



GENERAL PRINCIPLES FOR RECORDING OF NON-SWEDISH SHARES IN BOOK-ENTRY

EUROCLEAR SWEDEN AB AS INVESTOR CSD

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1 Abbreviations used in the document

- CSD: Central Securities Depository
- Issuer CSD: CSD in the Issuer's domicile
- ICSD: International CSD
- Investor CSD: CSD outside of the Issuers domicile, with a technical link to the Issuer CSD, where investors can hold the shares on accounts
- FOP: Free of payment
- VPC System: The technical system for safekeeping, corporate actions processing etc. used by Euroclear Sweden
- Issuer: The company that has issued the shares that are subject for registration in a CSD Register
- Issuer Agent: an account operator authorised by Euroclear Sweden to process corporate actions and register transfers of shares and other financial instruments in the VPC System.

Please see the Euroclear Sweden Issuer Rules for definition of other capitalised terms. Euroclear Sweden Issuer Rules can be found at www.euroclear.com/sweden/en.

2 About Euroclear Sweden AB

Euroclear Sweden AB ("Euroclear Sweden") is since 1971 the Swedish Central Securities Depository (CSD). Euroclear Sweden provides long-term, secure and cost-effective services to Issuers, intermediaries and investors, as regards the issuance and recording of financial instruments in book-entry, as well as the clearing and settlement of trades.

The main services of Euroclear Sweden are:

- **Central maintenance services** by providing securities accounts on a top tier level
- **Notary and Issuer services** by initial recording of financial instruments in a book-entry system
- **Clearing and settlement services** by operating a securities settlement system

These services are supported by well-developed and efficient account operation services by Account Operators, founded on a firm legal basis, typical of all the Nordic countries.

Central maintenance services

Through Euroclear Sweden and its central maintenance services, the possibilities to structure securities accounts are efficiently customised according to the needs of each customer.

The securities accounts provided are a combination of:

- Owner accounts, where owners, e.g. shareholders, hold their securities accounts individually segregated directly with the Central Securities Depository (CSD), and
- Nominee accounts, where intermediaries hold securities accounts with the CSD on behalf of owners, e.g. shareholders.

The central maintenance services can thereby support the needs of individual investors and professional market participants as well as national and international intermediaries.

Notary and Issuer services

- Issuance of a wide range of financial instruments
- Setting up the legal register of shareholders (CSD Register)
- Payments related to financial instruments (dividends, interest, redemption)
- New issues and other corporate actions regarding financial instruments
- Enabling information to be sent from the Issuer to the shareholders
- Withholding and reporting of Swedish tax with regard to national tax authorities
- General meetings services
- Etc.

Most services are designed to support primarily Nordic Issuers but a growing number of Issuers from other countries now benefit from Euroclear Sweden's Notary and Issuer services.

Clearing and settlement services

- DvP settlement which meets the highest international market standards
- Designated time gross settlement (DTGS) and optional real-time gross settlement (RTGS)
- Modern matching functions
- Settlement of cross-border transactions
- Settlement payment in Swedish Krona (SEK), Euro (EUR) or Danish Krone (DKK)¹
- Efficient collateral management and self-collateralisation services
- Optimisation features in order to minimise liquidity needs

The clearing and settlement services support the main Nordic financial markets with the focus on providing low-risk and cost-effective settlement on a long-term basis.

¹ DKK is currently (June 2019) only available in a limited scope, not including settlement of shares.

2.1 History and background, basic structure



Public

The history of Euroclear Sweden

- **1971**
VPC AB is established
- **1989**
The VPC system (book-entry system) is launched
- **1990**
Equity market transforms from certificated to dematerialised form
- **1993**
Money market transforms from certificates to dematerialised form
- **1996**
Affiliation of first non-domestic issuer of shares
- **1999**
VPC's monopoly abolished as a result of the new Act (1998:1479) on Financial Instruments Accounts enter into force
- **2004**
VPC acquires the Finnish CSD (APK), together creating NCSD Group
- **2008**
NCSD Group acquired by Euroclear group, VPC and APK becomes Euroclear Sweden and Euroclear Finland respectively
- **2016**
Upgrade of core IT platform in order to achieve CSDR compliance
- **2017**
Euroclear Sweden file the application for a licence to operate as a CSD under CSD Regulation
- **2019**
Euroclear Sweden receive complete status regarding the application for a CSDR licence

