INFORMATION ABOUT TRADING IN SECURITIES

Effective from 3 January 2018

These terms and conditions apply to customers with Custody Account or who otherwise trade in financial instruments with Danske Bank A/S, Irish Branch

In this document we provide some important information that we are either required to provide before you invest or that we think you should be aware of or consider when investing in securities that are 'financial instruments' for the purposes of the European Union (Markets in Financial Instruments) Regulations 2017 ("**MiFID II Regulations**").

1. Execution only

All services provided by Danske Bank A/S, Irish Branch ("**the Bank**") are provided on an execution only basis. The Bank will not provide any advice to you.

2. Appropriateness

If you are categorised as a retail client, the Bank will obtain information regarding your experience and knowledge in order to determine if the products and services envisaged are appropriate for you. This information can include (depending on various factors) (a) the types of service, transaction and financial instrument that you are familiar with; (b) the nature, volume, and frequency of your transactions in financial instruments and the period over which they have been carried out; and (c) the level of your education, and profession or relevant former profession.

If the financial instruments that your order relates to are 'non-complex' (as defined in the MiFID II Regulations, and any relevant guidance), we may not be required to seek this information or undertake this assessment so long as we meet the relevant criteria under MiFID II.

Professional clients and eligible counterparties are automatically assumed to have the experience and knowledge and to be financially able to bear the associated investment risks.

2.1 Experience and knowledge

Your investment experience and knowledge depend on your trading history. Your occupation and educational background may, of course, also play a role.

You may have considerable experience, even if you have only traded for a year. For example, you may trade often and monitor the market closely, or you may have knowledge about economic trends and the climate in the financial markets from your job. Conversely, you may have held a custody account for 20 years but have only limited experience because you very rarely trade in securities or review your investment portfolio.

Consequently, we need information about the types of securities you have knowledge of and the number of times you have traded these instruments – this is what we call your trading range. If your experience and knowledge of trading in securities change, we will of course adjust your trading range accordingly.

If you trade outside your trading range, you could incur risks that you may not fully understand. We will therefore warn you about risks associated with this if you proceed with a trade that we consider is not appropriate for you.

3. Risks when trading in securities

When investing in securities, you should be aware that prices are affected by fluctuations in the financial markets. Returns and dividends on securities are also affected by such fluctuations. Consequently, you cannot use historical data about returns or dividends on a security as an indicator of future returns and dividends on the instrument.

You should be aware that the MiFID Regulations require us to provide information about the risks of financial instruments in which you may invest when placing execution only orders with us.

This covers product types including shares, bonds, units in collective investment schemes or derivatives.

When you invest in UCITS and certain AIFs (see section 4.3), they will also be risk-classified in the product documentation. These classifications will be standardised for UCITS in 'Key Investor Information document' and for AIFs in 'Key Information document'.

A common feature of all risk disclosure systems is that they cannot exclusively form the decision-making basis of your investment. They are only intended as a supplement to the information you should obtain before making an investment or to the advice you receive from the Bank after defining your investment profile.

4. Bonds

A bond is a debt instrument where the issuer undertakes to pay a fixed amount over a certain period. The yield on a bond consists of:

- interest calculated on the basis of the nominal value of the bond; and
- Price gains/losses on withdrawals/sales.

When you buy a fixed-rate bond, the price you pay depends on the current market interest rate. If the market interest rate rises, the price decreases, depending on the bond's price sensitivity, which depends mainly on whether the bond has a short or long maturity. The longer the maturity, the more price sensitive the bond.

4.1.1 Risk

Investments in bonds are associated with three types of risk:

- the market interest rate increases – this means that the price of the bond declines (interest rate risk);
- the currency in which the bond is denominated weakens – this means a lower yield (exchange rate risk); and
- the issuer defaults on his obligations (issuer default risk).

Interest rate risk

The value of a bond changes with the level of interest rates in the financial markets.

Exchange rate risk

If you trade in bonds issued in a foreign currency, you incur an exchange rate risk – as opposed to bonds issued in Euro. Changes in exchange rates may have a positive or negative effect on the yield.

