

SKANDINAVISKA ENSKILDA BANKEN AB (PUBL)**EMIR DISCLOSURE****1 INTRODUCTION**

- 1.1 Under Article 39(5) of the European Market Infrastructure Regulation (“**EMIR**”), EU Central Counterparties (“**CCPs**”) and their clearing members such as Skandinaviska Enskilda Banken AB (publ) (“**SEB**”) are required to offer to their clients a choice between omnibus client segregation and individual client segregation for the clearing of their exchange traded derivative transactions. In addition to the above requirements, Article 5, paragraph 1 in Commission Delegated Regulation (EU) 2017/2154 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council with regards to regulatory Technical standards on indirect clearing arrangements (the “**RTS**”) requires SEB to provide certain types of accounts in order to manage the assets and positions of indirect clients.

Requirements for disclosure under EMIR

- 1.2 We are required to disclose the levels of protection associated with these structures (including a description of the main legal implications and information on the insolvency law applicable).
- 1.3 You are required by EMIR to confirm your choice of account structure in writing.
- 1.4 This document contains our disclosure. It may be updated periodically, with the most recent version being available on our website [<https://sebgroup.com/our-offering/investor-services/nordic-financial-institutions/derivatives-clearing>]. You should review the most recent version on our website, which will supersede any previous versions.
- 1.5 SEB also provides details of prices and fees connected with its clearing services, which can be found on our website [<https://sebgroup.com/our-offering/investor-services/nordic-financial-institutions/derivatives-clearing>].

CCPs

- 1.6 SEB is a clearing member of various CCPs. CCPs are central counterparties authorised under EMIR and are the organisations which stand as SEB’s counterparty when SEB faces an exchange in relation to your transactions with SEB. They may be thought of as exchange clearing houses. This document refers only to EU CCPs.
- 1.7 You should also refer to the CCPs for their own disclosures, which SEB does not accept any responsibility for.

What does this document cover?

- 1.8 This document provides a generic description of the different levels of segregation that SEB makes available to you for the clearing of your exchange traded derivatives (ETD) business (i.e. omnibus and individual segregation and segregation in relation to indirect clearing). The type of segregation that you choose will impact on the level of protection that your positions and assets are afforded.
- 1.9 CCPs may operate a number of different account structures and contractual mechanisms to facilitate segregation and porting under EMIR (the details of which are still emerging). This document does not address CCP specific account structures, offerings, protections or risks (including the risk of a CCP defaulting or risks associated with specific mechanisms aimed at facilitating porting); nor does it seek to address any other risks that may be associated with trading, such as market or operational risk, or

the default of any other third parties. Additional considerations and risks will also arise where SEB is not a direct member of a CCP, but instead accesses the CCP via another clearing member. Such arrangements are outside the scope of this document.

What is the status of this document?

- 1.10 This document is provided for information purposes only. It is not intended to create legal relations and does not constitute part of any agreement between you and SEB including the Agreement Relating to Exchange Traded (or Cleared) Futures and Options Business (the “**Agreement**”). It does not amend or vary any provision of the Agreement or otherwise affect the interpretation of the Agreement.
- 1.11 Our Agreement is governed by English law (as stated in the Agreement). SEB is subject to Swedish law. This document has been prepared on the basis of English and, in respect of the insolvency related disclosures, Swedish law.
- 1.12 Considerations or risks arising under other laws which are not considered in this document may also be relevant to your position, such as the law governing the CCP’s rules or related agreements, the law of the jurisdiction of incorporation of the CCP and the law of the location of any assets.
- 1.13 This document provides a high level analysis of several complex and/or new areas of law, whose effect will vary depending on the specific facts of any particular case, and some of which have not been tested in the courts. It does not provide all the information you may need to make your decision on which account type or level of segregation is suitable for you. It is your responsibility to review and conduct your own due diligence on the relevant legal regimes, rules, legal documentation and any other information provided to you on each of our account offerings and those of the various CCPs on which SEB clears trades for you. You may wish to appoint your own professional advisors to assist you with this.
- 1.14 This document contains SEB’s own interpretation of the matters considered. It does not constitute any form of legal or other advice, and accordingly must not be relied upon by you or any third party as such. You should seek your own legal advice in relation to the matters covered by this document and the Agreement.
- 1.15 SEB will not in any circumstances be liable, whether in contract or tort, for breach of statutory duty or otherwise, for any losses or damages that may be suffered as a result of using or relying on this document. Such losses or damages include: (a) any loss of profit or revenue, damage to reputation or loss of any contract or other business opportunity or goodwill; and (b) any indirect loss or consequential loss. No responsibility or liability is accepted for any differences of interpretation of legislative provisions and related guidance on which it is based. This paragraph does not exclude liability for fraudulent misrepresentation.

What will you need to do?

- 1.16 You are strongly encouraged to carefully consider the segregation options that are available to you. SEB will require a reasonable period of time to facilitate any changes to your account structure. In times of market stress, changes to account structure may be difficult or even impossible to implement, which means SEB may not be able to fulfil any request for change at such times. You should therefore ensure that you do not delay the assessment of the options available to you.
- 1.17 You may also wish to consider putting in place arrangements with a back-up clearing member, and carrying out operational testing in respect of those arrangements, in order to facilitate porting of positions and assets in the event of a default by SEB. In the event that such back-up arrangements are not put in place (or transfers do not take place within a period specified by the CCP), then CCPs may

take steps to manage their risk in the event of a default by SEB, including liquidating the assets and positions held by SEB in respect of your transactions.

- 1.18 SEB will seek to ensure that your choice of omnibus or individual segregation, or in the case of indirect clearing, a net omnibus segregated account, or a gross omnibus segregated account (as further described below) is reflected in SEB's client accounts at the CCP level. However, CCPs may offer a variety of different account structures and SEB may not (and is not required to) support all of these. SEB will inform you separately of the types of CCP account structures that it supports and you must then confirm the type of account that you would like SEB to maintain in respect of each CCP through which SEB clears your trades.

2 AN OVERVIEW OF THE DIFFERENT LEVELS OF SEGREGATION

- 2.1 SEB offers its clients a choice between omnibus client segregation and individual client segregation (or in the case of indirect clearing, a net omnibus segregated account, or a gross omnibus segregated account as is described in Section 6 below). This is replicated at the CCP level, although the exact account structure will depend on the CCP's own offering. CCPs are, however, obliged under EMIR to offer to keep separate records and accounts that enable SEB, as a clearing member, to distinguish in accounts with the CCP:
- (a) the assets and positions of SEB from those held for the account of its clients ("**omnibus client segregation**"); and
 - (b) the assets and positions held for the account of a client from those held for the account of other clients ("**individual client segregation**").
- 2.2 The requirement under EMIR to distinguish assets and positions in the accounts with the CCP is satisfied where:
- (a) the assets and positions are recorded in separate accounts, as set out in clause 2.1;
 - (b) the netting of positions recorded on different accounts is prevented; and
 - (c) the assets covering the positions recorded in an account are not exposed to losses connected to positions recorded in another account.

3 AN OVERVIEW OF TITLE TRANSFER AND SECURITY INTEREST MARGIN

- 3.1 When clearing transactions for you through a CCP, SEB usually enters into two separate transactions: (i) a principal-to-principal transaction with you; and (ii) a corresponding principal-to-principal transaction with the CCP. As the principal to the CCP, SEB is required to provide assets to the CCP as margin.
- 3.2 SEB will in turn require margin from you to support your cleared positions. Except in the case of bespoke pledge arrangements, this margin is transferred to SEB on a title transfer basis.
- 3.3 The way in which SEB holds your margin will impact on the protections that your assets are afforded under the different levels of segregation. This is further described in the sections on omnibus client segregation and individual client segregation below.

How do title transfer collateral arrangements work?

- 3.4 If you transfer cash or securities margin to SEB pursuant to a title transfer collateral arrangement, then the margin will become the absolute property of SEB free from any equity, right, title or interest that you might otherwise have.
- 3.5 Subject to the terms of the Agreement, in respect of initial margin SEB will have a contractual obligation to repay an equivalent amount of cash or to redeliver equivalent securities to you. You will have no right to any specific securities or cash, whether held with SEB, posted to a CCP or otherwise.

How do margin transfers by way of security work?

- 3.6 If you deliver securities margin to SEB on a security interest basis under a specific pledge agreement (and note that this is not done as a matter of course in the Agreement), you will, subject to the pledge agreement, retain an interest in the securities.
- 3.7 If you deliver cash margin to SEB on a security interest basis under a specific pledge agreement, that cash will be treated as any cash at a bank and will be treated in a similar manner to the cash referred to in 3.4 above.
- 3.8 If you default, SEB will be entitled to exercise its security interest in accordance with the relevant pledge agreement, e.g. by selling or realising the securities or by taking the cash margin and using it to discharge your liabilities.

Client Money Rules

- 3.9 The Client Money Rules are not relevant to any margin you deliver to SEB. Put simply, Client Money Rules require non-bank deposit takers (such as brokers) to open a “client account” with a bank (or banks) and keep their clients’ money in that account. The aim is to replace broker insolvency risk with bank risk. When you deal with SEB you are dealing directly with a bank.

What if you want to transfer your positions to another clearing broker?

- 3.10 Should you wish to transfer your positions to another clearing broker prior to SEB’s insolvency, it makes no difference whether your positions are recorded in an omnibus client account or an individual client account.

4 OMNIBUS CLIENT SEGREGATION**What are the main features of omnibus client segregation?**

- 4.1 As described above, under the omnibus client segregation option the assets and positions of SEB that are held at a CCP will be distinguished from those held for the account of SEB’s clients. Although we face the CCP as principal and are responsible to the CCP for the transactions in the omnibus account, this means that your positions and assets will be recorded in a separate client omnibus account and not commingled with SEB’s own positions and assets.
- 4.2 This account structure offers the protection that the netting by the CCP of positions recorded on different accounts should be prevented and the assets covering the positions in the client omnibus account should not be exposed to losses connected with the positions in SEB’s own account or any other account with the CCP.
- 4.3 Your positions and assets will, however, be commingled in an account with the positions and assets of other clients of SEB that have opted for omnibus segregation. SEB may operate several client omnibus accounts with the same CCP.
- 4.4 One of the risks of the omnibus account structure is that your assets may be exposed to losses connected with the positions of other clients in the same client omnibus account, (but only if at that

time SEB is insolvent and unable to meet its obligations to the CCP in relation to the client omnibus account) as the assets in the account can be used in relation to any position in that omnibus account (whether it relates to you or to any of SEB's other clients).

- 4.5 SEB will keep records and accounts that enable it to distinguish both in the accounts held with the CCP and in its own accounts, its assets and positions from the assets and positions held for the account of each of its clients.
- 4.6 When calculating the margin required from you, SEB will do so on the basis of each of your positions alone and call for margin on a gross basis (i.e. SEB will not take into account any other clients' positions in the omnibus account). Unless a gross omnibus account is used, the CCP will usually call for a net amount needed to support the net of all the positions in the omnibus account, which may result in SEB holding a surplus of margin received from you that is not passed to a CCP. A margin surplus may also arise if you pre-fund margin with SEB in anticipation of entering into certain trades, but some or all of that margin is not required to be passed to a CCP (i.e. because you do not enter into the relevant trades). Any surplus margin in relation to your cleared positions over and above the CCPs' margin requirements that is held by SEB rather than with a CCP is referred to in this disclosure as "**gross excess margin**". SEB may also pay margin to a CCP from its own assets where you do not transfer margin to SEB sufficiently in advance of when the margin has to be transferred to the relevant CCP.

What protections and risks would be associated with an omnibus account on a default of SEB?

