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BUY-IN PROCEDURES

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Buy in Procedures

General obligations

In the event the buying Trading Participant ("Buyer") has not received the applicable Financial Instrument(s) within the relevant settlement schedule the Buyer may initiate a Buy-in procedure according to these procedures. The settlement schedule is to be found on Burgundy's website.

Delivery of notification

A Buyer can send one Buy-in notification form ("Notification") to the selling Trading participant ("Seller") for one or more original trades. For more details, see the Notification. Notifications shall be sent by e-mail or fax. The Seller shall always, without undue delay, confirm the received information by replying to the Buyer and Burgundy's Trading Surveillance Desk via telephone or e-mail (+46 8 613 12 21 or surveillance@burgundy.se)

Costs of a Buy-in transaction(s)

The Buyer that is using its option to initiate a Buy-in procedure is entitled to cash compensation for its costs related to the Buy-in transaction.

Costs due to higher price of the Buy-in transaction(s) compared to the price of the original trade shall be regarded as a direct cost.

If the Buyer experiences other costs in the Buy-in transaction(s) e.g. additional costs such as trade fees or custody related fees or interest and fees for stock lending these costs can be included when calculating the cash compensation.

The Buyer shall at all times use best effort to avoid unnecessary costs for the Seller when executing the Buy-in transaction(s) in and the Buyer must be able to present a detailed specification of the costs upon request from the Seller or Burgundy's Trading Surveillance Desk.

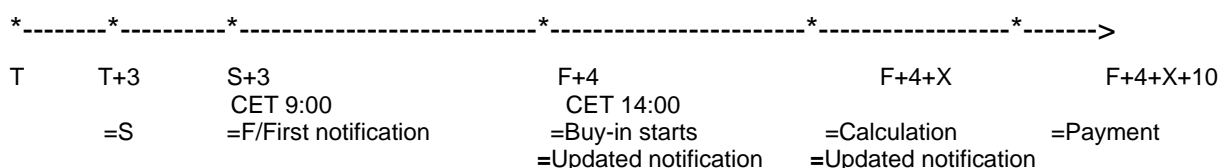
Buy-in fee

Besides the compensation for cost, every time a Notification has been sent the Seller shall be obligated to pay a fee of 200 Euro, or equivalent in other currency, to the Buyer per Notification. A Notification can include several different trades for several different days and the fee shall be paid at the time of the cash compensation of each Notification.

Buy-in

If the original Trade has not been settled within the settlement schedule the Buyer who wants to initiate a Buy-in procedure shall send the Notification to the Seller. The earliest time to send the Notification is at 9.00 CET three (3) banking days after the original settlement (S+3), defined as F. An updated Notification, stating that the Buy-in starts, can be sent at 14.00 CET on F+4 at the earliest.

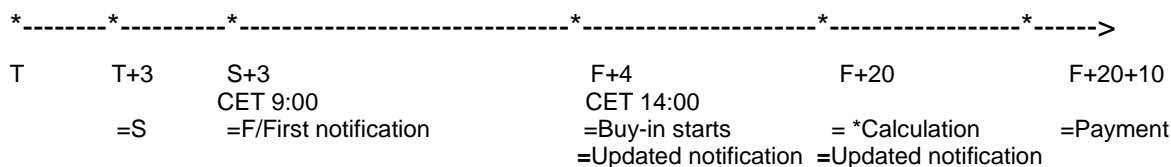
Time schedule for the Buy-in procedure



X= Maximum 16 banking days to make the Buy-in

A maximum of 16 banking days are allowed for making the Buy-in Transaction(s) after the start of the Buy-in (F+4). When the Buy-in Transaction(s) are finalized, the cash compensation shall be calculated and an updated Notification must be sent without undue delay. The Seller must pay the cash compensation and Buy-in fee to the Buyer no later than ten (10) banking days after the calculation (F+4+X+10).

Time schedule for unsuccessful Buy-in procedure



* Calculations must take partial transaction(s) into consideration.

Procedure

If the original Trade has not been settled at CET 14:00 on the fourth banking day after the Notification was sent (F+4) the settlement instruction in the CSD (or via Settlement agents) must be cancelled by both parties.

The Buy-in procedure can be initiated earliest CET 14:00 on F+4. The Buyer shall inform that the Buy-in procedure will start by sending an updated notification form to the Seller and a copy to the relevant CSD or Settlement agent, if applicable.

