**general terms and conditions**

**for capital markets trading**

1. **Scope and purpose**

These General Terms and Conditions (these “**Terms and Conditions**”) apply to the contractual relationship between Arctica Finance hf., Reg. No. 540509-1820, Katrínartún 2, 105 Reykjavík, Iceland, (“**Arctica**”) and each client (the“**Client**”) who accepts these Terms and Conditions. These Terms and Conditions apply to all securities transactions where Arctica's Capital Markets division acts as intermediary for or on behalf of the Client with regards to financial instruments[[1]](#footnote-1) or foreign currency transactions, or whereby Arctica's Capital Markets division provides the Client with other related services. These Terms and Conditions apply in addition to any and all contracts which the Client may conclude with Arctica. In case of any discrepancy between these Terms and Conditions and those of individual contracts, the latter shall apply.

Arctica is licensed to operate as a securities company by the Central Bank of Iceland’s Financial Supervisory Authority (“**FME**”) and operates on the basis of Act No. 161/2002, on Financial Undertakings. Arctica's activities are regulated by FME as provided for in Act No. 87/1998, on Official Supervision of Financial Activities.

Arctica does not provide investment advice in the sense of Icelandic laws, unless specifically agreed upon in writing between the Client and Arctica. The Client must therefore itself obtain investment advice from external experts if it deems such necessary. If the Client requests the opinion of Arctica's employees regarding specific financial instruments or transactions, it is emphasised that any opinions provided to the Client by Arctica's employees on the basis of such a request are based solely on the opinions of the employee in question at that time and may change without notice, and may not be regarded as assistance or advice in selecting investment options on offer at any given time.

The Client is aware that Arctica does not provide advice or services in connection with tax liability or taxation of transactions concluded on the basis of these Terms and Conditions and related agreements. The same applies to legal advice and advice on tax returns or other advice in connection with auditing.

The Client's attention is drawn especially to the fact that Arctica's Capital Markets division does not specialise either in transactions with retail clients nor in providing personal advice to investors and as a result it may prove necessary for the Client to obtain advice from external experts concerning transactions. Clients are urged to seek advice before undertaking capital markets transactions and to acquaint themselves with the currently applicable laws and rules.

Any endorse­ments, deletions, additions or other modifications which the Client may make to these Terms and Conditions, are not valid towards Arctica.

1. **Client due diligence**

In accordance with the provisions of the Icelandic Act no. 140/2018, on Measures Against Money Laundering and Terrorist Financing,[[2]](#footnote-2) and regulation no. 745/2019, on Customer Due Diligence with regard to Measures Against Money Laundering and Terrorist Financing, Arctica must carry out due diligence on its clients.

If the Client is a natural person, he/she must verify his/her identity by presenting valid personal identification.[[3]](#footnote-3) If the Client is a legal entity, then those persons authorised to sign on behalf of the Client, such as the chief executive officer or persons with powers of procuration, as well as the Client’s beneficial owners, must verify their identity by presenting valid personal identification. Arctica is obligated to preserve in accordance with law a copy of personal identification presented.

In accordance with the aforementioned Act and regulation on Measures Against Money Laundering and Terrorist Financing, Arctica must acquire information about the Client and on proposed transactions. The Client must for this purpose provide Arctica with information, e.g. by completing a special questionnaire, and/or providing Arctica with requested documents and data. The information inter alia pertains to purpose and nature of the business, origin of financial resources and politically exposed persons.

To fulfil statutory provisions, Arctica reserves the right to demand at any time additional data and information about the Client. If Arctica suspects that funds have illegal origins, Arctica reserves the right to stop all further business without notice. Arctica may also be required by law or regulation to report any suspicion or knowledge about money laundering or terrorist financing.

In affixing its signature to these Terms and Conditions, the Client affirms that those funds which it provides to Arctica are its own and that the Client is deemed to be the beneficial owner of the funds, unless the Client informs Arctica otherwise in writing. The Client furthermore affirms the lawful origin of funds which it may deliver to Arctica.

The Client shall inform Arctica if any information which the Client has provided Arctica with in regard to the Client’s due diligence, has changed. Arctica may then require all necessary information in this regard.

1. **Classification and assesment of suitability and appropriateness**

According to Article 21 in the Icelandic Act no. 108/2007, on Securities Transactions,[[4]](#footnote-4) Arctica is obligated to classify each client as a professional client, an eligible counterparty or a retail client, with each classification entailing variable obligations for Arctica towards each client.[[5]](#footnote-5) A client may at any time request a different classification.

According to Article 15 and 16 in the Icelandic Act no. 108/2007, on Securities Transactions, and Section 4 in Chapter III in the regulation no. 995/2007, on investor protection and the business conduct of financial undertakings,[[6]](#footnote-6) Arctica is obligated to assess the suitability of clients and appropriateness of financial services. This entails inter alia that clients are obligated to provide information on their experience and knowledge (if a client is a legal entity this obligation refers to that entity’s representatives), so that Arctica can determine whether they understand the risks related to the tasks which they have asked Arctica to provide services on.

The Client acknowledges that Arctica’s assessment of the Client is based on information which the Client provides Arctica with, and that Arctica may decide not to carry out an independent investigation into the Client’s affairs beyond what can be found in the information provided. It is the Client’s responsibility if the Client has presented Arctica with insufficient or wrong information about the Client.

Even if Arctica assesses the Client in accordance with above, a decision by the Client regarding an investment can lead to a considerable loss and that the risk related thereto lies with the Client. Any assessment of the Client relates to the time of the assessment. Market circumstances can change quickly and it is the Client’s responsibility to follow such changes, if the Client sees so fit.

Before the Client makes a decision regarding a transaction, the Client should evaluate how suitable that transaction is for the Client and its circumstances. For example, the Client should evaluate i) if the Client has the knowledge and experience to execute the relevant transaction, ii) if the Client is aware of all the risks related to the relevant transaction and how it might affect the financial situation of the Client, iii) if the Client is aware of the external risks related to the relevant transaction, such as the economic situation, interest rate, economic fluctuations etc., and iv) if the Client has made itself familiar with the terms related to the object of the relevant transaction, such as a prospectus, terms etc.