- 4.7 A risk for you in respect of your cleared positions is the default of your clearing member. SEB's insolvency would involve a number of risks to your assets, including delays in your ability to access your assets and shortfalls in assets affecting SEB's creditors. The operation of statutory provisions may also prevent or unwind any transfer of your positions and assets to another clearing member or the payment of balances to you directly by a CCP.
- 4.8 In the event of SEB's insolvency, under Swedish law the position is likely to be as follows:

Would assets be exposed to losses on other accounts?

- (a) Your assets covering positions in the client omnibus account are unlikely to be exposed to losses connected with the positions in SEB's own account or any other account with the CCP because under current Swedish law (which is being updated from 1st August 2014) positions held by a clearing member at a CCP for clients do not form part of the assets of the estate of the insolvent clearing member.
- (b) However, your assets may be exposed to losses connected with the positions of other clients in the same client omnibus account given that all margin in such an account can be used to meet losses connected with any position in that account.

Could positions and assets be ported?

- (c) If you have back-up arrangements in place with another clearing member who is willing to accept the transfer, the insolvency of SEB should not prevent the porting of the positions and assets that are held in the relevant omnibus account at the CCP to the account of that other clearing member, provided that the relevant CCP is able to support the porting process and the porting takes place in accordance with EMIR and the CCP's default rules. Porting of positions and assets in omnibus accounts may be limited to circumstances where all clients represented in the relevant omnibus account have reached an agreement with the same new clearing member and they all request the CCP to port the positions of assets to that clearing member. EMIR is an EU regulation, and therefore directly applicable in all EU Member States. Recital 64 of EMIR also provides that the requirements of EMIR on segregation and portability of clients' positions and assets should prevail over any conflicting laws, regulations and administrative

provisions of the Member States that prevent the parties from fulfilling them. This means that, theoretically, your transactions with SEB could be replaced by transactions with the back-up clearing member, whilst the positions and assets at the CCP level that relate to those transactions could be transferred to a client omnibus account of the back-up clearing member.

- (d) If you have not appointed a back-up clearing member, you may be able to agree with the CCP that it may choose a back-up clearing member on your behalf. However, if you have not appointed a back-up clearing member prior to SEB's default or agreed with the CCP that it may appoint one on your behalf, then this may mean that porting is less likely to occur. Shortfalls in the omnibus account may prevent porting from taking place or cause the new clearing member to call for additional margin. For these reasons, it may be difficult to achieve porting in respect of an omnibus account.
- (e) In addition, in respect of net omnibus accounts, the back-up clearing member is likely to require additional margin to cover its exposure to each of the clients in the omnibus account individually on a gross basis. EMIR does not provide for porting of any gross excess margin that may be held by SEB.
- (f) It is possible that porting may be easier to achieve in respect of gross omnibus accounts. This is because the CCP is more likely to have sufficient assets to facilitate the porting of the positions and assets that relate to you and those that relate to other clients separately if it has called margin on a gross basis. However, whether this is feasible will depend on considerations such as the exact account structure and the records of the CCP.

How would gross excess margin be treated?

- (g) If gross excess margin in the form of securities is held by SEB pursuant to a pledge, it may be available for distribution to you, but should not be available to SEB's general creditors.
- (h) If the gross excess margin held by SEB has been provided pursuant to a title transfer collateral arrangement or is cash, it will form part of SEB's own assets and will be available for distribution to its general creditors. If you have provided margin on a title transfer basis, you will need to claim for the gross excess margin as an unsecured creditor to SEB's insolvency. Return of any gross excess margin would also be subject to the ability of SEB to enforce any security interest or apply any right of set-off.
- (i) The position would be similar in circumstances where you have transferred margin to SEB, but equivalent margin has not been passed to the CCP due to the timing of the insolvency or the timing of the margin transfer from you and any CCP cut-off times for margin transfers. In such circumstances you will also need to claim that amount from SEB. Typically it is more likely that SEB will have paid a CCP margin call (particularly intra-day calls) in advance of receiving margin from you.

What would happen if the positions and assets could not be ported?

