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CHAPTER 1

1.1 Introduction

1.1.1 NASDAQ OMX Clearing AB (the “Clearing House”), organisation No. 556383-9058, is authorised by the Swedish Financial Supervisory Authority and is licensed to conduct clearing activities in accordance with the Securities Market Act\(^1\). The Clearing House is supervised by the Swedish Financial Supervisory Authority.

1.1.2 The Clearing House is part of the NASDAQ OMX Group, with NASDAQ OMX Group Inc (organisation No. 52-1165937) as the ultimate parent.

1.1.3 The Clearing Rules govern the Clearing House’s activities and the legal relationship between the Clearing House, Clearing Members and Customers. The Clearing Rules become binding between Clearing Members and the Clearing House through execution of the Clearing Member Agreement, appendix 7 of the Clearing Rules. The Clearing Rules become binding between a Customer and the Clearing House through execution of the relevant Customer Agreement, appendix 8 of the Clearing Rules. The Clearing Rules also contain certain provisions governing the legal relationship between Clearing Members, NCMs and Customers.

The Clearing Rules include, *inter alia*, membership requirements and the clearing rules applicable to the Clearing House’s operations.

1.1.4 The Clearing Rules are comprised of the chapters 1-3 and the appendices listed in the table of contents. The appendices relate to, *inter alia*, standardised Customer Agreements and Clearing Member Agreements. The Clearing House reserves the right in certain agreements to depart from or add to the text of these agreements, on condition that such departures or additions do not effect a change in a matter material to the Clearing House’s operations.

1.1.5 The Clearing Rules in force from time to time are available on the Clearing House’s web site www.nasdaqomx.com. Any updates of the Clearing Rules will normally be made every six months in connection with material amendments and supplements of the Clearing Rules, as set forth in section 1.19.2. Amendments to appendices to the Clearing Rules, e.g. the Quotation List, the Collateral List or the Parameter Value List, may take place with shorter intervals. In order to receive updated versions, Clearing Members shall inform the Clearing House about contact persons and contact addresses to which updates shall be distributed. The Clearing House and Clearing Members shall make the Clearing Rules available to Customers. The Clearing House shall also make the Clearing Rules available to the general public.

1.1.6 The Clearing Rules constitute both a framework agreement for connection to the Clearing House’s operations through the execution of Contracts, and terms and

\(^1\) The Clearing House has applied to become an authorised central counterparty under EMIR. Once such authorisation has been received this section will be amended accordingly.
conditions for those Contracts. The framework agreement governs the performance of those Contracts that are the subject of the Clearing House’s operations, and determines the relationship between the Clearing House and Clearing Members, and the rights and obligations arising from the holding of a Contract, which accordingly determines the relationship between the Clearing House, Clearing Members and Customers. When a Contract is entered into with the Clearing House, either directly with the Clearing House’s operations by a Clearing Member or for a Customer through the intermediary of a Clearing Member, the content of that particular Contract is established through the Recording of the Contract on an account. This framework agreement and all those Contracts Recorded on an account, in this respect constitute an agreement between the Clearing House and the account holder.

1.1.7 The general regulations governing the Clearing House’s operations are set forth in this Chapter 1.

1.1.8 The Clearing House’s operations have the aim of guaranteeing the performance and administering the settlement of Contracts entered into with Clearing Members and Customers admitted to the operations. The Customer or Clearing Member who is documented on an account with the Clearing House as a party to a Contract, either as buyer or seller, is the party who is obligated towards the Clearing House to fulfil the obligations resulting from the Contract, and is the party to which the Clearing House is contractually required to perform any obligations resulting from the Contract. The Clearing House’s operations are governed by the rules provided in Chapter 2.

1.1.9 The essential features of the Clearing House’s operations are outlined as follows. The Clearing House guarantees the performance of Contracts by entering into them as counterparty. Those wishing transactions entered into to be included in the Clearing House’s operations may so request from the Clearing House. Transactions entered into that are approved by the Clearing House are Registered as Contracts in Trading Accounts or Integrated Trading and Clearing Accounts and simultaneously Recorded as Contracts in Clearing Accounts or Integrated Trading and Clearing Accounts. Specific Protest time limits apply to Re-registration. Different rights and obligations result from Contracts, such as the performance or receipt of Deliveries and payments, and also the provision of Collateral for future obligations. In the determination of those rights and obligations resulting from a Contract, the Clearing House usually takes into account other Contracts Recorded with the same account holder, such as the set-off, as far as possible, of deliveries and payments to be performed, so-called netting, and such as the calculation of collateral requirements, taking into consideration as far as possible all Contracts for which the account holder is the registered holder, so-called cross-clearing. The determination of rights and obligations for a certain account holder shall take place on the Integrated Trading and Clearing Account or the Clearing Account, where the account holder’s Contracts which are Registered on its Trading Account are automatically Recorded. Customers’ account holder duties and obligations shall be performed through the intermediary of a Clearing Member who is a Trading Account Administrator and/or a Clearing Account Administrator. The Clearing House continuously disseminates information concerning its operations.

1.1.10 Instruments subject to clearing by the Clearing House are specified in Chapter 3. The Instruments subject to clearing can be Exchange Listed or Clearing Listed, or both.
Exchange Transactions are automatically subject to clearing pursuant to the Exchange Rules.

1.1.11 The defined terms used in the Clearing Rules are defined in the list of definitions.

1.1.12 Times stated in the Clearing Rules refer to times in Sweden, unless expressly stated otherwise. Deviations from times stated in the Clearing Rules may occur in connection with holidays, etc. and notice thereof shall be given accordingly.

1.2 Clearing Members

1.2.1 Clearing membership may be granted by the Clearing House to a legal entity which satisfies the membership requirements for Clearing Members prescribed in Chapter 2 of the Clearing Rules.

1.2.2 An entity seeking clearing membership shall apply to the Clearing House using the prescribed form. Applicants shall meet the requirements for clearing membership set out in the Clearing Rules. Upon approval of the application, the legal entity is admitted as Clearing Member by entering into a Clearing Member Agreement with the Clearing House.

