

Notice: 06/2006  
Issued: 18<sup>th</sup> December 2006

<p style="text-align: center;"><b>AMENDMENTS TO THE RULEBOOK FOR TRADING AT IMAREX AND CLEARING WITH NOS.</b></p>
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NOS Clearing ASA and International Maritime Exchange ASA have made amendments to the Rulebook due to the introduction of General Clearing Members (GCM).

The main changes are:

- Financial institutions licensed by and subject to supervision from a relevant public or similar independent authority may apply for clearing membership as “General Clearing Members”.
- General Clearing Members may clear trades on behalf of clients or for its own account. General Clearing Members are responsible for all obligations owed to NOS, including trades cleared on behalf of clients.
- General Clearing Members must separate its principal and client trading. NOS may not combine and consolidate the balances on Client Clearing Accounts with the balances on Proprietary Clearing Accounts of a General Clearing Member.

In addition to amendments and additions made to accommodate for General Clearing Members, NOS has updated some other clauses in the Rulebook. These changes do not represent material changes.

The amendments will take effect from 22<sup>nd</sup> December 2006.

## **Rulebook**

1.1.4 Old:

NOS acts as a central counterparty and provides Clearing for trades in Listed Products matched in Trayport or by the MPS.

New:

NOS acts as a central counterparty and provides Clearing for trades in Listed Products matched in Trayport or by the MPS [or otherwise approved by NOS for Clearing.](#)

1.1.8

Old:

The services provided by NOS under the Rulebook are open to persons who qualify as Clearing Members. NOS will offer Clearing Membership to Trading Members in accordance with the Rulebook.

New:

The services provided by NOS under the Rulebook are open to persons who qualify as Clearing Members. NOS will offer Clearing Membership to Trading Members in accordance with the Rulebook. [NOS will offer General Clearing Membership in accordance with the Rulebook.](#)

1.3

Old:

"Clearing account"

an account opened by a Clearing Member with NOS in the name of a Clearing Member.

New:

"Clearing account"

an account opened by a Clearing Member with NOS in the name of a Clearing Member [for recording of Contracts.](#)

New:

["Client Clearing Account"](#)

[Clearing Account established with NOS in the name of a General Clearing Member, for recording of Contracts entered into for the account of clients.](#)

Old:

"Control Mode"

Mode where all orders of Clearing Member registered in Trayport for a Clearing Account are withdrawn and such Clearing member's ability to input new Orders is restricted.

1.3

New:

“Control Mode”

Mode where ~~all orders of Clearing Member registered in Trayport for a Clearing Account are withdrawn and such Clearing member’s ability to input new Orders is restricted.~~ the Margin Requirement on a Margining Account exceeds the Margin Collateral, giving NOS the right to restrict the Clearing Member’s ability to input new Orders or execute Orders registered in Trayport.

New:

“General Clearing Member”

a Clearing Member approved by NOS to Clear Contracts on behalf of clients and for its own account.

New:

“Margining Account”

a summary account opened by a Clearing Member with NOS, where Contracts recorded in identified Clearing Accounts of that Clearing Member are consolidated for Margin Requirement purposes.

Old:

"Margin and Settlement Account"

an account with a Settlement Bank for a Clearing Member’s cash Collateral deposit and settlement of Contracts.

~~"Margin Collateral~~ and Settlement Account"

an account with a Settlement Bank for a Clearing Member’s cash Collateral deposit and settlement of Contracts.

**NOTE:** “Margin and Settlement Account” is replaced by “Collateral and Settlement Account” in all Clauses throughout the Rulebook where “Margin and Settlement Account” was previously used.

1.3 New:  
“Open Position”  
The accumulated net (novation) Contract position in each product series recorded in a Clearing Account (as updated upon registration, cascading and expiry of Contracts).

New:  
“Proprietary Clearing Account”  
Clearing Account established in the name of a General Clearing Member for recording of Contracts entered into on its own account.

2.1.12 e) New (old 2.1.12 e) becomes 2.1.12 f) and commencing):  
a General Clearing Member must be licensed by and subject to supervision from a relevant public or similar independent authority; a Clearing Member must establish at least one Clearing Account with NOS, a General Clearing Member must establish at least one Client Clearing Account with NOS, and may also establish one or several Proprietary Clearing Accounts; a Clearing Member must establish at least one Margining Account with related Collateral and Settlement Accounts;

2.1.12 f) Old (old 2.1.12 e) ):  
e) a Clearing Member must establish a Clearing Account with NOS;  
  
New:  
f) a Clearing Member must establish ~~a~~ at least one Clearing Account with NOS, a General Clearing Member must establish at least one Client Clearing Account with NOS, and may also establish one or several Proprietary Clearing Accounts;

2.1.12. g) Old (old 2.1.12 f) ):  
(f) a Clearing Member must establish a Margin and Settlement Account; and  
  
New:  
g) a Clearing Member must establish at least one Margining Account with related ~~a~~ Margin Collateral and Settlement Accounts; and

2.1.21

Old:

A Member is entitled to trade as principal for its own account only.