Issuer default risk

There are three primary bond issuers:

- government (government bonds);
- banks and mortgage-credit institutions (mortgage bonds and covered bonds); and
- companies (corporate bonds).

Issuers may be Irish or foreign.

There are special EU rules on the recovery and resolution of banks, etc. in financial distress, even if they are not declared bankrupt.

The rules entail that national resolution authorities may, for example:

- write down the bonds so that all or some of the investment is lost;
- convert the bonds into shares, which may have a lower value;
- change the redemption date and/or interest terms; and
- stop payments on the bonds for a period.

In the event of bankruptcy, the bondholders will only receive payment if the bank's ordinary customers with a deposit have been paid in full.

These factors may affect the price and the possibility to sell bonds issued by banks, etc.

Bond owners cannot incur greater losses than if the bank etc. is declared bankrupt.

4.1.2 Government bonds

One of the safest papers you can invest in as a Irish investor are Irish government bonds. There is no exchange rate risk, and the risk that the Irish government defaults on its obligations is low.

The bonds are normally based on bullet loans, and they are repaid at par at maturity. You minimise your risk if you buy government bonds that expire at the time when you expect to want your money back.

The risk of investing in non-domestic government bonds from governments with a good credit rating is slightly higher because of the exchange rate risk.

The non-domestic government bonds that carry the highest risk are those issued by governments with a poor credit rating. These bonds carry both exchange rate risk and a higher issuer default risk.

We generally recommend that non-domestic government bonds account for only a small part of your portfolio.

4.1.3 Corporate bonds

Corporate bonds often return higher yields than government bonds as the issuer default risk is usually higher. If a business meets financial difficulties, the price of its bonds will fall.

The risk on corporate bonds varies considerably – some issuers are well-known and financially sound businesses, others are less financially sound. For your risk assessment of specific bonds, we can help you with information from international credit rating agencies and with assessing the individual issue.

4.1.4 Structured bonds

Generally, most structured bonds offer an opportunity to profit from future increases in for example a share index, commodity index, currency index or similar, without risking loss of your entire investment. For this security, you waive some of the returns, for example:

- that you will receive only a part of the return; or
- that you accept an upper limit on your gain on potential increases, for example, by waiving increases over 35 per cent.

Structured bonds are available in many variants. We recommend that you always make sure you understand the product terms carefully, and that you consult your investment adviser, if relevant.

You should always keep in mind that, although structured bonds are often referred to as "guaranteed", there is always a risk that the issuer may default on his obligations, as is the case with bonds that are not index-linked.

4.2 Equities

When you buy a share, you are buying part of a company and its expected future earnings. The shares may give you certain rights such as dividends and voting rights at the general meeting. The price you pay depends upon supply and demand for the share, and reflects the current market expectations for the company's performance.

4.2.1 Risk

Three factors influence the company and the assessment of its performance:

- internal issues, such as how competent its management is and the company's ability to generate earnings and adapt to external conditions;
- the company's performance compared with its competitors, and the overall prospects for the sector; and
- general economic and interest rate developments on the company's major markets.

Hence, the risk related to investing in equities is that unforeseen changes may affect the share prices. In a worst-case scenario, you could risk losing your entire investment.

Our equity analysts assess a share by comparing its share price with the estimated present value of the company's future earnings. But analyst estimates vary, and so do recommendations to investors. One analyst may recommend buying the share, while another recommends selling it.

All news from the company and its competitors and news about the markets where the company sells its goods are examined with a view to assessing the potential impact on the company's future earnings. If earnings are likely to be affected, estimates change, and analysts may alter their recommendations.

A research report is thus a snapshot with a limited life span. Our reports are not personal recommendations to buy or sell a share. If you want a personal recommendation, please contact your investment adviser.

4.2.2 Return

The return on a share consists of dividends and price gains or losses. Dividends are the portion of the company's profits that the general meeting decides to distribute to its shareholders. Dividends usually represent a small part of the total return. The development in the share price is generally more important for your return.

Returns on shares fluctuate more than yield on bonds. When long-term investors are still buying shares, it is because they expect a better return than what they can get on bonds.

