

# Disclosures pursuant to article 38 of the CSDR (Regulation No 909/2014)

According to article 38(6) of 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 etc. (the “CSDR”), participants of a Central Securities Depository (a “CSD”) (licensed under the CSDR) shall publicly disclose the levels of protection and the costs associated with the different levels of segregation that they provide. Details of the different levels of segregation shall include a description of the main legal implications of the respective levels of segregation offered, including information on the insolvency law applicable in the relevant jurisdiction.

The purpose of this document is to disclose the levels of protection and costs associated with the different levels of segregation that Danske Bank A/S, including its main office in Denmark and its branches in Sweden, Finland, Norway and Ireland (“**Danske Bank**”), offers in respect of securities held on behalf of its customers directly with a Relevant CSD (as defined below) (each a “**Security**”). This document includes a description of the main legal implications of the respective levels of segregation and information on the applicable insolvency laws.

This document is for information purposes only and does not constitute legal advice or any other form of advice and must not be relied on as such. This document provides a high level analysis of several complex areas of law the effect of which will vary depending on the specific facts of any particular case.

## **List of CSDs with which Danske Bank is a direct participant:**

Danske Bank is currently a participant of the following CSDs authorised pursuant to the CSDR (each a “**Relevant CSD**”):

- Euronext Securities Copenhagen (VP Securities A/S)
- Euroclear Sweden AB
- Euroclear Finland Oy
- Euroclear Securities Oslo (Verdipapirsentralen ASA)
- Clearstream Banking S.A.
- Euroclear Bank SA/NV

## **Levels of segregation offered by Danske Bank**

When Danske Bank holds a Security on behalf of a customer, the customer’s individual entitlement to the Security is registered in a separate customer account in the books and records of Danske Bank.

Danske Bank offers to hold Securities on an account opened by Danske Bank with the Relevant CSD as stated below, i.e. either on behalf of the individual customer (a segregated account) or on behalf of multiple customers (an omnibus account). Described below are the default choices for each country.

For customers in Danske Bank's main office in Denmark, Danske Bank will normally hold Securities registered in Euronext Securities Copenhagen in a segregated account and Securities registered in Euroclear Sweden AB, Euroclear Finland Oy or Euronext Securities Oslo on omnibus accounts unless otherwise are required under local legislation.

For customers of Danske Bank, Swedish Branch and Danske Bank, Norwegian Branch, Securities registered in Euroclear Sweden AB or Euroclear Finland Oy are normally held in an omnibus account, whereas Securities registered in Euronext Securities Copenhagen are normally held on a segregated account.

According to local legislation, Securities initially registered in Euroclear Finland Oy must be held in segregated account when held on behalf of Finnish citizens or Finnish legal persons who are customers of Danske Bank, Finland Branch. Securities registered in Euroclear Sweden AB, Euronext Securities Oslo or Euronext Securities Copenhagen and held on behalf of customers of Danske Bank, Finland Branch, are normally held in omnibus accounts.

Furthermore, Norwegian shares registered in the VPS Register and traded on a Norwegian regulated market can only be held on omnibus accounts on behalf of foreign customers, i.e non-Norwegian citizens or legal persons.

Securities registered in any of the Relevant CSDs and held on behalf of customers of Danske Bank, UK Branch and Danske Bank, Irish Branch, are normally held by Danske Bank in an omnibus account with the Relevant CSD.

Securities registered in Clearstream Banking S.A or Euroclear Bank SA/NV are normally held on omnibus accounts.

### **Main implications of levels of segregation**

#### *Insolvency*

Any insolvency proceeding concerning Danske Bank will take place in Denmark and will be governed by Danish insolvency law.

According to Danish insolvency law, Securities held in custody by Danske Bank on behalf of its customers would not form part of the insolvency estate of Danske Bank for distribution to creditors, subject to any security interest that Danske Bank may have and provided that the Securities can be identified as belonging to a particular customer. Where these criteria are met, the customer would be able to recover the securities from the bankruptcy estate as a secured creditor (in Danish: *separatist*).

