

Clearing Appendix 13

Supplemental default rules for Clearing Transactions recorded on Direct Clearing ~~Client Clearing~~ Accounts

Issued by Nasdaq ~~NASDAQ OMX~~ Clearing AB

SUPPLEMENTAL DEFAULT RULES FOR CLEARING TRANSACTIONS RECORDED ON DIRECT CLEARING CLIENT CLEARING-ACCOUNTS

1 APPLICATION

- 1.1 Where a General Clearing Member or Clearing Member that acts as a Direct Clearing Agent Client Representative in respect of a Clearing Client Clearing Direct Clearing Account is subject to a Material Default Event, the Clearinghouse shall take the steps set out in this Appendix in respect of the Clearing Transactions registered on such Direct Clearing Account Clearing Client Clearing Account.

2 INTERPRETATION

- 2.1 Capitalized terms herein shall have the meanings assigned to them below and in the Clearing Rules.

Back-up Client Representative Direct Clearing Agent

In respect of a Direct Clearing Client, a General Clearing Member or Clearing Member that has agreed to act in such capacity on behalf of such Direct Clearing Client of another General Clearing Member or Clearing Member.

Clearing Client Direct Clearing Account Assets

In respect of a Direct Clearing Account Client Clearing Account, all Collateral in the Collateral Custody Account in the name of the Direct Clearing Client pledged to, or otherwise provided to, the Clearinghouse in respect of such Direct Clearing Client Clearing Account.

3 STEPS TO BE TAKEN BY THE CLEARINGHOUSE

- 3.1 Where a Material Default Event has occurred to an Account Holder Direct Clearing Agent to which this Appendix applies, the Clearinghouse shall:
- take any action permitted or required by applicable law as it shall deem necessary in respect of the Client Direct Clearing Accounts managed by the defaulting Account Holder Direct Clearing Agent;
 - satisfy itself that the Direct Clearing Client is not in default under its obligations to provide Collateral to the Clearinghouse;
 - for each Direct Clearing Client of the defaulting Account Holder Direct Clearing Agent:
 - ascertain whether such Direct Clearing Client has appointed a Back-up Client Representative Direct Clearing Agent to act as its Client Representative Direct Clearing Agent in respect of the Direct Clearing Client Clearing Account;
 - ascertain whether such Direct Clearing Client consents to having all Clearing Transactions registered on its Direct Clearing Client Clearing Account managed administered by the defaulting Account Holder Direct Clearing Agent being administered by transferred to such Back-up Client Representative Direct Clearing Agent pursuant to section 4;
 - once satisfied as to (i) and (ii), send details of such Clearing Transactions to such Back-up Client Representative Direct Clearing Agent and ascertain whether such Back-up Client Representative Direct Clearing Agent provides its consent to open administer a Clearing Client Direct Clearing Account on behalf of such Direct Clearing Client; and
 - if such Back-up Client Representative Direct Clearing Agent provides its consent, ensure that such Back-up Client Representative Direct Clearing Agent has entered into such a Direct Clearing Client agreements Agreement as are required in order for such Back-up Client Representative Direct Clearing Agent to operate a Direct Clearing Client Clearing Account on behalf of the Direct Clearing Client.

4 DIRECT CLEARING CLIENT PORTING

- 4.1 Where the Clearinghouse has determined that the requirements set out in section 3 have been met in respect of a Direct Clearing Client, the Clearinghouse shall, subject to (a) satisfaction of any requirements to post Collateral and/or make payments in respect of the aggregate of all Daily Cash Settlement instructions since the last Daily Cash Settlement instruction was satisfied in respect of the Direct ~~Clearing Client~~ Clearing Account ~~managed-administered~~ by the defaulting ~~Account Holder~~Direct Clearing Agent; and (b) execution by the Direct Clearing Client of a Direct Clearing Client Agreement with the Back-up ~~Client Representative~~Direct Clearing Agent:
- ~~a. (x) transfer all such Clearing Transactions to the Clearing Client~~Direct Clearing Account managed by such Back-up Client RepresentativeDirect Clearing Agent for and on behalf of the Direct Clearing Client; or (y) terminate and close out such Clearing Transactions at their market value (as determined by the Clearinghouse in its discretion) and enter into new contracts on equivalent terms to such Clearing Transactions and have such new Clearing Transactions registered on the Clearing Client Direct Clearing Account managed by such Back-up ~~Client Representative~~Direct Clearing Agent;
- ~~b.a.~~ waive any such prior pledge or general pledge provided in the Clearing Rules or any pledge documentation or other security agreement entered into pursuant to the ~~Clearing Client~~ Direct Clearing Account ~~managed-administered~~ by the defaulting ~~Account Holder~~Direct Clearing Agent on behalf of the Direct Clearing Client or any such other ~~Direct Clearing Client~~ Clearing Account;
- ~~e.b.~~ treat the related Direct Clearing ~~Client~~ Clearing Account Assets in respect of that Direct Clearing Client as being provided in relation to the Direct Clearing ~~Client~~ Clearing Account ~~managed-administered~~ by such Back-up ~~Client Representative~~Direct Clearing Agent for such Direct Clearing Client.

