



Nasdaq clearing - seafood



Agenda

- What is clearing?
- Capital requirements
- Margin Requirement
- Settlements

BENEFITS OF CLEARED CONTRACTS



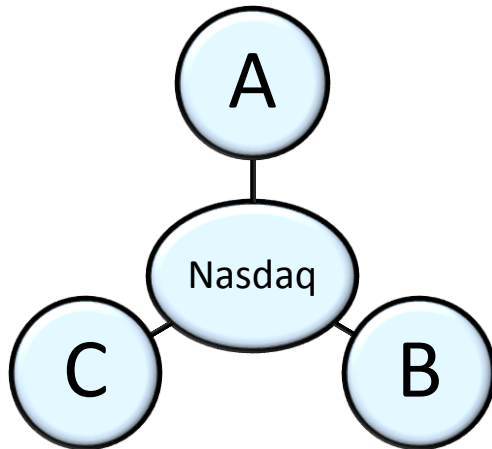
- Only **one counterpart**– Nasdaq
- Trading is **anonymous**
- Clearing **eliminates counterparty risk** – 100% guaranteed settlement
- **Automatic settlements**
- **Netting** of positions and settlements
- Unrealised profit can be withdrawn at any time
- Full **flexibility** to close/adjust positions

CLEARING IS NETTING

Party A buys 100 t at 37 NOK/kg from **Party B**.

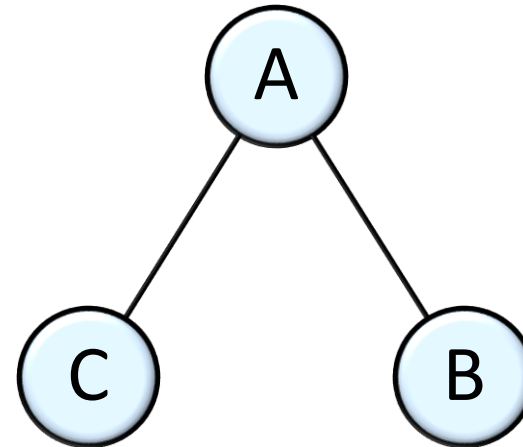
Next day **Party A** sells 100 t at 38 NOK/kg to **Party C**.

Cleared contract



- Only one counterpart, Nasdaq
- Netting of all positions
- Profit realised at day 2