Where Danske Bank holds Securities on behalf of a customer in a segregated account in the name of the customer, the Securities are recorded in the books of the CSD and can be identified as being a beneficial interest of that particular customer. Identification of proprietary interest in Securities held by Danske Bank in an omnibus account is established on the basis of the books and records of Danske Bank where a register for each customer reflecting the customer's beneficial interests is maintained. Provided that the books and records of Danske Bank reflects the actual registration of Securities in the omnibus account with the CSD, each customer owning Securities held in an omnibus account should be able to provide such proof of ownership.

In all cases where Danske Bank holds securities on behalf of customers, be it in a segregated account or an omnibus account, the risk is related to the correctness of the

books and records held by Danske Bank and registrations made by Danske Bank on accounts with the CSD..

In practice, the customer's recovery of Securities from Danske Bank's bankruptcy estate would be effected by submitting a claim against the bankruptcy estate's trustee. The process of identifying the customer's Securities can be time-consuming and could give rise to delays in returning Securities to the customers.

### Shortfalls

In the unlikely event that a Security held by Danske Bank on behalf of a customer cannot be identified as belonging to that customer due to the fact that the segregation of Securities has failed or is incomplete, such Security will form part of Danske Bank's insolvency estate. In such case, the customer cannot claim the Securities as a secured creditor.

The Danish Depositor and Investor Guarantee Scheme (in Danish: *Indskyder- og investorgarantiordningen*) covers the loss of an end-investor if Danske Bank fails to return a Security to such customer. The guarantee scheme covers losses of up to EUR 20,000 per end-investor. Any additional loss may be filed against the estate as an unsecured claim.

Please visit the website of the Danish Guarantee Fund for more information about the Depositor and Investor Guarantee Scheme (<https://www.fs.dk/finansiel-stabilitet-at-a-glance/danish-guarantee-fund>).

### CSD disclosure

Each Relevant CSD has prepared an information on the levels of segregation offered which is disclosed at the homepage of the CSD. For further information, please see:

CSD Participant	Jurisdiction	CSD	Link to the CSD website
Danske Bank A/S	Denmark	Euronext Securities Copenhagen (VP Securities A/S)	<a href="https://www.vp.dk">https://www.vp.dk</a>
Danske Bank A/S, Sweden Branch	Sweden	Euroclear Sweden AB	<a href="https://www.euroclear.com/sweden/en.html">https://www.euroclear.com/sweden/en.html</a>
Danske Bank A/S, Finland Branch	Finland	Euroclear Finland Oy	<a href="https://www.euroclear.com/finland/en.html">https://www.euroclear.com/finland/en.html</a>
Danske Bank A/S, Norwegian Branch	Norway	Euronext Securities Oslo (Verdipapirsentralen ASA)	<a href="https://www.euronext.com/nb/post-trade/euronext-securities/oslo">https://www.euronext.com/nb/post-trade/euronext-securities/oslo</a>
Danske Bank A/S	Belgium	Euroclear Bank SA/NV	<a href="#">Home - Euroclear</a>
Danske Bank A/S	Luxembourg	Clearstream Banking S.A.	<a href="#">Clearstream</a>

### Costs

In Danske Bank, the fees for each service are agreed upon between Danske Bank and each customer. A number of factors such as the type of account, complexity, size, technical set up and level of automation on the client side is taken into account when

the fees are determined. The costs connected with the different account options are disclosed to the customer before it enters into a custody agreement with Danske Bank.

Danske Bank's costs incurred pursuant to the provision of a service, e.g. costs to a Relevant CSD, will either be passed on directly to the customer or assumed by Danske Bank and form part of the fees charged by Danske Bank to the customer. The fees from each Relevant CSD are not specified in Danske Bank's fee schedules but they are disclosed on the website of the Relevant CSD. For Norwegian securities the costs related to custody and the bank's services as an Account Operator Investor in Euronext Securities Oslo are published in the price list available on the bank's web page.

In addition to the costs related to the specific account type chosen, the customer may incur additional costs related to other products and services provided by Danske Bank with regard to the account. These costs may include Danske Bank's:

- Safekeeping and Custody fees
- Asset Servicing fees
- Transaction fees
- Fees for tax related services

Danske Bank's fees or out of pocket expenses for ad-hoc customer requirements or additional services beyond the set-up described in the relevant agreement, will be charged according to separate agreement.