- (j) If you do not wish to port your positions and assets to a back-up clearing member or those positions and assets cannot be ported in accordance with the relevant CCP's rules (e.g. because the porting cannot take place within a predefined transfer period), the CCP may take steps to manage its risks. This may include liquidating the positions and assets in the omnibus account. Any positive balance may be returned to you directly when the CCP knows how much of the balance is owed to each client and your identity is known to the CCP or, if not, to SEB for the account of its clients. If you are due a payment from SEB as a result of close-out calculations relating to the transactions between you and SEB, the amount due from SEB to you will be reduced by any amount that you receive (or are deemed to receive) directly from the CCP. Given the features of the omnibus account described in paragraph [4.9] above, any assets

returned directly to you by the CCP may not be the same as the assets that you provided to SEB. However, CCPs will not usually know the identity of the clients in an omnibus account and are therefore unlikely to be able to return balances directly to you.

- (k) If you have delivered securities margin to SEB pursuant to a pledge, then you will retain an interest in those securities and therefore, subject to any right of SEB to enforce the pledge, have a claim for those securities in the insolvency of SEB.
- (l) In relation to title transfer margin, it is unclear whether the reference in EMIR to the return to a clearing member of balances “for the account of its clients” is sufficient to create a proprietary interest in the balances returned which is sufficient to prevent the balances from forming part of the clearing member’s own insolvency estate and being available for distribution to the clearing member’s general creditors.

However, we believe that under Swedish law (particularly from 1st August 2014) these assets would not form part of SEB’s insolvency estate.

In some circumstances the arrangements between SEB and the CCP may include a pledge in favour of clients over SEB’s rights against the CCP (designed to prevent the returning balances from forming part of the insolvency estate).

- (m) Any amount which is payable by SEB to you may be subject to set-off under the Agreement or under Swedish insolvency law.

5 INDIVIDUAL CLIENT SEGREGATION

What are the main features of individual client segregation?

- 5.1 As described above, under the individual client segregation option, SEB will be able to distinguish in the accounts held at the CCP the assets and positions held for the account of one client from those held for the account of other clients. This means that your positions and assets would be recorded in a separate individual client account and not commingled with SEB’s or any other clients’ positions and assets.
- 5.2 This account structure offers the protection that the netting by the CCP of positions recorded on different accounts should be prevented and the assets covering the positions in the individual client account should not be exposed to losses connected with the positions in SEB’s own account or any other account, including any client omnibus account.
- 5.3 SEB will keep records and accounts that enable it to distinguish, both in the accounts held with the CCP and in its own accounts, its assets and positions from the assets and positions held for the account of each of its clients with individual segregation at the CCP.
- 5.4 If you opt for individual segregation, SEB will ensure that all margin that we call for and which is in respect of cleared positions will be posted to the relevant CCP or CCPs.
- 5.5 SEB will not be required to transfer to a CCP any assets you provide to SEB that are not related to clearing activities at a CCP. Additionally, if you transfer margin to SEB and that margin is not in the form of assets that are eligible to be posted to the CCP (in accordance with the CCP’s rules), SEB will not be under any obligation to transform such assets into assets that would be eligible to be posted to the CCP. This disclosure does not address in any further detail the treatment of assets that are not transferred to the CCP.
- 5.6 CCPs have cut-off times and there are protocols, customs and usages in relation to the operations of CCPs, which means that SEB may not always be able to transfer margin to the relevant CCP. As such,

if you do not transfer margin to SEB sufficiently in advance of when the margin has to be transferred to a relevant CCP, margin received by SEB from you may, in SEB's discretion be held by SEB until such time that it can be transferred to the CCP.

- 5.7 If you pre-fund margin with SEB in anticipation of entering into certain trades, but some or all of that margin is not required by the CCP (e.g. because you do not enter into the relevant trades), then it is your responsibility to instruct SEB to recall any excess from the CCP, if SEB has passed margin to the CCP.

What protections and risks would be associated with an individual account on a default of SEB?