The Buyer is obliged to make all necessary efforts to buy the applicable Financial Instrument(s), on the relevant primary marketplace or other liquid market for the given Financial Instrument, specified in the Notification and must execute the Buy-in transaction(s) in a manner to avoid unnecessary costs for the Seller.

When the Buy-in transactions are executed the Buyer must send an updated Notification to the Seller.

The Seller has the possibility to make a full or partial delivery of the original trade to the Buyer at any time during the Buy-in period, defined as 14:00 CET on F+4 until end of trading session at the relevant primary marketplace at F+20. The Buyer must give the Seller a written approval before the Seller can make full or partial delivery of the Financial Instruments in the original trade.

Cash compensation for successful Buy-in

If a Buy-in procedure is successful, meaning that all the financial instruments of the original trade have been received, the Buyer has to inform the Seller, without undue delay, about the calculation of the cash compensation. This must be done by sending an updated Notification to the Seller.

Payment from the Seller to the Buyer must be delivered no later than 10 banking days from when the calculation and notification of the cash settlement has been sent (F+4+X+10).

Calculation of cash compensation for successful Buy-in

The Buyer is entitled to compensation from the Seller corresponding to the difference between the price of the Buy-in transaction(s) and the price of the original trade. Necessary corrections for any relevant corporate action events shall be made when calculating the price difference.

If the calculated price difference is negative neither the Buyer nor the Seller has any basis for further claims.

The Buyer is entitled to compensation from the Seller for costs related to the Buy-in.

Cash settlement for unsuccessful Buy-in

If a Buy-in procedure is unsuccessful, meaning that the Financial Instrument(s) of the original trade has been executed partially or not at all on the relevant primary market or other liquid market by CET 12:00 on F+20, the Buyer has to inform the Seller, without undue delay, about the calculation of the cash settlement for the failing part. An updated Notification must be sent to the Seller by the Buyer.

The payment from the Seller to the Buyer must be delivered no later than 10 banking days from when the calculation and notification of the cash settlement has been sent (F+20+10).

Calculation of cash Settlement for unsuccessful Buy-in

The Buyer is entitled to compensation from the Seller corresponding to the difference between the closing price of the financial instrument on the relevant primary marketplace or other liquid market the twentieth (20) banking day from when the Notification was sent (F+20) and the unit price of the original trade multiplied by the quantity. If there is no closing price available on the primary market or any other liquid market, the last paid price but not lower than the original price shall be used.

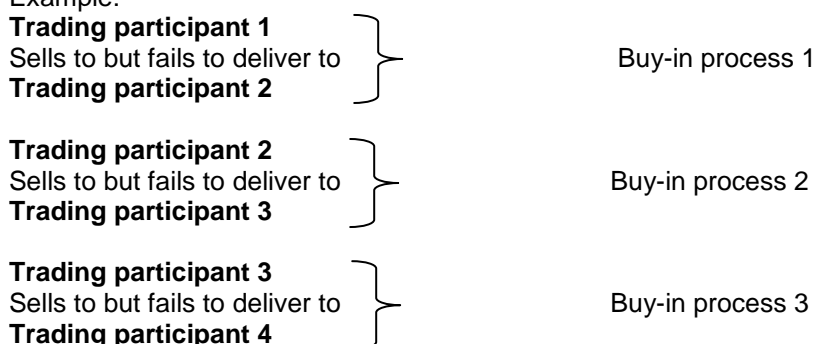
Relevant corrections for corporate action events shall be undertaken when calculating the price difference. Furthermore, the calculations must take partial Buy-in transaction(s) into consideration. If the calculated price difference is negative neither the Buyer nor the Seller has any basis for further claims.

The Buyer is entitled to compensation from the Seller for costs related to the Buy-in procedure.

Chain of delivery failure resulting in Buy-in processes

A delivery failure may result in a chain of delivery failures. Thus when Buy-in processes has been initiated; a situation may occur where there is a chain of Notifications.

Example:



All Buy-in processes shall be regarded as separate processes and a Seller can never be liable for claims from Trading Participants further down the chain i.e. Trading Participant 1 can never be liable for claims from Trading Participant 3 and 4.

