**Arctica Finance hf.**

**General Terms and Conditions of Capital Markets**

**for transactions in financial instruments etc.**

1. **Scope**

These General Terms and Conditions apply to all transactions between Arctica Finance hf., Reg. No. 540509-1820, Katrínartún 2, 105 Reykjavík, (“**Arctica**”) and any client (the “**Client**”) who agrees to these Terms and Conditions in connection with trading in financial instruments. These Terms and Conditions therefore apply to the purchase and sale of financial instruments, foreign exchange transactions, if they are part of or related to trading in financial instruments, and other additional services that may be provided in tandem with or in connection with trading in financial instruments. These Terms and Conditions shall apply in addition to any agreements that the Client may conclude with Arctica. In the event of a discrepancy between these Terms and Conditions and individual agreements, the provisions of the agreement shall prevail insofar as possible.

Provisions of Articles 2, 5, 6.2 - 6.5, 6.6.1, 6.6.2, 7 - 15 and 17 -23 of these Terms and Conditions shall, furthermore, apply as appropriate to transactions with shares in private limited companies or assets other than securities and foreign exchange transactions which are not part of a transaction with financial instruments.

Arctica is licensed as an investment firm by the Financial Supervisory Authority of the Central Bank of Iceland (“**FME**”) and operates on the basis of Act No. 115/2021, on Markets in Financial Instruments, and Act No. 161/2002, on Financial Undertakings. Arctica's operations are supervised by FME as provided for in Act No. 87/1998, on Official Supervision of Financial Activities. Arctica's operations are subject to the above-mentioned acts, together with other special acts, and rules that have been adopted on the basis of the relevant acts. The Client is urged to acquaint itself (or as the case may be, her-/himself) with currently applicable acts and rules on transactions in financial instruments.

Arctica does not provide investment advice, as defined by law, on the basis of these Terms and Conditions. Arctica provides investment advice only when this has been agreed to specifically in writing and then only after Arctica has assessed whether a certain type of advice is suitable for the Client in question.

Arctica's Capital Markets does not specialise in transactions with retail clients or personal advice to investors, which may make it necessary for the Client to seek the advice of external experts on transactions the Client wishes to undertake. The Client

 is encouraged to seek expert advice and counsel from a third party and to acquaint itself well with the various investment options available, the risks associated with potential transactions and other aspects concerning the Client's personal circumstances, such as legal and tax status.

Arctica does not provide advice or service relating to the 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 tax return advice or advice related to accounting.

The purpose of these Terms and Conditions is to specify the legal relationship between Arctica and the Client regarding transactions in financial instruments and other Arctica services, to explain to the Client the nature of the agreements covered by these Terms and Conditions and the risks that may be involved in such transactions and to enable the Client to assess the Client’s legal position vis-à-vis Arctica.

Arctica encourages the Client to familiarise itself with these Terms and Conditions before undertaking a transaction through the intermediation of Arctica.

These Terms and Conditions and amendments to them are available on Arctica’s website, www.arctica.is. These Terms and Conditions are standard and are not deviated from in cases of individual clients. Any remarks, deletions, additions or other alterations which the Client may make to the Terms and Conditions are invalid towards Arctica.

To the extent that concepts are not defined in these Terms and Conditions, reference is made to definitions in Act No. 115/2021.

1. **Client Due Diligence (KYC)**

Under Chapter III of Act No. 140/2018, on Measures Against Money Laundering and Terrorist Financing, and Regulation No. 745/2019, on Due Diligence in Connection with Measures Against Money Laundering and Terrorist Financing, Arctica is required to examine the reliability of its clients, for instance, when establishing a business relationship and/or concluding individual transactions.[[1]](#footnote-2)

A Client, who is a natural person, must verify his/her identity by presenting valid recognised personal identification. In the case of legal entities, those who sign these Terms and Conditions and those are to be authorised signatories towards Arctica, must verify their identity by presenting valid recognised personal identification. Arctica must preserve copies of the personal identification as provided for by law.

Pursuant to the above-mentioned laws and regulations Arctica must obtain various information on the Client and his/her proposed business dealings. To this end, the Client must provide Arctica with information, e.g. on a special form, and deliver to Arctica the requested supporting documents, as appropriate.[[2]](#footnote-3) The information relates, among other things, to the purpose and nature of the business, the source of capital and any risks arising from political connections. Arctica is also required to obtain various information about the beneficial owners[[3]](#footnote-4) of the Client, if the Client is a legal entity. For this purpose, the Client must provide Arctica with information on a special form and authorise Arctica to conduct searches in databases for this purpose.[[4]](#footnote-5)

Taking into consideration the requirements of laws and rules, as well as Arctica's rules based on them, Arctica reserves the right to request additional information about the Client at any time. Should Arctica suspect that funds are the result of unlawful conduct, it reserves the right to suspend the requested transaction without notice. Should Arctica suspect or have legitimate grounds to expect that certain transactions are open to suspicion concerning money laundering and/or terrorist financing, Arctica is obliged to report the transactions to the Financial Intelligence Unit of the police and provide all necessary information in connection with such notification. The Client is obliged to inform Arctica of any changes to the information provided to Arctica for conducting due diligence.

By signing these Terms and Conditions, the Client confirms that the funds delivered to Arctica are the Client’s property, or that the Client has informed Arctica of the beneficial owners of the funds. The Client also confirms the lawful origin of any funds delivered to Arctica.

1. **Client classification**

Pursuant to Art. 51 of Act No. 115/2021, Arctica is required to classify each client as a retail client, professional client or eligible counterparty. Each category implies different obligations on the part of Arctica towards the respective clients, with retail clients enjoying the greatest investor protection.[[5]](#footnote-6)

Arctica notifies clients of their classification according to Arctica's procedures. A client who is not notified otherwise is considered to be a retail client at Arctica, unless it meets the legal requirements for an approved counterparty, in which case that client shall then be treated as such. The Client must notify Arctica if it considers its classification incorrect. The Client may also request that its classification be changed, in general or in connection with specific transactions. An application by a retail client to be treated as a professional client will not be accepted unless the statutory requirements and Arctica's rules on experience, knowledge and financial situation are satisfied. A client who has been classified as a professional client may similarly request to be treated as a retail client, and a client who has been classified as an eligible counterparty may similarly request to be treated as a professional client. The Client is responsible for informing Arctica of any changes which may affect its classification.

