

**RULES AND REGULATIONS  
OF NASDAQ OMX DERIVATIVES MARKETS**

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### **3 CLEARING REGULATIONS**

#### **3.1 Clearing Operations**

##### Generally

- 3.1.1 The Clearing House clears, where applicable, transactions in Instruments with respect to the following Sub-Markets:

##### Share Market

The share-related derivatives Sub-Market

##### Fixed-income Market

The fixed-income-related derivatives Sub-Market

##### Currency Market

The currency-related derivatives Sub-Market

- 3.1.2 The regulations set forth in this Chapter 3 cover all Sub-Markets unless otherwise stated.
- 3.1.3 Clearing Members participate in clearing operations through being connected to the Clearing System for the relevant currency in a Sub-Market. In order to be connected, a Clearing Member must fulfil the requirements governing the Sub-Market.
- 3.1.4 The Clearing House accedes as a party in the clearing operations (counterparty clearing). The Clearing House becomes a seller in relation to the buyer and a buyer in relation to the seller and thereby assumes all of the rights and obligations in accordance with the relevant Contract and Rules and Regulations. The Clearing House's accession as a party is designated as Registration.
- 3.1.5 Customers are represented in the clearing operations by a Clearing Member and the Clearing Member is liable for the obligations of Customers who have entered into Customer Agreements, in accordance with section 3.11. However, the Customer remains fully liable vis-à-vis the Clearing House for the performance of the obligations.
- 3.1.6 Customers and Clearing Members shall provide satisfactory collateral for their respective undertakings. The purpose of the collateral is to ensure that Customers and Clearing Members can perform their obligations in accordance with the Rules and Regulations and

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that the clearing operations can thereby be conducted in a satisfactory manner.

3.1.7 The Clearing House's risk position must always be balanced.

Registration

3.1.8 The Clearing House accedes as a party to all Transactions through Registration. Registration means that the Transactions become Contracts and are Registered on accounts at the Clearing House.

Registration normally takes place in the following manner:

- (i) Exchange Transactions in Instruments that are both Exchange Listed and Clearing Listed and which are executed via CLICK™ or MPS are automatically Registered at the Clearing House. An Exchange Transaction executed in CLICK™ is Registered at the same time as the Exchange Transaction is taking place. An Exchange Transaction executed via MPS is Registered manually by MPS as soon as possible following the time of the trade.
- (ii) Transactions in Instruments that are both Exchange-Listed and Clearing-Listed and that are entered into outside EMP and MPS must be notified to the Clearing House for Registration. Registration takes place in accordance with section 2A.12 if, in the Clearing House's opinion, such does not violate the Rules and Regulations or sound exchange and clearing operations.
- (iii) Transactions in Clearing Instruments that are not Exchange-Listed, as well as TM-Cleared Instruments that are notified to the Clearing House for Registration, shall be Registered in accordance with section 3.4 provided that, in the Clearing House's opinion, such does not violate the Rules and Regulations or sound exchange and clearing operations.

3.1.9 The Clearing House makes an assessment in each individual case whether a Transaction executed in accordance with (i)-(iii) fulfils the requirements imposed by the Clearing House for Registration and also that any restrictions imposed by the Clearing House have not been exceeded.

3.1.10 The legal consequences of a Registration on an account at the Clearing House are based on contractual principles and are not covered by the provisions of the Financial Instruments Accounts Act (SFS 1998:1479).

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Transfer Orders

- 3.1.11 A Transfer Order regarding Registration of a Contract shall be deemed placed in the Clearing System at the time the Contract is Registered in accordance with section 3.1.8. A transfer order may not be revoked by a Clearing Member after Registration has taken place.

Contract

- 3.1.12 During the term of a Contract, the Contract results, *inter alia*, in the occurrence of one or several contract events which entail rights and obligations for the parties. An account holder's rights and obligations are set forth on the Clearing Account or Integrated Trading and Clearing Account on which the Contracts are Recorded. When determining the rights and obligations, the Clearing House takes into consideration other Contracts Recorded on the same Clearing Account or the same Integrated Trading and Clearing Account.

Fees

- 3.1.13 Members and Customers shall pay fees to the Clearing House in accordance with the Fee List in force from time to time.
- 3.1.14 Fees shall become due and payable in accordance with the Clearing House's instructions. Clearing Members are liable for the payment by Customers of fees to the Clearing House.

Business Hours

- 3.1.15 Established business hours in the Clearing System are set forth in the applicable schedule of business and accessibility times. Deviations from the stated times may occur in conjunction with public holidays, etc. and in such cases are specifically notified through the Exchange Notices. During the time at which the Clearing System is open, administrative measures such as Re-Registration and Exercise, may take place.

**3.2 Clearing Membership and Back Office Personnel**

- 3.2.1 **The GCM shall meet the following membership requirements.**

General Conditions for Clearing Membership as a GCM

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3.2.1.1 A GCM shall be a legal entity that:

- (i) (a) if it has its home state within the EEA, is licensed to conduct investment business pursuant to the legislation of the home state – provided that the home state has implemented Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments (MiFID) - or
- (b) otherwise, in its home state, is licensed to conduct investment business and therein is subject to satisfactory supervision equivalent to what follows from MiFID; and
- (ii) (a) if it has its home state within the EEA, is licensed, pursuant to the legislation of the home state – provided that the country in question has implemented Directive 2006/48/EC of the European Parliament and of the Council relating to the taking up and pursuit of the business of credit institutions (the Banking coordination directive) – to conduct the business as stated in sections 1, 2, 4, 6 and 7 of Annex 1 to the Banking coordination directive, or
- (b) otherwise, in its home state, is licensed to conduct investment business and is therein subject to satisfactory supervision equivalent to what follows from the Banking coordination directive.

Suitability Requirement

3.2.1.2 A GCM must possess from time to time a suitable organisation, necessary risk management routines, secure technical systems, and also otherwise, in the Clearing House's opinion, be suitable to participate in clearing operations. The organisation, risk management routines, and technical systems must correspond to the operations conducted by the GCM at the Clearing House.

Financial Requirements

3.2.1.3 A GCM must possess financial resources which, from time to time, correspond to the operations intended to be conducted at the Clearing House, however not less than an amount equal to restricted equity of SEK five hundred million, The Clearing House may, during a transition period, grant an exemption from the above requirement of SEK five hundred million, however subject to a restriction that the restricted equity under no circumstances falls below SEK fourhundredandfifty million.

Technical Requirements

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- 3.2.1.4 A GCM must be electronically connected to the Clearing House's Clearing System through technical connections in accordance with the provisions of section 1.12. During a transition period, GCM may be granted an exemption from the technical connection requirements.

Other Requirements

- 3.2.1.5 A GCM must possess from time to time the settlement possibilities required for participation in the clearing of those Instruments in which the GCM participates with regard to clearing. Information with regard to settlement of contracts is set forth in the relevant Contract Specification.

- 3.2.1.6 A GCM shall at all times have in place at least one designated contact person responsible for clearing- and settlement-related issues who shall be available to the Clearing House, and also at least one substitute for such contact person(s). The GCM shall notify the Clearing House about contact details with regard to such contact person(s) and substitute(s).

- 3.2.1.7 A GCM may, but need not, be an Exchange Member.

- 3.2.1.8 A GCM shall at all times have in place at least two employees notified to the Exchange as Back Office Personnel.

Termination of Membership

- 3.2.1.9 The Clearing House may terminate membership in the event a GCM no longer fulfils the membership requirements.

- 3.2.1.10 GCM shall be entitled to terminate membership in accordance with the rules, and subject to the period of notice of termination, set forth in the Clearing Member Agreement.

Back Office Personnel

- 3.2.1.11 GCM participate in clearing through Back Office Personnel who must be employees of the GCM.

A GCM may also apply to the Clearing House that an NCM shall be granted the right to access the Clearing System, whereby the NCM either (i) may be granted a right to solely

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access clearing information or (ii) undertake registration measures in the Clearing System. The application shall be submitted on a standard form provided by the Clearing House. If the NCM is granted a right to undertake registration measures in the Clearing System, the GCM is responsible for all actions taken via the NCM's connection to the Clearing System, irrespective of whether the action was taken with or without authorisation. An application for an NCM to undertake registration measures in the Clearing System may only be granted if the requirements stipulated in section 2.2.21 in the Exchange Regulations are fulfilled.

- 3.2.1.12 GCM shall be responsible for all actions taken by Back Office Personnel or other parties via the GCM connection to the Clearing System irrespective of whether the action was taken with or without authorisation. A GCM shall ensure that each registration measure in the Clearing System complies with these Rules and Regulations. GCM shall ensure that the personal user identification of the Back Office Personnel is stated in each individual registration measure.

Requirements for Back Office-personnel

- 3.2.1.13 A GCM shall be responsible for ensuring that its Back Office Personnel are suitable for their duties and:
- (i) Have completed a course arranged by the Exchange and successfully completed an examination arranged for participation in the Clearing System.
  - (ii) Possess general knowledge of the derivative products of NASDAQ OMX Stockholm.

Application for, and registration of, Back Office Personnel status

- 3.2.1.14 Upon an application by a GCM, an employee who fulfils the afore-mentioned requirements and who is deemed suitable by the Exchange shall be registered as Back Office Personnel for participation in clearing. The application for registration shall be submitted to the Exchange on a standard form. Unless otherwise stated in the Rules and Regulations, Back Office Personnel may not permit any other person to use its user identity.

Change in circumstances, compliance with the rules

- 3.2.1.15 The GCM shall immediately notify the Exchange upon termination of the employment of Back Office Personnel or where other circumstances arise which affect the Back Office Personnel's ability to participate in clearing.
- 3.2.1.16 Back Office Personnel who have not participated in clearing during a period of one year

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shall forfeit the right to carry out registration measures in the Clearing System. The GCM shall notify the Exchange when the GCM has reason to believe that this requirement is not fulfilled.

- 3.2.1.17 Under special circumstances, the Exchange may grant exemptions from the requirements applicable to Back Office Personnel.

Clearing undertaking

- 3.2.1.18 A GCM that has entered into a Clearing Agreement with an NCM regarding clearing of the NCM's transactions shall make sure that the Clearing House receives a copy of a duly executed Clearing Agreement. Irrespective of the aforesaid the Clearing House may demand a copy of a duly executed Clearing Agreement from the GCM.

- 3.2.1.19 If a GCM which has entered into a Clearing Agreement with an NCM regarding clearing of the NCM's transactions wants to cease clearing the NCM's transactions, the following shall apply: The GCM shall notify the Clearing House about the cessation of clearing of the NCM's transactions. When the Clearing House has received such notification it shall as soon as possible, and not later than 30 minutes thereafter, make sure that new transactions by the NCM in question are no longer Registered or Recorded on an account administrated by the GCM. If the notification is made by phone, authorized personnel of the GCM shall promptly confirm the notification in writing on a form provided by the Clearing House.

