

Part 1 – VP Rule Book

Definitions

Date: 1. January 2019



VP SECURITIES A/S
WEIDEKAMPSGADE 14
DK-2300 COPENHAGEN S
P +45 4358 8888
E VP@VP.DK
W VP.DK

1. Introduction

The definitions in this Part 1 of the VP Rule Book shall apply to the Participation Agreement between VP and the Participant and in the Participation Rules, unless otherwise specifically stated.

2. Definitions

"**Agreement Documents**" has the meaning as set out in the Participation Agreement.

"**Batch**" or "**Batches**" means the sequenced process of VP's Settlement of a group of Transfer Orders commencing at pre-defined point in time.

"**Batch 10, Batch 20, or Batch [XX]**" mean such individual Batches in which VP process VP Settlement at such point of time and in such currency(ies) as designated by VP for each batch.

"**Book-entry**" or "**Book-entries**" means (i) issuance of Dematerialised Securities through VP and (ii) registration of rights in book-entry records with VP in respect of such securities, including redemptions, amendments, removals or cancellations.

"**Book-entry Rules**" means VP's rules on Book-entry services as amended or supplemented from time to time by VP, being Part 3 of the VP Rule Book (Book-entry Rules).

"**Capital Markets Act**" means the Danish Act no. 650 of 8 June 2017 on Capital Markets, as amended from time to time).

"**Cash Account Controller**" means a Participant who has selected to participate in VP's services as a Cash Account Controller as described in Part 2 of the VP Rule Book (General Terms and Conditions).

"**Cash Settlement**" means settlement of cash payments via the VP Clearing and Settlement system, including settlement of cash payments from issuers to investors.

"**Cash Settlement Agent**" means a Participant who has selected to participate in VP's services as a Cash Settlement Agent as described in Part 2 of the VP Rule Book (General Terms and Conditions).

"**Clearing**" means the process of transmitting, reconciling and, in some cases, confirming Instructions prior to Settlement, potentially including the netting of orders and the establishment of final positions for Settlement.

"**CSD**" means a central securities depository, i.e. a legal person that operates a securities settlement system referred to in point (3) of Section A of the Annex to CSDR and provides at least one other core service listed in Section A of the Annex to CSDR.

"**CSDR**" means Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012 as amended from time to time.

"**Custodian of units in Single Price Mutual Funds**" means a Participant who has selected to participate in VP's services as Custodian of units in Single Price Mutual Funds as described in Part 2 of the VP Rule Book (General Terms and Conditions).

"**Data Centre**" means the legal entity that establish and maintain a technical connection and provides IT services on behalf of the Participant to VP as identified in Participation Agreement.

"**DCA**" means a central bank money account opened in the books of a Central Bank designated for cash settlement of transfer orders and cash payments from corporate actions in the T2S system.

"**DCP**" means a directly connected participant of T2S.

"**Dematerialised Securities**" mean securities that exist only in Book-entry form.

"**Derogation Threshold**" has the meaning as set out in Part 4 of the VP Rule Book (Settlement Rules). "**Distributor**" means a Participant who has selected to participate in vp.FUND HUB" as a distributor as described in Part 2 of the VP Rule Book (General Terms and Conditions).

"**DvP**" means "delivery versus payment".

"**DwP**" means "delivery with payment".

"**Eligible Securities**" means securities eligible for Issuance and/or Book-entry with VP.

"**Executive Order on Book-entry**" means the Danish Executive Order on book-entry in respect of securities in a central securities depository (no. 1175 of 31 October 2017 as amended from time to time).

"**Financial Business Act**" means the Danish Financial Business Act (Consolidated Act no. 1140 of 26 September 2017 with related Executive Orders and guidelines, as amended from time to time).

"**FoP**" means "free of payment".

"**FSA**" means the competent authority who has been designated by each Member State in accordance with CSDR Article 11.

"**General Terms and Conditions**" means VP's general terms and conditions as amended or supplemented from time to time and applicable to Participants, being Part 2 of the VP Rule Book.

"**ICP**" means an indirectly connected participant of T2S.

"**Insolvency Proceedings**" means any collective measure provided for under any laws either on the winding up or reorganisation of the Participant, where such measure involves the suspending of, or imposing limitations on, transfers or payments.

"**Investor Notification**" means all notifications to Securities Account Holders on Book-entries, including redemptions, amendments, cancellations or deregistration, as well as information on Book-entry preventions or other relevant matters.

"**ISIN**" means an international securities identification number (ISO 6166) providing an alpha- numerical code for the unique identification of a security.

"**Issuance**" means initial Book-entry of securities with VP.

"**Issuer Agreement**" means an agreement entered into between VP, an issuer of securities and the Issuing Agent.

"**Issuing Agent**" means an entity recorded as an issuing agent for specific securities with VP.

"Match", "Matched" or "Matching" means the comparison carried out by VP of the information contained in two Instructions received within the periods prescribed for Settlement as further detailed in the Part 4 of the VP Rule Book (Settlement Rules).

"Participant" means any entity that has entered into a Participation Agreement with VP.

"Participation Rules" mean the VP Rule Book, the VP User Guidelines, VP's article of association and any additional document or Annexes, if any, referred to in such documents, as amended and in force at any time, being an integral part of the Participation Agreement.

"Payment System" means a payment system conducted by Danmarks Nationalbank, Sveriges Riksbank, or the TARGET2 system.

"PFoD" means "payment free of delivery".