Special attention is drawn to the fact, that if the Client gives a direct order, at its own initiative, to execute a transaction involving a non-complex financial instrument,[[7]](#footnote-7) then Arctica is not obligated to evaluate whether or not the financial instrument or the services are appropriate for the Client.[[8]](#footnote-8)

1. **Arctica's services**

The Client has no unilateral claim on Arctica to conclude specific contracts or provide services on the basis of these Terms and Conditions. The consent of Arctica's employees is required to conclude all contracts and transactions and Arctica may unilaterally agree to or refuse requests by the Client for transactions and, as appropriate, require such data, information or collateral as Arctica deems a necessary prerequisite for concluding a contract or transaction. Should Arctica refuse to conclude or execute specific transactions for the Client, this shall not comprise termination of these Terms and Conditions.

Arctica may not act as an intermediary in securities trading if its employees are aware or suspect that such trading may violate the provisions of the Act on Securities Transactions. If an employee suspects that a transaction may infringe against Acts or Regulations, this will be notified to the immediate superior or the compliance officer, who may be obliged to notify FME or the police immediately thereof.

1. **Client's power of attorney**

The Client may at any time grant power of attorney to a third party to conclude transactions and give execution orders / instructions on behalf of the Client, provided such authorisation is in writing and is deemed sufficient by Arctica and attested to by the Client, inter alia its Board of Directors in the case of a legal entity. The power of attorney shall be in effect until Arctica has received written notice of its modification or cancellation, or until it expires as provided for by its contents. Until such time Arctica is fully authorised to conclude transactions in accordance with instructions from such an agent or to take measures in accordance with such instructions.

If the Client is an individual and wants to grant a third party with a power of attorney to give execution orders / instructions and to conclude transactions with Arctica in accordance with these Terms and Conditions, on behalf of the Client, the Client can provide a written power of attorney or specify the third party on the signature page of these Terms and Conditions. Such a power of attorney does not restrict the Client to give execution orders to or trade with Arctica itself.

If the Client is a legal entity, then the Client grants those parties which are specified on the signature page of these Terms and Conditions full and unlimited power of attorney to give execution orders/instructions and to conclude transactions with Arctica in accordance with these Terms and Conditions. If no party is specifically listed there, Arctica may assume that the Client has granted its authorised signatories, CFO and managing director/CEO, at any given time, the aforementioned power of attorney. The Client may specifically limit the authorisation of these parties, provided this is notified in writing to Arctica. Such limitations do not take effect, however, until they have verifiably been notified to Arctica; until such time the power of attorney shall cover all transactions and services provided by Arctica at any given time.

Anything which those parties who have power of attorney from the Client, do on the basis of the power of attorney, in accordance with above, shall be deemed as having been ratified and confirmed by the Client. Any power of attorney is considered as valid until the Client has in writing revoked the power of attorney. Therefore, the Client is bound by all execution orders / instructions and transactions made by its agents, until Arctica has received in writing a revocation of the power of attorney. Should the Client wish to entrust other parties with power of attorney to conclude transactions or contracts with Arctica, such power of attorney shall only by valid if it has been satisfactorily endorsed by the Client, as appropriate by the Client's Board of Directors, and has verifiably been received by Arctica.

Should there be the least doubt, in Arctica's assessment, as to the authorisation or power of attorney of the party concerned or his/her status, Arctica may refuse to conclude transactions until the authorisation of the party concerned has been demonstrated satisfactorily.

Arctica is not obligated to check specifically whether an agent is authorised according to the Client’s internal rules to issue the orders concerned or conclude agreements or transactions as long as they fall within the scope of the power of attorney.

If the Client is a foreign legal entity, Arctica shall be authorised to apply for an Icelandic Reg. No. for the Client from Statistics Iceland at the Client's expense.

Should Arctica so require, the Customer must provide written confirmation from an attorney that the attorney has been granted power of attorney to accept summonses and notifications of any type concerning the parties' transactions on behalf of the Client.

1. **Execution of transactions**

The Client is aware that Arctica may set a ceiling for trans­actions which may be restricted to a specific amount or number of transactions.

If the Client wishes to use access to the Automatic Order Routing System through Arctica, a special agreement must be concluded for the Client's use of such system.

Best execution

When transactions are concluded, or if instructions for transactions are received or communicated on behalf of the Client, Arctica will execute orders in accordance with Arctica's policy on order execution and the Client's class­ification. Arctica's policy on order execution and the provisions of these Terms and Conditions in this regard do not apply to Clients who have been classified as eligible counterparties.

Form of execution order

Execution orders / instructions, as well as transaction requests must be sent by the Client to Arctica either in writing, by telephone (which is recorded by Arctica), in an e-mail (to m@arctica.is or to Arctica’s Capital Markets employees (ending in @arctica.is), through internet communication software/app approved by Arctica[[9]](#footnote-9) and/or, as the case may be, through Arctica's website. All orders and instructions for transactions are legally binding regardless of their form.

Purchase of financial instruments

For purchases which are concluded on its behalf, the Client must pay the total amount of the transactions concluded in the currency in which the financial instrument in question is issued, unless otherwise agreed in writing. Payment must be received by Arctica in accordance with Arctica’s settlement instructions each time, as defined for the financial instrument concerned on the trading venue in question.

The Client must itself issue instructions to its custodian and bears the responsibility for transferring rights to financial instruments, except in instances where Arctica is the Client's custodian, in which case these transactions shall be as provided for in the custody contract.

