

Guidelines for executing orders related to financial instruments (shares, primary capital certificates, ETFs) in order-driven markets ("Execution Policy")

AS of November 1, 2007

1 Introduction

According to the Norwegian Securities Trading Act, investment firms have a duty to implement all reasonable measures in order to achieve the "*best possible result*" for the client when executing client orders ("Best Result").¹ When it receives a client order, the Investment Firm will carry out a concrete assessment of how the order is to be executed in order to achieve Best Result for the client. This assessment will be based on the guidelines for executing orders stated below (the "Guidelines").

2 Exceptions from the Guidelines – specific instructions

Should the client state specific instructions, these may prevent Fearnley Fonds ASA from implementing the measures stipulated in the Guidelines below for ensuring Best Result for the client. The client and Fearnley Fonds ASA may enter into a separate agreement stating that orders received in special situations are to be treated as specific instructions.

3 Relevant factors when choosing a method of execution

When choosing the method of execution, Fearnley Fonds ASA will take into account price, costs, speed, the likelihood of completion and settlement, size, nature and other relevant factors.

4 Weighting of relevant factors

When executing client orders, Fearnley Fonds ASA will take the following factors into consideration when weighting the relevance of the abovementioned factors (item 3):

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

For retail clients, the Best Result will be determined on the basis of the total amount the client has to pay in connection with the execution of the order.

5 Alternative ways of executing orders

Fearnley Fonds ASA will execute client orders in one of the following ways:

5.1 On a regulated market or MTF:

- (a) by submitting the order to an execution venue (regulated market, MTF, market maker, etc)
- (b) by placing the order with another investment firm if Fearnley Fonds ASA is not a member of a relevant regulated market or MTF.

¹ Refer to section 10-12 of the Securities Trading Act

5.2 Outside a regulated market or MTF:

- c) by buying from or selling to other clients (agency cross)
- d) by itself becoming, in whole or in part, the other contracting party (trading on own-account)
- e) by placing the order with another investment firm with which Fearnley Fonds ASA cooperates.

Re a) Fearnley Fonds ASA is a member of the following regulated markets:

- Oslo Stock Exchange
- Oslo Axess
- ABM (Alternative Bond Market)

The list is not exhaustive. From time to time, orders may be executed on other execution venues provided this is in accordance with the rest of these guidelines.

If the financial instrument is traded on several execution venues (including the Oslo Stock Exchange/Oslo Axess), Fearnley Fonds ASA will normally execute the order on the Oslo Stock Exchange/Oslo Axess, since Fearnley Fonds ASA believes that this method of execution will produce the Best Result for the Client. However, if Fearnley Fonds ASA believes that the execution venue with the highest liquidity relating to the financial instrument in question will produce the Best Result for the client, Fearnley Fonds ASA will execute the order on the execution venue where the financial instrument has the highest liquidity.

Re c) If Fearnley Fonds ASA has received orders to both buy and sell the same financial instrument and these orders can be matched internally, Fearnley Fonds ASA will normally submit the orders to Oslo Stock Exchange's/Oslo Axess's trading system if the financial instrument is listed on the Oslo Stock Exchange/Oslo Axess. The trading system will automatically match the orders at the market price. Alternatively, the orders will be executed by Fearnley Fonds ASA itself concluding the contract on behalf of the clients. Fearnley Fonds ASA will in such case safeguard the clients' interests with the same care and will determine the price of the financial instruments on the basis of the stock exchange price or, if no such price exists, a price that is reasonable according to the state of the market.

Re d) If Fearnley Fonds ASA is the other contracting party this will be stated on the contract note or other confirmation. If Fearnley Fonds ASA becomes the other contracting party (trading on own-account) in relation to a client order, this will take place at a price which is equal to the best achievable price in a trading system, such as the stock exchange price. An exception will apply if Fearnley Fonds ASA, in its capacity as a market maker and when asked directly by a client, states a price at which Fearnley Fonds ASA will either buy or sell the financial instruments in question and the client accepts this price.

6 In particular regarding trading in unlisted shares

If an unlisted share (or other financial instrument) is registered on the Norwegian OTC-list, (NOTC -list) Fearnley Fonds ASA will enter the order as an interest in the NOTC-system and then make contact with another firm that has registered a corresponding interest in the OTC system. Fearnley Fonds ASA will negotiate with this firm in order to achieve the best possible price for the client.

7 When will the order be executed?

Fearnley Fonds ASA will start to execute the order as soon as the order has been received. This means that Fearnley Fonds ASA will prioritise incoming orders according to the time when they were received unless Fearnley Fonds ASA believes that the Best Result is to be achieved by combining the order with other orders. Fearnley Fonds ASA reserves the right to aggregate the client's orders with orders from other clients, persons or undertakings that are or are not linked to Fearnley Fonds ASA. Orders may be aggregated if it is unlikely that aggregation in general will be a drawback to any of the clients. However, the client understands that the aggregation of orders may in individual cases cause drawbacks.

Fearnley Fonds ASA also reserves the right to aggregate the client's order with transactions carried out for Fearnley Fonds ASA's own account. If the total order is only carried out in part, the client's order will basically be given priority over Fearnley Fonds ASA's order. However, an exception to this applies if Fearnley Fonds ASA could not have carried out the trade on correspondingly favourable terms without the aggregation.

If the order is received outside the marketplace's hours of business, the order will be executed when the marketplace reopens.