- 3.2.2 **The DCM shall meet the following membership requirements**

General conditions for membership as a DCM

- 3.2.2.1 A DCM shall be a legal entity which:

(i) if it has its home state within the EEA, is licensed to conduct investment business pursuant to the legislation of the home state – provided that the home state has implemented Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments (MiFID) - or

(b) otherwise, in its home state, is licensed to conduct investment business and therein is subject to satisfactory supervision equivalent to what follows from MiFID.

Clearing membership as a DCM may also be granted to Riksbanken (the Central Bank of Sweden) and Riksgäldskontoret (the National Debt Office).

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Suitability requirement

- 3.2.2.2 DCM must possess from time to time a suitable organisation, necessary risk management routines, secure technical systems and also otherwise, in the Clearing House's opinion, be suitable to participate in clearing operations. The organisation, risk management routines and technical systems must correspond to the operations conducted by the DCM at the Clearing House.

Financial requirements

- 3.2.2.3 A DCM must possess financial resources which, from time to time, correspond to the operations intended to be conducted at the Clearing House, however not less than an amount equal to restricted equity of SEK 10 million. The Clearing House may, during a transition period, grant an exemption from the above requirement of SEK 10 million; however, subject to a restriction that the restricted equity shall under no circumstances fall below SEK 5 million.

Technical requirements

- 3.2.2.4 A DCM must be electronically connected to the Clearing House's Clearing System, through technical connection in accordance with the provisions of section 1.12. During a transition period, DCM may be granted an exemption from the technical connection requirement.

Clearing Possibilities

- 3.2.2.5 DCM must possess from time to time the settlement possibilities required for participation in clearing of those Instruments in which the DCM participates with regard to clearing. Information with regard to settlement of contracts is set forth in the relevant contract specifications for the respective Instrument.

Other requirements

- 3.2.2.6 The DCM shall at all times have in place at least one designated contact person responsible for clearing and settlement-related issues who shall be available to the Clearing House, and also at least one substitute for such contact person (s). The Clearing House shall be notified of contact details with regard to such contact person(s) and substitute(s).

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3.2.2.7 A DCM may, but need not, be an Exchange Member.

3.2.2.8 The DCM shall at all times have at least two employees registered with the Exchange as Back Office personnel.

Termination of membership

3.2.2.9 The Clearing House may terminate membership in the event a DCM no longer fulfils the membership requirements.

3.2.2.10 DCM shall be entitled to terminate membership in accordance with the rules, and subject to the period of notice of termination, set forth in the Clearing Member Agreement.

Back Office Personnel

3.2.2.11 DCM participate in clearing through Back Office personnel who must be employees of the DCM.

3.2.2.12 The DCM shall be responsible for all actions taken by Back Office personnel or other parties via the DCM's connection to the Clearing System, irrespective of whether the action taken was taken with or without authorisation. The DCM shall ensure that each registration measure in the Clearing System complies with these Rules and Regulations. The DCM shall ensure that the personal user identity of the Back Office Personnel is stated in conjunction with each individual registration measure.

Requirements for Back Office Personnel

3.2.2.13 The DCM shall be responsible for ensuring that Back Office personnel are suitable for their duties and

- (i) Have completed a course arranged by the Exchange and successfully completed an examination arranged by the Exchange for participation in the Clearing System; and
- (ii) Possess general knowledge in derivative products of NASDAQ OMX Stockholm.

Applications for, and registration of, Back Office Personnel status

3.2.2.14 Upon an application by a DCM, an employee who fulfils the aforementioned requirements and who is deemed suitable by the Exchange shall be registered as Back Office personnel for participation in clearing. The application for registration shall be submitted to the Exchange on a standard form. Unless otherwise stated in the Rules and Regulations, Back

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Office Personnel may not permit any other person to use their user identity.

Change in circumstances, compliance with the rules

- 3.2.2.15 The DCM shall immediately notify the Exchange upon termination of the employment of Back Office personnel or where other circumstances arise which affect the ability of Back Office Personnel's ability to participate in clearing.
- 3.2.2.16 Back Office personnel who have not participated in clearing during a period of one year shall forfeit the right to carry out registration measures in the Clearing System. The DCM shall notify the Exchange when the DCM has reason to believe that this requirement is not fulfilled.
- 3.2.2.17 Under special circumstances, the Exchange may grant an exemption from the requirements applicable to Back Office Personnel.

**3.3 Clearing Listing**

- 3.3.1 The Clearing House is entitled to list or de-list Clearing-Listed Instruments where, in The Clearing's opinion, the conditions therefore exist. Clearing lists Clearing-Listed Instruments with the Expiration Months and the Term set forth in the Quotation List. In conjunction with Clearing Listing of an Instrument, the Clearing House determines whether there exist conditions for a suitable administration and risk management of Instruments, taking into consideration market conditions and circumstances in general.
- 3.3.2 After the Clearing House has approved an Instrument for Clearing Listing, the Clearing House lists the Instrument in question in one or several Clearing Series in order to facilitate Registration.
- 3.3.3 In conjunction with Clearing Listing of new Clearing Series with respect to a Contract base previously approved for Clearing Listing, no new assessment takes place of the Contract base. Clearing Listing of new Clearing Series does not affect any previous Clearing-Listed Series.

De-Listing

- 3.3.4 The Clearing House may decide a de-listing of a Clearing Series, provided that no Contracts are Registered in the Clearing Series in question and a de-listing corresponds to market conditions and circumstances in general.

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- 3.3.5 If conditions are lacking for the maintenance of suitable clearing with respect to a specific Contract base, e.g. where the Contract base consists of a specific share and the share is de-listed, the Clearing House may, in addition, decide that Clearing Listing with respect to all Clearing Series with the relevant Contract base shall cease, provided that such de-listing is in accordance with market conditions and circumstances in general. In conjunction with de-listing, the Clearing House may determine a new Expiration Day for Series and the Contracts entered into. The Clearing House is, for example, entitled to de-list a specific Series provided that no Contracts exist in the Series in question. In conjunction with de-listing, the Clearing House may determine a new Expiration Day for Series and executed Contracts.
- 3.3.6 In conjunction with listing or de-listing of Instruments of a Co-operating Clearing Organisation, the Clearing House complies with the decision regarding listing or de-listing as adopted by such clearing organisation.

**3.4 Clearing-Listed Instruments Semi-standardized Instruments and TM-Cleared Instruments**

Generally

- 3.4.1 The Instruments that are the subject of clearing at the Clearing House are Clearing-Listed Instruments, Semi-standardized Instruments and TM-Cleared Instruments. The Clearing-Listed Instruments are set forth in the Quotation List in force from time to time.

Clearing-Listed Instruments

- 3.4.2 A Clearing-Listed Instrument is an Instrument cleared by the Clearing House and the terms and conditions of which are primarily standardised in accordance with the relevant contract specification, see Chapter 4.

*Exchange-Listed and Clearing-Listed Instruments*

- 3.4.3 Exchange-Listed Instruments are always Clearing-Listed. Such Instruments are Registered automatically when a Trade takes place. Transactions relating to Exchange-Listed Instruments that are reported to the Exchange are Registered in accordance with section 2A.12.

*Clearing-Listed Instruments that are not Exchange-Listed*

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3.4.4 Transactions in Clearing-Listed Instruments that are not Exchange-Listed and that are executed by a member on its own behalf or on behalf of a Customer are Registered by the Clearing House following an approved application. Applications for Registration take place through the Trading Account Administrator's electronic connection to the Clearing System or by fax to the Clearing House. The application shall state the terms and conditions governing the Transaction, e.g. the agreed price, volume, and other details required by the Clearing House from time to time. Applications shall be made as soon as possible following the execution of the Trade. In order for the Transaction to be Registered by the Clearing House, the agreement must be confirmed by the contracting parties stated in the application.

Semi-standardized Instruments and TM Cleared Instruments

3.4.5 A Semi-standardized Instrument is a share-related Instrument which is cleared by the Clearing House and for which the terms correspond to the terms for an Exchange Listed Instrument based on the same share or depository receipt but vary from the terms for such Instruments with regard to e.g. Exercise Price, Settlement Day or alike.

3.4.6 A TM-Cleared Instrument is an Instrument that is cleared by the Clearing House and for which the terms and conditions are not standardised in accordance with any contract specification, but rather are determined by the parties that executed the Transaction in question.

3.4.7 Transactions executed by Clearing Members on their own behalf or on behalf of Customers are Registered by the Clearing House following an approved application. Applications for Registration take place through the Trading Account Administrator's electronic connection to the Clearing System or via fax to the Clearing House. The application shall state the terms and conditions governing the Transaction, e.g. the agreed price, volume, and other details required by the Clearing House from time to time. Applications shall be made as soon as possible following the execution of the Transaction. In order for the Transaction to be Registered by the Clearing House, the agreement must be confirmed by the contracting parties stated in the application.

3.4.8 Where the conditions do not exist for the maintenance of suitable clearing with respect to a particular Contract Base, for example where the Contract Base consists of a particular share and the share is de-listed, The Clearing House may also decide that Registration of all Semi-standardized Instruments or TM-Cleared Instruments with the relevant Contract Base shall terminate, provided that such deregistration accords with market conditions and the circumstances in general. In conjunction with deregistration, the Clearing House may

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determine a new Expiration Day for executed Contracts.

- 3.4.9 Semi-standardized Instruments and TM-Cleared Instruments follow the rules in the Rules and Regulations applicable to Clearing-Listed Instruments with respect to the same Contract Base, unless otherwise set forth in the terms and conditions governing the Instrument.

Miscellaneous

- 3.4.10 Applications for Registration submitted via the Clearing Member's electronic connection may, however, only be made when the Clearing System is open.
- 3.4.11 Applications for Registration that reach the Clearing House when the Clearing System is open and that are accepted by the Clearing House shall be Registered on the same Bank Day. Applications for Registration that reach the Clearing House at other times shall be Registered by the Clearing House on the following Bank Day. The aforementioned shall apply to applications for Registration submitted when the Clearing System is open but in respect of which, at the time of the application, there is insufficient data for the Clearing House to determine whether the application shall be accepted.
- 3.4.12 The Clearing House may reject a request for Registration where, in the Clearing House's opinion, Registration would violate the Rules and Regulations or sound clearing operations. Where Registration is made by the Clearing House on behalf of a Member such decision shall be notified to the Member prior to the Registration. Where the Member registers the Transaction by itself in the Clearing System, such decision shall be notified to the member not later than 120 minutes following the technical registration of the Transaction in the Clearing System.

