

Notice:	03/2010
Issued:	4th February 2010
Effective date:	4th February 2010
Affected products:	Adding clearing of Swedish Electricity Certificates
Amendments effected:	Rulebook for clearing with NOS Appendix 1 – Markets Appendix 5 – Product Specifications Appendix 6 – Clearing Calendar Appendix 7 – Clearing Cycle Appendix 8 – Fee list
	New: Appendix 10 – Non-Cash Collateral and Settlement Account Agreement with Annex 10A and 10B

NOS Clearing ASA will from 4th February 2010 extend its clearing services to include Swedish Electricity Certificates derivative products. Members may report trades to NOS Clearing ASA directly or through Approved Brokers.

To accommodate the new derivatives products, NOS has made amendments to the Rulebook and Appendices. The changes do not affect Members that are not trading the Swedish Electricity Certificates.

In addition, NOS has made some minor amendments to correct misspellings and other non-material changes to the Rulebook.

Please see link to a mark-up version of the Rulebook on our website www.nosclearing.com under Rulebook.

The amendments will take effect from 4th February 2010.

Rulebook:

New 1.1.4 NOS also performs physical settlement in accordance with the Product Specification of the relevant Product.

Old 1.1.4
changed to
1.1.5 and so
forth

1.2.4 Amended:
A Clearing Member wishing to clear Contracts with physical delivery for which NOS has approved Non-Cash Collateral shall, if requested by NOS, be party to a separate Collateral and Settlement Account Agreement governing such Non-Cash Collateral, between the Clearing Member and NOS under which NOS and the Clearing Member are granted certain rights and duties over the relevant Non-Cash Collateral as set forth in Appendix 10.

1.2.5 Amended:
A Clearing Member who clears Contracts with financial and/or physical delivery may use Non-Cash Collateral as Collateral subject to NOS' sole and exclusive discretion and approval.

1.3 Amended:
Definitions
“Collateral and Settlement Account”
an account with a Settlement Bank for a Clearing Member's cash Collateral deposit and settlement of Contracts or any account in which Non-Cash Collateral is deposited.
“Forward Contract”
Contract with financial or physical settlement which entitles the Seller and Buyer to Settlement in accordance with the Product Specification.
“Futures Contract”
Contract with financial settlement which entitles the Seller and Buyer to Mark-to-Market Settlement and Delivery Period Settlement in accordance with the Product Specification.

“Non-Cash Collateral”

Any Collateral which is accepted as Collateral by NOS and which is not cash or a Letter of Credit.

5.3.3

Old:

- (a) perform Mark-to-Market Settlement and Delivery Period Settlement in respect of each Futures Contract to which a Clearing Member is party; and

New:

- (a) perform Mark-to-Market Settlement and/or Delivery Period Settlement in respect of each Futures or Forward Contract to which a Clearing Member is party; and

5.3.5

Amended:

Settlement of Contracts with physical delivery shall be settled as set forth in Clause 5.9.2 and in the Product Specification.

5.9.1

Old:

Where a Buyer or Seller is entitled to receive or obliged to pay an amount by way of settlement under the Product Specification for a Contract, NOS shall perform the settlements according to the Product Specification.

New:

Where a Buyer or Seller is entitled to receive or obliged to pay an amount or receive or provide physical delivery by way of settlement under the Product Specification for a Contract, NOS shall perform the settlements according to the Product Specification.

5.9.2

New:

Any Contract with physical settlement shall be settled on the Delivery Day by the Buyer paying the Seller the Contract Price and the Seller delivering the Buyer the underlying as set forth in the Product specification.

6.4.1

New:

- (c) Non-Cash Collateral as accepted by NOS at its sole and exclusive discretion, to be deposited with NOS according to NOS' instructions and to be assigned a value at NOS' sole and exclusive discretion at the time of the pledge and anytime thereafter.

Amended:

Old:

NOS may require such proportion of the Margin Requirement as it may

determine in its sole discretion to be provided as cash deposits on the Collateral and Settlement Account of the Clearing Member (specifications set out in Appendix 5) to cover settlements.

New:

NOS may require such proportion of the Margin Requirement as it may determine in its sole discretion to be provided as cash deposits on the Collateral and Settlement Account of the Clearing Member (specifications set out in Appendix 5) or as Non-Cash Collateral deposited as instructed by NOS to cover settlements.

