

ELIGIBLE FUNDS - DEFAULT FUND & LOSS SHARING POOL

GENERAL CONDITIONS

When a clearing participant is obliged to contribute to NASDAQ OMX's Default Fund and Loss Sharing Pool, the participant can choose to fulfill its obligation by contributing eligible cash and/or eligible securities.

- A) Property not specifically referenced in this Appendix will be valued at zero.
- B) That portion of any approved form of eligible funds which exceeds the limitations which are referenced below will be valued at zero.
- C) All eligible securities provided are valued in accordance with the following:
- Valuations prior to discounting (haircut) are based on the Bid Price at 6:30 pm, the previous Bank Day as referenced by Reuters. The Clearing House may, however, decide that the prices that the valuations are based on can be taken at another time.
 - Valuation of bonds and bills is based on settlement date, i.e. bills and bonds are valued at zero when the settlement date is on or after the maturity date.
 - Accrued interest is excluded from the valuation of bonds at the ex-coupon day (with number of settlement days taken into consideration)
 - Bonds are valued at zero at, and after the last ex-coupon date (before the maturity – and last coupon date) of the bond (with number of settlement days taken into consideration)
- D) All eligible securities shall have daily prices available via Reuters. If daily prices are missing, the security is valued at zero.
- E) Any re-calculation of surplus/deficit into Base Currency in relation to a Default Fund Custody Account or Loss Sharing Pool Custody Account is subject to the Clearing House's currency valuation ("Haircut when converting Surplus/ Deficit into Base Currency" referenced below).
- F) For eligible funds to be recognized eligible funds, it must be properly pledged or otherwise provided in accordance with accordance with the Clearing Rules and instructions, and applicable law. .
- G) The Concentration Limits (referenced below) is the percentage allowed of totally posted funds in relation to a Default Fund Custody Account or Loss Sharing Pool Custody Account. Any collateral posted exceeding the relevant concentration limit is valued at zero. Concentration limits are set per collateral type (as referenced below)
- H) For eligible securities, the following applies:
- "Outstanding amount": All bonds need to have a minimum outstanding amount of equivalent SEK 100 million per ISIN.
 - Minimum m rating criteria: The minimum rating criteria is per issuer or security. Rating from one rating institute is sufficient, but when the issuer or the security is rated by both S&P and Moody's, the lower of the two ratings is applicable. In cases where the minimum rating criteria is A- (S&P) and/or A3 (Moody's) and the issuer (or security) has been given a BBB+ rating by S&P and a A3 rating by Moody's, S&P's rating is used and the security is not eligible as collateral (valued at zero).
 - Maximum time to maturity: The maximum time to maturity shall not be longer than 40 years for eligible bonds.
- I) All eligible ISIN codes can be found in CMS Web. If a security is eligible as collateral, but not specified as eligible in CMS Web, the Clearing House will not accept the security until such security has been added to the system. A request of adding a security to the system must be made no later than 3pm CET, Monday to Friday (Swedish business days), in order for it to be available in the system the following business day.

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Concentration limits

The concentration limits below refers to the allowed percentage of totally provided funds per Default Fund Custody Account or Loss Sharing Pool Custody Account. If the concentration limit is 50% for the Collateral Type, only 50% of the collateral posted in relation to a Default Fund Custody Account or a Loss Sharing Pool Custody Account can belong to this Collateral Type (for Collateral Types, see below). Collateral exceeding the specified concentration limit will be valued at zero.

Collateral Types

Eligible Funds are divided into the following Collateral Types with concentration limits:

1. Cash Collateral – Concentration Limit 100%
2. Government Bonds and Bills – Concentration Limit 100%

Cash Collateral – Concentration Limit 100%

Cash collateral is accepted in the following currencies. Surplus/Deficit in relation to the Default Fund Custody Account or Loss Sharing Pool Custody Account recalculated into the Default Fund Custody Account or Loss Sharing Pool Custody Account Base Currency is charged with the below specified haircuts (in case the surplus/deficit is in another currency than the Base Currency).

