

Clearing Appendix 5

OTC Clearing Procedures

N2EX Markets

Issued by NASDAQ OMX Stockholm AB

OTC CLEARING PROCEDURES

1. GENERAL

- 1.1 These OTC Clearing Procedures apply to all Account Holders and Brokers when involved in OTC Clearing. The OTC Clearing Procedures are non-exhaustive and are in addition to applicable rules set out elsewhere in the Clearing Rules.
- 1.2 OTC Clearing is available to Account Holders having entered into an OTC Transaction which is available for OTC Clearing in accordance with the Product Specifications, and who are eligible as Counterparties.
- 1.3 In case of Clearing Clients, their Client Representative shall act on behalf of its Clearing Clients, as further set out in the Clearing Rules. Clearing Clients will only have access to OTC Clearing through their Client Representative.

2. USE OF BROKERS

- 2.1 Brokers may represent Clearing Members, but not Clearing Clients, in OTC Clearing.
- 2.2 Clearing Members may appoint one or more Brokers to act on their behalf using a standard "Broker Appointment Form" made out in substantially the format set out in Annex 1 hereto.
- 2.3 The following provisions will apply where a Broker is acting for a Clearing Member in respect of OTC Clearing:
 - a. Brokers act only as intermediaries, and shall not be Counterparties to any Clearing Transactions in which they are involved.
 - b. Brokers may only represent Clearing Members for which they have been preapproved by the Clearinghouse to act as Broker (approval not to be unreasonably withheld), and provided it is party to a valid and effective Broker Agreement at the relevant time.
 - c. All communication with the Clearinghouse relating to Clearing Transactions registered by the Broker shall take place exclusively through the Broker, unless the Clearinghouse and the Broker decides to involve the Clearing Member.
 - d. Brokers are generally authorised to act on behalf of the Clearing Member in all Clearing Transactions where the Broker is or has been involved. Clearing Members remain fully responsible to the Clearinghouse for all Clearing Requests and Clearing Transactions registered on their behalf by their appointed Broker(s), regardless of whether the Broker has acted on or in accordance with their instructions. The Clearinghouse shall in each case be able to rely on the Broker's appointment and authorisation without further verification or investigation, until the Clearinghouse has issued manual confirmation of its reception of a written notification from the Clearing Member that the appointment of the Broker shall be revoked.
 - e. Brokers are subject to and shall comply with the Market Conduct Rules to the extent relevant to their performance as Broker. The Market Conduct Rules *inter alia* contain reporting deadlines for OTC Transactions submitted for Clearing.
- 2.4 Once a Broker has submitted a Clearing Request, the Broker (i.e. the individual registering the Clearing Request or its Contact Person) shall be available by telephone on the same Clearing Day for a period of thirty (30) minutes following Contract Time of the applicable Transaction.

3. REGISTRATION AND PROCESSING OF CLEARING REQUESTS

- 3.1 Prior to the filing of a Clearing Request, the Account Holders involved in the OTC Transaction submitted for Clearing must agree that a Clearing Request is to be registered with the Clearinghouse.

- 3.2 Registration of Clearing Requests is only available during the Clearing Hours specified in the Clearing Schedule.
- 3.3 Except as set out in Section 4 below, Clearing Requests are submitted electronically through the Clearing Platform. Use of the Clearing Platform is subject to the Clearing Platform User Terms.
- 3.4 A Clearing Request must state the following information applicable to the OTC Transaction submitted for Clearing in order to be valid:
- a. The identity of the Account Holders involved;
 - b. The Product Series (Contract Code);
 - c. The Energy Volume of the Transaction (expressed in MW and with decimals);
 - d. The Contract Price (including currency);
 - e. The Contract Time (date, hour and minute); and
 - f. The Clearing Portfolio to which the OTC Transaction shall be allocated; and
 - g. If applicable and/or desirable: Any additional information as mandated and/or allowed by (i) the Clearing Rules (including the Market Conduct Rules) and/or (ii) the prevailing functionality of the Clearing Platform.
- 3.5 Clearing Requests may be registered by a Broker or the Account Holders involved in the OTC Transaction as follows:
- a. Joint registration: A Broker may register an OTC Transaction for Clearing if both Account Holders involved have appointed the Broker as their Broker with the Clearinghouse. The registration by the Broker represents matching Clearing Requests on behalf of both Account Holders involved in the OTC Transaction.
 - b. Two-sided registration: Account Holders may register an OTC Transaction for Clearing, in which case both Account Holders, or their approved nominee(s), must register opposite and matching Clearing Requests with the Clearinghouse, nominating the other Account Holder as counterparty to the OTC Transaction.
- 3.6 When matching Clearing Requests are registered in accordance with Section 3.5 above, and provided that both Account Holders are eligible as Counterparties to the corresponding Clearing Transactions, Clearing Transactions will be created in accordance with Section 6.1 of the General Terms.
- 3.7 When the Clearinghouse has approved the Clearing Request(s) as a Clearing Transaction(s), the Clearing Request(s) obtains the contractual status "Approved" (or similar designation) on the Clearing Platform user interface. This notice serves as a Clearing Confirmation to all Counterparties involved.
- 3.8 Clearing Requests that have not been matched by the end of Clearing Hours on the applicable Clearing Day will be cancelled. Whenever a Clearing Request is cancelled or rejected, the underlying OTC Transaction shall - as between the Clearinghouse and the Account Holders involved - remain between the Account Holders.
- 3.9 The Clearinghouse shall not become counterparty to any OTC Transaction or Clearing Request, and will only be Counterparty to the corresponding Clearing Transaction when approved as such.
- 3.10 Notwithstanding any other provision of the Clearing Rules, the Clearinghouse reserves the right to reject, cancel or refuse to approve any Clearing Request which in the Clearinghouse's determination would contravene the Clearing Rules or Applicable Law. Any such decision should be reasonably founded and the Clearinghouse shall notify the Account Holder (or its Broker where applicable) of such decision immediately.

