

Terms and conditions for trading in financial instruments

Applicable as from 7 April 2020

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

The following is a description of the terms and conditions applicable when entering into an agreement with the bank to trade in financial instruments.

Currency and derivatives trading is subject to special agreements and to Terms and conditions for currency and derivatives trading.

1. Before trading

1.1. Categorisation of clients

We are required to group our clients into three categories as described in the Executive Order on Investor Protection in connection with Securities Trading issued by the Danish Financial Supervisory Authority.

The three categories are:

- eligible counterparties (other banks, pension funds and insurance companies, etc.);
- professional investment clients (typically very large corporate clients); and
- retail clients (all other clients).

Based on objective criteria, the categorisation impacts the level of protection afforded to you as an investor - that is the information and advice you are entitled to receive from us.

Retail clients have the highest level of protection. Professional clients and eligible counterparties are afforded less protection.

To some extent you may be able to change your category - in such case you should contact your adviser

1.2. Legal Entity Identifier (LEI) and nationality

LEI is an international standard for identifying legal persons (companies, etc.).

Legal persons are required by law to have a LEI in order for us to trade financial instruments which are admitted for trading on a European trading venue (e.g. Nasdaq Copenhagen).

For natural persons, we are required to obtain information about nationality, including possible dual nationality.

1.3. Experience and knowledge

If you are a retail client, we will assess what types of financial instruments you have knowledge and experience of trading in - known as your trading range. In order to identify your trading range and determine the financial instruments that would be appropriate for you, we require some information.

When we have received the necessary information, you will be notified of the types of financial instruments included in your trading range.

We recommend that you do not trade in financial instruments outside of your trading range without seeking advice. Such financial instruments may be associated with risks unknown to you.

1.4 Investment advice

If you wish, we can provide advice before you trade. In "Information about trading in securities" you can see how we offer investment advice.

1.5 Market abuse (inside information and market manipulation)

Please note that you are not permitted to buy, sell or invite others to buy and sell financial instruments if you have inside information that may be of importance to the trade.

Nor are you allowed to participate or attempt to participate in market manipulation. For example, this may be acting in a way that gives or is likely to give false or misleading signals about the supply of, demand for, or the price of financial instruments or which is likely to secure the price of a financial instrument at an unusual or artificial level.

Violation of the prohibitions against misuse of inside information and market manipulation is sanctioned by fine or imprisonment.

1.6 Short selling

When we report clients' sales of equities and government bonds, we must disclose whether it constitutes what is known as 'short selling', which is when a client does not own all or part of the sold financial instruments at the time of the sale. You must inform us if you undertake short selling. If you do not disclose anything with respect to a transaction, we assume that it is not short selling.

2. When trading

If you would like personal service from us, you can contact us by phone or directly at one of the bank's branches.

If you do not wish to speak to an adviser, we recommend that you use the bank's digital solutions. These systems ensure speedy identification of you and proper execution of your order.

However, please note that not all financial instruments we offer for trading can be traded through digital solutions.

If you place orders by letter, email or fax, you should expect longer processing times due to the manual order documentation checks required. To ensure speedier processing, you should also contact the bank by telephone to place an order.

We are obliged to record telephone conversations and electronic messages regarding financial instruments trading. The recordings, etc. may serve as proof of any agreements made. We will keep the recordings for at least five years, and they may be submitted to relevant authorities. As a client, you can also request access to the recordings.

Your order will be binding upon receipt by the bank, and consequently you will not be able to delete or withdraw the order, unless it has not yet been executed. If you want to change or cancel an order via one of the bank's digital solutions, you should be aware that the bank may have executed your order before your request for deletion has been processed. If your order has already been executed, your request for deletion cannot be met.

We will execute your order according to the terms described for each type of order and in accordance with our Order Execution Policy. The policy applies to retail clients and professional clients.

You can find the bank's Order Execution Policy on the bank's website.