1.2.3 The number of Clearing Members is not limited. All applicants satisfying the Clearing House’s membership criteria may enter into a Clearing Member Agreement with the Clearing House.

1.2.4 A Clearing Member can be either a Direct Clearing Member or a General Clearing Member. A Direct Clearing Member may clear Transactions entered into by such Clearing Member on its own behalf, Transactions that reflect an equivalent transaction made between such Clearing Member and one or more of its Clients and Transactions entered into on behalf of Customers. The same shall also apply for General Clearing Members. However, General Clearing Members may also clear Transactions related to NCMs.

1.3 Customers

1.3.1 A Customer is associated with the Clearing House through the execution of a Customer Agreement and by the Clearing House opening, through a Clearing Member acting as a Trading Account Administrator and/or a Clearing Account Administrator on behalf of the Customer,

(i) an Integrated Trading and Clearing Account, in which case the Customer is an Indirect Pledging Customer, or

(ii) separate Trading Accounts and Clearing Accounts, in which case the Customer is a Direct Pledging Customer.

A Clearing Member which signs a Customer Agreement and which opens accounts through another Clearing Member is regarded as a Customer.
1.3.2 A legal entity may enter into a Customer Agreement with respect to trading on behalf of its clients. In such cases, only the party that has opened the account is regarded as a Customer pursuant to the Clearing Rules. Furthermore, such client trading may take place only where the Customer, pursuant to legislation in its home state, is licensed to engage in trading in financial instruments on behalf of clients. Where a Clearing Member acting as Trading Account Administrator and/or Clearing Account Administrator on behalf of such Customer has reasonable cause to believe that such Customer intends to engage in client trading, the Clearing Member shall take the necessary measures to verify that the Customer holds such a license prior to execution of the Customer Agreement.

1.3.3 An Indirect Pledging Customer’s identity is not known to the Clearing House, whereas the identity of a Direct Pledging Customer is known to the Clearing House. The Clearing House may however obtain knowledge of the Indirect Pledging Customer’s identity under certain conditions (see section 1.6 below). All Customers are represented at the Clearing House by an account number - if there are several accounts, a number for each account. When representing Customers in relation to the Clearing House, Trading Account Administrators and/or Clearing Account Administrators shall act in their own name on behalf of the Customer by stating the Customer’s account number.

1.3.4 A Customer has the right to act in relation to the Clearing House only through a Clearing Member acting as Trading Account Administrator and/or Clearing Account Administrator on behalf of the Customer. The Customer shall have the same rights and obligations in relation to the Clearing House as if the measures taken by the Clearing Member acting as a Trading Account Administrator and/or a Clearing Account Administrator on behalf of the Customer, were taken by the Customer itself.

1.3.5 The Clearing Member is liable to the Clearing House for ensuring that the Customer signs a Customer Agreement which shall be kept in safekeeping by the Clearing Member. With respect to Indirect Pledging Customers, the Clearing Member is obligated to send a copy of the Customer Agreement to CCAB for review and registration. With respect to Direct Pledging Customers, the Clearing Member is obligated to send a copy of the Customer Agreement to the Clearing House. By signing the Customer Agreement the Customer accepts to be bound by the Clearing Rules and appoints the Clearing Members to act as the Customer’s Trading Account Administrator and/or Clearing Account Administrator in relation to the Clearing House.

Specifically regarding Customers without permanent domicile in Sweden, Denmark, Finland or Iceland

1.3.6 A Clearing Member acting as a Trading Account Administrator and/or a Clearing Account Administrator on behalf of Customers shall obtain the following information with respect to Customers without permanent domicile in Sweden, Denmark, Finland or Iceland:

(i) physical persons: information regarding residence and nationality;
(ii) legal entities: information regarding the country or, where applicable, the regional
C L E A R I N G  R U L E S  
O F  N A S D A Q  O M X  D E R I V A T I V E S  M A R K E T S

state in which the Customer has its registered office and the corporate form in accordance with the legislation governing the Customer.

1.3.7 The Clearing Member acting as a Trading Account Administrator and/or a Clearing Account Administrator shall ensure that the Customer notifies the Clearing Member with respect to any and every change in the circumstances referred to in the preceding section. In addition, the Clearing Member acting as a Trading Account Administrator and/or a Clearing Account Administrator shall reserve the right to close the Customer’s positions upon the occurrence of a change which, in the Clearing Member’s opinion, justifies the closure of the positions.

1.3.8 The Clearing Member acting as a Trading Account Administrator and/or a Clearing Account Administrator shall be responsible vis-à-vis the Clearing House for ensuring that the Clearing Rules and the collateral arrangements pursuant to the Clearing Rules are legally binding in the Customer’s home country and that the Clearing Rules are in all regards binding on the Customer and the Customer’s bankruptcy estate or equivalent.

1.3.9 A Trading Account Administrator shall be entitled to restrict a Customer’s right to enter into Contracts and a Clearing Account Administrator shall be entitled to implement restrictions or to impose specific requirements with respect to the provision of Collateral by a Customer where such Customer does not have permanent domicile in Sweden, Denmark, Finland or Iceland.

1.3.10 The Clearing House shall, upon request by a Clearing Member, notify the Clearing Member regarding circumstances of significance in relation to the application of sections 1.3.6-1.3.9. However, the Clearing House shall only be obliged to provide information as a consequence of such a request where the Clearing House is aware of such circumstances.

1.3.11 Following consultation with the Clearing House, a Clearing Member may supplement or make amendments to the Clearing Rules with respect to a specific Customer where the Customer is without a permanent domicile in Sweden, Denmark, Finland or Iceland.

Specifically regarding Direct Pledging Customers

1.3.12 A Direct Pledging Customer shall be a legal entity which:
(i) has its home state within the EEA, and
(ii) is a legal entity, investment fund, foundation, pension fund, government institution or municipality.

A Direct Pledging Customer must be considered by the Clearing House to be suitable as a Direct Pledging Customer and must possess financial resources which at all times correspond to the operations intended to be conducted at the Clearing House, however not less than an amount equal to restricted equity of SEK 5 million. Investment funds shall have a fund wealth of at least SEK 50 million. Foundations shall have a foundation wealth of at least SEK 50 million. Government institutions and municipalities are exempted from the financial requirement.
In addition to the above criteria, a Direct Pledging Customer which has opened a Trading Account for Generic Rates Instruments shall possess financial resources corresponding to not less than an amount equal to restricted equity of SEK 500 million. Investment funds shall have a fund wealth of at least SEK 500 million. Foundations shall have a foundation wealth of at least SEK 500 million.

