Notice regarding proposed amendments to the General Terms for Custody Accounts - Norwegian custody arrangement added for Norwegian Account Holders only

While the General Terms for Custody Account will be amended for all Account Holders, these amendments will in practice only be relevant for Account Holders which:

(i) are natural or legal persons domiciled or incorporated, as applicable, in Norway (a "Norwegian Account Holder"); and

(ii) to the extent the Norwegian Account Holders chose to provide collateral or default fund or loss sharing pool contributions in the form of securities via accounts in VPS Norway.

Nasdaq Clearing will enable Norwegian Account Holders to post Norwegian securities collateral in VPS Norway by adding DNB Bank ASA as custodian for the Norwegian market. Please note that the type of eligible collateral will remain unchanged, see the collateral list on Nasdaq Clearing’s website.

In order for a Norwegian Account Holder to be able to utilise the new custody arrangement, the Norwegian Account Holder will need to:

1. Open a beneficial owner account with VPS Norway (which will be pledged in favour of Nasdaq Clearing) and execute the relevant account opening agreement;
2. Open a custody account with DNB Bank ASA (the “Sub-custodian”) and execute a triparty custody agreement between the Norwegian Account Holder, the Sub-custodian and Nasdaq Clearing (with Nasdaq Clearing as the authorised person in respect of such account); and
3. Execute a new Collateral Custody Account Agreement, Default Fund Custody Account Agreement and/or Loss Sharing Pool Custody Account, as applicable, with Nasdaq Clearing.

Please contact Göran Bolin at goran.bolin@nasdaq.com for further information and process in relation to onboarding. Please note that this arrangement is currently only available for Norwegian Account Holders.

In order to offer this new custody arrangement to our Norwegian Account Holders, updates have been made to the following agreements:

- General Terms For Collateral Custody Accounts
- General Terms For Default Fund Custody Accounts
- General Terms For Loss Sharing Custody Accounts

Together, the “General Terms for Custody Account”.

Please find attached the updated agreements in mark-up against the versions that will enter into force on 3 September 2020, i.e. including inter alia the SRD II amendments as notified to members on 22 June 2020 plus a few minor amendments made following the consultation process in relation thereto. A summary of the amendments is found below. Note that the amendments remain subject to necessary regulatory review processes. In case your organisation would like to request consultation in respect of the proposed amendments, you must do so within five Business Days (by 22 July 2020) by emailing Ida Nordenström at ida.nordenstrom@nasdaq.com. The proposed amendments will enter into force on 3 September 2020.

Summary of updates to the General Terms for Custody Account

In summary, the following amendments have been made to the General Terms for Custody Account. Capitalised terms has the meaning given to them in the General Terms for Custody Account.

- The following accounts have been introduced:
VPS Account: This is the account held by the Norwegian Account Holder at VPS Norway, opened for the purpose of providing collateral in the form of Norwegian VPS registered securities. This is pledged in favour of Nasdaq Clearing, see below.

Sub-custody Securities Account: This is the account held by the Norwegian Account Holder with the Sub-custodian (who is acting as VPS Account Operator), where the securities registered on the VPS Account are shown. In turn, these securities are also shown on the Custody Account.

A few additional definitions have been included to support the new Norwegian custody arrangement.

- Clauses 4.1 and 4.2 have been updated to reflect the fact that a Norwegian Account Holder may now, in addition to the existing custody structure, also provide collateral through the VPS Account.
- Clause 4.4 has been updated to clarify that the VPS Account always will be an individually segregated account (beneficial owner account), and not an omnibus account structure.
- Clause 8 has been amended to include a Norwegian law pledge, pursuant to which a Norwegian Account Holder pledges the securities in the VPS Account in favour of Nasdaq Clearing. This pledge is subject to Norwegian law, as specified in clause 18.3.
- Clause 11.3 has been amended to reflect the fact that Nasdaq Clearing will exercise reasonable care in selecting and monitoring the relevant Sub-custodian and any subcontractor, but that Nasdaq Clearing is not further liable for the Sub-custodian or subcontractor, which is in line with market practice. Nasdaq Clearing has investigated and assessed DNB Bank ASA in order to determine its suitability as custodian, in accordance with Nasdaq Clearing’s regulatory requirements. It is important to note that Nasdaq Clearing does not currently have any sub-contractors or Sub-custodians, but that DNB Bank ASA will be the only Sub-custodian following the implementation of this arrangement. Hence, the extent of Nasdaq Clearing’s current liability vis-à-vis its members has not been amended.
- In line with the point above, Clause 13.2(iv) has been updated to include the Sub-custodian along with CSDs in respect of Nasdaq Clearing’s limitation of liability.
- Clause 15.3 has been updated to add the applicable procedure in respect of Norwegian VPS Account Holders where the Agreement is terminated.
- Clause 18.3 has been added to make the pledge over the VPS Account subject to Norwegian law.