

EMIR Disclosure Form

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1. Background

Under Article 39 of the European Market Infrastructure Regulation (“**EMIR**”), a clearing member (like Swedbank) of a EU Central Counterparty (a CCP) is required to offer to its clients, at least, the choice between omnibus client segregation and individual client segregation for the clearing of exchange traded and OTC derivative transactions. The CCPs and their clearing members are all required to publicly disclose the levels of protection and the costs associated with the different kinds of segregation that they provide.

1.1 Requirements for disclosure under EMIR

A clearing member offering client clearing (the “Clearing Broker”) is under Article 39 of EMIR required to

- provide clients with a choice between an omnibus client segregated account and individual client segregated accounts,
- publicly disclose the different levels of protection and the costs associated with the different kinds of segregation and
- describe the main legal implications of the respective level of protection offered under EMIR.

Clients are required by Article 39 to confirm their choice of protection level in writing to the Clearing Broker.

This document contains the disclosure for Swedbank under EMIR. It may be updated periodically; the most recent version is available on our website. You should review the most recent version, which will supersede any previous version.

1.2 CCPs

Swedbank is a clearing member of various CCPs that are authorised under EMIR. Each CCP has its own EMIR disclosure which should be reviewed in order to understand the protection level relevant for the account structure provided by the individual CCP. As of the date of this document Swedbank is offering client clearing at Nasdaq OMX Clearing AB and LCH.Clearnet Ltd (SwapClear).

1.3 Levels of protection

The risks that are discussed in relation to protection levels are those that arise for the client in the event that the Clearing Broker defaults and is unable to perform. In the event of such default the different levels of protection will become relevant.

According to EMIR the basic clearing model is the principal to principal clearing model, i.e. the client and the Clearing Broker will have a trade or contract with each other and the Clearing Broker will in turn have a corresponding trade or contract with the CCP. This basic model (as opposed to e.g. the agent model) will

apply to the individual client segregated account as well as the omnibus client segregation account.

1.3.1 Individual Client Segregation

The individual client segregated account belongs to the Clearing Broker but is held and maintained for the account of a named client at the CCP. The account is segregated from other client accounts and from the Clearing Broker's own accounts. Derivative contracts that are entered into between the Clearing Broker and the CCP are recorded on the account and mirror the corresponding contracts that the client has entered into with the Clearing Broker. The contracts are registered and segregated in the records of both the Clearing Broker and the CCP.

Clients post collateral to the Clearing Broker to cover the exposure that arises from the contracts that the client has entered into with the Clearing Broker who in turn posts collateral to the CCP to cover the exposure that arises for the corresponding contracts made between the Clearing Broker and the CCP. The collateral posted to the CCP is segregated on an individual level and is reflected in the records of both the Clearing Broker and the CCP.

In case the Clearing Broker defaults and is unable to perform the CCP can, upon instruction by the client, provide portability of contracts and collateral posted to the CCP to another Clearing Broker. Clients should note that porting is subject to the capability of the CCP and the receiving Clearing Broker and that pre-arranged agreements with another Clearing Broker are advised in order to facilitate porting in the event of the first Client Broker's default.

In case contracts and collateral posted to the CCP cannot be ported to another Clearing Broker the CCP will have the right to unwind the contracts registered on the individual client segregated account and use the collateral posted to the CCP for that account to cover any shortfalls that could arise. Any surplus funds that remain after the CCP has closed out the client's positions will be forwarded to the client.

Such surplus that is forwarded to the client will reduce the client's claim upon the defaulting Clearing Broker for collateral posted for cleared contracts.

1.3.2 Omnibus Client Segregation

Also the omnibus client segregated account belongs to the Clearing Broker but is held and maintained on behalf of all clients of the omnibus account. Derivative contracts that are entered into between the Clearing Broker and the CCP are recorded on the account and mirror the contracts that the clients of the omnibus account have entered into with the Clearing Broker. The contracts are collectively registered by the CCP in the name of the Clearing Broker on behalf of the clients.