Sale of financial instruments

The Client is responsible for ensuring its authorisation to dispose of one or more financial instruments which it has given orders to sell. The Client grants Arctica full and unlimited power of attorney to take the necessary measures to sell the financial instrument specified in the Client's instructions, as provided for by Acts and rules. Payment shall be made to the Client on the trade settlement date as defined for the financial instrument concerned on the trading venue in question and in the currency in which the financial instrument concerned was issued, unless otherwise agreed in writing.

If the financial instrument which is to be sold for the Client is not in Arctica's custody, the Client must deliver the financial instrument, which it has authorised Arctica to sell, into Arctica's custody as promptly as possible and at the location specified by Arctica, in accordance with Arctica’s instructions, as defined for the financial instrument concerned on the trading venue in question.

Revocation of orders for transactions, unclear instructions and cancelled transactions

The Client shall be fully responsible for its instructions given to Arctica. Arctica may, but is not obliged to, decide at its discretion, without consulting the Client and without any liability on Arctica's part, not to execute or to cease to execute orders or to conclude a transaction on behalf of the Client in the following instances:

1. If such orders are cancelled or suspended by the market concerned (stock exchange, regulated securities market or multilateral trading facility).
2. If it appears evident, in Arctica's estimation, that an order is intended to improperly affect price formation, if the order has no commercial purpose or is intended to delay or prevent access by other parties to the trading system.
3. If Arctica is of the opinion that instructions for a transaction are unclear, insufficient, questionable, contradict other instructions or are incorrect because of errors/mistakes on the part of Arctica, the Client or the counterparty in a transaction, i.e. the party who purchases from or sells to the Client through the intermediation of Arctica.
4. If Arctica is of the opinion that there is doubt as to whether the instructions for a transaction come from the Client or its agent.
5. If a technical disruption in trading and settlement systems can prevent the normal conclusion of the transaction, in Arctica's estimation.
6. If the Client violates the law or rules of the market concerned.
7. If market circumstances change from the time the Client sent or gave instructions for a transaction and they cannot be complied with.

Should the Client become aware that it has given instructions which are incorrect or insufficient or not in accordance with its intentions, the Client obliges itself to notify Arctica thereof immediately and the Client then grants Arctica full authorisation and discretion to assess whether orders for a transaction on the market concerned can be revoked; Arctica does not guarantee that this will be possible.

With regards to above, Arctica reserves every right to execute, without any liability for damages, the instructions as it deems in good faith they should be understood or to refuse to conclude the transaction until the Client has rectified the instructions, provided explanations for them or altered them in such manner as Arctica deems satisfactory. The Client agrees to assume full responsible for any loss which Arctica may sustain as a result of its endeavours to execute orders of the above sort.

Clearing and Settlement

Clearing and settlement of financial instruments shall be made in accordance with the applicable rules on the securities market where the securities in question are obtained or where they have been admitted to trading, if off-exchange transactions are concluded, unless otherwise agreed in writing.

In those instances where Arctica has not received the necessary funds to pay for a financial instruments or right to dispose of a financial instrument, within the requisite time period, Arctica shall have full and unlimited power of attorney, at its discretion and in such manner as Arctica deems most advantageous, to settle transactions, such as sell or acquire a financial instrument or borrow a suitable financial instrument to conclude the transaction and settle the transaction with the counterparty by delivering to it funds or another financial instrument of the same sort as that which the Client's instructions concerned. The Client is responsible for indemnifying Arctica completely in the above-mentioned measures and for paying all costs, commissions and expenses in connection with such transactions and settlements. Arctica shall never be obliged, however, to undertake the measures specified in this Section.

Should the Client fail to deliver funds or a financial instrument to Arctica at the right time, or to deliver it within the requisite period, the Client shall indemnify Arctica for such and must bear any expense or damages resulting therefrom, including any fines which the trading venue concerned, a public body or other third party may levy on Arctica or resulting from claims of other parties who may be entitled to damages from Arctica as a result of the Client's failure to fulfil its obligations.

1. **Collateral**

Arctica may demand collateral in connection with individual transactions. If no collateral has been demanded for specific contracts, Arctica reserves the right to make such demands later. If the Client wishes to persist with a transaction, it is obliged to sign a special agreement concerning collateral, pledges, guarantee securities or other similar documents as appropriate, which are satisfactory in Arctica's assessment.

1. **Right to appropriate financial instruments**

If a claim in connection with a transaction covered by these Terms and Conditions is not settled on the due date or, as the case may be, the acceleration date, Arctica shall be entitled to appropriate the financial instrument and any cash which may be in the Client's custody account with Arctica for payments to which Arctica may be entitled from the Client. Arctica may debit bank accounts and sell those financial instruments which it is entitled to appropriate to cover such debts, together with interest and expenses arising from them.

1. **Set-offs (netting) of contracts and transfer**

The following provisions shall apply concerning set-offs (netting) in foreign currency and securities transactions:

1. If transactions or contracts covered by these Terms and Conditions involve opposite obligations which are to be settled in the same payment on the same date, e.g. in the same currency or type of financial instrument, Arctica may demand a set-off, so that only any difference which may result is paid.
2. If transactions or contracts covered by these Terms and Conditions involve opposite obligations which are to be settled on the same date but not in the same payment, Arctica may nonetheless demand a set-off, so that only any difference which may result is paid. If payments are not in the same currency, Arctica may convert the payment to Icelandic króna (“**ISK**”) or other currency agreed upon before making the set-off.
3. If the Client's debts or obligations under a transaction or an agreement covered by these Terms and Conditions are accelerated, Arctica may set-off claims under all agreements covered by these Terms and Conditions so that profits or losses of both parties are combined and settlement only made of any difference remaining.

The provisions of Section 10 (Default and foreclosure) shall apply to settlement as referred to in this Section, i.e. valuation and conversion of financial instruments.

Should the Client be covered by provisions of Act No. 46/2005, on Financial Collateral Arrangements, Arctica shall be authorised to set-off and enforce agreements with the Client as provided for in that Act.