New:

All Contracts are registered in Clearing Accounts established in the name of the Clearing Member. General Clearing Members must separate its principal and client trading by establishing separate Client Clearing Accounts and Proprietary Clearing Accounts.

2.2.3

New:

General Clearing Members may appoint Trading Representatives with authority to allocate Contracts to specified Clearing Accounts of that General Clearing Member.

2.2.4

Old 2.2.3 becomes 2.2.4 and commencing

2.3.4

Deleted:

~~Each Member shall access and use the Markets (including but not limited to the execution of Contracts) solely for its own internal business and commercial purposes and in accordance with the Rules. Without limitation to the foregoing, each Member shall not use Trayport, or enter into Contracts through Trayport or MPS as agent for a third party.~~

2.3.4

Old 2.3.5 becomes 2.3.4 and commencing

4.2.4.1

Old:

Following confirmation of a Cleared Contract NOS shall calculate a real time Margin Requirement for the Clearing Member's Clearing Account. NOS may place the Member in Control Mode if either a) or b) occurs;

(a) the Margin Requirement exceeds the Margin Collateral

(b) the Member has entered Orders that if executed will increase the Margin Requirement substantially above the size of the Margin Collateral.

New:

Following confirmation of a Cleared Contract NOS shall calculate a real time Margin Requirement for the Clearing Member's ~~Clearing Account~~ Margining Account. NOS may place the Member in Control Mode if either a) or b) occurs;

(a) the Margin Requirement on a ~~Clearing Account~~ Margining Account exceeds the Margin Collateral posted for that Margining Account

(b) the Member has entered Orders that if executed will increase the Margin Requirement substantially above the size of the Margin Collateral.

## 5.1.2

Old:

All transactions Matched in Trayport during Trading Hours are automatically approved for Clearing by NOS, and are therefore Cleared Contracts. All other transactions are subject to NOS approval before confirmed as Cleared Contracts.

New:

All transactions Matched in Trayport during Trading Hours are automatically approved for Clearing by NOS, and are therefore Cleared Contracts. All ~~other~~ transactions not Matched in Trayport must be reported to NOS by the MPS or any other party appointed by the Clearing Member, and are subject to NOS approval before being confirmed as Cleared Contracts. Such transactions must be confirmed towards NOS by the Trader/Trading Representative before being confirmed as Cleared Contracts.

## 5.1.3

Old:

Where a Cleared Contract arises in accordance with Chapter 4 and is recorded in the Clearing Account of each Member party to the Contract, such Contract shall be replaced by novation by two sets of open contracts, one between each Seller and NOS, and one between each Buyer and NOS, in each case as principals to the Contract. The terms of each such open contract shall be those of the Contract.

New:

Where a Cleared Contract arises in accordance with ~~Chapter 4~~ this Rulebook and is recorded in the Clearing Account of each Member party to the Contract, such Contract shall be replaced by novation by two sets of open contracts, one between each Seller and NOS, and one between each Buyer and NOS, in each case as principals to the Contract. The terms of each such open contract shall be those of the Contract.

- 5.2.1 Old:  
A Clearing Member shall maintain a Clearing Account with NOS at all times.  
NOS shall register all Contracts undertaken by a Clearing Member in such Clearing Member's Clearing Account.
- New:  
A Clearing Member shall establish and maintain ~~a~~ at least one Clearing Account with NOS at all times. NOS shall register all Contracts undertaken by a Clearing Member in such Clearing Member's Clearing Accounts as instructed by the Trading Representative(s) or Traders.
- 5.2.2 New (old 5.2.2 becomes 5.2.5 and commencing):  
A General Clearing Member shall establish and maintain one or several Client Clearing Accounts for recording of Contracts entered into on behalf of clients. The General Clearing Member shall upon request immediately disclose to NOS the identity of the client that is recorded with the General Clearing Members as beneficial owner/holder of one or several Contracts.
- 5.2.3 New:  
A General Clearing Member may also establish and maintain one or several Proprietary Clearing Accounts for recording of Contracts entered into on its own account.
- 5.2.4 New:  
A Clearing Member shall establish and maintain at least one Margining Account, identifying the Clearing Accounts that shall be consolidated there under. General Clearing Members must establish and maintain separate Margining Accounts linked to Client Clearing Accounts and Proprietary Clearing Accounts, cf. Clause 2.1.21.