Investment funds, foundations and pension funds shall be licensed and subject to supervision by relevant public authorities in their country of domicile.

The Clearing House may grant exemptions to the above requirements should the prospective Direct Pledging Customer be deemed suitable to conduct operations at the Clearing House. All exemptions shall be approved by the Clearing House in accordance with the Clearing House’s internal instructions.

1.4 Co-Operating Exchange

1.4.1 The Clearing House shall provide clearing for all Transactions executed in the Combined Orderbook. Transactions in the Combined Orderbook originating from orders placed with:

(i) the Exchange will be subject to clearing at the Clearing House pursuant to the Exchange Rules, and

(ii) the Co-Operating Exchange will be subject to clearing at the Clearing House pursuant to the COM Clearing Rules.

1.5 Clearing Control CC AB (CCAB)

1.5.1 CCAB, which is a neutral review and control organisation jointly owned by the Swedish Securities Dealers Association and the Clearing House, shall, upon request of the Clearing House and on the Clearing House’s behalf, conduct investigations at the premises of Clearing Members, in accordance with section 1.7.5.

1.5.2 CCAB shall, in addition, review and maintain or electronically record copies of applications for Indirect Pledging Customers’ Customer Agreements and shall in particular, register such Indirect Pledging Customers’ name, organisation number or national registration number, address and account number with the Clearing House. Except as set forth in this section and in section 1.5.1 above, CCAB shall not receive information concerning Contracts Registered in or Recorded on a Customer Account with the Clearing House.

1.6 Exemption from Client and Customer anonymity and the Clearing House’s confidentiality

1.6.1 Exemption from Client and Customer anonymity

1.6.1.1 The Customer may consent in the Customer Agreement to the Clearing House using its name and address for the dissemination of information on the Clearing House’s
operations. CCAB’s computerised register, may, when absolutely necessary, be used by the Clearing House as an address register for provision of information including product information to Indirect Pledging Customers.

1.6.2.2 To the extent that the Clearing House considers it necessary, the Clearing House may demand information from CCAB, Clearing Members, Clearing Account Administrators or Trading Account Administrators with respect to Clients and Customers and such Clearing Members, Clearing Account Administrators or Trading Account Administrators shall be obliged to provide such information.

1.6.2 Clearing confidentiality

1.6.2.1 Pursuant to the Swedish Securities Market Act, employees and those commissioned by the Clearing House shall not, without express authorisation, disclose Clearing Members’ or Customers’ business relationships, or the Customers’ personal circumstances.

1.6.2.2 The Clearing House may, and in certain circumstances is obligated to, forward information regarding the Clearing House’s operations to the Swedish Financial Supervisory Authority.

1.6.2.3 The Clearing House may, and in certain circumstances is obliged to, forward information concerning Clearing Members or Customers to the Swedish Financial Supervisory Authority, Co-Operating Exchange, or other exchange or clearing organisation or governmental authority or regulatory body where (i) the financial position of the Clearing Member or Customer deteriorates to such an extent that the risk arises that such party will not be able, or is unable, to perform its obligations towards the Clearing House pursuant to the Clearing Rules; (ii) other circumstances exist which may give rise to the same result; (iii) or where otherwise required or requested to do so. The above-stated disclosure of information must be justified and must be made, wherever possible, subject to an undertaking by the recipient to observe due confidentiality.

1.6.2.4 The Clearing House shall publicly disclose any breaches by Clearing Members of the criteria referred to in Articles 37(1) and 38(1) of EMIR (breach of admission criteria and breach of requirement to publicly disclose prices and fees) except where the competent authority, after consulting the European Securities and Markets Authority, considers that such disclosure would constitute a threat to financial stability or to market confidence or would seriously jeopardise the financial markets or cause disproportionate damage to the parties involved.

1.6.2.5 Subject to applicable and mandatory law, the Clearing House may use any information in relation to any Clearing Member, Customer or Client where necessary to enable the proper performance of its activities.

1.6.3 Restrictions on trading by employees on their own behalf

1.6.3.1 The Clearing House has prescribed certain limitations regarding its employees’ securities transactions on their own behalf.
1.7 Compliance and supervision of the Clearing Rules

1.7.1 Compliance with the provisions in the Clearing Rules shall be supervised by the Clearing House.

1.7.2 A Clearing Member shall, on its own behalf and on behalf of its Customers, immediately inform the Clearing House of any and all deviations from the observance of the provisions in the Clearing Rules of which it becomes aware.

1.7.3 A Clearing Member shall immediately inform the Clearing House if its financial position weakens to such an extent that there exists the risk that the Clearing Member will be unable to meet its obligations towards the Clearing House as set forth in the Clearing Rules, or if other circumstances exist which can lead to the same result. Should the Swedish Financial Supervisory Authority or the Clearing House itself deem the Clearing House’s financial standing to have weakened to an extent such that properly-functioning operations can no longer be maintained, the Clearing House shall notify Clearing Members thereof, for themselves and on behalf of their Customers and NCMs.

1.7.4 Where a Direct Pledging Customer has provided Collateral with the Clearing House or where an Indirect Pledging Customer has provided Collateral indirectly to the Clearing House (via the Clearing Member), a Clearing Member shall, to the extent that it is suitable and possible, inform the Clearing House where in the judgement of the Clearing Member, that Direct Pledging Customer’s or Indirect Pledging Customer’s financial position has weakened to such a degree that there exists a risk that such Customer may not be able to meet its obligations towards the Clearing House as set forth in the Clearing Rules, or if other circumstances exist which can lead to the same result.

1.7.5 The Clearing House shall have the right to conduct controls of Clearing Members and Customers, through CCAB or an authorised auditor, in order to monitor the observance of the Clearing Rules by Clearing Members and their respective Customers.

