

- If any inconsistency is between the agreed rules or this English translation, the original rules shall prevail -

ARCTICA FINANCE HF.

Rules on order execution

Introduction

These rules have been adopted by the board of directors of Arctica Finance hf. ("Arctica") with reference to Paragraph 6 in Article 48 and Paragraph 1 in Article 49 of Act No. 115/2021, on Markets in Financial Instruments, and with reference to Articles 64 - 66 of regulation (EU) 2017/565.¹

1 Purpose and Scope

- 1.1 When executing client orders, Arctica is obliged to make every effort to get the best possible outcome for its clients taking into consideration price, cost, speed, likelihood of execution and settlement, size, nature or any other consideration of significance. Arctica must also take measures aimed at the fair and prompt execution of client orders.² However, if a client requests a specific execution his order shall be carried out.³
- 1.2 These rules apply only to transactions with financial instruments as defined in the Act on Markets in Financial Instruments, where Arctica:
 - a Receives and transmits client orders.
 - b Executes orders on behalf of clients.
 - c Carries out asset management and directs transaction orders with reference to asset management to third parties.
- 1.3 These rules apply equally to all the above services and to different categories of financial instruments, as may be applicable. By nature, there may be slight differences in implementation depending on the type of financial instrument or service in question.
- 1.4 These rules apply to all orders from clients who have been classified as retail investors or professional clients, but do not apply to orders which Arctica executes for eligible counterparties, unless they have so specifically requested.⁴

2 Best execution

- 2.1 Subject to any specific client instructions, in executing orders Arctica will make every effort to get the best possible result for its clients taking into consideration the following factors: price, cost, speed, likelihood of execution and settlement, size, nature or any other consideration of significance. When carrying out the orders of retail investors, when determining the best possible result, the client's total payment must be taken into account, i.e. the price of a financial instrument plus all costs due to the execution of the transaction, i.a. fees.⁵
- 2.2 While price and cost generally are given priority in seeking the best possible outcome, Arctica may decide that other factors are more significant, depending upon the client, what the instructions are, what financial instruments are involved or on what market a transaction is concluded.
- 2.3 Arctica will determine the proportional weighting of individual factors in order execution in each

¹ See Paragraph 11 in Article 48 of Act no. 115/2021.

² See Paragraph 1 in Article 49 of Act no. 115/2021.

³ See Paragraph 1 in Article 48 of Act no. 115/2021.

⁴ See Paragraph 2 in Article 55 of Act no. 115/2021.

⁵ See Paragraph 2 in Article 48 of Act no. 115/2021.

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individual instance on the basis of facts available. Arctica will base its decisions on the expertise and experience of its employees, market information and execution criteria based on the following:

- a Client characteristics, including whether the client is classified as a retail client or a professional client.
- b Characteristics of the proposed transaction.
- c Characteristics of client orders.
- d Characteristics of the financial instruments concerned in these orders.
- e Characteristics of the execution venue (markets) to which the order can be directed.

2.4 Arctica shall always be authorized to refuse the execution of individual orders, such as if it is suspected that their execution would involve market abuse.

3 Execution venues (markets)

3.1 Arctica will, as far as possible, assess and compare the results that could be achieved for a client on each of the available execution venues, taking into account the products it trades, in order to determine which execution venues are most suitable for Arctica to fulfil its obligation to ensure the best possible result for its clients when executing orders. The assessment shall take into account Arctica's fees and the costs incurred in executing orders on each execution venue.⁶

3.2 Arctica does not divide its commissions, settle them or accept discounts in a way that discriminates between execution venues. Arctica does not accept any compensation, discount or non-financial benefit for directing client orders to a particular execution venue or trading venue, which would be contrary to Arctica's rules on measures against conflicts of interest or the law.⁷

3.3 When executing client orders Arctica is authorized to use any, one or more, of the execution venues listed below:

- a Regulated market (RM).
- b Multilateral trading facility (MTF).
- c Organized trading facility (OTF).
- d Systematic internaliser (if applicable).
- e Market maker.
- f Other liquidity provider.
- g An entity that performs a similar function in a third country to the functions performed by any of the foregoing.

3.4 The tables below list the execution venues which Arctica mainly relies on when executing client orders (CO) and when receiving and transmitting client orders (RTO):

Execution venue (CO)	Shares	Bonds/Promissory notes	Type
NASDAQ Iceland	X	X	RM
First North Iceland	X	X	MTF

Execution venue (RTO)	Shares	Bonds/Promissory notes	Type
New York Stock Exchange	X		RM
Nasdaq Stock Market	X		RM

⁶ See Paragraphs 3 and 6 in Article 48 of Act no. 115/2021.