5.2.5 Old (old 5.2.2):

A Clearing Member shall maintain a Margin and Settlement Account for each Clearing Account. The Margin and Settlement Account shall be used for deposits of cash Margin and for settlement in accordance with this Rulebook, and NOS shall have right of disposal over the Margin and Settlement Account, only to be exercised in respect of amounts due and owing to NOS from the Clearing Member.

New:

A Clearing Member shall establish and maintain a Margin Collateral and Settlement Account for each ~~Clearing Account~~ Margining Account established. The Margin Collateral and Settlement Account shall be used for deposits of cash Collateral and for settlement in accordance with this Rulebook, and NOS shall have right of disposal over the Margin Collateral and Settlement Account, only to be exercised in respect of amounts due and owing to NOS from the Clearing Member.

5.2.6 Old (old 5.2.3):

A Clearing Member shall be responsible for all obligations owed to NOS in respect of every Clearing Account and Margin and Settlement Account opened in respect of such Clearing Member.

New:

A Clearing Member shall be responsible for all obligations owed to NOS in respect of every Clearing Account and Margin Collateral and Settlement Account opened in respect of such Clearing Member, including Client Clearing Accounts.

5.2.7 Old (old 5.2.4):

NOS shall have the right at any time to combine and consolidate the balances on any and all Clearing Accounts and Margin and Settlement Accounts held by a Clearing Member, and to set off any amount or amounts (whether or not denominated in the same currency) standing from time to time to the credit of any one or more such accounts in or towards satisfaction of all or any liabilities of such Clearing Member to NOS.

New:

NOS shall, [with exemption provided for below in 5.2.8](#), have the right at any time to combine and consolidate the balances on any and all Clearing Accounts and ~~Margin~~ [Collateral](#) and Settlement Accounts held by a Clearing Member, and to set off any amount or amounts (whether or not denominated in the same currency) standing from time to time to the credit of any one or more such accounts in or towards satisfaction of all or any liabilities of such Clearing Member to NOS.

5.2.8 New:

[NOS may not combine and consolidate the balances on Client Clearing Accounts with the balances on Proprietary Clearing Accounts of a General Clearing Member.](#)

5.3.4

Old:

NOS shall without prejudice to its more extensive rights under 5.2.4 with respect to Clearing Members with several Clearing Accounts, aggregate and off-set settlements values arising from Mark-to-Market Settlement, Delivery Period Settlement, Premium Settlement and Exercise Settlement due each Settlement Day to a net settlement amount for each Clearing Account. The net settlement amounts calculated in accordance with this Clause 5.3.4 shall be binding on the Clearing Member upon being reported to the Clearing Member by NOS.

New:

NOS shall, without prejudice to its more extensive rights under 5.2.4 with respect to Clearing Members with several Clearing Accounts, aggregate and off-set settlements values arising from Mark-to-Market Settlement, Delivery Period Settlement, Premium Settlement and Exercise Settlement due each Settlement Day to a net settlement amount for each ~~Clearing Account~~ [Collateral and Settlement Account](#). The net settlement amounts calculated in accordance with this Clause 5.3.4 shall be binding on the Clearing Member upon being reported to the Clearing Member by NOS.

5.3.6

Old:

If a settlement is erroneous, the affected Clearing Member must notify NOS not later than five Trading Days after the day the settlement was reported by NOS, or he shall be deemed irrevocably to agree with the terms of such settlement. NOS shall endeavour to deal promptly with timely complaints and, if the relevant settlement was in its view incorrect, make a corrected settlement between NOS and the parties to the relevant Contract in the next ordinary settlement to be effected. For the purposes of making corrected settlements, NOS may credit or debit a Clearing Account.

New:

If a settlement is erroneous, the affected Clearing Member must notify NOS not later than five Trading Days after the day the settlement was reported by NOS, or he shall be deemed irrevocably to agree with the terms of such settlement. NOS shall endeavour to deal promptly with timely complaints and, if the relevant settlement was in its view incorrect, make a corrected settlement between NOS and the parties to the relevant Contract in the next ordinary settlement to be effected. For the purposes of making corrected settlements, NOS may credit or debit a ~~Clearing Account~~ Collateral and Settlement Account.

5.5.1

Old:

Each Buyer and Seller under a Cleared Futures Contract shall effect Delivery Period Settlement on the Final Settlement Day designated in the Product Specifications. NOS shall calculate and perform Delivery Period Settlement in accordance with this Clause.

New:

Each Buyer and Seller under a ~~Cleared~~ Futures Contract shall effect Delivery Period Settlement on the Final Settlement Day designated in the Product Specifications. NOS shall calculate and perform Delivery Period Settlement in accordance with this Clause.

