

## Distance selling notice on investment products

This notice draws together the general prior information required to be given to a consumer (hereinafter "customer") before making a distance contract. The requirements on prior information concerning distance selling of financial services are prescribed in sections 6 - 9 of Chapter 6 a of the Finnish Consumer Protection Act. This notice forms part of a distance contract where it concerns the right of withdrawal.

Distance selling means that service agreements are regularly made by means of distance communications, so that the customer does not meet the bank's representative in person. The prior information, the agreement terms and customer service are given in Finnish, Swedish and English. The prior information is given as required by Finnish legislation. Distance agreements, and making of distance agreements, are subject to Finnish law.

## Service provider and supervisory authority

Nordea Bank Abp  
Satamaradankatu 5  
00020 NORDEA, Finland  
Business Identity Code: 2858394-9  
Tel: +358 (0)200 70000 (local network charge/mobile call charge)  
[nordea.fi/en](http://nordea.fi/en)

Nordea Bank Abp has been registered in the Trade Register maintained by the Finnish Patent and Registration Office. Nordea Bank Abp is domiciled in Helsinki.

Contact information of Nordea Bank Abp's branch offices that serve customers is available at [nordea.fi/en](http://nordea.fi/en).

### Nordea Bank Abp's operations and activities are supervised by and licensing authority is:

European Central Bank (ECB)  
Sonnemannstrasse 22  
60314 Frankfurt am Main, Germany  
Tel: +49 69 1344 0  
[ecb.europa.eu](http://ecb.europa.eu)

### Nordea Bank Abp supervised within the bounds of its jurisdiction by:

Financial Supervisory Authority  
Snellmaninkatu 6 / P.O. Box 103  
00101 Helsinki, Finland  
Tel: +358 (0)9 18351  
E-mail: [kirjaamo@finanssivalvonta.fi](mailto:kirjaamo@finanssivalvonta.fi)  
[finanssivalvonta.fi/en](http://finanssivalvonta.fi/en)

### In addition, the Consumer Ombudsman serves as the supervisory authority for consumer customers:

Finnish Competition and Consumer Authority  
P.O. Box 5  
00531 Helsinki, Finland  
Tel: +358 (0)29 505 3000 (switchboard)  
[kkv.fi/en](http://kkv.fi/en)

## Right of withdrawal

A customer is entitled to cancel an agreement on a book-entry account and safe custody of securities, a portfolio agreement and an investment service agreement made by means of distance communications. The right of withdrawal does not, however, apply to investment products the value of which varies in consequence of fluctuation in the markets.

The right of withdrawal is valid for 14 days from the date when the distance agreement came into effect or when the customer received, or was able to receive, the prior information and agreement terms. If the customer wants to use the right of withdrawal, he or she must notify the service provider accordingly. The notice of withdrawal must be given by sending customer mail from Netbank or by calling Nordea Customer Service, Tel: 0200 70 000 (local network charge/mobile call charge). Access codes are needed for giving the notice. The notice must specify the agreement to be cancelled. The bank announces upon making of the agreement or in its tariff the charges and fees which the customer is liable to pay if he or she uses the right of withdrawal.

## Customer guidance and legal remedies

If disputes arise between the parties on the basis of an agreement which cannot be settled by negotiation, a consumer can contact the following public agents:

- **The Finnish financial ombudsman bureau** helps in solving disagreements, but it does not give legally binding decisions. The Insurance Complaints Board, The Banking Complaints Board and the Securities Complaints Board operate in connection with the Finnish Financial Ombudsman Bureau at the address Porkkalankatu 1, FI-00180 Helsinki, Tel: +358 9 6850120. For further information, visit [www.fine.fi/en/](http://www.fine.fi/en/)
- **The Investment Complaints Board** issues recommendations to resolve disputes brought to the Complaints Board by non-professional investor-customers and service providers. The Complaints Board will examine issues between the service provider and non-professional investor-customer, related to investment and mutual fund services as referred to in the Act on Investment Services and the Act on Common Funds. In addition, the Complaints Board will examine issues between the service provider and the non-professional investor customer related to investment-type insurance policies governed by the Insurance Contracts Act. The recommendations focus on the application of the legislation, provisions by the authorities, fair securities market practices, fair insurance practices and contractual terms as well as on the action of the service provider. The recommendations can also address the amount of the compensation. The Investment Complaints Board will not examine claims related to companies other than investment service companies, fund management companies or insurers offering investment-type insurance policies. Contact details: Porkkalankatu 1, 00180 Helsinki, Finland, tel. +358 9 6850 120. More information at: [www.fine.fi/en/](http://www.fine.fi/en/)
- **The Consumer Disputes Board** proposes decisions in disagreements between consumers and businesses when the disagreement concerns the purchase of a commodity such as financial services or an agreement on a commodity. The board does not deal with matters related to securities. Contact Information: Hämeentie 3, P O Box 306, 00531 Helsinki, Tel: 029 566 200 (switchboard). For further information, visit [www.kuluttajariita.fi/en/](http://www.kuluttajariita.fi/en/)