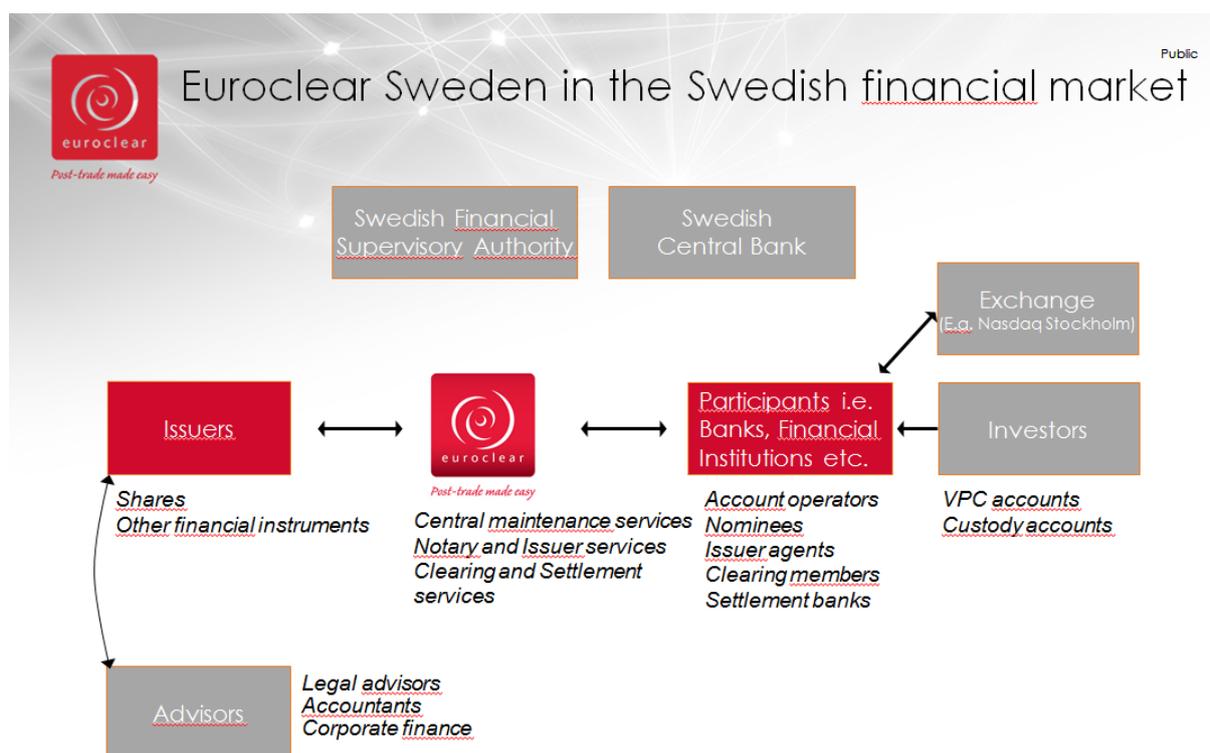
1

Euroclear Sweden was established in 1971, then acting as a CSD handling certificated shares and keeping the register of shareholders for the affiliated Issuers. During the 1980's the trading in shares grow considerably in Sweden why the market participants needed a more efficient way to handle securities in regards of both Issuer services and clearing and settlement. In 1989 the **VPC System** (the technical book-entry system for securities accounts, recording of financial instruments, settlement and corporate actions processing etc. used by Euroclear Sweden) was put into operation. During 1989 and 1990 all shares issued by the affiliated Issuers was converted into **dematerialised form** and **recorded on accounts, called CSD Accounts**, in book-entry instead of as certificated shares.

In 1996 there was a change in the Swedish legislation enabling recording of non-Swedish shares in a book-entry system for the first time. Before 1996 all non-Swedish shares were held in the book-entry system indirectly via Swedish Depository Receipts (SDR). SDR is still an option as described below.

Today all shares issued by Swedish CSD companies that are recorded with Euroclear Sweden are in dematerialised book-entry form and in accordance with the Swedish Act (SFS:1998:1479) on Central securities depositories and financial instruments accounts. This Swedish Act stipulates that **no** financial instruments recorded in the VPC System may also, in addition to being recorded in the book-entry system, be issued or distributed in Sweden **in certificated form**.

2.2 Euroclear Sweden's role in the capital market



2

Euroclear Sweden has a direct contractual relation with:

- the affiliated Issuers and
- the banks and financial institutions participating in the VPC System

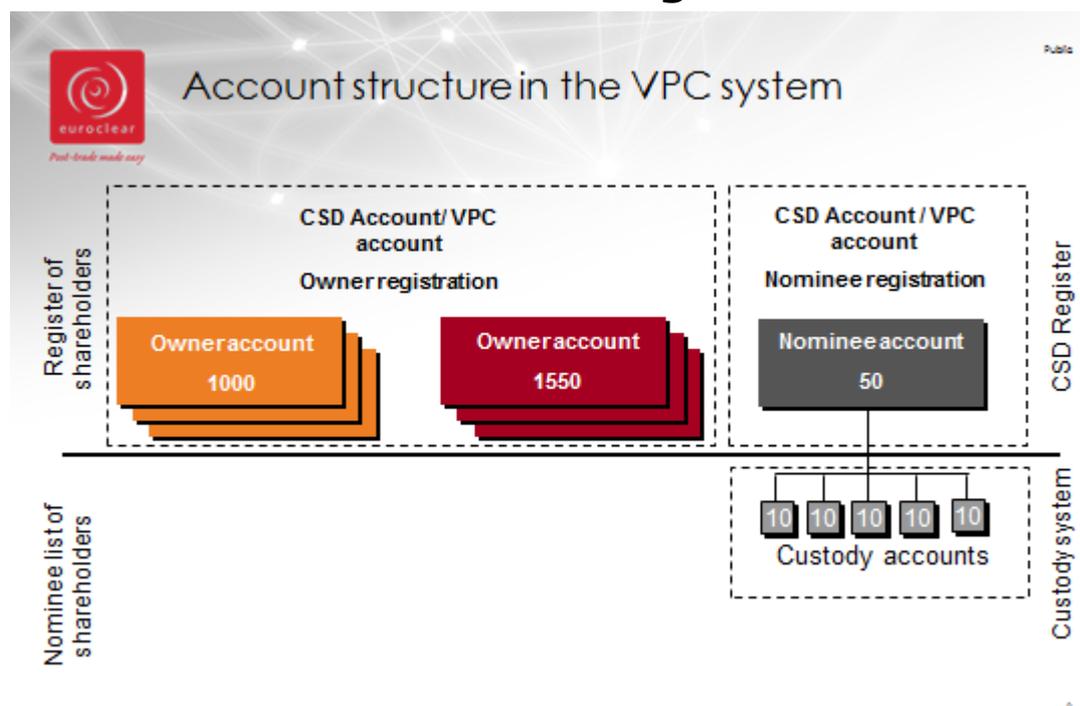
Neither the exchange nor the investors have a direct relation to Euroclear Sweden, instead both are interfaced by the participants.

