

PRODUCT SPECIFICATIONS AND SUPPLEMENTARY RULES FOR AUTOMATED VPO LOANS

1. SUMMARY

- 1.1** This Appendix provides Product Specifications and Supplementary Rules for Clearing of Automated VPO Loans.
- 1.2** Loan Contracts are generated by VPS upon borrowing demands in the VPO as specified in the VPO Rulebook.
- 1.3** All Loan Contracts generated in the VPO Loan Pool are subject to Clearing with Oslo Clearing, and VPO Members must be Clearing Members or End-Clients with Oslo Clearing for this purpose.
- 1.4** This Appendix and the Clearing Rules regulate the relationship between Oslo Clearing and each Borrower and Lender with respect to Automated VPO Loans.

2. PRODUCT SPECIFICATIONS

Approved Loan Instruments:	Financial Instruments approved for Clearing by Oslo Clearing.
Contract Type:	Open Ended.
Loan Instrument:	Decided by VPS among Approved Loan Instruments.
Contract Size:	1 per underlying.
Interest Rate:	Decided by Oslo Clearing in accordance with Section 5.
Interest Rate period:	From and including date of Delivery to Redelivery Date but not including Redelivery Date
Interest calculation basis:	Based on daily market value.
Interest calculation:	Actual /360 calculated daily.
Interest Settlement:	First Trading Day after each month-end. Interest settlement for a month includes interest for any calendar day not being a Trading Day between last Trading Day in previous month and first Trading Day after month-end.
Redelivery:	The Borrower has the right to carry out Redelivery any Trading Day in the Loan Period. The Lender may any Trading Day in the Loan Period call for Redelivery.
Redelivery Date:	The date when Redelivery of the Loan Instruments must at the latest take place, as provided for in Section 6.
Loan Settlements:	Delivery, Redelivery, Interest Settlement and Compensation Settlement.

3. GENERAL REQUIREMENTS

3.1 Borrowers

3.1.1 As specified in the VPO Rulebook Clearing Members and End-Clients that are VPO Members must grant a power of attorney to VPS to generate Loan Contracts in the VPO Loan Pool.

3.1.2 Borrowings will be established in the name of and for the account of the relevant VPO Member in the event of a borrowing demand as further provided for in the VPO Rulebook, dependent on availability of Loan Instruments in the VPO Loan Pool.

3.2 Lenders

3.2.1 Clearing Members and End-Clients wishing to become a member of the VPO Loan Pool for lending purposes must grant a power of attorney to Oslo Clearing to generate Loan Contracts by registering on their Lending Account that Loan Instruments are available for lending purposes, specifying the type and amount of Loan Instruments so available.

3.2.2 Loan Contracts will be generated on a Lending Account as further provided for in the VPO Rulebook.

3.2.3 In the event that a security interest or encumbrance or transfer restriction is registered on the Lending Account the Lending Account will be suspended and no Loan Contracts will be generated.

4. ESTABLISHMENT OF LOAN CONTRACTS UNDER THE VPO LOAN POOL

4.1 Registration of Loan Contracts in VPS

4.1.1 Loan Contracts are generated by VPS as further provided for in the VPO Rulebook.

4.1.2 New Loan Contracts are registered by VPS on the Borrowing and Lending Account(s) as soon as the Loan Contracts are generated where by the available Loan Instruments will be delivered from the Lending Account to the Borrowing Account.

4.1.3 Oslo Clearing and the respective Borrower and Lender will become counterparties upon registration of the Loan Contract on the Borrowing and Lending Account(s).

4.2 Clearing of automated VPO Loans

4.2.1 All Loan Contracts generated in the VPO Loan Pool are subject to clearing with Oslo Clearing.

4.2.2 The Loan Contracts will be registered in the Borrowing and Lending Clearing Accounts with Oslo Clearing immediately following the registration in section 4.1.

4.2.3 Loan Contracts may not be transferred to other Clearing Accounts.

5. DELIVERY

5.1 The Loan Instruments are automatically transferred from the Lending Account to the Broker Account in VPS on the designated settlement date.