1. **Default and foreclosure**

Minor default

Should the Client fail to fulfil its obligations as provided for in these Terms and Conditions or agreements which make reference to these Terms and Conditions, without such default being considered major, the Client is allowed two banking days[[10]](#footnote-10) to rectify the situation which resulted in the said default.

Substantial default

Should the Client substantially fail to fulfil its obligations as provided for in these Terms and Conditions or agreements which make reference to these Terms and Conditions, Arctica may, but is not obliged to accelerate, settle or close a transaction or contract, in whole or in part, without prior notice. Acceleration shall mean transferring the due date or the final date of a contract to the acceleration date.

The events listed below shall always be regarded as substantial default according to these Terms and Conditions:

1. If the Client has not rectified the default within the time limit prescribed in the first paragraph of Section 10 (Minor default).
2. If the Client does not fulfil its obligations to make payment on settlement dates or due dates.
3. If the Client is in default to Arctica on other dealings not covered by these Terms and Conditions and has not rectified the situation within two banking days of the time the default began or has repeatedly been in default to Arctica.
4. If the Client violates provisions of agreements with Arctica on collateral or collateral arrangements.
5. If (i) the Client's property is attached, (ii) the Client requests a moratorium, (iii) the Client seeks composition, (iv) the Client concludes agreements with general creditors on partial write-down of debts, (v) a petition is made for the Client's insolvency (or the law authorises or requires the submission of such a petition), (vi) a request is made for forced auction of the Client's assets, or (vii) the Client's financial situation is such that there is substantial probability that it will not be able to fulfil its obligations under these Terms and Conditions or agreements concluded on their basis.
6. If the Client provides incorrect or insufficient information upon commencing the business relationship.
7. If the Client neglects its information disclosure obligations as referred to in Section 15 (Client's disclosure obligations and notifications).

Notifications

Arctica must notify the Client of any acceleration of its obligations or settlement or closure of contract(s) due to major default. Arctica may send such notification by telephone or e-mail.

Methods of settlement, valuation and conversion

In assessing the market value of listed financial instruments[[11]](#footnote-11) Arctica may, but is not obliged to, use the closing price on the market concerned the day prior to the assessment as a basis, unless otherwise stated in the agreement. Arctica may also base its assessment on the closing price on a number of trading days, having regard to the turnover of the securities on individual dates, e.g. if price formation on the day prior to the valuation was abnormal, in Arctica's opinion. Arctica shall carry out a valuation of unlisted financial instruments,[[12]](#footnote-12) based on the price which leading financial undertakings concluding transactions for the financial instruments concerned with Arctica pay for them.

Arctica may, but is not obliged to, convert claims in foreign currency to ISK on the acceleration date or, as appropriate, the due date of a claim or later. In such instances the rate quoted by the Central Bank of Iceland on the conversion date shall be used as reference unless otherwise stated in an agreement.

If the Client's obligations are accelerated or its contract(s) closed or settled, in full or in part, Arctica shall be fully authorised to seek to enforce all of its claims, in whatever manner it chooses, without further notice.

Penalty interest

The Client shall pay penalty interest on a claim from Arctica from the due date or, as the case may be, the acceleration date if a claim is accelerated before the agreed due date. Unpaid penalty interest shall be added to the debt principal at twelve-month intervals, in the first instance twelve months after the first default date, regardless of whether the debt is in ISK or foreign currency.

Claims, whether they are in ISK or in foreign currency, shall bear penalty interest in accordance with the current decision by the Central Bank of Iceland on the base rate for penalty interest and default premium, cf. provisions of Chapter III of Act No. 38/2001, on Interest and Inflation Indexing, on an amount due or accelerated from the date due or acceleration date until the date payment is made.

Costs

In the case of default by the Client, it is obliged to pay Arctica all costs incurred by Arctica resulting from the default, litigation or other court costs, remuneration to legal counsel or other expense to be paid by Arctica, as well as other legal costs resulting from collection in accordance with these Terms and Conditions, and cost in accordance with tariff.

Enforcement authorisation

In the event that the Client's obligations are accelerated or contracts closed, in full or in part, Arctica may, without prior notice, seek satisfaction for all its claims in the collateral provided by the Client and assets which Arctica is entitled to attach in the Client's custody accounts with Arctica or Arctica's custody and settlement bodies. Arctica may at its discretion decide whether to seek satisfaction in all the collateral pledged or only assets appropriated or only part of them and, in such case, in what order it proceeds.

Arctica may seek satisfaction either by having the pledged collateral or attached assets sold at forced auction to satisfy a debt without prior court judgement, conciliation or execution, as provided for in Art. 6 of Act No. 90/1991, on Forced Auction, to the extent necessary for Arctica to obtain full payment, or by selling the pledged collateral or appropriated assets on the market or by acquiring assets at its discretion to the extent necessary to satisfy its claims.

1. **Commissions, charges and other costs**

The Client shall pay Arctica commissions and fees for services provided in accordance with Arctica's tariff at any given time, which is accessible on Arctica’s website.[[13]](#footnote-13) Commissions may, in certain instances and as provided for in agreements between parties, be higher or lower than commissions in Arctica's tariff.

The Client shall reimburse Arctica for all costs resulting from business transactions between the Client and Arctica, such as fees and commissions in connection with orders for transactions, custody fees, transfer fees, registration fees and stamp duty, as well as other taxes and public levies, which may be payable on the Client's transactions covered by these Terms and Conditions.

The Client must pay fees, commissions and costs on the date this is requested, which is considered to be the due date unless otherwise agreed. The Client agrees that it will pay the fees, commissions and costs which it is to pay in accordance with these Terms and Conditions without any conditions, and without set-offs on its part or counterclaims or deductions of any sort.

When settlement is made with regards to a sale, accrued fees, commissions and cost shall be deducted from the payment unless Arctica and the Client have agreed otherwise in writing. Similarly, accrued fees, commissions and cost shall be added to the payment in the case of a purchase by the Client.

