

OSLO BØRS

RULE BOOK II – MEMBER AND TRADING RULES

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CHAPTER I: GENERAL PROVISIONS

1.1 DEFINITIONS

For the purposes of this Rule Book, the capitalized terms used herein are defined in Chapter 1 of the Harmonized Rules and this Rule Book II, unless specifically provided otherwise. Where the context is appropriate, the plural form of a defined term is also deemed as being the defined term.

Central Counterparty	LCH Limited, Euro CCP and SIX x-clear
Central Counterparty Contract	Any contract arising between Clearing Members and a Central Counterparty, resulting from a Central Counterparty Trade
Central Counterparty Security	Shares, equity certificates, depositary receipts, ETFs and any other instruments which have been designated by Oslo Børs and a central counterparty as eligible for central counterparty processing
Central Counterparty Trade	An electronically matched order on the trading system in a Central Counterparty Security
Clearing Member	A General Clearing Member or a Direct Clearing Member
Current Market Value	Means prices, which upon a comprehensive assessment, reflect the current pricing of the Instrument in question
Direct Clearing Member	A Member that is party to a valid and subsisting clearing membership agreement with a Central Counterparty and which may clear with the Central Counterparty, Central Counterparty Trades dealt by the Member itself and Central Counterparty Trades dealt by its customers
General Clearing Member	A Member that is party to a valid and subsisting clearing membership agreement with a Central Counterparty and which may clear with the Central Counterparty, Central Counterparty Contracts resulting from Central Counterparty Trades dealt by the Member itself, trades dealt on behalf of its customers or also other Members' trades, or a non-Member as mentioned in Rule 2.7.1 (6) in this Rule Book II.
Non Clearing Member	A Member that is not a Clearing Member in respect of a particular trade
On Exchange Off Book Trade	An off book trade that is effected where one or both of the parties to the trade is a Member and the Member and its customer or counterparty agree at or prior to the time of effecting the trade that it shall be subject to the Rules
On Exchange Order Book Trade	A trade that is effected automatically on the Central Order Book
On Exchange Trade	An executed trade being an On Exchange Order Book Trade or an On Exchange Off Book Trade
Securities Trading Act	The Norwegian Securities Trading Act of 2007 (Nw. <i>verdipapirhandelloven</i>)

1.2 CONFIDENTIALITY

- (1) Rule 1.6.A of Rule Book I shall not apply.
- (2) Oslo Børs and officers and employees of Oslo Børs may not make any unauthorized disclosure or use of information regarding any business or personal circumstances that relates to the operations of Oslo Børs. The duty of confidentiality shall apply notwithstanding that the employment has terminated or the services have been completed.

CHAPTER II: MEMBERSHIP AND TRADING RULES

2.1 SCOPE

Rules 2.2 to 2.5 and 2.7 of this Rule Book II shall not apply to Euronext Derivatives Market.

2.2 ORDERS

2.2.1 Bulletin board orders

- (1) Bulletin board orders are orders that will not be included in any automatic executions. Bulletin board orders are indicative.
- (2) The following addition shall apply to rule 4303/1 of Rule Book I (Call Phase): Bulletin board orders may be registered during a call phase. However, the bulletin board orders will not be subject to the auction functionality.
- (3) The price determination phase in rule 4303/2 shall not apply to bonds traded by the bulletin board functionality.

2.2.2 Order parameters

“Large in scale orders” pursuant to rule 4204/3 of Rule Book I (Transparency parameters) shall also comprise of orders which are not displayed in the Central Order Book provided they have been entered with amounts meeting the thresholds set forth by EU Delegated Regulation (EU) 2017/583.

2.3 CURRENT MARKET VALUE

A Member shall not, in respect of its On Exchange business, cause an order or an On Exchange Off Book Trade which does not reflect the current market of that Security to be put into the trading system.

2.4 SUSPENSION OF MEMBERSHIP

Rule 2802/3 of Rule Book I shall apply with the following addition:

- (xiv) not having reported On Exchange Off Book Trades within a time limit of 12 months.

2.5 OFF-ORDER BOOK TRADING

Rule 4404 of Rule Book I shall also apply to Transactions in illiquid bonds as set forth by Delegated Regulation (EU) 2017/583 Annex III.

2.6 STABILISATION

A Member intending to act as or on behalf of a stabilizing manager in Security to be traded On Exchange shall prior to the commencement of the stabilizing period provide Oslo Børs with information regarding the stabilization in accordance with guidelines set out in a separate Notice¹.

2.7 CLEARING AND SETTLEMENT ARRANGEMENTS

2.7.1 General clearing arrangements

- (1) Rule 2501A/1, 2501A/3, 2501B/1, 2502/1 and 2502/2 of Rule Book I shall not apply.