In many cases regarding recording of financial instruments and processing of corporate actions the Issuers are in direct contact with Euroclear Sweden. In addition to having direct contact with the Issuers Euroclear Sweden are also in contact with a number of intermediaries such as legal advisors, Issuer Agents² etc.

When planning for example a corporate action it's, in addition to above, common that the corporate finance or issuer agent department of investment banks and legal advisors are in contact with Euroclear Sweden on behalf of the Issuer.

² See section 6.7 below.

3 Account structure and register of owners



There are two general categories of **CSD Accounts** that form the **CSD Register**, i.e. the legal register of owners, rights holders and pledgees etc according to the Swedish Act (SFS 1998:1479) on Central securities depositories and financial instruments accounts. Those two categories are:

- CSD Accounts for owners or
- CSD Accounts for nominees.
 - A CSD Account for a nominee can only, stipulated by Swedish law, be held by a participant in the VPC System that has received the status nominee by Euroclear Sweden.

CSD Accounts and CSD Registers are separated per financial instrument³ why both categories of CSD Accounts are set up in the VPC System as **VPC Accounts** as shown in the illustration above. A VPC Account could be seen a "basket" that can include one or more CSD Accounts to ease administration and overview. E.g. a shareholder can thereby hold all 50 shares (example in the footnote) in one VPC Account.

The VPC Accounts are therefore also divided into two categories being:

- Owner accounts
- Nominee account

The **owner accounts** are directly registered in the VPC System and the account holders are seen as the owner of the financial instruments recorded on the account. Sweden is a so called direct holding market with approx. 1 million owner accounts in the VPC System.

The **nominee accounts** are also among the CSD-/VPC Accounts. It's the nominees who hold the financial instruments recorded on nominee accounts **on behalf of** the custody account holders.

In addition to the CSD-/VPC Accounts in the illustration above there are also custody accounts. The custody account is a securities account only kept by the nominees in the nominees own system, i.e. not in the VPC System.

³ Each financial instrument recorded in the VPC System has its own separate CSD Register, which include all CSD Accounts for owners and /or nominees that hold the financial instrument. Since CSD Registers are individual per financial instrument, so are also CSD Accounts. If one owners or a nominee hold 50 financial instruments those are therefore held on 50 separate CSD Accounts in 50 separate CSD registers.

In relation to investors/shareholders the owner account or custody account are therefore the two alternative ways to hold e.g. shares recorded in book-entry in Sweden.

Both the owner accounts and the custody account are administered by a bank or financial institution, called account operator, toward the investors/shareholders. In the case of a custody account the account operator is the nominee.

3.1 Euroclear Sweden's CSD Register and register of owners

Euroclear Sweden also has the role as registrar regarding all financial instruments recorded in the VPC System. The CSD Register can cover all types of financial instruments that are possible to record with Euroclear Sweden in the VPC System and is the basis for all e.g. register of owners that can be extracted. This paper is about shares why we'll onwards focus on register of shareholders.

Due to the two categories of accounts available to investors/shareholders, owner accounts and custody accounts, mentioned above there are two levels of register of owners.

1. The first kind is called **register of shareholders (owner registered)**. This register contains the personal/corporate id-number, name, address and holding regarding all VPC Accounts, i.e. both owner accounts and nominee accounts as of the record date. The VPC Accounts are as said the top tier level why this list always includes 100% of the recorded shares, but some of the holders are holding the shares as nominees as mentioned above. The shareholders that have their shares registered via a nominee, on custody accounts, is therefore not visible in this list.
2. The second register, which can be seen as an appendix to the register of shareholders, is the **nominee list of owners (nominee-registered)**. In this list/register the nominees⁴ report to Euroclear Sweden who the holders of the underlying custody accounts are.

This list therefore only contains those shares that in the register above were held on nominee accounts (see the illustration under 3 above). Therefore it should be seen as an appendix since it contain the same shares as part of the list above, only with more specified details regarding the owners.

⁴ The nominees referred to here are those who are direct participants as nominees in Euroclear Sweden.

4 Register of shareholders, CSD Register and shareholders rights

The register of owners/shareholders is updated based on the updated e.g. holding of shares on the VPC Accounts (owner- or nominee accounts) in accordance with the Swedish Companies Act (SFS 2005:551). Shareholders rights typically stem from the register of shareholders as of the relevant record date.

In accordance with the Swedish Act (SFS 1998:1479) on Central securities depositories and financial instruments accounts there are possibilities for a shareholder to pass on certain shareholder rights constituting **economic rights**, e.g. the right to receive dividend, to another person (legal or private). Information about such so called rights holders are found in the CSD Register. On the end of day of the record day the CSD Register and the register of shareholders are reconciled to determine who the eligible recipients of those economic rights are.

Administrative rights, e.g. voting rights, are not possible to pass on to someone else than the shareholder as shown in the register of shareholder. According the Swedish Companies Act (SFS 2005:551) any shareholder having his/her/its shares registered via a nominee, on a custody account, must therefore be entered in the register of shareholders as of the record day by the nominee to enable exercise of the voting rights. That is therefore also market practice in Sweden, to require holders of shares registered via a nominee to be entered into the register of holders as of the record date of the general meeting.

