

## **Statement of Remuneration Policy in Nasdaq Stockholm AB**

according to the Swedish Financial Supervisory Authority's General Advice on Remuneration Policy in Financial Exchanges and Clearing Organizations (FFFS 2016:21)

## **Remuneration Policy**

### **Introduction**

Nasdaq Inc. applies global, group-wide remuneration principles. In addition to this, Nasdaq Stockholm AB has developed a remuneration policy and guidelines in accordance with the Swedish Financial Supervisory Authority's General Advice on Remuneration Policy in Financial Exchanges and Clearing Organizations (FFFS 2016:21) (hereinafter the "Swedish General Guidelines"), which supplements the Group-wide remuneration principles. Annually, the company conducts a risk analysis of the company's remuneration principles, where all risks that the company is exposed to or may be exposed to, including the risks associated with the company's remuneration policy and remuneration system, are analyzed. The remuneration policy and the risk analysis of this is made public by posting on Nasdaq Stockholm AB's website; [http://www.nasdaqomxnordic.com/about\\_us/legalstructure](http://www.nasdaqomxnordic.com/about_us/legalstructure)

The purpose of Nasdaq's remuneration principles is to offer market-based remuneration, which helps to maintain and recruit qualifying skills while promoting sound and effective risk management within the Group. Nasdaq deems it to be of substantial importance to reward its employees for work well-performed, and when the company and employees have performed in line with set goals.

### **Remuneration Principles**

#### **1. Remuneration Principles - Nasdaq Group**

The Nasdaq Inc. Group's remuneration principles are based the "reward for performance" principle, built on the foundation of the Nasdaq Group's financial goals, development and business goals, as well as continuous regulatory compliance. The variable remuneration for each employee is determined on the basis of the above-mentioned general objectives that apply to the entire Nasdaq Group, however also to the individual's own performance. On the other hand, certain types of guaranteed variable remuneration is not allowed within the Nasdaq Group. Furthermore, Nasdaq strives to offer a competitive balance between the fixed and variable components, which at the same time is intended to promote sound risk taking. Consequently, the variable remuneration has a ceiling. In the view of Nasdaq's management, such a cap on variable remuneration promotes a balance between employees' fixed and variable remuneration.

The Global Policy with the Group-wide remuneration principles also allow Nasdaq to decide on the loss of a right to the variable remuneration component under certain circumstances.

#### **2. Remuneration Principles - Nasdaq Stockholm AB**

The remuneration policy applies to Nasdaq Stockholm AB, and has been approved by its Board of Directors. Furthermore, Swedish General Guidelines prescribe that a control unit must independently review if the company's remuneration complies with its remuneration policy. Nasdaq Stockholm AB's control unit consists of the company's Compliance unit, which in turn, in order to avoid potential conflicts of interests, has instructed the accounting firm EY Sweden to independently carry out this review.

The remuneration policy applies to all employees within Nasdaq Stockholm. In addition, according to Swedish General Guidelines, for an employee who can affect the company's risk exposure, the disbursement of a minimum of 60% of the variable remuneration should be postponed for at least three years. Nasdaq Stockholm has decided to deviate from the Swedish General Guidelines and has decided that 35 – 75% of the variable remuneration should be postponed for at least three years. Operational risks, reputational risks, clearing risks, as well as legal and operational risks, are deemed as typical risk categories for the business operations of Nasdaq Stockholm AB. Consequently, employees that can influence Nasdaq Stockholm AB's risk exposure are typically those in senior managerial level positions reporting to Nasdaq Stockholm AB's Board of Directors or President as well as positions in regulatory compliance and risk management. The Board of

Directors of Nasdaq Stockholm AB defines the risk group in more specific detail, and the HR Department manages an updated list of Risk Takers.

The pursuit of long-term creation of value and an appropriate balance between variable and fixed remuneration are the basic starting points for both the remuneration policy for Nasdaq Stockholm AB as well as the Group-wide remuneration principles. The combined financial results of the Nasdaq Group, together with the employee's individual performance, is thus used as the basis to determine the amount of the remuneration and the allocation and composition of the elements of the variable remuneration. In addition to performance-based targets and the employee's individual goals, a certain part of the employee's remuneration is determined based on the Nasdaq Group's revenue targets. The last-mentioned group of employees belongs to the category persons in senior managerial level positions. The determination of the individual employee's remuneration, which however belongs to Nasdaq Stockholm AB's control units, such as regulatory compliance, risk, internal audit and market surveillance, is governed solely by the Nasdaq Group's earnings performance and individual targets.

### **Remuneration Structure - Nasdaq Stockholm 2017**

The companies' remuneration of employees consists of both fixed and variable remuneration, as well as pension contributions and other benefits.