Arctica may do business with an eligible counterparty without fulfilling certain conditions set out in these Terms and Conditions in accordance with Art. 55 of Act No. 115/2021.

1. **Assessment of suitability**

According to Art. 45 of Act No. 115/2021, Arctica is required to assess the suitability of financial services for its clients, in order to enable Arctica to act with the clients' best interests in mind. To this end, the Client is obliged to provide Arctica with information about its experience and knowledge and financial situation; and if the Client is a legal entity, this requirement applies to the legal entity's representatives, so that Arctica has a solid basis for determining whether a particular transaction or service is suitable or appropriate for the Client.

The Client agrees that Arctica will base its assessment completely on the information provided by the Client and that Arctica will not conduct an independent investigation into the Client's circumstances above and beyond what is stated in that information. The Client is aware and agrees that Arctica will verify the reliability of the information provided, in accordance with Arctica's procedures in this regard. The Client warrants that information provided to Arctica is sound, reliable and correct in this regard. The Client must bear the consequences if the personal information provided is incorrect or incomplete.

The Client is reminded that, despite the above assessment, a decision by the Client on an investment or transaction can lead to significant losses and the risk in a transaction always rests with Arctica's clients. The assessment of the suitability of a transaction is based on the point in time when the assessment is made. Market conditions can change rapidly and the Client is itself responsible for monitoring such changes in the market.

Before making any decision about a transaction or using a service covered by these Terms and Conditions, the Client must assess how well the transaction or service suits it and its circumstances. The Client must thus assess: i) whether it has sufficient knowledge and experience to conclude the transaction in question; ii) whether it is aware of the risks involved in such a transaction and of what effect the transaction may have on its financial situation; iii) whether it is aware of any external factors that may affect the value of the objects involved in the transaction, such as the general economic situation, interest rate level, business cycles, market conditions etc.; and iv) whether it has acquainted itself with the Terms and Conditions that apply to the relevant objects involved in the transaction, such as in an offering circular, prospectus, term sheet etc.

Special attention is drawn to the fact that if the Client gives orders, on its own initiative, to trade in simple financial instruments,[[6]](#footnote-7) then Arctica is not obliged to assess whether the financial instrument or service is appropriate for the Client, cf. the fifth paragraph of Art. 45 of Act No. 115/2021. As a result, the Client does not enjoy similar protection under the applicable rules on business practice in such cases.

1. **The Client’s power of attorney**

The Client may at any time grant a third party power of attorney to give orders for or undertake transactions on the Client’s behalf, provided such power of attorney is in a format acceptable to Arctica. The power of attorney shall be valid until Arctica has received written notice of its modification or cancellation, or it becomes invalid in accord with its contents. Until such time, Arctica has full authority to execute trading orders and conclude transactions or take other measures in accordance with instructions issued on the basis of an existing power of attorney.

An individual Client who intends to grant a third party a power of attorney to issue trading orders and/or conclude transactions with Arctica on behalf of the Client under these Terms and Conditions can grant a specific power of attorney for the purpose or list such an agent on the signature page of these Terms and Conditions. Granting a power of attorney in this way does not limit the Client’s rights to give Arctica orders to trade itself or to conclude transactions with or through the intermediation of Arctica.

If the Client is a legal entity, the Client grants those parties specified on the signature page of these Terms and Conditions full and unlimited power of attorney to issue orders to trade and to conduct transactions with Arctica as well as sign contracts related to services provided by Arctica. If no party is specifically listed there, Arctica may consider that the Client has granted the above power of attorney to any of its authorised signatories, its CFO and Managing Director/CEO, whoever they may be at any given time. The Client may specifically restrict the powers of these parties, provided that this is done in a manner acceptable to Arctica. However, such a restriction will not take effect until it has been verifiably made known to Arctica; until such time the power of attorney shall cover all transactions and services that Arctica currently offers and are subject to these Terms and Conditions.

Anything done by each agent pursuant to a power of attorney granted to the agent as provided for above shall be equivalent to such action having been done by the Client in a binding manner. The power of attorney of these parties shall be valid until it has been revoked in writing by the Client in a valid manner and the revocation has been received by Arctica in a verifiable manner. The Client will therefore be bound by all orders to trade and all agreements that agents may enter into until valid revocation has been received by Arctica.

If, in Arctica's opinion, there is the slightest doubt as to the authority or power of attorney of the person in question or his/her position, Arctica may refuse to carry out orders or provide other services until the person's authority has been demonstrated satisfactorily.

A client who has granted a third party power of attorney agrees that Arctica is not obliged to ascertain in particular whether the agent has authorisation, on the basis of the Client's internal rules, to issue certain trading orders or to conclude certain transactions or contracts covered to any extent by these Terms and Conditions.

1. **Execution of orders**

The Client is aware that Arctica may place a ceiling on transactions and may, for example, set this as a specific amount, number or frequency of transactions and other agreements.

* 1. Identification in concluding transactions

For transactions in certain types of financial instruments, Arctica is obliged to identify clients or have clients identified in a specific manner. These identifiers are used, among other things, in reporting to supervisory bodies and vary depending on whether a client is a legal entity or an individual.

Legal entities must have a valid Legal Entity Identifier (LEI) to engage in certain types of transactions, such as when buying and selling securities that have been admitted to trading on a trading venue and also in derivatives transactions. The Client must notify Arctica of its LEI number.

Individuals are required to provide an individual identifier in order to engage in certain types of trading, such as the purchase and sale of securities that have been admitted to trading on a trading venue and in derivatives transactions. The individual identifier is determined by the Client's nationality. The Client must notify Arctica of her/his individual identifier.

* 1. Format of orders

Orders to trade are instructions given by clients to Arctica to conclude transactions with financial instruments on their behalf.

