

UPDATES AND CHANGES TO NORDIC FIXED INCOME'S CLEARING FEE AND REBATE MODELS FOR BUY-SIDE CUSTOMERS

ON **JUNE 1ST 2016**, NASDAQ WILL INTRODUCE THE FOLLOWING UPDATES AND CHANGES TO CLEARING FEES AND REBATE MODELS FOR BUY-SIDE CLIENTS:

- Reduced settlement fee on clearing of Interest Rate Swap contracts
- Fee holiday regarding transaction fees on clearing of Interest Rate Swap contracts (until February 1st 2017)
- Changes to existing rebate models and introduction of a new rebate model for clearing of Repo- and OTC Rates instruments

IN ADDITION, NASDAQ WILL IMPLEMENT THE FOLLOWING CHANGE TO COLLATERAL MANAGEMENT FEES WITH TARGET DATE **DECEMBER 1ST 2016**:

- Removal of safekeeping fee on over-collateralization

Further details are provided below.

CLEARING FEE AND REBATE MODELS

To meet increasing demand for clearing, Nasdaq Nordic Fixed Income has developed and launched several clearing services during the last couple of years. The launch of OTC- and Repo-clearing are examples thereof and while they fit perfectly with the rest of our product suite, Nasdaq now face new groups of buy-side clients with different needs and ways of acting in the markets. To assure that our fee and rebate models capture their needs Nasdaq Nordic Fixed Income implements changes to its existing rebate models and introduces a new OTC/Repo rebate model.

- **Base fee changes: As per the 1st of April 2016**, Nasdaq reduced its base transaction fee in SEK repo clearing for buy-side from 0,6 bp to 0,5 bp. **Starting from the 1st of June 2016**, Nasdaq will reduce the settlement base fee for clearing of Interest Rate Swaps from SEK 2.00 to *SEK 1.00*. The reduced fee will also be applied on DKK / EUR / NOK contracts as soon as clearing is available in those currencies.
- **Fee holiday:** Nasdaq offers buy-side a *100% fee holiday* on Transaction fees on Interest Rate Swap clearing until *February 1st 2017* (applicable to new trade registrations and backloaded trades).
- **New rebate structures:** With aim to serve a wider group of buy-side clients, Nasdaq will make changes to its existing rebate models and introduces a new Default Rebate Model for Repo- and OTC instruments.

CHANGES TO EXISTING REBATE MODELS AND INTRODUCTION OF NEW DEFAULT REBATE MODEL

Nasdaq offers a wide range of standardized fixed income products, OTC instruments such as Interest Rate Swaps, OTC-FRA and Overnight Index Swaps to clearing of Repo transactions.

Nasdaq extends customers rebates on their clearing activity. Rebates are offered on an annual basis, i.e. starting on the 1st of January each year, Nasdaq calculates clearing activity (measured in fees) per customer. Throughout the year, once certain pre-defined fee levels are reached, Nasdaq following the day of the level breach applies applicable rebate to the each eligible instrument.

Up until now, Nasdaq has offered two rebate models, a Default Rebate Model aggregating fees for a limited set of standardized instruments and a High Turnover Rebate Model aggregating fees for all available fixed income products. Starting on June 1st 2016, Nasdaq will offer an additional Default Rebate Model which aggregates fees related to OTC and Repo transactions.

All customers are automatically offered both of the Default Rebate Models. To receive the High Turnover Rebate Model, clients must fill out and send an [application](#) (click to access) to their Clearing Broker.

Changes to existing Default Rebate Model

The existing Default Rebate Model, starting on June 1st 2016, will include the following instruments:

Rebate Model for Standardized Instruments – Included instruments	Existing/NEW
Government Bond Forward/Futures	Existing
Government Bond Options	NEW
SEK Mortgage Bond Forwards/Futures	Existing
STIBOR FRA (IMM)	Existing
STIBOR FRA Options	Existing
RIBA Futures	NEW
CIBOR Futures	NEW
NIBOR FRA	NEW
NIBOR FRA Options	NEW
DKK Mortgage Bond Futures	NEW

The fee levels for each rebate will remain as before, namely

Measurement	Rebate Criteria Level (SEK)	Rebate
Annual accumulated clearing fees	> 600,000	25%
Annual accumulated clearing fees	> 1,200,000	60%

*Rebate applied trading day directly following day of breach

Changes to existing High Turnover Rebate Model

As before, all of Nasdaq Nordic fixed income clearing services are included in the High Turnover model. To harmonize incentive models for our high turnover customers in conjunction with the other introduced changes explained herein, Nasdaq will lower rebate criteria levels as per the following:

Measurement (SEK)	Old Rebate Criteria Level	New Rebate Criteria Level	Rebate
Annual accumulated clearing fees	> 1,200,000	>700,000	25%
Annual accumulated clearing fees	> 2,400,000	>1,500,000	60%

Introduction of new OTC/Repo Default Rebate Model

To assure a competitive and attractive offering for buy-side customer solely looking to clear OTC and/or REPO contracts, Nasdaq introduces a new rebate scheme. This rebate model will include the following products:

Default Rebate model for OTC/Repos – Included Instruments	Currency
Interest Rate Swaps	All supported currencies
Generic FRA contracts	All supported currencies
Overnight Index Swaps	All supported currencies
Repos	All supported currencies

The applicable Rebate Criteria Levels are as follows

Measurement (SEK)	New Rebate Criteria Level	Rebate
Annual accumulated clearing fees	> 150,000	25%
Annual accumulated clearing fees	> 450,000	60%



Removal of safekeeping fee on over-collateralization

Nasdaq will remove the charges for over-collateralization and will be able to separate utilized margin requirement from over-collateralization on a margin account level. As such, Nasdaq will set the safekeeping fee on any collateral above the actual margin requirement to zero. The target date for this change is December 1st 2016.