- 5.8 A risk for you in respect of your cleared positions is the default of your clearing member. SEB's insolvency would involve a number of risks to your assets, including delays in your ability to access your assets and shortfalls in assets affecting SEB's creditors. The operation of statutory provisions may also prevent or unwind the transfer of your positions and assets to another clearing member or the return of balances to you directly by a CCP.

- 5.9 In the event of SEB's insolvency, under Swedish law the position is likely to be as follows:

Would assets be exposed to losses on other accounts?

- (a) Your assets covering positions in an individual client account are unlikely to be exposed to losses connected with the positions in SEB's own account or any other account with the CCP, including client omnibus accounts.

Could positions and assets be ported?

- (b) If you have back-up arrangements in place with another clearing member, the insolvency of SEB should not prevent the porting of the positions and assets that are held in the relevant individual client account at the CCP to the account of that other clearing member, provided that the porting takes place in accordance with EMIR and CCP's default rules. As EMIR is an EU regulation, it is therefore directly applicable in all EU Member States. Recital 64 of EMIR also provides that the requirements of EMIR on segregation and portability of clients' positions and assets should prevail over any conflicting laws, regulations and administrative provisions of the Member States that prevent the parties from fulfilling them. This means that your transactions with SEB could be replaced by transactions with the back-up clearing member and the positions and assets at the CCP level that relate to those transactions could be transferred to an individual client account of the back-up clearing member.
- (c) The ability to port will depend on the ability of the relevant CCP to support the porting process and the existence of viable back-up arrangements with a new clearing member who is willing to accept the transfer. If you have not appointed a back-up clearing member, you may be able to agree with the CCP that it may choose a back-up clearing member on your behalf. However, if you have not appointed a back-up clearing member prior to SEB's default or agreed with the CCP that it may appoint one of your behalf, then this may mean that porting is less likely to occur. Porting of positions and assets in an individual client account is, however, not dependent on other clients having reached an agreement with the same new clearing member and may therefore be more readily facilitated than for omnibus accounts. Shortfalls in the individual client account may prevent porting from taking place or cause the new clearing member to call for additional margin. However, shortfalls in an individual client account would not be due to the failures of any other clients and are likely to only reflect the change in value of the positions from the time of the last margin call until the time of porting. As there is generally no gross excess margin held by SEB, issues surrounding CCPs' netting of client positions when calling for margin or the ability to port gross excess margin should not arise, except where you have not provided margin to SEB sufficiently in advance of when the margin has to be transferred to the

relevant CCP, in which case SEB may, in its sole direction and in accordance with the Agreement, hold margin it subsequently receives from you.

How would gross excess margin be treated?

- (d) You would generally not need to claim separately for any gross excess margin held by SEB, as all margin related to your current positions at a CCP would usually be passed to the CCPs. However, where SEB has recalled surplus margin from a CCP but has not yet transferred it to you, it should be treated as set out in 4.8(g) and (h) above. The position would be similar in circumstances where you have transferred margin to SEB, but equivalent margin has not been passed to the CCP due to the timing of the insolvency or the timing of the margin transfer from you and any CCP cut-off times for margin transfers. In such circumstances you will also need to claim that amount from SEB. Typically it is more likely that SEB will have paid a CCP margin call (particularly intra-day calls) in advance of receiving margin from you.

What would happen if the positions and assets could not be ported?

- (e) If you do not wish to port your positions and assets to a back-up clearing member or those positions and assets cannot be ported in accordance with the relevant CCP's rules (e.g. because the porting cannot take place within a predefined transfer period), the CCP may take steps to manage its risks. This may include liquidating the positions and assets in the individual client account. Any positive balance may be returned directly to the client when known to the CCP or, if it is not, to SEB for the account of the client. If you are due a payment from SEB as a result of a close-out calculations relating to the transactions between you and SEB, the amount due from SEB to you will be reduced by any amount that you receive (or are deemed to receive) directly from the CCP. CCPs may be more likely to know the identity of the client in respect of an individual client account than in respect of an omnibus client account and therefore be able to return assets directly to you.
- (f) In relation to title transfer margin, it is unclear whether the reference in EMIR to the return to a clearing member of balances "for the account of its clients" is sufficient to create a proprietary interest in the balances returned which is sufficient to prevent the balances from forming part of the clearing member's own insolvency estate and being available for distribution to the clearing member's general creditors.