6.4.2

Old:

Any excess amount on the Collateral and Settlement Account after coverage of the Margin Requirement, Base Collateral and aggregate settlement amounts, may be released by NOS to a Clearing Member upon a written request in the form set out in Annex 3B to Appendix 3. NOS may refuse such release in its sole discretion in and may set-off any other due claims against the Clearing Member against the balance in any Clearing Account of the Clearing Member, subject to Clause 5.2.8.

New:

Any excess Collateral after coverage of the Margin Requirement, Base Collateral and aggregate settlement amounts, may be released by NOS to a Clearing Member upon a written request in the form set out in Annex 3B to Appendix 3 or Annex 10B to Appendix 10. NOS may refuse such release in its sole discretion in and may set-off any other due claims against the Clearing Member against the balance in any Clearing Account of the Clearing Member, subject to Clause 5.2.8.

6.4.3

Old:

Clearing Members with several Margining Accounts may use excess Collateral from one Margining Account to cover Margin Requirements on other Margining Accounts, subject to Clause 5.2.2. If the excess Collateral to be posted to a Margin Account is denominated in a different currency from the base currency of that Margin Account the excess Collateral will be converted into the same currency as such base currency. NOS will, in its sole discretion, determine the exchange rate for such currency conversions as it considers prudent.

New:

Clearing Members with several Margining Accounts may use excess Collateral from one Margining Account to cover Margin Requirements on other Margining Accounts, subject to Clause 5.2.2. If the excess Collateral to be posted to a Margin Account is denominated in a different currency from the base currency of that Margin Account or is a Non-Cash Collateral

the excess Collateral will be converted into the same currency as such base currency. NOS will, in its sole discretion, determine the exchange rate for such currency conversions as it considers prudent. NOS will also, in its sole discretion, determine whether and on which terms Non-Cash Collateral may be included in such conversion.

7.1.1 Old: The rules in Clauses 7.1 – 7.6 apply to defaults by a Clearing Member only.

 New: The rules in Clauses 7.1 – 7.7 apply to defaults by a Clearing Member only.

7.6.1 New: (c) sell or otherwise dispose of any Non-Cash Collateral at the best price reasonably available, at NOS sole discretion, in the market.

7.6.2 Old: Subject to the following sentence, any excess amount on the Collateral and Settlement Account after NOS's claims have been covered shall be paid to the Clearing Member, and the Letter of Credits shall be released. If NOS has called upon a Letter of Credit, the Bank shall be paid before any excess amount shall be paid to the Clearing Member.

 New: Subject to the following sentence, any excess amount on the Collateral and Settlement Account or Non-Cash Collateral left after NOS's claims have been covered shall be transferred to the Clearing Member, and the Letter of Credits shall be released. If NOS has called upon a Letter of Credit, the Bank shall be paid before any excess amount shall be paid to the Clearing Member.

New 7.7 Contracts with physical settlement

If the Seller in a Forward Contract with physical settlement fails to timely fulfil its obligations towards NOS, NOS shall proceed to purchase the required asset in the market at the prevailing price and shall deduct from Seller's Collateral any price paid by NOS for the replacement asset in excess of the payment received by NOS from Buyer. In the event that Seller's Collateral is insufficient to cover such excess price paid by NOS, Seller shall immediately upon NOS' request reimburse NOS the remaining amount.

If Buyer in a Forward Contract with physical settlement fails to timely pay as required, NOS may proceed to sell the asset received from Seller in the

market at the prevailing price and shall deduct from Buyer's Collateral any negative difference between the price obtained for the asset and the price payable by NOS to the Seller. In the event that such Collateral is insufficient to cover such lower price obtained, Buyer shall immediately upon NOS' request reimburse NOS the remaining amount.

Old 7.7
changed to
7.8 and so
forth

9.3.2

Old:

The governing law of each of the Clearing Membership Agreement, Collateral and Settlement Account Agreement and Letter of Credit shall be as set out therein.

New:

The governing law of each of the Clearing Membership Agreement, Collateral and Settlement Account Agreement, Non-Cash Collateral and Settlement Account Agreement and Letter of Credit shall be as set out therein.

Appendix 1 – Markets

The list of Markets has been updated with Swedish Electricity Certificates.

Swedish Electricity Certificates

Approved Brokers

Name of Organisation	ICAP Energy AS, Svensk Kraftmäkling AB
Trading Rules	Rules of the individual Approved Broker
Clearing	All Trades are subject to approval by NOS
Clearing Hours	As set out in the Clearing Cycle

Appendix 5 – Product Specification

The specification of the Swedish Electricity Certificate has been added and described in Appendix 5 Annex 5P

Appendix 6 – Clearing Calendar

The Clearing Calendar has been updated with the Swedish Electricity Certificates.