**3.5 Accounts**

Generally

- 3.5.1 Accounts at the Clearing House are divided into member accounts and customer accounts. A member account is an account in respect of which a member is the account holder on its own behalf. A customer account is an account intended for Registration of Transactions on behalf of Customers, NCMs or customers that have not entered into a Customer Agreement. Customer accounts are divided into Individual Customer Accounts, Omnibus Accounts and Segregated Accounts.

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Trading Account and Clearing Account and/or Integrated Trading and Clearing Account is opened by the Clearing House following a request by the Trading Account Administrator and/or Clearing Account Administrator on its own behalf or on behalf of its customers.

Trading Accounts, Clearing Accounts, and Integrated Trading and Clearing Accounts.

3.5.2 Transactions relating to Clearing-Listed Instruments, Semi-standardized Instruments and TM-Cleared Instruments approved for Registration by the Clearing House are Registered on Trading Accounts or Integrated Trading and Clearing Accounts. Contracts that are Registered on one or several Trading Accounts connected to a Clearing Account are Recorded on the Clearing Account. The rights and obligations of a specific account holder are also set forth on a Clearing Account.

3.5.3 A Trading Account may be connected to a Clearing Account or to an Integrated Trading and Clearing Account or, in certain cases, an account at LCH.Clearnet. A Clearing Account may be connected to several Trading Accounts or, in certain cases, accounts at EDX, where the accounts have the same holder.

3.5.4 An account may be both a Trading Account and a Clearing Account and, in such case, is referred to as an Integrated Trading and Clearing Account.

Trading Account Administrators and Clearing Account Administrators

3.5.5 A Clearing Member that administers a Trading Account on its own behalf or on behalf of a Customer is referred to as a Trading Account Administrator. A Clearing Member that administers a Clearing Account on its own behalf or on behalf of a Customer is referred to as a Clearing Account Administrator. Clearing Members that administer Integrated Trading and Clearing Accounts on behalf of Customers, NCMs or customers that have not entered into a Customer Agreement are both Trading Account Administrators and Clearing Account Administrators.

Member Accounts

3.5.6 There are types of member accounts as follows: Day Accounts, Interim Accounts, Proprietary Accounts, Market Maker Accounts and ATP Accounts. The Clearing House opens for the member the relevant member account upon the execution of a member agreement by the Clearing Member. The Clearing House may upon request by a Clearing Member review if additional member accounts shall be opened for the

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member. Such a request must be submitted on a form specifically produced for such purpose.

*Day Accounts*

3.5.7 A Day Account is a Trading Account for the temporary Registration of Transactions. A Transaction is Registered on a Clearing Member's Day Account unless another account is indicated by the Clearing Member. Transactions entered into on behalf of Customers and Registered on a Day Account shall, as soon as possible, be transferred to the Customer's Trading Account or Integrated Trading and Clearing Account (day account transfer). Such a transfer of Contracts may be made not later than within 120 minutes after the final time for trading in the relevant Series on the Registration Day.

3.5.8 The Contracts Registered on the Day Account at the close of a Bank Day are automatically transferred to the member's Interim Account, Proprietary Account, or another compilation account stated by the member. This takes place 120 minutes after the final time for trading in the relevant Series on the Bank Day in question. Any subsequent transfer of Contracts shall take place in accordance with the rules relating to Re-registration.

*Interim Accounts*

3.5.9 An Interim Account is an Integrated Trading and Clearing Account for the temporary Registration of Transactions. A Contract may, however, be Registered on an Interim Account during the Term of the Contract. Exercise and other events relating to Contracts may thus take place on an Interim Account. The transfer of Contracts Registered on Interim Accounts shall take place in accordance with the rules relating to Re-registration. Set Off and Futures Netting do not take place automatically.

*Proprietary Accounts*

3.5.10 A Proprietary Account is an Integrated Trading and Clearing Account for the member's trading and clearing on its own behalf. The transfer of Contracts Registered on Proprietary Accounts shall take place in accordance with the rules relating to Re-registration. Set Off and Futures Netting take place automatically.

*Market Maker Accounts*

3.5.11 A Market Maker Account is an Integrated Trading and Clearing Account for the Market Maker's own trading and clearing. The transfer of Contracts Registered on a Market

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Maker Account shall take place in accordance with the rules relating to Re-registration. Set Off and Futures Netting take place automatically.

*APT Accounts*

- 3.5.12 An APT Account (Average Price Trading) is an Integrated Trading and Clearing Account for the calculation of average prices relating to Instruments Registered on a Day Account, Interim Accounts, Proprietary Accounts, Market Maker Accounts, Trading Account and an Integrated Trading and Clearing Account. In conjunction with the calculation of average prices, the member temporarily transfers the Instrument to the APT Account for the average calculation, following which the Instrument is automatically transferred back to the originating account. The account is free of charge but the Clearing Member is liable for rounding off differences that may arise in conjunction with the creation of an average transaction. Only Transactions reported on the same day may be transferred to an APT Account.

Customer Accounts

- 3.5.13 Upon request by a Clearing Member, CCAB opens (i) Individual customer accounts on behalf of a Customer upon the execution of a Customer Agreement by the Customer and (ii) Segregated Account on behalf of a customer. Requests for opening of Segregated Accounts must be submitted on a form produced specifically for this purpose.

A Segregated Account on behalf of an NCM and/or an Omnibus Account may be opened by the Clearing House upon the request of a Clearing Member. Such requests must be submitted on a form produced specifically for this purpose. The Clearing House may reject such a request if the Clearing House has reason to believe that, for financial, administrative or other reasons, the member is not suitable to administer such accounts.

A Customer may open one or several customer accounts with the same Clearing Member or with several different Clearing Members. Customers may open Trading Accounts and Clearing Accounts or Integrated Trading and Clearing Accounts.

*Individual Customer Accounts*

- 3.5.14 A Customer's Trading Account is an Individual Customer Account on which Registration may take place. Transactions executed by a member on behalf of a Customer shall be Registered on

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the Customer's Trading Account. A Trading Account must be connected to a Clearing Account, unless the account is an Integrated Trading Clearing Account.

3.5.15 A Customer's Clearing Account is an Individual Customer Account to which one or several Trading Accounts are connected. The Clearing Account evidences all Contracts Registered on the Trading Accounts connected to the Clearing Account. A Customer holding a Clearing Account that is not an Integrated Trading and Clearing Account must provide collateral directly to the Clearing House.

3.5.16 An Individual Customer Account which is an Integrated Trading and Clearing Account contains common functions for Trading and Clearing Accounts. A Customer holding such an account must provide collateral indirectly to the Clearing House.

3.5.17 Without prejudice to Clause 3.5.16, the Exchange may approve that a Clearing Member connects one or more Integrated Trading and Clearing Accounts (Sub-Accounts), that are opened for such Customers as are mentioned in Clause 1.3.2, to one and the same Integrated Trading and Clearing Account (the Main Account) held by the same Customer. The provisions of these Rules and Regulations pertaining to Integrated Trading and Clearing Accounts shall in such circumstances only apply with regard to the Main Account.

*Omnibus Accounts*

3.5.18 An Omnibus Account is an Integrated Trading and Clearing Account for a Clearing Member's clearing of Transactions on behalf of one or more customers. The Clearing Member may not Register Transactions on its own behalf on such an account. Transfer of Contracts Registered on an Omnibus Account shall take place in compliance with the regulations regarding Re-registration.

A Clearing Member may technically connect one or more accounts to an Omnibus Account for administration of transactions by customers. The provisions of these Rules and Regulations regarding Integrated Trading and Clearing Accounts shall, in such cases, apply only in relation to the Omnibus Account.

*Segregated Accounts*

3.5.19 A Segregated Account is an Integrated Trading and Clearing Account for i) a GCM's clearing of Transactions on behalf of one customer or one NCM, or ii) a DCM's clearing of Transactions on behalf of one customer. The Clearing Member may not Register Transactions on its own behalf on such an account. Transfer of Contracts Registered on a Segregated Account shall take place in compliance with the regulations regarding Re-registration.

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A Clearing Member may technically connect one or more accounts to a Segregated Account for administration of transactions by a customer or, if applicable, an NCM. The provisions of these Rules and Regulations regarding Integrated Trading and Clearing Accounts shall, in such cases, apply only in relation to the Segregated Account.

Right of access to information

- 3.5.20 A Clearing Account Administrator shall be entitled to obtain necessary information relating to the Trading Accounts connected to the Clearing Account administered by the Clearing Account Administrator, unless the Customer and Clearing Account Administrator have otherwise agreed in the Customer Agreement.
- 3.5.21 A Trading Account Administrator shall be entitled to obtain necessary information with respect to the Clearing Account to which the Trading Accounts administered by the Trading Account Administrator are connected, where the Customer and Trading Account Administrator have agreed upon such right of access to information in the Customer Agreement.

The set-up between an NCM and a GCM

- 3.5.22 The Clearing House shall approve the technical set-up between the NCM and the GCM regarding the GCM's administration of the NCM's accounts. A request for a specific set-up shall be made in writing to the Clearing House in accordance with instructions issued by the Clearing House.

Connection between accounts at the Clearing House and accounts at EDX or LCH.Clearnet

- 3.5.23 A Trading Account may be connected to an account at LCH.Clearnet in accordance with and under the conditions set forth in LCH.Clearnet's General Regulations, as in force from time to time.
- 3.5.24 An account at EDX may be connected to a Clearing Account at the Clearing House in accordance with and under the conditions set forth in the EDX Rules, as in force from time to time.
- 3.5.25 Connection of accounts between the Clearing House and EDX or LCH.Clearnet does not affect the liability that generally applies in respect of Trading Accounts and Clearing Accounts in accordance with the Rules and Regulations, unless otherwise stated in section 3.6.

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3.5.26 Requests for the connection of accounts between the Clearing House and EDX or LCH.Clearnet must be made in writing and in accordance with the Clearing House's instructions.

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### **3.6 Re-registration and Give Up/Take Up**

3.6.1 A Contract that is Registered on a Trading Account or on an Integrated Trading and Clearing Account may, under certain conditions, be Re-registered to another Trading Account or Integrated Trading and Clearing Account. In addition, liability for a Contract may be transferred through Give Up to or from an account relating to another Clearing Member or an account at a Co-operating Clearing Organisation. However, Give Up to or from an account at a Co-operating Clearing Organisation may take place only where such is permissible pursuant to the rules of the clearing organisation.

3.6.2 This section is applicable for Instruments that are Exchange and Clearing Listed. For Instruments that are only Clearing Listed the provisions of section 3.9.3 are applicable instead.

#### Re-registration

##### Generally

3.6.3 A Contract that is Registered on a Trading Account or on an Integrated Trading and Clearing Account may be Re-registered upon request by the Trading Account Administrator. Re-registration must be requested by a Clearing Member on its own behalf or on behalf of a Customer on a form determined by the Clearing House or via the Clearing Member's electronic connection to the Clearing System. Such a request must reach the Clearing House within the prescribed time.