"Pre-Match" means a comparison conducted by VP of the information contained in two connected Transfer Orders against the T2S match criteria as specified in the T2S User Guidelines.

"Securities Account" means a securities account with VP maintained by a Securities Account Controller to which securities may be credited or debited.

"Securities Account Controller" means a Participant who has selected to participate in VP's services as a Securities Account Controller as described in Part 2 of the VP Rule Book (General Terms and Conditions).

"Securities Account Controller for the Distributor" means a Participant who has selected to participate in VP's services as a Securities Account Controller for the Distributor as described in Part 2 of the VP Rule Book (General Terms and Conditions).

"Securities Account Holder" means an entity or person in whose name a Securities Account Controller maintains a Securities Account.

"Settlement" means the completion of a securities transaction where it is concluded with the aim of discharging the obligations of the parties to that transaction through the transfer of securities.

"Settlement Participant" means a Participant who has selected to participate in VP's services as a Settlement Participant as described in Part 2 of the VP Rule Book (General Terms and Conditions).

"Settlement Rules" mean VP's rules on Clearing and Settlement as amended or supplemented from time to time and as applicable to the Participants, being Part 4 of the VP Rule Book.

"Single Price Mutual Funds" mean securities eligible for settlement in vp.FUND HUB® as described in Part 2 of the VP Rule Book (General Terms and Conditions).

"SKAGEN Funds" mean the securities eligible for settlement as described in Part 2 of the VP Rule Book (General Terms and Conditions).

"T2S" means TARGET2-Securities, the Eurosystem settlement service which aims to offer centralised delivery-versus-payment (DvP) settlement in central bank funds across all European securities markets.

"T2S Account" means a Securities Account opened by the Securities Account Controller, where the Securities Account Controller has

requested the account to be mirrored in T2S by earmarking the account as a T2S Account in the VP Clearing and Settlement system.

"T2S Auto-Collateral" means an auto-collateralisation functionality to cover lack of cash on a DCA.

"T2S Business Day" means a day where the T2S system is open for settlement as set out in the T2S User Guidelines.

"T2S Currency" means either DKK or EUR.

"T2S Eligible Securities" has the meaning as set out in Part 4 of the VP Rule Book (Settlement Rules).

"T2S Settlement" means Settlement of securities eligible for T2S Settlement via the VP Clearing and Settlement system as described in Part 4 of the VP Rule Book (Settlement Rules).

"T2S Settlement Required Transaction" means a securities transaction which must be submitted for T2S Settlement as described in Part 4 of the VP Rule Book (Settlement Rules).

"T2S Transfer" means a transfer of securities from a VP Account to a T2S Account or from a T2S Account to a VP Account, as the case may be.

"TARGET2" means the Eurosystem Real Time Gross Settlement system for settlement of central bank operations, large-value euro interbank transfers as well as other euro payments. It provides real-time processing, settlement in central bank money and immediate finality.

"Transfer Agent" means a Participant who has selected to participate in vp.FUND HUB® as a transfer agent as described in Part 2 of the VP Rule Book (General Terms and Conditions).

"Transfer Order" means (i) any instruction by a Participant to place at the disposal of a recipient an amount of money by means of a book-entry on the account of a credit institution, a central bank, a central counterparty or a settlement agent, or any instruction which results in the assumption or discharge of a payment obligation as set out in the VP Rule Book, or (ii) an instruction by a Participant to transfer the title to, or interest in, a security or securities by means of Book-entry.

"User Guidelines" means VP's user guidelines for Book-entry, Issuance, Clearing and Settlement services as amended or supplemented from time to time and as applicable to the Participants.

"VP Account" means a Securities Account opened by the Securities Account Controller, where the Securities Account Controller has not requested the account to be mirrored in T2S.

"VP Auto-Collateral" means VP's service for the establishment and utilisation of automatic collateralisation in connection with the granting of settlement credits or loans during the Clearing and Settlement of securities transactions in the Batches, as further described in Part 4 of the VP Rule Book (Settlement Rules).

"VP Book-entry System" means the system for Issuance and Book-entry in respect of Dematerialised Securities operated by VP.

"VP Business Days" mean a day where VP is open for Settlement and Book-entry which is any day where at least one central bank responsible for a currency eligible for Settlement in VP is open for Settlement.



"**VP Clearing and Settlement system**" means the securities clearing and settlement system operated by VP and designated in accordance with Article 10 of the European Settlement Finality Directive (98/26/EC as amended).

"**vp.FUND HUB**" means VP's service for Settlement of Single Price Mutual Funds as described in Part 2 of the VP Rule Book (General Terms and Conditions).

"**vp.FUND HUB[®] Settlement**" means Settlement of Single Price Mutual Funds eligible for vp.FUND HUB[®] Settlement in the VP Clearing and Settlement system as described in Part 4 of the VP Rule Book (Settlement Rules).

"**VP Rule Book**" means VP's rules for the Book-entry, Issuance, Clearing and Settlement services and other additional services as laid down and provided for in separate parts of the VP Rule Book as amended and in force at any time, including for the time being Part 1 Definitions, Part 2 General Terms & Conditions, Part 3 Book-entry Rules, Part 4 Settlement Rules and Part 5 T2S DCP Service Rules.

"**VP Settlement**" means Settlement of securities eligible for settlement in the VP Clearing and Settlement system that does not settle via Target2 Securities as described in Part 4 of the VP Rule Book (Settlement Rules).