SWEDISH EL-CERT

2010	Friday 1 January	New Year's Day
	Wednesday 6 January	Epiphany
	Thursday 1 April	Maundy Thursday
	Friday 2 April	Good Friday
	Monday 5 April	Easter Monday
	Thursday 13 May	Ascension Day
	Monday 17 May	Constitution Day
	Monday 24 May	Whit Monday

Appendix 7 – Clearing Cycle

The Clearing cycle has been updated with the Swedish Electricity Certificates.

CLEARING CYCLE FOR ELECTRICITY CERTIFICATE PRODUCTS

Settlement Bank: DnBNOR Bank ASA, Oslo Norway
 Currency: SEK
 Clearing Calendar: Calendar as specified in Appendix 6

SPOT contracts

08:00 T Start of Clearing Hours

16:00 T End of Clearing Hours

19:00 T

- A net settlement amount arising from the Expiry Settlement, Expiry Settlement VAT, Delivery Fee and Delivery Fee VAT is calculated.
- End of day physical delivery settlement of Electricity certificate ("El-cert") is calculated.
- End of day Margin Requirement is calculated

20:00 T Clearing Reports are made available to the Clearing Members on the NOS

NOS Clearing*

Web Office.

12:00 T+1	Final time for posting of Collateral or EI-cert to cover the end of day Margin Requirement.
16:00 T+1	Final time for making written complaints to NOS regarding Cleared Contracts done the previous Trading day (T).
12:00 T+3	Final time for posting of Collateral to cover the end of day Cash requirement. Final time for posting of EI-cert to cover the end of day Electricity certificate Requirement.
14:00 T+3	NOS instruct the Settlement Bank to credit or debit the Collateral and Settlement Account for the net settlement amount calculated the Trading Day (T). NOS will credit or debit the NOS Cesar Client Account with the net amount of physical EI-cert to be delivered, calculated the Trading Day (T).

Forward contracts

08:00 T	Start of Clearing Hours
16:00 T	End of Clearing Hours
19:00 T	<ul style="list-style-type: none">• End of day clearing fee is calculated.• End of day Margin Requirement is calculated
20:00 T	Clearing Reports are made available to the Clearing Members on the NOS Web Office.
12:00 T+1	Final time for posting of Collateral or EI-cert to cover the end of day Margin Requirement.
14:00 T+1	NOS instruct the Settlement Bank to credit or debit the Collateral and Settlement Account for the clearing fee amount calculated the Trading Day (T).
16:00 T+1	Final time for making written complaints to NOS regarding Cleared Contracts done the previous Trading day (T).

NOS Clearing*

- 19:00 S
- A net settlement amount arising from the, Expiry Settlement, Expiry Settlement VAT, Delivery Fee and Delivery Fee VAT is calculated.
 - End of day physical delivery settlement of El-cert is calculated.
- 12:00 S+3
- Final time for posting of Collateral to cover the end of day Cash requirement.
Final time for posting of El-cert to cover the end of day Electricity certificate Requirement.
- 14:00 S+3
- NOS instruct the Settlement Bank to credit or debit the Collateral and Settlement Account for the net settlement amount calculated the Settlement Day (S).
- NOS will credit or debit the NOS Cesar Client Account with the net amount of physical El-cert to be delivered, calculated the Settlement Day (S).

Appendix 8 – Fee list

The Fee List has been updated with the Swedish Electricity Certificates.

Swedish Electricity Certificates	NOS Clearing Fees
Spot Contracts :	
Delivery Fee	0,0025 SEK per Certificate
Forward Contracts:	
Clearing Fee	0,0025 SEK per Certificate
Delivery Fee	0,0025 SEK per Certificate

Appendix 10 – Non-cash Collateral and Settlement Agreement

Swedish Electricity Certificates can be used as collateral, up to 85 % of market value. The members may use certificates to cover the margin requirements and base collateral requirement. When covering base collateral NOS requires 10 000 certificates, transferred to a Sub-Account under NOS account in Cesar, created to hold certificates as base collateral. The accounts are regulated by the new Appendix 10 to the Rulebook with Annex 10 A – Account Terms and Annex 10B – Release form.

Please see the Appendix 10 at our Website www.nosclearing.com under Rulebook