Should a Client fail to pay fees, commissions and cost on the due date, it must pay penalty interest on such claims as provided for in Section 10 of these Terms and Conditions (Default and foreclosure).

1. **Liability**

The Client is aware that transactions which it may conclude on the basis of these Terms and Conditions may be especially risky. Information about risks associated with securities transactions is available from Arctica's Capital Markets employees and on Arctica's website.[[14]](#footnote-14) The Client shall avoid concluding transactions with financial instruments unless it is aware of the risk involved in such transactions and must take the initiative in informing Arctica if there is any doubt regarding its knowledge in this respect.

Arctica is neither responsible for financial instruments delivering the returns which Arctica or the Client may expect, nor for currency developments to be in line with the aspirations of these parties. Furthermore, Arctica is not liable for any alleged losses by the Client due to a decrease in the price of financial instruments or changes in price developments following acceleration, e.g. alleged profits of the Client on price changes had acceleration not been applied.

The Client is aware that Arctica's transactions covered by these Terms and Conditions include neither marketmaking nor asset management. As a result, Arctica is not responsible for notifying the Client of the position of contracts or their closing at certain limits unless such is specifically agreed upon. It is therefore the Client's responsibility to monitor the position and development of the contracts it concludes with Arctica.

If Arctica has availed itself of the intermediation of a third party in executing the Client's orders, Arctica shall not be liable for the actions or omissions of this party except in instances where Arctica has not followed its own policy for order execution in selecting such parties. If Arctica has availed itself of the intermediation of a specific third party in accordance with instructions from the Client, Arctica shall not under any circumstances be responsible for the actions or omissions of such party.

As market conditions may change significantly in a brief period of time, Arctica cannot guarantee that it will be possible to execute the Client's orders for a transaction at the price requested or in accordance with the Client's specific wishes. Arctica shall not be liable for any damages or loss which the Client may sustain if its request to conclude a contract or conclude a transaction or an order for a transaction are executed at a less favourable rate than the Client anticipated, e.g. due to price development during the time it takes to process the request or to technical difficulties which may arise in processing and concluding the transaction. This provision shall, however, only apply insofar as the request was in other respects dealt with in accordance with the Client's instructions.

Arctica shall not be liable if the Client fails to fulfil its obligations towards Arctica, so that Arctica appropriates collateral or avails itself of its authorisation to sell assets pledged, or in other respects enforces its claims, at a lower price or rate than the Client may have expected.

If a tax or levy is charged on transactions covered by these Terms and Conditions, the Client must pay those additional fees directly to the authority concerned, so that Arctica receives the full amount which is to be paid to it under the agreement concerned. Arctica shall not be liable for losses which the Client may sustain if taxes or public levies which are to be withheld from the Client are not withheld or are incorrectly withheld.

Arctica shall not be liable for damages or losses which the Client may sustain which are attributable to force majeure, such as natural catastrophes, terrorist attacks, war, impending armed conflict or unrest, epidemics, strikes, lockouts, border closings, trade sanctions or blockades, or other comparable events. Nor shall Arctica be liable for damages or losses arising from events of political, financial, social, economic or technical nature, including disruptions to communications, which are liable to prevent, interrupt or disrupt wholly or partially the services provided by Arctica, even if such events are not classified as *force majeure.*

Arctica shall not be liable for any indirect or direct damage which the Client may sustain as a result of Icelandic or foreign laws or rules or actions undertaken or not undertaken by Icelandic or foreign governments. Furthermore, Arctica shall not be liable for any indirect or direct damage which the Client may sustain due to actions or omissions of Icelandic or foreign stock exchanges, markets or trading facilities, custodians, securities depositories or other financial undertakings pursuing activities subject to licence and offering similar services.

Arctica shall not be liable for direct or indirect losses or damages of the Client which may result from technical failure or errors in software, operating systems, networks, telecommunications systems (including telephones, SWIFT, fax machines and similar equipment), interruption or disruptions of such systems, electrical failure, breakdowns or disruption of computer systems, equipment and hardware, whether such equipment is owned or used by Arctica, or damages to data records regardless of whether Arctica or a third party is responsible for operation of the systems.

The Client is aware that use of e-mail and other electronic or internet communication systems may involve risk and that such means of communication do not ensure privacy or security in communication. Arctica is not liable for damages which the Client may sustain in using the above-mentioned means of communication, e.g. if an e-mail is not received due to technical events, or resulting from unclear instructions, for instance, in a telephone call. The Client also bears the responsibility if the software or hardware or operating system of computers or equipment, or similar services of third parties, which it uses to receive notifications, fails or does not function properly and notifications are received late, only partly or not at all.

Arctica shall not be liable for loss, damage, cost or expense whether due to negligence, breach of contract, misleading information or other reason, which the Client may incur as a result of a contractual relationship established on the basis of these Terms and Conditions or other agreements covered by these Terms and Conditions, unless such losses are the foreseeable result of or arise directly from gross negligence, intent or fraud on Arctica's part. Arctica's liability shall not under any circumstances include indirect losses which the Client or a third party may incur or damage due to loss of profit, nor shall Arctica's liability cover loss of goodwill or loss of business opportunities which may occur or arise in connection with these Terms and Conditions, whether this is due to negligence, breach of contract, misleading information or other reasons.

Should a situation arise as referred to in this Section, which prevents Arctica from fulfilling partially or wholly its contractual obligations towards the Client, in accordance with instructions for a transaction, then Arctica's obligation to comply with such instructions shall be postponed until the situation referred to above is alleviated and they can be executed, e.g. when markets re-open or a strike ends. If as a result of the above-mentioned situation payment cannot be made or received in accordance with instructions or agreements, neither the Client nor Arctica shall be required to pay interest because such payments are postponed.