1.7.6 If a control establishes that a Clearing Member has defaulted in the observance of the Clearing Rules, such Clearing Member shall be liable for all costs incurred in the control. The results of the control shall be forwarded without delay to the Clearing Member and to the Swedish Financial Supervisory Authority.

1.7.7 Upon request by the Clearing House, a Clearing Member shall provide the Clearing House with any information which the Clearing House deems necessary in order to monitor and ensure compliance with the Clearing Rules and in order to fulfill its obligations pursuant to applicable securities and clearing operation legislation and regulations given pursuant thereto (such information to be provided within a reasonable time after the request from the Clearing House is received such that the Clearing House is able to fulfill the aforementioned obligations). The information shall be rendered in the manner prescribed by the Clearing House.

1.7.8 In order to ensure compliance by the Clearing Members with the Clearing Rules, the
Clearing House shall, subject to relevant statutory and regulatory limitations, such as bank secrecy obligations, have the right to access the offices of the Clearing Member or Customer (including any facilities or temporary offices wherein data is stored by the Clearing Member) at the request of the Clearing House in order to conduct audits and in order to obtain any information which the Clearing House reasonably deems necessary in order to monitor and ensure compliance with the Clearing Rules and in order to fulfill its obligations pursuant to applicable securities and clearing operation legislation and regulations given pursuant thereto.

1.8 Default and sanctions

1.8.1 A Clearing Member’s or a Customer’s default is constituted by any of the following:

(i) the breach by the Clearing Member or Customer of the Clearing Rules or other regulations regarding the Clearing House’s operations, as applicable between the Clearing House and the Clearing Member and between the Clearing House and the Customer; or

(ii) where, in the Clearing House’s judgement, there exists a substantial risk that the Clearing Member or Customer will breach the Clearing Rules or other regulations regarding the Clearing House’s operations, as applicable between the Clearing House and the Clearing Member and between the Clearing House and the Customer.

1.8.2 In addition, a Clearing Member shall be deemed to be in default where the Clearing Member, in the Clearing House’s judgement, is no longer suitable as a Clearing Member pursuant to applicable law or regulation or the Clearing Rules. Lack of suitability can, inter alia, be the result of any of the following:

(i) where the Clearing Member is placed in bankruptcy, files its own petition for bankruptcy, suspends payments, or the existence of other circumstances which objectively indicate that the Clearing Member is insolvent or will soon become insolvent;

(ii) where authorisation of the Clearing Member is revoked or changed by the Swedish Financial Supervisory Authority or corresponding foreign authority or any other authorised body;

(iii) where the Clearing Member is suspended from any exchange, clearing organisation or corresponding body in Sweden or abroad, provided that such suspension, in the opinion of the Clearing House, materially affects such Clearing Member’s suitability to act as a Clearing Member pursuant to applicable law or regulation or the Clearing Rules; or
where the Clearing Member is also a member or a client under the Exchange Rules or the COM Clearing Rules and is in non-compliance with or in default or suspended under such rules.

1.8.3 [Intentionally left blank]

Sanctions

1.8.4 Matters concerning default by Clearing Members in relation to the Clearing House’s operations governed by the Clearing Rules shall, in respect of both disciplinary and administrative matters, be determined by the Clearing House itself. The Clearing House shall thereupon be entitled to take measures in accordance with that which is set forth in section 1.8.6. Matters concerning termination of clearing membership are decided by the Clearing House. Upon termination of clearing membership, the Clearing House shall be entitled to settle those Contracts which the Clearing Member has entered into on its own behalf or on behalf of its Clients.

1.8.5 Matters concerning default by Customers under the Clearing Rules shall be determined by the Clearing House, and in doing so the Clearing House may take the measures set forth in section 1.8.6. The Clearing House is also determining matters concerning exclusion of Customer, through the termination of the Customer Agreement.

1.8.6 Where a Clearing Member or a Customer is in default under section 1.8.1 or 1.8.2 above, the Clearing House shall have the right to elect, without consulting the Clearing Member or Customer and at such Clearing Member’s or Customer’s expense, to take one or more of the measures stated below in relation to such defaulting Clearing Member or Customer, provided that (a) if a Clearing Member that is a party to one or more Contracts Recorded on an Individual Client Segregated Account and/or Omnibus Account (including all sub-accounts) is in default under section 1.8.1 or 1.8.2, the Clearing House shall take the steps set out in section 1.9C in respect of such Contract; (b) if a Clearing Member that acts as a Clearing Account Administrator in respect of a Direct Pledge Account is in default under section 1.8.1 or 1.8.2, the Clearing House shall take the steps set out in section 1.9D in respect of each Contract Recorded on such Direct Pledge Account; and (c) if a Clearing Member that acts as a Clearing Account Administrator and Trading Account Administrator in respect of an Indirect Pledge Account is in default under section 1.8.1 or 1.8.2, the Clearing House shall take the steps set out in section 1.9E in respect of each Contract Recorded on such Indirect Pledge Account:

(i) to withhold Settlement or Delivery due to the Clearing Member or Customer;
(ii) to declare one or more obligations of the Clearing Member or Customer to be due and payable, to convert the delivery obligations of the Clearing Member, Customer or Clearing House into payment obligations, and to set-off any obligations, including Settlements or Deliveries due to the Clearing Member or Customer against any obligations, including Settlements or Deliveries due to the Clearing House, subject to where any obligations are due to a Clearing Member with respect to its Client Accounts or Customer Accounts, such obligations may not be set-off against other liabilities than the Clearing Member’s obligations in relation to the Client Accounts or Customer Accounts;

(iii) to refuse Registration of any Transactions;

(iv) to effect a close-out in respect of any open Contracts Recorded on the Clearing Member’s or Customer’s Clearing Accounts and/or Integrated Trading and Clearing Accounts to the extent the Clearing House deems necessary to avoid damage, provided that the Clearing House shall always be entitled to settle the Clearing Member’s and Customers’ Contracts two Bank Days following the Clearing House’s decision in relation to default by the Clearing Member or Customer;

(v) to enter into hedging transactions on its own behalf or on behalf of the Clearing Member or Customer;

(vi) to buy or sell Contracts on behalf of the Clearing Member or Customer;