5 CONSENTS AND CONDITIONS

- 5.1 For the purposes of section 3.1c, the relevant Direct Clearing Client and Back-up ~~Client Representative~~Direct Clearing Agent may provide their consent to the Clearinghouse orally or in writing (including by facsimile and email) and such consent, once received by the Clearinghouse, shall be irrevocable. If the Clearinghouse has not received all necessary consents within such time period as it determines in its sole discretion, or any other requirement in section 3.1 not being met, then section 4 shall not apply, and the Clearing~~house~~ ~~House~~ shall instead act in accordance with section 6.

6 ALLOCATION AND RETURN OF DIRECT CLEARING ~~CLIENT~~-ACCOUNT BALANCE

- 6.1 In relation to a Direct Clearing Client of a defaulting ~~Account Holder~~Direct Clearing Agent ~~whose open Clearing Transactions are not dealt with pursuant to section 4 within 24 hours from calling the default of such defaulting Account Holder~~Direct Clearing Agent or by such later time as the Clearinghouse may determine in its discretion, the Clearinghouse shall:
- a. have the right to elect, without consulting the defaulting ~~Account Holder~~Direct Clearing Agent or the Direct Clearing Client and at the defaulting ~~Account Holder~~Direct Clearing Agent's or Direct Clearing Client's expense,
- (i) to take one or more of the measures stated in section 8 of the General Terms of the Clearing Rules which in such case shall be equally applicable to such Direct Clearing Client of a defaulting ~~Account Holder~~Direct Clearing Agent;
- (ii) following the taking of any such measures, calculate the amount due to the Clearinghouse or from the Clearinghouse in respect of such Direct Clearing ~~Client~~ Clearing-Account (including where appropriate any such fees, costs or expenses of the Clearinghouse in taking such action or making such determination); and
- (iii) (x) where an amount is owed to the Clearinghouse, apply such of the Direct ~~Clearing Client~~ Clearing Account Assets as are required to meet such amount or (y) where an amount is owed by the Clearinghouse, pay such amount to the Direct Clearing Client subject to the execution of appropriate documentation (which may, without limitation, include an indemnity (secured or otherwise) and a release of the

Clearinghouse from any liability) between the Clearinghouse and such [Direct Clearing Client](#).

7 TERMINATION OF [DIRECT CLEARING CLIENT AGREEMENT](#)

7.1 Where

- a. the requirements set out in section 3 have been met in respect of a [Direct Clearing Client](#) and the Clearinghouse has taken the steps set out in section 4.1 above; or
- b. the ~~Client Representative~~[Direct Clearing Agent](#)'s membership agreement with the Clearinghouse has been terminated by the Clearinghouse; or
- c. (i) there are no Open Positions registered in the relevant [Direct Clearing Accounts](#); and
(ii) there is no amount owing to the Clearinghouse by the [Direct Clearing Client](#);

the Clearing Client may terminate its [Direct Clearing Client Agreement](#) with the defaulting ~~Client Representative~~[Direct Clearing Agent](#).

[Additional rights of the Clearinghouse](#)

~~Where the requirements set out in section 3.1 have not been met in respect of a Direct Clearing Client, the Clearinghouse may (i) designate another Direct Clearing Agent for affected Direct Clearing Clients on a temporary basis, on such terms as the Clearinghouse may reasonably determine, (ii) act as an interim Direct Clearing Agent in accordance with the Clearing Rules, or (iii) during an interim period, Register Transactions for and on behalf of the Direct Clearing Client.~~

~~Where a Direct Clearing Agent is designated in accordance with subparagraph (i) above, a corresponding Direct Clearing Client Agreement shall be deemed to have been entered into between the Clearing House, the Direct Clearing Client and the new Direct Clearing Agent.~~

[Additional rights of the Direct Clearing Client](#)

~~Where the requirements set out in section 3.1 have not been met in respect of a Direct Clearing Client, the Direct Clearing Client may (i) ask the Clearinghouse to close out any Open Positions registered to it, (ii) retain any Open Positions subject to the approval of the Clearinghouse, not to be unreasonably withheld, or (iii) with the Clearinghouse's consent during an interim period, submit Transactions for clearing to the Clearinghouse.~~

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