5 Recording of non-Swedish shares with Euroclear Sweden

Since 1996, due to updated Swedish legislation, Euroclear Sweden is able to set up CSD Links and record non-Swedish shares in its book-entry system in the role as Investor CSD (see section 5.1 below). Currently (June 2019) there are 58 non-Swedish Issuers, representing 9 different countries, affiliated with Euroclear Sweden having in total 60 non-Swedish shares recorded in the VPC System.

The driver from an Issuer's perspective to affiliate to Euroclear Sweden and to have their shares recorded with Euroclear Sweden could be to enable transfers and trades in the share to settle in Sweden in the VPC System. Such a need could arise due to e.g. a large existing Swedish or Nordic shareholder base, dual-listing in Stockholm or, which is often the case, a cross-border merger or tender offer with consideration in the form of shares in the non-Swedish company. It could naturally also be the result of a dividend in kind from an existing Swedish Issuer.

Affiliation of a non-Swedish Issuer and to record its shares are in general more complex than the process of affiliating a Swedish Issuer and recording its shares. Due to this, it's of great importance that an initial contact with Euroclear Sweden is established early in the process to discuss and ensure specific prerequisites. It's especially important to see if Euroclear Sweden already has a CSD Link to the relevant market or not.

Before the recording of the non-Swedish shares can be executed in the VPC System, the Issuer and Euroclear Sweden must have entered into an **Affiliation Agreement**. Part of the agreement is also a number of appendices describing e.g. the processes related to general meetings and dividend payments.

By signing the Affiliation Agreement the company is bound by **Euroclear Sweden's Issuer Rules** that is to be found on Euroclear Sweden's website www.euroclear.com

5.1 Basic principles – Company Shares and Euroclear Sweden Registered Shares

Before describing the basic principles of the cross-border service provided by Euroclear Sweden, some specific terminology needs to be described. The terms **Issuer CSD** and **Investor CSD** are often used.

- The **Issuer CSD** describes the CSD where the company has its primary registration, i.e. for shares this means the CSD where 100% of the share capital is issued and recorded.
- The **Investor CSD** aims at describing a CSD who set up a CSD Link to the Issuer CSD and hold a portion, from 1 share and to all, of the shares recorded in the Issuer CSD.

To ease the distinction between the shares recorded in the Issuer CSD and the shares recorded via the CSD Link in the Investor CSD the terms **Company Shares** and **Euroclear Sweden Registered Shares** are also introduced.

The shares recorded with the Issuer CSD are called **Company Shares**. Company Shares always include one hundred per cent (100%) of the shares issued by the Issuer (for example 1000 shares in Illustration 1 below) and are always issued and recorded with the Issuer CSD.

The shares held by Euroclear Sweden as Investor CSD in the CSD Link are Company Shares. The shares recorded in the VPC System are however called **Euroclear Sweden Registered Shares**. This means that Company Shares are not deregistered from Issuer CSD and moved to Euroclear Sweden as Investor CSD, instead the Company Shares are held by Euroclear Sweden in the CSD Link and based on that holding the Euroclear Sweden Registered Shares are recorded in book-entry in the VPC System.

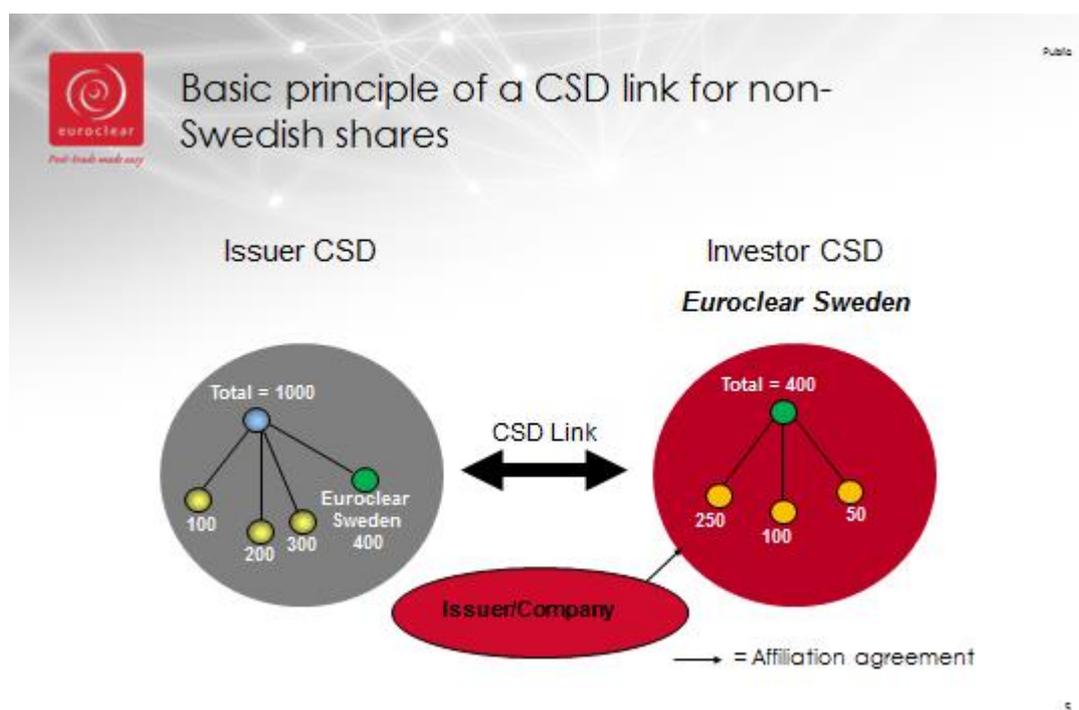
The Euroclear Sweden Registered Shares will have the same ISIN (International Securities Identification Number) as the Company Shares.