5.2 The Loan Instruments shall be transferred free and clear of any encumbrances and with all associated rights. The Borrower takes over all rights and duties pertaining to the Loan Instruments, including all such rights and duties in relation to the issuer, from such time as the Loan Instruments are registered on its broker account.

6. REDELIVERY

6.1 Redelivery

6.1.1 The Borrower may any Trading Day carry out Redelivery for some or all Loan Instruments by transfer of the Loan Instruments into the Broker Account free and clear of any encumbrances.

6.1.2 Redelivery, not being Mandatory Redelivery, will automatically be carried out any Trading Day when Loan Instruments are available on the Broker Account after delivery of trades applicable to a settlement has been carried out.

6.2 Mandatory Redelivery

6.2.1 The Borrower shall carry out Mandatory Redelivery, in accordance with Section 6.1.1, upon notice of Redelivery issued by Oslo Clearing. Oslo Clearing shall specify in the notice the date within which the Borrower at the latest must have carried out Redelivery ("Redelivery Expiry Date"). Mandatory Redelivery will automatically be carried out any Trading Day without regard to trades applicable to the settlement in which the Mandatory Redelivery shall take place.

6.2.2 For a Redelivery Call issued by the Lender, the Redelivery Expiry Date is the fourth Trading Day after notice of Redelivery is issued by Oslo Clearing. For a Redelivery Call issued by Oslo Clearing in connection with an event as described in Section 8, the Redelivery Expiry Date will be set to the Record Date for the relevant event.

6.3 Breach of Redelivery obligations

6.3.1 Upon breach of the Borrower's Redelivery obligations Oslo Clearing can, for the Borrower's account and risk, purchase, borrow or otherwise acquire the relevant Financial Instrument to cover the deficit, or instruct the Borrower's Clearing Representative to do so.

7. REDELIVERY CALLS

7.1 The Lender may any Trading Day make a Redelivery Call of some or all Loan Instruments. Redelivery Calls are exercised by the Lender (or his Clearing Representative in the event that the Lender is not a Clearing Member) by registering the Redelivery Call on the Lending Account.

7.2 In the event that there is not sufficient availability to meet all Redelivery Calls in a financial instrument, Oslo Clearing will instruct relevant Borrowers to effect Redelivery.

7.3 Oslo Clearing may make a call for Redelivery as specified in Section 8.

8. CHANGES CONCERNING THE LOAN INSTRUMENTS

8.1 Oslo Clearing shall register a call for Redelivery as provided for below if any of the events referred to in Sections 8.1.1 to 8.1.3 below is announced:

- 8.1.1** An issuer of Approved Loan Instruments being shares or other equity instruments or similar is to pay dividend on the shares or shall carry out a full or partial repayment in the event of liquidation, redemption, reduction in capital, repurchase of the equity instruments or merger or demerger of the issuer.
 - 8.1.2** An issuer of Approved Loan Instruments shall issue new financial instruments or preferential rights to new financial instruments to the holders of the Approved Loan Instruments, or present an offer to the holders to purchase the Issuer's own shares.
 - 8.1.3** The issuer of the Approved Loan Instruments is to carry out a split, reversed split, merger or demerger or change in ISIN or upon others changes that may affect the Clearing System such that a call for Redelivery is necessary in the discretionary opinion of Oslo Clearing.
- 8.2** Oslo Clearing may in the period commencing 14 calendar days before the Ex-Date for an event as described in Section 8.1 suspend the possibility to generate new loans, and call for Redelivery of all Loan Contracts.
- 8.3** The Borrower shall carry out Redelivery in accordance with Section 6.
- 8.4** The Borrower shall, in the event that Redelivery is not carried out as provided for in Section 8.2 and 8.3, carry out a Redelivery and also pay a Compensation Settlement in cash to the Lender for not receiving Redelivery prior to the events referred to in Section 8.1. Oslo Clearing shall decide on the amount of Loan Instruments to be subject to Redelivery obligations and calculate the Compensation Settlement.
- 8.5** If Loan Instruments are delisted or suspended from quotation, or a bankruptcy of the issuer or there are other events that Oslo Clearing deems will make it impossible or materially more difficult to carry out Redelivery as required, then the following rules shall apply:
- 8.5.1** Oslo Clearing may decide that the Redelivery obligations shall be temporarily suspended if the matter is deemed to be temporary.
 - 8.5.2** Oslo Clearing may decide that Redelivery obligations shall be permanently cancelled out if the matter is deemed to be permanent. The Borrower shall in this event pay a Compensation Settlement in cash to the Lender for the market value of the Loan Instruments calculated from the date when the Borrower received the Redelivery call.
- 8.6** If the Ex-Date for a matter referred to in Section 8.1 falls in a period where Oslo Clearing has suspended or cancelled Redelivery obligations, then the Borrower shall pay a Compensation Settlement to the Lender for the market value of the distribution or right or other benefit received by him and in accordance with the following rules:

