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THE NORWEGIAN SECURITIES DEALERS ASSOCIATION

RECOMMENDATION NO. 5

Recommended guidelines for employees' own-account trading

This recommendation was originally adopted by the board of the Norwegian Securities Dealers Association on 17 August 1999 and it entered into force on 1 September 1999 and has been amended several times. As a result of the implementation of MiFID II and the new Securities Trading Act of 15 June 2018, the board adopted this revised recommendation on 23 October 2018. It entered into force on 1 January 2019. Item 6, 7th paragraph was corrected on 5 March 2020. Amended on 28 October 2021. Footnote to item 6 added on 9 December 2021. Item 9 amended on 6 May 2022. A clarification included in item 7 on 22 June 2022.

This recommendation was adopted by the board of the Norwegian Securities Dealers Association on 23 October 2018. It applies in addition to the prevailing statutory and regulatory provisions that regulate employees' own-account trading.

The recommendation is an adaptation to the MiFID II regulations, which presume that firms have their own routines for dealing with conflicts of interest relating to employees' own-account trading. Previously, own-account trading was regulated in Norwegian special legislation, with among other things a 12-month lock-in period. The fact that it is up to the firms to regulate own-account trading requires them to have a body of routines/adequate schemes that ensure good business practice.

The board has carefully considered what line the Norwegian Securities Dealers Association is to take regarding such things as the lock-in period and other restrictions on own-account trading. Based on the purpose of these guidelines and in order to prevent conflicts of interest, the board recommends, among other things, a lock-in period of at least three months when financial instruments are purchased, the prior authorisation of trades, and some special restrictions in connection with, for example, corporate assignments. The recommended guidelines for employees' own-account trading are more restrictive than the corresponding guidelines in other Nordic countries[1], whose industry rules state a lock-in period of one month, for example.

Firms can prepare guidelines that are more restrictive and detailed than those stated in the recommendation.

1 The purpose of the guidelines

The purpose of these guidelines is to prevent conflicts of interest from arising. The guidelines shall ensure that employees' trade in financial instruments does not conflict with the interests of clients or the employer firm. Employees must be unable to exploit their position or have special advantages over clients when trading in financial instruments. Employees must also be prohibited from utilising information that is not available to clients to their own advantage.

2 Due care

In the case of own-account trading, employees undertake to demonstrate due care in accordance with this recommendation's purpose, and to avoid their own acts possibly leading to less confidence in the firm's or employee's impartiality when providing investment services.

Senior executives shall themselves separately assess whether there may be actual or potential conflicts of interest linked to executed or potential assignments, companies or the firm’s interests that mean the employee should refrain from trading.

[1] Branches of EU firms in Norway may be subject to the parent company’s guidelines for employees’ own-account trading. The parent companies’ guidelines have also been prepared as a result of the MiFID II regulations.

3 Who the guidelines apply to

These guidelines apply to employees[2] of all the investment firms that are members of the Norwegian Securities Dealers Association. The guidelines also apply to the investment firms' tied agents.

The concept of an "employee" also covers other persons who deal with, or have access to, the firm's investment services, such as board members or silent partners in internal partnerships where the firm is the principal.

The firm must have internal rules governing the employees and other persons that are covered by these guidelines.

4 What the guidelines apply to

The guidelines apply to own-account trading in financial instruments as defined in the Securities Trading Act. The guidelines apply correspondingly to trades carried out by employees for the account of associated persons and to trades where the employee in some other way contributes to an associated person's trade, see item 14 below.

The guidelines also apply to all insurance and pension products and unit-linked products where employees can themselves make investment choices linked to specific financial instruments, with the exception of choosing/swapping mutual/securities funds.

5 Authorisation in advance

The firm shall have a written routine/procedure for advance authorisation. Own-account trading must be authorised in advance in writing or in some other documentable manner by the person that the firm has appointed for this task.

If the person responsible for authorisation[3] is to carry out own-account trading him/herself, this trade must be authorised by a superior.

Once a relevant trade has been authorised, it must be carried out within the period stipulated in the firm's routines or in the authorisation.

When considering the granting of advance authorisation, whether or not the trade conflicts with the firm's list of assignments, client orders, or planned initiation of a research assignment must be taken into account, among other things. In addition, the employee who is trading must provide a written/electronic declaration stating, among other things, that he/she is not aware of the trade entailing any conflict of interest, and that the trade is taking place in accordance with the firm's internal rules on own-account trading.

Documentation of advance authorisations and refusals shall be kept/stored for at least five years.

[2] In some cases, the guidelines also apply to "associated persons", see item 14.
[3] The person who authorises own-account trades.

There is no duty to obtain authorisation for transactions covered by an active management agreement provided the active manager and person who is subject to these guidelines have had no prior communication in connection with the transaction.

