

DESCRIPTION OF DIFFERENT LEVELS OF SEGREGATION OFFERED BY NASDAQ CSD

Securities account provided by the CSD	Segregation level description under applicable law	Asset segregation as per Article 38 of CSDR	Associated costs	Commercial terms	Legal implications	Treatment under the insolvency law
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<p><u>1. Participant own account</u></p> <p>Participant own account is registered in the name of the Account Operator and is used for holding securities owned by the Account Operator.¹</p>	<p>A Participant account is used for recording securities belonging to a participant of central securities depository (“CSD”).</p>	<p>A Participant own account ensures segregation of securities of a participant from those of any other participant (Article 38(1) CSDR) and segregation of securities of a participant from those of the participant’s clients (Article 38(2) CSDR).</p>	<p><i>Please refer to the Price List.</i></p>	<p><i>Please refer to the Price List.</i></p>	<p>A Participant account is registered in the name of the Account Operator and is used for holding securities belonging to the Account Operator.</p> <p>The record in the Participant account is a proof that securities registered with the Icelandic settlement system (“Icelandic SSS”) belongs to the Participant who is the account holder. The record of a pledge over securities credited to a Participant account is a proof of such pledge.</p>	<p>The records in the Icelandic SSS determine the entitlement of a Participant to securities and any encumbrances over such securities.</p> <p>Securities recorded in the participant account can not be used for the satisfaction of the claims of Nasdaq CSD creditors, including in the event Nasdaq CSD is declared to be insolvent.</p>

¹ Section 5.3.1 (i) of Chapter I of Nasdaq CSD Rules.

<p><u>2. Owner account</u></p> <p>An owner account is registered in the name of the customer (individual or legal entity) of the Account Operator and is used for holding securities owned by that customer.²</p>	<p>An owner account is one of the types of individual account: a securities account that is used for recording securities that belong to, or are held by, a single client of the CSD participant.</p>	<p>An owner account ensures individual client segregation (Article 38(4) CSDR).</p>	<p><i>Please refer to the Price List.</i></p>	<p><i>Please refer to the Price List.</i></p>	<p>An owner account is registered in the name of a customer (individual or legal entity) of the Account Operator at the Nasdaq CSD level and is used for holding securities belonging to that customer. The securities owner is identified at the Nasdaq CSD level. The owner account represents “direct” or “transparent” securities holding model under which the records of the securities owner (end investor) are maintained at CSD level.</p> <p>It is not necessary to maintain parallel securities records with the Account Operator servicing the customer (even if the Account Operator maintains parallel records in its internal system, such records have no legal implications). The Account Operator is merely administering the owner account according to the client’s instructions. Account Operator maintains relationship with the account holder. The account holder provides instructions, information requests to Nasdaq CSD via the Account Operator with whom it has entered into agreement</p>	<p>The top-tier records maintained by Nasdaq CSD determine the entitlement of an individual or legal entity (account holder) to securities and any encumbrances over such securities. Any other records (if such exist with the Account Operator) in respect to securities held with the owner account have no legal implications.</p> <p>Securities recorded in the owner account can not be used for the satisfaction of the claims of the creditors of Nasdaq CSD or a credit institution or an investment brokerage company (Account Operator), including in the event of insolvency of Nasdaq CSD or Account Operator, respectively.</p>
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² Section 5.3.3 (i) of Chapter I of Nasdaq CSD Rules.

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					<p>regarding administration of the owner account.</p> <p>The record in the owner account is a proof that securities belong to the individual or legal entity in whose name the account is opened. The record of a pledge over securities credited to a securities account is a proof of such pledge.</p>	

<p><u>3. Omnibus securities account</u></p> <p>Omnibus securities account is registered in the name of:</p> <p>(i) an Account Operator for holding securities of the Account Operator’s multiple clients; or</p> <p>(ii) a Foreign CSD for holding securities under CSD link arrangement between Nasdaq CSD and Foreign CSD.³</p>	<p>Omnibus securities account corresponds to the statutory term “participant clients’ account” under Icelandic laws and regulations. Participant clients’ account is used for omnibus accounting of securities belonging to, or held by, multiple clients of the CSD participant.</p>	<p>Omnibus client segregation (Article 38(3) CSDR)</p>	<p><i>Please refer to the Price List.</i></p>	<p><i>Please refer to the Price List.</i></p>	<p>An omnibus account is opened in the name of the Account Operator or a Foreign CSD with whom Nasdaq CSD has entered into a CSD link arrangement, and is used for holding securities of its multiple clients in one account. At the Nasdaq CSD level securities are segregated from those of the Account Operator but not between the fellow investors (i.e. omnibus client segregation).</p> <p>The record in this securities account merely evidences that securities are held on behalf of multiple clients of Account Operator and a Foreign CSD. Such clients are not identified at the level of Nasdaq CSD.</p> <p>Credit institutions and investment brokerage companies have to ensure that securities transactions are immediately registered and securities acquired or disposed of, as a result of such transactions are reflected in records on the client securities accounts (i.e. lower tier accounts maintained at the level of credit institution or an investment brokerage company).</p>	<p>Securities recorded in the omnibus securities account must not be used for the satisfaction of the claims of the creditors of Nasdaq CSD or a credit institution or an investment brokerage company (Account Operator) or other participant, including in the event of insolvency of Nasdaq CSD, Account Operator or other participant, respectively.</p> <p>Records of the securities account maintained by the top tier account provider (Nasdaq CSD) is a proof of entitlement to securities, including where insolvency proceedings of Nasdaq CSD. If insolvency proceedings are commenced against or a lower tier account provider, or the Participant, then the client is entitled to withdraw its securities from the omnibus account provided that no dispute is over the ownership of the securities in question in the omnibus account.</p>
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³ Section 5.3.2 of Chapter I of Nasdaq CSD Rules.

