

While this translation was carried out by a professional translation agency, the text is to be regarded as an unofficial translation based on the latest official Executive Order no. 696 of 22 July 1996. Only the Danish document has legal validity.

February 2005, GlobalDenmark a/s

Executive Order on Branches of Investment Companies with Registered Offices in a Country outside the European Union or Countries with which the Community has entered into an Agreement

Executive Order no. 696 of 22 July 1996 **EXCLUDING MINOR AMENDMENTS**

The following shall be laid down pursuant to sections 8(2), 36(7) and (8) of Act no. 1071 of 20 December 1995 on investment companies:

Part 1

Introductory provisions

- 1.-(1)** An investment company which has its registered office in a country outside the European Union or countries with which the Community has entered into an agreement and which is subject to supervision by the authorities of the home country may, after receiving a license from the Danish FSA, carry out investment business through a branch in Denmark.
 - (2)** Unless otherwise stipulated in international agreements, the Danish FSA may reject an application from an investment company with its registered office outside the European Union or countries with which the Community has entered into an agreement, if Danish investment companies do not have a similar right of establishment in the relevant country.
 - (3)** With regard to investment business under subsection (1), sections 1 and 2; section 3(2), (3) and (4), 1st clause; section 4; section 5(1), (2), 1st clause, (6)-(11) and (13); sections 11, 12, 14 and 16-23; section 24(1), nos. 1, 2 and 4, and (2), 1st clause; section 30; section 31(1), (2) and (4)-(8); sections 32-36; section 37(1) and (4); section 38(1) and (3) of the Investment Companies Act shall apply with the deviations following from the provisions of this Executive Order.
 - (4)** Part 17 of the Public Companies Act on branches of foreign limited companies shall apply correspondingly to branches of foreign investment companies.
- 2.** A branch may carry out activities in Denmark through several places of business.

Part 2

License and notification

- 3.-(1)** Establishment of a branch shall be notified to the Danish Commerce and Companies Agency.
- (2)** Licenses shall be granted by the Danish FSA, cf. section 5 of the Investment Companies Act.
- (3)** Apart from in the cases mentioned in the Investment Companies Act, the Danish FSA may reject an application for a license, if there is reason to doubt that the administrative structure

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and financial situation of the investment company are reasonable as a basis for the establishment planned.

(4) Section 5(6) of the Investment Companies Act shall apply correspondingly to branch managers.

4. The branch shall have registered capital (branch capital) of no less than an amount corresponding to the equivalent of ECU 1 million or ECU 300,000, cf. section 3(2) and (3) of the Investment Companies Act. Said capital shall be paid up before a license is granted.

5.-(1) The investment company shall, at the time of application for registration with the Danish Commerce and Companies Agency, submit the following to the Danish FSA:

- 1) The information required in section 1(3).
- 2) The information mentioned in section 6(2) of the Investment Companies Act.
- 3) The information and annexes required by the Public Companies Act which are not covered by no. 2.
- 4) A statement of the size of the branch capital as well as method of payment.
- 5) The annual financial statements of the investment company for the last three accounting years.

(2) The documents shall be written in Danish.

(3) In the event of any change in the information given under subsection (1), no. 2, the branch managers shall give notice hereof to the Danish FSA no later than one month before the change is made.

6. The branch may not commence its activities until the Danish FSA has granted it a license.

Part 3

Base capital

7.-(1) "The core capital elements of a branch" shall mean the branch capital, reserves and retained earnings or losses.

(2) Apart from deductions as mentioned in section 17(3) of the Investment Companies Act, the branch's net amounts receivable from the investment company and other companies and undertakings in the same group as said investment company shall be deducted irrespective of any notice of termination agreed.

Part 4

Accounts and audit

8.-(1) The branch shall keep separate books.

(2) For each accounting year, separate annual financial statements shall be prepared for the activities carried out through the branch. The annual financial statements shall be signed by the branch managers.

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9.-(1) No later than one month after approval of the branch's annual financial statements and no more than six months after the end of the accounting period, the branch managers shall submit a certified copy of the branch's annual financial statements along with a certification or report by the auditors of the investment company to the Danish FSA.

(2) No later than one month after approval of the investment company's annual financial statements and no more than six months after the end of the accounting period, the branch managers shall submit a certified copy of the investment company's annual financial statements along with a certification or report by the auditors of the investment company and any consolidated accounts to the Danish FSA.

Part 5

Withdrawal of license and dissolution, etc.

10. If the investment company's license to carry out investment business in the home country is withdrawn, the branch managers shall notify the Danish FSA immediately and the Danish FSA shall subsequently withdraw the license of the branch.

11. The Danish FSA may withdraw the license of the investment company to carry out investment business in Denmark through a branch if the company grossly or repeatedly violates provisions of the Investment Companies Act, regulations issued pursuant to this Act, sections 5 and 6 of the Securities Trading, etc. Act or any other legislation covering financial business.

12. The license of the investment company to carry out activities in Denmark through a branch shall be withdrawn immediately if a creditor of the branch proves that it cannot obtain satisfaction for its claim on the assets of the company in Denmark, cf. section 152(1), no. 4 of the Public Companies Act.

13. If the license of a branch is withdrawn, said branch shall be dissolved.

14. Dissolution of a branch shall be carried out through liquidation, bankruptcy or in another manner approved by the Danish FSA.

15.-(1) The Danish FSA may file for suspension of payments for a branch, if the interests of investors so dictate.

(2) A notification of intention to suspend payments may not be withdrawn by the branch or the investment company without the consent of the Danish FSA.

16. If a branch becomes insolvent, the Danish FSA may issue a petition for bankruptcy.

17. If the investment company becomes administered in bankruptcy, compulsory composition or another similar procedure or if it enters into liquidation or is wound up in another manner, the branch managers shall immediately notify the Danish Commerce and Companies Agency and the Danish FSA in this respect and the Danish FSA shall effect the winding-up of the branch.

Part 6

Exemptions

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18. The Danish FSA may grant exemption from the provisions of section 4; section 5(1), no. 4 and (2); section 7(2); section 8(2); and section 9(1) of this Executive Order as well as from the provisions of parts 6, 7 and 8 of the Investment Companies Act.

Part 7

Penalties etc.

19. If the branch managers or the auditors of the branch fail in due time to fulfil the obligations resting with them under this Executive Order in relation to the Danish FSA, the Danish FSA may, as a coercive measure, impose daily or weekly fines on the persons concerned.

20. Any person violating section 8(1) and sections 10 and 17 shall be liable to a fine.

21. If the violation has been committed by a company, an association, an independent institution, a fund or similar, the legal person as such may be liable to a fine in accordance with section 36(8) of the Investment Companies Act.

PART 8

Entry into force

22. This Executive Order shall enter into force on 1 August 1996.

The Danish Financial Supervisory Authority, 22 July 1996

Erik Johansen

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