

# Fish Pool Benchmark change and cessation policy

## 1. Introduction:

Fish Pool is the administrator of two (2) benchmarks. Fish Pool Index (hereafter FPI) is a weekly index. Monthly Settlement Price (hereafter *MSP*) is a monthly index calculated from FPI. *MSP* is used for settlement of Fish Pools financial salmon contracts. Appendix 2 to Fish Pool Rulebook: Calculation of settlement price, Fish Pool Index and Monthly Settlement Price (hereafter *App 2 FPI and MSP*) sets the procedures for calculation of these indices.

Fish Pool Index (FPI) uses input data from two contributors:

1. The approved Benchmark administrator Nasdaq Clearing (hereafter Nasdaq), which creates the weekly benchmark Nasdaq Salmon Index (hereafter NSI), and
2. The public authority Statistics Norway, which creates the weekly export price for fresh salmon (hereafter SSB)

This change and cessation policy and procedures describes the steps to be taken in the event of a change or cessation of any of these indices. A cessation is defined as a permanent stop in the determination and publication of one or both of the above indices.

## 2. Potential reasons for a change or cessation of one or both of FPI and MSP:

Circumstances that may trigger a change or cessation may include, but are not limited to:

- An index is no longer representing the spot price of salmon in a satisfactory way to be used for settlement of financial salmon contracts traded at Fish Pool. The SSB price can be changed or stopped by a change in the Norwegian law or regulations for export statistics. NSI can be changed or stopped by Nasdaq or the reporting companies withdrawing or demanding a material change in the reporting procedures
- If a Special situation with lack of index data or strong indications of wrong index data from the contributors Nasdaq and SSB, according to *App 2 FPI and MSP item 7.2 Special situation* is prolonged beyond 6 months and Fish Pool evaluates that a satisfactory index cannot be established
- Fish Pool is not being able to continue to operate the index in a reliable way. Due to legislative, regulatory changes or other factors that would deem further provision of an index impossible or otherwise unsustainable
- Production of the indices becomes economically unsustainable. As the Fish Pool futures contracts depend on being settled based on FPI and MSP, this could mean also the cessation of trading salmon futures at our regulated market

## 3. Principles for deciding a cessation of one or both of FPI and MSP

Fish Pool has an obligation to ensure the integrity of the indices and our regulated market. A decision to cease an index shall be based on the following principles:

- The impact to the market for financial salmon contracts and the operation of the Fish Pool regulated market
- The consequence for Trade Members. Consideration to be given to outstanding open interests
- The consequence for the Clearing house and the financial impact of closing open positions
- The consequence for the physical salmon market, the transparency in pricing and the functioning of the salmon spot market
- Consideration of possible regulatory and financial impacts that may result from the cessation of a benchmark

#### 4. Step by step procedures for change or cessation of one or both of FPI and MSP

The procedures for change or cessation are described in *App 2 FPI and MSP* item 7.1 Changes to the methodology:

1. The suggested change or cessation must be submitted to ISB, Fish Pool Index Surveillance Board, which decides whether to proceed with the suggested change or cessation
2. If ISB decides to proceed, the proposal is published at the 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 cessation
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 change or cessation of either FPI and/or MSP
5. The decision taken by Fish Pool Board of Directors will be made public according to the rules in *App 2 FPI*. A cessation will be announced 6 months before the cessation is implemented

#### 5. Cessation and change procedures under extreme circumstances or Force Majeure

In circumstances beyond the control of Fish Pool it may be necessary to change or cease one or both of the indices with shorter notice time and/or time for Trade Members to comment on the impact of the proposal. This may be, but not limited to, a sudden change in potential reasons for cessation, see item 2 above, making it impossible to produce a viable index from existing salmon price information sources and where no viable alternative price information is found.

Under these extreme circumstances Fish Pool will ensure that all available information is sent to Trade Members and published on our website as soon as practically possible, and updated as the change or cessation procedures evolves.

#### 6. External information and documentation

Fish Pool will inform Finanstilsynet, FSA, (the Financial Supervisory Authority of Norway) when a suggested cessation is submitted to ISB, Fish Pool Index Surveillance Board, with a full documentation of the proposal of cessation and step by step procedure for the cessation, and update Finanstilsynet as the cessation procedures evolves.

Fish Pool shall take all reasonable steps to secure open and transparent information of the cessation procedure for all stakeholders and the public, by press releases and information on the website.

All procedures for documenting the process and record keeping according to *App 2 FPI and MSP* are to be followed also in case of a cessation.

#### 7. Updates of this change and cessation policy and change log

This policy will be updated at least every 2 years, and whenever a cessation process of an index is undertaken and when the *App 2 FPI and MSP* is updated.

| Date   | Version | Items changed | Description         |
|--------|---------|---------------|---------------------|
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