Clearing Appendix 14

Block Trade, EFP and EFS Clearing Procedures

Commodity Derivatives

Issued by NASDAQ OMX Clearing AB
BLOCK TRADE, EFP AND EFS CLEARING PROCEDURES

1 APPLICATION

1.1 These Block Trade, EFP and EFS Clearing Procedures contain detailed provisions on the registration and processing of Clearing Requests in respect of Block Trades, EFP and EFS, and form an integral part of the Clearing Rules.

2 SUBMITTAL OF CLEARING REQUESTS

2.1 Block Trades, EFP and EFS are automatically subject to Clearing pursuant to the Trading Rules.

2.2 The Exchange will provide the Clearinghouse with information of all Block Trades, EFP and EFS registered in the Trading System, including the terms of each such Exchange Transaction and the Account Holders and FIN Clearing Members involved. Such notification by the Exchange shall constitute a Clearing Request.

3 REGISTRATION OF BLOCK TRADES/EFP AND EFS IN RESPECT OF ELECTRICITY CONTRACTS, EL-CERT CONTRACTS, NATURAL GAS CONTRACTS AND ALLOWANCE CONTRACTS

3.1 Registration of Block Trades and EFP or EFS in respect of Electricity Contracts, El-Cert Contracts, Natural Gas Contracts and Allowance Contracts for Clearing shall be carried out in accordance with this section.

3.2 The Clearinghouse decides in its sole discretion whether or not to approve a Clearing Request in respect of Block Trades, EFPs or EFSs in respect of Electricity Contracts, El-Cert Contracts, Natural Gas Contracts or Allowance Contracts on a continuous and revolving basis. The Clearinghouse shall not become counterparty to any such Block Trade, EFP, EFS or Clearing Request, and will only be Counterparty to the corresponding Clearing Transaction(s) when it has been Registered.

3.3 Within two hours (120 minutes) following the registration of a Clearing Request in the Clearing System, the Clearinghouse shall decide:

   a. to approve the Clearing Request and Register the corresponding Clearing Transaction; or
   
   b. to reject the Clearing Request, in which case the Account Holders and FIN Clearing Members involved (or their nominees) shall be informed of the decision immediately.

3.4 The Clearinghouse reserves the right to reject, cancel or refuse to approve any Clearing Request which in the Clearinghouse’s determination would contravene sound Clearing operations, the Clearing Rules, applicable law, or where there is another reasonable foundation for rejection.

3.5 If a decision to reject has not been made within the time limits stated in Section 3.3, the Clearing Request shall after two hours (120 minutes) be deemed approved and Registered as a Clearing Transaction. A Clearing Request received and accepted by the Clearinghouse during Clearinghouse Opening Hours shall be processed and (unless rejected) Registered on the same Bank Day.

3.6 The General Terms contain provisions regarding errors in Clearing Confirmations.

4 REGISTRATION OF BLOCK TRADES/EFP AND EFS IN RESPECT OF FREIGHT CONTRACTS AND FUEL OIL CONTRACTS

4.1 Registration of Block Trades and EFP or EFS in respect of Freight Contracts and Fuel Oil Contracts for Clearing shall be carried out in accordance with this section.

4.2 The Clearinghouse decides in its sole discretion whether or not to approve a Clearing Request in respect of Block Trades, EFPs or EFSs over Freight Contracts and Fuel Oil Contracts on a continuous and revolving basis. The Clearinghouse shall not become
counterparty to any such Block Trade, EFP, EFS or Clearing Request, and will only be Counterparty to the corresponding Clearing Transaction(s) when it has been Registered.

4.3 As soon as a Clearing Request is received, the Clearinghouse shall carry out Prenovation Checks and Exposure Limit Checks.

4.4 If all relevant Prenovation Checks and Exposure Limit Checks are passed, the Clearinghouse shall approve the Clearing Request and Register the corresponding Clearing Transaction.

4.5 If any relevant Prenovation Check and/or Exposure Limit Check is not passed, the Clearinghouse shall either a) decide (at its discretion) to approve the Clearing Request and Register the corresponding Clearing Transaction, or b) immediately notify the relevant Account Holder(s), and shall inform them of the amount of extra collateral (if any) that needs to be posted by such Account Holder(s) to pass the Prenovation Check.

4.6 An Account Holder can request that the Clearinghouse reviews such Account Holder’s Exposure Limit. Any increase in such Exposure Limit is entirely at the Clearinghouse’s discretion, and if such increase is approved, the Account Holder must post sufficient extra collateral to cover the increased Exposure Limit.

4.7 Once the Clearinghouse has notified an Account Holder that the Prenovation Check and/or the Exposure Limit Check have not been passed in accordance with Section 4.5 above, the Account Holder may post extra collateral and/or request an increase in its Exposure Limit.

4.8 At any point after the Clearinghouse has notified an Account Holder that the Prenovation Check and/or the Exposure Limit Check have not been passed in accordance with Section 4.5 above, such Account Holder may request that the Clearinghouse carry out a new Prenovation Check and/or Exposure Limit Check. The Clearinghouse has no obligation to re-run a Prenovation Check and/or Exposure Limit Check unless such re-run is requested by the relevant Account Holder.

4.9 Subject to clause 4.10 below, if, after the Clearinghouse has notified an Account Holder that the Prenovation Check and/or the Exposure Limit Check have not been passed in accordance with Section 4.5 above, the Clearinghouse re-runs the Prenovation Checks and/or the Exposure Limit Checks and they are passed, the Clearinghouse shall approve the Clearing Request and Register the corresponding Clearing Transaction.

4.10 If, at the end of Clearinghouse Opening Hours on the Bank Day after the Clearing Request was received by the Clearinghouse, any relevant Prenovation Checks and/or Exposure Limit Checks have not been passed, the Clearinghouse shall reject the Clearing Request.

4.11 The Clearinghouse reserves the right to reject, cancel or refuse to approve any Clearing Request which in the Clearinghouse’s determination would contravene sound Clearing operations, the Clearing Rules, applicable law, or where there is another reasonable foundation for rejection.

4.12 The General Terms contain provisions regarding errors in Clearing Confirmations.

[end of document]