Bilateral contract

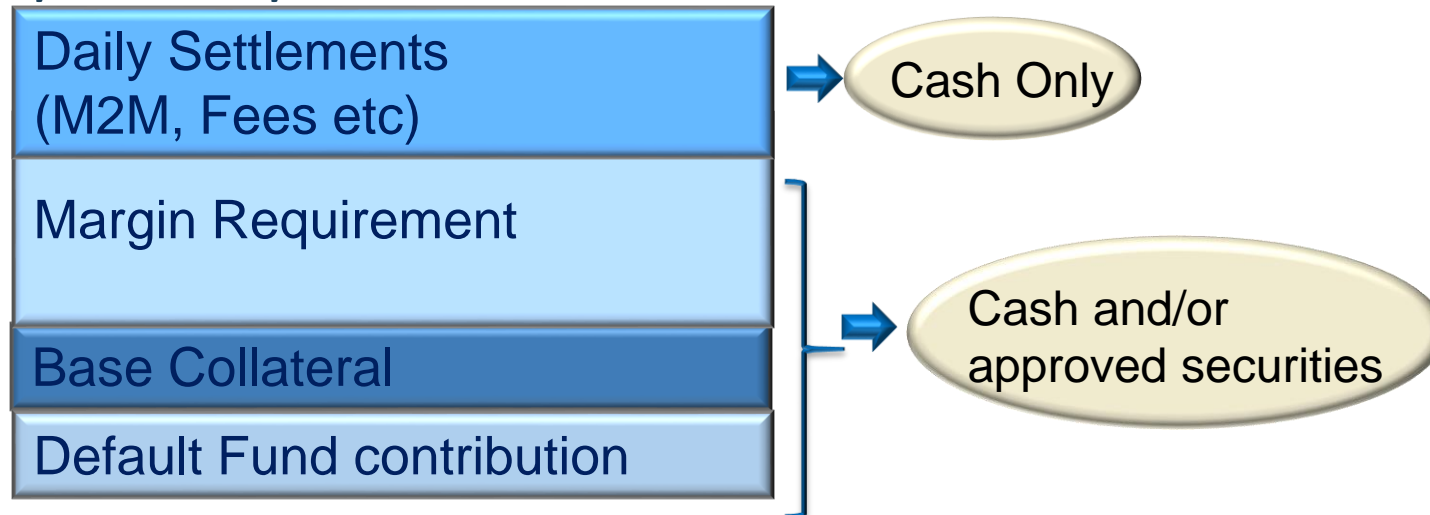


- Risk towards both counterparts
- Have to wait until delivery for settlement

Margin requirements

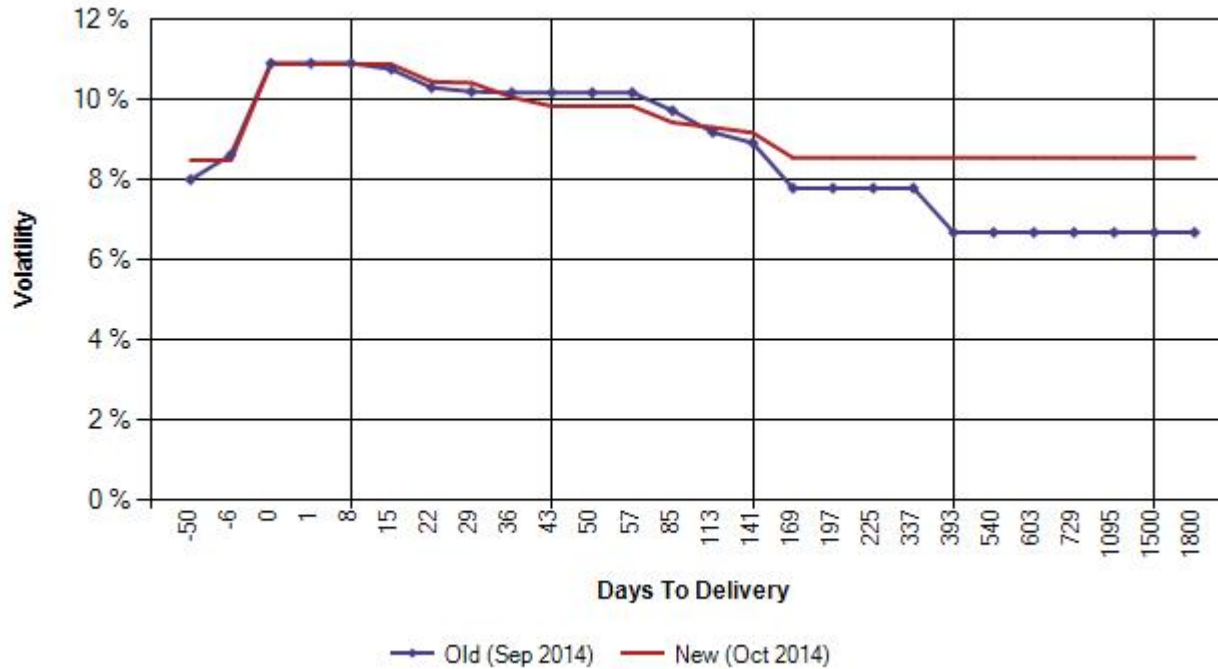
- Nasdaq controls its counterparty risk by calculating the portfolio risk on each members account = margin requirement
- The risk is calculated on a daily basis and is mainly affected by:
 - Liquidity
 - Volatility
- Nasdaq objective is that margins shall cover 99.2 percent of all expected price movements over the time it takes to liquidate a defaulting members portfolio. The expectation as to price movements is based on historical data.
- The requirement is a percentage of the market values for the contractes (Fish Pool Forward Prices)
- The margin requirement can be covered by cash or approved securities, and is held on an account with Nasdaq

Capital requirements



- Daily settlements are automatically credited/debited the members settlement account in one of the approved settlement banks
- The margin requirement is a percentage of the contract value and is covered on an account in Nasdaq (transfer of title)
- Base collateral is a fixed amount based on the members financials and the exposure limit given by Nasdaq (transfer of title)
- Default fund contribution is calculated every three months, and is covered on an account in Nasdaq (transfer of title). Minimum contribution is NOK 250,000

Seafood margin curve



Please find the latest Seafood margin curve [here](#).

Daily settlements

- All future contracts are settled daily against the FishPool forward price. (adjusting the market value of the contracts as the prices move) from the day the trade is done.
- The settlements are automatically debited/credited a settlement account owned, by the member, in one of the settlement banks approved for NOK settlements (DNB, Nordea, Danske Bank, SEB)
- Other settlements (fees, option premiums etc) will also be debited/credited the members settlement account.

Costs

- Annual membership fee of 50 000 NOK paid to Nasdaq Clearing.
- Fish Pool and Clearing fee: NOK 0,185 pr kg.
- CMS fees related to the Collateral Account and Default Fund Account (around NOK 1000/month for most members).



Fish Pool
part of Oslo Børs ASA