

## **MARGINS AND COLLATERAL APPENDIX**

### **1 Introduction**

- 1.1 This document forms part of the Clearing Rules for Equity Market Instruments and supplements Section 8 of the General Terms with further provisions on Margin Requirements and Collateral.

### **2 The Margin Requirement**

- 2.1 The Daily Margin Requirement is calculated each Clearing Day after completion of the first settlement in VPO and is notified the Clearing Member as set out in Appendix 4 – Clearing Schedule.
- 2.2 The margin is calculated as the sum of a variation margin and an initial margin for all Clearing Transactions on the relevant Clearing Account(s), taking into consideration Collateral in the form of eligible Equity Market Instruments on the relevant Collateral Accounts (“Equity Market Instruments Collateral”).
- 2.3 The variation margin is the difference between the market value for the Equity Market Instrument to be settled and the trade price specified in the Net Clearing Transaction. The variation margin may be negative, positive or zero.
- 2.4 The initial margin is based on the market value for the Equity Market Instruments to be settled, using risk based margin parameters. The initial margin will always be negative or zero.
- 2.5 The margin calculations are done in accordance with the margin methodology of Oslo Clearing, and applicable margin parameters published on the website of Oslo Clearing.
- 2.6 Cash compensation amounts calculated in accordance with Appendix 7 may be added to or deducted from the Daily Margin Requirement.
- 2.7 Oslo Clearing can make adjustments to reflect Corporate Events in Equity Market Instruments.

### 3 Extraordinary Margin Requirements

- 3.1 Oslo Clearing will continuously recalculate the margin and the Collateral value during the Clearing Day.
- 3.2 Oslo Clearing may define limits on risk exposure applicable to the Clearing Members. Upon a breach of such limits, Oslo Clearing can issue an Extraordinary Margin Requirement.
- 3.3 Oslo Clearing may also issue an Extraordinary Margin Requirement if the Collateral provided by a Clearing Member is deemed to be insufficient to cover the risk on the Clearing Member or in other circumstances when considered necessary in view of the prevailing market conditions or for any other imperative reasons (including prior to a Clearing Day which is not a Norwegian banking day).

### 4 Collateral

- 4.1 The Clearing Member shall meet the Margin Requirements in accordance with the Clearing Schedule as set out in Appendix 4, or within the the time due for Extraordinary Margin Requirements, by providing Collateral to Oslo Clearing in the form of:
  - 4.1.1 Financial Instruments held on a Securities Collateral Account, when approved as eligible Collateral as further announced on the website of Oslo Clearing.
  - 4.1.2 Cash held on a Cash Collateral Account.
  - 4.1.3 On-demand Guarantees with a residual duration of ten Clearing Days or more issued by Credit Institutions approved by Oslo Clearing, in a form approved by Oslo Clearing. A Clearing Member shall provide new Collateral not later than ten Clearing Days prior to the expiration of an On-demand Guarantee.
- 4.2 The Clearing Member is not credited as eligible Collateral any financial instruments that are issued by the Clearing Member or by an issuer in the same group of companies as the Clearing Member. Guarantees- issued by or Cash to be pledged on an account held by the Clearing Member or by an entity in the same group of companies as the Clearing Member will not qualify as eligible Collateral.
- 4.3 The Collateral value is calculated as the market value for each Collateral object, with the deduction of a “haircut”. Collateral value of an Equity Market Instrument approved for Clearing is included in the margin calculation as set out in section 2 above.
- 4.4 The Clearing Member may request Oslo Clearing to release Collateral when the

Collateral value exceeds the latest Margin Requirement, upon which a release shall be carried out without undue delay as further provided in the relevant Financial Collateral Agreement. Oslo Clearing is entitled to retain Collateral Oslo Clearing reasonably considers necessary to ensure adequate margin coverage, or for other imperative reasons.