You can invest in foreign and Irish shares. In addition to the price risk, foreign shares also incur an exchange rate risk that may have a major impact on the total return.

You should only invest directly in individual equities if you are interested in monitoring the companies yourself and take the time to do so. How much of your savings you should invest in equities depends on your risk tolerance and time horizon.

4.3 Units in collective investment schemes

When you invest in a unit, you buy a part of a collective investment scheme (a fund). There is no requirement for a collective investment scheme to have a particular company form or any company form at all. Therefore, a fund may consist of a pool of securities that you buy a part of.

However, many funds are independent legal entities, but they can take on a variety of company types.

Typically, funds are comprised in such a way that there are several sub-funds, each with its own name and defined investment area. When purchasing a unit, you buy a unit in that sub-fund.

General information

There are distributing sub-funds, which pay dividends, and accumulating sub-funds, which do not pay dividends.

If you choose a bond sub-fund, it will primarily invest your money and that of other investors in the types of bonds indicated in its prospectus.

If you choose an equity sub-fund, the fund will primarily buy shares for your money. Most equity sub-funds spread their investments around different countries, industries and companies, but some funds specialise, for example in companies in a single sector or geographical area. The returns may be very large when that particular sector or geographical area is doing well, but the value of the shares may also plunge if the sector is less successful.

There are also mixed sub-funds that invest in shares and bonds, in other sub-funds or in other types of securities.

Regardless of whether you invest a large or a small amount, your investment will be distributed amongst many different instruments when you buy units. This reduces the risk if a particular bond or share should underperform. If you were to diversify your investment on the same number of securities on your own, you would have to invest a fairly large amount.

Each fund publishes a very detailed prospectus describing precisely what each sub-fund may invest in. You can find a more general description in the sub-fund's key investor information document, where you can also get a list of all of the securities the sub-fund holds in its portfolio at a given time. The information is available on the fund's website. You may also contact your investment adviser.

Units are generally suitable for most types of savings, whether you invest free savings or pension savings. If you operate a business and use the corporate tax scheme, you should invest in accumulating investment units for tax reasons.

EU rules classify funds into two main types, designated UCITS and AIF.

UCITS

A UCITS (Undertaking for Collective Investment in Transferable Securities) must meet the minimum requirements regarding investment rules, structure, etc. as laid down in EU legislation. There are also a number of requirements for how quickly and easily you can get out of the investment. That is done by redemption, when you sell your investment back to the UCITS for a value determined according to the prospectus.

Investments in a foreign UCITS may be associated with tax disadvantages in some cases.

When investing in UCITS you can obtain a range of product information such as a prospectus, key investor information document, fact sheet, etc. You can also find information on the websites of the various fund providers.

AIFs

Alternative investment funds (AIFs) are subject to common European regulations, which are less restrictive than those applicable to UCITS.

When investing in an AIF, you should be aware that the investment limits may be wider and less strict than those for UCITS. Investments in AIFs may therefore involve higher risk and/or be more difficult to understand.

Redemption of an AIF can also be restricted/more difficult.

The AIF rules also govern the terms under which non-European funds can be marketed in the EU. There is thus a requirement that non-European funds shall have a marketing authorisation in each individual EU country. Moreover, AIFs are subject to the regulations of their home country.

Investments in foreign AIFs may be associated with tax disadvantages in some cases.

When investing in AIFs, you can obtain a range of product information such as a prospectus, key investor information document, fact sheet, etc. You can also find information on the websites of the various fund providers.

4.3.1 Risk

Even though funds spread the risk by investing in many different bonds or equities, there is still a risk of loss.

Broadly speaking, bond funds are less risky than equity funds. Another aspect is that the price of units that include securities denominated in currencies other than Euro may fluctuate more than the price of units that only have Euro denominated securities, due to exchange rate fluctuations. Some funds investing in foreign securities have managed to significantly reduce the exchange rate risk.

Another important aspect is the degree of specialisation of a given fund. Funds with a narrow investment range have a high risk. Conversely, the risk is low if the funds have a broad range of investments. Some funds are so specialised that, despite risk diversification, their prices fluctuate just as much as the price of an individual share.