- 8.6.1** Compensation Settlements based on market values of financial instruments shall be calculated by Oslo Clearing on the basis of the Closing Prices. If such calculation in the opinion of Oslo Clearing does not lead to a fair result, then Oslo Clearing may calculate another market value to the best of its ability.
- 8.6.2** The Borrower and Lender shall be notified of any Compensation Settlement where after settlement shall be carried out the fourth Trading Day following such notice. Settlement shall take place over the Borrower's Settlement Account and the Lender's Deposit Account or the Settlement Account of his Clearing Representative if the Lender has no Deposit Account.
- 8.6.3** Compensation Settlements calculated by Oslo Clearing may be challenged by a Borrower or Lender in legal proceedings under the Clearing Rules, provided Oslo Clearing receives a written complaint within two weeks after the notice in Section 8.6.2 and formal proceedings (summon) for a court is filed within three months following the notice, or any rights of objection will lapse. In such an event, all Borrowers and Lenders in the loan series shall reimburse Oslo Clearing for the difference in Compensation Settlement received and the compensation awarded by a court and indemnify Oslo Clearing against all losses and expenses it may incur as a result of the matter. Oslo Clearing may bring the Borrowers and/or Lenders in the same series into any proceedings brought against Oslo Clearing by a Lender or Borrower. Oslo Clearing shall organise cash settlements in accordance with the above upon a final court ruling.

9. INTEREST RATE DETERMINATION

- 9.1** Oslo Clearing shall determine the interest rate that applies to Automated VPO Loans in accordance with the following rules:
- 9.1.1** Each Approved Loan Instrument shall be categorized in an interest class.
- 9.1.2** Oslo Clearing shall consider the properties of the underlying instrument when determining the interest class for an Approved Loan Instrument.
- 9.1.3** Oslo Clearing may change the interest class for the Approved Loan instruments based on a regular review, or in other circumstances when considered necessary.
- 9.1.4** Oslo Clearing can change one Approved Loan Instrument from one interest class to another with 3 days notice.

10. INTEREST SETTLEMENT

- 10.1** The Borrower shall pay to Oslo Clearing the accumulated Automated VPO Loan interest for borrowing specified in the Oslo Clearing web page, at the first Trading Day after each month-end. The interest shall be calculated for each day commenced during the Loan Period based on 360 interest days per year.
- 10.2** Oslo Clearing shall pay to the Lender the accumulated Automated VPO Loan interest for lending specified in the Oslo Clearing web page, at the first Trading Day after each month-end. The interest shall be calculated for each day commenced during the Loan Period based on 360 interest days per year.
- 10.3** Interest shall be calculated on the basis of the number of Loan Instruments under the Automated VPO Loan from time to time, multiplied by the daily Closing Price for the Loan Instrument. The Closing Price shall be calculated in accordance with the Standard Terms. The Interest period calculated is minimum 1 day.
- 10.4** Oslo Clearing shall calculate the interest amount and notify this to the Clearing Member (or his Clearing Representative if not a Clearing Member) no later than the last Trading Day before Interest Settlement.