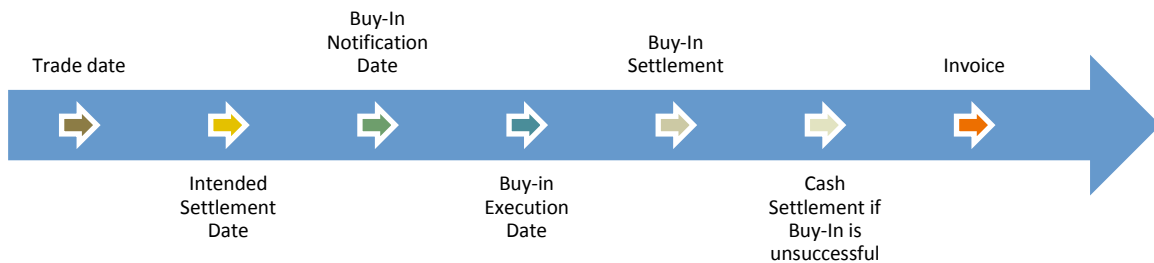


**CLEARING NOTICE No 2-2011**

**Oslo Clearing Buy-In Procedures**

According to the rulebook appendix 7, chapter 7 a receiving member may initiate a request for Buy-In within and after the seventh clearing day after the intended settlement date.

This clearing notice includes some practical information about the Buy-In procedures.



Buy-In notification day

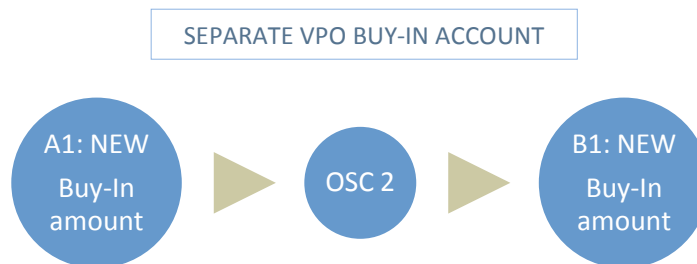
A Buy-In procedure is initiated by the receiving clearing member. If a non-clearing member is the receiver, the Buy-In is requested by its General Clearing Member. The Buy-In request form is available on the website of Oslo Clearing. The Buy-In request must be received by Oslo Clearing at the latest by 14:00 CET. Oslo Clearing will issue a Buy-In notification to the defaulting clearing member(s) with the oldest failed delivery(ies) relating to the same underlying. In the event that there is more than one failed net delivery with the same intended settlement date, Oslo Clearing will direct the Buy-In notification to the seller with the largest undelivered net position.

Any Buy-In Request received by Oslo Clearing after 14:00 CET will only be valid from the following clearing day.

Oslo Clearing will on the Buy-in notification date, i.e. after receiving and issuing a Buy-In requests, cancel the VPO settlement transactions affected by the Buy-In:



Thereafter, Oslo Clearing will register a corresponding VPO transaction with the quantities requested by the receiving member through the Buy-In notification on a separate VPO account:



If the delivering party has a net transaction (with the same original settlement date) at a larger amount, the rest of the original transaction will be re-registered and shall be matched against member 45012). This transaction may still be a subject for buy-in until it's delivered:



All NEW VPO-transactions must be matched against member 45012 as soon as possible and before VPO1 on Buy-In notification day +1.

#### Buy-In transaction specifics

The new transaction(s) will keep its/their original CCP id but will be entered with a new settlement day = Buy-In notification date+1.

The new Buy-In related settlement transactions are registered on a dedicated OC settlement account in VPS, therefore the receiving party is no longer a part of the multilateral settlement. I.e. the receiving member is solely depending on delivery from the defaulting member.

If the member in default (the seller) buys the shares in the market on the Buy-In notification date in order to deliver to the receiving party it should be noted that the shares will be delivered to the oldest receiving party (according to VPS priority rules). I.e. it is not guaranteed that the bought shares will be delivered to the member in default.

If the missing shares are delivered to the defaulting member from an internal account it may be useful to arrange for the delivery of shares through a separate and dedicated account. This will increase the probability of the shares being delivered to the dedicated Buy-In account.

### MT-messages

In the event of a Buy-In, Oslo Clearing will not generate any new MT-messages since all the transaction changes are done manually in the VPO-system in VPS and no changes are made in the clearing system. Cash compensation will be entered as a Claim in the clearing system and Claims in general do not show on any of the MT-messages.

Oslo Clearing is looking into developing a new version of the Buy-In functionality in which the transactions also are entered into the clearing system and then sent to VPO in the same way as other settlement transactions. When this is in place the new settlement transactions will show in MT537eod-net-transactions together with other settlement transactions sent to VPS this day and the cancelations will show in MT537eod-open-position. Oslo Clearing will inform as soon as this solution is developed.

### Initiation of Buy-In/Buy-In execution date

If the defaulting party fails to deliver to the receiving party on the dedicated account within the time limits as set out in Appendix 7, Oslo Clearing will cancel the transaction(s) of the member(s) in default on the dedicated Buy-In account. Oslo Clearing will then make attempts in the market to acquire the required equity market instruments, e.g. through the use of a third party, in order to deliver to the receiving member.

If the Buy-In through a third party is successful, Oslo Clearing will deliver the equity market instruments to the receiving party. The defaulting member will be invoiced as specified below.

If the Buy-In is unsuccessful (fully or partially) after 4 days, Oslo Clearing will cancel the transaction of the receiving member. Thereafter, the member will be compensated through a credit note according to the cash compensation rules.

In the case where the Buy-In is successful in whole or in parts, but settlement of market instruments fails on intended settlement date of the Buy-In transaction due to third parties failing on their obligations, Oslo Clearing shall consider the Buy-In process as unsuccessful and proceed to cash compensation. The cash compensation notification date will be the same date as the failed settlement date. Cash compensation will take place on the second clearing day after the Notification of Cash Compensation, in accordance with section 8.7 of appendix 7.

### Cash compensation

The cash compensation price shall be the highest of the original trade price of the defaulting clearing member, the original trade price of the receiving clearing member and the close price of the equity market instrument on the marketplace on the last Buy-In execution date, or if no close price is available, the last quoted ask price.

The defaulting member shall compensate Oslo Clearing for the difference between its original trade price and the cash compensation price, and any other loss or cost incurred by Oslo Clearing.

The receiving clearing member shall be compensated the difference between the close price of the equity market instrument on the marketplace on the last buy-in execution date, or if no close price is available (substitution price), the last quoted ask price, and the original trade price of the net clearing transaction of the receiving clearing member, if such price is less than the substitution price.

Invoice of fees, costs and cash compensation

If the delivering member manages to deliver the shares to the dedicated account within the time limits as set out in appendix 7, only the Buy-In fee (ref. appendix 5, 5.1) will be invoiced.

If the delivering party fails to deliver, Oslo Clearing will charge the defaulting Clearing Member the Buy-In fee, commissions and other costs incurred by Oslo Clearing in connection with a Buy-In execution. Oslo Clearing will, in case a NCM is the defaulting party, send all invoices to the responsible GCM.

Date **24.02.2011**