##### Re-registration as a consequence of Registration of the wrong account holder or between a member's own accounts

3.6.4 Re-registration as a result of the Registration in the name of the wrong account holder or between a member's own accounts entails the cancellation of the Contract on the original Trading Account or Integrated Trading and Clearing Account simultaneously with the Registration of a corresponding Contract on another Trading Account or Integrated Trading and Clearing Account. Such Re-registration is permitted provided the following conditions are fulfilled:

- (i) The Contract has been mistakenly Registered in the name of the wrong account holder or between a member who requests to transfer a Contract between its own accounts; and
- (ii) Re-registration takes place to a Trading Account or an Integrated Trading and Clearing Account administered by the same Clearing Member;

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Re-registration between a Customer's own accounts, etc.

- 3.6.5 Re-registration between an account holder's own accounts entails a Contract on a Trading Account being transferred to another Trading Account administered by the same or another Clearing Member.
- 3.6.6 The Clearing House reserves the right to verify with CCAB that the Re-registration relates to the same Customer, where the Re-registration relates to a transfer between two Individual Customer Accounts. In conjunction with Re-registration to or from an Omnibus Account or a Segregated Account, the members affected shall certify to the Clearing House, on a form produced specifically for the purpose, that the Re-registration relates to the same customer or NCM.
- 3.6.7 In addition to the cases referred to in section 3.6.5, Re-registration is permitted between accounts held by different customers where such is occasioned by inheritance, gift, division of the joint property or bequest. In such cases, the Trading Account Administrator must certify to the Clearing House that the Re-registration is occasioned by inheritance, gift, division of the joint property, or bequest.
- 3.6.8 Where a Contract is Re-registered to a Trading Account or an Integrated Trading and Clearing Account administered by another Clearing Member, the Clearing Members involved must certify that the Re-registration is the result of the Customer's transfer of a Contract to another Trading Account Administrator on a form produced specifically for the purpose.

Times for Re-registration

- 3.6.9 In order to process a request for Re-registration the same day it needs to reach the Clearing House:
- (i) Prior to the closing of the Clearing System, where the request is submitted via the member's electronic connection.
  - (ii) 30 minutes prior to the closing of the Clearing System, where the request is submitted by fax.
  - (iii) 60 minutes prior to the closing of the Clearing System or the clearing system of a Co-operating Clearing Organisation, whichever is the earliest, where the request affects another clearing organisation.

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Deviations from the above times may occur and, in such cases, are specifically stated in the contract specification governing the Contract.

3.6.10 Request for Re-registration as a consequence of Registration of the wrong account holder or between a member's own accounts and which relates to Re-registration between the accounts those stated below and which is not received on the Expiration Day for the Contract must be received by the Clearing House prior to the closing of the Clearing System the following Bank Day in order for Re-registration to take place.

- (i) Proprietary Account to:
  - a) Customer's Trading Account or Integrated Trading and Clearing Account;
  - b) Interim Account
  
- (ii) Market Maker Account to:
  - a) Customer's Trading Account or Integrated Trading and Clearing Account;
  - b) Interim Account

3.6.11 Requests for Re-registration that reach the Clearing House on the Expiration Day for the Contract shall not be processed where such a request is submitted after the times set forth below:

- (i) Prior to the closing of the Clearing System, where the request is submitted via the member's electronic connection;
  
- (ii) 30 minutes prior to the closing of the Clearing System, where the request is submitted by fax;
  
- (iii) 60 minutes prior to the closing of the Clearing System or the clearing system of a Co-operating Clearing Organisation, whichever is the earliest, where the request affects another clearing organisation.

Change of status

3.6.12 A member that wishes to change status on an Exchange Transaction or a Transaction from buy to Set Off, or from issuance to Set Off on the same Account relating to a Registered Option Contract or from Futures Contract, or from buy to Futures Netting or from issuance to Futures Netting on the same account relating to a Registered Futures Contract, must request the same prior to the closing of the Clearing System on the

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Expiration Day for the Contract.

Give Up and Take Up

3.6.13 In these Rules and Regulations, 'Give Up' means that a member's liability for a Contract Registered on a Trading Account or on an Integrated Trading and Clearing Account is assumed by a member of a Co-operating Clearing Organisation or another member at the Clearing House or vice versa. In these Rules and Regulations, 'Take Up' means that a member assumes liability for a Contract from a member of a Co-operating Clearing Organisation or from another member at the Clearing House or vice versa. Give Up may take place in accordance with the following:

- (i) Through a Trading Account at the Clearing House being connected to account at LCH.Clearnet; Give Up takes place in such cases through the Contract being registered on the recipient member's account with LCH.Clearnet (Take Up). Where a member at LCH.Clearnet assumes liability for all Contracts Registered on the relevant Trading Account, Give Up occurs – without specific confirmation – at the time of registration.
- (ii) Through a Contract Registered on a Trading Account or Integrated Trading and Clearing Account at the Clearing House being transferred to and registered on an account with a Co-operating Clearing Organisation designated by the recipient member, following confirmation by the recipient member at the Co-operating Clearing Organisation.
- (iii) Through a Contract registered on an account at a Co-operating Clearing Organisation being transferred to and Registered on a Trading Account or Integrated Trading and Clearing Account designated by the recipient member, following confirmation by the recipient member at the Clearing House.
- (iv) Through a Contract Registered on a Trading Account or Integrated Trading and Clearing Account being transferred to and Registered on an account at the Clearing House designated by the recipient member, following confirmation by the recipient member.
- (v) Through connecting a member's Market Maker Account at the Clearing House to another Clearing Member's account. In such cases, Give Up takes place when the Contract is registered at the receiving member's account.

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3.6.14 Clearing Members who wish to request Give Up at the Clearing House must send such request to the Clearing House prior to the closing of the Clearing System where the request is submitted via the member's electronic connection, or 60 minutes prior to the closing of the Clearing System, where the request is submitted by fax, on the day on which the Transaction was executed, or if required, within the same times as stated above, and on the following Bank Day

A request for Give Up that reaches the Clearing House on the Expiration Day for the Contract must, however, be submitted via fax or the member's electronic connection not later than 30 minutes prior to the closing of the Clearing System the same day. Give Up is allowed where the recipient member confirms, electronically or by fax, assumption of liability for the Contract and also, in such cases as referred to in section 3.6.13 (i) or (iv), such confirmation is provided not later than the closing of the Clearing System in the relevant Series on the same day. In cases as referred to in section 3.6.13 (i) – and where the member at LCH.Clearnet does not assume general liability for all Contracts Registered on the Trading Account – the Contract is transferred to the member's Interim Account or another account designated by the member with the Clearing House.

Notwithstanding what is stated above in this section, Clearing Members who wish to transfer a Contract to an account with OC must send such request, via the member's electronic connection or by fax, to the Clearing House no later than 60 minutes prior to the closing of the Clearing System on the day of the Transaction, or if required, within the same times as stated above, on the following Bank Day.

Subject to the first and third paragraphs, where a member submits a request for Give Up on the Bank Day following the day of the Transaction, the member will be required to advance the payment of the Premium, but receive a payment of the equivalent amount on the next Bank Day.

3.6.15 In order for Take Up to take place from an account at a Co-operating Clearing Organisation to an account at the Clearing House, the transmitting member at a Co-operating Clearing Organisation must have requested, electronically or by fax and not later than the time set forth in the Co-operating Clearing Organisation's Rules and Regulations, that Give Up shall take place and the recipient member at the Clearing House must confirm assumption of liability for the Contract, as soon as possible.

3.6.16 In the event of Give Up the transferring member shall continue to be liable at Clearing House in accordance with the Rules and Regulations relating to the relevant Contracts until such time as the recipient member confirms assumption of liability and the Contract

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is Registered on the recipient member's account with the Clearing House or registered on the recipient member account at the Co-operating Clearing Organisation and accepted for clearing under the clearing organisation in question's rules. In conjunction with Take Up, the Clearing Member shall become liable when the Contract is Registered on the designated account at the Clearing House.

**3.7 Collateral**

Generally

3.7.1 Customers and Clearing Members must provide collateral for undertakings given in the clearing operations.

3.7.2 The collateral approved by the Clearing House is set forth in the Collateral List in force from time to time. The Collateral List also sets forth the haircut to be made in conjunction with the valuation of provided collateral. A Clearing Member that is also Collateral Institution for a Customer is entitled, with respect to collateral provided by the Customer, to prescribe a larger haircut than that stated in the Collateral List. A Clearing Member may, vis-à-vis a Customer apply a Collateral Requirement without regard to any haircut where the collateral pertains to an issued call option Registered on an Integrated Trading and Clearing Account, and the Member has ensured that the Customer holds the underlying shares and may not dispose of the same prior to such time as the Customer's position has terminated through Set-Off or Exercise.

Provision of Collateral by Customers

3.7.3 Customers provide collateral in the form of indirect collateral or direct collateral. Indirect collateral means that the Customer provides collateral to a Clearing Member at least to the extent set forth in the Collateral Schedule, and the Clearing Member provides collateral to the Clearing House, on behalf of the Customer. Indirect collateral is provided in cases in which an Integrated Trading and Clearing Account has been opened on behalf of the Customer.

3.7.4 In conjunction with the indirect provision of collateral, a Clearing Member may state a limit vis-à-vis a Customer with respect to the collateral that the member may provide on behalf of the Customer. Such a limit does not, however, affect the member's obligation to provide collateral to the Clearing House.

3.7.5 The direct provision of collateral means that the Customer provides collateral to the Clearing House. Directly provided collateral is provided in cases in which separate

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Trading and Clearing Accounts have been opened for the Customer.

Provision of Collateral by Clearing Members

3.7.6 A Clearing Member shall at all times provide collateral directly to the Clearing House in the following situations:

- (i) Collateral Requirements calculated in respect of the member's own accounts;
- (ii) Collateral Requirements calculated in respect of Integrated Trading and Clearing Accounts administered by the member; and
- (iii) Collateral Requirements calculated in respect of Individual Customer Accounts which are Integrated Trading and Clearing Accounts.

Collateral Institutions

3.7.7 Collateral provided to the Clearing House and which is not provided through registration on an account with the National Bank of Denmark or VP is administered by the Custodian Institution retained by the Customer or the Clearing Member and which accepts such appointment. A Clearing Member who also is an approved Custodian Institution must provide Collateral through another approved Custodian Institution. A Clearing Member may not provide Collateral through a Custodian Institution that is part of the same group of companies as the Clearing Member. The institutions approved by the Clearing House as Custodian Institutions are set forth in the schedule of Collateral Institutions.