1. **Conflicts of interest**

The Client is aware that Arctica is a securities company and concludes transactions on the market for its other clients. Arctica has adopted a policy to prevent conflicts of interest, which provides for measures to be taken to avoid conflicts of interest between Arctica and the Client, as well as between Arctica's clients. If Arctica becomes aware that it has interests or obligations which conflict with those of the Client, pursuant to the above-mentioned policy, Arctica must respond in accordance with this policy and take such measures as may be realistically expected to prevent losses to the Client due to such conflicts of interest. Arctica is not obliged 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.

The Client is aware that Arctica itself may be the counterparty in contracts or in individual transactions and that Arctica is obliged by law to act with complete impartiality towards the Client in its activities and to ensure that the Client is not subject to discrimination in transactions in any significant respect. Arctica's proprietary trading on markets may not in any way conflict with the Client's interests or take precedence; in such cases the Client must be informed as provided for by laws and regulations in each instance. Arctica must also attempt to avoid conducting its trading in such a manner as could give cause to expect this to conflict with the interests of the Client. In this regard, the Client is referred to Arctica's policy on measures to prevent conflicts of interests.[[15]](#footnote-15)

1. **Arctica's disclosure obligations and notifications**

Arctica will send the Client a statement of and information on services provided in accordance with provisions of laws and rules thereto. Such a statement also contains information on the cost of services. If the Client wishes further summaries or confirmations, or information in another format, it must bear any cost arising from such. If the Client raises no objection to the confirmation at first opportunity, and no later than within 30 (thirty) days of its date, Arctica may assume that the confirmation contains correct information on the transaction.

Arctica is authorized to send statements and announcements to the Client to the postal address or e-mails provided to Arctica by the Client in accordance with these Terms and Conditions, as well as through telephone calls or by other electronic or internet communication systems or such similar means of communication, approved by Arctica. A client is assumed to have received notifications sent by Arctica by registered mail to the address which the Client has provided to Arctica. If a notification is communicated by telephone, it is assumed that it has been received immediately and that the Client is aware of its substance. If a notification is sent by e-mail or similar means of communication to an address or number or e-mail address which the Client has specified, it will be assumed to have been sent to the correct location and received immediately by the Client.

The Client confirms that it has permanent and secure access to the internet and that Arctica may provide information on its website, www.arctica.is, in connection with Arctica's contractual relationship with the Client. Such information may include, for instance, Arctica's policy in executing orders, information on markets, its policy on measures to prevent conflicts of interest, a survey of the risks of financial instruments, these Terms and Conditions and changes to them, information on tariffs and commissions as well as information on services and fees for products and services.

1. **Client's disclosure obligations and notifications**

The Client shall direct all written communications to Arctica’s legal domicile or in an e-mail to m@arctica.is, unless instructed otherwise by Arctica. A notification will not take effect until Arctica has confirmed its receipt.

The Client is obliged to notify Arctica immediately:

* Of any existing or foreseeable events of default as referred to in these Terms and Conditions and transactions or agreements related to them, cf. Section 10 (Default and foreclosure).
* If changes occur to information previously provided by the Client. For instance, any type of information or assumptions which could result in a change in Arctica's classification of the Client as a retail client, professional client or eligible counterparty, as well as changes to the Client’s address, telephone number, e-mail address or other contact information.
* If the Client is no longer the beneficial owner of funds or financial instruments which it may have delivered to Arctica or does transactions with.
* If the Client becomes an insider or financially connected party, as defined by law, or if other comparable reasons limit the Client's authorisation to conclude transactions. Arctica is not, however, responsible for giving notification of insider trading. The same applies to obligations to notify to which the Client may be subject due to flagging rules according to law.
* If other changes occur to or relating to the Client which could affect the relationship, communication or transactions between the parties, such as if the Client is a legal entity and:
  + If a decision is taken on a merger, split, wound up or other type of termination of the Client.
  + If major changes are made to the Client’s ownership.
  + If changes are made to powers of attorney or otherwise to persons granted authorisation to sign on behalf of the Client.
  + If changes are made to the purpose of the Client.

1. **Recording of Telephone Conversations**

Phone conversations between the Client and Arctica’s employees may be recorded without specific notification in each instance. Arctica cannot guarantee that all phone conversations are recorded. The Client agrees that such recordings may be submitted in court actions or used as evidence in other instances if disagreement arises as to what passed between the parties, such as concerning the premises and/or execution of specific transactions or contracts. The recordings are made to ensure better security of both the Client and Arctica and to prevent possible misunderstanding, or to investigate possibly criminal and/or punishable conduct. Arctica shall not be responsible if recording of conversations did not take place, as it is not certain that all conversations will be recorded.

All recording of conversations shall comply with provisions of the Icelandic Act on Data Protection and the Processing of Personal Data,[[16]](#footnote-16) as well as the Tele­communications Act. Only designated employees in control units or information technology have access to recorded phone conversations. Requests from third parties for access to recordings of phone conversations or copies of recordings shall only be granted to parties who have legitimate interests of receiving such copies, i.e. surveillance authorities, law enforcement authorities or others with a clear legal mandate.

1. **Confidentiality**

Arctica, its employees and all parties performing tasks for Arctica are, in accordance with the Icelandic Act on Financial Undertakings, bound by obligations of confidentiality concerning any knowledge they may acquire in carrying out their duties concerning the business or private affairs of Arctica's clients, unless obliged by law to disclose information. The obligation of confidentiality remains even if the person concerned leaves Arctica's employ.

Arctica must treat as confidential all information concerning the Client's transactions with Arctica and other aspects concerning its situation which should remain secret according to law or their nature. The Client is, however, aware that Arctica may be obliged to deliver to domestic or foreign authorities or supervisory authorities, e.g. police authorities, competition authorities, taxation authorities, supervisory authorities, such as FME, stock exchanges or other competent authorities, information on transactions by the Client if such request is made by the relevant authority and satisfactory authorisation exists for the authority concerned.