The Client shall send orders to Arctica by e-mail addressed to an employee of Arctica (ending with @arctica.is) or to m@arctica.is, an online communication program approved by Arctica, by other electronic means of communication approved by Arctica, by telephone with audio recording or by letter. The Client bears the entire responsibility and risk for ensuring that orders are satisfactorily received by Arctica. The Client is itself responsible for orders originating from it and, if the trading instructions are given in the above manner, such orders are binding on the Client and constitute an obligation towards Arctica.

Arctica reserves the right to request confirmation of orders or other information for security, including verifying that the orders actually originate from the Client and their contents are as intended.

* 1. Presentation of orders

The Client's orders must be clear and unambiguous and generally contain at least the following information:

* Name and Id. No. of the Client.
* Information on which financial instrument(s) are involved.
* Information as to whether buy or sell is requested.
* Information on quantity, i.e. the number of units or the total amount of the transaction.
* Information on price or limit orders, if applicable. If no specific price has been stated in an order Arctica shall be authorised to execute the order at the current market price.
* Period of validity of the order, if applicable. If no period of validity is stipulated, the period of validity shall be assumed to be until closing of the day when the order was sent. Orders sent on a day which is not a trading day[[7]](#footnote-8) shall be valid until closing of the next trading day on the market concerned.
	1. Altering or cancelling orders

The Client may request to alter or cancel orders, but only up until the point in time when Arctica has initiated actions to execute the orders, and only if the orders can be altered or cancelled without cost, loss or inconvenience for Arctica until they are executed. Once the orders have been executed, they are binding on the Client and cannot be changed or cancelled.

Changes to the quantity or price of the financial instrument specified in the order are regarded as a cancellation of the order in question and as the issuance of a new order concurrently. Changes to orders can affect their priority for execution in trading systems.

* 1. Right to refuse or invalidate orders

Arctica may unilaterally and without explanation refuse to execute an order. In such cases, the Client has no claim against Arctica concerning the execution of individual transactions or services on the basis of these Terms and Conditions. Arctica can also refuse to execute orders and enter into agreements, unilaterally and without explanation, if the Client does not provide documentation, information or guarantees which may be requested.

Arctica may decide unilaterally and without explanation, without consultation with the Client and without any liability on the part of Arctica, not to execute or to cancel the execution of orders and to invalidate and delete a bid from the order book, if it appears evident that it is intended to have an abnormal effect on price formation in the market, that it has no apparent commercial purpose or that its purpose is to disrupt others access to a trading system.

If Arctica exercises the right not to comply with orders, to reject the execution of an order or to invalidate or delete a bid from the order book in accordance with these Terms and Conditions, Arctica shall endeavour to notify the Client as soon as possible.

* 1. Order execution

In executing the orders of retail clients and professional clients, Arctica will seek to achieve the best possible result for the Client, as provided for in Arctica’s rules on order execution.[[8]](#footnote-9) The Client is free to request a specific execution of orders, in which case Arctica must seek to provide services in accordance with the Client's instructions.

All transactions mediated by Arctica in accordance with the Client's trading instructions shall comply with the rules of the trading venue in which the transaction takes place. The transaction shall be deemed to have taken place at the trading venue where the financial instrument in question has been admitted to trading (listed). In this context rules shall mean laws, regulations and rules of any other type, written and unwritten, articles of association, business practices etc. The Client shall be obliged by all such rules as if it had concluded the transaction without the intermediation of Arctica.

Arctica sends notification to the Client, generally in the form of a transaction receipt, of the execution of orders no later than by the end of the next trading day after the execution of the order concerned. If Arctica receives confirmation from a third party, Arctica will send a notification of the transaction no later than the first trading day after receiving such confirmation, unless another party has previously sent the Client notification containing the same information.

Following transactions in financial instruments that are subject to reporting obligations according to acts and rules, Arctica is obliged to notify the transaction to the appropriate supervisory body.

Should a situation arise as referred to in these Terms and Conditions which prevents Arctica either in part or in full from fulfilling its contractual obligations to the Client as prescribed in orders, Arctica's obligation to comply with such orders shall be deferred until the above-mentioned situation is alleviated and they can be complied with, e.g. when markets reopen or a strike is ended. If the above situation results in the inability to make payments or accept payments in accordance with orders or agreements, neither the Client nor Arctica shall be required to pay interest because such payments are deferred.

Settlement of transactions in financial instruments shall take place in accordance with the rules that apply at the relevant trading venue where the financial instruments concerned are acquired or where they have been admitted to trading, if trading takes place outside the trading venue, unless otherwise agreed in writing.

* + 1. Purchase

For transactions carried out for the Client, the Client shall pay the total amount of the transactions in the currency in which the relevant financial instrument is issued, unless otherwise agreed in writing. Payment, including costs and taxes or fees of any kind, must be received by Arctica no later than 10:00 am on the settlement date of the transaction as defined for the relevant financial instrument on the trading venue concerned.

On the settlement date the Client is obliged to have an account balance equivalent to the purchase price of the financial instrument plus cost and any taxes. If the Client has granted Arctica authorisation or a power of attorney to debit an account for the above amounts, Arctica may check whether the Client has a sufficient balance in the account to complete the transaction.

Arctica shall be authorised to examine and ascertain whether the Client has sufficient funds to complete a transaction. In the case of purchase orders, Arctica may demand either full or partial advance payment of the transaction or require collateral.

Payment is deemed to have been received by Arctica when it becomes available to Arctica, e.g. in an account that Arctica is authorised to debit. If settlement does not take place on the settlement date, for instance, due to an insufficient balance on the debit account, this comprises a significant non-fulfilment and Arctica may, among other things, dispose of a purchased financial instrument or other collateral towards debt on appropriate market terms, without charge to Arctica. The Client guarantees to pay any outstanding difference and all of Arctica's cost in connection with the sale and the non-fulfilment.

The Client itself must give instructions to its custodian and is therefore itself responsible for the assignment of rights to a financial instrument, except in cases where Arctica is the Client's custodian, in which case their dealings shall be based on a custody agreement. Assignment of rights to dematerialised securities to the Client shall, as the case may be, be carried out and registered by Arctica according to the nature of the financial instrument and the provisions of the current Act No. 7/2020, on Central Securities Depositories, Settlement and Electronic Registration of Financial Instruments, and regulations issued on the basis of that Act, unless otherwise provided for by laws, rules, the nature of the dematerialised securities or a special written agreement. In such cases, Arctica acts as an account operator towards the Client, as defined in that Act.