(vii) to settle the Clearing Member’s or Customer’s Contracts in advance (in whole or in part) to the extent the Clearing House deems necessary to avoid damage, provided that the Clearing House shall always be entitled to settle the Clearing Member’s and Customers’ Contracts two Bank Days following the Clearing House’s decision in relation to default by the Clearing Member or Customer. In particular, the Clearing House shall have the right to establish a new Expiration Day, new Settlement Day and/or new Expiration Settlement Day for those Contracts Recorded in the Clearing Account or Integrated Trading and Clearing Account in question;

(viii) to liquidate and/or appropriate Collateral posted by the Clearing Member or Customer or exercise any rights under any bank guarantee or similar, and to seek to hold the Clearing Member or Customer liable, as applicable, according to section 2.12 and credit the Clearing Member’s or Customer’s Clearing Account or Integrated Trading and Clearing Account with the corresponding amount;
(ix) for the purpose of avoiding or mitigating damage or other loss to the Clearing House, following consultation with the Clearing Member unless a matter of urgency exists in the opinion of the Clearing House, to purchase Deliverable Instruments, and terminate the Delivery obligation and receive compensation in an amount corresponding to the difference between, on the one hand, the Clearing House’s costs for the purchase of the Deliverable Instrument in question together with the Clearing House’s established fees for delay or lack of Delivery, and on the other hand, the Exercise Price, Futures Price or equivalent proceeds for the Contract in question;

(x) for the purpose of avoiding or mitigating damage or other loss to the Clearing House, following consultation with the Clearing Member unless a matter of urgency exists in the opinion of the Clearing House, to sell the Contract Base and terminate the Settlement obligation and receive compensation in an amount corresponding to the difference between, on the one hand the proceeds realised, and on the other hand the Exercise Price, Futures Price or equivalent cost for the relevant Contract Base together with the Clearing House’s established fees for delay or default in Settlement;

(xi) where a Clearing Member that acts as Clearing Account Administrator and/or Trading Account Administrator and Clearing Account Administrator for a Customer is in default, the Clearing House may exclude such Clearing Member’s Customer through the termination of the Customer Agreement;

(xii) where a Clearing Member is in default, the Clearing House shall have the right to exercise any of the Clearing House’s rights in sections 1.9C, 1.9D and 1.9E in respect of those Contracts which were Registered or Recorded by the Clearing Member in question on behalf of a Customer or a Client, and the exercise of any of the Clearing House’s rights as set out in this section 1.8 shall be in furtherance of its obligations under sections 1.9C, 1.9D and 1.9E; and

(xiii) to terminate the Clearing Member’s clearing membership or terminate the Customer’s Customer Agreement, as applicable.

1.8.7 In the case of default under section 1.8.1 and where such default is deemed to be immaterial, the Clearing Member or Customer involved shall be afforded the opportunity of curing the default. In determining whether a default is to be deemed immaterial, account shall be taken of whether the damage done was negligible and whether the default has occurred on one or more occasions and whether negligence existed. In the event the default has not been cured within reasonable time, the provisions stated in section 1.8.6 shall apply.
1.8.8 The Clearing House is obliged to immediately inform the Clearing Member as to its default, and a Clearing Member about its Customer’s default in accordance with sections 1.8.1 and 1.8.2 and the Default Notification Procedures and about the measures the Clearing House has taken or is planning to take. Prior to calling an event of default as referred to in sections 1.8.1 and 1.8.2 above, the Clearing House shall immediately contact the competent authority or other exchange or clearing organisation or governmental authority or regulatory body as required by applicable law and regulation.

Indemnity

1.8.9 Any Customer or Clearing Member that causes the Clearing House to suffer any loss or to incur any cost, such as any interest or fee, as a result of the breach of the Clearing Rules shall hold the Clearing House whole and harmless and fully indemnified in respect of any such cost or loss. However a Customer or Clearing Member shall not be held liable for loss of profit or other similar indirect loss or consequential loss. The foregoing indemnity shall not require any Customer or Clearing Member to indemnify the Clearing House for any cost or loss to the extent such indemnity would breach the requirements of Article 39 of EMIR or any other applicable law or regulation.

1.9A 1.9A Default Fund Rules

See appendix 16 of the Clearing Rules Default Fund Rules.

1.9B 1.9B Loss Sharing Rules

See appendix 17 of the Clearing Rules Loss Sharing Rules.

1.9C 1.9C Supplemental default rules for Contracts Recorded on Client Accounts

See appendix 19 of the Clearing Rules Supplemental Default Rules for Contracts Recorded on Client Accounts.

1.9D 1.9D Supplemental default rules for Contracts Recorded on a Direct Pledge Account

See appendix 20 of the Clearing Rules Supplemental Default Rules for Contracts Recorded on a Direct Pledge Account.
1.9E Supplemental default rules for Contracts Recorded on an Indirect Pledge Account

See appendix 21 of the Clearing Rules, Supplemental Default Rules for Contracts Recorded on an Indirect Pledge Account.

1.10 Default or insolvency of the Clearing House

1.10.1 In the event that the Clearing House is in default of its obligations under the Clearing Rules, Clearing Members and Customers may terminate their relevant Clearing Membership Agreement or Customer Agreement with effect from the moment no outstanding Contracts are registered in the accounts which the Clearing Member or Customer is responsible for and all Settlements and Deliveries have been finalized, including, in the case of a Clearing Member acting as Clearing Account Administrator, its Customers’ Customer Accounts under these Clearing Rules, as applicable.

1.10.2 A “Material Default” by the Clearing House exists if the Clearing House breaches a Settlement or Delivery obligation (other than to a defaulting Clearing Member or Customer) and the breach is not remedied within twenty (20) Bank Days after the relevant Settlement or Delivery is due.

1.10.3 A Clearing Member or Customer may, in the event that the Clearing House is in Material Default as defined above, terminate any or all outstanding Contracts registered in its accounts by designating an early termination date by giving the Clearing House not less than twenty (20) Bank Days’ written notice.

1.10.4 In the event that the Clearing House files for bankruptcy proceedings or is declared bankrupt, all outstanding Contracts with the Clearing House are automatically terminated.