Calculation examples

1. In case of a successful Buy-in

Original trade: **500 shares * €3 per share = € 1500**

Transaction where the share price has increased to €4: **500 shares * €4 = € 2000**

Direct costs that can be invoiced: € 2000 - € 1500 + other costs related to covering the Original Trade = **€ 500 + other costs related to covering the original trade**

2.1 In case of unsuccessful Buy-in

Original trade: **500 shares * €3 per share = € 1500**

Closing price on the twentieth (20) banking day = **€5 per share**

Direct costs that can be invoiced: closing price at the (20) twentieth banking day * number of shares in the original trade – original trade = **€5 * 500 – € 1500 = € 1000**

2.2 In case of unsuccessful Buy-in

Cash settlement for shares bought in

Original trade: **500 shares * €3 per share = € 1500**

Shares bought in: **300 shares** * €4 per share = € 1200

Original value of the shares not delivered: 300 * €3 = € 900

Cash settlement part for the shares bought in: € 1200 - €900 = **€ 300**

Cash settlement for the remaining 200 shares based on closing price

Shares not bought in: 200 shares * €3 = € 600

Closing price on the twentieth (20) banking day = €5 per share

200 shares * €5 = € 1000

Cash settlement: € 1000 - € 600 = **€ 400**

Total direct costs that can be invoiced: € 400 + € 300 = **€ 700**

2.3 In case of unsuccessful Buy-in with partial delivery

Original trade: **500 shares** * €3 per share = **€ 1500**

Shares delivered from Seller to Buyer: **200 shares**

Shares to Buy-in: original trade – shares delivered = 500 shares – 200 shares = **300 Shares**

Total value of shares to Buy-in: 300 shares * € 3 = **€ 900**

Transaction where the share price has increased to €4: 300 shares * €4 = **€ 1200**

Direct costs that can be invoiced due to a Buy-in: € 1200 - € 900 + other costs related to covering the original trade = **€ 300 + other costs related to covering the original trade**

Corporate action events

General principle for corporate action events calculation

Necessary corrections for corporate action events shall be done when calculating the price difference for cash compensation and cash settlement. The general principle for the calculation is that the Buyer shall always be fully compensated as if they participated in the corporate action event.

Local taxation rules may vary regarding cash compensations and as a general principle, Trading Participants shall from a tax perspective be treated as corporate and not individuals.

Corporate action events calculation

Below is a list of the most frequent types of corporate action events that shall be taken into account when calculating the cash compensation and cash settlement.

- Dividends
- Stock splits / Reverse split and change in face value
- Bonus issue
- Rights issue
- Redemption and Buy back of shares
- Spin-off and adjustments for issues
- Merger / take-over

If the Seller only delivers partially the Buyer is entitled to cash compensation for the remaining part.

Dividends

If a share is traded excluding right to dividend after the original trade is made, a cash compensation for the missing dividend needs to be paid regardless of whether there was a Buy-in transaction or the shares were delivered late by the Seller. Such cash compensation for the missed dividend shall be calculated on a gross dividend basis.

Split / Reverse split

A stock split (i.e. 4:1) or reverse split is the action when a company is splitting or recouping its shares, reducing or increasing, respectively, par value in proportion and hence increases or decreases, respectively, the number of shares.

The factor of the split/reverse split shall always be taken into account during the Buy-in process. The Buyer has the right to buy-in the failed instruments according to the factor of the split/reverse split. If the value of the bought-in instruments exceeds the value of the original trade, the Buyer is entitled to compensation from the Seller.

Bonus issue

In bonus issues, new shares are issued in proportion to shareholder's existing holding. The issue of bonus shares is merely an accounting transaction and will not result any capital flow into or out of the company. The number of shares increases but the market capitalization of the company remains unchanged. For calculation of bonus issue in a Buy-in, the split/reverse split chapter above shall be applied.

Rights Issue

New share issue is an offer by a company to existing shareholders to subscribe for newly issued shares. The new shares are offered in proportion to each shareholder's existing holding, usually at a reduced price. The issue of shares at below-market-price results in dilution for existing shareholders. Rights are normally spun-off and traded separately during the subscription period, thereby reflecting the market value of the subscription offer.

The Buyer is entitled to choose the compensation method (cash, shares or combination) and must instruct the Seller accordingly.

In a case where the Buyer performs a successful Buy-in, the Seller shall compensate the Buyer in cash for the price at which the Buyer purchased the relevant number of subscription right(s).

If subscription right(s) cannot be bought in because the subscription period has ended or lack of liquidity in the relevant primary market or other liquid market where the subscription rights are traded, the Seller shall compensate the Buyer in cash for the value of the missing subscription right(s). In this situation the value of the subscription right(s) is calculated based on the conditions at the start of trading on the ex-day on the primary marketplace.