* + 1. Sale

The Client warrants having authorisation to dispose of one or more financial instruments concerning which the Client has given orders to sell. The Client grants Arctica full and unrestricted power of attorney to take the measures necessary to sell and assign the financial instrument specified in the Client's instructions, in accordance with the provisions of law and rules. Payment shall be made to the Client on the settlement date of the transaction, as specified for the relevant financial instrument on the relevant trading venue, and in the currency in which the relevant financial instrument is issued, unless otherwise agreed in writing. Payment by Arctica is subject to the condition that Arctica has received payment for the sale in question.

If the financial instrument to be sold for the Client is not in Arctica's custody, the Client shall deliver the financial instrument to Arctica’s custody as soon as possible and at the location specified by Arctica, no later than 10:00 am on the settlement date of the transaction as defined for the relevant financial instrument on the trading venue concerned. A financial instrument is considered to be delivered to Arctica when it is available to the company for disposal. Arctica is entitled to confirmation that the Client owns or can deliver the financial instrument in question.

In cases where Arctica has not been accorded the necessary right of disposal over a financial instrument within the above time limits, Arctica shall have full and unlimited authority, at its option and in the manner that Arctica deems most advantageous, to acquire a financial instrument or borrow an appropriate financial instrument to conclude the transaction/sale and settle the transaction, in accordance with the Client's order, with the buyer of the financial instrument by delivering to the buyer another financial instrument of the same type as the Client's financial instrument to which the order applied. However, Arctica is never obliged to take the measures mentioned in this article.

Should the Client fail to deliver the financial instrument to Arctica at the correct time or to deliver it within the above time limits, the Client guarantees Arctica against any injury which may result and will bear all costs, fees, expenses and losses resulting therefrom, including due to fines that the relevant trading venue, public entity or other third party may impose on Arctica or due to claims of other parties who may be entitled to compensation from Arctica due to the Client's breach of the obligation.

By agreeing to these Terms and Conditions, the Client grants Arctica full and unrestricted authority to take the necessary steps to assign financial instruments in the Client’s name as specified in the Client's orders, in accordance with the provisions of laws and rules on the registration and assignment of financial instruments, so that the Client's involvement is not required. Should the Client refuse such an arrangement, Arctica may seek the assistance of a District Commissioner or District Court to undertake such action as the Client neglects to perform.

1. **Security**

Arctica may require collateral for individual transactions requested by the Client. If no collateral has been required for individual transactions, Arctica reserves the right to make such a claim at a later date or to demand additional collateral in addition to that which has already been provided.

Any violation by the Client of provisions of agreements with Arctica on collateral or other security provided is a significant non-fulfilment of these Terms and Conditions.

Should Arctica appropriate collateral, or avail itself of its authorisations to sell collateral or otherwise take possession of collateral, at a lower price or rate than the Client may have expected, the Client must bear the consequences thereof, provided that Arctica has in other respects complied with the provisions of the respective security documents.

1. **Liens on financial instruments**

Arctica has a pledge on and lien rights to the financial instruments and other funds of the Client which are in Arctica's custody at any given time for Arctica's claims against the Client established on the basis of these Terms and Conditions or related agreements. Arctica may debit those accounts, to which the Client has granted Arctica access or power of attorney to debit directly, for amounts due and sell the financial instruments in which it holds a pledge or lien rights to enforce such claims without a prior court judgment, settlement or execution.

1. **Setting-off (netting) of contracts and assignment**

The following provisions apply to set-offs:

1. If transactions or contracts covered by these Terms and Conditions involve mutual obligations which are to be fulfilled by the same type of payment, e.g. in the same currency or same type of financial instrument on the same day, Arctica may apply set-offs, with the result that only any remaining difference is paid.
2. If transactions or contracts covered by these Terms and Conditions involve mutual obligations which are to be fulfilled the same day, but not in the same type of payment, Arctica may nonetheless apply a set-off, with the result that only any remaining difference is paid. If the payments are not in the same currency, Arctica may convert the payment into Icelandic *krónur* (ISK) or another agreed currency before set-off, using the currently applicable mid-rate of the Central Bank of Iceland's official quoted exchange rates.
3. If the Client is in debt to Arctica, the company may apply a set-off by deducting the outstanding debt from the selling price obtained in individual transactions. Any proceeds from the sale remaining after set-off shall be paid to the Client. If Arctica and the Client have debts owing to one another as a result of transactions within a single trading day Arctica may set off the amounts.
4. **Non-fulfilment, authorisation to accelerate etc.**
	1. Non-fulfilment

Should the Client fail significantly to fulfil obligations under these Terms and Conditions, or agreements that are covered by or refer to these Terms and Conditions, Arctica may, but is not obligated to, accelerate and settle an agreement, in part or in full, without prior notice. Acceleration shall mean that the due date is brought forward to the date of acceleration.

The instances listed below shall always be regarded as substantial non-fulfilment in this context:

1. If (i) the Client does not remedy non-compliance with these Terms and Conditions, or agreements that refer to them, which is not considered significant, within three days; (ii) if the Client is in default to Arctica and has not rectified such default within three days; or (iii) if the Client does not provide collateral or additional collateral within the prescribed time limit.
2. If (i) the Client’s property is attached; (ii) the Client requests a debt moratorium; (iii) the Client seeks composition with creditors; (iv) the Client reaches agreements with general creditors for partial cancellation of debts; (v) a request is submitted that the Client be placed in liquidation (or the law provides for or demands that such a request be made); (vi) forced sale of the Client’s assets is requested; or (vii) the Client’s financial situation is such that there is considerable likelihood that the Client will not be able to fulfil obligations under these Terms and Conditions or agreements concluded on their basis.
	1. Currency conversion

Arctica may, but is not obliged to, convert claims in foreign currency to ISK as of the date they were accelerated or, as appropriate, on the due date of a claim, or later. In such instances conversion shall be based on the exchange rate quoted by the Central Bank of Iceland at 11:00 am on the conversion date.