However, we believe that under Swedish law (particularly from 1st August 2014) these assets would not form part of SEB's insolvency estate.

- (g) Any amount which is payable by SEB to you may be subject to set-off under the Agreement or under Swedish insolvency law.

6 INDIRECT CLEARING

- 6.1 The RTS on Indirect Clearing requires SEB to publicly disclose the general terms and conditions ("General Terms and Conditions") on which SEB is prepared to facilitate indirect clearing services for a client with respect to exchange traded derivative contracts that are cleared by a central counterparty authorised in the European Union. The General Terms and Conditions are set out in Schedule 2 to this document.
- 6.2 In addition to the General Terms and Conditions, where a client of a clearing member (in this case, being SEB) provides indirect clearing services to its clients (Indirect Clients), we are required to disclose the risks associated with the different account structures provided for indirect clearing.
- 6.3 The below account requirements are as required by the RTS. Article 4 of the RTS establishes two different types of accounts to manage assets and positions of indirect clients as follows:

(1) Net Omnibus Segregated Account (NOSA): an account with the assets and positions held by the Client for the accounts of its indirect clients. A NOSA account is the minimum segregation level allowed under the RTS. The NOSA account will be held at clearing member and CCP level.

A NOSA account holds the assets and positions of a number of indirect clients and allows netting of positions of different indirect clients. Hence the assets held on the NOSA account may be used to cover other indirect client's positions. One single collateral pool is maintained for all positions on the account.

Assets and positions held on a NOSA account are segregated from the assets of the Client.

In case of a Client default, assets and positions held in a NOSA account can only be ported to another clearing member if all indirect clients agree to a transfer to the same clearing member.

(2) Gross Omnibus Account (GOSA): an account with the assets and positions held by the Client for the account of its indirect clients where the clearing member shall ensure that the positions of an indirect client do not offset the positions of another indirect client, and that the assets held for the account of an indirect client cannot be used to cover the positions of another indirect client.

The account will be held at clearing member and CCP level.

Assets and positions held on a GOSA account are segregated from the assets of the Client and the clearing member.

The positions of all indirect clients held on a GOSA account are recorded on a gross basis and the corresponding margins may be calculated by the CCP for each client position which is individually identifiable. The collateral pool is common for all indirect clients.

The GOSA account benefits from a similar protection level as an individual client account.

7 SPECIAL RESOLUTION REGIME FOR BANKS

7.1 Sweden does not currently have a special resolution regime for banks.

7.2 Sweden has implemented the European Insurance Directive and the European Credit Institute Directive by adopting the Act on International Matters Regarding Insurance Undertakings and Credit Institutions. This legislation specifically defers to the Settlement Systems Act which in turn defers to the law applicable to the relevant settlement system.

Therefore Swedish law recognises that close out netting of SEB's position as a defaulting clearing member of an EU CCP would be determined by the law applicable to the CCP.

7.3 In April 2014, the European Parliament adopted the Bank Recovery and Resolution Directive ("BRRD"), which requires EU Member States to introduce special resolution powers in respect of banks. The transposition of the Directive into Swedish law will require changes to be made which may further impact the considerations and outcomes outlined in this disclosure.

8 THE DEFAULT FUND AND OTHER RESOURCES

8.1 To limit their exposures to its clearing members, CCPs are required under EMIR to maintain a pre-funded default fund to cover losses that exceed those to be covered by margin requirements arising from the default of one or more clearing members, including in an insolvency. The default fund should at least enable the CCP to withstand (under extreme but plausible market conditions) the default of the clearing member to which it has the largest exposures or of the second and third largest clearing



members, if the sum of their exposures is larger. Each clearing member is required to contribute to the default fund. CCPs are also required to maintain other financial resources.