Euroclear Sweden hold the Company Shares that corresponds to the Euroclear Sweden Registered Shares in the Issuer CSD either directly with the Issuer CSD (**Direct link**) or indirect via a custodian/intermediary participating in the local market of the Issuer CSD (**Indirect link**).

Acting as the Investor CSD, we provide cross-border transfer services which results in that the number of Euroclear Sweden Registered Shares varies over time, see more in section 7 below.

The illustration below aims at describing a simplified scenario based on the principle described above.

Illustration 1



As seen in the example above we act as the Investor CSD and hold 400 Company Shares (of the total of 1000 shares) in the Issuer CSD. This holding allows the Investor CSD (Euroclear Sweden) to record the corresponding shares, Euroclear Sweden Registered Shares, of those 400 Company Shares in the VPC System. Those 400 Euroclear Sweden Registered Shares can thereby be recorded on owner- or nominee accounts in the CSD Register in the VPC System.

As described above, all of the 1000 Company Shares in this example remain issued and recorded with the Issuer CSD even when 400 are registered in the VPC System. This is possible because the 400 Euroclear Sweden Registered Shares are the corresponding shares of the 400 Company Shares held by Euroclear Sweden at an account with the Issuer CSD in the CSD Link.

5.2 CSD Link – The technical connection between Issuer CSD and Euroclear Sweden

One important part of the affiliation process is the technical connection (the **CSD Link**) with the Issuer CSD where the non-Swedish shares are primarily affiliated and issued. The CSD Link is in practice a way to enable Euroclear Sweden to hold Company Shares, either directly with the Issuer CSD or indirectly via a nominee/intermediary. As seen above, Euroclear Sweden needs to hold the Company Shares in the CSD Link to enable the corresponding Euroclear Sweden Registered Shares to be recorded in the VPC System.

N.B. Euroclear Sweden can only hold Company Shares in book-entry in the CSD Link, dematerialised or immobilised form. I.e. no certificates are possible to include in the CSD Link. Euroclear Sweden must be able to hold the Company Shares on an account as described above and not via any physical certificates to enable affiliation and recording of Euroclear Sweden Registered Shares.

In some markets portions of the Company Shares are registered as in dematerialised/immobilised form and the rest can be registered as certificated shares. This is not a problem as long as the Company Shares that are to be held by Euroclear Sweden and included in the CSD Link are included in the portion that is represented by dematerialised/immobilised Company Shares.

The setup of such CSD Link is case driven i.e. it is set up only when needed for an affiliation. Due to this Euroclear Sweden have a limited number of such CSD Links set up with other markets, primarily other European markets but also with the US and Canada. Below are the active CSD Links regarding non-Swedish shares to Euroclear Sweden from other markets as of June 2019.



The slide features the Euroclear logo in the top left corner, which includes a red square with a white circular icon and the text 'euroclear' and 'Post-trade made easy' below it. The title 'Active CSD Links to Euroclear Sweden' is positioned at the top center. A list of countries and their corresponding link types is provided in the center. The word 'Public' is visible in the top right corner of the slide area. A small number '4' is located at the bottom right of the slide.

- Finland (Indirect)
- Norway (Indirect)
- Denmark (Indirect)
- USA (Indirect)
- Canada (Indirect)
- United Kingdom & Ireland (Direct from CSD)
- Switzerland (Direct from CSD)
- Malta (Indirect)
- Poland (Indirect)

6 Affiliation process

The affiliation process and recording of non-Swedish shares is not a standardised process in the sense that the non-Swedish companies that wish to affiliate to Euroclear Sweden have different prerequisites and is governed by local companies' acts that differ between countries and so forth.

In order to record the Issuer's Company Shares as Euroclear Sweden Registered Shares in a CSD Link it is necessary that the Issuer is eligible to be affiliated and the shares are eligible to be recorded with Euroclear Sweden as an Investor CSD. The affiliation process includes an evaluation of the Issuer as well as analysis of the shares, in order to determine if it is possible both legally and technically to register the shares with Euroclear Sweden in the VPC System.

Euroclear Sweden have been given an obligation by the Swedish legislator to assure the shareholders of the Euroclear Sweden Registered Shares have the same shareholder's rights as shareholders of Company Shares.

Another initial stage of an affiliation process is to verify if an existing CSD Link as described under 5.2 above, already is in place between Euroclear Sweden and the company's Issuer CSD. If no such CSD Link exists the affiliation process must include the time needed and the cost of such a setup, which may vary.

6.1 Initial documents to be provided to the Issuer applying to be affiliated

After the initial contact the Issuer or its appointed advisor/agent shall be provided with the following documents, or information of how to access the documents via Euroclear Sweden's webpage www.euroclear.com.

