

Public

Nasdaq Stockholm AB Remuneration Policy

February, 2019

Table of Contents

Nasdaq Sweden Remuneration Policy	1
1. Effective Date	3
2. Scope of Application	3
3. Objective	3
4. Core Components of Global Policy	3
5. Positions that May Affect the Company's Risk Exposure	5
6. Remuneration	5
7. Governance and Control	6
8. Disclosure of Information on Remuneration	7

1. **Effective date**

21 February, 2019

2. **Scope of Application**

This Remuneration Policy (hereinafter referred to as (“**Policy**”)¹ supplements to the Nasdaq Group Total Rewards Programs (hereinafter referred to as “**Global Policy**”) and constitutes a general policy applicable for all employees within Nasdaq Stockholm AB (hereinafter referred to as “**Nasdaq Stockholm**”, or as the context indicates as “**Company**”).

In addition to the Global Policy (see Section 4 below) this Policy is applicable to all employees within Nasdaq Stockholm. However, this Policy sets forth some further restrictions in the remuneration with regard to employees belonging to such a personnel category in Nasdaq Stockholm who may, as part of their assignment, perform material influence on Company’s risk exposure (hereinafter referred to as “**Risk Takers**”²). The applicability of the remuneration principles with respect to the aforementioned personnel category is described in more detail below.

3. **Objective**

The objective with this Remuneration Policy is to have a competitive and fair approach for all employees within Nasdaq Stockholm, allowing the recruitment and retention of qualified and experienced staff. The Policy is designed to promote an effective risk management and governance with regards to mitigating risk-taking aligned with the Company’s long-term interests. The Policy shall account for prospective risks as well as existing risks and risk outcomes in relation to remuneration.

The Global Policy describes our philosophy in alignment with the Nasdaq Total Rewards Programs and Total Rewards Philosophy. There are three major remuneration components: annual base salary, annual performance-based cash incentive awards and long-term incentives (i.e. equity awards).

4. **Core Components of the Global Policy**

4.1 **General Philosophy**

The remuneration principles presented in this Policy are based on the core philosophy of the Global Policy applicable for the Nasdaq Group. To uphold independence in the compensation decisions, the Management Compensation Committee, designated by the Board of Directors of Nasdaq Group, issues the Global Policy and sets the core philosophy for employees’ compensation levels.

The core philosophy of Nasdaq Group’s Global Policy is based on “pay for performance”, aligning compensation with corporate goals and objectives, rewarding outstanding service and maintaining compliance with each country’s laws, regulations and market practices. Further, each associate’s variable remuneration is, according to the Global Policy, evaluated by the

¹ This Policy is set up to meet the Swedish regulations issued by the Financial Supervisory Authority’s, (Sw. Finansinspektionen) General Guidelines (FFFS 2016:21.

² “Risk Takers” shall have the same meaning as set forth in FFFS 2016:21.

overall parent company or subsidiary objectives and business unit/department objectives as well as individual objectives.

The Management Compensation Committee has endeavored to create a performance-based compensation program that meets the needs of our global company and recognizes the important responsibilities to our stockholders. Accordingly, the compensation mix focuses on short-term (cash based compensation) and long-term (equity based compensation) financial performance of our company. Nasdaq Group strives to offer employees a competitive balance between the fixed and variable components in order to attract motivated employees. Consequently, each employee's variable remuneration has a maximum upside opportunity in accordance with the Global Policy. For all employees the variable remuneration, both short-term and long-term, is expressed as a percentage of base salary. Such upside opportunity promotes the balance between the variable and fixed remuneration and appropriate risk taking.

4.2 Long-Term Perspective

According to the Global Policy, the total compensation mix aims to encourage taking appropriate risks in order to improve Nasdaq Group's long-term performance and build a long term shareholder value. The compensation program is subject to a comprehensive risk assessment process that is intended to identify any areas of the compensation structure that may intentionally encourage inappropriate risk taking. Such a risk assessment aims to prevent that Nasdaq Group's total remuneration for a given period of time does not expose its ability to achieve a positive result over the life time of a business cycle. Accordingly, the actual costs for maintaining adequate capital and liquidity that are inherent to the business operations are taken into account in such performance measurement.

In order to discourage excessive risk taking within Nasdaq Group, some positions/functions within the Nasdaq Group are not according to the Global Policy permitted to have any revenue related goal in their cash based variable compensation scheme nor as a performance measure for the long-term incentive program (equity based).³ Such exclusion of the revenue related goal regards to associates within control functions (e.g. risk, compliance and internal audit (surveillance has also been included as deemed appropriate by Nasdaq Stockholm) which contributes to independency of the business areas they are reviewing. Revenue goals linked to the performance of Nasdaq Stockholm have therefore been removed for these control functions. Group revenue remains as a goal since Nasdaq Stockholm's revenue represents less than 8 % of the Nasdaq Group revenue, and the activities performed by the control functions have therefore been deemed to have no, or else very limited, influence on the Group revenue. Therefore, there is no direct link between the Group revenue and the variable remuneration of the control functions.

In addition, where necessary, in case of material errors, omissions, fraud, or misconduct of an employee, Nasdaq has the authority to seek reimbursement for any compensation deferred to any such employee. Moreover, Nasdaq's remuneration principles according to the Global Policy do not allow any guaranteed variable remuneration.

³ The list of the individual employees belonging to such category, as they are from time to time, is maintained by the Human Resources department.