Variable remuneration is divided into short-term and long-term incentive programs. The short-term incentive program encompasses all employees and is a cash-based remuneration linked to various targets in the Nasdaq Group's business. The long-term incentive program consists of share-based remuneration that is comprised of "Restricted Stock Units" (RSU) and Performance Share Units (PSU), which are addressed in more detail below.

### **Variable remuneration in Nasdaq Stockholm (1-2)**

#### **1. Cash-based remuneration**

Nasdaq Inc.'s Board has decided on a cash-based variable remuneration for all employees in the Group. Nasdaq bases the cash-based remuneration on the Nasdaq Group's total profits, the profits of individual business units and the profits generated by the employee. The cash-based remuneration for the individual employee is comprised of the outcomes of the aforementioned profit targets. The prerequisite for a cash-based remuneration allocation is that the employee is actively employed in the Nasdaq Group at the time of disbursement.

#### **2. Share-based Remuneration**

In December 2008, the Nasdaq Board of Directors decided to implement a long-term incentive program (LTIP) for all permanent employees. This program consists of share-based instruments linked to the Nasdaq share, which is listed on the Nasdaq Stock Market in the US. The LTIP is a performance-based program including a requirement for continued employment. The ratio used for measuring performance is Nasdaq's operating income for the year concerned. The principles for the share-based remuneration and its components are presented in more detail below.

The amount of an employee's share-based remuneration depends upon the company's earnings, the business area's earnings, the team's targets and the employee's positions in the company.

The LTIP's share-based remuneration comprises three different instruments:

- "Performance Share Units (PSUs) with 1-Year performance", one-third transferred to employees per year. The number of shares transferred is linked to Nasdaq's corporate operating income with a payment interval of 0-150%, meaning that the number of shares transferred can be lower or higher
- "Performance Share Units (PSUs) with 3-Year performance", 100% transferred after three years. The number of shares transferred is linked to the "Total Shareholder Return" (TSR) and to S&P 500 earnings. The number of shares transferred can be lower or higher.
- "Restricted Stock Units (RSUs) that vest over time" (non-performance-based), 25% transferred after two years, 25% after three years and 50% after four years. The number of shares allotted is always the same as the number transferred.

The employees, depending on the position held, have been allotted a number of RSUs, a combination of RSUs and PSUs, or alternatively a combination of one-year PSUs and three-year PSUs.

Due to that Nasdaq's operating income for 2015 attained the established targets, RSUs and PSUs will be awarded as of March 31, 2018.

#### **Pension contributions and other benefits (1-2)**

##### **1. Pensions**

Nasdaq Stockholm offers its employees a market-rate, premium-based occupational pension – Nasdaq pension plan. The retirement age is 65 years.

##### **2. Other employee benefits**

In addition to the above occupational pension, Nasdaq Stockholm has taken out health insurance, group life insurance (TGL), medical expenses insurance and occupational injury insurance (TFA) for its employees. Employees are also able to supplement their coverage via Nasdaq's voluntary group insurance.

## Disclosure of information on remuneration and benefits

### The expensed total amount of remuneration for 2017 (KSEK)

	Risk Takers and persons in senior managerial level positions 1) 2)		Other		Total	
	Amount	Number	Amount	Number	Amount	Number
Total remuneration, excluding variable remuneration	14,949	10	121,603	139	136,552	149
Variable remuneration	11,477	10	6,432	139	17,909	149
<b>Total</b>	<b>26,426</b>	<b>10</b>	<b>128,035</b>	<b>139</b>	<b>154,461</b>	<b>149</b>

1) The reporting for Risk Takers and persons in senior managerial level positions is made collectively, in such a manner so that the particular individual's financial circumstances is not revealed (pursuant to Chap. 5, 2016:21).

2) The above figures include remuneration for a Risk Taker who was employed partially in another Nasdaq company during the time they were a Risk Taker.

### Percentage distribution of variable remuneration

Cash-based remuneration	59%
Share-based Remuneration	41%

### Earned remuneration and remuneration paid out

	Amount
Earned in 2017 (total remuneration)	154,461
Disbursed in 2017, earned in 2017 (total remuneration, excluding variable remuneration due)	121,136
Disbursed in 2017, earned 2016	20,045

### Accumulated deferred remuneration

	Amount
Earned variable cash and share-based remuneration not disbursed	33,325

### Expensed and total amount of severance pay paid out\*

	2017	Number of employees	Highest single amount
Total amounts disbursed	1,758	6	1,067
Expensed, but not disbursed	0	0	0

\* Guaranteed variable remuneration does not arise