3.7.8 CCAB verifies, on behalf of the Clearing House, that collateral is provided and maintained in accordance with the requirements set forth in the Rules and Regulations. In addition, the Clearing House is entitled to obtain information from Custodian Institutions and the Clearing Member in order to verify that a particular Customer or Clearing Member has provided satisfactory security for the undertakings given in the clearing operations and that such security is maintained for such time as the undertakings remain in force.

Collateral

*Pledges upon retention of a Collateral Institution*

3.7.9 Pledges by Clearing Members shall be granted on pledge documentation determined by the Clearing House and to be confirmed in writing by the relevant Custodian Institution.

3.7.10 Pledging by Customers to the Clearing House shall take place on pledge documentation determined by the Clearing House and shall be confirmed in writing by the relevant

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Custodian Institution. In addition, the Customer's pledge to a Clearing Member is granted in the Customer Agreement, unless the pledge is granted in special pledge documentation, in a custodian agreement, or in any other corresponding manner.

- 3.7.11 Pledges may not be granted through re-pledging or in any other manner that limits the Clearing House's right of recourse to the pledged property.

*Transfer of collateral with respect to funds on an account with the National Bank of Denmark or a charge registered over an account with VP*

- 3.7.12 In addition to that which is stated in section 3.7.9, Clearing Members may provide collateral to the Clearing House
- through transfer of funds to the Clearing House's account with the National Bank of Denmark, or
  - through registration of a charge over the Clearing Member's account with VP.

The possibility to provide collateral to the Clearing House for the transfer of funds to the Clearing House's account with the National Bank of Denmark or through registration of a charge over an account at VP shall apply provided that

- the Clearing Member has opened a folio account with the National Bank of Denmark, or
  - the Clearing Member is entitled to effect registration measures on an account at VP.
- 3.7.13 Upon the provision of collateral through transfer of funds to the Clearing House's account with the National Bank of Denmark, only Danish kroner may be used as collateral. Upon the provision of collateral through registration of a charge over an account at VP, only such Instruments as are registered by VP and included in the Collateral List may be used as collateral.
- 3.7.14 A Clearing Member's transfer of funds to the Clearing House's account with the National Bank of Denmark as collateral for its obligations or the obligations of Customers or other Members pursuant to these Rules and Regulations and a Member's pledge of Instruments on an account with VP shall take place on pledge documents determined by the Clearing House.
- 3.7.15 A Member who wishes to provide collateral to the Clearing House through VP shall, on a form determined by the Clearing House, request that the Clearing House be registered as a rights holder on the Member's account with VP.

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3.7.16 Income on Instruments pledged to the Clearing House shall, with the exception of disbursements of interest, be covered by the Member's provision of collateral to the Clearing House pursuant to these Rules and Regulations. Where the income consists of liquid funds, the amount shall be credited on the Clearing House's account with the National Bank of Denmark as collateral for the Member's obligations pursuant to these Rules and Regulations.

*Guarantees*

3.7.17 Where collateral consists of a guarantee to the Clearing House, the guarantee must be approved by the Clearing House and be issued by a banking institution accepted by the Clearing House. Guarantees must be submitted to, and lodged with, the Clearing House. The Clearing House may prescribe a maximum amount for a guarantee. Customers or Clearing Members shall, upon request by the Clearing House, provide new collateral not later than ten Swedish Bank Days prior to the termination of a guarantee.

*General collateral for the benefit of the Clearing House*

3.7.18 In addition to that which is stated above, Clearing Members in the Clearing Member Agreement and Customers in the Customer Agreement have made a general pledge to the Clearing House with respect to all rights attributable to Contracts Listed on the Clearing Member's or the Customer's Clearing Account.

3.7.19 The following shall apply in conjunction with utilisation of the general pledge which has taken place in the Clearing Member Agreement or Customer Agreement. Recourse shall be had to collateral, as a first resort, with respect to obligations relating to the Clearing Account on which the respective Contract is Listed. In the event the Clearing Account is still in deficit after Set-Off, recourse to other pledged collateral or after the Clearing Account Holder or Trading Account Holder has discharged its liability, the Clearing House shall be entitled to set off the deficiency against any surplus after Set-Off or which has arisen on another Clearing Account in respect of the same account holder. In such cases, however, the Clearing Account Holder for the latter-mentioned Clearing Account shall not incur greater liability vis-à-vis the Clearing House than existed before Set-off was made with respect to the account.

Determination of Margin Requirement

3.7.20 The Clearing House calculates a Margin Requirement for each Clearing Account and Integrated Trading and Clearing Account normally once per Bank Day. The Margin Requirement is calculated for all Contracts Recorded on the Clearing Account and Integrated Trading and Clearing Account. The Clearing House may calculate the Margin

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Requirement on the aggregated net of several Clearing Accounts and Integrated Trading and Clearing Accounts where such are held by the same account holder.

- 3.7.21 The Margin Requirement shall be calculated in accordance with the model applied by the Clearing House from time to time. Upon request by a Customer or Clearing Member, the Clearing House provides a description of the relevant model and the calculation method.
- 3.7.22 The amount of the Margin Requirement is based on the parameter values determined for the respective Instrument in the Parameter Value Schedule. The Clearing House's standard for making changes in the Parameter Value Schedule will be to have changes enter into force not earlier than one week after the Clearing House has notified a decision with respect to such change, however, the Clearing House reserves the right to enter changes in Parameter Values at anytime (including immediate effect) upon giving notice if the Clearing House deems such change as necessary. The Clearing House determines the Margin Requirement calculated for Customers and Clearing Members by preparing a collateral requirement list. The Clearing House may prescribe amount limits with respect to guarantees and other collateral.
- 3.7.23 The Clearing House notifies Clearing Account Administrators and Collateral Institutions with respect to applicable Margin Requirements at least once each Bank Day. Unless otherwise agreed, notice is given by the Clearing House making the collateral requirement list available not later than 08.00 a.m. on each Bank Day.
- 3.7.24 In addition to the provisions of section 3.7.20, the Clearing House may carry out additional calculations of the Margin Requirement (Intra-Day Margin Calculation). In such cases, the Clearing House shall immediately notify the Clearing Member that a new Margin Requirement will be calculated and shall state the basis for the new calculation. The new Margin Requirement shall enter into force not earlier than 90 minutes after the Clearing House notified the Clearing Member that a new Margin Requirement would be calculated (Intra-Day Margin Call).
- 3.7.25 The Clearing Account Administrator shall notify the Customer with respect to the first Collateral requirement applicable to a Contract as a result of the Registration of the Contract on a Trading Account or Integrated Trading Account and Clearing Account. The aforesaid shall not, however, apply where the member and Customer have otherwise agreed or where such notification might be deemed necessary. In addition, where the margin is negative the Clearing Account Administrator shall inform the Customer with respect to the Margin Requirement at least once per week.

Provision of Collateral

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3.7.26 An obligation to provide collateral arises when the Margin Requirement is negative. A Collateral Deficiency exists where the Collateral Sum is insufficient to cover a negative Margin Requirement. In such a case, collateral must be provided to cover the Collateral Deficiency.

3.7.27 Where there is a Collateral Surplus for an Integrated Trading and Clearing Account in respect of which the member is the account holder on its own behalf or a Clearing Account, the Clearing House may allow the surplus to be set off against a Collateral Deficiency with respect to another Integrated Trading and Clearing Account or Clearing Account of the same account holder.

3.7.28 Members and Customers shall provide collateral not later than 11.00 a.m. on the Bank Day after a Collateral Deficiency has arisen, irrespective of whether the Collateral Deficiency has arisen as a result of Registration of Contracts, changes in value with respect to already Registered Contracts, or a negative change in value of the Collateral Sum.

The Clearing House and Clearing Members may, however, decide that collateral may instead be provided in conjunction with the execution of a Trade, at the time of Registration, or any other time. The Clearing House may decide that collateral shall generally be provided at a time other than as stated in the first paragraph where a Clearing Member, Customer or Collateral Institution conducts operations in a time zone other than CET.

3.7.29 The Custodian Institution shall, not later than 12 noon on each Bank Day, confirm to the Clearing House that sufficient collateral has been provided in accordance with the Collateral Requirements set forth in the most recently issued collateral requirements schedule.

The Clearing House may decide that confirmation of collateral shall take place at a later time under the conditions stated in section 3.7.28, second paragraph, second sentence.

3.7.30 Where the Clearing House has calculated and notified a new Margin Requirement pursuant to section 3.7.24, the Custodian Institution shall, as far as possible, conduct a new valuation of the collateral provided and thereafter immediately notify the Clearing House whether acceptable collateral exists. In conjunction with a Member's provision of collateral through transfer of funds to the Clearing House's account with the National Bank of Denmark or registration of a charge over the Member's account with VP, the Clearing House shall determine whether additional security need be provided.

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Release and Exchange of Collateral

3.7.31 Where there is a Collateral Surplus with respect to a particular Clearing Account or Integrated Trading and Clearing Account, collateral provided may be released to the extent the Collateral Sum exceeds the Margin Requirement most recently notified by the Clearing House. However, where a release takes place before 11.00 a.m. the Margin Requirement notified by the Clearing House on the immediately preceding Bank Day must also be taken into consideration. The aforesaid shall not, however, apply where:

- (i) the Clearing House announces that another time shall apply; or
- (ii) the Clearing House and the Custodian Institution or Clearing Member otherwise agree.

3.7.32 Pledged property may be exchanged where such replacement does not result in a reduction in the value of the collateral in accordance with the Collateral List. Replacement may not take place after the Clearing House has submitted a request to the Custodian Institution that recourse be had to the pledged property.

3.7.33 Requests for release or replacement of collateral shall be made to the Custodian Institution, which may accept or reject a request on behalf of the Clearing House. In conjunction with the provision of security in accordance with section 3.7.12, such a request shall, instead be submitted to the Clearing House.

Recourse to Collateral

3.7.34 In the event of default by a member or Customer in accordance with the provisions of section 1.9, the Clearing House shall be entitled to immediately have recourse to the collateral provided by the Customer or Clearing Member.

3.7.35 Where there remains a collateral surplus after

- a) the Customer's or member's positions have been closed;
- b) any substitute transactions have been executed; and
- c) recourse has been had to the collateral in order to cover all of the Customer's or member's undertakings in clearing,

the Clearing House shall report the surplus to the Customer, the Clearing Member, or such party's bankruptcy estate or equivalent.

3.7.36 The Clearing House shall also be entitled to have immediate recourse to collateral provided by a Customers or Clearing Members where the Customer or Clearing Member

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fails to fulfil its obligations in accordance with the Rules and Regulations and where the Clearing House, as a consequence thereof, obtains a claim against the Customer or Clearing Member covered by the pledge.