1.10.5 Upon a termination under Sections 1.10.3 or 1.10.4 the Clearing Member or Customer shall calculate a positive or negative value of the terminated outstanding Contracts on the basis of the latest listed price for the relevant Series or, where no such price is available, the market value of such Contract, in either case at the time of termination, these values to be aggregated and netted to a single close-out amount for all relevant Contracts (in each case expressed in SEK or such other currency as approved in writing by the Clearing House). Such calculation shall be made on an account by account basis, provided that it shall be permitted to consolidate two or more accounts if the Clearing Member or Customer and, where relevant, the underlying Client(s) are identical in respect of all such accounts.

1.10.6 The Clearing Member or Customer is not required to enter into replacement Transactions in order to determine the close-out amount. The Clearing Member or Customer may, if appropriate and to the extent this does not represent double coverage, calculate its Loss (in each case expressed in SEK or such other currency as approved in writing by the Clearing House), in connection with the termination of Contracts on each such account in respect of the default by the Clearing House and set off the Loss against any payment obligation towards the Clearing House in
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respect of the same account(s). To the extent not taken into account when
determining the close-out amount or any Loss, the Clearing Member or Customer
may furthermore set off an amount owing by the Clearing House to the Clearing
Member or Customer in respect of Collateral that the Clearing House is due to return
to the Clearing Member or Customer in respect of each account and that the Clearing
Member or Customer has provided to the Clearing House on a title transfer basis
against any remaining payment obligation toward the Clearing House in respect of
the same account(s). A net amount remaining is for the purposes of this Section 1.10
referred to as a “Termination Amount”.

1.10.7 The Clearing Member or Customer shall notify the Clearing House in writing of the
Termination Amount(s) calculated, including detailed support for the calculation. If
a Termination Amount is positive, the Clearing House shall pay such Termination
Amount to the Clearing Member or Customer in SEK within fifteen (15) Bank Days
of invoice or notification. If a Termination Amount is negative, the Clearing
Member or Customer shall pay an amount in SEK equal to the absolute value of
such Termination Amount to the Clearing House within thirty (30) Bank Days of the
termination under Sections 1.10.3 or 1.10.4.

1.10.8 The Clearing Member or Customer may however, at its option, set off the obligation
to pay a Termination Amount under Section 1.10.7 against any other amounts owing
(whether or not matured, contingent or invoiced) of the Clearing House in favour of
the Clearing Member or Customer, save that Termination Amounts owing of the
Clearing House in respect of Client Accounts and Customer Accounts may not be
used for such set-off. However, the Clearing Member or Customer shall not be
allowed to set off such payment obligation against the value of any Default Fund
contributions owing by the Clearing House to the Clearing Member or Customer.
The Clearing Member or Customer shall provide the Clearing House with detailed
support of any amounts used for set-off. This right of set-off is without prejudice and
in addition to any other right of set-off, combination of accounts, lien, charge or
other right to which the Clearing Member or Customer is at any time otherwise
entitled (whether by operation of law, by contract or otherwise).

1.10.9 If an amount is unascertained, the Clearing Member or Customer may reasonably
estimate the amount to be set off. The parties shall make any adjustment payment
required within three (3) Bank Days of the amount becoming ascertained.

1.10.10 If the Clearing House disputes any Termination Amount under this Section 1.10, it
shall notify the Clearing Member or Customer as soon as practically possible and
pay the lesser amount as calculated by the Clearing House by the due date in
accordance with Section 1.10.7, subject to payment of any further amount once the
dispute has been settled or determined.

1.11 Public market information

1.11.1 Clearing Members shall have the right, at no charge, to reformulate and redistribute
information which is received immediately via electronic connection to Customers
in original form or reformulated to the extent required for the evaluation of
Customers’ Contracts. In the event information is to be made available to Customers in electronic form for a purpose other than those set forth above, a separate distribution agreement (“NASDAQ OMX Global Data Agreement”) shall be entered into by and between the Clearing Member and the Exchange or the Clearing House, as the case may be.

1.11.2 Upon all redistribution to Customers, the Clearing House, or the rights holder which the Clearing House represents, shall be set forth as the rights holder. Upon redistribution of reformulated market information, the party who has performed the reformulation shall also be indicated.

1.11.3 Customers shall only have the right to use and reformulate public market information which is received via electronic connection between Customers and Clearing Members for their own use. Customers may not redistribute such information to other Customers or third parties. Upon such use, Customers shall only have the right to disseminate or reformulate such information in internal networks upon written consent by the Clearing Member through which the information was obtained via electronic form. Clearing Members are obligated, pursuant to the separate distribution agreement (“NASDAQ OMX Global Data Agreement”), to ensure that Customers are bound by contract to refrain from disseminating or reformulating information in internal networks in the absence of the payment of fees in accordance with sections 1.11.4 – 1.11.5 of the Clearing Rules.

1.11.4 License fees are payable in accordance with the Exchange’s and the Clearing House’s joint information price list in effect from time to time regarding public market information originating from the Clearing House’s operations and which is disseminated via electronic connection to the Clearing House’s systems.

1.11.5 License fees are payable in accordance with the Exchange’s and the Clearing House’s joint information price list in effect from time to time regarding public market information originating from third parties and which is disseminated via electronic connection to the Clearing House’s systems.

1.12 Record Keeping

1.12.1 The Clearing House shall maintain, for a period of at least ten years, all the records on the services and activity provided so as to enable the competent authority to monitor the Clearing House’s compliance with EMIR.

1.12.2 The Clearing House shall maintain, for a period of at least ten years following the termination of a Contract, all information on all Contracts it has processed. That process shall at least enable the identification of the original terms of a Transaction before clearing by the Clearing House.

1.12.3 The Clearing House shall make the records and information referred to in sections 1.12.1 and 1.12.2 and all information on the positions of the cleared Contracts,
irrespective of the venue where the Transactions were executed, available upon request to the competent authority, to the European Securities and Markets Authority and to the relevant members of the European System of Central Banks.

