

Rules for dealing with matters in accordance with the ethical norms of the Norwegian Securities Dealers Association

(Adopted by the general meetings and subsequently amended latest on 19 March 2002)

(In force as from 1st of October 2002)

Chapter 1 The Executive Committee's competence

Article 1-1 The Executive Committee's competence

The Executive Committee of the Norwegian Securities Dealers Association appoints the Ethics Council.

The Executive Committee deals with questions of whether a member company is to be excluded from the Association.

Chapter 2 The organisation of the Ethics Council and its competence

Article 2-1 Appointment and composition

The Ethics Council shall have eight members and four alternates. The Ethics Council shall elect a Complaints Council from among its members to deal with complaints pursuant to Section 2-4 first to third sub-paragraphs and fifth sub-paragraph.

The Chairman of the Ethics Council shall satisfy the requirements relating to a judge pursuant to Section 54, first sub-paragraph of the Courts of Justice Act of 13 August 1915 and shall not be connected to any stockbroking company or hold any office of trust in a stockbroking company.

The other seven members and the alternates shall be people with broad experience from the securities market and/or management of a stockbroking company. At least three of the seven members shall be the senior executives of a member company. At least one of the alternates shall be the senior executive of a member company. The Chairman and the members, as well as the alternates are appointed for two years at a time.

From among its members, the Ethics Council shall elect three members and one alternate as regular members of a Complaints Council to deal with complaints as mentioned in the first sub-paragraph of this Section. The Chairman of the Ethics Council shall be Chairman of the Complaints Council. The Complaints Council has a quorum when at least two members and the Chairman deal with a complaint.

In the event that the Ethics Council takes up matters on its own accord pursuant to Section 2-4 fourth sub-paragraph, all members of the Ethics Council shall participate. The Ethics Council has a quorum when at least five members participate in addition to the Chairman. At least two of these shall be the senior executive of a member company.

When the term Council is used in the following regulations it applies equally to the Ethical Council in plenary session and the Complaints Council.

Article 2-2 Competence

Members of the Council cannot participate in dealing with cases where there are special grounds that are liable to weaken belief in his/her impartiality. The Council decides whether a member is to be declared disqualified and shall retire. A member may not participate in proceedings as to whether he/she should retire. The Chairman of the Council shall appoint an alternate to participate in deciding the question of competence. In the case of a tied vote, the Chairman has the casting vote.

In the event that so many of the Council's members are not legally competent that the Council cannot pass a resolution, cf. Section 2-1 fourth and fifth sub-paragraphs, the Chairman of the Executive Committee of the Association of Norwegian Stockbroking Companies or someone appointed by him shall appoint an adequate number of substitute members. Section 2-1 second third sub-paragraphs shall apply equally to such substitute members.

A decision regarding legal competence cannot be appealed to the Executive Committee.

Article 2-3 Obligation to observe confidentiality

Members of the Ethics Council are obliged to observe confidentiality on information they become privy to and which refers to personal or business matters or is otherwise of such a nature that others should not become aware of the matter. The same applies to the Association's employees. Members of the Complaints Council have an obligation to observe confidentiality regarding the cases that are being dealt with unless the complainant his/herself has publicly notified that the complaint has been submitted to the Complaints Council. Members of the Ethics Council cannot report that a case has been taken up on the Ethics Council's own accord before a decision has been made in accordance with Section 3-4 first sub-paragraph and the company in question has been notified.

Article 2-4 The Ethics Council's competence

The Complaints Council deals with complaints against member companies from clients and complaints against member companies from other member companies. The Complaints Council can deal with complaints against former member of the Association if the complaint refers to circumstances that occurred during the period of membership

The Complaints Council also deals with complaints relating to the rules for the authorisation scheme and rules issued in connection with trading in unlisted shares (OTC systems).

On request from other bodies, including the Association's Executive Committee, the Banking, Insurance and Securities Commission, Oslo Børs or a court of law, the Ethics Council or the Complaints Council can state opinions of cases that are being dealt with by these bodies. On the basis of the nature of the case, the Chairman decides whether the Complaints Council or the Ethics Council shall deal with it.

The Ethics Council can deal with cases at the request of the Executive Committee of the Association. In the event that there are circumstances indicating that a member company might have breached the Association's ethical norms or recommendations made by the Association's Executive Committee and it must be assumed that the case is of general interest to members or to the particular member in question, the Ethics Council can take up the matter without any request being made by the Association's Executive Council.

The Complaints Council and the Ethics Council, in dealing with cases or questions raised by other bodies may issue opinions on the interpretation and understanding of the broker companies' contractual obligations, ethical norms and legislation, and whether there is a breach of contractual obligations, ethical norms or legislation, cf. Ethical Norms, Section 3-1.

