

Guidelines for execution of orders of financial instruments in markets driven by orders (shares, primary capital certificates, Exchange Traded Funds “ETF”)

By 01.11.2007

1 Introduction

According to the EU Markets in Financial Instruments Directive (MiFID implemented in Norway through the Norwegian Securities Trading Act, First Securities AS (“First”) is required, when executing client orders, to ensure that all reasonable steps are taken to obtain the *best possible results* on behalf of our clients (“Best Possible Result”). When receiving a client order, First will in each case assess how to execute the order to obtain Best Possible Result.

These guidelines set out herein for best execution (the “Guidelines”) will serve as the direction indicator for the executing out of the orders.

2 Specific client instructions

Giving specific instructions in relation to the execution of a particular order may prevent First from taking the steps set out in the Guidelines to obtain Best Possible Result. A separate agreement may be entered into between the client and First stating that orders received in special circumstances may be regarded as a specific instruction.

3 Execution factors

The following factors will be taken into account by First when determining execution of an order; price, costs, speed, likelihood of execution and settlement, size, nature or other relevant factors.

4 Execution criteria

When executing client orders, the following criteria will be taken into account for determining the relative importance of the abovementioned factors (section 3):

- the characteristics of the client (including the categorisation of the client as retail or professional)
- the characteristics of the order
- the characteristics of the financial instruments that are the subject of that order
- the characteristics of the execution venues to which that order can be directed

To retail clients, the total costs will be the most important execution factor when deciding order execution to obtain Best Possible Result.

5 Methods of execution

Subject to any specific instructions that may be given by you, First will execute an order by one of the following methods or by combination of methods:

5.1 Directly on a regulated market or MTF:

(a) by executing the order directly through execution venue (regulated market, MTF, market maker)

(b) where First is not a direct member of the relevant regulated market or MTF, with a third party participant with whom First has entered into an agreement for handling orders for that regulated market or MTF .

5.2 Outside a regulated market or MTF:

(c) executing the order with a matching order from another client of First

(d) First itself acting as the execution venue (“own account trading”)

(e) by transmitting the order to another investment firm First has entered into an agreement with

Re a) Norwegian shares, primary capital certificates and ETF’s will primarily be traded at Oslo Stock Exchange or Oslo Axess.

Where First is not a direct member of the relevant regulated market or MTF, First will use a third party with whom First has entered into an agreement for handling orders for that regulated market or MTF. Typically this will apply for securities listed or traded outside Norway.

The list is not exhaustive. Every now and then the execution may take part according to different trade systems under condition that this for the rest is in accordance with these guidelines.

If the financial instrument is traded in several different trade systems (hereby included Oslo Stock Exchange/Oslo Axess), First will then normally execute the order at Oslo Stock Exchange/Oslo Axess, as First considers that the customer will obtain the Best Possible Result by this way of executing the order. Given, however, that First considers another trade system more sufficient and more likely to give the customer the Best Possible Result, First will be able to execute the order using this particular trade system.

Re c) If First has received orders indicating both buying and selling of the same financial instrument, and these orders may be matched internally, First will hence normally register the orders at Oslo Stock Exchange/Oslo Axess’ trade system under condition that the financial instrument is quoted at Oslo Stock Exchange /Oslo Axess. The trade system will automatically perform a matching of the orders at market price. Alternatively, the orders will be executed in the way that First on behalf of the customers performs the closing of the agreement. First will thus take care of the customers’ interest and determine the price of the financial instruments based on the quotation or if the quotation is not available, a price considered reasonable based on the market’s position.

Re d) If First is counterpart this will be informed on the contract note or by other confirmation. If First enters as counterpart (trading for own account) in relation to a client’s order, this will take place at a price according to the best attainable price in a trade system, for instance the market price. Exemptions will apply in case First, for instance in virtue of being market maker upon the customer’s direct request, states a price at which First either will buy or sell the financial instruments in question, given that the customer agrees upon this price.

6 Trading with non-listed stocks

In case a non listed stock (or another financial instrument) is registered at the Norwegian OTC-list First will normally place the order as an interest in the OTC-system and thereafter contact another entity that has shown a corresponding interest in the OTC-system. In order to obtain a best possible price for the customer First will negotiate with this entity.

7 When the order will be executed

Unless the customer has given a specific instruction First will normally start the execution of the order immediately upon receiving the order from the customer.

As a consequence, priority of time will apply on incoming orders, unless First considers that an aggregation of orders will lead to Best Possible Result. First reserves the right to aggregate the client's order with orders from other clients, persons or entities which are or are not associated with First. Aggregation of orders will only take place if it is unlikely that the aggregation of orders overall will work to the disadvantage of any client whose order is to be aggregated. However, the client acknowledges that the effect of aggregation may work to its disadvantage in relation to a particular order.

First reserves the right to aggregate a client's order with transactions for own account. If the total order may only be partially executed, the client's order will in principle be given priority. Exceptions will apply if First could not have executed the trading at terms as favourable as these, without the aggregation.

When allocating orders, First will normally take into account circumstances as the time of the order and the size of the order.

If the order is received outside the opening hours of the marketplace, the order will normally be executed when the marketplace reopens.

8 Special information to Retail clients

To retail clients, First will when assessing the relative importance of the factors relevant when determining how to execute the order (cf. section 4), emphasize the price of the financial instrument and the total costs by executing the order. This means that other factors such as speed, likelihood of execution and settlement only will be determined as more important factors if this contributes to Best Possible Result for the client.