⁷ See Paragraph 4 in Article 48 of Act no. 115/2021.

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London Stock Exchange	X		RM
Alternative Investment Market (AIM)	X		MTF
Nasdaq Copenhagen	X		RM
Oslo Stock Exchange	X		RM
Toronto Stock Exchange	X		RM
Pareto Securities	X		B
PGM Global	X		B
Leerink Partners	X		B

B = Broker/brokerage

- 3.5 If Arctica offers a client the choice of an execution venue, fair, clear and non-misleading information shall be provided to prevent a client from choosing one execution venue over another solely on the basis of the pricing policy applied by Arctica.⁸
- 3.6 When a client gives a conditional order for shares traded on an execution venue which, due to market conditions, cannot be executed as soon as they are received, Arctica shall endeavour to have the order executed as soon as possible by publishing it immediately so that it is accessible to other market participants. Arctica may fulfil this obligation by transmitting the order to an execution venue.⁹
- 3.7 Arctica may decide that it is necessary, in exceptional cases, to ensure the best possible order execution, to execute an order outside an execution venue.
- 3.8 Arctica is obliged to obtain prior consent from clients if orders are executed outside an execution venue. By approving these rules the client specifically agrees that Arctica may execute orders outside a execution venue in exceptional cases, if Arctica deems it necessary to ensure that the transaction will be successful. Transactions with financial instruments that have not been accepted for trading on an execution venue always take place outside an execution venue, as per the nature of the case. There is always a certain risk involved in trading outside an execution venue, such as counterparty risk.
- 3.9 When executing orders or deciding to trade products outside an execution venue, including bespoke products, Arctica shall check the fairness of the price proposed to the client by gathering market data used in the estimation of the price of such products and, where possible, by comparing with similar or comparable products.¹⁰
- 3.10 To ensure the best possible result in order execution, Arctica will in each instance select the execution venue most suited to the criteria for order execution and having regard for the relative importance of individual factors in executing the orders concerned in each instance. Arctica reserves the right to use other execution venues than those listed above, if that helps Arctica with ensuring the best possible result for its clients. If the client gives specific instructions for order execution, Arctica will follow these instructions.

4 Client order handling

- 4.1 Clients' orders shall be recorded and allocated promptly and accurately.¹¹
- 4.2 Arctica shall, as soon as possible after receipt, direct orders in the right direction and strive to achieve their best execution in accordance with these rules. If Arctica takes care of settlement after the execution of a transaction, it must be ensured that the financial instruments or funds received are

⁸ See Paragraph 5 in Article 66 of regulation (EU) 2017/565.

⁹ See Paragraph 3 in Article 49 of Act no. 115/2021 and Paragraph 1 in Article 70 of regulation (EU) 2017/565.

¹⁰ See Paragraph 4 in Article 64 of regulation (EU) 2017/565.

¹¹ See sub-item a in Paragraph 1 in Article 67 of regulation (EU) 2017/565.

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returned as soon as possible to the client's account.¹²

- 4.3 Orders shall generally be carried out otherwise comparable client orders sequentially. This can be waived if the client's interests require it, such as in the case of large or extensive transactions. It may be necessary to deviate from the priority order of orders in the case of specific (conditional) orders. The same applies if orders are received by Arctica in different ways or it is impossible to process them in the order in which they are received due to the nature of the orders or prevailing market conditions.
- 4.4 Retail investors shall be notified of any material difficulty relevant to the proper carrying out of orders promptly upon becoming aware of the difficulty.
- 4.5 Arctica employees shall not misuse information relating to pending client orders and Arctica shall take all reasonable steps to prevent any of its relevant parties from misusing such information.

5 Specific client instructions

- 5.1 If a client gives specific orders, Arctica will execute the order in accordance with those instructions, to the extent possible. Where the instructions cover only a limited aspect of the execution, Arctica will execute other aspects on the basis of these rules.
- 5.2 Client orders given via direct electronic access,¹³ in accordance with an agreement between Arctica and a client, are always considered as a specific instruction by the said client.
- 5.3 Arctica's clients are aware that if they provide specific instructions on the execution of certain orders Arctica may be forced to deviate from the rules and criteria set out in these rules and adopted to get the best possible result in order execution.

6 Receipt and transmission of orders

- 6.1 Subject to any specific client order to the contrary and it is to the advantage of the client, Arctica may transmit its orders for a transaction to other units within Arctica or to a third party, investment firm or a credit institution (financial undertaking) for execution. In so doing, Arctica shall strive to act in the client's best interest, and use as a basis the relative importance of all aspects and criteria for best execution of orders.
- 6.2 If Arctica transmits instructions in accordance with Article 6.1, it is the party to whom the instructions are transmitted that determines the manner in which the instructions are to be executed. Arctica selects the party that, in Arctica's opinion, is most likely to achieve the best possible result for the client at any given time. Arctica will only transmit instructions to parties that Arctica believes can meet the requirements for the best possible result for the client.