- Euroclear Sweden General Principles – Recording of non-Swedish shares as investor CSD (this document)
- The Euroclear Sweden Questionnaire for Equities
- Information regarding Euroclear Sweden's Request for Legal Opinions
- Euroclear Sweden Issuer Rules
- Euroclear Sweden List of fees and charges

6.2 Application

The Issuer then sends the following documents to Euroclear Sweden which will constitute the application for affiliation to Euroclear Sweden:

- answers to the Euroclear Sweden Questionnaire for Equities
 - Including any additional documents etc. asked for in the Questionnaire
- the Issuer's articles of association, by-laws or equivalent
- the certificate of incorporation/articles of incorporation of the Issuer
- annual report of the Issuer and the most updated financial report available
- if applicable, the prospectus covering the underlying transaction for the affiliation

When the application documents have been received by Euroclear Sweden an *Undertaking of payment* can be sent to the Issuer which shall be returned to Euroclear Sweden before any further reviewing of the documentation starts. If no prior written agreement exists between the prospect Issuer and Euroclear Sweden at this stage of the affiliation process, the undertaking is to ensure payment of fees related to the affiliation to Euroclear Sweden in accordance with the Euroclear Sweden List of fees and charges.

Euroclear Sweden thereby retain the right to debit the applying Issuer for work done in the affiliation process even if the work will not result in an actual affiliation and recording of the Issuer's share/s in the VPC System.

6.3 Assessment of the application

Euroclear Sweden will assess the application and related documents in order to determine if the basic prerequisites are in place and whether it is technically possible to record and process the shares in a CSD Register in the VPC System.

It is recommended to set up a meeting, or a conference call if a meeting is not possible, between the Issuer and Euroclear Sweden in order to inform about the issuance procedure, ISIN allocation, time frames, general meeting processing, dividend processing, forms to be used etc. This is also an opportunity for the Issuer to ask questions.

Depending on the outcome of the assessment further documentation might be needed, such as

- a demand guarantee/bank warranty⁵.

During this process a continuous communication between the Issuer, the Issuer's legal counsel and Euroclear Sweden can be required.

6.4 Affiliation documents

When the assessment is done and the application has been approved, if approval is possible, to indicate that the prerequisites for affiliation are in place the Issuer will be informed by e-mail and the Euroclear Sweden Affiliation Agreement and appendices shall be attached.

The Affiliation Agreement is a standalone agreement which follow a strict template and normally covers one specific financial instrument. Euroclear Sweden retains the right to refuse recording of any Euroclear Sweden Registered Shares if the conditions of such process are incompatible with the Euroclear Sweden Rules and procedures.

In order for Euroclear Sweden to assure having the correct invoice information to the Issuer, the Issuer may be requested to complete an additional document called Customer invoice registration form and send it to Euroclear Sweden.

6.5 Legal Opinion

When, if not before, the Issuer has received the Euroclear Sweden Affiliation Agreement and appendices the Issuer shall prepare and send a legal opinion according to the questions asked in Euroclear Sweden's Request for Legal Opinions.

The legal opinion shall be prepared to assure that the Issuer can fulfil its obligations under the Euroclear Sweden Affiliation Agreement and the Euroclear Sweden Issuer Rules without acting in conflict with e.g. for the Issuer applicable local legislation (e.g. local companies act), the Issuers articles of association and other relevant rules and regulations.

In addition to that the applicable tax situation has to be analysed as Euroclear Sweden maintains a responsibility to withhold Swedish tax and report to the Swedish tax authorities when applicable. Since withholding of Swedish tax can be required for e.g. a cash dividend paid by a non-Swedish Issuer to the shareholders of Euroclear Sweden Registered Shares and the withholding of Swedish tax can be affected by any tax at source withheld in domicile of the Issuer, those details are also of importance.

Euroclear Sweden also acts as a Qualified Intermediary for the US tax authorities⁶.

6.5.1 US-source income

Euroclear Sweden can only handle any payment seen as US-source income if the payment is related to Euroclear Sweden Registered Shares for a US Issuer, not bonds, warrants etc. or Euroclear Sweden Registered Shares regarding a non-US Issuer.

6.6 Affiliation fee

There is no fixed affiliation fee for the Issuer since the affiliation process of a non-Swedish Issuer is not a standardised process. The non-Swedish companies that wish to affiliate to Euroclear Sweden have different prerequisites and are governed by local companies' acts that differ between countries and so forth.

The fee structure is instead based on the work needed by Euroclear Sweden personnel and is charged as a consultant fee per hour spend in accordance with the Euroclear Sweden List of fees

⁵ The demand guarantee must be issued by a Swedish bank or by a branch registered in Sweden.

⁶ Relevant regarding US Issuers.

and charges. The initial issuance, recording of shares, registration and technical set-up of the financial instruments static data in the VPC System has a fixed fee according to the Euroclear Sweden List of fees and charges.

6.7 Issuer Agent

The Issuer Agent is a participant with Euroclear Sweden that is both authorised to act as an Account Operator and an Issuer Agent in the VPC System. An Issuer Agent is therefore typically a bank or financial institution and it's Euroclear Sweden who can grant an Account Operator the right to act as an Issuer Agent.

If the recording of Euroclear Sweden Registered Shares is triggered by an IPO or a corporate action the Issuer need to assign an Issuer Agent in the Swedish market. If the recording of Euroclear Sweden Registered Shares is instead triggered by single holders of Company Shares having their holding recorded as Euroclear Sweden Registered Shares, no Issuer Agent is needed.

The task of the Issuer Agent is primarily to interface the shareholders and to make the necessary registrations in the VPC System when the Euroclear Sweden Registered Shares are to be distributed to VPC Accounts. Euroclear Sweden receives an instruction from the Issuer Agent and initially registers the Euroclear Sweden Registered Shares to the Issuer Agent's account in the VPC System⁷. Then the Issuer Agent transfers the shares from its account to the accounts of the investors.