Currency	Value after Haircut	Haircut when converting Surplus/ Deficit into Base Currency
British pounds (GBP)	100%	10%
Danish kronor (DKK)	100%	10%
Euro (EUR)	100%	10%
Norwegian kronor (NOK)	100%	10%
Swedish kronor SEK)	100%	10%
US dollars (USD)	100%	10%

Government Bonds and Bills – Concentration Limit 100%

Type of instrument	Instrument currency	Time until Maturity	Value after Haircut	Minimum Rating
Austrian government bills and fixed rate, unstructured and dated government bonds denominated in EUR. Austrian index linked bonds are not eligible as collateral.	EUR	0-5 years	97,0%	S&P: AA- and/or Moody's: Aa3
		5-10 years	94,0%	
		10-20 years	89,0%	
		20-30 years	84,0%	
		>30 years	70,0%	
Danish government bills and fixed rate, unstructured and dated government bonds denominated in DKK. Danish index linked bonds are not eligible as collateral.	DKK	0-5 years	97,0%	S&P: AA- and/or Moody's: Aa3
		5-10 years	95,0%	
		10-20 years	90,0%	
		20-30 years	88,0%	
		>30 years	70,0%	
Dutch government bills and fixed rate, unstructured and dated government bonds denominated in EUR. Dutch index linked bonds are not eligible as collateral.	EUR	0-5 years	97,0%	S&P: AA- and/or Moody's: Aa3
		5-10 years	95,0%	
		10-20 years	92,0%	
		20-30 years	87,0%	
		>30 years	85,0%	

Type of instrument	Instrument currency	Time until Maturity	Value after Haircut	Minimum Rating
Finnish government bills and fixed rate, unstructured and dated government bonds denominated in EUR. Finnish index linked bonds are not eligible as collateral.	EUR	0-5 years	96,0%	S&P: AA- and/or Moody's: Aa3
		5-10 years	93,0%	
		10-20 years	90,0%	
		20-30 years	84,0%	
		>30 years	70,0%	
French government bills and fixed rate, unstructured and dated government bonds denominated in EUR. French index linked bonds are not eligible as collateral.	EUR	0-5 years	96,0%	S&P: AA- and/or Moody's: Aa3
		5-10 years	94,0%	
		10-20 years	88,0%	
		20-30 years	83,0%	
		>30 years	77,0%	
German government bills and fixed rate, unstructured and dated government bonds denominated in EUR. German index linked bonds are not eligible as collateral.	EUR	0-5 years	96,0%	S&P: AA- and/or Moody's: Aa3
		5-10 years	94,0%	
		10-20 years	91,0%	
		20-30 years	86,0%	
		>30 years	85,0%	
Norwegian government bills and fixed rate, unstructured and dated government bonds denominated in NOK. Norwegian index linked bonds are not eligible as collateral.	NOK	0-5 years	97,0%	S&P: AA- and/or Moody's: Aa3
		5-10 years	94,0%	
		10-20 years	87,0%	
		20-30 years	80,0%	
		>30 years	70,0%	
Swedish government bills and fixed rate, unstructured and dated government bonds denominated in SEK. Swedish index linked bonds denominated in SEK are also eligible as collateral.	SEK	0-5 years	97,0%	S&P: AA- and/or Moody's: Aa3
		5-10 years	93,5%	
		10-20 years	88,5%	
		20-30 years	84,0%	
		>30 years	70,0%	
British government bills and fixed rate, unstructured and dated government bonds denominated in GBP. British index linked bonds are not eligible as collateral.	GBP	0-5 years	97,0%	S&P: AA- and/or Moody's: Aa3
		5-10 years	92,0%	
		10-20 years	84,0%	
		20-30 years	75,0%	
		>30 years	69,0%	