Delivery Capacity

- 3.7.37 The Clearing House may require delivery capacity with respect to Deliverable Instruments. Such a requirement may apply generally to a Series or to a specific Contract or specific Clearing Account. Delivery capacity shall be secured in the manner determined by the Clearing House.

Financial collateral arrangements

- 3.7.38 These Rules and Regulations, including appendices, form a financial collateral arrangement under Directive 2002/47/EC of the European Parliament and of the Council on financial collateral arrangements.

**3.8 CONTRACT EVENTS**

Introduction

- 3.8.1 During the Term of a Contract, a number of events may occur that are of significance for the parties' respective rights and obligations with respect to the Contract (contract events). The contract events that may occur with respect to a specific Contract are set forth in the relevant contract specification, unless otherwise stated in these Rules and Regulations.

- 3.8.2 The following contract events may occur:

- Payment of Fees;
- Payment of Premiums;
- Set-Off and Futures Netting;
- Exercise and Closing;
- Lapse, or
- Recalculation

- 3.8.3 A Contract may be performed through Cash Settlement or Delivery or a combination thereof. Cash Settlement or Delivery may take place during the term of the Contract (American type) or only on the Expiration Day (European type) in accordance with the

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provisions of the respective contract specification or otherwise in accordance with the terms and conditions governing the Contract.

- 3.8.4 Cash Settlement means that the Exercise Price, Futures Price, or other value is calculated against a Fix. The difference is paid or received as Payment on the relevant Settlement Day. Cash Settlement may take place daily, monthly, quarterly, or on the Expiration Day of the Contract in accordance with the provisions set forth in the contract specification. Where Cash Settlement occurs on the Expiration Day, the Contract terminates.
- 3.8.5 Delivery means that Deliverable Instruments shall be delivered or received simultaneously with payment of the Exercise Price, Futures Price, or Fix taking place through Settlement. When Delivery occurs, the Contract terminates.
- 3.8.6 Where the conditions for a Contract are modified during the Contract Term, with respect to the underlying asset on which the Contract is based, the Clearing House recalculates the contract terms and conditions where necessary. Such recalculation takes place in accordance with the contract specification valid for the Contract in question.

Payment of Fees

- 3.8.7 Clearing Members and Customers shall pay fees to the Clearing House in accordance with the Fee list in force from time to time. Fees shall be paid in accordance with the payment terms and conditions set forth in the Fee list.
- 3.8.8 Section 3.11 provides that Trading Account Administrators and Clearing Account Administrators are liable for the payment by a Customer of due and payable fees.

Payment of Premiums

- 3.8.9 The payment of Premiums takes place by the purchaser, on the Premium Payment Day stated in the contract specification, making payment to the Clearing House, simultaneously with the Clearing House making payment to the seller of an amount corresponding to the Premium.

Set-Off and Futures Netting

- 3.8.10 Set-Off means that the rights and obligations pursuant to an Option Contract or a Futures Contract Registered on a Clearing Account or an Integrated Trading and Clearing Account terminate through a counter Contract being Registered on the same account (closed

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position). Set-Off is conditional on the contract specification stating that Set-Off may take place. Set-off on an Omnibus Account requires active measures by the Member.

- 3.8.11 Futures Netting means that the rights and obligations pursuant to a Futures Contract Registered on a Clearing Account or an Integrated Trading and Clearing Account are deducted through a similar counter Contract being Registered on the account. In the event of Futures Netting, the rights and obligations set forth in the Contract do not terminate, but rather apply in parallel until the Expiration Day (closed position). Futures Netting is conditional on the contract specification stating that such netting may take place.
- 3.8.12 The legal consequences of Set-Off or Futures Netting enter into effect at the time on which the corresponding Contract is Registered on the account.
- 3.8.13 The provisions above regarding Set-Off shall also apply to Contracts with respect to financial instruments or similar rights and obligations other than options, or futures contracts or bond futures, unless otherwise stated in the relevant contract specification.

Exercise and Closure

Option Contracts

*Generally*

- 3.8.14 Exercise of an Option Contract may take place through premature exercise, standard exercise, or automatic exercise in accordance with the provisions of the respective contract specification. Premature exercise and standard exercise are normally applied when options that settle through Delivery are involved and automatic exercise when cash settled options are involved.
- 3.8.15 In conjunction with Exercise of an Option Contract with Delivery, the Clearing House randomly selects corresponding Contracts within certain volume intervals in respect of which the Clearing House in turn demands exercise vis-à-vis another Customer or Clearing Member.
- 3.8.16 Exercise other than standard exercise or automatic exercise takes place through the holder of a Contract demanding Exercise. This takes place through the Clearing Member, on its own behalf or on behalf of a Customer, sending an Exercise Order to the Clearing House in writing or via its electronic connection to the Clearing System. Such requests are otherwise governed by the provisions of the respective contract specification.

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- 3.8.17 Customers or Clearing Members that obtain a delivery undertaking as a result of Exercise must ensure that sufficient delivery capacity exists with respect to the relevant Deliverable Instrument.

*Premature Exercise*

- 3.8.18 Premature exercise means that a holder of an American type Contract may exercise the Contract at any time during the Term of the Contract. An issuer of a corresponding Contract is obligated to accept premature exercise if the Clearing House so requests.

*Standard Exercise*

- 3.8.19 Standard exercise means that the Clearing House, on the Expiration Day and on behalf of the Clearing Member or Customer, effects Exercise with respect to the Contract which, in the Clearing House's opinion, has a certain minimum real value. Clearing Members or Customers that oppose standard exercise must notify such to the Clearing House. Where such a notice is not received by the Clearing House within the time and in the manner stated in the contract specification, the Clearing House effects Exercise on behalf of the member or Customer.

*Automatic Exercise*

- 3.8.20 Automatic exercise means that the Clearing House, on the Expiration Day and on behalf of the Clearing Member or Customer, effects Exercise of the Contracts which, in the Clearing House's opinion, have a certain minimum real value. In conjunction with automatic exercise, the member or Customer may not waive the right to be the subject of exercise.

*Impediments to Exercise*

- 3.8.21 Where a Suspension of Trading or corresponding measures has been decided upon by a securities exchange or other marketplace, and where the decision relates to the Instrument(s) included in the Contract Base, Exercise may not take place until the measure has ceased to apply.

- 3.8.22 The Clearing House may also decide in other cases that the time for Exercise shall be postponed if, in the Clearing House's opinion, the pricing of financial instruments or other values included in the Contract Base is unreliable.

- 3.8.23 In the event of an impediment to Exercise in accordance with the above, Exercise shall be

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carried out as soon as such may take place.

Futures Contracts and Bond Futures

3.8.24 The Closing of Futures Contracts and Bond Futures takes place in accordance with the provisions stated in the respective contract specification.

3.8.25 Closing of Contracts with Delivery - takes place in accordance with the provisions stated in the relevant contract specification, through:

(i) Deliverable Instruments being delivered against Settlement corresponding to the Futures Price; or

(ii) Deliverable Instruments being delivered against Fix and the difference between the Futures Price and Fix being paid through Cash Settlement; or

(iii) Deliverable Instruments shall be delivered at the average price for the Contract Share on the Expiration Day and the difference between such average price and Fix for the immediately preceding Bank Day shall be paid through Cash Settlement.

3.8.26 Closure of Contracts with Cash Settlement takes place in the manner stated in section 3.8.4 and in accordance with the relevant contract specification.

3.8.27 In conjunction with the Closure of a Futures Contract, the provisions of section 3.8.21 regarding Settlement shall apply *mutatis mutandis*.

Contracts other than Options, Futures Contracts, or Bond Futures

3.8.28 Contracts other than such as relate to options or futures and which may be settled through Delivery or Cash Settlement, may terminate through Exercise, Closure, or other corresponding procedure in accordance with the provisions of the relevant contract specification.

3.8.29 Transfer Orders

A Transfer Order with respect to Cash Settlement or Delivery as a consequence of Settlement, Closure or a similar contract event shall be deemed placed in the Clearing System upon receipt of a request by the Clearing House or when the Clearing System, without such a request, generates a final settlement basis in accordance with section 3.10. Other than as set forth in the rules regarding Protests (section 3.9); Transfer Orders may not be revoked after receipt of such settlement basis by the Clearing House.

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Expiration

- 3.8.30 A Contract which has not become the subject for Set-Off, Futures Netting, Exercise, Closing or corresponding procedure shall terminate automatically through Expiration upon the expiry of the Contract Term. In the event of Expiration, all rights and obligations with respect to the Contract cease to apply.

Recalculation

- 3.8.31 Where the conditions for the performance of a Contract are changed as a result of a change in the value that constitutes the basis for the Contract, recalculation may take place of the Exercise Price, Futures Price, number of underlyings per Contract or equivalent. Such recalculation shall take place in accordance with the contract specification governing the Contract in question.
- 3.8.32 Circumstances that may result in a recalculation in accordance with the above may consist, for example, of bonus issues, new issues, splits, reverse splits of shares, mergers, distributions of shares in subsidiaries (spin-off), de-listing from a securities exchange or other marketplace, compulsory purchase, liquidation, or bankruptcy.

Contract Note

- 3.8.33 The Clearing House prepares contract notes in the following cases:
- in conjunction with Registration of a Contract whereupon the note is sent to the Trading Account Administrator;
  - in conjunction with Exercise, Closure, or where the Contract ceases to apply in any other manner, however not where the contract terminates through Lapse, whereupon the note is sent to the Clearing Account Administrator.
- 3.8.34 The contract note is sent to the member via the member's electronic connection, unless otherwise agreed by the member and the Clearing House.
- 3.8.35 Clearing Members shall prepare contract notes vis-à-vis Customers.

**3.9 Protests**

Generally

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- 3.9.1 Clearing members shall continuously assist in reconciliation of Transactions Registered during the day and shall submit to the Clearing House Protest attributable to Registrations or failure to Register, in the event that discrepancies exist compared with the member's own records. Members shall also, within the times stated in the Rules and Regulations, submit Protests against, e.g., erroneously executed, or failure to execute, Exercise or Cash Settlement. Protests submitted at times later than those stated below shall be invalid.
- 3.9.2 Protests of Contracts relating to Exchange and Clearing Listed Instruments shall be requested by members, on their own behalf and on behalf of Customers on forms determined by the Clearing House or via the Clearing Member's electronic connection to the Clearing System. Protests may also be submitted in another manner where such is stated in the contract specification governing the Contract.
- 3.9.3 Protest relating to Contracts concerning Clearing Listed Instruments or TM-Cleared Instruments shall be requested by a Clearing Member, on its own behalf or on behalf of a Customer, by telephone, on a form determined by the Clearing House, via the Clearing Member's electronic connection to the Clearing System or in another way which the Clearing House from time to time finds appropriate. The Clearing House shall take the measure as requested provided that the original contracting party consents to such measure.
- 3.9.4 Where a Protest results in a cancellation of the original Transaction and Registration of a new Transaction, the Transaction day shall be changed to the Bank Day on which new Registration occurs.