* 1. Penalty interest

The Client shall pay penalty interest on Arctica’s claims from the due date or, as appropriate, the date of acceleration if a claim is called in before the agreed due date. Unpaid penalty interest shall be added to the debt principal at intervals of 12 (twelve) months, in the first instance 12 (twelve) months after the first day of default, whether the debt is in ISK or a foreign currency.

Claims, whether they are in ISK, have been converted into ISK or are denominated in foreign currencies, shall, unless otherwise specifically agreed, bear penalty interest as currently determined by the Central Bank of Iceland on the base for penalty interest and default premium, cf. provisions of Chapter III of Act No. 38/2001, on Interest and Inflation Indexation, on the amount due or accelerated from the date due until the date payment is made.

* 1. Cost

In the event of the Client's non-fulfilment, the Client is obliged to pay Arctica all costs incurred by the latter as a result of the non-fulfilment, of legal action and other litigation costs, remuneration to legal counsel or other costs to be paid by Arctica, together with other legal costs resulting from collection pursuant to these Terms and Conditions, as well as fees in accordance with Arctica's tariff.

* 1. Enforcement authorisation

If a claim in connection with a transaction is not settled on the due date, or as the case may be on the acceleration date, and if the Client has given Arctica authorisation or power of attorney to debit an account for overdue amounts, then Arctica may debit the Client's account with Arctica and thus settle the claim.

In the event that the Client's obligations are accelerated or contracts are closed, in whole or in part, Arctica has full authority without further notice to seek enforcement of all its claims in any way it chooses, including in the security that the Client may have provided and assets on which Arctica has a lien. Arctica may itself decide whether it seeks satisfaction in all the collateral pledged or appropriated, or only part of it and, in such case, in what order it proceeds.

Arctica may seek satisfaction either by having the pledged or appropriated property sold through forced sale for satisfaction of a debt without a prior judgment, settlement or execution as provided for in Art. 6 of Act No. 90/1991, on Forced Sale, to the extent necessary for Arctica to receive full payment, or to sell the pledged or appropriated property on the market, or to itself acquire holdings of its choice to the extent necessary to satisfy its claims.

1. **Fees, commissions and other cost**

The Client shall pay Arctica fees and commissions for services provided in accordance with Arctica's current tariff unless otherwise agreed. Arctica's current tariff is available on Arctica’s website.[[9]](#footnote-10)

The Client shall reimburse Arctica for all costs, such as commissions and fees for trading orders, custody fees, transfer fees, registration fees and stamp duties, as well as other taxes and public levies which may be payable on transactions covered by these Terms and Conditions.

The Client is required to pay fees, commissions and expenses when required, and that date shall be the due date unless otherwise agreed. The Client agrees that the commissions, fees and costs it is required to pay under these Terms and Conditions shall be paid by the Client without any conditions, without set-off on their part or any counterclaim or deduction of any kind.

Upon settlement of the sale of financial instruments, accrued fees, cost and commissions shall be deducted from the payment unless Arctica and the Client have agreed otherwise in writing. Similarly, accrued fees, cost and commissions shall be added to the payment when the Client purchases financial instruments.

1. **The Client's obligation to exercise due caution**

The Client is responsible for all its investment decisions. The Client is aware that any type of transactions, for instance, with financial instruments, are by their nature risky and that past performance is no indication of future returns. The Client must take into account various risk factors that may influence its decisions, including interest rate risk, exchange rate risk, inflation risk, resale risk, loss risk and default risk. Circumstances can change rapidly and without notice, with unforeseeable effects on individual financial instruments or their short- or long-term pricing outlook. It is ill-advised to enter into a contract or conclude a trade without fully understanding the nature and extent of the risk involved. The Client is advised to conceive its planned transactions based on its knowledge and experience of financial instruments, its financial position and its investment objectives, or else obtain expert advice.

The Client is aware that foreign currency laws and rules may limit its authorisations to conclude transactions and is responsible for familiarising itself with the applicable foreign exchange laws and regulations at any time, before concluding transactions at Arctica.

Arctica does not provide investment advice, as defined by law, concerning individual transactions on the basis of these Terms and Conditions. The Client should thus seek investment advice from outside experts if it feels this to be necessary. If the Client requests the opinion of an Arctica employee on a specific financial instrument or currency or transaction, it is emphasised that any opinion that the Arctica employee may provide to the Client in response to such a request is based solely on the views of the employee in question at that time and is subject to change without notice; it should not be viewed as assistance in the selection of investment options available at any given time.

In agreeing to these Terms and Conditions, the Client declares that it has acquainted itself satisfactorily with the risks involved in the transaction requested in each instance where Arctica serves as intermediary or concludes a transaction for the Client and/or on the Client's behalf. An overview of the risk of financial instruments can be found on Arctica’s website.[[10]](#footnote-11)

The Client bears the risk if Arctica's information about the Client is no longer correct, as the Client is obliged to inform Arctica when changes occur.

1. **Arctica's liability**

Arctica's liability for brokerage, trading in financial instruments and the provision of investment services is governed by Act No. 115/2021. Arctica is liable for any direct loss that can be attributed to the culpable conduct of Arctica's employees in the performance of their duties. Arctica is not liable for any loss that can be attributed to persons other than Arctica's employees, or losses caused by external events. Arctica is not under any circumstances liable for indirect or consequential losses. In addition, Arctica is under no circumstances liable for losses which a third party, such as a beneficial owner of the Client, may suffer.

If Arctica has used a third party as intermediary in execution of the Client's orders, Arctica is not at all liable for the acts or omissions of that party except in cases where Arctica has not complied with its own rules on order execution when selecting such a party. It makes no difference in this connection whether Arctica has used the services of an intermediary in its own name or in the name of the Client. If Arctica has used a specific intermediary in accordance with instructions from the Client, Arctica is under no circumstances liable for the actions or omissions of that party.

Arctica is not responsible if financial instruments do not give the return anticipated by Arctica or the Client.