1.13 Non-Clearing Members

Clearing possibilities

1.13.1 An entity that is an Exchange Member for the purposes of the Exchange Rules but that is not a Clearing Member for the purposes of the Clearing Rules (a “Non-Clearing Member” or “NCM”) shall at all times have in place a Clearing Agreement with a GCM regarding clearing of Transactions on behalf of the Non-Clearing Member at the Clearing House.

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

1.13.3 The Non-Clearing Member referred to in section 1.13.1 and the relevant GCM shall, using the prescribed form, immediately notify the Clearing House in the event that the Clearing Agreement with the relevant GCM terminates or ceases to apply for any other reason.

NCM access to the Clearing System

1.13.4 An NCM may, subject to section 2.2.1.11, be granted a right to undertake registration measures in the Clearing System if the following conditions are met:

(i) NCM must at all times possess a suitable organisation, secure technical systems, and, in the Clearing House's opinion, be suitable for the purposes of being given access to the Clearing System.

(ii) NCM must be electronically connected to the Clearing System through technical connections in accordance with the provisions of section 1.14.

(iii) NCM shall at all times have at least one designated contact person responsible for clearing-related activities available to be contacted by the Clearing House, and also at least one designated substitute contact person for the above mentioned contact person(s). The NCM shall notify the Clearing House about contact details with regard to such contact person(s) and substitute contact person(s).

(iv) NCM shall at all times have at least two employees who fulfil the requirements applicable to GCM’s Back Office Personnel. However, under special circumstances, the Clearing House may, in its discretion, grant exemptions from the requirements applicable to Back Office Personnel.
In addition, an NCM shall at all times ensure that each registration measure in the Clearing System complies with the Clearing Rules. NCM shall also ensure that the personal user identification of the Back Office Personnel is stated in each individual registration measure.

If the GCM which has entered into a Clearing Agreement with an NCM regarding clearing of Transactions on behalf of the NCM has notified the Clearing House that it wants to cease clearing the NCM’s transactions, the Clearing House will as soon as possible, and no later than 30 minutes after such notification, suspend the NCM from undertaking any future registration measures in the Clearing System, and any registration measures that are in the process of being undertaken shall also be suspended.

If an NCM at any time does not meet the exchange membership requirements provided for in the Exchange Rules and/or if an NCM at any time does not comply with the Clearing Rules, the Clearing House may in its sole discretion suspend the NCM from undertaking any future registration measures in the Clearing System, and any registration measures that are in the process of being undertaken shall also be suspended.

1.14 Technical Regulations

1.14.1 For electronic connection to the Clearing System, a special agreement (OMnet-Agreement or other agreement) shall be entered into with the Clearing House. In addition, the general regulations set forth below shall apply.

1.14.2 Technical Equipment or computer programs which are required for electronic connection to the Clearing System shall be specified and provided in part by the Clearing House.

1.14.3 Technical Equipment or computer programs which are not specified by the Clearing House in accordance with section 1.14.2 shall, in accordance with the provisions contained in the OMnet-Agreement or other agreement, be tested by the Clearing Member prior to the connection of such equipment or computer programs to the OMnet production system. In addition, the Clearing House reserves the right to reject the connection of equipment or computer programs which are not specified by the Clearing House and to test such equipment or computer programs, at the expense of the Clearing Member, where the Clearing House deems necessary.

The Clearing House reserves the right to set requirements as well as demand information regarding such computer program’s construction and functionality from Clearing Member or computer program supplier. The Clearing House reserves the right to conduct tests of the computer program based on the requirements stipulated by the Clearing House from time to time and information that has been obtained (certification). Additional certification can, when deemed necessary by the Clearing House, be requested by the Clearing House.

1.14.4 The Clearing House reserves the right, to the extent it is deemed necessary for the maintenance of properly-functioning operations, to limit the number of connections
per Clearing Member or generally limit the transaction volume per connection.

1.14.5 Clearing Members shall grant the Clearing House access for the inspection of Technical Equipment connected to the Clearing System. Such inspections shall take place at an agreed time and in the presence of the Clearing Member in question.

1.14.6 The cost for the requisite Technical Equipment supplied by the Clearing House and the installation and maintenance thereof shall be borne by the Clearing Member. The cost shall be debited as stated in the OMnet-Agreement or other agreement.

1.14.7 Clearing Members shall be responsible for ensuring that a technical contact person or a system contact person is available at the premises of the Clearing Member during the Clearing House’s opening hours, as well as one hour beforehand and one hour thereafter.

1.14.8 Clearing Members shall be liable for all Contracts Recorded or other consequences resulting from the use of the Clearing Member’s electronic connection, regardless of whether or not this is done by an authorised representative of the Clearing Member.

1.14.9 Clearing Members shall follow those security instructions pertaining to the electronic connection specified by the Clearing House at any given time in the OMnet-Agreement or otherwise. Clearing Members shall have controls to ensure that no unauthorised parties directly or indirectly obtain access to the Clearing System.

1.15 Intellectual property rights

1.15.1 Copyright and all other intellectual property rights to the Clearing Rules, other agreements and documents and programs which are produced by or on the initiative of the Clearing House, shall be the property of the Clearing House or the proprietor of the right represented by the Clearing House.

1.15.2 OMX™, OMXN40™, OMXS30™, OMXH25™, OMXC20™, OMXI15™, OMt™, STINA™, SEax™, NOax™, DKax™, ISax™, FIAX™, AXLÅN™, SBX™ and VINX™, are examples of registered trademarks vested in the Clearing House, the Exchange or their indirect owner OMX AB. Clearing Members and Customers are aware of and accept that these trademarks vested in the Clearing House, the Exchange or OMX AB may only be used as symbols for products and services originating from the Clearing House or other companies within the NASDAQ OMX group.

1.16 Limitation of Liability

1.16.1 The Clearing House shall not be liable for damage resulting from Swedish or foreign legislative enactment, actions of Swedish or foreign authorities, war, power failure, telecommunications failure, fire, water damage, strike, blockade, lockout and boycott or other similar circumstances outside the Clearing House’s control. This reservation applies even if the Clearing House itself is the object of the strike, blockade, boycott or lockout in question, or itself adopts such hostile measures.
1.16.2 The Clearing House shall in no case be liable for loss of data, lost profits or other indirect damage.