¹ The information currently included here on Oslo Børs’s website (https://www.oslobors.no/ob_eng/Oslo-Boers/Regulations/Guidelines-on-buy-backs-of-own-shares-and-price-stabilisation) will be set out in a Notice

- (2) Rule 2501/2 and 2501/3 of Rule Book I shall not apply to bonds, ETNs, warrants and subscription rights.
- (3) A Member must at all times have a current and valid clearing arrangement with a Central Counterparty in accordance with the requirements in this Rule 2.7.1.
- (4) Central Counterparty Trades on Oslo Børs must be cleared through a Central Counterparty.
- (5) Oslo Børs may from time to time define which instruments shall be regarded as Central Counterparty Securities.
- (6) An entity which has been accepted as a General Clearing Member by a Central Counterparty, may clear Central Counterparty Securities matched in the trading system without being a Member at Oslo Børs provided that such Clearing Member has:
 - a. entered into a legally valid, binding and subsisting clearing membership agreement with a Central Counterparty; and
 - b. signed a legally valid, binding and subsisting declaration to Oslo Børs that it shall be bound by the applicable Rules.
- (7) A Member shall not enter an order in a Central Counterparty Security in the trading system unless:
 - a. it is a Clearing Member with a current and valid clearing membership agreement with a Central Counterparty; or
 - b. it is a Non Clearing Member for which a General Clearing Member has submitted a current and valid clearing declaration to a Central Counterparty and the General Clearing Member will clear any resulting trade on behalf of the Non Clearing Member.

2.7.2 Central Counterparty's rejection of trades for clearing

- (1) If Oslo Børs is notified by a Central Counterparty that, as a result of its validation procedure, a clearable trade is placed in a pending trade queue, or that a clearable trade otherwise cannot be registered in the clearing system, Oslo Børs shall use its best effort to correct the defect in accordance with the operational procedures in force from time to time with the Central Counterparty such that the trade can be accepted for clearing.
- (2) This Rule only applies to situations where all prerequisites for clearing of a trade is in place, such as a valid clearing arrangement pursuant to Rule 2.7.1 (3), but the required information to register the trade in the Central Counterparty's clearing system for any reason is not present or incorrect or if the lack of sufficient information required to clear the trade is due to a technical error in trading system.
- (3) If the trade is not corrected within the relevant time limits, a bilateral contract will exist between the original seller and buyer on the Central Order Book. In such situations, Oslo Børs shall inform the affected Members as soon as possible.

2.7.3 Central Counterparty contracts

- (1) The point at which a Central Counterparty Contract comes into being will be defined in the rules of the relevant Central Counterparty.

- (2) If a valid and firm trade on the Central Order Book is not eligible for Central Counterparty processing for any reason other than that a valid clearing arrangement is not in place as regulated in Rule 2.7.4 then a bilateral contract will exist between the original buyer and seller on the Central Order Book.

2.7.4 Suspension and termination of clearing arrangements

- (1) Oslo Børs must be notified by a Clearing Member prior to:
- a. A Clearing Member terminating its clearing membership agreement with a Central Counterparty and/or entering into a clearing membership agreement with a new Central Counterparty;
 - b. A Non Clearing Member terminating its clearing arrangement with a General Clearing Member; and/or
 - c. A General Clearing Member suspending its services as a General Clearing Member to any Non Clearing Member.
- (2) If Oslo Børs is notified by a clearing member or a Non Clearing Member about terminations/suspensions in accordance with Rule 2.7.4 (1) above or Oslo Børs is notified by the relevant Central Counterparty that a Member for any reason, does not have a valid clearing arrangement in place, Oslo Børs shall immediately:
- a. suspend the Member from trading on the Central Order Book; and
 - b. inform the other Members about the decision to suspend the Member from trading on the Central Order Book.
- (3) If Oslo Børs is notified that a Member or a General Clearing Member as defined in Rule 2.7.1 (6) does not have a valid clearing arrangement in place, Oslo Børs may switch to automatic execution with bilateral trading or suspend automatic execution in accordance with Rule 2.7.5.

2.7.5 Central Counterparty ceasing registration of Central Counterparty Trades

- (1) If a central counterparty, in accordance with its rules, gives notice to Oslo Børs of its intention to cease registering Central Counterparty Trades, no Central Counterparty Contract shall arise from the point that registration is suspended.
- (2) From the point that the registering of Central Counterparty Trades are suspended, Oslo Børs may either:
- a. continue automatic execution with those Central Counterparties which have not ceased registering Central Counterparty Trades;
 - b. switch Central Counterparty Securities to automatic execution with bilateral trading and without a Central Counterparty; or
 - c. suspend automatic execution.
- (3) Further information about the procedure for the above is set out in separate Notice.

2.7.6 Obligation to settle

- (1) A Member shall ensure that every On Exchange Trade effected by it is duly settled.
- (2) A Member may act as, or use the services of, a settlement agent to settle On Exchange Trades. Members must make their own arrangements for settling their On Exchange Trades. A Member may, but is not obliged to, employ one or more settlement agents, which could include its General Clearing Member. Direct Clearing Members may also use a separate settlement agent.
- (3) Standard settlement cycle is T+2. The parties to On Exchange Off Book Trades may agree upon a deviating settlement schedule than the settlement schedule for On Exchange Trades.