Protests

- 3.9.5 The following types of Protests may take place:
- (i) *Request for Re-registration.* This type of Protest may take place in the event of Re-registration of a Contract from one account to another account in accordance with the rules set forth in section 3.6.
  - (ii) *Protest concerning Registration of Internal Trades.* This type of Protest may take place where a member wishes to modify, e.g., price, volume, and Series with respect to Registered Internal Trades, see sections 3.9.6-3.9.8.
  - (iii) *Protest regarding Registration Errors.* This type of Protest may take place where a member, in conjunction with reconciliation of Transactions Registered during the day, discovers that discrepancies exist compared with the member's own

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records, e.g. erroneously executed, or failure to execute, Registrations of Trades. Such Protests shall be made in accordance with the rules relating to Registration Errors in section 3.9.9.

- (iv) *Protest concerning Exercise and Cash Settlement.* This type of Protest may take place where a member desires to submit a Protest against executed, or failure to execute, Exercise or Cash Settlement, see sections 3.9.10-3.9.11.

Protest concerning Registration of Internal Trades

3.9.6 Protests concerning Registration of Internal Trades may take place where a Clearing Member wishes to modify:

- (i) price, volume, and Series; or
- (ii) buy to sell or sell to buy.

3.9.7 Protests must be submitted immediately after discovery of the discrepancy, however not later than 30 minutes prior to EMP's normal closing on the Bank Day after Registration took place or, where Registration took place on the Expiration Day, prior to the closing of the Clearing System on the Expiration Day.

3.9.8 When a modification takes place in accordance with the above, the modification shall apply from the time that the Contract is Registered on the account.

Protests concerning Registration Errors

3.9.9 The Clearing House may, on its own initiative or following a request, cancel or modify a Transaction which entails a Registration Error, e.g. Transactions registered with an erroneous volume, erroneous price, or Transactions that have been double-registered.

A member that wishes to Protest against a Registration Error must do so immediately after the discrepancy is discovered, however, not later than 30 minutes prior to EMP's normal closing on the Bank Day after the Registration took place or should have taken place.

Protests may, however, be submitted at a later time provided that all Clearing Members affected consent to the cancellation or modification. However, in such cases Protests must be submitted not later than 60 minutes after EMP's normal closing on the Bank Day after the Registration Day. Where Registration has or should have taken place on the same day

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as Exercise takes place of the Contract in question, Protests must be submitted prior to the closing of the Clearing System on the Expiration Day or, where the Protest affects another clearing organisation, not later than 60 minutes prior to the closing of the Clearing System or the closing of the other clearing organisation's clearing system on the same day, whichever is the earliest. Exceptions to time limits in this third paragraph can be made if operationally possible, following approval from the Exchange and subject to forms decided by the Exchange.

Protests submitted to the Clearing House later than the times stated below shall not be processed by the Clearing House until the following Bank Day:

- (i) Prior to the closing of the Clearing System, where the request is submitted via the member's electronic connection;
- (ii) 30 minutes prior to the closing of the Clearing System, where the request is submitted via fax;
- (iii) 60 minutes prior to the closing of the Clearing System or the closing of the clearing system of a Co-operating Clearing Organisation, whichever is the earliest, where the request affects another clearing organisation.

When a modification takes place in accordance with the above, such modification shall apply from the time on which the Contract was Registered on the account.

Protests concerning incorrectly executed or non-executed Exercise and Cash Settlement

3.9.10 On its own initiative or following a request by a Clearing Member, the Clearing House may effect rectification of an by the Clearing House incorrectly executed or non-executed Exercise and Cash Settlement.

3.9.11 A Clearing Member which wishes to submit a Protest in respect of a by the Clearing House incorrectly executed, or non-executed Exercise or Cash Settlement, must submit a request therefore. Such Protests must be submitted as soon as the error is discovered, however not later than 30 minutes prior to EMP's normal opening on the Bank Day after the Exercise or Cash Settlement was carried out or should have been carried out. In connection with such Protest, the Clearing Member shall, in addition to stating the matter to which the Protest refers, provide information regarding the Series, number of Contracts affected, and the account numbers in question.

3.9.12 If the Exercise or Cash Settlement that has been Protested, in the Clearing House's

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opinion, has been incorrectly executed or non-executed the Clearing House may effect rectification.

- 3.9.13 In order to enable the Clearing House on its own initiative or following a Protest to effect rectification with respect to incorrectly executed or non-executed Exercise and Cash Settlement, the Clearing House shall, not later than 120 minutes after EMP's normal opening on the Bank Day after Exercise or Cash Settlement was carried out or should have been carried out, notify the Clearing Member concerned that rectification will be effected. The Clearing House shall also inform the Clearing Members concerned how the rectification will be effected.

Cancellation of an incorrect request of Exercise and Cash Settlement

- 3.9.14 On its own initiative or following a request by a Clearing Member, the Clearing House may carry out the following measures due to a Clearing Member's incorrect request for Exercise and/or Cash Settlement.
- 3.9.15 A Clearing Member which wishes to cancel a by the Clearing Member incorrect request of Exercise or Cash Settlement must submit a request therefore to the Clearing House as soon as the error is discovered, however not later than 60 minutes after EMP's normal opening on the Bank Day after the Exercise or Cash Settlement was carried out. In connection with such request, the Clearing Member shall, in addition to stating the matter to which the request refers, provide information regarding the Series, number of Contracts affected, and the account numbers in question.
- 3.9.16 When a Clearing Member has made such request for cancellation the Clearing House shall as soon as possible forward the request to Clearing Members concerned.
- 3.9.17 The Clearing House may on its own initiative, even if no request for cancellation has been made, contact Clearing Members concerned if, in the Clearing House's opinion, a Clearing Member's request for Exercise or Cash Settlement is incorrect. Such contact shall be taken no later than 90 minutes after EMP's normal opening on the Bank Day after the Exercise or Cash Settlement was carried out.
- 3.9.18 The Clearing House will thereafter cancel the Exercise and Cash Settlements in question if all Clearing Members concerned consent to such measure. If not all Clearing Members concerned have approved the measure by 120 minutes after EMP's normal opening on the Bank Day after the Exercise or Cash Settlement was carried out no cancellation will be made.

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**3.10 Settlement**

Generally

- 3.10.1 Settlement of obligations with respect to Instruments cleared by the Clearing House takes place in the manner stated in this section and in accordance with the respective contract specification.
- 3.10.2 Settlement involving payment in Swedish kronor (SEK) which is not connected with Delivery takes place in the Central Bank of Sweden's K-RIX payment system in accordance with the routines governing settlement administered by the Clearing House.
- 3.10.3 Settlement involving Payment in Danish kronor which is not connected with Delivery takes place in the National Bank of Denmark's KRONOS payment system in accordance with the routines governing settlement administered by the Clearing House.
- 3.10.4 Settlement involving Payment in a currency other than Swedish or Danish kronor which is not connected with Delivery takes place through the stated account at a bank as designated by the Clearing House in accordance with the Clearing House's instructions.
- 3.10.5 Settlement involving Payment in connection with Delivery through Euroclear Sweden, VP, VPS, Euroclear Finland or ISD shall take place in accordance with the routines applied by Euroclear Sweden, VP, VPS, Euroclear Finland and ISD from time to time in conjunction with settlement with respect to the Instruments in question. If a Clearing Member does not in time fulfil its obligation regarding Delivery the Clearing House may, if this follows from the applicable contract specification (Buy-in), deviate from such routines.
- 3.10.6 Members that are not participants in the payment system in which payment equalisation takes place or in the settlement system in which Delivery takes place must retain an institution which is such a participant in order to be able to fulfil their obligations with respect to Settlement and Delivery.

Settlement administered by the Clearing House

- 3.10.7 Settlement administered by the Clearing House covers payments in Swedish kronor, Danish kronor, Icelandic kronor, USD or euro that are not connected with Delivery. These Settlements relate to:

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- (i) Premiums
- (ii) Fees
- (iii) Cash Settlement
- (iv) Other settlements unconnected with Delivery.

*Settlement Basis*

- 3.10.8 During the night before the Settlement Day, the Clearing House provides a settlement basis with respect to the payments to be made or received. The settlement basis includes a calculation of all Settlements with the same Settlement Day together with a net amount to be paid or received per Clearing Member and Payment Bank.
- 3.10.9 The settlement basis is produced per Clearing Member and Payment Bank. The basis produced for a Payment Bank is reported with the net amount per Clearing Member and aggregated for the Payment Bank. The basis produced for a Clearing Member is reported with the net amount on the account level and aggregated for the Clearing Member.

*Settlement exchange in the Swedish Central Bank's payment system K-RIX*

- 3.10.10 On the Settlement Day, settlement exchange of payments in Swedish kronor takes place in K-RIX in accordance with the following. Clearing Members must ensure that the member or, where such is not a participant in K-RIX, the member's Payment Bank, has at its disposal not later than 11.30 a.m. on the Settlement Day the necessary balance or credit facilities for settlement exchange on the Clearing Member's or Payment Bank's K-RIX account.
- 3.10.11 The Clearing Member or member's Payment Bank shall, not later than 11.30 a.m. on the Settlement Day, have registered a payment instruction in K-RIX with respect to the transfer of the net settlement for the Clearing Member or Payment Bank in accordance with the settlement basis. In corresponding manner, The Clearing House itself or through a Payment Bank, registers payment instructions regarding transfers of net payments to the Clearing Members or Payment Banks that are to receive net payments.
- 3.10.12 Settlement exchange takes place between 11.30 a.m. – 11.45 a.m. through the Clearing House confirming all registrations of net settlements, whereafter transfer takes place in accordance with the registered payment instructions.

*Settlement exchange in the National Bank of Denmark's KRONOS payment system*

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- 3.10.13 On the Settlement Day, exchange of payment regarding Settlement in Danish kronor shall take place in KRONOS, whereupon the following shall apply.
- 3.10.14 The Clearing Member or the Member's Payment Bank which, pursuant to produced payment instructions is to be debited for net settlement, shall, not later than 11.00 am on the Settlement Day, transfer the net settlement calculated for the Clearing Member in accordance with the payment instructions to the Clearing House's folio account in KRONOS.
- 3.10.15 Settlement exchange takes place between 11.00 am – 12.00 noon through the Clearing House causing net settlement in accordance with the produced payment instructions to be transferred to the Clearing Member or the Member's Payment Bank which, pursuant to the produced payment instructions, is to be credited with the net settlement.