4.3 Grandfather Principle

At Nasdaq, all decisions that are in any way linked to compensation and performance evaluations are governed by a principle called the Grandfather Principle. The Grandfather Principle means that any decision being made by the immediate manager is also always reviewed and approved by the manager's manager. Such decisions include setting and evaluating individual goals, all changes in compensation, and all variable remuneration payouts. Further, the Global Policy states that it is the Management Compensation Committee of the Board of Directors of Nasdaq Inc. that shall decide on and prepare remuneration decisions for the senior executives.

Nasdaq believes that this level of governance actively counterstrikes excessive risk taking.

5. Positions that may Affect the Company's Risk Exposure

According to the Swedish Regulation, a company's remuneration policy shall define Risk Takers, whose influence have or is deemed to have a material impact on the company's operations. Operational and reputational risks as well as legal risks are deemed as typical risk categories in Nasdaq Stockholm's business operations. Consequently, the Risk Takers in Nasdaq Stockholm typically consist of the Chief Executive Officers, as well as senior managerial level positions reporting directly to the Board of Directors of Nasdaq Stockholm, as well as positions within compliance, regulatory, market surveillance and risk management and clearing risk management.

The Human Resources ("HR") department shall assess and recommend to the Board of Directors of each company (the "Board") the associates who in their opinion should be regarded as Risk Takers, as they are from time to time, considering the risks that the Company may be subject to. The assessment shall be made in co-operation with the person appointed as remuneration responsible and the Compliance function.

The assessment will be performed each year, or more frequently if necessary, and be presented to the Board, which can accept or reject the recommendations made and can by its sole discretion regard other employees as Risk Takers. The HR department will maintain and uphold the list of Risk Takers and shall ensure that they are notified and understand the implications of this status.

6. Remuneration

6.1 Fixed Salary

The fixed salary shall be competitive and based on the individual's responsibilities and performance.

6.2 Total Variable Remuneration

The total variable remuneration according to Nasdaq Group's Global Policy consists of the combination of the annual actual paid cash and granted long-term incentive equity award. The granted long-term incentive equity award will automatically be forfeited in connection with an employee's voluntary or involuntary termination from the company as per the Equity Plan.

All employees who have been employed for at least one year and have a performance rating of developing or higher are eligible to participate in the Equity Incentive Program. The Equity Incentive Program consists of equity vehicles that reward long-term success and growth:

- Restricted Stock Units, which are awards granted in the form of units—each unit represents an actual share of Nasdaq stock—and become vested over time based on the terms and conditions of the plan.
- Performance Share Units (PSUs), which are awards granted in the form of units—each unit represents an actual share of Nasdaq stock—and are contingent upon achieving financial performance goals, as well as the terms and conditions of the plan.

Such awards are capable of being clawed-back in the event of poor financial performance of personal conduct.

All Nasdaq employees are eligible to participate in the Total Rewards Program. The variable remuneration is set as a target percentage of the annual fixed salary. The balance between the variable remuneration and fixed salary is on an annual basis reviewed by Nasdaq Stockholm, to ensure that the balance of the fixed and variable remuneration is appropriate on an individual basis. In case it is deemed unbalanced it shall be raised to the Management Compensation Committee. The level of the variable remuneration is differentiated based on employees' positions within the company. The total variable remuneration consists of the short term incentive program, Corporate Incentive Plan (CIP), and a long term equity incentive plan.

6.3 Risk Takers within Nasdaq Stockholm

Risk Takers within Nasdaq Stockholm shall have their total variable remuneration deferred with a substantial proportion (35 % to 70 %) and for a minimum period of three years.

The deferred payment for an individual associate mentioned above may be cancelled in part or in whole by Nasdaq, if at a later stage, in connection to the end of the deferral period, it is demonstrated that Nasdaq Stockholm did not fulfill the performance criteria designated for it. Such cancellation shall be applied only if the Company's financial stability is significantly weakened, whereby the Company no longer is considered to be able to continue conducting business.

7. Governance and Control

This Policy and the defining of the scope of Risk Takers are subject to approval by the Board of Directors of the Company. Furthermore, the Board of Directors shall be responsible for the application and follow up of the Policy.

Nasdaq Stockholm has appointed a person responsible for performing an independent judgment of this Policy and its remuneration system. The appointed person is also responsible for the preparation of decisions for the Board of Directors to resolve upon, *inter alia*, the remuneration to the executive management, certain employees and actions for follow-up and application of the Policy.

Based on the Swedish Regulation, an independent control function shall, on an annual basis, monitor that the remuneration applied by the Company is in compliance with this Policy. The

control function shall be independent of the business units they are monitoring, have appropriate authorizations and resources and receive remuneration independent of the business areas they are reviewing.

Based on the above, the Company shall engage its compliance function to carry out a review of the Policy, if appropriate by commissioning external auditors. When needed, the control function shall immediately report the results of its review to the Board of Directors. Otherwise, the reporting should at least take place annually and no later than in conjunction with the adoption of the annual report.

8. Disclosure of Information on Remuneration

An account of the Company's remuneration shall be disclosed in conjunction with the adoption of the annual report in accordance with the applicable Swedish Regulation.

The Company shall present its account in the annual report, in an appendix to the annual report or on its website. If the account is not included in or appended to the annual report, the Company shall disclose in its annual report where the information is published. The information should be published in such a manner that the economic conditions for individual employees are not revealed.

The account shall be available for at least one year after its publication.

Information about performed risk analysis shall be disclosed on Nasdaq's website or in the respective annual reports.