2.8 INFORMATION, MONITORING AND INVESTIGATION

- (1) Oslo Børs may request or require information from a Member, or interview any employee of a Member, about any matter which it considers may relate to these Rules or to the integrity of Oslo Børs' markets, or which Oslo Børs may require for the purpose of compliance with applicable law or regulation.
- (2) To the extent permitted, Oslo Børs may disclose information and documents:
 - a. to co-operate, by the sharing of information and documents and otherwise, with any recognized exchange or clearing house which clears and/or settles on Oslo Børs trades and any authority, body or person in Norway or elsewhere having responsibility for the supervision or regulation of any regulated activity or other financial service or for law enforcement purposes;
 - b. for the purpose of enabling it to institute, carry on or defend any proceedings including any court proceedings;
 - c. for any purpose referred to in relevant rules and regulations,
 - d. under compulsion of law;
 - e. for the purpose of enabling Oslo Børs to discharge its functions having regard in particular to the protection of investors and the maintenance of high standards of integrity and fair dealing; and/or
 - f. for any other purpose with the consent of the person from whom the information was obtained and, if different, the person to whom it relates.

2.9 MEASURES IN CASE OF VIOLATION OF THE RULES

2.9.1 Violation of the Rules

- (1) Chapter 9 of Rule Book I shall not apply.
- (2) An alleged violation by a Member of an obligation of the Rules related to the operating of Oslo Børs (an Alleged Violation) shall be dealt with in accordance with the provisions of this Rule 2.9.
- (3) The Rules are without prejudice to:
 - a. any action and/or measures that may be taken based on any procedure laid down in

- another part of the Rules;
- b. the right to carry out on-site investigations on the basis of Chapter 2 of Rule Book I;
- c. Oslo Børs's ability to claim liability for damages in accordance with applicable law; and/or
- d. any provision of National Regulation concerning enforcement by the Competent Authorities.

2.9.2 Immediate measures

In case of violation of the Rules or where a situation involving a Member constitutes a threat to the fair, orderly and efficient functioning of the Euronext Markets, or upon instruction of the Competent Authority, Oslo Børs may take immediate measures to protect the market, including suspension of all or some of a Member's trading rights.

2.9.3 Suspension and termination

Where a Member breaches the Rules, good business practices, or otherwise demonstrates unsuitability to be a Member, Oslo Børs may:

- a. Issue a warning to the Member;
- b. Require the Member to fulfill its obligations under the Rules or require rectification towards Oslo Børs of the violation by a Member of an obligation under the Rules within a term specified;
- c. Suspend some of the Member's trading or membership rights for no more than six months;
- d. Suspend for no more than six months the Member's Euronext Membership;
- e. Terminate access to certain facilities; and/or
- f. Terminate the membership or withdraw the right to participate in trading, provided that the breach is material.

2.9.4 Violation charge and daily fine

- (1) Where a Member breaches sections 11-20 to 11-22, section 11-25 or chapter 12 of the Securities Trading Act, or regulations made to supplement those provisions, or in the event of material breach of the Rules or Member terms, Oslo Børs may resolve to impose a violation charge, payable to Oslo Børs.
- (2) Where a Member, its employees or officers fail to comply with the information requirements pursuant to Rule 2.8 (1), Oslo Børs may impose a daily fine on the Member, employee or officer until such time as the information requirement is complied with. The daily fine may not exceed NOK 500,000 per day for the Member and NOK 50,000 per day for employees.

2.9.5 Procedures

- (1) A Member upon whom a daily fine or violation charge is imposed, or in respect of whom a decision is taken regarding termination of membership or withdrawal of authorization, shall be notified in writing of the decision and the grounds for the decision. Information shall also be provided regarding the right to appeal to the Oslo Børs Appeals Committee, the time limit for such appeal, and the appeal procedure.

- (2) The decision and the grounds for the decision shall be published.
- (3) A Member may appeal against decisions of Oslo Børs as set out in section 12-10 of the Securities Trading Act. A decision involving a warning of the Member cannot be appealed. Appeals must be made and will be handled in accordance with Chapter 12 part II of the Securities Trading Regulations.
- (4) The Public Administration Act shall apply to decisions made by Oslo Børs pursuant to section 12-10 of the Securities Trading Act.

2.10 INFRINGEMENT OF NATIONAL REGULATIONS AND MISCONDUCT

If Oslo Børs in the course of an examination of an Alleged Violation or on any other occasion finds suspicion of a possible significant infringement of National Regulations, the Rules or misconduct in relation to trading and disturbances in the trading system related to a financial instrument it shall report the matter to the Norwegian Financial Supervisory Authority (Nw. *Finanstilsynet*).



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