Risk and return move in sync, so if you are looking for stable growth in your investment, you do not have to assume too much risk. And if you want a high return, you must accept a higher risk. In a worst-case scenario, you could risk losing your entire investment.

4.3.2 Return

The return on units/funds consists of any dividends declared and price gains or losses. Most distributing funds pay dividends comprising:

- accrued interest;
- dividends on the shares and other securities in the fund's portfolio; and
- net gains on sold securities.

The different sub-funds typically pay dividends between one and four times a year.

Accumulating sub-funds do not pay dividends, but reinvest all net income. This means that the profits are accumulated and added to the assets of the fund; therefore, you receive the total return in the form of price gains on your units.

For tax reasons, the accumulating funds are particularly suitable for pension savings, funds under the corporate tax scheme and children's savings.

Your return depends primarily on developments on the investment markets. Accordingly, you should not expect a stable return every year.

4.3.3 Costs

Each sub-funds has administrative and trading costs. The costs varies in the sub-funds; trading costs in particular may vary from year to year. You can see recent years' cost levels on each fund's website.

4.3.4 Information

When investing in a UCITS/AIF, you have access to many types of investment information. On the relevant fund's website you can see return calculations and search information about each sub-fund's assets and the composition of portfolios by type of security, geographical area and industry.

4.4. Purchase of individual securities or units

Whether you should buy individual securities or units depends on your experience, available funds and desire to invest. To invest in individual securities, you should have a larger sum to invest and investment experience, as well as the interest and time to monitor the investments.

Investing through a fund may be best if you do not take a special interest in investing, do not have much investment experience or don't want to spend time monitoring your investments. You pay the fund to manage your investments.

4.5 Managed account products

You can also ask us to manage your investments. We have a number of investment management products available. You can opt for investment management of both pension and non-pension savings. If, for instance, you choose the management product Flexinvest Fri, we will invest in accordance with the agreed investment profile and the Bank's market expectations.

5. Where to trade securities?

You can trade securities by contacting us in person, by calling us or through the Bank's digital solutions.

5.1 Digital solutions

We are constantly developing our digital solutions so you can easily and transparently track your investments. You also have the opportunity to create your investment profile and see our general recommendations on how you spread your investments on equities and bonds in accordance with your profile.

You can also see the bid and ask prices of a wide range of shares, bonds and units; get news, create your own bid and ask lists; get a graphical presentation of your portfolio's composition; and set up a function to monitor the price movements and notify you when the price reaches your indicated level.

6. Conflict of interest

When you trade securities or receive other financial services from Danske Bank, we, our subsidiaries, employees, other people affiliated with the Bank or other clients, may have interests or relationships that are material to those securities or services. Such material interests or relationships could potentially conflict with your interests.

We have made a Group Conflicts of Interest Policy. Based on this, we have taken organisational and administrative measures – for instance to prevent undue disclosure of information, monitor employees and provide proper information to clients – to safeguard our clients should conflicts of interest arise.

Please note that in some cases we cannot trade with you or provide financial services if that would prevent us from handling a conflict of interest in a proper way. In such cases, we are not obliged to give any reason.

For further information on conflicts of interest, please see the Investment Terms of Business which has been provided to you.

7. Cancellation rights

Generally, you cannot cancel a trade in securities. You can get more information about the rules of cancellation rights in your branch or on the Bank's website.

8. Costs

When you trade in securities, there are two types of costs:

- trading costs – for instance brokerage; and
- margins added to or deducted from prices custody costs – for example custody fees.

You can find terms and prices on the Bank's website at:https://www.danskebank.com/en-uk/ci/About-CI/Pages/Costs-and-Charges.aspx.

9. Information on commissions

The Bank receives a commission when it sells certain UCITS/AIFs. You can see the rates of the commissions on the Bank's website.

Changes

We reserve the right to change 'Information about trading in securities' at any time.

10. Contact us

If you have questions or need advice before trading securities, you are always welcome to contact your advisor.