Disputes over investment products and service may also be submitted to the District Court of the Finnish municipality in the jurisdiction in which the consumer has his or her domicile. If the consumer is not a resident of Finland, disputes are settled in the District Court of Helsinki.

## Investment products and services

### Taxation

As a result of acquiring and assigning securities, the customer may be obligated to pay taxes and public payments that are in addition to those made through the bank. The customer should take into account the tax consequences related to trading in investments and their ownership, maturing, and return payments. The bank is not responsible for changes in taxation laws and legal and taxation practices.

Taxable capital income are, for instance, certain interests, return from income funds, interest accrued on bonds until selling date, dividend from listed companies, and capital gains from securities sales. Usually the bank deducts the tax on certain capital income, such as interest accrued on bonds until selling date, dividend from Finnish listed companies, return from income funds, and interest from foreign bonds.

In certain situations capital losses from securities sales can be deducted from capital gains in taxation.

The bank deducts tax at source on interest income from the interest and index-linked yields on Finnish bonds. Asset transfer tax is usually paid in connection with the assignment of securities against compensation. However, asset transfer tax is not charged on publicly traded securities if the trade is made through a bank or other stock broker. Furthermore, asset transfer tax is not charged on trades in foreign shares, for example.

Expenses arising from the management and safe custody of book-entries and other investment assets are tax deductible in capital income taxation for the part exceeding the customer's responsibility. Further information on taxation:

[www.vero.fi/en-US](http://www.vero.fi/en-US)

### Risks

Investing and investment products involve a financial risk. The sought return may not realise, and the invested capital can be lost. Before making an investment decision, the customer must become familiar with the investment markets and different investment alternatives.

The customer is responsible for the financial outcome of his or her investment decisions.

Past performance is not a guarantee of future results. Investments denominated in foreign currencies involve the exchange rate risk.

### Services

#### 1. General features of brokerage, book-entry accounts and safe custody of securities

Stock exchange trading, share subscriptions and safe custody of securities and book entries require that the customer have an agreement on a book-entry account and safe custody of securities. Shares quoted on OMX Helsinki are registered as book-entries, as are most bonds and certain stock options. The service comprises the general terms of book-entry accounts and safe custody of securities; general terms and conditions of orders to buy and sell securities; and the current tariff on securities services. Nordea's service includes return payments on assets in safe custody, informing

the customer of company transactions, reports on asset development and delivery of statements needed for taxation. The opening of a book-entry account and safe custody requires that the customer has a management account in Nordea Bank Abp. The customer can cancel the agreement on a book-entry account and safe custody of securities free of charge. The customer must, however, pay the safe custody and transaction fees accrued up until the moment of cancellation. Cancellation also requires that the customer has no assets, or restrictions to them, on a book-entry account or in safe custody. The bank transmits buy and sell orders for securities to OMX Helsinki and certain other exchanges.

## **2. Main features of trading services**

Once the customer has a book-entry account and safe custody agreement with Nordea, he or she can use the portfolio service to monitor the development of investments, give stock exchange orders and follow their execution, and give orders concerning funds and bonds. The customer can choose the service level according to his or her needs: saver's service suits a customer who follows the performance of their assets and submit trading orders from time to time or investor's or trader's service for more active traders who follow the markets regularly and appreciate news and reports.