There is no requirement of advance authorisation for own-account trading in mutual/securities funds.

The firm shall conduct a risk-based follow-up check of own-account trades.

6 Restrictions on and prohibitions against trading

Employees may not themselves register their own-account orders in the firm's order-processing system unless they use a standard online-trading solution.

Both the employee him/herself and a person executing orders for an employee undertake to assess whether the trade may conflict with the firm's duty to safeguard clients' interests pursuant to the regulations governing the best execution of client orders. In such assessments, emphasis must be placed on the liquidity of the financial instrument that the employee wants to trade in, the order situation and market conditions. The employee or party executing the order must especially ensure that the good business practice provisions in the Securities Trading Act are also complied with.

If the investment firm permits an employee to trade in derivatives, carry out short sales or debt-finance the purchase of financial instruments, the employee has a particular responsibility to consider whether the conflicts of interest that may exist in such trades weigh so heavily that the trade should not be executed.

The employee undertakes to refrain from trading if executing the trade may conflict with the obligations which follow from paragraphs two or three. This does not apply to subscriptions in accordance with a pre-emptive right pursuant to the Limited Liability Companies Act or Public Limited Liability Companies Act, or to the acceptance of an offer to all shareholders on equal terms.

The execution of an order for an employee in the opposite direction of a client order will not normally be regarded as being in conflict with the regulations. If there is a client order stipulating a limit or other conditions, it must be specifically assessed whether the employee's order can be executed.

The assessment of whether an employee's order may conflict with the regulations should be carried out as close as possible to the time when the order is to be executed.

When the firm has been the lead manager or co-lead manager for a raising of capital[4] (listed/unlisted), employees subject to the guidelines may not trade in financial instruments

[4]The firm itself assesses whether bond issues should be defined under “raising capital” which triggers a trading ban in the issuer’s shares.

that have been issued by the issuer in question, or whose value depends on the issuers' shares, until the first of the following dates:

a) the day following the publication of the first periodic report/public accounting report after the transaction has been completed

b) three months after the transaction has been completed.

When the firm has been the lead manager or co-lead manager in the case of an admission to trading on a regulated market or MTF, employees who are subject to the guidelines may not trade in financial instruments that have been issued by the issuer in question, or whose value depends on the issuers' shares, until the first of the following dates:

a) the day after the investment firm has published research, and the issuer has published the first periodic report/public accounting report after admission to trading

b) three months after admission to trading

In the case of share issues or dispersion sales of shares and equity certificates arranged by the firm, the employee may take part in the normal manner provided no other guidelines are issued in each case[5]. If the order book is oversubscribed, the employee may not receive an allotment. The above applies in the same way if the firm is the lead manager in a project company, but such that the firm should in such case conduct a separate assessment of conflicts of interest that arise in the case of employees' subscriptions. The prohibition against allotment in the case of an oversubscribed order book does not apply to rights issues where the employee subscribes in accordance with a pre-emptive right pursuant to the Limited Liability Companies Act or Public Limited Liability Companies Act. Employees who are shareholders may not oversubscribe in excess of the rights allocated in a rights issue.

The firm's employees may not participate in underwriting syndicates for the full subscription of share issues or dispersion sales arranged by the firm.

7 Research

Analysts' own-account trading is bindingly regulated by the Norwegian Securities Dealers Association's industry standard no. 3[6], item 7. This provision is enclosed with this recommendation.

A research manager may not own financial instruments in the firm's "investment universe", with the exception of share savings plans relating to his/her own employer.

Employees other than analysts who have contributed to the work on research, or in some other way know that research or a report is being prepared, including knowledge of the likely publication or content of the research, may not trade in financial instruments for their own account if they know that the investment firm will publish research or a report on the issuer

[5] See restrictions for dealteam in item 9.

[6] "The relationship between the corporate finance department and research departments. Handling of conflicts of interest and content requirements for research".

of the instrument in question. The aforementioned employees also may not trade in financial instruments for their own account on the same day as the firm publishes research or a report on the issuer of the instrument in question.

The above also applies to trading in financial instruments derived from the financial instrument mentioned in the research/report.

8 The employees' duty to disclose their own holdings when providing investment advice

On a general basis, employees who provide investment advice should demonstrate special care when giving advice on financial instruments in which the employee has financial interests.

If the employee owns financial instruments whose value to him/her is not insignificant, the employee may be liable to disclose his/her own holdings of financial instruments to clients in connection with the provision of investment advice and similar sales work relating to the issuer in question.

Additional requirements for investment firms linked to the above follow from item 10.8 of the Norwegian Securities Dealers Association's industry standard no. 3. This standard is binding on the firms that are members of the Norwegian Securities Dealers Association. The provision is enclosed with this recommendation.

The firm should disclose in its general business terms and conditions that employees may own and trade in financial instruments subject to the restrictions stipulated by legislation and the firm’s internal guidelines.