4. MANUAL REGISTRATION

- 4.1 Clearing Requests may be filed manually as set out in the Clearing Platform User Terms. The availability of manual registrations to the Clearing Platform in cases where electronic registration is not available is intended as a limited backup solution only, and such services are only offered on a "reasonable effort" basis. The Clearinghouse may under such circumstances choose to invoke Section 6 below.
- 4.2 All telephone conversations with the Clearinghouse may be taped for post-call verification and security reasons. Account Holders and Brokers are deemed to consent to such recordings, and undertake that they have procured the necessary consents from its employees in order to comply with applicable law. The Clearinghouse will similarly accept taping of any conversations carried out by the Account Holders or Brokers.

5. REGISTRATION ERRORS

- 5.1 Account Holders must in respect of claims for Registration Errors in OTC Transactions make a complaint to the Clearinghouse as soon as possible, and no later than five (5) minutes following the registration of each Clearing Transaction. Complaints shall be made by telephone call to the Clearinghouse at its designated point of contact. To the extent the applicable Clearing Request was submitted by a Broker, communication in accordance with this Section 5 shall take place exclusively through the Broker acting on behalf of the Account Holder(s) involved.
- 5.2 Any claims for a Registration Error shall be void, and the Clearing Transaction registered will be final and binding:
- a. if no valid claim is made within the deadline set out in Section 5; or
 - b. if the claim is made later than 20 (twenty) minutes prior to end of Clearing Hours for the applicable Product.
- 5.3 Upon receipt of a valid complaint, the complaint will be resolved as follows:
- a. If the applicable Clearing Transaction was registered on behalf of both Account Holders by a Broker in accordance with Section 3.5(a), and the complaint is received from the Broker, the Account Holders involved will be deemed to agree to the Registration Error and the applicable Clearing Transaction will be cancelled.
 - b. If the applicable Clearing Transaction was registered in accordance with Section 3.5 (b), and the complaint is received from the Account Holder (or its approved nominee), the Clearinghouse will contact the other Account Holder (or its approved nominee):
 - (i) If the other Account Holder (or its nominee) immediately agrees to the Registration Error, the relevant Clearing Transaction will be cancelled.
 - (ii) If the other Account Holder (or its nominee) does not immediately agree to the Registration Error then the Clearing Transaction registered will remain unaltered as between the Clearinghouse and the Account Holders involved.
- 5.4 The Clearinghouse will immediately notify the market through the Clearing Platform in case of cancellation of a Clearing Transaction due to a Registration Error.

6. SUSPENSION OF OTC CLEARING

- 6.1 The Clearinghouse may suspend the Clearing Platform for OTC Clearing for further registration and/or processing of Clearing Requests if the Clearinghouse in its discretion deems this as necessary due to market conditions or other reasons, including situations where the ETS is unavailable.
- 6.2 The Clearinghouse shall inform Account Holders and Brokers about any suspension and resumption of the OTC Clearing routine as soon as practicable.
- 6.3 Resumption of OTC Clearing shall take place as the Clearinghouse is reasonably satisfied that the cause of the suspension is no longer persisting, and provided that Clearing Hours have

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not ended on the applicable Clearing Day, following which processing will be resumed automatically. Clearing Requests will remain stored during suspension only to the extent this is technically possible applying commercially reasonable efforts.

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N2EX BROKER APPOINTMENT FORM

The undersigned,

[name of Account Holder] (hereinafter “we”),

being a [insert membership category] of NASDAQ OMX Stockholm AB (“you”), hereby confirm that we have appointed and authorised the entity(ies) checked in the table below (each a “Broker”) to submit OTC Transactions for Clearing on our behalf, as further regulated by the Clearing Rules relating to the N2EX Market.

We acknowledge that under the Clearing Rules we remain fully responsible to you for all Clearing Requests by each appointed Broker in its capacity as our Broker, regardless of whether or not the Broker has acted on or in accordance with our instructions.

This appointment shall be valid, and you shall be able to rely the Broker’s authorisation without further verification or investigation in each individual Clearing Request by the Broker on our behalf, until we inform you in writing that our appointment of the Broker shall be revoked and you have confirmed to us by manual confirmation your reception of the same.

This form replaces all previous Broker appointment forms. Only Broker(s) who are authorised below shall be able to act as Broker on our behalf. Brokers who are not authorised below shall not be authorised to act as Broker on behalf of us.

Short name:	Broker name:	Authorised:	
[name #1]	[full name of broker #1]	<input type="checkbox"/> YES	<input type="checkbox"/> NO
[name #2]	[full name of broker #2]	<input type="checkbox"/> YES	<input type="checkbox"/> NO
[name #3]	[full name of broker #3]	<input type="checkbox"/> YES	<input type="checkbox"/> NO
[name #4]	[full name of broker #4]	<input type="checkbox"/> YES	<input type="checkbox"/> NO

Capitalised words in this form shall have the meaning as defined in your Clearing Rules.

Yours sincerely,
For [name of Account Holder]

[Print Name and Title]
[Place and Date]