The Clearing Broker will keep separate records of the contracts entered into between itself and each individual client. The Clearing Broker will require collateral in order to cover this exposure. The CCP requires that the Clearing Broker posts collateral for all trades and contracts registered on the account. This requirement is however based on a net calculation of all contracts that are registered on the account. As a consequence the collateral value that the Clearing Broker provides to the CCP may be lower than the collateral value that the Clearing Broker has collected from its clients. Therefore part of the collateral posted by the client to the Clearing Broker would not be covered by a corresponding value held by the CCP.

In case the Clearing Broker would default and be unable to perform the CCP can, upon instructions by the clients, provide portability of contracts and collateral posted to the CCP to another Clearing Broker. This would however require that all clients with the same account can agree on the appointment of a new Clearing Broker. Clients should note that porting is subject to the capability of the CCP and the receiving Clearing Broker and that pre-arranged agreements with another Clearing Broker are advised in order to facilitate porting in case of the primary Clearing Broker's default.

In case contracts and collateral posted to the CCP cannot be ported to another Clearing Broker the CCP will have the right to unwind the contracts registered on the omnibus segregated client account and use the collateral posted to the CCP for that account to cover any shortfalls that could arise. Any surplus funds that remain after the CCP has closed out the clients' positions will be returned to the defaulting Clearing Broker or the bankruptcy estate of the Clearing Broker who will, if possible under the relevant bankruptcy laws, return such funds to the clients.

1.4 Applicable law

Swedish law will determine whether porting of contracts and collateral from a defaulting Swedish Clearing Broker to a secondary Clearing Broker, or whether a transfer from a CCP of collected collateral directly to the clients of a defaulting Swedish Clearing Broker, will be protected from claims of other creditors of the defaulting Clearing Broker. As of 1 August 2014 certain amendments were made to the Swedish Bankruptcy Act and some other Swedish legislation in order to create certainty in this area (see the Swedish Government's Bill 2013/14:111 regarding collateral related to central counterparty clearing).

1.5 Pricing Guidelines

The cost associated with the different protection levels are subject to client specific factors such as collateral arrangement, account structure, volume traded and risk arising from the cleared transactions. The pricing will be based on individual agreements with each client based upon, but not limited to, the factors outlined below.

1.5.1 Pricing considerations

The pricing considerations include the clients overall relationship with Swedbank, trading volumes, overall revenue opportunities, capital requirements based on cleared positions or the structure and complexity of the services requested by the client. Below is a table that outlines some of the factors that impact the fee levels:

Factor	Lower Fees	Higher Fees
<i>Market place</i>	Listed	OTC
<i>Execution method</i>	Electronic	Voice
<i>CCP fee level</i>	Low fees	High fees
<i>Trading volumes</i>	High volumes	Low volumes
<i>Accounts</i>	Single account	Multiple accounts
<i>Relationship</i>	Full service client	Clearing only

In addition to the fees charged by Swedbank to the client any third party fees that arises as a result of their involvement in the clearing activity will be passed on to the client.

1.5.1.1 CCP Pricing Annex

Swedbank's ordinary fee schedule for clearing services on individual client segregated accounts as well as omnibus client segregated accounts:

Account Opening/Client Set-up	SEK 50 000
Clearing Fee per Lot	SEK 15.00
Clearing Fee per Ticket	SEK 4 000
Portfolio Risk Fee (collateral posted)	0.8% p.a. on collateral value
Account Fee	SEK 5 000 monthly

As indicated the fee level for the omnibus client segregation account will, until further notice, be similar to that of the individual client segregated account.

1.6 CCP Disclosure Forms

The links below are provided on a best effort basis.

Nasdaq Clearing:

<http://www.nasdaqomx.com/euroclearing/accounts>

LCH Clearent Ltd:

<http://www.lch.com/members-clients/members/fees-ltd/annual-account-structure-fees>

Disclaimer

This document does not constitute legal or any other form of advice and must not be relied on as such. The document provides a level of analyses of several complex and /or new areas of law, whose effect will vary depending on the specific facts of any particular case, some of which have not been tested in the

relevant 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 to you.

Swedbank does not assume any responsibility for the contents of this document and is not responsible for the use of it.