

Appendix 2 to Fish Pool Rulebook

Calculation of settlement price: Fish Pool Index and Monthly Settlement Price

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1 General provisions and definitions

The terms of this Appendix 2: Calculation of settlement price: Fish Pool Index and Monthly Settlement Price applies to all Products listed at Fish Pool. In the event of any conflict between the Rulebook and these terms, the Rulebook shall prevail.

2 Purpose of Fish Pool Index™ (FPI) and Monthly Settlement Price (MSP)

Fish Pool Index™ (FPI) is a weekly index. FPI is calculated every week and published at Fish Pool Website. FPI is calculated from one or several price indices with the aim of reflecting the correct market price for each week. FPI aims at reflecting the market price for:

- Superior quality salmon, head on gutted, iced and packed in boxes
- Reference exporters selling price FCA Oslo

To reflect one market price for Salmon, an average of Salmon size 3-6 kg is established.

FPI is the index used to create the Monthly Settlement Price (MSP) which is the benchmark used to settle all financial contracts traded at Fish Pool. Additional rules for MSP are listed in section 10.

3 Access to FPI and MSP

FPI, MSP and the methodology are available on the Website.

Fish Pool will provide the Clearinghouse and others with electronic access to FPI and MSP upon request. The access may be provided through licensing.

4 Methodology and procedures

All index elements and currency rates will be registered with 2 decimals as basis for calculating the weekly FPI and MSP.

4.1 FPI methodology

The following methodology is explained for FPI. FPI is the basis for calculating MSP as explained in section 10. The following price indices are included in FPI with the following weighting.

Until week 52 2019:

Index	Description	Weighting
Nasdaq Salmon Index	Average of achieved sales prices for exporters (Superior salmon 3-6 kilo).	85 %
Export price, Statistics Norway	Export price for fresh Salmon from Norway. Average of all sizes and qualities.	5 %
Fish Pool European Buyers Index	Purchase price reported by large European purchasers of Norwegian Salmon (Superior salmon 3-6 kilo).	10 %

From week 1 2020:

Data	Description	Weighting
Nasdaq Salmon Index	Average of achieved sales prices for exporters (Superior salmon 3-6 kilo)	95 %
Export price, Statistics Norway	Export price for fresh Salmon from Norway. Average of all sizes and qualities.	5 %

Fish Pool uses fixed weightings of the two indices. These indices are based on transactions, that are documented with invoices. The NSI has rules securing that no contributor may constitute a significant proportion of the total input data for the benchmark. The SSB is based on all invoices used for custom clearance of exported salmon.

Fish Pool does not receive information regarding transactions included or excluded in any of the input data and may not exclude any transaction from the FPI benchmark calculation.

4.2 Availability

All index elements are normally available latest Wednesday the week after observation. FPI is calculated and made available soon thereafter.

4.3 Weight distribution

Some indices reflect the price of salmon according to weights. To compute a market price, Fish Pool uses the following formula:

Until week 52 2019:

Index	Price by sizes	Weighting
Nasdaq Salmon Index	Yes	30 % SUP3-4 40 % SUP4-5 30 % SUP5-6
SSB Export price	No	None
Fish Pool European Buyers Index	Yes	30 % SUP 3-4 40 % SUP 4-5 30 % SUP 5-6

From week 1 2020:

Index	Price by sizes	Weighting
Nasdaq Salmon Index	Yes	30 % SUP3-4 40 % SUP4-5 30 % SUP5-6
SSB Export price	No	None

Both indices and currency rates will be registered with 2 decimals as basis for calculating the weekly FPI and MSP.

4.4 Mark-ups and deductions

Fixed mark-ups and deductions may be established to compare prices with different currencies and points of deliveries.

There are currently no mark-ups or deductions.

4.5 Exchange rates

To convert from NOK to EUR, Fish Pool uses the same EURNOK currency rate as in the weekly Nasdaq Salmon Index.

4.6 When an index is delayed

Fish Pool collects the indices electronically. All index elements are normally available latest Wednesday the week after observation. FPI is calculated and made available soon thereafter. If the input data are not available Wednesday, FPI is calculated as soon as the input data are available.

If the indices is not available or may be delayed one week or more, the ISB must be contacted and evaluate sufficient measures according to 5.3.

4.7 Judgement and minimum amount of transaction data

The assessors of FPI shall not exercise judgement when FPI is calculated. The calculation is made automatically when the indices are available. This automatic production ensures consistency between assessors of FPI. Two named Fish Pool employees with the necessary experience and competence will be assessors.

FPI is calculated as stated above when both indices are available. Fish Pool does not require a minimum amount of transaction data for the benchmark calculation.