An order can only be submitted for a specific number of the financial instruments. For some financial instruments, however, we offer the option of placing orders for a particular sum, in which case we will convert the sum into numbers of financial instruments before executing the order. If you have not set a limit price (see below), changes in the price between the time of placing of the order and its execution will mean that you may end up selling/ buying for a different sum than you submitted on the order.

2.1. Order types

We offer the following order types Market orders:

- a. Market orders with limit (limit order)
 - b. Market orders without limit (market order)
 - c. Immediate trade
- II. Average price orders

2.1.1. Market orders with and without limit

We choose the trading venue and the order execution method, in accordance with the bank's Order Execution Policy.

When we execute your order at a trading venue or through another broker, the transaction is concluded or agreed in the bank's name, but for your account. Thus, trades are executed on a commission basis.

Limit

You have the option of placing your order as a "market order with limit" or as a "market order without limit".

If you choose a "market order with limit", you must set a limit price.

Choose this option if you want to buy or sell at a specific price. There may be restrictions on individual financial instruments as to how much a limit may deviate from the prevailing market price.

When limiting an order, we consider it as an instruction that your limit order should not be published if it cannot be executed immediately on the applicable market terms.

We, or the broker selected by us, seek to execute the order when the price corresponds to the price set by you.

If you choose a "market order without limit", we will set the limit price at which we will seek to execute the order based on the applicable market terms. If we decide for the order to be executed through another broker, the limit may be set by that broker.

If you do not limit your order, there is a risk that you will end up buying or selling at a price different from what you may have expected. Some financial instruments have higher price fluctuations than others. Further, the lower the price, the greater the percentage fluctuation when the price moves up or down, for example by one point.

Due to market conditions the price of a financial instrument that has so far remained stable may suddenly fall or rise sharply. If an order is placed outside the business hours of the bank and the relevant market, there is a greater risk that the price will have changed since you made the decision to trade.

Trading venues

The bank selects different trading venues considered capable of providing the best possible order execution. A list of the principal trading venues we use and details of our selection criteria are available in our Order Execution Policy.

We may choose to trade directly on a regulated market if we are a member of such market. (For example, NASDAQ Copenhagen).

Furthermore, we can choose to trade on other organised markets, multilateral trading facilities (MTFs), and organised trading facilities (OTFs).

We may act as a counterparty (buyer or seller) to a trade executed on a market (contracting in our own name). This can also happen if the transaction is concluded directly with us, but according to the rules of the relevant market. In both cases the contract note will set out that the trade was made on the relevant market with the bank as the counterparty.

We can also execute your order outside a market place. This is referred to as over-the-counter trading (OTC). This is either a direct transaction with us or another broker selected by us as counterparty. The contract note will state that the trade was OTC.

If we enter the transaction with another broker, the selected broker – in addition to conducting the transaction directly with the broker – may choose to execute the trade on or through a market or trading facility.

For certain financial instruments, your order will not be executed as a purchase/sale, but as a subscription/redemption with a provider.

This is the case when a relevant financial instrument is offered for the first time (issue). Also, units in collective investment schemes can be subscribed for or redeemed on an ongoing basis with the provider of the relevant collective investment units instead of being traded on a market. Subscription and redemption is effected according to the rules of the relevant prospectus.

Time of execution

We will seek to process your market order as quickly as possible. If an order is placed outside the space of time when we process orders in the relevant financial instrument, we will not seek to execute the order until we again open trading on the relevant market.

Order execution

When the bank or a selected broker executes a market order, the rules governing trading of the relevant market or broker will apply.

Each market or broker offers different options for trading market orders. The bank or the selected broker determines on your behalf how to use these options.

When we seek to execute a trading order, it may be that

- the order may only be traded to the extent that it can be matched in whole or in part with bids or offers;
- the order may be divided or aggregated and traded at different prices during the trading day.

There may be different reasons why an order is not executed in whole or in part. The most common reason is that price developments do not allow for trading at the limit price indicated or due to a lack of liquidity in the relevant financial instrument.

If your order is placed late in the trading day, there is limited time in which to trade. Thus, even financial instruments that are normally liquid may not have the required liquidity.