Market conditions can change significantly in a short period of time and therefore Arctica cannot guarantee that it will be possible to process the Client's requests for transactions at the rate requested or according to the Client's specific wishes. Arctica is not liable for any loss the Client may suffer if a request to conclude a contract, a request for an action or orders for transactions are concluded at a less favourable rate than the Client anticipated. This only applies, however, if the request is otherwise processed in accordance with the Client's instructions.

If any taxes or other public levies are payable on transactions covered by these Terms and Conditions, the Client must pay such additional charges directly to the authorities concerned, so that Arctica will receive the full amount to which it is entitled from the transaction or the contract in question. Arctica is not liable for losses if the tax or public levies payable by the Client are not deducted or are deducted incorrectly.

Arctica is not liable for losses due to Icelandic or foreign legislation or rules, or actions taken by Icelandic or foreign public authorities or their failure to take action. Similarly, Arctica is not liable for losses resulting from events of a political, social or economic nature.

Arctica is not liable for losses due to the actions or inaction of Icelandic or foreign stock exchanges or other trading venues, custodians, central securities depositories or other financial undertakings.

Arctica is not liable for losses resulting from events of a technical nature, such as malfunctions, errors, interruptions or disruptions to or in telecommunications, telecommunications systems (including telephones, telephone networks and other means of communication), electricity, settlement systems, computer systems, databases, software , operating systems, networks, devices and/or hardware, whether owned by Arctica or used by Arctica and regardless of whether Arctica or a third party is responsible for its operation.

Arctica is not liable for losses resulting from force majeure, such as natural catastrophes, terrorist activities, war, epidemics, strikes, currency restrictions, border closures, trade or port embargoes, or other similar events.

Arctica is not liable for any losses which may result from the ignorance of, misunderstanding of or misuse by the Client or other party of these Terms and Conditions or agreements based on them. Similarly, Arctica assumes no liability for any loss which may result from incorrect entries by the Client or other party.

The Client is fully obliged by such terms as Arctica may negotiate with third parties concerning transactions with financial instruments on the Client’s account abroad, for instance, concerning liability and limits of liability, implementation of brokerage, foreign rules and legislation, etc. Arctica is not responsible for the proper fulfilment of such agreements by counterparties, whether an agreement has been concluded solely on the part of Arctica or on behalf of the Client.

1. **Conflicts of interest**

The Client is aware that Arctica is an investment firm and participates in transactions on trading venues for other clients at the same time. Arctica has adopted rules on measures against conflicts of interest[[11]](#footnote-12) which lay down measures to prevent conflicts of interest between Arctica and the Client, as well as between Arctica's clients. Should Arctica become aware that it has interests or obligations that conflict with the Client's interests as described in these rules, then Arctica shall act as provided for in the rules and take such measures as may be considered reasonable to ensure the Client is not harmed by such conflicts of interest. Arctica shall not, however, be obliged to inform the Client of the scope of such interests nor of income or gain connected with such interests or obligations, as in fact Arctica may be unauthorised to divulge such information.

The Client is aware that Arctica itself and related parties may be a counterparty in contracts or individual transactions, realising at the same time that Arctica is bound by law to exercise the utmost impartiality towards the Client in its activities, and to ensure that the Client receives fair and equal treatment in all important aspects. Arctica's proprietary trading on the market shall in no way conflict with the Client's interests or be given priority, and in such cases the Client shall be informed in accordance with the current requirements of laws and regulations. Arctica shall also make every effort 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 rules on measures against conflicts of interest.

1. **Arctica’s information disclosure obligation and notifications**

The Client is entitled to relevant information about Arctica and its services, financial instruments, trading venues and all costs and related fees. This information shall be presented in such a way that the Client can understand the nature and risks of the investment services provided by Arctica on the basis of these Terms and Conditions and of the financial instruments concerned in transactions and shall be sufficiently clear to enable the Client to make an informed investment decision. This information can be found in these Terms and Conditions, in Arctica's rules on order execution and on Arctica's website.[[12]](#footnote-13) The information is provided in electronic format; however, clients classified as retail clients can request to receive a hard copy of the information free of charge. Electronic format means by e-mail or other electronic means of communication approved by Arctica that can be verified.

Arctica provides the Client with information on costs and fees related to the provision of services and financial instruments by publishing Arctica's tariff and having a summary available with information on estimated costs and fees so that the Client can understand the total cost and its effect on the profitability of an investment.[[13]](#footnote-14)

Arctica sends clients who have been classified as retail clients an annual summary and information on services provided and actual costs. Professional clients and eligible counterparties are provided with information on costs and fees as required by law or as they may request in each instance. If the Client requests further summaries or information, the Client shall bear the cost that may be incurred as a result.

Arctica provides all information under this article in electronic format. Retail clients can request hard copies of the information free of charge. Documentation sent by e-mail or other electronic means of communication shall be sent to the e-mail address or other electronic address notified to Arctica by the Client in accordance with these Terms and Conditions; it is deemed to have been immediately received by the Client.

The Client agrees that Arctica may provide information on its website, www.arctica.is, related to the contractual relation­ship between Arctica and the Client. Such information may include, among other things, Arctica's rules on order execution, market information, rules on measures against conflicts of interest, discussion of the risks involved in financial instruments,[[14]](#footnote-15) these Terms and Conditions and amendments to them, tariffs and information on services. A client who is classified as a retail client can receive such documentation by regular mail if it specifically requests it.

1. **The Client’s information disclosure obligation and notifications**

The Client shall send notifications in writing to Arctica at the company's domicile or to the e-mail address m@arctica.is, unless Arctica has instructed otherwise. A notification will not be effective until Arctica has confirmed receipt.