9 Corporate finance employees, etc

Employees of the corporate department must show special care when trading for their own account in companies that the corporate department has, or has had, assignments for.

If the employee has an ownership interest in an issuer, the firm should assess whether the employee can take part in the deal team for the issuer in question. Relevant factors to be assessed will typically be the financial value of the interest, the employee’s personal economy, the length of time that the employee has owned the shares, and the type of assignment. Note that in accordance with the Euronext Growth Rulebook, restrictions have been introduced for employees of the Euronext Growth Advisor[7].

[7] Euronext Growth Rulebook Part II May 2022 section 5.2.2 (2) nr 2: "Employees of the Euronext Growth Advisor who are to act as advisors to the Issuer in an admission process, shall not own Shares or voting rights in an Issuer that it is assisting."

Employees in the dealteam may not subscribe for issues or dispersion sales of shares or equity certificates issued by the issuer in question, for which the firm is the manager[8].

When the corporate department has/has had assignments for a company other than the raising of capital and arranging of admission to trading on a regulated market/MTF[9], employees of the corporate department may not trade in financial instruments that have been issued by the company, or whose value depends on the company's shares, until the first of the following dates:

a) the day following publication of the company's first periodic report/public accounting report after the assignment has been completed

b) three months after the assignment has been completed.

The same applies to employees outside the corporate department who knew about the assignment before it became publicly known.

10 Requirement as to impartiality

Employees may not take part in decisions linked to the firm's own-account trading in financial instruments issued by a company that the employee in question manages, has a leading position in or is a member of the board or corporate assembly of. Nor may employees take part in dealing with any issues that are so important to the employee in question or an associated person of this employee that the employee must be regarded as having a personal or financial special interest in the matter.

11 Reporting

When hired and during the employment relationship, the employee undertakes to give the firm an overview of all the financial instruments covered by the rules on own-account trading.

Employees must report the acquisition and realisation of financial instruments covered by these rules to the person appointed by the firm. Reporting is to take place as soon as the trade has been completed. The format and content of the report are to be determined by the individual firm. The firm shall keep a register of reported transactions, including advance authorisations and rejections. Registered information must be stored for at least five years.

Employees must also report all own-account trading that they do for the account of the employee's associated persons, see item 14. Trading carried out by the employee's associated persons themselves is not to be reported.

The duty to report does not apply to trading in UCITS funds and trades carried out subject to an active-management agreement.

[8] Firms should consider whether the recommended guideline should also cover bonds or types of bonds, such as high-yield bonds. In project companies that have not been oversubscribed, it may, after a specific assessment, be relevant with exceptions in accordance with section 13, second paragraph.

[9] Refer to the restrictions on trading in item 6 applicable to all employees in the case of a raising of capital and for lead manager assignments in connection with admission to trading on a regulated market and MTF.

12 Lock-in period

Employees who are subject to these guidelines are to have a lock-in period of at least three months[10]. A lock-in period is the period of time during which the employee may not dispose of financial instruments that are acquired through purchases or swaps.

The lock-in period starts on the date of the trade. In the case of subscriptions, the allotment date is regarded as the date of the purchase agreement. Shares acquired in a bonus issue or some other distribution by the company are counted as being acquired on the same date as the "parent share".

The "first in – first out" principle is to be applied.

There is no lock-in period for financial instruments acquired through inheritance, a gift, the administration and division of joint property, or a similar form of acquisition.

Shares may be realised before the expiry of the lock-in period if the realisation takes place through the acceptance of an offer to buy all the shares in a company made to all the shareholders on equal terms and conditions and the shares were acquired before the acquisition offer became known.

The lock-in period does not apply to the realisation of shares and equity certificates issued by the employer firm (or a company in the same group of companies as the employer firm) when the instruments are acquired as a result of utilising option or subscription-rights programmes for the employees and the realisation takes place within one month of the employee receiving the instruments.

Employees must wait for one month after the sale of a financial instrument before they can buy more of the same instrument.

There is no requirement of a lock-in period if an active-management agreement has been entered into, provided there has been no prior communication relating to the transaction between the active manager and the person who is subject to these guidelines. There is also no lock-in period requirement for trading in mutual/securities funds.

Passive trading as a result of an enforced sale, the redemption of sold derivatives or recall of borrowed shares that have been sold short is not regarded as a breach of the lock-in period.

Circumventing the lock-in period or other provisions in these guidelines, for example by using derivatives and/or short trading, is not permitted.

13 Exemptions

The firm may grant an exemption from the lock-in period if there are special circumstances, such as a change in family circumstances, residence, etc.

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10 Examples: if the trading date is 10 May, the earliest date when a realisation can take place is 10 August. If the trading date is 31 March, the earliest date when a realisation can take place is 1 July, i.e. the first subsequent day of the next month if the date in question does not exist in the month that is three months after the trading date.