2.1.2. Immediate trade, including systematic internalisation

We offer real-time trading in a range of Danish and international financial instruments. The bank determines on an ongoing basis the financial instruments offered and the maximum amounts available for trading.

In an immediate trade, you trade with the bank as the buyer or seller (counterparty) at a price we determine, and you therefore know before you trade. If you accept the price, the trade is concluded. We can choose to complete the transaction according to the rules of a trading venue, but it will not affect the price you accepted.

We reserve the right to restrict the execution of orders by immediate trade if we receive a large number of orders for the same stock at the same time from one or more clients. Please note that you are not permitted to influence the price by placing conflicting orders yourself in the market in which you wish to buy or sell financial instruments. Such behaviour constitutes market manipulation, which is punishable by fine or imprisonment.

Determination of prices of immediate trade

When determining prices of immediate trades, we offer the same price or better than the one obtainable by the bank on the relevant market – taking into account time, quantity and trading terms.

For financial instruments traded on NASDAQ Copenhagen, Stockholm and Helsinki as well as Oslo Børs, the bank will determine a price within the best bid/offer spread on these markets.

If you trade after closing of these markets, we determine the immediate trade price based on the closing price. However, the price will be changed if events affecting the price have occurred after the market has closed.

In the event that no current bids/offers are available in the markets referred to or if the financial instrument is not listed for trading in such markets, we determine the price of the immediate trade taking into account current market conditions, including:

- supply and demand
- the price level of the most recent trade
- events affecting the price – domestic as well as international
- available information about the issuer and the issuer's line of business
- the price developments of similar financial instruments – (bonds only)

- price information from issuers (only applicable to units of collective investment schemes, e.g. units of investment funds).

We update our bid/ask prices for the financial instruments for which we offer immediate trading on an ongoing basis. In unusual market conditions, we may withdraw our bid/ask prices.

In relation to certain immediate trades, supplementary rules on systematic internalisation apply. See the section below.

Specific information about systematic internalisation

We are a 'systematic internaliser' in a financial instrument if we on an organised, frequent systematic and substantial basis, deal in this instrument on own account when executing client orders outside a trading venue.

As systematic internaliser, we have certain obligations to publish firm quotes to our clients in the relevant financial instruments.

Your contract note will state if the immediate trade was executed according to the rules governing systematic internalisation. You can see the list of financial instruments and the current prices on the bank's website. Here, you can also see any restrictions/caps on our clients' access to trading these financial instruments. There will inter alia be upper limits for the sizes of such trades.

The bank's Order Execution Policy describes how we determine prices for the financial instruments for which we are a systematic internaliser.

2.1.3 Average price orders

Average price orders is an option offered for trading in certain financial instruments. It implies settlement at an average price.

You trade with the bank as the counterparty and trading venue.

2.1.3.1. Average trading price based on prices quoted on NASDAQ Copenhagen

You can trade at average prices in selected shares and units in collective investment schemes admitted to trading on NASDAQ Copenhagen.

The bank acts as the buyer or seller in average price trades. The order is executed on or before the first business day after receipt by the bank of your order.

We settle the trade at the weighted average price calculated by NASDAQ Copenhagen at the closing of the trading day, plus/minus the bank's usual premium/discount. The bank's premiums/discounts are available on the bank's website.

Where the relevant financial instrument is not traded regularly, we can determine a price. The same applies if no bid/ask prices have been provided in NASDAQ Copenhagen's trading systems at the time of trading on the relevant trading day.

The price is determined taking into account

- supply and demand
- the price level of the most recent trade
- events affecting the price - domestic as well as international
- available information about the issuer and the issuer's line of business
- price information from issuers (only applicable to units of collective investment schemes, e.g. units of investment funds).

If the trading volume on the execution venue of NASDAQ Copenhagen on the trading day is less than the size of the order, the bank is under no obligation to settle the order.

Nor do we have any obligation to settle your order if we can only procure the financial instruments at a price exceeding the calculated, weighted average price at closing on the trading day.

