

1 Purpose and objective

- 1.1 This policy is adopted on the basis of Art. 20 of Regulation No. 995/2007, on Investor Protection and the Business Practices of Financial Undertakings, cf. Art. 8 of Act No. 108/2007, on Securities Transactions ("AST").
- 1.2 Arctica provides various types of financial services and situations can be expected to arise through its activities which can result in possible conflicts of interest. Arctica is obliged to take all measures available to identify conflicts of interest in its activities and respond to them.
- 1.3 The objective of this policy is to prevent potential conflicts of interest between Arctica and its clients and among Arctica's clients themselves. Preventing conflicts of interest is also aimed at increasing Arctica's credibility as a securities broker. This policy does not imply a promise or obligation that Arctica will take measures to prevent conflicts of interest above and beyond what is currently prescribed by law and administrative provisions.

2 Scope

- 2.1 This policy shall apply to conflicts of interest between: 1) Arctica itself, including between employees, tied agents or parties under Arctica's direction, on the one hand, and Arctica's clients, on the other; and 2) Arctica's clients themselves. When conflicts of interest exist, Arctica is to have clear procedures to prevent such conflicts of interest from damaging the interests of Arctica's clients. The policy covers all divisions currently operating within Arctica.
- 2.2 This policy shall apply to securities transactions between Arctica and its clients, regardless of whether they are classified as retail clients, professional clients or eligible counterparties. In those instances where this policy provides for less stringent measures to prevent conflicts of interest than specific internal rules adopted by Arctica, those internal rules shall apply. In those instances where this policy sets more stringent requirements than Arctica's internal rules, this policy shall apply.
- 2.3 In interpreting this policy, regard shall be had for Arctica's current size and organisation, as well as the nature and scope of its operations, and its current license to operate from the Financial Supervisory Authority.

3 Definitions

- 3.1 For the purposes of this policy, the following

concepts shall be defined as follows:

3.1.1. Member of an Arctica employee's family:

- a. A spouse, registered or cohabiting partner of an employee of Arctica.
- b. Dependent natural or adopted child or stepchild of an employee of Arctica.
- c. Other relatives of an employee of Arctica who have dwelt in the same household as the employee for at least one year as of the date a specific transaction is concluded.

3.1.2. Proprietary trading: Transactions with financial instruments, concluded by or on behalf of an employee of Arctica if at least one of the following conditions is satisfied:

- a. The transaction takes place outside the area of responsibility of the employee concerned.
- b. The transaction is concluded on the account of any of the following parties:
 - i. The employee of Arctica.
 - ii. A member of an Arctica employee's family or who is closely connected to the employee.
 - iii. A party who has such connections with the employee of Arctica that the latter has direct or indirect interests at stake in the outcome of the transactions, apart from the commission or fee for concluding the transaction.

3.1.3. Conflicts of interest: An event which could conceivably damage the financial interests of Arctica's clients.

3.1.4. Connected parties: Those considered as connected parties in this policy are:

- a. Arctica's management, including directors
- b. Arctica's tied agents, as this concept is defined in Art. 20 of the AST, or their management.
- c. Employees of Arctica or of Arctica's tied agents, as well as individuals which provide Arctica with services and are under the control of Arctica or its tied agents providing services on Arctica's behalf.
- d. Individuals who take part directly in providing services to Arctica or to Arctica's tied agents under an

outsourcing agreement with Arctica for the purpose of providing financial services for Arctica.

- 3.1.5. **Clients:** Clients shall mean current clients, potential clients (with whom Arctica aims at establishing a contractual relationship) and previous clients, with whom obligations of confidentiality or other obligations still exist.

4 Analysis of conflicts of interest

- 4.1 Conflicts of interest could conceivably arise from Arctica's activities, for example:

- a. Arctica concludes transactions on own account or on the account of clients with financial instruments, which are in short supply, at the same time as other clients request to buy or sell the same financial instruments.
- b. Arctica recommends or sells a financial product which it has issued itself when providing investment advice or corporate finance services to clients.
- c. Arctica's corporate finance division may be under contract with a specific enterprise while at the same time Arctica's securities brokerage is brokering its shares. Each division is then obliged to prioritise the interests of its clients.
- d. Arctica may hold a stake in a company, to which it provides corporate finance services, or concerning which it provides investment advice to clients, or whose shares Arctica brokers for other clients. Arctica's employees providing the above-mentioned services may be unaware that Arctica has other interests at stake connected to shares in the company concerned.
- e. Arctica, Arctica's employee or a party directly or indirectly connected to Arctica through control may have financial interests at stake in the outcome of services provided to a client or the outcome of services carried out on behalf of the client, e.g. if the party concerned i) receives financial benefit or avoids financial loss at the client's expense, ii) pursues operations similar to those of the client, or iii) receives compensation in connection with the services provided to the client other than the usual commission (e.g. money, goods or services), from a party other than the client.