It is the Issuer or the Issuer Agent, depending on the kind of corporate action, who is responsible to instruct Euroclear Sweden on future corporate actions. Instructions are made by using standardised Excel-forms accessible through Euroclear Sweden's web page (www.euroclear.com/sweden). Swedish banks and brokers participating with Euroclear Sweden are familiar with this infrastructure.

You can find a list of all authorised Issuer Agents on www.euroclear.com/sweden/en

6.8 Swedish legal counsel

Generally, where the Issuer is a non-Swedish entity, it can be beneficial to appoint a Swedish legal counsel in order to assist with interpretations of and adaptations to Swedish circumstances and other legal issues that might arise in the interpretation of e.g. the Affiliation Agreement. The Affiliation Agreement is written in English but governed by Swedish law.

⁷ Unless the shares are to be distributed via a dividend in kind

7 Cross Border Transactions

When a non-Swedish Issuer have been affiliated to Euroclear Sweden and when Euroclear Sweden thereby records the Euroclear Sweden Registered Shares in the VPC System it is possible to transfer the shares between the Investor CSD and the Issuer CSD in the CSD Link.

If the CSD Link already exists and if the company's market structure is already known to Euroclear Sweden the affiliation process is normally easier and the time needed is shorter than if for example the company's market structure is unknown to Euroclear Sweden and no CSD Link is set up.

Cross Border Transactions (CBT) is a generic name for the system/the transactions that have been created in the VPC System in order to automate the processing by offering the market a sub-system at Euroclear Sweden where transfer instructions are registered, sent for settlement and thereafter booked to and from the instructed VPC Accounts.

For cross-border settlement (i.e. movement of securities between the Investor CSD and the Issuer CSD, directly or indirectly) however, there are specific requirements for settlement.

Account operators/Nominees in Euroclear Sweden input instructions in the VPC system for deliveries to or receipts from the market of the Issuer CSD. The instructions can be entered either via file or the terminal using Euroclear Sweden's proprietary format. Account Operators can also choose to send their instructions via an ISO15022-based format (SWIFT Net or file). The status updates and confirmation reporting will be sent in accordance with the way the instructions where entered.

These instructions are processed automatically toward the entity where Euroclear Sweden hold the securities account holding the Company Shares, i.e. the Issuer CSD or an intermediary, and the status of the transaction is continually reported back to the instructing Account operator/Nominee. When settlement has occurred a confirmation is sent to Euroclear Sweden, after which the Account operators'/Nominees' account in VPC System is automatically updated. Simultaneously the registered number of Euroclear Sweden Registered Shares in the VPC System is increased / decreased to correspond to the increase/decrease of the Company Shares in the securities account held by Euroclear Sweden after the settled transaction.

Cross border transactions does not affect the number of Company Shares at the Issuer CSD, only the number of Company Shares held by Euroclear Sweden and thereby the number of Euroclear Sweden Registered Shares.

All cross border transactions are handled by Euroclear Sweden as free of payment (FOP-transactions).

Please refer to section 10 regarding fees charged for cross border transactions, which Euroclear Sweden charge to the relevant account operator and not to the Issuer.

8 Record date concept and settlement schedule in Sweden

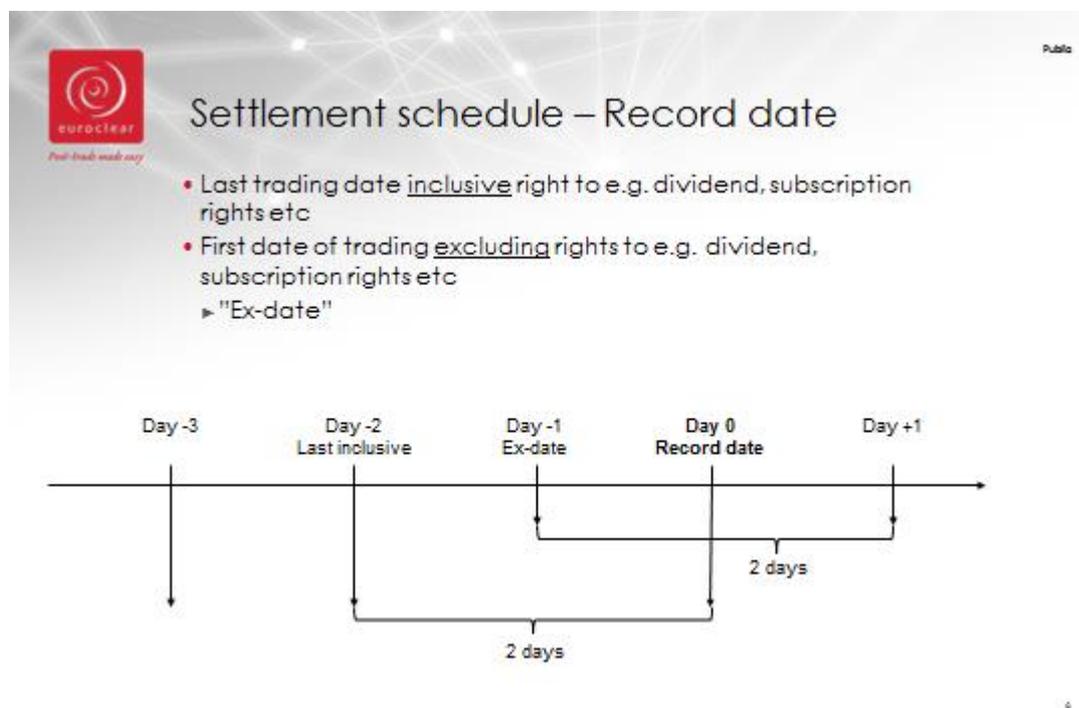
8.1 Record date concept

Euroclear Sweden has implemented the record date concept in line with the description in e.g. CAJWG (Corporate Joint Working Groups) standards for corporate actions processing. The definition according to CAJWG is as follows: "Date on which settled positions are struck in the books of the Issuer (I)CSD at close of business to determine the entitlement to the proceeds of a Corporate Action."