5.7.1

Old:

On the Final Settlement Day designated in the Product Specification NOS shall for all open positions calculate and perform the following Exercise Settlement:

- (a) For a call Option, the Seller shall pay the Buyer the positive difference calculated as the Settlement Price less the Exercise Price.
- (b) For a put Option, the Seller shall pay the Buyer the positive difference calculated as the Exercise Price less the Settlement Price

New:

On the Final Settlement Day designated in the Product Specification NOS shall for all ~~open positions~~ Open Positions calculate and perform the following Exercise Settlement:

- (a) For a call Option, the Seller shall pay the Buyer the positive difference calculated as the Settlement Price less the Exercise Price.
- (b) For a put Option, the Seller shall pay the Buyer the positive difference calculated as the Exercise Price less the Settlement Price

6.3.1

Old:

After a Contract is matched in Trayport or through MPS, NOS shall calculate a real time Margin Requirement for the Clearing Account of each party to such Contract. If this calculation shows that a Member's Margin Requirement exceeds the Margin Collateral, NOS may place the Member in Control Mode in accordance with Clause 4.2.4.

New:

After a Contract is matched in Trayport or through MPS, NOS shall calculate a real time Margin Requirement for the ~~Clearing Account~~ Margining Account each party to such Contract. If this calculation shows that a Member's Margin Requirement exceeds the Margin Collateral, NOS may place the Member in Control Mode in accordance with Clause 4.2.4.

6.3.3

Old:

NOS shall once a Trading day after Trading Hours, calculate the Margin Requirement for each Clearing Account, reflecting (in NOS' sole discretion) the market risk in the portfolio of Contracts. Such calculation shall be based on the Closing Prices for listed Contracts as calculated by IMAREX. NOS may for margining purposes adjust a Closing Price if there is reason to believe that the Closing Price does not reflect the market value of the Contract in question. NOS may also require Collateral for expected Flat Rate adjustments.

New:

NOS shall once a Trading day after Trading Hours, calculate the Margin Requirement for each ~~Clearing Account~~ Margining Account, reflecting (in NOS' sole discretion) the market risk in the portfolio of Contracts. ~~Such calculation shall be based on the Closing Prices for listed Contracts as calculated by IMAREX. NOS may for margining purposes adjust a Closing Price if there is reason to believe that the Closing Price does not reflect the market value of the Contract in question. NOS may also require Collateral for expected Flat Rate adjustments.~~

6.3.4

New:

Margin calculation shall be based on the Closing Prices calculated in accordance with the Product Specification. NOS may for margining purposes adjust a Closing Price if there is reason to believe that the Closing Price does not reflect the market value of the Contract in question. NOS may also require Collateral for expected Flat Rate adjustments.

6.3.5

Old 6.3.4 becomes 6.3.5 and commencing

6.4.2

Old:

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

New:

Any excess amount on the ~~Margin~~ Collateral and Settlement Account after coverage of the Margin Requirement, Base Collateral and aggregate settlement amounts, may be released by NOS to a Member upon a written request in the form attached as Annex 3B to Appendix 3. NOS may refuse such release and may set-off any other due claims against the Member against the balance in any Clearing Account of the Member, however so that NOS may not set-off claims related to Client Clearing Accounts against claims related to Proprietary Clearing Accounts.

7.5.4

New:

NOS may carry out any and all actions referred to in this Chapter 7 with respect to a General Clearing Member but may not set-off sums payable by NOS with respect to Client Clearing Accounts against sums payable with respect to Proprietary Clearing Accounts.

7.6.1 Old:  
NOS shall, in the event of default, have the right to debit the Margin and Settlement Account of a Defaulter to cover any unpaid claim on the Defaulter.

New:  
NOS shall, in the event of default, have the right to debit the ~~Margin~~ Collateral and Settlement Account of a Defaulter to cover any unpaid claim on the Defaulter, with the exemption that surplus collateral provided for Margin Requirements related to Client Clearing Accounts may not be applied to cover claims related to Contracts recorded on Proprietary Clearing Accounts also provided it is documented that the relevant funds was provided by clients.

8.3.1 Old:  
A Clearing Member may, in the event of default by NOS, set off his claims against NOS and his debts to NOS only if the claims relate to obligations on settlements for Contracts registered on the same Clearing Account.

New:  
A Clearing Member may, in the event of default by NOS, set off his claims against NOS and his debts to NOS only if the claims relate to obligations on settlements for Contracts registered on its ~~the same~~ Clearing Account(s).

**NOTE** For the sake of good order, please note that the following minor typos have been corrected in the Rulebook:

- Clause 5.1.4  
This clause was incorrectly named 5.1.2.
- Clause 9.4.1  
This clause was incorrectly named 9.4.6
- Clause 9.4.2  
This clause was incorrectly named 9.4.7