1.16.3 Should performance by the Clearing House in accordance with the Clearing Rules be impeded, in whole or in part, owing to a circumstance stated in section 1.16.1, such performance shall be suspended until that obstacle has ceased to exist. Should the existence of such circumstances impede the making or receipt of payment by the Clearing House, neither the Clearing House nor the Counterparty shall be liable to pay any penalty interest for delay so caused.

1.16.4 Should the Clearing House fail to timely perform delivery of the underlying property or payment to a Counterparty in accordance with the provisions in the Clearing Rules, such Counterparty shall be entitled to a delay fee in accordance with the Fee List in force at the time of the failure. However, the Counterparty shall not be entitled to further damages or other economic compensation unless the Clearing House has acted in gross negligence.

1.16.5 In addition to the provisions set forth above in this section, the Clearing House’s liability to recipients of market information shall be limited as set out in section 1.11.

1.16.6 In addition to the provisions set forth above in this section, the Clearing House’s liability to those electronically connected to the Clearing House shall be limited as set out in the OMnet-Agreement, or other agreement replacing the OMnet-Agreement.

1.16.7 In addition to the provisions set forth above in this section, the liability of Clearing Members to the Clearing House shall be limited as set out in the Clearing Member Agreement.

1.16.8 In addition to the provisions set forth above in this section, the liability of index owners and the Clearing House shall be limited as set out in at each time applicable Addendum (see section 4).

1.16.9 Provided that normal care has been taken, the Clearing House shall not be liable to pay compensation for any damage arising in cases other than those referred to in this section.

1.17 Extraordinary Measures

1.17.1 Where circumstances occur such as significant market disturbance, serious communications disturbances or other technical problems which are outside the Clearing House’s control and in the Clearing House’s opinion seriously affect its ability to maintain properly-functioning operations, the Clearing House reserves the right to adopt such measures as it deems fit to ensure such aim. The Clearing House reserves the right, inter alia, to cease or limit operations, to amend the provisions in the Clearing Rules or other provisions regarding the Clearing House’s operations, or otherwise to adopt such measures as the Clearing House deems necessary. When invoking this provision, the Clearing House shall have the right if absolutely
necessary to amend existing Recorded Contracts. In the adoption of these measures, the Clearing House shall strive to maintain neutrality between Clearing Members and Customers.

1.17.2 The Clearing House shall, as soon as possible, inform Clearing Members as to the measures adopted. Clearing Members shall in turn inform their respective Customers and NCMs of the same.

1.18 Assignment

1.18.1 The Clearing House may assign all or any of the rights and obligations arising under or relating to the Clearing Rules to another clearing organisation, on condition that the clearing organisation in question is subject to supervision equivalent to that which the Clearing House is subject, and has administrative routines and financial resources corresponding to the Clearing House’s at the time of the assignment. Such assignment may take place no earlier than six months after consultations in accordance with section 1.19, and no earlier than six months after information thereof has been provided to Clearing Members, for themselves and on behalf of their respective Customers. At the above mentioned consultations the costs for the assignment shall be discussed.

1.19 Changes and Additions

1.19.1 The Clearing House reserves the right to change or make additions to the provisions in the Clearing Rules. Such changes or additions shall, unless otherwise expressly stated, apply to already Recorded Contracts. Before entering into force, they shall be reported to the Swedish Securities Dealers Association and/or, if the Clearing House deems appropriate, to other representatives of Customers and Clearing Members. Where these aforementioned representatives have not, within five Bank Days of the report, demanded consultations with regard to the changes and/or additions in question, such changes and/or additions shall enter into force within a period of time deemed by the Clearing House to be reasonable. Should delay be hazardous, or should the changes and/or additions be caused by any legislation, judicial decision, or decision of any public authority such changes and/or additions will enter into force immediately before such consultations have taken place. The aforesaid shall apply also in those cases where the changes and/or additions are of an editorial nature.

1.19.2 Changes and/or additions will normally be made on a bi-annual basis, unless otherwise required on special grounds.

1.18.3 The Clearing House shall inform Clearing Members concerning changes in and/or additions to the Clearing Rules. Clearing Members shall in turn, if they or the Clearing House deem it necessary, inform their respective Customers and Clients.

1.20 Tax and VAT matters

1.20.1 Payments in connection with Contracts do not include, and each Counterparty shall be responsible for, all applicable present or future taxes, levies, imposts, duties, fees,
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assessments or other charges of whatever nature imposed by any jurisdiction or by any department, agency, state or other political subdivision or taxing authorities.

1.20.2 Each Counterparty is responsible for any and all VAT payable by that Counterparty in connection with a Contract, without any reimbursement or indemnification from the Clearing House unless as set out below.

1.20.3 All Cash Settlements shall be exclusive of VAT, with the exemption that the Clearing House will charge VAT if this is required under applicable law.

1.21 Complaints procedure

1.21.1 The Clearing House’s complaints procedure is published by the Clearing House on its website.

1.22 Recovery and resolution procedure

1.22.1 The Clearing House’s recovery and resolution procedure is published by the Clearing House on its website.

1.23 Trade reporting

1.23.1 Unless otherwise agreed in writing, the Clearing House shall not be responsible for reporting the details of any Transaction Registered or Contract Recorded and of any modification or termination of such a Transaction or Contract to a Trade Repository in accordance with EMIR or any other applicable laws on behalf of any Clearing Member or Customer.

1.23.2 Should the Clearing House in any way agree to report such details on behalf of a Clearing Member or Customer, the Clearing Member or Customer shall upon request by the Clearing House provide such information the Clearing House may require to submit such reports.

1.24 Applicable law and settlement of disputes

1.24.1 The interpretation and application of the Clearing Rules shall be governed by the law of Sweden.

1.24.2 Disputes between Customers and the Clearing House arising from the Clearing Rules shall be resolved by a Swedish court, in the first instance by the Stockholm District Court.

1.24.3 Disputes between Clearing Members and the Clearing House shall be resolved as stated in the Clearing Member Agreement, appendix 7 of the Clearing Rules.
Disputes between Customers and Clearing Members shall be resolved in accordance with the provisions of the relevant Customer Agreement, appendix 8 of the Clearing Rules.