The Client must notify Arctica immediately:

* Of any existing or foreseeable events of non-fulfilment, as defined in these Terms and Conditions and related agreements.
* Of any changes to information previously provided on the Client, including any information or assumptions which could result in a change to Arctica's classification of the Client as a retail client, professional client or eligible counterparty.
* If the Client is no longer the beneficial owner of funds which may have been delivered to Arctica or with which transactions are concluded.
* If the Client becomes an insider or a financially connected party as defined by law or if other similar reasons limit the Client's authorisation to trade. Arctica is not responsible for notification of insider trading. The same applies to notification requirements that may apply to the Client under flagging rules.
* If other changes occur to the Client which could affect dealings or agreements between the parties, e.g. if the Client is a legal entity and changes are made to authorised signatories, its managing director/CEO or an agent, if there are major changes in the ownership of the legal entity or a decision is taken on the merger, division, winding-up or other termination of the legal entity, or if changes are made to the purpose of the legal entity.
1. **Audio recordings of telephone conversations and preservation of data**

Arctica is required by law to preserve all documentation relating to orders and their execution, as well as to record and preserve telephone calls and other electronic communications between Arctica and the Client which, among other things, result in or could result in transactions, as provided for in Art. 23 of Act No. 115/2021. With reference thereto, the Client shall be aware that telephone conversations between the Client and Arctica may be recorded without express notification of such in individual instances.

As a general rule, Arctica is obliged to preserve the above documentation and recordings for at least 5 (five) years. Clients have the right to access data concerning them, if they so request.

All recording and preservation of telephone calls shall be in accordance with the provisions of the Act on Personal Data Protection and the Processing of Personal Data and the Telecommunications Act. Only specific employees of Arctica and public authorities, i.e. the police and regulators, are authorised to review or deliver such recordings. In other respects Arctica shall treat telephone recordings in the same manner as other information subject to the confidentiality of financial undertakings.

1. **Confidentiality**

Under Icelandic law Arctica, its personnel and any persons undertaking tasks on behalf of Arctica, are bound by an obligation of confidentiality concerning any information of which they may become aware in the course of their duties concerning the business or private concerns of its clients. Notwithstanding the statutory confidentiality which applies to the Client’s affairs, Arctica may be required by laws or regulations to provide such information to domestic or foreign public bodies, such as regulators; customs, tax and police authorities; and trading venues. The duty of confidentiality of Arctica's employees and those to whom information is disseminated remains under law, even after employment ceases.

1. **Custody**

These Terms and Conditions do not oblige Arctica to act as custodian of financial instruments or other assets for the Client; this can only be effected by concluding a special custody agreement. The custody of financial instruments is therefore handled by the custodians with whom the Client concludes a specific agreement. These Terms and Conditions do not authorise Arctica to handle the Client's financial instruments and assets held by custodians.

1. **Processing of personal data**

It is pointed out that, in order to fulfil its obligations under these Terms and Conditions, Arctica must collect and process personal data, as provided for in laws and rules. Arctica has issued a Personal Data Protection policy that is accessible on Arctica’s website.[[15]](#footnote-16)

The main purpose of processing personal data is to provide clients with the services requested; if the Client refuses to deliver or authorise Arctica to process personal data, Arctica will be unable to provide the Client the financial services requested. Authorisation for the processing of personal data may be required, among other things, for the implementation of these Terms and Conditions, an agreement, obligations incumbent on Arctica pursuant to laws and rules and due to Arctica's legitimate interests. The processing of personal data is a prerequisite for Arctica to be able to provide financial services to the Client and for the Client to do business with Arctica.

In processing personal information, access is limited to those employees of Arctica who need access for work purposes. In addition, Arctica may disclose personal information about the Client to processors, parties who have entered into a processing agreement with Arctica which meets statutory requirements or to supervisory bodies that are authorised to have such access by law, e.g. FME and the police.

Arctica is authorized to use information about the Client to update its communication files as well as its communication data bases, with regard to the Client’s employees, if applicable, for the purposes of facilitating communications with the respective party.

1. **Miscellaneous provisions**

All communications between Arctica and the Client shall be in Icelandic or English.

Arctica may outsource individual tasks or activities entrusted to Arctica under these Terms and Conditions, provided that all requirements laid down in laws, rules and regulations are satisfied. However, Arctica remains responsible for the projects and activities that are outsourced.

The Client cannot assign its rights or obligations under these Terms and Conditions or contracts based upon them without the written consent of Arctica. Arctica may assign its rights and obligations under these Terms and Conditions or contracts based upon them, in whole or in part, to another financial undertaking as defined by Act No. 161/2002. Under those circumstances and for that purpose, Arctica may deliver these Terms and Conditions and agreements between the parties based on them and shall be deemed to have satisfied, with these Terms and Conditions, the requirements of Art. 60 of Act No. 161/2002, that the Client must agree to the dissemination of information about itself.

Arctica may, on its own initiative and although it has no obligation to do so, provide the Client with reports, memoranda, summaries and information regarding financial instruments, financial market conditions and investment opportunities in general (hereinafter also referred to as “general market information”). The Client realises that all such general market information disseminated by Arctica may be deficient and unconfirmed, that it is only communicated to the Client for information and education purposes, and that it is communicated to a group of Arctica's clients and possibly other parties. Such general market information does not take into account the Client's financial situation, previous transactions or other aspects that specifically concern the Client and is not addressed to the Client specifically. This general market information is not investment advice as defined by law and it is completely up to the Client whether it examines such general market information further or takes any action on the basis of it.

1. **Amendments, period of validity and termination of these Terms and Conditions**

Arctica reserves the unilateral right to cancel these Terms and Conditions, add to them or amend them at any time. If such action is taken it will be announced on Arctica's website.[[16]](#footnote-17) In the event of significant amendments, Arctica will endeavour to notify the Client thereof electronically, e.g. by e-mail.

Changes take effect on the date specified in the notice. The Client is obliged by changes and additions to these Terms and Conditions and is deemed to have accepted them, unless it notifies Arctica of its termination in a verifiable manner within 14 (fourteen) days of notification of the amended or new Terms and Conditions. If Arctica has not received notice of termination within that period, the new Terms and Conditions shall apply to all investment services and all transactions concluded by the Client from the entry into force of the Terms and Conditions.

These Terms and Conditions are valid for an indefinite period but may be terminated by either party by sending the other party written notice of termination. Notwithstanding the termination, the parties shall be bound by orders, transactions and agreements that have been made before the termination but are uncompleted or unsettled; these shall be settled in accordance with the provisions of these Terms and Conditions. The provisions of Art. 13 these Terms and Conditions on liability and Art. 18 on confidentiality shall apply indefinitely regardless of whether these Terms and Conditions are still in force or not.

