly, you will not be able to take possession of the instruments.

The Danish Guarantee Fund for Depositors and Investors will cover losses if the bank fails to return financial instruments to you. The Danish Guarantee Fund for Depositors and Investors Act stipulates that the fund will cover losses of up to €20,000 per investor.

If a non-Danish business partner suspends payments, goes bankrupt or the like, we are entitled to take out financial instruments from the omnibus account. We will do so on behalf of the clients registered in our files as owners of the instruments.

Please note that as for omnibus accounts, compensation paid by non-Danish guarantee funds is for the omnibus account as a whole and not for the individual owners registered by us. However, as described in section 4, we are liable for the solvency of the non-Danish bank and for certain errors. If we suspend payments or go bankrupt and are therefore unable to cover the loss you suffer from not receiving your financial instruments, you will be

compensated by the Danish Guarantee Fund for Depositors and Investors.

Visit [www.garantifonden.dk](http://www.garantifonden.dk) for more information.

**7.7 Changes to the "Terms and conditions for custody accounts"**

We may change our "Terms and conditions for custody accounts" at three months' notice.

The "Terms and conditions" apply unless otherwise expressly agreed between us.

Furthermore, our "General Conditions" and "General Conditions - Consumers" apply.