1. **Custody**

These Terms and Conditions do not imply that Arctica will undertake to provide custody for financial instruments or other assets for the Client; this will only be done if a special custody agreement is concluded. Custody of financial instru­ments will therefore be provided by the custodian with whom the Client has concluded a specific agreement. These Terms and Conditions do not grant Arctica power of attorney to handle the Client's financial instruments and assets which are preserved by a custodian.

Arctica shall not be responsible for actions or omissions by those custodians with whom the Client has concluded an agreement, unless Arctica is the custodian. In addition to what is provided for in these Terms and Conditions, provisions of Acts and Regulations shall apply concerning Arctica's obligations to preserve financial instruments and other assets of the Client.

1. **Processing of Personal Data**

Arctica processes its clients’ personal data based on these Terms and Conditions and, as the case may be, agreements and rules applying to individual products or services Arctica may provide to its clients. Arctica may also process personal data based on the Client’s consent, law, administrative provisions or based on legitimate interest, as detailed in Arctica's Data Protection Policy. All processing of personal data is in accordance with current data protection legislation at each time.

The processing of personal data is necessary for Arctica to provide clients with financial services and for clients to undertake transactions with Arctica, as well as to conclude or execute related contracts. Refusal by the Client to provide Arctica with personal data or authorisation to process such information may prevent Arctica from providing the Client with requested services.

The Client provides Arctica with information about him/her/it, and Arctica also receives information about clients from third parties, e.g. information about registered Id./Reg. Nos., legal domicile and residency. Data processors working on behalf of Arctica may receive clients’ personal data to carry out transactions or other services on behalf of Arctica.

In order to provide the customer with securities service, clients’ personal data may be shared with domestic or foreign partners involved in the service, custody and/or settlement of transactions. Personal data may also be processed to ensure the quality of services performed, maintain oversight of clients’ standing and/or risk management purposes. Arctica may receive data through such media as e-mail, telephone or messages to mobiles or via online communication channels. Arctica stores and processes the aforementioned data for the duration of a contractual relationship and after its termination in accordance with law.

Arctica may process necessary personal data from clients through the use of cookies on its website for cyber and information security purposes.

1. **Miscellaneous provisions**

Communications shall be conducted in Icelandic or English unless Arctica and the Client have agreed otherwise.

Arctica is authorized to outsource parts of its obligations under these Terms and Conditions, provided requirements set out in laws, rules and regulations are met with. Any outsourcing does not diminish Arctica’s responsibility towards the Client.

The Client may not transfer its rights or obligations under these Terms and Conditions or agreements concluded on its basis without Arctica's written consent. Arctica may transfer its rights and obligations under these Terms and Conditions and agreements based in full or in part upon them to another financial undertaking in the understanding of Act No. 161/2002. Under such conditions and for this purpose Arctica may deliver these Terms and Conditions and agreements concluded between the parties on their basis, and it shall be considered to have fulfilled, in accordance with these Terms and Conditions, the requirements of Art. 60 of Act No. 161/2002, which require the Client's consent for communication of information on the Client.

Arctica may undertake on its own initiative, although not obliged by law, to communicate to the Client research results, reports and information concerning financial instruments, investments, financial market circumstances and investment oppor­tunities in general (“general market information”). The Client understands that any such general market information communicated by Arctica may be incomplete and uncorroborated, and that it is only communicated to the Client for information and interest purposes, and that it is communicated to a group of Arctica's clients and possibly others as well. Such general market information does not take into account the financial situation or other aspects concerning the Client specifically, is not directed specifically to the Client and does not take into consideration the Client's financial position or previous transactions. This general market information is not investment advice by Arctica, and it is completely up to the Client to decide whether it pursues such general market information further or takes any action on its basis. Should the Client decide to do so, Arctica recommends that it seek expert advice from a third party in this regard as the Client deems appropriate for its needs.

1. **Amendments, Validity and Cancellation of these Terms and Conditions**

Arctica reserves the right to unilaterally cancel these Terms and Conditions, add to them or amend them at any time. If Arctica does this, the Client will be informed in a letter, in an e-mail or by notification on Arctica’s website. [[17]](#footnote-17) Additions and amendments of the Terms and Conditions take effect on the day specified in the notification, although always with at least 14 (fourteen) days’ notice. The Client is considered to have approved the changes which were made, unless the Client terminates these Terms and Conditions in writing to Arctica before the changes take effect. If Arctica does not receive a written termination of these Terms and Conditions prior to the changes taking effect, the new Terms and Conditions shall apply to all order executions / instructions, transactions and contracts which fall under these Terms and Conditions and which are made or executed after them taking effect.

Major changes to these Terms and Conditions shall be notified to the Client in writing or electronically no later than 30 (thirty) days before such new/amended Terms and Conditions take effect. If the Client continues the business relationship after the new/amended Terms and Conditions have taken effect, the Client is considered to have approved the changes which were made. Arctica's electronic notification, as referred to in this provision, can be made to the e-mail address indicated by the Client and by referring the Client to Arctica's website, which provides additional information on the new Terms and Conditions or amendments to these Terms and Conditions.

Changes to these Terms and Conditions will not affect legal instruments which are concluded or closed prior to the time the changes take effect.

Although these Terms and Conditions have no specific date of expiry, both parties may terminate them by sending the counterparty written notice to this effect. Despite notice of termination, both parties are bound by instructions, transactions and contracts concluded prior to the notice of termination, which are unexecuted or unsettled, and which are to be settled in accordance with the provisions of these Terms and Conditions. Provisions of these Terms and Conditions on liability and confidentiality and impartiality shall apply indefinitely whether or not these Terms and Conditions have expired or not.

1. **Law and Settlement of Disputes**

These Terms and Conditions and transactions and agreements concluded on their basis are subject to Icelandic law.

Should a dispute arise between parties in connection with the interpretation of these Terms and Conditions, or agreements concluded on their basis, the parties shall attempt to resolve the dispute by reaching an agreement between themselves. Should they fail to reach such an agreement, the parties may refer their dispute to the courts, in which case the action shall be brought before the Reykjavík District Court.

