

Entered into force on 1 November 2007. EEA Agreement: Annex IX, Directive 89/298/EEC, 89/592/EEC, 2001/34/EC, 2003/6/EC, 2003/71/EC, 2003/124/EC and 2003/125/EC, Commission Regulation (EC) 2273/2003, Directive 2004/25/EC, 2004/39/EC, 2004/72/EC and 2004/109/EC. Amended by Act No. 88/2008 (entered into force on 1 January 2009, except for Interim Provision VII, which took effect on 21 June 2008) and Act No. 96/2008 (entered into force on 24 June 2008), Act No. 22/2009 (entered into force on 17 March 2009).

## Chapter I. Scope and definitions

### Article 1 Scope

This Act shall apply to securities transactions. "Securities transactions" shall mean:

1. Reception and transmission of client orders in relation to one or more financial instruments;
2. Execution of orders on behalf of clients;
3. Dealing in financial instruments on own account;
4. Portfolio management;

5. Investment advice;
6. Underwriting of financial instruments and/or placing of financial instruments;
7. Placing of financial instruments without underwriting;
8. Operation of multilateral trading facilities (MTF).

“Securities transactions” shall also mean the following transactions or operations if closely connected to transactions or operations under paragraph 1:

1. Safekeeping and administration of financial instruments for the account of clients, including custodianship and related services such as cash/collateral management;
2. Granting credits, guarantees or loans to an investor to allow him to carry out a transaction in financial instruments, where the financial undertaking granting the credit or loan is involved in the transaction;
3. Advice to undertakings on capital structure, industrial strategy and related matters and advice and services relating to mergers and the purchase of undertakings;
4. Foreign-exchange services where these form a part of the provision of investment services;

5. Investment research and financial analysis or other forms of general recommendation relating to transactions in financial instruments;

6. Services related to underwriting;

7. Services related to the underlying of a derivative, as provided in subparagraphs (e) and (h) of point 2 of paragraph 1 of Article 2 where these are connected to securities transactions as defined in this Article.

#### Article 2 Definitions

For the purposes of this Act the following definitions shall apply:

1. Financial undertaking: As defined in the Act on financial undertakings.

2. Financial instrument:

a. A security, i.e. any transferable security negotiable on the capital market, with the exception of instruments of payment, such as:

i. Shares in companies and other securities equivalent to shares in companies, partnerships or other legal persons, and depositary receipts in respect of shares;

- ii. Bonds or other forms of securitised debt, including depositary receipts in respect of such securities;
- iii. Any other securities giving the right to acquire or sell any transferable securities or giving rise to a cash settlement determined by reference to transferable securities, currencies, interest rates or yields, commodities or other indices or measures;
  - b. Money-market instruments, i.e. those classes of instruments which are normally dealt in on the money market, such as treasury bills, certificates of deposit and commercial papers, excluding instruments of payment;
  - c. units in an undertaking for collective investment;
  - d. Options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates, yields, other derivatives instruments, financial indices or financial measures which may be settled physically or in cash;
  - e. Commodity derivatives;
  - f. Derivative instruments for the transfer of credit risk;
  - g. Financial contracts for differences;

h. Other derivatives not falling under subparagraphs (d) to (g) but having the same properties as these derivatives.

3. Portfolio management: Management of a securities portfolio in accordance with an investment strategy predefined by a client.

4. Investment advice: The provision of personal recommendations to a client in respect of financial instruments, either at the initiative of the client or the provider of the service.

5. Admission of a financial instrument to trading: Approval by a stock exchange of the start of trading in financial instruments on a regulated market subject to its rules under Article 22 of the Act on stock exchanges.

6. Multilateral trading facility (MTF): A multilateral system, operated by a financial undertaking or a stock exchange, which brings together buying and selling interests in financial instruments in accordance with non-discretionary rules in a way that results in a contract in accordance with the provisions of Chapter IV.

7. Regulated market: A market in financial instruments, as