- f. Arctica carries out investment-related analyses in connection with legal entities to which it also provides investment advice or corporate finance.
- g. Where employees' own transactions are concerned. Special rules apply to own transactions within Arctica.
- h. The interests of clients may conflict with each other, e.g. if two or more clients request to buy shares which are in limited supply, or if two or more clients wish to acquire a controlling interest in the same company.

5 Handling of conflicts of interest

- 5.1 To preclude conflicts of interest, Arctica has taken measures which include the following, and in some instances specific rules or policies adopted by Arctica apply:

- a. To prevent an unlimited flow of information between divisions, Arctica has set up tangible and intangible barriers (Chinese walls) to limit access to confidential information to those parties who, in Arctica's estimation, actually need such information, in accordance with the interests of the client concerned or Arctica itself. Arctica has adopted special rules which apply in this regard.
- b. Arctica's employees may not conclude transactions with financial instruments without the prior written permission of Arctica's compliance officer.
- c. Arctica's employees may not conclude transactions before a client if a request has previously been received for a transaction on the client's behalf (front-running).
- d. Arctica shall ensure that there is no direct connection between the remuneration of Arctica's employees responsible primarily for one area of operation and the remuneration of other Arctica employees responsible primarily for another division or the revenues they generate, if this could give rise to conflicts of interest in these divisions.
- e. Arctica will adopt, as appropriate, suitable work procedures, both with regard to events within a single division or between divisions of Arctica, regarding instances which could result in conflicts of interest or when conflicts of interest arise.
- f. Arctica will not authorise payment of fees, commissions or non-financial benefits to a

third party or party representing clients, or which a third party or party on its behalf pays or provides, unless the client has been clearly informed of the existence, nature and amount of such fees, commissions or benefits. Such payments must, furthermore, be conducive to increasing the quality of services provided to the client.

- g. If conflicts of interest arise, Arctica will inform the client concerned thereof, so that the client can take an informed decision on proceeding with the transaction in question and take such measures as can be considered realistic to ensure that the client is not harmed by such conflicts of interest. Arctica is not obliged, however, to disclose the scope of such interests nor income or profit in connection with such interests or obligations, as Arctica may be unauthorised to disclose such information due to provisions on confidentiality.
- h. Data on Arctica's services and response are preserved in instance where conflicts of interest arise.
- i. Arctica may exclude connected parties from specific transactions or the handling of conflicts of interest if their participation in the transactions concerned or in handling conflicts of interest could result in conflicts of interest.

6 Information disclosure on conflicts of interest

- 6.1 If Arctica is of the opinion that its measures to respond to chief conflicts of interest are insufficient, it must provide clients clearly and unambiguously with information on the nature and causes of potential conflicts of interest before concluding transactions between parties. Arctica must send the client a written notice and seek its approval for Arctica to continue to provide a specific service despite such potential conflicts of interest.
- 6.2 The compliance officer shall maintain a list of activities included under securities transactions, which Arctica pursues or are pursued on its behalf, where conflicts of interest have developed resulting in a real risk that the interests of one or more clients were prejudiced, or could be prejudiced in instances where these activities continue and this could occur. This list shall be updated regularly. The list must include information as to what clients

were involved, what transactions were concerned and the type of the financial instruments and transactions concerned.

7 Arctica's procedures to prevent conflicts of interest

- 7.1 Arctica has adopted the following internal rules to prevent conflicts of interest:
 - a. Procedures for securities transactions which contain rules for separation of divisions (Chinese walls), rules on security and communications, rules on Arctica's proprietary trading in financial instruments, employees' own transactions and employees acting as directors or participating in business operations.
 - b. Rules for the Board of Directors, including rules on eligibility of directors to take part in dealing with cases, on credit to parties related to directors and on participation of directors on the boards of Arctica's subsidiaries and associates.
 - c. General rules for employees, including for instance procedures concerning gifts and invitational trips for employees.
 - d. Rules on best execution of orders.

8 Supervision of policy implementation

- 8.1 The compliance officer is responsible for ensuring the implementation of this policy and clients must have the opportunity to direct their comments or complaints to the compliance officer if they are of the opinion that an employee has violated this policy.

9 Revision of the policy

- 9.1 Arctica revises this policy regularly to determine whether it is sufficiently effective in practice, both with regard to the activities of individual divisions within Arctica or those of the company as a whole, and will amend its policy should it prove to be not effective enough or if amendments are made to laws or administrative provisions which concern its substance.
- 9.2 If Arctica expands the activities and services it offers, this policy shall be reviewed accordingly.

10 Entry into force

- 10.1 This policy shall enter into force upon approval by the Board of Directors.