Article 2-4 Arbitration

To the extent that other work allows, the Complaints Council can act as arbitration tribunal in disputes regarding advisory services or trading in financial instruments, where the parties agree that the Complaints Council shall decide the dispute as arbitration tribunal.

The cost of arbitration, including remuneration to the members of the arbitration tribunal, shall be defrayed by the parties in accordance with the decision of the Complaints Council.

In arbitration cases submitted to the Complaints Council, Chapter 32 of the Civil Procedure Act shall apply to the extent it is appropriate.

Article 2-5 Refusal

A complaint may be refused if the complainant is not a party to the matter or has no legal grievance interests.

A complaint may also be refused, in whole or in part, if the complaint refers to issues that are outside of the Complaints Council's competence, cf. Section 2-4 or in some other manner are considered unsuitable for being dealt with by the Complaints Council.

The Complaints Council and the Ethics Council shall refuse to deal with cases that are or are expected to be brought before a court of law and they can refuse to deal with cases that are being dealt with by other public bodies, including the Banking, Insurance and Securities Commission, a stock exchange or an authorised marketplace.

Chapter 3 Preparatory proceedings

Article 3-1 Presentation of a complaint

A complaint must be made in writing. It must contain a brief description of the facts of the case and state what the complaint refers to. The Association's secretariat may, if necessary, assist in the wording of the complaint. The complaint should also include documentation which supports the complainant's allegation(s).

The complaint shall be submitted to the Association which acts as secretariat and preparatory proceedings body for the Complaints Council.

Article 3-2 Period of limitation

The period of limitation for presenting a complaint is one year. The time limit is calculated from the time the complainant acquired or should have acquired the necessary information on the possible blameworthy circumstance and the person responsible for it. When special grounds exist, the Complaints Council may agree to consider a case even if the period of limitation for presenting a complaint has expired.

Article 3-3 Preparatory proceedings - complaints

The Complaints Council may decide on a case without any further preparatory proceedings when it unanimously finds that the complaint will not succeed. The complainant and the party against whom the complaint is made shall be advised immediately of such a decision.

If the complaint is not decided in accordance with the first paragraph, it shall first be presented to the party against whom the complaint is made, with a time limit of three weeks for presenting comments, if any. Should the matter be amicably settled with the complainant in the meantime, the parties shall immediately advise the Complaints Council accordingly.

After the party against whom the complaint was made has made his/her reply, the parties shall be given an opportunity to present further written remarks, normally not more than two from either

party. A time limit shall be set for the presentation of written comments, which shall normally not exceed one week. Under special circumstances, a postponement may be granted for replies and counter-replies.

The Chairman of the Complaints Council, or the person he authorises, shall ensure that the case is adequately illuminated and may obtain information from others in clarifying the facts of the case. The Chairman, or the person he authorises, may call the parties together for verbal preparatory proceedings, and at such a meeting may examine the parties and witnesses. Information obtained in this manner shall be recorded and presented to the parties for comment.

The party against whom the complaint is made shall provide the Complaints Council with all information necessary for the Complaints Council to deal with the matter in question. On making a complaint, the complainant is considered to have agreed that the person against the whom the complaint is made, notwithstanding any regulatory obligation to observe confidentiality, can provide the Complaints Council with all necessary information. Should the party against whom the complaint is made fail to provide the Complaints Council with the necessary information the Complaints Council may decide to reject the case or to make its decision on the basis of the information available.

When the preparatory proceedings are completed, the Chairman may decide that the case shall be presented at a session of the Complaints Council. Otherwise the documents in the case are circulated to the members of the Complaints Council. The Chairman, or the person he authorises, shall prepare a draft ruling with a complete review of the case and a conclusion that is as concise as possible. If the case is dealt with in writing, the Complaints Council's other members present their points of view in writing. Should the Complaints Council members not be in agreement after considering the case in writing, the case shall be presented at a session of the Complaints Council. The Chairman and the Complaints Council's secretary alone can sign unanimous decisions.

The Complaints Council shall make a decision on the evidence and the legal aspects that are of importance for a decision. The decision shall indicate whether it was unanimous. In the case of dissent, the dissenting member(s) arguments shall appear in the decision.

Should the Complaints Council find that a case raises issues of evidence that are difficult to clarify during the proceedings or that insufficient information was forthcoming in the case, it may reject the case.