The firm may grant other exemptions from these rules in special circumstances. Exemptions must be documented in writing.

14 Associated persons, etc

All trades, including purchases, sales or subscriptions, carried out by the employee for the account of associated persons are covered by the above rules. The same applies to trades that the associated person executes in consultation with the employee, or where the employee in question participates in the associated person's trade in some other way. Associated persons can themselves execute trades via the online-trading solution of the employee's employer.

Employees undertake to inform their associated persons of the rules and guidelines for own-account trading.

An "associated person" is the employee's spouse or person that the employee lives with in a marriage-like relationship (cohabitant), an underage child of the employee, an underage child of the employee's spouse or a person that the employee lives with in a marriage-like relationship (cohabitant), and a company in which the employee or one of the aforementioned persons has the influence stated in section 1-3 subsection 2 of the Limited Liability Companies Act, section 1-3 subsection 2 of the Public Limited Liability Companies Act or section 1-2 subsection 2 of the Partnerships Act. An associated person is also a person with whom the employee has such links[11] that the employee has a direct or indirect material interest in the outcome of the trade, with the exception of a fee or commission for executing the trade.

If an employee owns 10 per cent or more of the shares or votes in a limited liability company whose main activity is investments in financial instruments, the firm shall assess whether the ownership entails conflicts of interest in the employee’s work, and shall deal with any conflicts of interest.

Item 7 of the Norwegian Securities Dealers Association's industry standard no. 3 contains binding rules on trading in financial instruments that are applicable to an analyst's associated persons.

15 The firm's obligations

The firm must have internal rules that ensure effective control of compliance with the guidelines.

The firm must inform the employees of the content of rules and guidelines for own-account trading.

[7]11 For example, membership of savings clubs.

Annex

Exhibit from the binding industry standard no. 3 "The relationship between the corporate finance department and research departments. Handling of conflicts of interest and content requirements for research".

7 Rules governing analysts' and associated persons' own-trading

Analysts may not prepare or take part in preparing research on financial instruments issued by issuers in which the analyst him/herself owns financial instruments. The compliance officer and/or research manager must assess whether this prohibition should also apply correspondingly to other issuers in the same sector/industry.

Any sale of financial instruments before the analyst starts to conduct research concerning the financial instrument and/or issuer must be carried out as soon as the firm asks the analyst to prepare to cover this, and at the latest one month before the date when it is planned to publish the research. The compliance office may grant an exemption from the deadline for completing the sale.

Following a further assessment by the research manager and compliance officer, the analyst may be allowed to retain financial instruments he/she acquired;

- less than three months before the analyst started to conduct research concerning the financial instrument and/or issuer.
- in some way other than by purchase; for example through inheritance or as a merger payment.

If the analyst has been granted the permission stated in paragraph three, the following provisions apply:

- analysts may not sell unless the latest recommendation is to sell. The compliance officer may in special cases grant dispensation from this provision.
- analysts may not sell until at least a week has elapsed since the analyst's research (with a recommendation to sell) was published. The restriction on selling applies even if any lock-in period has elapsed.
- analysts may exercise subscription rights in share issues of companies in which the analyst is already a shareholder, but cannot purchase new subscription rights.

Analysts have a duty to disclose their own holdings, as stated in item 10.9.

Associated persons[12] with knowledge of:

(1) the probable date when the research will be published,

[12] Refer to the definition in the annex

(2) content of the research which is not available to clients or the general public, or
(3) content of the investment research which cannot easily be deduced from publicly available information
may not trade for their own or another party's account (including the investment firm's account) in financial instruments covered by the research or derivative financial instruments until the recipients of the research have had a reasonable opportunity to trade on the basis of the research .

10.8 Brokers' duty to disclose their own holdings[13]

Brokers may be under a duty to disclose their own shareholdings to clients in connection with their sales work relating to share issues/secondary market sales and when providing advice relating to purchases or sales in the secondary market if the employee owns shares in the company to which the advice refers and the shares are of material financial value to the employee in question.

The investment firm's internal guidelines should contain a more detailed definition of what is to be regarded as a shareholding subject to a duty of disclosure, and how any duty of disclosure is to be fulfilled. It should also be decided whether employees that hold such aforementioned shareholdings in individual shares may act as brokers/market-makers for the same share.

To prevent employees with such aforementioned shareholdings from being put in a difficult position regarding their advice to clients, the investment firm shall in its guidelines stipulate that active advice from the person concerned relating to buying or selling shall solely be based on the investment firm's research. If the investment firm has not prepared research linked to a company's shares, the employee concerned shall only carry out "passive" brokering, ie, not give any advice to clients.

[13] This requirement goes further than the statutory requirement