

Dear Customer,

The EU's revised Markets in Financial Instruments Directive (MiFID) and Markets in Financial Instruments Regulation (together MiFID II) will go-live on 3 January 2018. We hope the below information will guide you to assess any practical changes in your working relationship with Nordea Bank AB, as a consequence of the introduction of MiFID II.

Why and how does MiFID II affect our relationship?

The 2008 financial crisis highlighted that the MiFID regulation had not been able to keep up with the evolution of the financial markets. In 2011 this kick-started a review of the existing MiFID provisions by the European authorities. As a consequence MiFID II is now being adopted with the aim to improve financial markets' transparency and resiliency, and to strengthen customers' protection. Some key aspects of MiFID II are:

Increased transparency in financial markets with focus on:

- transparency in cost and charges
- best execution transparency
- extending pre-and post-trade transparency beyond equities to also include bonds and derivatives
- more extensive reporting of transactions to regulators

Strengthened investor protection:

- more information to customers
- stricter restrictions on receiving inducements
- new product governance requirements

Shift from OTC trading towards trading on regulated trading venues

What are you expected to do?

In the attached appendix Nordea has included information on how MiFID II affects our working relationship and what you as a customer of Nordea Markets need to do to be prepared for MiFID II. You should review this information carefully and provide the necessary documentation to Nordea.

Nordea as Systematic Internaliser

Nordea will act as a Systematic Internaliser (SI) for Nordic equities and for foreign exchange, interest rate derivatives and cash bond instruments traded on a trading venue from January 3, 2018. As an SI, Nordea will take the legal post-trade reporting burden from our institutional customers. This is in addition to our obligation to perform post-trade reporting when transacting with our non-institutional customers. As a customer to Nordea there is no need to develop any process or system for post-trade reporting as we will assume this responsibility for all instruments traded on a trading venue.

If you have any questions in regard to MiFID II or its impact on our working relationship, please do not hesitate to contact your Nordea representative or email us at mifid2.questions@nordea.com.

If you are not the appropriate recipient, kindly forward this information to the relevant contact within your organization

Yours faithfully,

Nordea Bank AB
Global Markets

LEI: 6SCPQ280AIY8EP3XFW53

Appendix

What do you need to do to be prepared for MiFID II

We need you to do the following:

1. Obtain LEIs for all your entities

Legal Entity Identifiers (LEIs) are mandatory for execution of MiFID products beginning 3 January 2018. If you do not have a LEI code, you will not be able to trade with us. More information on how to obtain an LEI code can be found on: www.nordeamarkets.com/lei. If you already have a LEI code please submit your LEI code to LEI@nordea.com.

Please note that the requirement to have an identifier also applies to individuals that conduct the trade or make investment decisions at your company. The identifier for individuals is based on citizenship so you will be asked about your citizenship when trading with us.

For your benefit, we provide Nordea's Legal Entity Identifier code:

Nordea Bank AB	6SCPQ280AIY8EP3XFW53
Please be aware that Nordea Bank Finland Plc, Nordea Bank Danmark A/S and Nordea Bank Norge ASA ceased to exist on 1 st January 2017 due to change in the legal structure. Today the LEI code of Nordea Bank AB is the only valid LEI code to be used for Nordea Bank AB and the branches of Nordea Bank AB.	

2. Provide information on short sales, when trading in sovereign debt or reportable shares.

The new transaction reporting regulations introduces a requirement on firms to indicate where a transaction is a short sale. This is relevant for trades in sovereign debt and shares admitted to trading on a trading venue. In these products you need to disclose to Nordea whether you are selling short.

3. When trading commodity derivatives, report on purpose being either speculation or hedging.

MiFID II requires investment firms trading in commodity derivatives to provide to the relevant competent authority a complete breakdown of their positions as well as those of their customers. Position holders are to be identified in the same way as for transaction reporting purposes. Legal persons are identified by their LEI.

Any investment firm trading in commodity derivatives contracts traded on a trading venue is subject to position reporting and should provide a complete breakdown of positions held on own account and on behalf of customers. It is the customer's responsibility to ensure that their position is accurately described, in particular regarding whether their positions are for hedging or speculative purposes.

4. Review updated policies and agreements

MiFID II will change our working relationship and as a consequence we have updated the following agreements and documentation. You should carefully review all the information that is relevant for your business with Nordea.

Agreement /Documentation	Impacted customers	Access (LINK)
Best Execution Policy	All non-professional and professional customers who trade with Nordea	Link
Nordea Markets Terms of Business	All customers	Link
FX Exemption	Customers who trade FX products with Nordea	Link

What you need to know about MiFID II

This letter outlines the most notable changes from your perspective.

More information to support investment and hedging decisions

We want to ensure that your company has all the necessary information available when making trading decisions. Before you enter into a transaction with us, we will give you a description of the features of the product and its related risks. We may ask you more questions than before to evaluate suitability, meaning that we want to ensure that a particular product is suitable to your needs.

More detailed information on costs

You will be given more detailed information on the costs you incur when you deal with us. What this means in practice is, for instance, that we will send you an annual report detailing all the costs you have paid, in euros and as a percentage of your transactions with us. We will also always inform you of the costs involved when conducting any transaction and costs will be itemised in more detail than at present.

Unbundling of research costs

Portfolio managers and advisers are subject to new rules in regards to receiving inducements. Previous practise have been to supply research as part of a bundle of services. MiFID II will require research to be priced separately from execution (known as “unbundling”). Nordea has reached out to those customers, which Nordea has identified to be in scope for unbundling of research, in order to put in place appropriate arrangements to abide with the new regulation. However, if you consider yourself in scope for unbundling of research under MiFID II regulation, please reach out to your Nordea Markets Sales Representative for further dialogue on the matter.