7 Market disruption

- 7.1 If there is a disruption in a market, or in systems that are used for direct electronic access,¹⁴ it may become impossible or inappropriate to execute client orders in accordance with practises described in these rules. In such instances Arctica will, to the best of its abilities, seek all normal ways to ensure the best possible result for its clients, taking into consideration the disruption.

8 Aggregation of orders

- 8.1 Arctica is permitted, but not obliged, to aggregate orders of different clients and authorize the financial undertaking that Arctica may communicate orders to, to aggregate orders from Arctica with orders of other clients and/or the relevant financial undertaking. Arctica will not execute a client's orders by aggregating them with other client orders unless it is unlikely that the relevant aggregation of orders

¹² See Paragraph 2 in Article 67 of regulation (EU) 2017/565.

¹³ See Article 27 of Act no. 115/2021 and Article 4.9 in Nasdaq Nordic Member Rules (www.nasdaq.com/solutions/rules-regulations-nordic-member-rules).

¹⁴ See Article 4.9 in Nasdaq Nordic Member Rules.

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and transactions will work overall to the disadvantage of any client whose order is to be aggregated.¹⁵

- 8.2 With reference to Article 8.1, Arctica will allocate to clients from such aggregates in a reasonable and fair manner. When aggregated orders have been executed, the general principle is that trades are allocated so that clients are allocated proportionally in accordance with their orders. If aggregated orders are not all executed at the same price, Arctica shall be entitled to calculate the average price obtained in the trades when allocating to clients. The same applies in cases where only partial execution of an aggregated order is possible. At the client's request, Arctica will provide relevant information on the calculation of the average price.¹⁶
- 8.3 Clients are advised that the aggregation of orders may lead to an unfavourable result for clients in individual cases.

9 Disclosure

- 9.1 Arctica shall annually publish, for each class of financial instruments, a summary of the five most important trading venues taking into account the volume of transactions in the previous year and information on the quality of execution. Arctica shall also publish, for each class of financial instruments, a summary of the five most important investment firms in terms of trading volume where it transmitted or placed client orders for execution in the preceding year and information on the quality of execution obtained.¹⁷
- 9.2 Fees for the execution of orders may vary depending on where the transactions are executed, and reference is made to the fee schedule, which is always available on Arctica's website, www.arctica.is.¹⁸
- 9.3 If a client submits a reasonable and proportionate request to Arctica for information about Arctica's policies or arrangements, and how they are reviewed, or on the parties to whom orders are sent or submitted, Arctica shall answer clearly and within a reasonable time.¹⁹
- 9.4 When Arctica has executed an order on behalf of a client, other than for asset management, the company will provide information to the client in accordance with the provisions of Article 59 of regulation (EU) 2017/565.
- 9.5 These rules shall be published on Arctica's website, www.arctica.is.²⁰

10 Monitoring and revision of these rules

- 10.1 Arctica will monitor these rules so that these rules are in accordance with law, and that order execution is made in accordance with these rules. If Arctica's employees become aware of that a transaction has taken place without being in compliance with these rules, then they shall inform Arctica's chief executive officer or compliance officer.
- 10.2 Arctica may alter these rules unilaterally. These rules and Arctica's arrangements for executing orders shall be reviewed at least annually. Arctica will also review these rules and the order execution arrangements whenever there is a significant change that affects Arctica's ability to continue to achieve the best possible results in the execution of Arctica's clients' orders.
- 10.3 Arctica will notify clients of any substantial changes which are made to order execution or to these rules by posting new or updated rules on the company's website. In so doing, Arctica is considered to have fulfilled its information obligations according to these rules.

Adopted at a meeting of the Board of Directors on 23 October 2009 and amended on 11 November 2014, 24 February 2022 and 24 March 2026.

¹⁵ See sub-item a in Paragraph 1 in Article 68 of regulation (EU) 2017/565.

¹⁶ See sub-item c in Paragraph 1 and Paragraph 2 in Article 68 of regulation (EU) 2017/565.

¹⁷ See Paragraph 6 in Article 65 of regulation (EU) 2017/565.

¹⁸ See Paragraph 4 in Article 66 of regulation (EU) 2017/565.

¹⁹ See Paragraph 6 in Article 65 and Paragraph 8 in Article 66 of regulation (EU) 2017/565.

²⁰ See <https://www.arctica.is/en/about-arctica/rules-and-policies/rules/order-execution>.