2.1.4. Trading in special financial instruments

To some extent we offer you the option of trading in financial instruments not admitted to trading on regulated markets or other markets - including mortgage deeds - with the bank acting as the buyer or seller at prevailing market prices. Our prices correspond to the prices we are able to obtain ourselves taking into account time, quantity and trading terms.

2.2. Order expiry

You may choose for how long your order will be valid by selecting an expiry date.

If you have not chosen an expiry date, an order will expire automatically if it cannot be completed on the day the order is placed or the first trading day thereafter, if the order is placed at a time when we do not offer trading in the relevant financial instrument.

2.3 Cancellation of orders and transactions

The institution shall be entitled to annul the client's order or cancel transaction which has taken place on the client's behalf to the extent the order is annulled or the execution is cancelled by the relevant execution venue.

Trades generated by mistake or accident can be cancelled according to the rules of the execution venue in question or other regulations. An example of such cancellation could be if a trade is executed at a price deviating strongly from the actual market price. This applies whether or not trading is happening on or off an execution venue.

2.4. Currency and exchange

With respect to the execution of a trade in financial instruments traded in foreign currency, we exchange the required amount unless otherwise agreed.

Generally, such an exchange is made immediately at the bank's spot rate (rate that changes regularly during the day) plus a charge on the purchase of a foreign currency or less a deduction on the sale of a foreign currency.

You may agree with the bank to postpone the exchange in relation to a specific trade until the rate is determined based on the bank's quotations rate two days prior to the settlement date (value date) plus/less a charge/deduction. The bank publishes this rate daily on its website. However, an agreement on postponement of the exchange cannot be concluded if you trade through the bank's digital solutions.

2.5. Contract note

We will send a contract note stating the settlement price, trading venue, order type and other information for each trade.

We will send the note no later than the first weekday after the execution of the trade.

2.6. Delivery and payment (settlement)

Settlement means delivery and payment in connection with financial instruments trading.

Settlement occurs according to the rules applicable to the individual financial instruments. For many financial instruments, the settlement date is the second banking/trading day after the date of execution of the trade.

We cannot sell international financial instruments until they have been checked and registered by the bank's relevant foreign business partner.

The bank retains the ownership of the financial instruments bought by you until they have been paid for, and the bank may use financial instruments being settled as collateral under the rules of law to that effect.

When you buy financial instruments, you acquire unconditional ownership of the financial instruments purchased if we receive a final payment on the settlement date.

When you sell financial instruments, our payment of the settlement amount is subject to us acquiring unconditional ownership of the financial instruments on the settlement date.

If a trade is placed with a counterparty to execute your order and this counterparty cannot deliver on time, we will try to ensure that the transaction is completed as soon as possible.

If this is not possible, we have no obligation to independently execute the trade, since we bear no responsibility for the counterparty's nonfulfilment.

2.7. Trading costs

We calculate a brokerage commission for financial instruments trading.

In general, brokerage fees are lower when trading through the bank's digital solutions than through the bank branches. The rates are available under "Fees" on the bank's website.

The bank may change commission rates without notice in accordance with its General Terms and Conditions.

The bank's price of immediate trades in bonds admitted to trading on NASDAQ Copenhagen may deviate by a premium/discount of up to 0.50 points from the price of the most recent transaction on NASDAQ Copenhagen. This is due to the fact that we determine a price of immediate trades reflecting the market of the specific bond at the time of trading in relation to the size of the order and the trading volume in the market.

Trading costs in the form of a premium/discount to the price are not calculated for immediate trades in equities.

However, we charge trading costs as a premium/discount to the price of equities and investment units traded in average price trades.

3. General issues

Our terms and conditions are subject to change from time to time with effect for future trades. In the event of significant changes to the service(s) provided to you, you will receive reasonable advance notice by letter - either by ordinary mail or electronically.

The updated terms and conditions are available in Danske Netbank, on the bank's website, or from our branches upon request.

Unless otherwise agreed with the bank, these terms and conditions will apply in conjunction with the bank's General Conditions.