1. **Applicable law and legal venue**

These Terms and Conditions and contracts concluded on their basis shall be subject to Icelandic law.

Should a dispute arise between the parties concerning the interpretation of these Terms and Conditions, the parties shall attempt to resolve such dispute by reaching an agreement between themselves. In case of failure to reach an agreement, the parties may bring their dispute before a court, in which case it must be brought before the Reykjavík District Court.

The Client may also submit disputes regarding the interpretation of these Terms and Conditions or agreements made on their basis to the bodies competent to rule on disputes, as provided for in the Act on Ruling Bodies in Consumer Affairs.[[17]](#footnote-18) Further information is available on FME's website (www.fme.is). Further information on the handling of complaints and legal remedies can be found on Arctica’s website.[[18]](#footnote-19)

*(SIGNATURES ON THE FOLLOWING PAGE)*

**Signature page**

|  |  |
| --- | --- |
| The Client's name      | Id./Reg. No.      |
| Legal domicile      | Postal code and location      |
| Tel.      | E-mail      | LEI      |

The above-mentioned and undersigned Client confirms to Arctica Finance hf. (“Arctica”) having received the General Terms and Conditions of Arctica 's Capital Markets for transactions in financial instruments and having acquainted it-/him-/herself with them and accepts them in all respects.

The undersigned Client confirms having read and understood the following:

1. Arctica's Summary of Client Classification (*www.arctica.is/en/information/client-classification*)
2. Arctica's Overview of the Risk of Financial Instruments (*www.arctica.is/en/information/risks-of-financial-instruments*)
3. Arctica's Rules on Measures against Conflicts of Interest (*www.arctica.is/en/information/conflicts-of-interest*)
4. Arctica's Rules on Order Execution (*www.arctica.is/en/information/order-execution*)
5. Arctica’s Tariff and Examples of Costs (*www.arctica.is/en/information/tariff*)

The undersigned Client confirms having been notified of and agreed to classification by Arctica as a [retail client/professional client/eligible counterparty].

If the Client is a legal entity, in signing these Terms and Conditions, it confirms that the following parties indicated below have full and unlimited authority to issue orders and conclude transactions with Arctica under these Terms and Conditions and, as the case may be, to sign agreements:

|  |  |  |
| --- | --- | --- |
|   |  | Current managing director/CEO |
|   |  | Currently authorised signatories |
|   |  | Current CFO |
|   |  | Other parties listed below |
| Name:      | Id./Reg. No.:      |
| Legal domicile:      | Postal code and location:      |
| Tel.:      | E-mail:      |
|  |  |
| Name:      | Id./Reg. No.:      |
| Legal domicile:      | Postal code and location:      |
| Tel.:      | E-mail:      |

If the Client is a natural person and wishes to grant a third party power of attorney to issue orders and conclude transactions with Arctica on his/her behalf under these Terms and Conditions, the Client may grant a special written power of attorney to do so or authorise such party herewith under “Other parties listed below”.

(If the Client is a legal entity, parties who sign on behalf of the Client (as the case may be, its Board of Directors) or those who are authorised to bind the legal entity in accordance with these Terms and Conditions, shall approve these Terms and Conditions on its behalf. The signatures of the boards of those parties covered by the definition of eligible counterparty are not required.)

|  |  |  |
| --- | --- | --- |
|       |  | **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. See www.arctica.is/en/information/aml. [↑](#footnote-ref-2)
2. See www.arctica.is/en/information/clients. [↑](#footnote-ref-3)
3. Beneficial owners are the natural persons who ultimately own or control a legal entity through direct or indirect ownership of a holding of more than 25% in the legal entity, control over 25% of its voting rights or are deemed by other means to exercise control over a legal entity (does not apply to legal entities listed on a regulated market). If it is not possible to determine a beneficial owner, e.g. because ownership is so diversified that no natural persons own or control the legal entity, or if there is doubt as to the ownership, then the natural person (or persons) who directs the activities of the legal entity shall be regarded as the beneficial owner. See Point 1 of subparagraph a of Point 13 of Art. 3 of Act No. 140/2018. [↑](#footnote-ref-4)
4. Such searches can include a search in accessible databases, e.g. Keldan, Lánstraust, Internal Revenue's register of beneficial owners, databases on politically exposed persons (PEPs) etc. [↑](#footnote-ref-5)
5. See www.arctica.is/en/information/client-classification. [↑](#footnote-ref-6)
6. Simple financial instruments refer, for example, to listed equities, money market instruments, bonds and unit shares, cf. Point 1 of the fifth paragraph of Art. 45 of Act No. 115/2021. [↑](#footnote-ref-7)
7. A trading day in these Terms and Conditions means a working day when financial undertakings are generally open in Iceland and in the financial centres dealing in the financial instruments specified in contract or concerned in a transaction. [↑](#footnote-ref-8)
8. See www.arctica.is/media/skjol/Rules-on-Order-Execution.pdf. [↑](#footnote-ref-9)
9. See www.arctica.is/en/information/tariff. [↑](#footnote-ref-10)
10. See www.arctica.is/en/information/risks-of-financial-instruments. [↑](#footnote-ref-11)
11. See www.arctica.is/en/information/conflicts-of-interest. [↑](#footnote-ref-12)
12. See www.arctica.is/en/about-arctica and www.arctica.is/en/information. [↑](#footnote-ref-13)
13. See www.arctica.is/en/information/tariff. [↑](#footnote-ref-14)
14. See www.arctica.is/en/information/risks-of-financial-instruments. [↑](#footnote-ref-15)
15. See www.arctica.is/en/information/rules-and-policies. [↑](#footnote-ref-16)
16. www.arctica.is/en. [↑](#footnote-ref-17)
17. See Art. 19 a of Act No. 161/2002, and FME’s rules no. 353/2022. [↑](#footnote-ref-18)
18. See www.arctica.is/upplysingar/rettarurraedi. [↑](#footnote-ref-19)