Settlement administered by Euroclear Sweden, VP, VPS, Euroclear Finland, or ISD

- 3.10.16 Settlement effected through Euroclear Sweden, VP, VPS, Euroclear Finland or ISD includes Deliveries and thereto related settlement for Instruments which, in accordance with the respective contract specifications, are to be settled via Euroclear Sweden, VP, VPS, Euroclear Finland or ISD. In such cases, settlement and Delivery take place in accordance with the routines applied by Euroclear Sweden, VP, VPS, Euroclear Finland and ISD from time to time for net settlement with respect to the Instrument in question, and in the manner stated in the respective contract specification.

Settlement of Instruments based on Swedish, Danish, Norwegian, Finnish or Icelandic shares, depository receipts or similar Instruments

*Settlement Basis*

- 3.10.17 On the Bank Day following Exercise/Closing, the Clearing House provides the respective Clearing Members with a basis with respect to Settlements and Deliveries. The basis sets forth Settlements and Deliveries aggregated per Clearing Account and Integrated Trading and Clearing Account as well as totals for the Clearing Member. Netting takes place only where a member submits a request therefore.

*Settlement*

- 3.10.18 On the Settlement Day, settlement takes place in accordance with Euroclear Sweden's, VP's, VPS's, Euroclear Finland's or ISD's rules.

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- 3.10.19 Settlement of share futures shall take place through:
- (i) the difference between the average price for the Contract Share on the Expiration Day and Fix for the immediately preceding Bank Day being settled through the Clearing House in accordance with sections 3.10.7-3.10.12; and
  - (ii) delivery at such average price as referred to in (i) shall take place in the same manner as stated in the relevant contract specification.

*Settlement of Fixed-Income Instruments or Similar Instruments*

*Settlement Basis*

- 3.10.20 On the Expiration Day for a fixed-income or similar Instrument, the Clearing House provides a settlement basis to the Clearing Members that shall Deliver one or several Instruments included in a Contract Base. The settlement basis shall state the quantity of Deliverable Instruments to be delivered. Clearing Members subject to a Delivery obligation shall thereafter, not later than the time stated in section 3.10.23, notify the Clearing House as to which Instrument will be delivered and to which party Settlement and Delivery shall take place.
- 3.10.21 The Clearing House thereafter provides a basis in the Clearing System with respect to Settlement and Deliveries. Settlement and Deliveries are recorded per Clearing Account, Integrated Trading and Clearing Account and Clearing Member. In addition, netting takes place of Clearing Member's settlement and delivery obligations unless otherwise agreed between the Clearing House and the Clearing Member.
- 3.10.22 Settlement of interest futures and forwards takes place through:
- (i) the difference between the Futures Price and Fix being settled through The Clearing House in accordance with sections 3.10.7 - 3.10.12; and
  - (ii) Delivery against Fix taking place through Euroclear Sweden.

*Time Schedules*

- 3.10.23 Not later than 4.00 p.m. on the Expiration Day for the relevant Instrument, The Clearing House notifies the relevant Clearing Members subject to delivery obligations as to the quantity of Deliverable Instruments to be delivered. Not later than 6.00 p.m. on the same day, all members concerned notifies the Clearing House as to which Deliverable Instruments will be Delivered and as to the Settlement in consideration of which Delivery

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shall take place.

- 3.10.24 Not later than 8.45 a.m. on the Bank Day after the Expiration Day, The Clearing House notifies Clearing Members that are to obtain Delivery as to which Deliverable Instruments will be delivered and as to the Settlement to be paid. On the Settlement Day, settlement takes place in accordance with Euroclear Sweden's rules.

Settlement in Currencies other than Swedish Kronor or Danish kronor that are not connected to Deliveries

- 3.10.25 In conjunction with settlement without connection to Delivery, the Clearing House provides payment information in accordance with sections 3.10.8 and 3.10.9. Clearing Members shall transfer Settlement in the relevant currency to the Clearing House's account at the bank designated by the Clearing House in accordance with the settlement basis. Such transfer shall take place not later than the time stated by the Clearing House.

- 3.10.26 Settlement is executed when all payment transfers have taken place in accordance with the produced settlement basis.

Settlement against Delivery with respect to Clearing-Listed Instruments not settled through Euroclear Sweden, VP, VPS, Euroclear Finland or ISD

- 3.10.27 Clearing-Listed Instruments with Delivery that are not settled through Euroclear Sweden, VP, VPS, Euroclear Finland or ISD are governed by the routines applied by the Clearing House from time to time for the settlement of such Instruments.

### **3.11 Liability**

Generally

- 3.11.1 In respect of Contracts which
- a) are Registered on an Integrated Trading and Clearing Account;
  - b) are Registered on a Trading Account; or
  - c) are Recorded on a Clearing Account
- the Customer, Clearing Member, and the Clearing House shall be liable for the performance of the obligations pursuant to the Contract to the extent set forth below. Customers or members shall provide collateral for their undertakings to the extent set forth in section 3.7.

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- 3.11.2 A Clearing Member shall at all times be liable to the Clearing House for obligations (including, for the avoidance of doubt, obligations in respect of which no collateral has been posted to the Clearing House) relating to Contracts Registered or Recorded on the Clearing Member's own account(s).
- 3.11.3 A Customer shall at all times be liable to the Clearing House for the obligations relating to Contracts Registered or Recorded on the Customer's Individual Accounts.
- 3.11.4
- (a) A GCM shall at all times be liable to the Clearing House for obligations (including, for the avoidance of doubt, obligations in respect of which no collateral has been posted to the Clearing House) relating to Contracts Registered or Recorded on Omnibus Accounts and Segregated Accounts that the GCM administers (including, for the avoidance of doubt, such accounts administered for NCMs).
  - (b) A DCM shall at all times be liable to the Clearing House for obligations (including, for the avoidance of doubt, obligations in respect of which no collateral has been posted to the Clearing House) relating to Contracts Registered or Recorded on Omnibus Accounts and Segregated Accounts that the DCM administers.

Clearing Member's liability for Individual Customer Accounts that are Integrated Trading and Clearing Accounts

- 3.11.5 A Clearing Member shall be jointly and severally liable together with its Customers for obligations pursuant to Contracts that are Registered on the Customers' Individual Customer Accounts which are Integrated Trading and Clearing Accounts, where the accounts are administered by the member. The member's liability shall, however, be limited in accordance with the following:
- (i) payment with respect to Premiums and clearing fees in accordance with these Rules and Regulations;
  - (ii) payment up to an amount corresponding to the most recently announced Margin Requirement and payment up to an amount corresponding to the most recent Daily Cash Settlement instruction;
  - (iii) payment up to an amount corresponding to the first Collateral Requirement and an amount corresponding to Daily Cash Settlement instruction which may be calculated pursuant to these Rules and Regulations with respect to Contracts Recorded on the account and which are not covered by the most recently announced Margin Requirement or Daily Cash Settlement instruction; and
  - (iv) penalty interest on amounts in accordance with (i)-(iii).

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- 3.11.6 Where the Clearing House decides to make an Intra-Day Margin Calculation (see section 3.7.24), a member's liability with respect to the new Margin Requirement shall arise at the time set forth in section 3.7.24.

Clearing Member's liability for Individual Customer Accounts that are separate Trading and Clearing Accounts

*Trading Account Administrator's liability*

- 3.11.7 A Trading Account Administrator shall be jointly and severally liable together with its Customers for obligations pursuant to Contracts Registered on Individual Customer Accounts, where such are the Customers' Trading Accounts, and where the accounts are administered by the Trading Account Administrator. However, the Trading Account Administrator's liability shall be limited in accordance with the following:

- (i) payment with respect to Premiums and registration fees in accordance with the Clearing House's fee list in force from time to time;
- (ii) an amount corresponding to the Collateral Requirement and an amount corresponding to Daily Cash Settlement instruction which, according to these Rules and Regulations, should be calculated for Contracts Registered on the account during the same Registration Day; however, liability shall cease to apply where the Clearing House announces a Margin Requirement covering the Contract in question and the Customer provides necessary collateral for such balance and has paid the Daily Cash Settlement with an amount corresponding to the member's liability for such settlement; and
- (iii) penalty interest on amounts in accordance with (i) and (ii).

- 3.11.8 However, in conjunction with the connection of an Individual Customer Account that is a Trading Account at the Clearing House to an account at LCH.Clearnet in accordance with section 3.6.14 (i), liability in accordance with section 3.11.7 (ii) shall be assumed by the member of LCH.Clearnet when the prerequisites provided for in section 3.6.13 are fulfilled and when LCH.Clearnet under its rules, as in force from time to time, has assumed the counterparty risk for the Transaction.

- 3.11.9 In case of a Give-Up according to section 3.6.13 (iv) which takes place after the closing of the EMP but on the same day, the Member will continually be liable with regard to Contracts given up to another account until the taking up Member or – where applicable –

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the Customer has posted sufficient collateral with regard to the first Collateral Requirement that is calculated for the account to which the Contract has been given up.

- 3.11.10 In conjunction with the calculation of the Trading Account Administrator's liability in accordance with section 3.11.7 (ii), the parameter values for the respective Contracts shall be used as were applicable at the close of trading on the day on which Registration took place.
- 3.11.11 In order to invoke payment pursuant to a Trading Account Administrator's liability in accordance with section 3.11.7 (ii), the Clearing House must have notified the Trading Account Administrator, not later than 4.30 p.m. on the Trading Day following the day on which the Contract in question was Registered, that payment may be invoked. The Clearing House shall immediately thereafter notify the Trading Account Administrator with respect to the maximum amount that may be claimed from such party. Where payment is invoked pursuant to the Trading Account Administrator's liability, the Clearing House shall provide an accounting of the manner in which the liability has been calculated.
- 3.11.12 Where several Trading Account Administrators are liable in accordance with section 3.11.7 (ii), liability in conjunction with any deficiency shall be apportioned between such parties in relation to their respective shares in the aggregate Collateral Requirement as might be calculated in accordance with the same section. However, in such case liability shall be limited to the amount which, in accordance with the section, might be calculated for each of the Trading Account Administrators individually.

*Clearing Account Administrators' liability*

- 3.11.13 A Clearing Account Administrator shall be jointly and severally liable with its Customers for obligations pursuant to Contracts Recorded on Individual Customer Accounts where such are Clearing Accounts, and where the accounts are administered by the Clearing Account Administrator. However, the Clearing Account Administrator's liability shall be limited in accordance with the following:
- (i) payment of clearing fees other than such as are referred to in section 3.11.7 (i); and
  - (ii) penalty interest on amounts in accordance with (i).

Miscellaneous

- 3.11.14 Clearing Members that administers Individual Customer Accounts that are Integrated Trading and Clearing Accounts or separate Clearing Accounts shall also be liable to the

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Clearing House for ensuring that Delivery or payment is not made to the account holder without the Clearing House simultaneously receiving performance from the account holder.