The Client may furthermore refer a dispute concerning the interpretation of these Terms and Conditions or transactions or agreements concluded on their basis to the Complaints Committee on Transactions with Financial Undertakings. Further informa­tion on the Complaints Committee is available on FME’s website, www.fme.is.[[18]](#footnote-18)

*(SIGNATURES ON THE FOLLOWING PAGE)*

**Signature page**

|  |  |  |  |
| --- | --- | --- | --- |
| Name of Client: | | Id./Reg, No.: | |
| Legal domicile: | | Postal code and location: | |
| Tel.: | E-mail address: | | LEI code: |

The above-listed and undersigned Client confirms having received the General Terms and Conditions of Arctica Finance hf. (“Arctica”) for Capital Market Trading and having acquainted him-/her-/itself with their contents and agrees to them in all respects. The undersigned also confirms having acquainted him-/her-/itself with and understood the following:

1. Arctica’s Summary on Client Classification (*www.arctica.is/en/information/client-classification*)
2. Arctica’s Summary of the Risk of Financial Instruments (*www.arctica.is/en/information/risks-of-financial-instruments*)
3. Arctica’s Policy on Measures to Prevent Conflicts of Interest (*www.arctica.is/en/information/conflicts-of-interest*)
4. Arctica’s Rules on Order Execution (*www.arctica.is/en/order-execution*)

*Power of attorney*

By signing these Terms and Conditions the Client confirms that the following parties which are checked have full and unlimited power of attorney to give order executions / instructions and conclude transactions with Arctica as provided for in these Terms and Conditions (each person must provide Arctica with a copy of his/her passport):

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | Managing director/CEO (at each time) | |
|  |  | Authorised signatories (at each time) | |
|  |  | CFO (at each time) | |
|  |  | Other parties listed below | |
| Name: | Id. No.: |
| Legal domicile: | Postal code and location: |
| Tel.: | E-mail address: |
|  |  |
| Name: | Id. No.: |
| Legal domicile: | Postal code and location: |
| Tel.: | E-mail address: |

Everything done by each of the parties listed above in accordance with this power of attorney shall be equivalent to the Client having itself done so in a binding manner. The power of attorney of the parties listed above shall be valid until it is revoked in writing by the Client in a valid manner and the revocation has verifiably been received by Arctica. The Client shall therefore be bound by any instruction, transaction, contract or agreement which the above parties may conclude until a valid revocation has been received by Arctica.

(If the Client is a legal entity, those parties authorised to sign for the Client (the Board of Directors as appropriate), or who are authorised to oblige the legal entity pursuant to these Terms and Conditions, shall endorse these Terms and Conditions on its behalf. The signatures of the Board of Directors are not required for parties classified as eligible counterparties, including financial undertakings, insurance companies, pension funds and local authorities.)

|  |  |  |
| --- | --- | --- |
|  |  | **Confirmed and approved**  **on behalf of the above Client** |
| *(Location and date)* |  | *(Signature)* |

Witnesses (names and Id. Nos.) to the correct date and signatures:

1. The definition of a financial instrument is in Icelandic Act no. 108/2007, on Securities Transactions. Financial instruments include equities, bonds and other transferable securities, money market instruments, units and derivatives. [↑](#footnote-ref-1)
2. Please note that the Act no. 140/2018 has not been translated, however its predecessor can be found here: www.government.is/Publications/Legislation/Lex/?newsid=69ee2c1e-f485-11e7-9423-005056bc530c.

   See also https://sff.is/wp-content/uploads/2021/02/Effect-of-the-new-Act-to-Combat-Money-Laundering-and-Terrorist-Financing-on-legal-entities.pdf and https://sff.is/wp-content/uploads/2021/02/Effect-of-the-new-Act-to-Combat-Money-Laundering-and-Terrorist-Financing-on-individuals.pdf. [↑](#footnote-ref-2)
3. Valid personal identification can be a passport or a driver's license. [↑](#footnote-ref-3)
4. See www.government.is/media/fjarmalaraduneyti-media/media/skjal/Act\_No\_108\_2007\_on\_Securities\_Transactions.pdf. [↑](#footnote-ref-4)
5. See information on client classification on Arctica‘s website, www.arctica.is/en/information/client-classification. [↑](#footnote-ref-5)
6. See www.government.is/publications/legislation/lex/?newsid=0a926562-0b5e-11e8-9426-005056bc530c. [↑](#footnote-ref-6)
7. Non-complex financial instruments are for example listed shares, money-market instruments, bonds and units in an undertaking for collective investment. [↑](#footnote-ref-7)
8. As per Paragraph 4, Article 16, of Icelandic Act no. 108/2007. [↑](#footnote-ref-8)
9. E.g. Microsoft Teams and Bloomberg. [↑](#footnote-ref-9)
10. A banking day is a business day when banks are generally open in Iceland and those financial centres relevant for the financial instruments specified in a contract. [↑](#footnote-ref-10)
11. A listed financial instrument is a financial instrument which has been admitted to trading on a regulated securities market. [↑](#footnote-ref-11)
12. An unlisted financial instrument is a financial instrument which has not been admitted to trading on a regulated securities market. [↑](#footnote-ref-12)
13. See www.arctica.is/en/information. [↑](#footnote-ref-13)
14. See www.arctica.is/en/information/risks-of-financial-instruments. [↑](#footnote-ref-14)
15. See www.arctica.is/en/information/conflicts-of-interest. [↑](#footnote-ref-15)
16. See www.personuvernd.is/media/uncategorized/Act\_No\_90\_2018\_on\_Data\_Protection\_and\_the\_Processing\_of\_Personal\_Data.pdf. [↑](#footnote-ref-16)
17. See www.arctica.is/en/information/new-clients. [↑](#footnote-ref-17)
18. See http://en.fme.is/supervision/consumer-affairs/the-complaints-committee-on-transactions-with-financial-firms. [↑](#footnote-ref-18)