Article 3-4 Preparatory proceedings for cases taken up of own accord, cf. Section 2-4, fourth sub-paragraph

Before an issue can be raised of own accord, cf. Section 2-4 fourth sub-paragraph, the member in question shall be urged in writing to document and advice on the matter so that the Ethics Council has sufficient basis to decide whether the case should be dealt with. The deadline for submitting such documentation shall not normally exceed one week. Under special circumstances and on the member's request the deadline may be extended. After the Ethics Council has received the documentation, the Ethics Council shall meet and as soon as possible decide whether the case shall be dealt with. If the answer is affirmative the member shall be so advised in writing.

A deadline shall be set for submission of further documentation and possible comments that the Ethics Council may request that shall not normally exceed one week. This deadline can be extended in special cases. The deadline is calculated from the day the request from the Ethics Council is received or should have been received by the member in question.

Before the Ethics Council decides on the case, a draft of the decision shall be presented to the member in question with a deadline for comments. This deadline shall not normally exceed one week.

For cases taken up of own accord, Section 3-3 fourth to eighth sub-paragraphs apply similarly.

Article 3-5 Decision reporting and publicity

The Council's decisions shall be presented to the parties in writing.

The Council's decisions are public. The Council shall endeavour to make the parties anonymous in order to avoid providing information on a member company's business matters and client relations, cf. the Securities Trading Act, Section 9-8, which deals with a stockbroking company's obligation to observe confidentiality. The foregoing rule does not prevent the Council from publishing the name of the complainant if the complainant is defined as a professional investor according to publicly adopted rules or regulations issued by a stock exchange or authorised marketplace. The same applies if it is public knowledge that the complainant has submitted the complaint to the Complaints Council.

Statements in specific cases shall first be sent to the parties. Only when it is assumed that the parties have received the statement can the statement be released.

Article 3-6 Appeal

Decisions of the Council cannot be appealed to the Executive Committee of the Association of Norwegian Stockbroking Companies.

Chapter 4 Decision, sanctions and costs

Article 4-1 The form of decision, sanctions etc.

Decisions that close a case are given as rulings. A ruling on a complaint shall indicate whether the complainant has won or not. No ruling can be made as to damages or compensation to be paid to the complainant. However, the Council can issue an advisory statement as to how the dispute with the complainant can be solved.

Should the Council find that a member company has not acted in accordance with the ethical norms or the Executive Committee's recommendations, the Council can censure the member company, depending on the seriousness of the breach., as follows:

- Reprimand (mild criticism)
- Criticism
- Warning.

In the case of serious breaches of ethical norms or the Association's recommendations the Council can fine the member company up to twice the annual membership fee paid to the Association. Cases of a company repeatedly being censured are also considered serious.

Should a member company exceed the deadlines for submitting comments to the Council or otherwise fail to fulfil its duty to provide information the Council can fine the member company up to NOK 15,000.

Measures as mentioned in the first to fourth paragraph shall also be applied to companies that have withdrawn from the Association if the issue that forms the basis for the Council's handling of the complaint occurred whilst the company was a member of the Association.

In serious cases, the Council may recommend to the Executive Committee of the Association that a member company be excluded. Should the Executive Committee decide exclusion, the member company can demand that the matter be dealt with at the General Meeting, cf. Article 6-4 of the Association's Articles of Association. Before a member company is excluded, it must be advised that this may be the sanction taken, and given an opportunity to comment on the exclusion issue in particular. The member company shall be advised in writing of any resolution regarding exclusion and be advised of its right to appeal to the General Meeting.

Article 4-2 Costs

In special cases the Complaints Council can demand that costs in connection with dealing with a complainant shall be defrayed by the party against whom the claim is made in the event that the complainant wins its case. If the complainant is to be considered a professional investor the Complaints Council can, in special cases, demand that the complainant pays the Council's costs if the complainant does not win its case.

If the complainant wins the case the Complaints Council can, if there are special reasons for doing so, instruct the party against whom the claim is made to pay the complainant's costs.

Article 4-3 The obligations of the members

With the limitations that follow from Section 4-2 first sub-paragraph first second and third sentence, the member that a decision by the Complaints Council refers to, is obliged to respect the Complaints Council's decision, unless the member advises the Complaints Council in writing to the contrary. Such notification shall be given within three weeks of the ruling coming to the knowledge of the member. In such a case the written objection will be made public.

The members are expected to adapt themselves to the norms that can be drawn from a decision made by the Ethics Council pursuant to Section 2-4 second sub-paragraph, cf. Articles of Association, Article 5-1.

However, the above provision does not prevent a member facing a decision having objections to the decision and the fact that the decision is built on a possible case for a court of law concerning the same issue. The same applies in the event that the case is dealt with by another public body or a private body that has competence to adopt a resolution in the same case.