8.2 Settlement schedule

The standards settlement schedule in Sweden is aligned with the T+2 schedule applied in EU since October 2014. If the record date is set to be a Wednesday, day R, then T needs to happen on the Monday to, according to the T+2 schedule, settle to have the buyer entered in the book-entry system as of the record date (R). The ex-date is T+1 or R-1 and hence not equal to the record date.

Only settled positions as of record date, end of day, will be considered in the book-entry system.



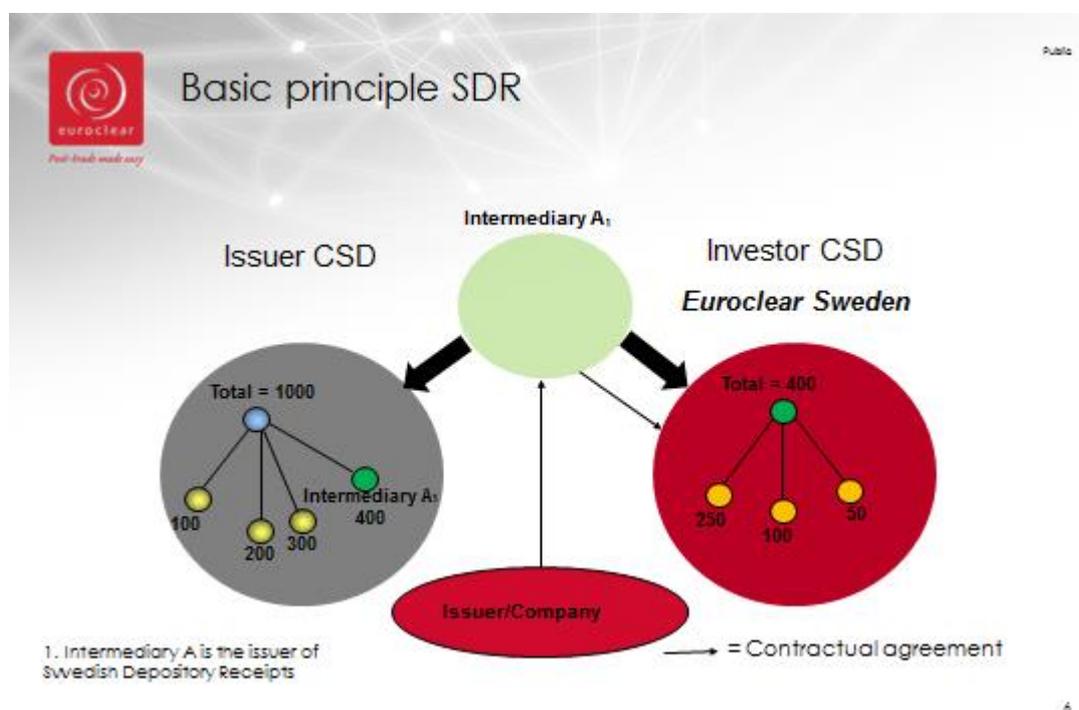
9 Alternatives for non-Swedish Issuers

As an alternative to the direct relationship and the affiliation to Euroclear Sweden and the registration of its share to us, the Issuer can choose to establish a relationship with a Swedish bank or broker (intermediary) and have a Swedish Depository Receipt (SDR) issued to represent its share. Please see illustration 2 below.

Based on the agreement with the company, the intermediary will then act as the Issuer of the SDR, which has its own terms and conditions. The rights connected to the shares, held by the intermediary, will be transferred to the SDR-holder through the terms and conditions.

Compared to the alternative where the company turns directly to Euroclear Sweden for affiliation safekeeping services of its share, the SDR solution results in a new financial instrument with a local (Swedish) International Securities Identification Number (ISIN). When handling SDRs it's the intermediary and not the non-Swedish company that enter into an Affiliation Agreement with Euroclear Sweden.

Illustration 2



10 Fees

The basic fee structure is that there is an affiliation fee as described in section 3.6 above. When the affiliation process is complete the fees are in general terms:

- A fixed monthly fee: Covering the cost of maintaining the infrastructural link between Euroclear Sweden and the relevant Custody bank/CSD/ICSD
- A Safe Custody Fee, i.e. a variable value based fee corresponding to any fee Euroclear Sweden is charged for holding the Company Shares
- A variable monthly fee based on the number of holders of the Euroclear Sweden Registered Shares in the CSD Register
- Variable fee based on the number of updates/changes of ownership needed in the CSD Register during the month
- Additional costs for CSD Register, corporate actions and cash distributions etc

- Fees regarding cross border transactions are debited to the involved account operator and not to the Issuer

The List of fees and charges can be found at www.euroclear.com/sweden/en. The fee structure is similar for affiliated shares and for SDR.

11 Contacts

For further contact, consultation and discussion please contact:

Business Operations Equity Services:

Group phone number: +46 8 402 91 11

E-mail: foreignca@euroclear.eu