

FrontLine SIX x-clear Ltd

Norwegian Branch

High-level changes to margin methodology for Norwegian Branch

1.0 Overview

SIX x-clear Norwegian Branch will start clearing instruments from the Nordic Nasdaq markets. Since the additional instruments to be cleared are denominated in a currency other than NOK and the clearing universe has been significantly expanded, the current margin model will be affected, i.e. modifications will be made to the methodology of the margin model.

2.0 Effective date

28 March 2016.

3.0 Impact on participants

The margin model has undergone the following high-level changes, which may impact the margin requirements of the clearing member:

- Instruments in currencies other than NOK can be cleared.
- The model will compute potential price movements of the cleared instruments by means of a risk-factor approach, i.e. no longer directly. This affects the correlations between different underlying instruments, which tend to become more conservative.
- As a consequence, the concept of anti-correlated stocks, as set out in section 4.1 of the Midas Margin Model of SIX x-clear Norwegian Branch, no longer applies.

4.0 Reference material

Updates to the Midas Margin Model SIX x-clear Ltd will be published reflecting the changes to the model in more detail. The updated Guide on the Midas Margin Model will be published on www.six-securities-services.com > Clearing > Member information > Guides > SIX x-clear Norwegian Branch.

Changes relevant to the Clearing Terms will be updated in due time. The updated Clearing Terms will be published on www.six-securities-services.com > Clearing > Download Center.

5.0 Testing

Extensive technical testing will be performed prior to roll-out. A test environment with all changes will be available in mid-March.

6.0 Contact

If you have any further questions, please contact your Relationship Manager. The contact details are mentioned in the list of SIX x-clear contacts published on www.six-securities-services.com > Clearing > Contacts.



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In this context, SIX x-clear Ltd draws the Members' attention to clauses **7.1 lit. f. and 25.3** General Terms and Conditions of SIX x-clear Ltd stipulating that the Member bears responsibility for the tax requirements and consequences of clearing with x-clear pursuant to the Applicable Law and that SIX x-clear Ltd assumes no liability for any charges or other negative consequences arising in conjunction with clearing through SIX x-clear Ltd. that are a result of tax laws or ordinances issued by tax authorities pursuant to the Applicable Law.