The Nasdaq Salmon Index is to be BMR compliant and has rules for minimum amount of transaction data. Thus, when the Nasdaq Salmon Index is published, the prices are used by Fish Pool according to the BMR standard of Nasdaq Clearing.

4.8 Procedures for and documentation of communications

All communication between Fish Pool, SSB and Nasdaq Clearing, or between Fish Pool and the ISB regarding the benchmarks shall be documented. An inquiry by Fish Pool to SSB or Nasdaq Clearing that is not satisfactorily handled will be presented to the ISB, and if necessary escalated to the management of SSB or Nasdaq Clearing.

5 Assessment and audit

5.1 Internal audit

By a contractual agreement with Oslo Børs, Fish Pool Index Surveillance Board (ISB) conducts an internal audit of FPI and MSP every quarter. The internal audit is based on a report from Fish Pool with an examination of the methodology for the purpose of ensuring that FPI and MSP reliably reflects the physical market, and a documentation that the methodology was properly applied.

ISB may conduct all necessary investigations and engage experts to secure verification and quality of the quarterly review. Fish Pool keeps an audit trail of relevant information for at least five years in order to document the construction of its calculations.

5.2 External audit

Fish Pool has entered an agreement with Kontali Analyse that engages them as the external auditor of FPI and MSP. Every year Kontali Analyse investigates the methodology used to calculate FPI and MSP and the market acceptance of the methodology. Kontali Analyses report is presented to ISB and Fish Pool Board of Directors before made public at Fish Pool Webpage.

5.3 Recommendations from audits

If the internal or external audit recommends changes, ISB has the mandate to change the methodology including the prices used to calculate FPI according to this appendix.

5.4 Audit trails

Fish Pool document and saves all indices for a minimum of five years.

Fish Pool does not collect the following information, as this is not available for Fish Pools calculation of FPI or MSP:

- Whether a calculation of any of the indices excluded a particular transaction, which otherwise conformed to the requirements of the relevant methodology for that calculation, and the rationale for doing so – Fish Pool is not informed of transactions
- The identity of each person who submitted or otherwise generated any of the information used to calculate the data – FPI is calculated electronically without the need of any person to generate the benchmark

6 Operation of Fish Pool Index Surveillance Board (ISB)

To secure the independent operation and trustworthiness of FPI and MSP, Fish Pool board of directors has appointed an independent board: Fish Pool Index Surveillance Board (ISB).

ISB shall be independent of Fish Pool operations. Fish Pool board of directors has appointed Oslo Børs as ISB, where four employees with the necessary index skills and knowledge are present Fish Pool reports to ISB on the development of FPI and MSP every quarter.

ISB monitors FPI and MSP, has the authority decide temporary changes and propose permanent changes to the calculation to ensure that FPI and MSP correctly reflects market prices.

7 Procedures for monitoring and changing FPI and MSP

Fish Pool is responsible for monitoring, supervising and changing FPI and MSP.

The monitoring is supervised by Fish Pool Index Surveillance Board.

7.1 Changes to the methodology

The methodology for FPI and MSP is available at the Webpage.

The main reason to change the methodology of FPI and MSP shall be to better reflect the market price for salmon.

Any changes to FPI and MSP suggested by Fish Pool will follow this procedure:

1. The suggested change must be submitted to ISB which decides whether to proceed with the suggested changes
2. If ISB decides to proceed, the proposed changes are published at Fish Pool Webpage and sent by email to all Fish Pool Trade Members with a one-month deadline to comment on the impact of the proposed changes
3. The comments and Fish Pools response to them will be made accessible to the public at the Webpage after the deadline. Commenters which has requested confidentiality will not be made public, or the comment will be presented in an anonymous form
4. ISB will then be presented with the feedback and will, based on this information provide Fish Pool Board of Directors with an advice on decisions regarding changes to FPI and MSP
5. The decision taken by Fish Pool Board of Directors will be made public in due time before the change is implemented. Please view section 7.1.1 for notice times for permanent changes to the Fish Pool Index

Fish Pool Board of Directors makes all decisions regarding permanent changes of FPI and MSP.

7.1.1 Proposed changes initiated by ISB

At its own discretion, the ISB may propose to change permanently:

- Weighting of the price information used to calculate FPI and MSP,
- The indexes in the basket, by replacing existing or introducing new indexes
- The weight distribution used for calculation of the indexes,
- The deductions/mark-ups for comparing to Oslo prices,
- The rules for currency conversion from EUR to NOK, or
- Other rules necessary for reflecting the correct market price for Salmon.

The proposed change must follow the steps of public comments and final decision by Fish Pool Board of Directors as explained above, step 2-5.

7.1.2 Implementation of permanent changes

When permanent changes to FPI and MSP are evaluated, the effect of the changes during the past 52 weeks must be calculated. The average absolute weekly difference between before and after the potential change must be calculated.

The below table determines the notice time for Months with already executed Trades:

Average absolute weekly change:	Min notice time*:
Less than 1%	1 months
Between 1% and 2%	6 months
More than 2%	12 months

*In the case of a material change in one or more indices or an evaluation by ISB that an earlier correction is of material importance, the rules in 7.2 Special situations may be applied.

The notice time starts the day the permanent correction decided by Fish Pool board of directors was published on Fish Pool Website, to the day of implementation. A permanent correction of FPI and MSP shall be implemented from the first week in a quarter.

7.2 Special situations

A special situation may be, but are not restricted to:

- Lack of index data
- Strong indications of wrong index data

In a special situation, ISB may take preliminary, immediate actions to ensure the MSP. A preliminary change cannot last for more than six months.

The preliminary, immediate actions ISB may take are restricted to:

1. Increase weighting of other index(es) available (example: use index for only two salmon sizes, or increase the weight of one index)
2. Use index from previous week(s)

3. Use one or several other indices to calculate FPI and MSP

Other changes to FPI and MSP deemed necessary must be decided by the Fish Pool Board of Directors.

Fish Pool Board of Directors must be informed of preliminary changes to FPI and MSP immediately.

If ISB decides to include one or several other indices, the index provider must be approved as Benchmark Administrator according to the EU Benchmark Regulation, be exempt from this regulation or Fish Pool must start a process to approve the benchmark within reasonable time.

If a special situation develops to be a long-term situation (six months or more), the procedures laid out in this appendix section 7 must be followed for all permanent changes.

8 Monitoring according to minimum import prices or other possible regulations

Version 4.1 of this appendix contains procedures used for EU minimum import prices illustrating possible procedures to be followed in case of regulations of the market prices in specific markets.

9 Complaints handling

FPI and MSP shall be reliable indices with high trust in the salmon market and beyond. If a Trade Member or a member of the public has a question, wishes to raise issues, submit complaints about FPI or MSP or Fish Pools administration of the two benchmarks, suggest changes to the calculation or methodology and/or provide other feedback, Fish Pool has several levels of service to handle complaints:

1. Routine questions and controls

Fish Pool provides service to anyone interested in the index wanting an explanation or has questions concerning the methodology or a price calculation. Often such routine questions are solved by referring to the transparent rules and prices available on the Website.

A reply will follow within reasonable time.

2. Escalation to Managing director of Fish Pool

All registered Trade Members and companies participating in price reporting used when calculating FPI and MSP can contact managing director of Fish Pool if he/she is not satisfied with the first response from Fish Pool.

A formal reply will thus follow in writing at latest within 7 days of receipt.

3. Escalation to ISB

All registered Trade Members and companies participating in price reporting used when calculating FPI and MSP can initiate a complaint to the ISB. ISB will independently investigate any complaints received in a timely and fair manner.

ISB may contact market participants or third parties to evaluate the complaint. A written response to the complainant will be provided within one month from the date of receipt of the complaint. The response will include details of the investigation, explanation of the decision and planned or completed actions where applicable.

A written summary of the complaint and the response will simultaneously be sent to all Trade Members. Information concerning any involved Trade Member will be confidential and anonymised unless different sections of Fish Pool Rulebook state otherwise.

Fish Pool aims to complete all investigations promptly.

All documents relating to a complaint, including those submitted by the complainant as well as Fish Pools own record, are retained for a minimum of five years.

10 Procedures for calculating the Monthly Settlement Price (MSP) and final settlement date

MSP is calculated as the simple average of the weekly Fish Pool Index prices (not volume weighted) included in the Month. MSP for Fish Pools contracts will be published at the latest by the final Settlement date decided by the Clearinghouse.

App 1 to the Fish Pool Rulebook contains the Trading Schedule documenting which weeks belongs to each Month.

10.1 Price corrections and corrections to MSP

In the unlikely event of an erroneous calculation due to

- technical errors or
- if any of the providers of indices needed for the weekly calculation informs Fish Pool of a correction in an earlier contribution,

The IT system will update the data automatically when the correct index price is presented by Nasdaq Clearing or SSB.

If Fish Pool reveals incorrect application of the methodology or if the erroneous calculation, as explained above, is revealed, corrective measures will be taken. Please note that the Clearinghouse will perform a corrective settlement based on the updated MSP according to the rulebook of the Clearinghouse.

Fish Pool will, if the MSP was erroneous, correct the MSP, provided that the Clearinghouse will perform a corrective settlement based on the updated MSP according to the rulebook of the Clearinghouse..