<p><u>4. Segregated nominee account</u></p> <p>Segregated nominee account is registered:</p> <p>(i) in the name of an Account Operator and is used for holding securities for its single customer; or</p> <p>(ii) in the name of a client of Account Operator and is used for holding securities for a single customer of such a client,</p> <p>regardless of whether such customer is the end investor or acts as an intermediary in the securities holding chain.⁴</p>	<p>Segregated nominee account is one of the types of the individual account. Individual account is used for recording securities belonging to, or held by, a single client of a participant.</p>	<p>Individual client segregation (Article 38(4) CSDR).</p>	<p><i>Please refer to the Price List.</i></p>	<p><i>Please refer to the Price List.</i></p>	<p>A segregated nominee account is opened either in the name of the Account Operator or a client of an Account Operator (e.g. a credit institution or investment brokerage company (“IBS”) that is not a participant of Icelandic SSS). If a top-tier segregated nominee account is used, lower tier account providers should hold securities in a separate segregated individual account throughout all of the levels in the securities holding chain from the ultimate account provider up to the top-tier segregated nominee account with Nasdaq CSD.</p> <p>The account is used for holding securities of a single customer of an account holder (e.g. Nasdaq CSD may open a segregated nominee account in the name of IBS that is used for holding securities of its single customer). Such customer may be either an end investor or an intermediary holding securities for another investor.</p> <p>In case the account holder is a client of Account Operator, it is not necessary to maintain a parallel securities account</p>	<p>Securities recorded in the segregated nominee account must not be used for the satisfaction of the claims of the creditors of Nasdaq CSD or a credit institution or an investment brokerage company (Account Operator or its client holding securities for a single customer), including in the event of insolvency of Nasdaq CSD, Account Operator or its client, respectively.</p> <p>Records of the segregated account maintained by the top tier account provider (Nasdaq CSD) is a proof of entitlement to securities, including where insolvency proceedings of Nasdaq CSD.</p>
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⁴ Section 5.3.3 (ii) of Chapter I of Nasdaq CSD Rules.

					<p>or securities records with the Account Operator servicing this account. Account Operator maintains relationship with the account holder. Account holder provides instructions and information requests to Nasdaq CSD via that Account Operator.</p> <p>Nasdaq CSD identifies and maintains records of the account holder. The customer of an account holder is not identified at the level of Nasdaq CSD.</p> <p>The record in the segregated nominee account merely evidences that securities are held on behalf of another person on individually segregated basis.</p> <p>Credit institutions and investment brokerage companies have to ensure that securities transactions are immediately registered and securities acquired or disposed of, as a result of such transactions are reflected in the records on the client securities accounts (i.e. lower tier accounts maintained at the level of credit institution or an investment brokerage company).</p>	
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<p><u>5. Nominee account</u></p> <p>A nominee account is registered in the name of a customer of an Account Operator and is used for holding securities of multiple clients of such customer, regardless of whether such clients are end investors or act as intermediaries in the securities holding chain.⁵</p>	<p>Nominee account is one of the types of the individual account. Individual account is used for recording securities belonging to, or held by, a single client of a participant.</p>	<p>Individual client segregation (Article 38(4) CSDR).</p>	<p><i>Please refer to the Price List.</i></p>	<p><i>Please refer to the Price List.</i></p>	<p>Nominee account is opened in the name of a customer of an Account Operator (e.g. a credit institution or IBS that is not a participant of Icelandic SSS).</p> <p>This account is used for holding securities of multiple clients of a customer of a participant to Icelandic SSS (e.g. Nasdaq CSD may open a nominee account in the name of IBS, which is not a participant to Icelandic SSS, that is used for holding securities of its multiple clients). Such clients may be either end investors or intermediaries holding securities for other investors.</p> <p>It is not necessary to maintain a parallel securities account or securities records with the Account Operator servicing the nominee account. Account Operator maintains relationship with the account holder. The account holder provides instructions and information requests to Nasdaq CSD via the Account Operator servicing this account.</p> <p>Nasdaq CSD identifies and maintains records of the account holder. The customers of an account</p>	<p>Securities recorded in the nominee account must not be used for the satisfaction of the claims of the creditors of Nasdaq CSD or a credit institution or an investment brokerage company (a customer of Account Operator), also in the event of insolvency of Nasdaq CSD or a customer of Account Operator, respectively.</p> <p>Records of the securities account maintained by a lower tier account provider (a customer of Account Operator or another financial intermediary in the downstream securities holding chain) that evidence the entitlement to securities are used to identify the end investor.</p>
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					<p>holder are not identified at the level of Nasdaq CSD.</p> <p>The record in the nominee account merely evidences that at the top-tier level securities of multiple clients of the account holder are held on jointly segregated basis.</p> <p>Credit institutions and investment brokerage companies have to ensure that securities transactions are immediately registered and securities acquired as a result of such transactions are recorded in the client securities accounts (i.e. lower tier accounts maintained at the level of credit institution or an investment brokerage company).</p>	

Capitalised terms in this description have the same meaning as in the Nasdaq CSD Rules.⁶

⁵ Section 5.3.3 (iii) of Chapter I of Nasdaq CSD.

⁶ <https://nasdaqcsd.com/rules-regulations-and-compliance/>