SCHEDULE OF CCP LINKS

Please click on the links below to access the CCP websites which will contain the Article 39 disclosures required by EMIR in respect of CCPs.

CASSA DI COMPENSAZIONE E GARANZIA

<http://www.ccg.it/jportal/pcontroller/NavigatorHandler?nodo=1>

CME EUROPE LIMITED

<http://www.cmegroup.com/europe/>

DUBAI COMMODITIES CLEARING CORPORATION

<http://www.dgcx.ae/index.php/en/clearing>

EUROPEAN COMMODITY CLEARING AG

<http://www.ecc.de/en/>

EUREX CLEARING AG

<http://www.eurexclearing.com/clearing-en/>

ICE CLEAR EUROPE

<https://www.theice.com/homepage.jhtml>

LCH CLEARNET LTD

<http://www.lchclearnet.com/>

LCH CLEARNET SA

<http://www.lchclearnet.com/>

MEFF

<http://www.meff.es/>

NASDAQ OMX

<http://www.nasdaqomx.com>

SCHEDULE 2

In accordance with the provisions of the Regulatory Technical Standards on Indirect Clearing Arrangements under MiFIR and EMIR, we are required to disclose the general terms and conditions on which we are prepared to facilitate indirect clearing services for a client with respect to exchange traded derivative contracts that are cleared by a central counterparty authorised in the European Union. We have separated out the general terms into two sections – those where we act as clearing member providing services to a direct client, and those where we are a client of a clearing member and providing services to an indirect client.

Please note that the below terms are a general description only and the actual terms of the Agreement that we enter into with a client may differ depending on our analysis of the risks that a particular client's trading activities may present.

I) SEB acting as clearing member for direct client

We will apply the following considerations in any relationship with a client:

a) *Minimum financial and operational requirements:* you will be required to provide us with information in order for us to carry out due diligence assessments to ascertain whether it is appropriate to provide you with the indirect clearing services taking into account the nature, scale and complexity of your business, and such information shall include, but not be limited to the following:

- Financial information - to assess sufficient credit strength, including any guarantees or credit support;
- Risk Control Systems – to assess whether you have sufficient risk controls and risk management support in place to facilitate any indirect clearing services;
- Appropriate Payment Systems – to meet all margin calls and other payment requirements in a timely manner as may be requested by SEB;
- Regulatory requirements – that you have all necessary policies and procedures in place to comply with regulatory requirements relating, but not limited to, market abuse, financial crime, anti-money laundering and that you will comply with all exchange and clearing organisation rules in relation to your transactions;
- Trading Strategy – a clear understanding of your trading strategy and understanding of applicable markets rules and conduct relating to such trading;
- Operational Resources – sufficient operational and technological resources and infrastructure to carry out the transactions and comply with any trading or position limits imposed on you;
- Collateral – any collateral will be provided to us in accordance with your Agreement; and
- Any other criteria that we may determine is required from time to time.

b) *Authorisations:* you must be duly authorised to conduct business and have in place appropriate licenses and approvals to receive and/or provide indirect clearing services in your jurisdiction.

c) *Agreements with your own clients:* you will be required to demonstrate that you have appropriate arrangements in place with your clients, where applicable, to facilitate the provision of Indirect Clearing Services.

II) SEB acting as direct client providing services to an indirect client

We will apply the following considerations in any relationship with an indirect client:

- Financial information - to assess sufficient credit strength, including any guarantees or credit support;



- Risk Control Systems – to assess whether you have sufficient risk controls and risk management support in place to facilitate any indirect clearing services;
- Appropriate Payment Systems – to meet all margin calls and other payment requirements in a timely manner as may be requested by SEB;
- Operational Resources – sufficient operational and technological resources and infrastructure to carry out the transactions and comply with any trading or position limits imposed on you;
- Collateral – any collateral will be provided to us in accordance with your Agreement; and
- Any other criteria that we may determine is required from time to time.