General agreement terms governing services used with access codes are applied to the trading services. The customer can cancel the trading service free of charge.

## **Main features of different investment products**

### **1. Bonds**

Bonds are debt instruments issued by the state, a municipality, company or other public association in order to borrow funds from the public, usually for at least two years. As a rule, bonds are tradable on secondary markets after issue. Each bond has its specific terms and features. The dates for payment of interest and repayment of principal are given in the loan terms. Usually the nominal capital is repaid in full at maturity of the loan, and interest is paid once a year. Index-linked bonds are bonds the return of which depends on the value development of a predefined index, which is stated in the loan terms. Bonds with warrants and convertible bonds are bonds issued by a listed company and they accrue interest. A bond with warrants includes stock options, which entitle the holder to subscribe for the company's shares in a rights issue for a certain price during a certain period. The capital is repaid by the company. A convertible bond entitles the holder to exchange the bond into the company's shares in full or in part during a specific time period, as provided by the loan terms. If the holder does not exchange the bond, the company repays the principal. The invested capital can be lost in the case that the issuer becomes insolvent. The rates of bonds, i.e. their values, vary on the secondary markets.

### **2. Shares and Finnish Depository Receipts (FDR)**

Shares subject to trading can be in book-entry format or share certificates. In Finland, public trading takes place at the Helsinki Stock Exchange. A customer can also buy foreign shares, in which case trading and asset management is subject to the legislation and market practice in the country in question. These can differ from the Finnish practice to a great degree, and the fees for safe custody of and trading in foreign shares can be more expensive than those for Finnish shares. One can acquire shares also by subscribing for them in a share issue. Direct investment in shares requires careful study of the share markets and companies. A shareholder can risk losing the invested capital if the company is declared bankrupt. On the secondary market the rates of shares, i.e. their values, vary according to supply and demand.

### **3. Units in investment funds**

A fund company collects up investors' funds and invests them in several different targets, which together form the investment fund. Fixed income funds invest in fixed income products and equity funds invest in shares. Balanced funds invest in both fixed income and equity markets. Non-UCITS funds are allowed to deviate from the investment restrictions set in the investment fund legislation. For instance, they can concentrate investments into only a few targets, such as certain sectors or geographical areas. The unit in an investment fund, the value of which follows an index or a share basket, is called an Exchange Traded Fund (ETF). ETFs are subject to trading in the stock exchange. Both Finnish and foreign fund investments involve a risk. A fund cannot be declared bankrupt, but depending on the market situation, the value of a fund unit can increase or decrease.

### **4. Stock options**

A stock option entitles the holder to subscribe for a certain company's shares in a predefined ratio, after which the stock option loses its value. Stock options involve a price risk.

### **5. Warrants**

A warrant is a security that entitles the holder to receive from the issuer a payment as prescribed by the warrant terms. A warrant's price is determined by the value of its underlying instrument (such as a share or index). A warrant holder has no other liability than that of paying the purchase price to the issuer or seller. Depending on the terms, a warrant entitles the holder to receive a cash payment based on the value development of the underlying instrument, or to buy or sell the underlying share at a predefined price. Warrants are freely assignable through the stock exchange until public trading ends, as prescribed in the warrant terms. The stock lot for each warrant, and certain other information related to warrant trading, are also given in the warrant terms. Warrants involve a risk of delayed payment and credit loss due to insolvency of the parties. A warrant can be valueless at maturity. The basic information on warrants quoted on the Helsinki Stock Exchange is available at [www.nasdaqomxnordic.com/etp/warrantit](http://www.nasdaqomxnordic.com/etp/warrantit) (in Finnish).

## 6. Derivatives

A derivative is an agreement the value of which depends on the value change of the underlying instrument. Derivatives are used to hedge risk of loss in the value of the underlying instrument or to gain from rise in the value. Derivatives are, for example, stock options, forward contracts, interest rate and currency swaps and options related to them, and combinations of the above and other similar contracts. A party to a derivative contract must be aware that the value of a derivative, and the amounts, due dates and execution of payment obligations of the parties, are affected not only by the market risk (ie. value change of the underlying instrument), but also market events, general economic and political factors and legislative changes. Derivative contracts involve a risk of delayed payment and credit loss due to insolvency of the parties.