The formula for calculating the value of a subscription right is in case of cash compensation, where a Closing or average price can be found for the relevant instrument:

$$k = \frac{(n_f * P_f) + (n_e * E)}{n_f + n_e}$$

k	=	The shares theoretical value after the rights issue
n_f	=	Number of shares before the right issue
P_f	=	Closing price before the ex-day of the right issue
n_e	=	Number of new shares
E	=	Subscription price

Example calculation of a right:

An example of a one-for-five rights issue. The current market price is €4 per share. The company proposes a discount subscription price of €2 per share. For an investor holding five shares:

$$k = \frac{(5 * 4) + (1 * 2)}{5 + 1} \approx 3,67$$

Hence the value of the right equals € 4,00 - €3,67= €0,33

Redemption and buy back of shares

Redemption or buy back of the company's own shares shall be treated as a reversed rights issue i.e. the capital is reduced simultaneously with a reduction of outstanding number of shares.

The Buyer is entitled to choose the compensation method (cash, shares or combination) and must instruct the Seller accordingly.

If the Seller fails to deliver shares that are traded excluding the redemption rights or the right to participate in a buy-back program directed to all of the company's shareholders and if the rights cannot be delivered because the application period has ended or lack of liquidity in the relevant primary marketplace or other liquid marketplace, the Seller shall compensate the Buyer in cash for the value of the missing right(s),

In the case the redemption of shares takes place at market price no adjustment of the share takes place. In case of failed delivery the same number of shares as in the original trade shall either be delivered late or bought in, or as the last option the Buyer shall be compensated in cash equivalent to the value to the original trade.

The formula for calculating the value of a redemption right is in case of cash compensation, where a closing or average price can be found for the relevant instrument:

$$R = \frac{(r_f - P_f)}{n_f - 1}$$

R	=	Theoretical value of the redemption right
r_f	=	Redemption price
P_f	=	Closing price day before ex-day
n_f	=	Number of redemption rights needed for redemption of one share

Example:

The closing price the day before ex-day is €1 per share. The company proposes a redemption price of €3 for every fifth share. For an investor holding five shares before the redemption:

Theoretical value of the redemption right = $R = \frac{3 - 1}{5 - 1} = 0,5$

Spin-off and adjustments for issues

A spin-off is the action of a parent company distributing shares that it holds in a subsidiary company or issuing of shares in a new company based on a part of its current business. A Buyer who has not received shares in the agreed timeframe has the right to compensation from the Seller, based on the price between the closing price of the relevant share on the last trading day including entitlement to the spun-off shares, and the opening price on the following trading day. This difference represents the value of the right of the spin-off company, which the Buyer shall be compensated for in cash.

Merger / take-over

A merger or take-over is to combine the ownership of two companies (e.g. A and B) into a new company or that one company obtains the ownership of the other. The Buyer has the right to choose between relevant number of shares in the surviving company, provided it is admitted to trading on a regulated market, or cash settlement on a value based on either the offer from the bidding company or the last closing price prior to delisting on the primary exchange for the target company. In addition to this, the Buyer can choose a percentage of ownership, cash and share component which reflects the value of the shares that should originally have been received in the first place.

Appendix: Buy-in Notification Form

This form shall be used in the Buy-in process. The completed form shall be sent to the Seller, and to the Trading Surveillance Desk by the Buyer intending to perform the Buy-in.

Dates

Date:
 Initial notification:
 Updated notification:
 Updated notification:

Buyer

Full legal company name:
 Address:
 Contact Person:
 Tel:
 E-mail:
 Fax:
 Burgundy Trading Participant ID:
 Clearing and Settlement ID with applicable CSD:

Seller

Full legal company name:
 Address:
 Contact Person:
 Tel:
 E-mail:
 Fax:
 Burgundy Trading Participant ID:
 Clearing and Settlement ID with applicable CSD:

Original trade(s) information

Trade Id	ISIN	Trade Date	Trade Time	Settlement Date	Price per Unit	No of Shares

Buy-In transaction(s) information

Trade ref	ISIN	Trade Date	Trade Time	Settlement Date	Price per Unit	No of Shares

Notes

Additional notes:

Calculation of Cash Settlement

Make the calculation here:

Appendices

Relevant appendices: