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**COMMODITY FUTURES TRADING COMMISSION**

FORM FBOT

**FOREIGN BOARD OF TRADE APPLICATION FOR REGISTRATION  
(IN ORDER TO PERMIT DIRECT ACCESS TO MEMBERS AND  
OTHER PARTICIPANTS)**

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**Name of applicant as specified in organizational documents**

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**Address of principal executive office**

- If this Form FBOT is a new application for registration, complete in full and check here.
- If this Form FBOT is an amendment to a pending application or to a final application that resulted in the issuance of an Order of Registration, list and/or describe all items that are amended or otherwise updated and check here.

When appropriate, please attach additional page(s) containing a list and explanatory statement of amendment(s) or update(s).

For ease of reference, this application has been completely updated from the one originally sent to the Commission on August 20, 2012. A blacklined version of the relevant documents is available upon request.

**GENERAL INFORMATION**

1. Name under which the business of the foreign board of trade will be conducted, if different than name specified above:

Nasdaq Oslo ASA

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2. List of principal office(s) where foreign board of trade activities are/will be conducted

(please use multiple entries, when applicable):

Office (name and/or location): Oslo

Address: Karenslyst Allé 53  
6<sup>th</sup> Floor  
0279 Oslo, Norway

Phone Number: +47 67 52 8000

Fax Number: +47 67 52 8101

Website Address : [www.nasdaqomx.com/transactions/markets/commodities](http://www.nasdaqomx.com/transactions/markets/commodities)

3. Contact Information.

- 3a. Primary Contact for Form FBOT (i.e., the person authorized to receive Commission correspondence in connection with this Form FBOT and to whom questions regarding the submission should be directed):

Name: [REDACTED]

Title: Associate Vice President – Principal Associate  
General Counsel

Email Address: [REDACTED]

Mailing Address: Karenslyst Allé 53  
0279 Oslo, Norway

Phone Number: [REDACTED]

Fax Number: [REDACTED]

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3b. If different than above, primary contact at the foreign board of trade that is authorized to receive all forms of Commission correspondence:

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Email Address: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Phone Number: \_\_\_\_\_

Fax Number: \_\_\_\_\_

**BUSINESS ORGANIZATION**

Describe organizational history, including date and, if applicable, location of filing of original organizational documentation, and describe all substantial amendments or changes thereto. For example:

Nasdaq Oslo ASA is a Norwegian public limited company incorporated and having its principal office at Skøyen, Norway; Nasdaq Oslo ASA is authorized by the Norwegian Ministry of Finance and supervised by Finanstilsynet, the Norwegian Financial Supervisory Authority ("Finanstilsynet")

**SIGNATURES**

By signing and submitting this Form FBOT, the applicant agrees to and consents that the notice of any proceeding before the Commission in connection with the foreign board of trade's application for registration or registration with the Commission may be given by sending such notice by certified mail or similar secured correspondence to the persons specified in sections 3a and 3b above.

Nasdaq Oslo ASA [Name of the Foreign Board of Trade] has duly caused this Form FBOT to be signed on its behalf by the undersigned, hereunto duly authorized, this 16 [Number] day of 2 [Month], 2017 [Year].

Nasdaq Oslo ASA [Name of the Foreign Board of Trade] and the undersigned represent that all information and representations contained herein are true, current, and complete. It is understood that all information, documentation, and exhibits are considered integral parts of this Form FBOT. The submission of any amendment to Form FBOT represents that all items and exhibits not so amended remain true, current, and complete as previously filed.

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**Signature of Chief Executive Officer (or functional equivalent), on behalf of the Foreign Board of Trade**

**Title**

Nasdaq Oslo ASA

**Name of Foreign Board of Trade**

## Exhibit A-1 to Form FBOT

*Description of location, history, size, ownership and corporate structure, governance and committee structure, current or anticipated presence of offices or staff in the United States, and anticipated volume of business emanating from members and other participants that will be provided direct access to the foreign board of trade's trading system.*

### 1. General

Nasdaq Oslo ASA<sup>1</sup>, previously Nord Pool ASA (please see below for a description of the history of the company), (“**Nasdaq Oslo**” or the “**Exchange**”) is a Norwegian public limited company incorporated and having its principal office at Skøyen<sup>2</sup>, Norway. Nasdaq Oslo is authorized by the Norwegian Ministry of Finance as an exchange under the Norwegian Stock Exchange Act of 2001 (the “**Exchange Act 2001**”). A new Regulated Markets Act was enacted in June 2007<sup>3</sup> (the “**Exchange Act 2007**”) and the English translation of the Exchange Act 2007 is attached as Document 1 hereto. Nasdaq Oslo is supervised by Finanstilsynet, the Norwegian Financial Supervisory Authority (“**Finanstilsynet**”).

### 2. Location , history and ownership

The trading of electricity derivatives contracts in Norway dates back to 1991, when the Norwegian Parliament resolved to deregulate the market for power trading by passing of a new energy act. As a consequence of the new legislation, Statnett Marked AS was established as a subsidiary to Statnett SF, which is the Norwegian transmission system operator (“**TSO**”). Statnett Marked AS was set to operate the newly formed Norwegian power market. In 1995, the financial market was established. Market participants could initially enter into transactions in futures contracts. [Forward contracts were introduced in 1997.]

In 1996, Norway and Sweden established a common electricity and power exchange, co-owned by Statnett SF and the Swedish TSO, Svenska Kraftnät AB. The company operating such electricity and power exchange was named Nord Pool ASA, and the exchange was to be called Nord Pool. Nord Pool was the world's first multinational exchange for trading and clearing of financial power contracts. Finland was integrated into the Nordic power exchange area in 1998, and Denmark followed in 1999 and 2000.

Electricity derivatives contracts with cash settlement were introduced in 2001, and Nord Pool ASA was licensed as a regulated exchange and clearinghouse in 2002. However, more or less at the same time, the clearing business of Nord Pool ASA was demerged into a separate company, Nord Pool Clearing ASA, which became licensed as a clearinghouse in Norway. After the demerger from Nord Pool ASA, Nord Pool Clearing ASA became a subsidiary of Nord Pool ASA. The physical market activities of Nord Pool ASA were later in 2002 demerged into a separate company, Nord Pool Spot AS, co-owned by Nord Pool ASA and the four Nordic TSOs.<sup>4</sup>

The Nord Pool market established itself as the world's largest and most efficient power market, offering unprecedented transparency and liquidity for market participants, and also helped develop other energy markets in Europe and worldwide.

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<sup>1</sup> Nasdaq Oslo ASA changed its name from NASDAQ OMX Oslo ASA to Nasdaq Oslo ASA on 2 December 2015.

<sup>2</sup> The Exchange relocated into new offices at Skøyen in Karenslyst Allé 53, in 0259 Oslo in April of 2013.

<sup>3</sup> Norwegian Regulated Markets Act of June 29, 2007 No. 74.

<sup>4</sup> Nord Pool Spot AS remains separate from the Nasdaq Group and is still in TSO ownership.

Nord Pool ASA started listing European Union Allowances (“EUAs”) as standardized exchange contracts in early 2005, thereby pioneering the exchange trading of carbon credits. Trading in project-based Carbon Emission Reduction units (“CERs”) was introduced in 2007, becoming the first exchange market for CERs. In 2008, Nord Pool ASA received no action relief from the Commodity Futures Trading Commission (“CFTC” or “Commission”) which allowed Nord Pool ASA to provide direct access to its order matching engine to US persons without requiring registration with the Commission as a designated contract market.<sup>5</sup>

In 2008, the Nasdaq Group<sup>6</sup> acquired the clearing business – Nord Pool Clearing ASA – and Nord Pool Consulting AS<sup>7</sup> from Nord Pool ASA. The acquired companies were later merged into NASDAQ OMX Stockholm AB (“Nasdaq Stockholm<sup>8</sup>”) (which today, through its Norwegian branch<sup>9</sup>, functions as the Exchange’s clearing house (“Nasdaq Clearing” or the “Clearinghouse”).

In 2010, the Nasdaq Group acquired the exchange business Nord Pool ASA, following Statnett’s and Svenska Kraftnät’s decision to exercise their option to sell the shares in the company. In conjunction with the acquisition of Nord Pool ASA, Nord Pool ASA changed name to NASDAQ OMX Oslo ASA. The Nasdaq Group had now acquired both the Nord Pool clearing and exchange business. The clearing business (Nord Pool Clearing ASA and Nord Pool Consulting AS) had been merged into NASDAQ OMX Stockholm in 2008, while the exchange business (Nord Pool ASA) was kept in the Norwegian legal entity but changed name to NASDAQ OMX Oslo ASA.

In 2012, the Nasdaq Group acquired NOS Clearing ASA (“NOS”), which primarily cleared freight derivative contracts. NOS has been integrated into Nasdaq Clearing.

[REDACTED]

For further information on the history of Nasdaq Oslo see [www.nasdaqomxcommodities.com](http://www.nasdaqomxcommodities.com).

The Exchange (Nasdaq Oslo) and the Clearinghouse (Nasdaq Clearing) are hereinafter jointly referred to as “NASDAQ COM”.

### 3. Corporate structure

[REDACTED]

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<sup>5</sup> See CFTC Letter No. 08-14 at: <http://www.cftc.gov/idc/groups/public/@lrllettergeneral/documents/letter/08-14.pdf>

<sup>6</sup> Please note that various Nasdaq Group entities have had one or more name changes over the past few years. In this application, all Nasdaq entities will be referred to be their current legal name.

<sup>7</sup> Nord Pool Consulting AS was a company which at that time assisted governments to plan for changes in their electricity markets.

<sup>8</sup> The Clearinghouse was renamed to Nasdaq Clearing AB (“Nasdaq Clearing”) in 2015.

<sup>9</sup> The Norwegian branch is not a separate legal entity but a part of Nasdaq Stockholm AB. Both in Norway and Sweden it is possible for a foreign company that wishes to engage in business activities in either country to set up such business without registering a subsidiary, instead you register a branch. The Branch is incorporated under the name Nasdaq Clearing Oslo.

<sup>10</sup> Each are now Nasdaq Oslo and Nasdaq Stockholm, respectively.

Nasdaq Oslo holds an exchange license and is responsible for operating all exchange traded products. All trades with Nasdaq Oslo are subject to clearing with the Clearinghouse. Nasdaq Clearing is authorized and supervised as a multi-asset clearinghouse by the Swedish Financial Supervisory Authority in Sweden as well as authorized to conduct clearing operations in Norway through its Norwegian branch by the Norwegian Ministry of Finance.

#### **4. Governance and committee structure**

##### General

The board of directors of Nasdaq, Inc.<sup>11</sup> has the ultimate accountability for major strategic and commercial decisions within the Nasdaq Group, while each subsidiary within the Nasdaq Group has primary legal and regulatory responsibility for its own actions.

In legal terms, the decisions relating to the operations of Nasdaq Oslo are the responsibility of the board of directors of Nasdaq Oslo (the “**Oslo Board**”). Nasdaq Oslo is fully owned by Nasdaq Nordic Ltd<sup>12</sup>, which has a steering and coordinating role, and further, through a chain of holding companies, fully owned by the Nasdaq Inc. [REDACTED]

[REDACTED] Thus, the Oslo Board shall adhere to the common policies and guidelines within the Nasdaq Group, and more specifically, to the policies and guidelines within the Nasdaq Nordic sub-group. In doing so, the Oslo Board has an obligation to assess that they are appropriate for the purpose of Nasdaq Oslo. The Oslo Board is also responsible for Nasdaq Oslo’s adherence to the regulatory standards for the Norwegian market and the Exchange’s compliance with all regulatory requirements. The articles of association of Nasdaq Oslo establish the requirement that it shall adhere to such regulatory standards. In addition, the Oslo Board has issued internal policies and guidelines in order to ensure sufficiency of Nasdaq Oslo’s operations and compliance with the regulatory requirements imposed on the Exchange by Finanstilsynet and applicable legislation.

##### The board and the President of Nasdaq Oslo

Nasdaq Oslo is headed by the Oslo Board which leads and controls the company. The Oslo Board is made up of 5 executives from the Nasdaq Group. The members of the Oslo Board shall have the relevant qualifications and professional experience, shall be of good repute and shall not otherwise have engaged in any improper conduct which might give grounds to assume that their employment or appointment will not be conducted in an appropriate manner. The Oslo Board appoints the President of Nasdaq Oslo.

The duties and areas of responsibility of the Oslo Board are outlined and governed by the Public Limited Liability Companies Act and the Exchange Act 2007. In addition to the aforementioned rules and provisions, the Oslo Board has adopted Rules of Procedure to govern the internal work of the board, and Instructions for the President (including delegation procedure). [REDACTED]

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<sup>11</sup> NASDAQ OMX Group was in 2015 rebranded to Nasdaq Group.

<sup>12</sup> NASDAQ OMX Nordic Ltd was in 2015 renamed to Nasdaq Nordic Ltd.

<sup>13</sup> The board of directors of Nasdaq Nordic Ltd. is made up with a mix of executives from the Nasdaq Group and highly reputed people from the financial sector in the Nordic.

Save as for the common policies and guidelines issued within the Nasdaq Group, in particular by the board of directors of Nasdaq Global, Inc. and by the board of directors of Nasdaq Nordic Ltd., the Oslo Board has autonomy with respect to operating the Exchange. The Oslo Board has direct responsibility for major and significant decisions related to Nasdaq Oslo, as well as for the legal and regulatory compliance of Nasdaq Oslo. The President of Nasdaq Oslo has direct responsibility for day-to-day management and decisions related to Nasdaq Oslo, with reporting obligation to and being supervised by the Oslo Board. All major decisions of legal or regulatory concern to Nasdaq Oslo need to be taken by the Oslo Board, and consequently decisions by another Nasdaq entity would not be self-executing with respect to Nasdaq Oslo.

The Oslo Board shall ensure that Nasdaq Oslo complies with its obligations under the regulatory framework of Finanstilsynet and the Norwegian Ministry of Finance, including the obligations of Nasdaq Oslo as an authorized body by the Ministry of Finance. The Oslo Board reviews and adopts policies on risk management, internal control, compliance, security and communication, as well as an internal audit policy and plan. The Oslo Board has the power to appoint the members of committees to assist in the governance of Nasdaq Oslo, including the disciplinary and risk committees. The day-to-day management of Nasdaq Oslo is as stated above, the responsibility of the President. The President is, in particular, responsible for decisions with regard to the day-to-day management of the company's business and shall comply with the guidelines and instruction of the Oslo Board.

Under the Rules of Procedure, it is the Oslo Board that shall regularly evaluate the Exchange's administrative routines and guidelines for management and investment of the Exchange's funds, approve the policies with regard to risk management, internal control, security and communication, as well as the annual plan and policy for internal audit and monitor that the President fulfils his obligations. Further, operational incidents, claims and litigation issues and compliance issues as well as capital adequacy assessments are reported regularly to the Oslo Board. Governance arrangements such as the Rules of Procedure, Instructions for the President and other applicable policies are updated on a yearly basis or when needed. Furthermore, and as described above, the Oslo Board has delegated certain powers to the President by way of issuing Instructions for the President. The President shall among other things make decisions regarding suspension of trading, listing and de-listing of instruments, amendments to the rules and regulations of the Exchange, Exchange membership, suspension and termination of Exchange membership, consultations from international or domestic authorities circulated for comments and finally applications to the Disciplinary Committee and minor sanctions due to breach of rules. It shall be noted that due to practical reasons, the President may, according to the Instructions for the President delegate the decision listed above to certain senior management within the Nasdaq Oslo organization.

For further information about the Oslo Board and the President, please see Exhibit C to Form FBOT.

#### Committees

To comply with various legal requirements, Nasdaq Oslo has established an in-house risk committee and internal audit function which systematically and continuously analyses the risks which might threaten the company's strategic and operational goals. Collaboration within the committee accordingly embraces all the key parts of the exchange trading and clearing businesses in order to ensure that the systematic approach to risk has a sufficiently broad scope. The committee reports directly in a separate annual report and indirectly through the line management to the President of Nasdaq Oslo.

Nasdaq Oslo has also established a disciplinary committee to advise the board in the event of breaches of the Market Conduct Rules. Its duties are directly related to the vision of building a secure market, since they form part of the work done to ensure that members retain their trust in the market. The



committee consists of three members, all to be appointed by the board for a term of two years. The members of the disciplinary committee are carefully elected to secure high competence in legal and market matters and proper representation of the Exchange Members and the Exchange. Please see Exhibit C to Form FBOT for further information about the disciplinary committee. The disciplinary committee works on cases identified by the market surveillance department. A description of the market surveillance department is provided in Exhibit G to Form FBOT.

In addition, all employees are also subject to a special set of ethical guidelines, which pays particular attention to their duty of confidentiality, conflicts of interest and opportunities to own financial instruments pursuant to sections 14-16 of the Exchange Act 2007.

Continuous efforts are being devoted to the further development of corporate governance at Nasdaq Oslo.

#### Compliance organization

The board of directors of Nasdaq Nordic Ltd. (the parent company of Nasdaq Oslo), continuously steers each Nordic subsidiary of the Nasdaq Group in order to develop a common view and common practices with respect to rules, regulations and market practices. In addition, the board of Nasdaq Nordic Ltd. has a supervisory role to ensure that Nasdaq Oslo is acting in compliance with the relevant financial market regulations in its trading functions. However, as mentioned above, it is the Oslo Board who has the ultimate responsibility to ensure that Nasdaq Oslo complies with all regulatory requirements and regulations.

The compliance organization of Nasdaq Nordic Ltd. covers all subsidiaries with a license to operate regulated markets or clearing and settlement functions, including Nasdaq Oslo. The compliance organization, as part of the Office of General Counsel department (“OGC”), is currently comprised of the Head of OGC in Nordic/Baltic and compliance liaison officers in each licensed Nasdaq Nordic subsidiary, including Nasdaq Oslo. Generally, the compliance organization undertakes to oversee compliance by Nasdaq Oslo with applicable laws and regulations, as well as internal guidelines and obligations related to the compliance policy.

On a day-to-day basis, the NASDAQ COM’s employees at OGC in the Stockholm and Oslo office are responsible for ensuring compliance with requirements under applicable legislation. The Nasdaq European Legal department is headed by [REDACTED]. It features a dedicated Nordic/Baltic legal team headed by [REDACTED] which responsibility includes compliance for Nasdaq authorised entities in the Nordic and Baltic area. The legal department supports the operative management on a daily basis in ensuring compliance with NASDAQ COM’s requirements in particular with respect to the securities market legislation and governance issues.

In addition to the OGC, the Exchange’s surveillance department could also be regarded as a part of the compliance organization of Nasdaq Oslo. The surveillance department’s work is however mainly focusing on the Exchange Members’ compliance with the Trading Rules and applicable legislation. The main task for the surveillance department is to monitor the market participants’ orders, trades and reporting of non-order book trades. If the market surveillance department suspects any breach of the Trading Rules, it shall perform an investigation of the suspected breach. Further information on the market surveillance department is presented in Exhibit G to Form FBOT.

**5. Current or anticipated presence of offices or staff in the United States**

Nasdaq Oslo as such does not have any offices in the United States, yet there are several entities and offices within the Nasdaq Group located in the United States. Nasdaq Oslo's employees periodically visit the United States on business-related matters.

**6. Anticipated volume of business emanating from members and other participants that will be provided direct access to the foreign board of trade's trading system**

Nasdaq Oslo has currently [REDACTED] physically located in the US, [REDACTED] member on the Nordic and German power market and the carbon emission market. [REDACTED]

**Exhibit A-2 to Form FBOT**

*Articles of association, constitution, or other similar organizational documents.*

**Note:** This English language translation of the Norwegian language articles of association is an unofficial translation made solely for information purposes, and does not form a part of the articles of association. In case of discrepancy between the Norwegian original text and the English translation, the Norwegian text shall prevail.

**ARTICLES OF ASSOCIATION**

(updated on general meeting held 6 November 2015, with effective date 1 December 2015)

**§1**

The company is a public limited company. The company name is Nasdaq Oslo ASA.

**§2**

The company's place of business is Oslo.

**§3**

The company's objective is to operate an exchange for commodity derivatives in accordance with the Exchange Act of 29 June 2007 No 74 with appurtenant regulations. The company may also pursue other operations in relation to the exchange operations to the extent applicable under the company's authorization to operate as an exchange. The company may also participate in other companies.

**§4**

The share capital is NOK 25.000.000 divided into 200.000 shares of value NOK 125,-, fully paid and designated by name.

**§5**

**The company's board of directors shall consist of minimum five (5) members to be elected by the general meeting. The general meeting shall elect chairman of the board. Board members shall be elected among the employees to the extent set out in the prevailing corporate legislation.**

**The board of directors appoints the president. The president may not be a member of the board.**

**§6**

**Two (2) members of the board of directors have joint power of attorney to sign for the company.**

**§7**

**The ordinary general meeting, which is held annually within expiry of June, shall deal with and decide the following matters:**

**Adoption of the annual financial statement and annual report, including distribution of share dividend.**

**Any other matters which by virtue of law or the articles of association pertain to the general meeting.**

**The company's general meetings may be held in Sweden as further set out by the board of directors.**

**§8**

**In other respects, reference is made to prevailing company legislation.**

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## **Exhibit A-3 to the Form FBOT**

***(1) Membership and trading participant agreements.***

***(2) Clearing agreements.***

Copies of the membership and trading participant agreements (the “**Trading Agreements**”) and the clearing agreements (the “**Clearing Agreements**”) are attached hereto as follows:

Trading Agreements:

- Trading Agreement A – Exchange Membership Agreement: Document 2
- Trading Agreement B – Non-Clearing Membership Agreement: Document 3
- Trading Agreement C - Block Broker Membership Agreement: Document 3a

Clearing Agreements:

- Clearing Agreement A – General Clearing Membership Agreement: Document 4
- Clearing Agreement B – Clearing Membership Agreement: Document 5
- Clearing Agreement C – Clearing Client Agreement: Document 6
- Collateral Custody Account Agreement – Document 7
- General Terms for Collateral Custody Account – Document 8
- Default Fund Custody Account Agreement – Document 9
- General Terms for Default Fund Custody Accounts – Document 10
- Loss Sharing Custody Account Agreement – Document 11
- General Terms for Loss Sharing Custody Account – Document 12
- Clearing Agreement F – Broker Agreement – Document 14

## **Exhibit A-4 to the Form FBOT**

*Terms and conditions of contracts to be available through direct access (as specified in Exhibit E).*

Copies of the terms and conditions of contract to be available through direct access are attached hereto as Document 15.

## Exhibit A-5 to the Form FBOT

*The national statutes, laws and regulations governing the activities of the foreign board of trade and its respective participants.*

### 1. National statutes, laws and regulations governing the Exchange

The business of Nasdaq Oslo is regulated primarily by the Exchange Act 2007<sup>14</sup>, the Securities Trading Act 2007 (“**STA 2007**”) and the Public Limited Liabilities Act. Please see a copy of the Exchange Act 2007 and the STA 2007 attached hereto as Document 1 and Document 16, respectively. The stated objective of the Exchange Act 2007 is to “provide the basis for markets for financial instruments that are efficient and orderly and inspire confidence”.<sup>15</sup> The Exchange Act 2007 represents a continuance of the previous Exchange Act of 2001 implementing additional requirements on regulated markets under the EU Directive on Markets in Financial Instruments (“**MiFID**”). .

The European Union approach to the regulation of “regulated markets” is contained in Council Directive 3/22/EEC of 10 May 1993 on investment services in the securities field – Investment Services Directive (“**ISD**”). Among other things, ISD introduced the concept of the “regulated market”, aiming to harmonize certain conditions governing the operation of regulated markets. Further, ISD sets out some basic high-level provisions governing the organizational and conduct of business requirements that should apply to investment firms creating a “European passport” for these firms. The European passport means that restrictive legislation in member states preventing cross frontier branching and freedom of services will have to be dismantled, allowing authorized European Union investment firms to operate cross border within the European Union.

Although Norway is not part of the European Union, Norway is signatory to the European Economic Area (“**EEA**”) Treaty<sup>16</sup> with the European Union, and, accordingly, the financial directives of the European Union are applicable in Norway, including the ISD. The Norwegian regulatory regime goes even further than the ISD and addresses a number of broad public policy objectives, including protection of market price integrity in regulated markets and establishing fair trade practices. The prohibitions on insider trading and market manipulation and the general ban on unfair market practices promulgated under the STA 2007, and the requirement that regulated markets (including Nasdaq Oslo) to establish proper market surveillance are motivated by these policy concerns.

Further, there are specific provisions in the Exchange Act 2007 Section 22 requiring exchange activities to be carried out with due consideration to the principles of efficiency, neutrality and equal treatment of all participants, as well as to ensure that the market offers a high degree of transparency and

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<sup>14</sup> Section 3 (i) of the Exchange Act 2007 sets out the definition of a regulated market which comprises both licensed exchanges and other regulated market places: “A regulated market shall mean an undertaking authorized under section 4 that decides to list financial instruments in the market and which organizes or operates a multilateral market for regular trading in the listed instruments in accordance with laws, regulation and non-discretionary trading rules issued by that market (2) An exchange shall mean a regulated marked licensed under section 33 of the Exchange Act 2007.

<sup>15</sup> Section 1 of the Exchange Act 2007.

<sup>16</sup> EEA Treaty is an agreement among member states of European Free Trade Association (“EFTA”), the European Community and all member states of the European Union, which created the European Economic Area and allowed EFTA member states (which include Iceland, Norway, Switzerland, and Liechtenstein) to participate in the European Single Market without joining the European Union.

the process of price quotation reflects the current market value of the instruments listed. An exchange is required to operate such systems for carrying out trading, price quotation, transparency, information distribution and market surveillance as are necessary in relation to the manner in which the business activities are organized.

The Exchange Act 2007 establishes only a general capital requirement that Nasdaq Oslo as an exchange at all times shall have its own funds which provide a satisfactory level of capital adequacy based on the business of the exchange. A number of various factors must be considered when assessing the exchange's capital adequacy, including the risk of the business of the exchange, contractual risk, operational risk and other special risks to which the exchange is exposed.<sup>17</sup> Further, the Exchange Act 2007 provides that an exchange shall have reserve of liquidated assets, or access to such assets, which are adequate taking into consideration the business of the exchange. Pursuant to Section 27 of the Exchange Act 2007, which requires all exchanges to establish an internal market surveillance function, the Ministry of Finance has issued regulations dated June 29, 2007 setting forth market surveillance guidelines. Market surveillance is executed by Nasdaq Oslo. Market surveillance continuously monitors the market conduct of trading participants and investigates possible breaches of the Nasdaq Oslo's Market Conduct Rules (which is a set of rules integrated as part of the Trading and Clearing Rules and enclosed hereto as Document 24) or applicable laws. Nasdaq Oslo and its regulators utilize a several tier surveillance process involving automated surveillance and human monitoring by trained experts.

Market surveillance undertakes formal reporting of suspected breaches on laws and regulations to the Norwegian supervisory authorities according to the requirements in the licenses. Furthermore, with approval of Finanstilsynet or the Norwegian Water Resources and Energy Directive ("NVE")<sup>18</sup>, there is informal information sharing among Finanstilsynet and various other Norwegian government agencies, including antitrust, energy and financial authorities. Nasdaq Oslo's market surveillance department regularly publishes reports for the previous period, which can be found on Nasdaq Oslo's web site. Any sanctions imposed are published after taking effect.

The Exchange Act 2007 contains the rules relating to regulated markets and exchanges which have been introduced into European law by MiFID (2004/39/EF) in 2007. MiFID has the same basic purpose as ISD, but it makes changes to the regulatory framework to reflect developments in financial services and markets since the ISD was implemented. Certain more detailed rules not previously contained in Norwegian law are now included in the Exchange Act 2007 which incorporates MiFID into Norwegian law<sup>19</sup>. In addition, the Exchange Act 2001 and 2007 are partly based on the guidelines issued by CESR for regulated markets.<sup>20</sup>

Below is a summary of some of the main Exchange Act 2007 rules and conditions which apply to the business of Nasdaq Oslo:

1. The exchange must be organized as a public limited liability company.

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<sup>17</sup> Section 4-5 of the Exchange Act 2007.

<sup>18</sup> NVE is a public regulatory body subordinated to the Norwegian Ministry of Petroleum and Energy and responsible for the administration of Norway's water and energy resources.

<sup>19</sup> Norway will also implement MiFID II and MIFIR into national law.

<sup>20</sup> Under the ISD, as implemented in Norway to date, investment firms are subject to a full array of detailed customer protection requirements, including requirements for disclosure funds protection and trading abuse prevention. However, the ISD driven requirements do not presently apply to intermediaries for commodities derivatives. Thus, an Exchange Member that is engaged solely in commodities derivatives intermediation, as opposed to other financial investment, would not be subject to those requirements.

2. The articles of association of the exchange and amendments to these must be approved by the Ministry of Finance.
3. The person(s) who effectively runs the exchange operations shall have relevant experience and be of good repute.
4. The board of directors of the exchange shall ensure that guidelines for the internal control of the exchange are laid down.
5. Employees and officers of an exchange are subject to confidentiality obligations.
6. An exchange shall have funds appropriate to the operations conducted.
7. The exchange shall have sufficient liquid/current assets or access to such assets taking into consideration the business of the exchange at all times.
8. The exchange shall have rules supplementing the law.

For more details see the English translation of the Exchange Act 2007 attached as Document 1, particularly Sections 3, 4, 5 and 8.

In addition to the Exchange Act 2007, the conduct of trading on Nasdaq Oslo is also governed by other broad prohibitions on insider trading, price manipulation and improper business methods generally. As mentioned above, Norway is signatory to the European Economic Area Treaty with the European Union, and, accordingly, the financial directives of the European Union are applicable in Norway. Most important in this respect is the Market Abuse Directive (Directive 2003/6/EC on insider dealing and market manipulation)<sup>21</sup>. This directive is supplemented by European Commission Directives and European Commission Regulations that also apply to Norway. In particular, Commission Directive 2004/72/EC is relevant for Nasdaq Oslo's market.

The Market Abuse Directive was implemented in Norway by the STA 2007. The STA 2007, which extends to commodity derivatives, among other things prohibits misuse of insider information, market manipulation and use of unreasonable business methods and provides criminal penalties for the two former activities in accordance with pertinent STA 2007 provisions. In furtherance of this prohibition, the Norwegian Ministry of Finance has issued regulations (Regulations of June 29, 2007 No 876) that include a list of "red flags" concerning market manipulation.

The avoidance of insider trading and market manipulation is a key objective for Finanstilsynet with respect to its supervision of the financial markets. Finanstilsynet has taken an active stance in this respect in the Norwegian market, and is also actively involved in the works of the Committee of European Securities Regulators ("CESR"<sup>22</sup>), the organization of European financial regulators. CESR has addressed market manipulation in "CESR 04/505b Level 3 – first set of the CESR guidance and information on the common operation of the Directive" (see <http://www.cesr.eu>) addressing types of action that CESR members consider to constitute market manipulation. It is our understanding that Finanstilsynet is following these guidelines set forth by the CESR.

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<sup>21</sup> Norway will also implement the new Market Abuse Directive (MAD and MAR) into national law.

<sup>22</sup> ESMA replaced the Committee of European Securities Regulators (CESR) and began its operations on 1 January 2011.



Notably, Nasdaq Oslo monitors the function of its markets but does not have the primary responsibility for monitoring the relationship between market intermediaries (brokers) and their clients. Under Norwegian law, this is a matter of direct regulation of the brokers by Finanstilsynet, to the extent that the brokers are licensed investment firms.

## **2. Supervision by Finanstilsynet**

Nasdaq Oslo is subject to the supervision of Finanstilsynet. The supervision of Nasdaq Oslo by Finanstilsynet is manifested in Section 44 of the Exchange Act 2007.

Nasdaq Oslo is at all times obligated to furnish Finanstilsynet with such information as Finanstilsynet may require about matters related to its business and activities. In particular, Finanstilsynet monitors the capital levels of Nasdaq Oslo. Finanstilsynet may also, on its own initiative and without notification, undertake on-site inspections.

Finanstilsynet periodically performs reviews of Nasdaq Oslo to ensure that Nasdaq Oslo meets the legal requirements under the license and applicable laws. These reviews will typically begin with written questions and document requests, whereafter on-site meetings are arranged where Finanstilsynet may present additional questions, followed up with a formal report that the supervised institution is allowed to comment on before the conclusions are made public. This process of review is to a large extent standardized for all regulated entities (banks, insurance companies, investment firms, exchanges, clearing houses etc.) and carried out by specialized teams at Finanstilsynet.

Finanstilsynet, as an IOSCO member, supports the IOSCO Principles for Oversight of Screen Based Trading Systems for Derivatives.

European and Norwegian law (cf. previous detailed references) set very high standards with respect to the functioning of regulated markets, and it is our opinion that the IOSCO Principles are reflected in the legislation applying to Norwegian regulated markets (the Exchange Act 2007 with further regulations) and Finanstilsynet's supervisory policy with respect to such markets.

## **3. The national statutes, laws and regulations governing the participants – regulatory regime governing intermediaries**

Sections 3-9 of the STA 2007, are applicable to all Norwegian market participants including non-licensed intermediaries/brokers' handling of client orders regulates trade practice matters with respect to trades in financial instruments including exchange trades and OTC trades<sup>23</sup> in Nasdaq Oslo's listed products. The section prohibits unfair business methods in trading in financial instruments. Please see a copy of the STA 2007 attached hereto as Document 16.


STA 2007 Chapter 10 and the Securities Trading Regulations Chapter 10 include a number of provisions on investment firm's handling of client orders but these provisions does not apply to unlicensed brokers/intermediaries. Sections 10-28 of the Securities Trading Regulations require all client orders to be executed in the order received, without undue delay and according to fair criteria where clients and proprietary orders are not treated differently without proper cause. In addition, Sections 10-28 of the Securities Trading Regulations impose, among other, strict recordkeeping requirements with respect to reception and execution of client orders (see English translation of Sections 10-28 attached as Document 17 hereto). In compliance with Sections 10-28, most Norwegian investment firms maintain electronic records of all customer orders and trades. Further, Sections 10-18 of STA 2007 also requires all investment firms in Norway to file electronic reports with the regulator Finanstilsynet.

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<sup>23</sup> Currently NASDAQ COM does not offer OTC clearing.

Further, the Norwegian law strictly prohibits intermediaries (as well as others) from engaging in insider trading practices. The general prohibition on insider trading in Section 3-3 of the STA 2007, for instance, will prohibit any intermediary or a client with prior knowledge of an order placed by another client to trade in advance of the order's execution, provided the initial client order is likely have an effect on the market. A similar prohibition is also set forth in Clause 3 of Trading Appendix 6 – the Market Conduct Rules (see Document 24 attached hereto). An intermediary is also prohibited from disclosing information with respect to any client orders to third parties or advising third parties on trading in front.<sup>24</sup> All regulatory insider trading provisions are enforced by Finanstilsynet and Nasdaq Oslo.

Although the STA 2007 does not expressly address the concept of “wash sales”, Sections 3-8 of the STA 2007 contain a broad general prohibition on market manipulation practices and prohibits any “transactions or orders to trade which give, or are likely to give, false, incorrect or misleading signals as to the supply of, demand for or price of financial instruments, or which secure the price of one or several financial instruments at an abnormal or artificial level” as well as “any transactions entered into or orders to trade given in relation to any form of misleading conduct.”<sup>25</sup> The general prohibition on market manipulation is enforced by Finanstilsynet and Nasdaq Oslo and applies to both licensed and unlicensed intermediaries.<sup>26</sup>

As mentioned above, under the Norwegian law, consistent with general European practice, a market place or exchange is not responsible for the supervision of handling of client orders by intermediaries. Rather, the state regulator responsible for licensing and supervision of the investment firms (Finanstilsynet) conducts all relevant surveillance and enforcement.<sup>27</sup> 

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<sup>24</sup> STA 2007, Section 3-6.

<sup>25</sup> Nasdaq Oslo has also promulgated general prohibition on market manipulation activities the Market Conduct Rules, including a prohibition on any practices which “give, or are likely to give, false or misleading signals as to the supply of, demand for or price of a [financial instrument]”, “conduct by a person, or persons acting in collaboration, to secure a dominant position over the supply of or demand for a Instruments which has the effect of fixing, directly or indirectly, purchase or sale prices or creating other unfair trading conditions”, or “the buying or selling of a Instrument the close of the market with the effect of misleading investors acting on the basis of closing prices.”

<sup>27</sup> Reference is made to Article 47 (1) letter a) of the MiFID Implementation Directive (Commission Directive 2006/73/EC) and the Norwegian Securities Trading Regulations (STR) adopted under the STA 2007 where MiFID is implemented. STR Section 10-28 contains specific rules on handling of client orders, including a requirement that client orders must be entered into the trading systems immediately upon receipt and prioritized according to the time of receipt, unless the type of order or market circumstances warrant otherwise. In addition, STA Section 10-12 and STR Section 10-27 require the exchanges to adopt pre-approved guidelines for the timing and execution of client orders. These new rules will however only apply to brokers/intermediaries being licensed as investment firms, which, as a general rule, do not include Nasdaq Oslo brokers or Client Representatives. Where a particular trade involves a client representative not licensed as an investment firm, abuses of the client orders of such client representative may be subject to specific sanctions imposed by Nasdaq Oslo pursuant to the Market Conduct Rules, as described elsewhere in this request. In addition, abusive conduct of client representatives not subject to Finanstilsynet regulations may also be deemed a violation under Section 3-7 of the STA 2007 and, as such, may be sanctioned by vindication of profits pursuant to Section 17-2 of the STA 2007 or other penalties imposed pursuant to Section 17-3 of the STA 2007.

## **Exhibit A-6 to the Form FBOT**

### ***The current rules, regulations, guidelines and bylaws of the foreign board of trade.***

In addition to the Norwegian statutory law, NASDAQ COM has adopted internal rulebooks that further regulate the obligations and rights of the market participants in trading (the “**Trading Rules**”) and clearing and settlement processes (the “**Clearing Rules**”) to assure compliance with the external government regulations (jointly the “**COM Rules**”).

The current COM Rules are attached hereto as follows:

#### Trading Rules:

- General Terms – Trading Rules: Document 18
- Trading Appendix 1 – Definitions (joint with the Clearing Rules): Document 19
- Trading Appendix 2 – Contract Specifications (joint with the Clearing Rules): Document 20
- Trading Appendix 3 – Trading and Clearing Schedule (joint with the Clearing Rules): Document 21
- Trading Appendix 4 – Trading procedures: Document 22
- Trading Appendix 5 – ETS User Terms: Document 23
- Trading Appendix 6 – Market Conduct Rules (joint with the Clearing Rules): Document 24
- Trading Appendix 7 – Fee List (joint with the Clearing Rules): Document 25
- Trading Appendix 8 - Block Trade Facility Procedure: Document 22a

#### Clearing Rules:

- General Terms – Clearing Rules: Document 26
- Clearing Appendix 1 – Definitions (joint with the Trading Rules): Document 19
- Clearing Appendix 2 – Contract Specifications (joint with Trading Rules): Document 20
- Clearing Appendix 3 – Trading and Clearing Schedule (joint with the Trading Rules): Document 21
- Clearing Appendix 4 – Non Exchange Clearing Procedure: Document 27
- Clearing Appendix 5 – Clearing System User Term: Document 28
- Clearing Appendix 6 – Market Conduct Rules (joint with the Trading Rules): Document 24

- Clearing Appendix 7 – Fee List (joint with the Trading Rules): [Document 25](#)
- Clearing Appendix 8 – Membership Requirements: [Document 29](#)
- Clearing Appendix 9 – Default Fund Rules: [Document 30](#)
- Clearing Appendix 10 -Collateral List [Document 30a](#)
- Clearing Appendix 11- List of Approved Settlement Banks: [Document 30b](#)
- Clearing Appendix 12 - Supplemental default rules - Client Clearing Accounts: [Document 30c](#)
- Clearing Appendix 13 - Supplemental default rules - Clearing Clients: [Document 30d](#)
- Clearing Appendix 14 - Block Trade, EFP and EFS Clearing Procedures: [Document 30e](#)
- Clearing Appendix 15 – Third Party Exchange Transaction Clearing Procedures: [Document 30f](#)

## **Exhibit A-7 to the Form FBOT**

*Evidence of the authorization, licensure or registration of the foreign board of trade pursuant to the regulatory regime in its home country jurisdiction and a representation by its regulator(s) that it is in good regulatory standing in the capacity in which it is authorized, licensed or registered.*

Evidence of the authorization of Nasdaq Oslo as a regulated market is attached hereto as Document 31. [REDACTED]

## **Exhibit A-8 to the Form FBOT**

*A summary of any disciplinary or enforcement actions or proceedings that have been brought against the foreign board of trade, or any of the senior officers thereof, in the past five years and the resolution of those actions or proceedings.*

The Exchange confirms that there neither are nor have been any disciplinary or enforcement actions or proceedings brought against the Exchange or any of the senior officers thereof in the past five years. Please also see attached hereto as Document 33 a confirmation from Finanstilsynet with respect to this.

## Exhibit A-9 to the Form FBOT

*An undertaking by the chief executive officer(s) (or functional equivalent[s]) of the foreign board of trade to notify Commission staff promptly if any of the representations made in connection with or related to the foreign board of trade's application for registration cease to be true or correct, or become incomplete or misleading.*

I hereby, in my capacity as President of Nasdaq Oslo, undertake to notify the Commission staff promptly if any of the representations made in connection with or related to the Nasdaq Oslo's application for registration cease to be true or correct, or become incomplete or misleading.

Oslo, \_\_\_\_\_ 2017

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President

## **Exhibit B to Form FBOT**

*(1) A description of the categories of membership and participation in the foreign board of trade and the access and trading privileges provided by the foreign board of trade. The description should include any restrictions applicable to members and other participants to which the foreign board of trade intends to grant direct access to its trading system.*

### **Exchange memberships**

The Exchange offers two different exchange membership categories –one exchange membership which requires clearing membership and one non-clearing membership. A more detailed description of the different categories is set out below.

#### **1. Exchange Member**

An Exchange Member is an entity that has entered into an exchange membership agreement with Nasdaq Oslo. An exchange membership requires a clearing membership. The member is granted direct access to exchange trading electronically through the ETS and/or through telephone to the manual system MTS.

#### **2. Non-clearing Member**

A Non-clearing Member (“**NCM**”) is an exchange member that has entered into a non-clearing membership agreement with Nasdaq Oslo. A non-clearing membership requires a clearing account with a General Clearing Member (“**GCM**”). The member is granted direct access to exchange trading electronically through the ETS and/or through telephone to the manual system MTS.

#### **3. Block Broker Member**

A Block Broker Member means an entity that has entered into a Block Broker Membership Agreement with Nasdaq Oslo. A Block Broker Member is authorized by other account holders and counterparties to the Clearinghouse to report Block Trades and EFP/EFS trades to the Exchange in accordance with the Block Broker Facility Procedure, Document 22a.

### **Clearing memberships**

Under Section 1.2 of the Clearing Rules (see Document 26, General Terms), NASDAQ COM accepts the following as account holders and counterparties:

#### **1. General Clearing Member**

A General Clearing Member (or GCM) is an entity that has been approved by the Clearinghouse for clearing of principal transactions and client transactions on behalf of their GCM clients e.g. Non-clearing Members. GCM clients’ clearing transactions are registered on clearing accounts in the name of their General Clearing Member with the General Clearing Member as counterparty to the Clearinghouse. A GCM does not need to be an Exchange Member.

#### **Clearing Member**

A Clearing Member (“**CM**”) is an entity that has been approved by the Clearinghouse for clearing transactions in its own name and account. A CM does not need to be an Exchange Member.



**2. Clearing Client**

A Clearing Client (“CC”) is an entity that has been approved by the Clearinghouse to have transactions subject to clearing through a Client Representative (“CR”) (only a CM can act as a CR), for registration in a clearing account where the CC is the account holder. A CC cannot be a member of the Exchange. Clearing Clients are counterparties to the Clearinghouse under clearing transactions. However, all communication between the CC and the Clearinghouse takes place through the CR. [REDACTED]

**3. Client Representative**

A Client Representative (or CR) is a clearing member who represents a CC in respect of trading. A CR will trade on behalf of the CC and allocate the trades to its CC’s clearing accounts. [REDACTED]

**4. Restrictions applicable to Clearing Members**

Risk Management will make a credit evaluation of each Clearing Member prior to the commencement of clearing. Based on such evaluation, a base collateral will be set for the Clearing Member and this base collateral must be maintained throughout the clearing membership. In addition to the base collateral, the Clearinghouse will each day calculate a collateral call for each clearing account for that day. Collateral may be posted through one or through a combination of the collateral arrangements offered by the Clearinghouse.

A Clearing Member must establish and maintain appurtenant arrangements to be able to perform its delivery obligations under the Clearing Rules.

**General comments as to access to the clearing platform**

In principle only members of the Exchange have access to the clearing platform. Members may grant access to the clearing platform for third parties. [REDACTED]

***(2) A description of all requirements for each category of membership and participation on the trading system and the manner in which members and other participants are required to demonstrate their compliance with these requirements. The description should include, but not be limited to, the following:***

***(i) Professional Qualification. A description of the specific professional requirements, qualifications, and/or competencies required of members or other participants and/or their staff and a description of the process by which the foreign board of trade confirms compliance with such requirements.***

***(ii) Authorization, Licensure and Registration. A description of any regulatory and self-regulatory authorization, licensure or registration requirements that the foreign board of trade imposes upon, or enforces against, its members and other participants including, but not limited to any authorization, licensure or registration requirements imposed by the regulatory regime/authority in the home country jurisdiction(s) of the foreign board of trade. Please also include a description of the process by which the foreign board of trade confirms compliance with such requirements.***

***(iii) Financial Integrity. A description of the following:***

***(A) The financial resource requirements, standards, guides or thresholds required of members and other participants.***

***(B) The manner in which the foreign board of trade evaluates the financial resources/holdings of its members or participants.***

***(C) The process by which applicants demonstrate compliance with financial requirements for membership or participation including, as applicable:***

***(i) Working capital and collateral requirements, and***

***(ii) Risk management mechanisms for members allowing customers to place orders.***

***(iv) Fit and Proper Standards. A description of how the foreign board of trade ensures that potential members/other participants meet fit and proper standards.***

## **1. Exchange members**

NASDAQ COM's requirements for exchange membership are set forth in the general terms of the Trading Rules, please see Document 18.

Prior to becoming a member on the Exchange, each applicant have to demonstrate that it is "fit and proper" for the relevant membership category, including that it possesses a suitable organization, necessary risk management routines etc. NASDAQ COM shall in its sole discretion decide whether the applicant qualifies to be permitted as Exchange Member, applying principles of access on a neutral and non-discriminatory basis. For the purpose of determining whether any applicant is qualified, NASDAQ COM may establish minimum requirements (per membership category), examine the legal status, experience and other information relating to any applicant, and may take such other steps as it may

deem necessary to ascertain the facts bearing upon the question of qualification. However, there are no other explicit requirements as to professional qualification, authorization and financial integrity as regards Exchange Members and Non-clearing Members.

All applicants shall provide NASDAQ COM with information on the applicant's legal status, financial soundness, organization, level of competence and other matters as NASDAQ COM deems relevant and appropriate to consider its fitness for membership, including further evidence for NASDAQ COM to verify the authenticity or correctness of any information submitted. Applicants shall, if so requested, provide a legal opinion on such issues as NASDAQ COM considers appropriate to consider its fitness for membership, including that the applicant is legally entitled to undertake the relevant exchange transactions under applicable law, signatory powers and signing procedures relating to the applicant, and generally that the Exchange and Clearing Agreements and all other legal arrangements with NASDAQ COM will be valid and legally binding on the applicant if accepted as a member. Please see the Membership Form attached hereto as Document 34 for further information on the requirements and a description of the membership process in general.

The Exchange and the Clearinghouse may at any time ask the members to submit financial information and otherwise monitor members' financial standing and soundness, level of competence and other matters relevant to the fit and properness of the member. Members are obliged to promptly provide and procure such financial information and documents as requested, and to immediately notify the Exchange and/or the Clearinghouse of any changes within the entity that are relevant for the membership.

## **2. Clearing members**

### General comments

NASDAQ COM's requirements for clearing membership are set forth in Clearing Appendix 8 to the Clearing Rules, please see Document 29. All entities applying for and/or admitted to clearing membership shall demonstrate that they are fit and proper. Each member must provide information regarding its legal status, financial soundness, organization, level of competence and other relevant matters for the evaluation of the participant. NASDAQ COM only admits as members applicants that NASDAQ COM in its sole discretion considers fit and proper for its applicable membership category, applying principles of access on a neutral and non-discriminatory basis. Risk management will make a credit evaluation of the applicant and, if accepted as a member, base collateral and default fund contribution will be set for the participant. The base collateral and default fund contribution must be established prior to the commencement of clearing. Please see the Membership Form attached hereto as Document 34 for further information on the requirements and a description of the membership process in general.

Applicants shall, if so requested by NASDAQ COM, provide a legal opinion to address issues such as the applicant's ability to undertake the relevant clearing transactions under applicable law, signatory powers and signing procedures, and that the Clearing and Exchange Agreements and all other legal arrangements will be valid and legally binding on the applicants if accepted as members.

To assess the creditworthiness of an applicant, the risk management department reviews information regarding core business, ownership, financial key indicators (total and restricted equity, equity ratio, EBITDA, total assets, annual result), historical financial performance, type of membership, type of products and volumes to be cleared.

All members and collateral providers are monitored on a regular and continuous basis, in order to ensure that the membership requirements are fulfilled and that NASDAQ COM's risk exposure is in line with the applicable policies.

NASDAQ COM may at any time ask the member to submit financial information and otherwise monitor members' financial standing and soundness, level of competence and other matters relevant to the fit and properness of the member. Members are obliged to promptly provide and procure such financial information and documents as NASDAQ COM requests. Members are also obliged to immediately notify NASDAQ COM on any changes within the entity that are relevant for the membership.

With specific regard to financial solidity and the financial requirements (as described above), the risk management department collects audited financial statements and ensure that all members are compliant with the internal credit risk policy. Public information and credit ratings etc (where available) is monitored to help identify major changes which may affect the financial solidity of each member, both positively and negatively. The base collateral placed by each member may from time to time be recalculated based on the member's updated financial position and trading volumes.

Members, who are deemed to represent an elevated credit risk compared to other members, are set on a credit watch list and their exposure towards NASDAQ COM is being monitored daily. In addition, there is an increased attention to information relating to such members.

#### Specific requirements

##### 1) General Clearing Member

###### **(i) Professional Qualification**

There are no specific professional qualifications requirements in relation to the General Clearing Members in addition to the general requirements described above.

###### **(ii) Authorization, Licensure and Registration**

A General Clearing Member must be an entity with one of the following qualifications:

- A credit institution licensed in accordance with legislation implementing the Directive 2006/48/EC (Consolidating Banking Directive);
- An investment firm licensed in accordance with legislation implementing the Directive 2004/39/EC (Markets in Financial Instruments Directive); or
- An entity holding a similar license from another jurisdiction approved by NASDAQ COM.

The General Clearing Member must hold all authorizations necessary under applicable laws for acting as such..

###### **(iii) Financial Integrity**

The minimum financial resources requirements that must be achieved by a General Clearing Member is EUR 20 million in restricted equity..

The financial membership requirements are set out in the Clearing Rules General terms.

As regards the evaluation process which NASDAQ COM performs in order to evaluate the financial resources of the potential members and ensure that potential members meet fit and proper standards, please see the detailed description in Section 2 – “General comments” above and the Membership Form attached hereto as Document 34. The Membership Form also describes the process by which applicants demonstrate its compliance with the financial requirements for membership.

#### Clearing Member

##### **(i) Professional Qualification**

There are no specific professional qualifications requirements in relation to the Clearing Members in addition to the general requirements described above.

##### **(ii) Authorization, Licensure and Registration**

Neither Norwegian law nor the NASDAQ COM Rules require that a Clearing Member must hold a specific authorization, licensure or registration to be eligible as a Clearing Member. As trading in commodity derivatives is partly exempt from authorization requirements, specific authorization depends on how they intend to act in the market<sup>1</sup>. The qualification requirements applicable to GCMs also apply to Clearing Member that registers clearing transactions on behalf of its clients unless the Clearing Member can document to the satisfaction of the Clearinghouse, that its activity do not require such license.

##### **(iii) Financial Integrity**

The minimum financial resources requirements that must be achieved by a Clearing Member is EUR 1 000 000 in total equity. The financial membership requirements are set out in the Clearing Rules General Terms. As regards the evaluation process which NASDAQ COM performs in order to evaluate the financial resources of the potential members and ensure that potential members meet fit and proper standards, please see the detailed description in Section 2 – “General comments” above and the Membership Form attached hereto as Document 34. The Membership Form also describes the process by which applicants demonstrate its compliance with the financial requirements for membership.

#### Clearing Representative

##### **(i) Professional Qualification**

There are no specific professional qualifications requirements in relation to Clearing Representatives in addition to the general requirements described above.

##### **(ii) Authorization, Licensure and Registration**

With reference to the differentiation presented under Section 2 Clearing Members above, neither Norwegian law nor the NASDAQ COM Rules require that a Clearing Representative must hold a specific authorization, licensure or registration to be eligible as a Clearing Representative.

##### **(iii) Financial Integrity**

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<sup>1</sup> The main rule under Norwegian law is that investment services provided on a professional basis may only be provided by companies authorized to do so by the ministry of finance. However, the STA, implementing MiFID specifically exempts certain entities, trading commodity derivatives, from the authorization requirement. [REDACTED]

The minimum financial resources requirements that must be achieved by a Clearing Representative is EUR 1 000 000 in total equity. The financial membership requirements are set out in the Clearing Rules General terms As regards the evaluation process which NASDAQ COM performs in order to ensure that potential members meet fit and proper standards, please see the detailed description in Section 2 – “General comments” above and the Membership Form attached hereto as Document 34. The Membership Form also describes the process by which applicants demonstrate its compliance with the financial requirements for membership.

#### Clearing Clients

##### **(i) Professional Qualification**

There are no specific professional qualifications requirements in relation to Clearing Clients in addition to the general requirements described above.

##### **(ii) Authorization, Licensure and Registration**

With reference to the differentiation presented under Section 2 Clearing Members above, neither Norwegian law nor the COM Rules require that a Clearing Client must hold a specific authorization, licensure or registration to be eligible as a Clearing Client.

##### **(iii) Financial Integrity**

The minimum financial resources requirements that must be achieved by a Clearing Client is EUR 300 000 in total equity. The financial membership requirements are set out in the Clearing Rules General terms As regards the evaluation process which NASDAQ COM performs in order to evaluate the financial recourses of the potential members and ensure that potential members meet fit and proper standards, please see the detailed description in Section 2 – “General comments” above and the Membership Form attached hereto as Document 34. The Membership Form also describes the process by which applicants demonstrate its compliance with the financial requirements for membership.

## Exhibit C to Form FBOT

*(1) A description of the requirements applicable to membership on the governing board and significant committees of the foreign board of trade.*

### The Nasdaq Oslo Board (or “Oslo Board”)

The Oslo Board is carefully elected by the general meeting and approved by Finanstilsynet. The members of the Oslo Board shall have the relevant qualifications and professional experience, shall be of good repute and shall not otherwise have engaged in any improper conduct which might give grounds to assume that their employment or appointment will not be conducted in an appropriate manner.

### The Risk Committee

To comply with the requirements of section 11 of the Exchange Act 2007 and regulation 1080/2008 from the Norwegian Financial Supervisory Authority, NASDAQ COM has established an in-house risk committee (the “**Risk Committee**”) and internal audit function which systematically and continuously analyses the risks which might threaten the company’s strategic and operational goals. Collaboration within the committee accordingly embraces all the key parts of the exchange trading and clearing businesses in order to ensure that the systematic approach to risk has a sufficiently broad scope.

The members of the Risk Committee are carefully elected to secure high competence in risk related issues and must possess deep knowledge in all aspects of the exchange and clearing operations.

### The Disciplinary Committee

The Oslo Board appoints the disciplinary committee (the “**Disciplinary Committee**”) to advise the Oslo Board in disciplinary matters under the Market Conduct Rules. The Disciplinary Committee consists of three or five members, all to be appointed by the Board for a period of two years.

The members are carefully elected to secure high competence in legal and market matters and proper representation of the Exchange Members and the Exchange in the Disciplinary Committee.

Exchange Members and associations representing market participants may present the Oslo Board with proposals for members to the Disciplinary Committee.

***(2) A description of the process by which the foreign board of trade ensures that potential governing board and committee members/other participants meet these standards.***

According to the Exchange Act any new members to the governing board and anyone having leading positions of the Exchange shall be preapproved by Finanstilsynet after a suitability review.



***(3) A description of the provisions to minimize and resolve conflicts of interest with respect to membership on the governing board and significant committees of the foreign board of trade.***

According to Section 15 of the Exchange Act 2007, each company acting as a regulated market is required to establish internal rules and implement the measures necessary to ensure that conflict of interest between the regulated market or its owners on the one hand and the market's duties and functions on the other hand are identified and managed. In order to minimize and resolve conflict of interest Nasdaq Oslo has issued Conflict of Interest Policies [REDACTED] issued [REDACTED] Trading Rules according to the requirements of the Exchange Act and the STA 2007, issued Code of Ethics [REDACTED]

In addition, the governance arrangements enable the mitigation of possible conflicts of interests pertain to the separation of risk management organization from the business organization, compliance organization working independently from the business line, and reporting directly to the relevant board of directors within the Nasdaq Group, and the mandate of the independent Disciplinary Board of Nasdaq Oslo, [REDACTED]

Further, Nasdaq Nordic Ltd. has established a Compliance Policy which is applicable for Nasdaq Oslo. The policy defines the organization and tasks of the compliance function, including the reporting procedure, as well as the general requirements set forth in respect of the compliance organization: independence, responsibility area, relationship to the management and relationship to the closely related functions (i.e. risk management and internal audit). In addition, the policy addresses the structures and measures in place for identifying, handling and mitigating conflicts of interest.

Depending on the nature of a conflict, it should be reported in an ordinary compliance or internal audit report, or referred directly to the discretion of the Oslo Board, and/or the Nasdaq Nordic Ltd., and/or the Audit Committee of the Nasdaq Group Inc., e.g. from the Clearing Risk Committee.

***(4) A description of the rules with respect to the disclosure of material non-public information obtained as a result of a member's or other participant's performance on the governing board or significant committee.***

Every employment contract includes a declaration of confidentiality based on the provisions of the Exchange Act 2007 and the STA 2007.

## **Exhibit D-1 to Form FBOT**

*A description of (or where appropriate, documentation addressing)*

- (1) The order matching/trade execution system, including a complete description of all permitted ways in which members or other participants (or their customers) may connect to the trade matching/execution system and the related requirements (for example, authorization agreements).*
- (2) The architecture of the systems, including hardware and distribution network, as well as any pre- and post-trade risk-management controls that are made available to system users.*
- (3) The security features of the systems.*
- (4) The length of time such systems have been operating.*
- (5) Any significant system failures or interruptions.*
- (6) The nature of any technical review of the order matching/trade execution system performed by the foreign board of trade, the home country regulator, or a third party.*
- (7) Trading hours.*
- (8) Types and duration of orders accepted.*
- (9) Information that must be included on orders.*
- (10) Trade confirmation and error trade procedures.*
- (11) Anonymity of participants.<sup>7</sup>*
- (12) Trading system connectivity with clearing system.*
- (13) Response time.*
- (14) Ability to determine depth of market.*
- (15) Market continuity provisions.*
- (16) Reporting and recordkeeping requirements.*

***(1) The order matching/trade execution system, including a complete description of all permitted ways in which members or other participants (or their customers) may connect to the trade matching/execution system and the related requirements (for example, authorization agreements).***

### **1. Electronic Trading System**

The Exchange operates a fully automated electronic trading system called “ETS”. Trading in ETS is available using Nasdaq application Genium INET Trading Workstation, Trayport GlobalVision or connecting via API (FIX or Omnet API) using ISV (Independent Software Vendor) developed software or member proprietary applications. In order to prevent disorderly trading due to erroneous programming, all applications connecting to Genium INET must pass conformance testing.

Orders to buy or sell listed products received by ETS are principally ranked and matched by order price. Orders with the same order price are ranked and matched by their time of registration. Trades are automatically entered into upon a match. A detailed description of trading through ETS is given in Trading Appendix 4 of the Trading Rules.

The use of the ETS is governed by the Trading Rules. In particular, Trading Appendix 5 – ETS User Terms – sets out the terms and conditions of the use in detail (please see Document 23 enclosed hereto). According to those rules, each licensee shall ensure that each of its users is qualified as such under the Trading Rules, and that each of its users is properly acquainted with the general operations of the Exchange and the ETS in relation to exchange trading. Each licensee shall also ensure that each of its users is properly acquainted with, and complies with, the Trading Rules at all times. Each licensee shall make the necessary arrangements to ensure that the Exchange has the possibility to enforce the Trading Rules towards all of its users at all times to the extent mandated by the Trading Rules.

### **2. Telephone based service for exchange trading**

In addition to trading through ETS, Exchange Members may also place orders to buy and sell listed products through the Exchange’s telephone-based system for exchange trading called “MTS”.

Trading in MTS is carried out by Exchange Members calling in registration orders or non-registration orders by telephone to employees at MTS. MTS is available to any Exchange Member irrespective of whether it has an electronic link to ETS.



[REDACTED]

**(3) *The security features of the systems.***

Nasdaq Oslo ensures the security of its trading system by restricting access only to authorized users. Each authorized user category is given a unique user profile that defines those transactions in which the authorized user is permitted to engage. In addition, the trading system includes security measures that have been designed to prevent unauthorized access. Access to trading and clearing platform is limited via authorized extranet providers [REDACTED]

**(4) *The length of time such systems have been operating.***

The Genium INET Trading system has been operated at Nasdaq Oslo since 5 March 2012. However, the system as such was released in 2010. The Genium INET trading system is a product of Nasdaq Technology AB.

**(5) *Any significant system failures or interruptions.***

There have been no significant system failures or interruptions.

**(6) *The nature of any technical review of the order matching/trade execution system performed by the foreign board of trade, the home country regulator, or a third party.***

[REDACTED]

**(7) *Trading hours.***

Please see Document 21 (Trading and Clearing Schedule) for a detailed description of the trading hours for each type of contract.

**(8) *Types and duration of orders accepted.***

The Exchange generally accepts the following Order types in exchange listed products:

- Fill-and-kill Order: an order to be matched immediately at the order price or better for as much of the order volume as possible and otherwise cancelled.
- Fill-or-kill Order: an order to be matched immediately at the order price or better for the whole order volume, and otherwise cancelled.
- Hidden Volume Order: an order where only part of the order volume shall be displayed in ETS.

- Visible Volume Order: the part of a Hidden Volume Order that shall be displayed in ETS.
- Limit Order: an order to be matched at the order price or better for as much of the order volume as possible and otherwise cancelled at the end of opening hours the relevant bank day.
- Market Order: an order to be matched immediately at best available price for as much of the order volume as possible and otherwise cancelled.
- Linked Orders: Orders where a combination of maximum ten orders is combined with an exclusive condition on the maximum volume level. The volume of all legs are reduced proportionally when one of the legs are traded.
- Stop Order: Order that is submitted automatically as a Limit Order or Market Order once a certain price condition of an Instrument is met. The price condition is predefined by the User.

Section 5 of Trading Appendix 4 (please see Document 22 attached hereto) sets out provisions regarding duration of orders accepted. According to Section 5.1, an order is valid from the time of registration in the ETS, until it is matched, cancelled or amended (provided that the amendment does not only imply reduction of order volume), or has expired pursuant to its individual order specification. Amendments to or cancellations of orders become effective when such are registered in ETS. This also applies to amendments and cancellations submitted to MTS, which are registered in ETS by MTS on the Exchange Member's behalf. The MTS will endeavor to register any such amendments and cancellation in a chronological order. Please see Document 22 for further information.

***(9) Information that must be included on orders.***

All orders shall include the following information to be valid:

- the identity of the Exchange Member making the Order;
- the Series Designation of the applicable Series;
- whether the Order is a Bid or an Offer;
- The Order volume;
- The Order Price;
- The Order type;
- Possible combination terms in accordance with Section 5.5 of Trading Appendix 4 (please see Document 22 attached hereto);
- The Hidden Volume and the Visible Volume (if Hidden Volume is not specified the entire Order will be deemed Visible Volume);





[REDACTED]

***(14) Ability to determine depth of market.***

Complete market depth is shown for all listed products on the Exchange. This means that price and volume is visible but not name of the member as trading on the Exchange is anonymous.

***(15) Market continuity provisions.***

The Genium INET Trading system is designed based on a primary/standby pattern, [REDACTED]

***(16) Reporting and recordkeeping requirements.***

[REDACTED]

[REDACTED]

## Exhibit D-2 to Form FBOT

*A description of the manner in which the foreign board of trade assures the following with respect to the trading system, separately labeling each description:*

- (1) Algorithm. The trade matching algorithm matches trades fairly and timely.*
- (2) IOSCO Principles. The trading system complies with the Principles for the Oversight of Screen-Based Trading Systems for Derivative Products developed by the Technical Committee of the International Organization of Securities Commissions (IOSCO Principles). Provide a copy of any independent certification received or self-certification performed and identify any system deficiencies with respect to the IOSCO Principles.*
- (3) Audit Trail.*
  - (i) The audit trail timely captures all relevant data, including changes to orders.*
  - (ii) Audit trail data is securely maintained and available for an adequate time period.*
- (4) Public Data. Adequate and appropriate trade data is available to users and the public.*
- (5) Reliability. The trading system has demonstrated reliability.*
- (6) Secure Access. Access to the trading system is secure and protected.*
- (7) Emergency Provisions. There are adequate provisions for emergency operations and disaster recovery.*
- (8) Data Loss Prevention. Trading data is backed up to prevent loss of data.*
- (9) Contracts Available. Mechanisms are available to ensure that only those futures, option or swap contracts that have been identified to the Commission as part of the application or permitted to be made available for trading by direct access pursuant to the procedures set forth in § 48.10 are made available for trading by direct access.*
- (10) Predominance of the Centralized Market. Mechanisms are available that ensure a competitive, open, and efficient market and mechanism for executing transactions.*

**(1) Algorithm. The trade matching algorithm matches trades fairly and timely.**

The Genium INET Trading system accepts transactions strictly by first come first served principle in the matching engine. However, orders are principally ranked and matched by order price. Orders with the same order price are ranked and matched by their time of registration. There is a single sender application (the matching engine) which distributes executions and market data simultaneously to all listeners (gateways).

For further information on the ranking and matching of orders, please see Section 6 of Trading Appendix 4 which is attached hereto as Document 22.

**(2) IOSCO Principles. The trading system complies with the Principles for the Oversight of Screen-Based Trading Systems for Derivative Products developed by the Technical Committee of the International Organization of Securities Commissions (IOSCO Principles). Provide a copy of any independent certification received or self-certification performed and identify any system deficiencies with respect to the IOSCO Principles.**

On 5 March 2012, NASDAQ COM migrated from CLICK/SECUR trading and clearing system to the Genium INET Trading and Clearing platform, a trading and clearing platform used by Nasdaq's European equity and fixed income derivatives market. The Genium INET Trading platform has been developed by Nasdaq, Inc. and is designed to be one of the fastest and most functionally complete multi-asset trading platforms in the world. Nasdaq Oslo is of the opinion that the trading platform complies with the Principles for the Oversight of Screen-Based Trading System for Derivative Products.

**(3) Audit Trail.**

**(i) The audit trail timely captures all relevant data, including changes to orders.**

**(ii) Audit trail data is securely maintained and available for an adequate time period.**

Nasdaq Oslo's record keeping obligations are manifested in the Trading Rules. According to Section 3 of Trading Appendix 4, all orders and transactions in the ETS will be stored electronically and kept by the Exchange in accordance with applicable law. To comply with this the matching engine records a log of all transactions, order book changes and executions during the trading day in real time. The transaction data is maintained for ten years.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**(4) Public Data. Adequate and appropriate trade data is available to users and the public.**

Whenever a member provides data relating to transactions to the Exchange or the Clearinghouse such data, as provided by the member in its original format, shall belong to the member. The member however, irrevocably grants to the Exchange and the Clearinghouse a perpetual, non-exclusive, royalty-free license (which shall survive the termination of any Trading/Clearing Agreement) to include such data in the trade information and to use such data for whatever purpose in accordance with the Trading and Clearing Rules. The Exchange and the Clearinghouse shall treat the identity of the member as confidential.<sup>2</sup>

General trade data which is not client specific is made available to the public on the Exchange's website [www.nasdaqcommodities.com](http://www.nasdaqcommodities.com). The information is continuously updated and includes bids, asks, last traded, highest and lowest traded, closing price etc per product. In addition all trades reported for clearing from the Block market are also published. Historical trade information (3 months back in time) is available on the Exchange's website. Further historical data is available in '.sdv' and 'TIP' formats from the File Delivery Service (FDS) organized by the Global Data Products department within Nasdaq Oslo.

**(5) Reliability. The trading system has demonstrated reliability.**

The Genium INET Trading system has a proven reliability, with several years of production use at multiple exchanges around the world.

In order to ensure reliability the trading system is designed to manage breakdowns or failures in the system. [REDACTED]

[REDACTED]

[REDACTED]

The INET and ETR middleware is embedded within the Genium INET application.

**(6) Secure Access. Access to the trading system is secure and protected.**

Access to trading and clearing platform is limited via authorized extranet providers.

[http://nordic.nasdaqomxtrader.com/memberextranet/extranet\\_providers/](http://nordic.nasdaqomxtrader.com/memberextranet/extranet_providers/) [REDACTED]

**(7) Emergency Provisions. There are adequate provisions for emergency operations and disaster recovery.**

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<sup>2</sup> Please see Section 11 of the Clearing Rules for further information about trade information.

[REDACTED]

**(8) Data Loss Prevention. Trading data is backed up to prevent loss of data.**

[REDACTED]

**(9) Contracts Available. Mechanisms are available to ensure that only those futures, option or swap contracts that have been identified to the Commission as part of the application or permitted to be made available for trading by direct access pursuant to the procedures set forth in § 48.10 are made available for trading by direct access.**

N/A – such mechanisms are not necessary as all contracts traded on the Exchange are subject to the application.

**(10) Predominance of the Centralized Market. Mechanisms are available that ensure a competitive, open, and efficient market and mechanism for executing transactions.**

As mentioned above, the Genium INET Trading engine is designed to execute transactions strictly on a first come first served basis, which, *inter alia*, ensures a competitive market. In addition, all orders placed in the trading system are visible for all market participants, including information on prices, traded volumes etc., mechanisms which ensures a transparent, open and efficient market.

## Exhibit E-1 to Form FBOT

*A description of the terms and conditions of futures, option or swap contracts intended to be made available for direct access. With respect to each contract, indicate whether the contract is regulated or otherwise treated as a future, option or swap contract in the regulatory regime(s) of the foreign board of trade's home country.*

The products traded at the Exchange comprise of Nordic, German, Dutch, French, Italian, Spanish, Belgian and UK electricity contracts, German, Dutch, French, Italian, Spanish, Belgian and UK gas contracts, freight, fuel oil and iron ore contracts, ferrous contracts and European Union allowances contracts (EUA), Swedish and Norwegian electricity certificates and renewable contracts. The derivative contracts are base and peak load futures, Deferred Settlement Futures (DS Futures), options, and Electricity Price Area Differentials (EPADs).

These contracts are used for trading and risk hedging purposes, and have a current trading time horizon of up to ten years. Base load contracts are delivered Monday-Sunday, 00.00–24.00 CET during the length of the contract. Peak load contracts are delivered Monday-Friday, 08.00 – 20.00 CET during the length of the contract. The reference prices to the electricity derivatives are the Nordic system price, the German/Austrian day ahead area price, the Dutch day ahead area price and the UK day ahead area price<sup>1</sup>. There is no physical delivery of financial market electricity contracts. Cash settlement is made throughout the trading and/or the delivery period, starting at the due date of each contract, depending on whether the product is a futures or a DS Futures. Financial contracts are entered into without regard to technical conditions, such as grid congestion, access to capacity, and other technical restrictions.

In addition, the Exchange offers EUA futures and option contracts. All of the Exchange's emission contracts have physical delivery.

A description of the terms and conditions of the contracts that are intended to be made available for direct access are attached hereto as Document 15.

All the listed contracts, i.e., futures contracts and options on futures contracts, are considered financial instruments according to the definition of STA 2007 section 2-2 and the MiFID and are regulated as such. The regulatory regime in Norway does not regulate nor denominate commodities derivatives contracts as futures, options or swap contracts.

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<sup>1</sup> The physical spot exchanges for the electricity market in the respective countries produce in the daily auctions, the next 24 hours 'electricity prices per hour for each price area. An average price in each area respectively, is produced and is the basis for settlement of the DS Future and future electricity contracts traded on the Exchange.

## **Exhibit E-2 to Form FBOT**

***Demonstrate that the contracts are not prohibited from being traded by United States persons, i.e., the contracts are not prohibited security futures or single stock contracts or narrow-based index contracts. For non-narrow based stock index futures contracts, demonstrate that the contracts have received Commission certification pursuant to the procedures set forth in § 30.13 and Appendix D to part 30 of this chapter.***

The contracts proposed to be made available in the United States are not security futures, single stock contracts or narrow based index contracts which, under Section 6(h)(1) of the United States Securities Exchange Act of 1934, as amended, U.S. persons may not enter into or subject to the rules of an FBOT. Further, Nasdaq Oslo does not list non-narrow-based stock index futures contracts (or any other derivative contracts based on securities). Nasdaq Oslo's listed contracts are limited to electricity, natural gas and allowances contracts as set forth in Exhibit E-1 hereto.

## **Exhibit E-3 to the Form FBOT**

***Demonstrate that the contracts are required to be cleared.***

According to Section 1.2 of the Trading Rules (please see Document 18), all Exchange transactions are automatically and mandatorily subject to clearing, with the Clearinghouse acting as central counterparty in each corresponding clearing transaction. This is also manifested in Trading Appendix 4, Section 7.3 of the Trading Rules (please see Document 22).



## Exhibit E-4 to the Form FBOT

*Identify any contracts that are linked to a contract listed for trading on a United States-registered entity, as defined in section 1a(40) of the Act. A linked contract is a contract that settles against any price (including the daily or final settlement price) of one or more contracts listed for trading on such registered entity.*

N/A

## **Exhibit E-5 to the Form FBOT**

***Identify any contracts that have any other relationship with a contract listed for trading on a registered entity, i.e., both the foreign board of trade's and the registered entity's contract settle to the price of the same third party-constructed index.***

All the electricity products traded at the Exchange are in the delivery period settled against the area specific reference prices respectively. The reference prices are the official underlying day-ahead price of the respective area, Monday through Sunday, covering the time period 00.00-24.00 CET. Other exchanges, like EEX, OMIE and APX ENDEX list similar futures products as Nasdaq Oslo. For further details on this, please see Document 15 and the product specifications for the contracts.

## Exhibit E-6 to the Form FBOT

*Demonstrate that the contracts are not readily susceptible to manipulation. In addition, for each contract to be listed, describe each investigation, action, proceeding or case involving manipulation and involving such contract in the three years preceding the application date, whether initiated by the foreign board of trade, a regulatory or self-regulatory authority or agency or other government or prosecutorial agency. For each such action, proceeding or case, describe the alleged manipulative activity and the current status or resolution thereof.*

To prevent manipulation of the contracts NASDAQ COM has established a well-functioning market surveillance department (the “**Market Surveillance**”) to enforce the Market Conduct Rules (attached hereto as Document 24). Market participants are prohibited from engaging in market manipulation as defined in STA 2007 and the NASDAQ COM Rules. The definition of market manipulation in the NASDAQ COM Rules stems from the definition of market manipulation in the EU Market Abuse Directive 2003/6/EC, which sets forth a common framework prohibiting insider dealing and market manipulation in the EU and the proper disclosure of information to the market.

The exchange regulation on market surveillance (No.: *Forskrift om markedsovervåkning*) for Nasdaq Oslo regulates the tasks that the Market Surveillance performs. The main task of the Market Surveillance is to monitor the market participants’ orders, trades and reporting of non-exchange trades in the market.

[REDACTED]

[REDACTED]. Market surveillance works to continuously improve the existing alerts and to implement new alerts to enhance detection of the manipulative behavior.

[REDACTED]

All trading and price developments are carefully monitored by qualified personnel. Historically, any significant price developments have been effectively and promptly identified by the Exchange, following internal investigations and analysis. Traders and market participants also play an important role in identifying significant price developments not supported by changed circumstances or availability of new information in the market and providing leads for further investigations by the Market Surveillance.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

## Exhibit F to Form FBOT

*With respect to each relevant regulatory regime or authority governing the foreign board of trade, attach (including, where appropriate, an indication as to whether the applicable regulatory regime is dependent on the home country's classification of the product being traded on the foreign board of trade as a future, option, swap, or otherwise, and a description of any difference between the applicable regulatory regime for each product classification type):*

*(1) A description of the regulatory regime/authority's structure, resources, staff, and scope of authority; the regulatory regime/authority's authorizing statutes, including the source of its authority to supervise the foreign board of trade; the rules and policy statements issued by the regulator with respect to the authorization and continuing oversight of markets, electronic trading systems, and clearing organizations; and the financial protections afforded customer funds.*

### **1. General comment**

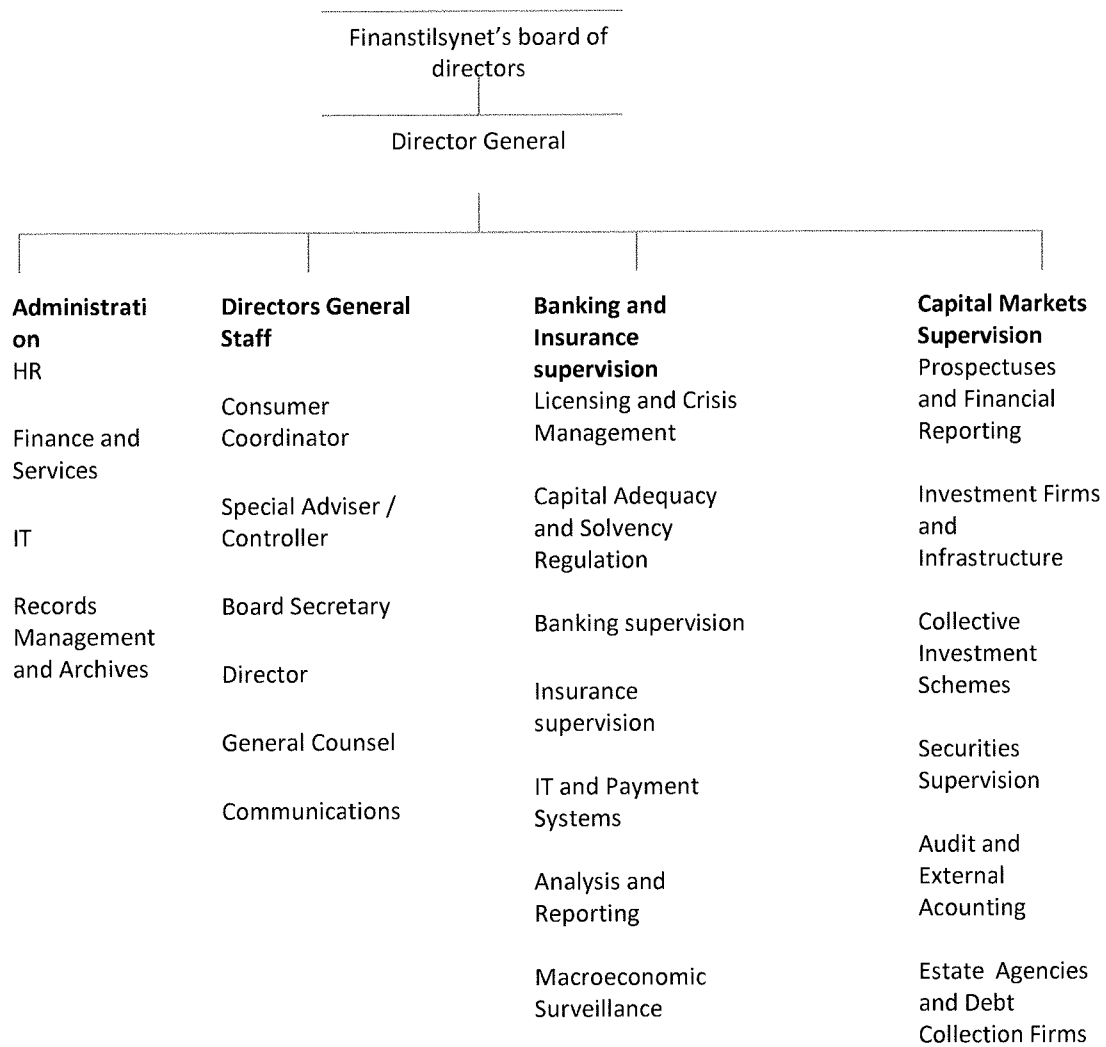
Nasdaq Oslo is authorized as a commodity derivatives exchange (a Regulated Market within the meaning of MiFID) by the Norwegian Ministry of Finance and supervised by Finanstilsynet, the Norwegian Financial Supervisory Authority, in accordance with the Exchange Act 2007.

Finanstilsynet is the supervisory authority for the Exchange for all products being traded on the Exchange. Finanstilsynet's regulatory authority is not dependent on the classification of the product being traded on the Exchange.

### **2. Finanstilsynet**

Finanstilsynet is an independent government agency that implements and expands upon laws and decisions emanating from the Norwegian Parliament, the Government and the Ministry of Finance and is also guided by international standards for financial supervision and regulation. The supervision of Nasdaq Oslo by Finanstilsynet is manifested in Section 44 of the Exchange Act 2007 (please see [Document 1](#)).

The table below sets out the organizational structure and the different departments of Finanstilsynet. Further below follows a summary of the various departments and the individuals heading such departments.



Two members elected by and from among the employees supplement the board when administrative matters are dealt with. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Finanstilsynet's aim is to ensure that financial institutions and markets function securely and efficiently in the best interest of society and users of financial services, and that service providers are afforded an appropriate framework for their operations.

According to Section 3 of the Norwegian Act on the Supervision of Credit Institutions, Insurance Companies and Securities Trading etc., attached hereto as Document 36, Finanstilsynet shall "ensure that the institutions it supervises operate in an appropriate and proper manner in accordance with law and provisions issued pursuant to law and with the intentions underlying the establishment of the institution, its purpose and articles of association".

Through its supervision of enterprises and markets, Finanstilsynet strives to promote financial stability and orderly market conditions and to instill confidence that financial contracts will be honored and services performed as intended. Finanstilsynet is responsible for the supervision of banks, finance companies, mortgage companies, insurance companies, pension funds, investment firms, securities fund management and market conduct in the securities market, stock exchanges and authorized market places, settlement centers and securities registers, estate agencies, debt collection agencies, external accountants and auditors.

To achieve its goals Finanstilsynet engages in a wide range of oversight activities, complying with internationally recognized standards and methods of supervision, such as on-site inspections and off-site supervision.

For more information about Finanstilsynet please see the following web site: [www.finanstilsynet.no](http://www.finanstilsynet.no).

**(2) A description of and, where applicable, copies of the laws, rules, regulations and policies applicable to:**

***(i) The authorization, licensure or registration of the foreign board of trade.***

***(ii) The regulatory regime/authority's program for the ongoing supervision and oversight of the foreign board of trade and the enforcement of its trading rules.***

***(iii) The financial resource requirements applicable to the authorization, licensure or registration of the foreign board of trade and the continued operations thereof.***

***(iv) The extent to which the IOSCO Principles are used or applied by the regulatory regime/authority in its supervision and oversight of the foreign board of trade or are incorporated into its rules and regulations and the extent to which the regulatory regime/authority reviews the applicable trading systems for compliance therewith.***

***(v) The extent to which the regulatory regime/authority reviews and/or approves the trading rules of the foreign board of trade prior to their implementation.***

***(vi) The extent to which the regulatory regime/authority reviews and/or approves futures, option or swap contracts prior to their being listed for trading.***

***(vii) The regulatory regime/authority's approach to the detection and deterrence of abusive trading practices, market manipulation, and other unfair trading practices or disruptions of the market.***

***(i) The authorization, licensure or registration of the foreign board of trade.***

The Exchange Act 2007 set out provisions as regards the authorization of a regulated market in Norway (please see [Document 1](#) for further details on the provisions). The Ministry of Finance may grant authorization to operate as a regulated market to a company that satisfies the requirements set out in the Exchange Act. The applicant must be organized as a public limited company and have a board of directors with at least five members in order to be granted an authorization as a regulated market. The managing director may not be a member of the board of directors. The members of the board of directors, the managing director and such persons who actually participate in the management of the company shall have the relevant qualifications and professional experience, shall be of good repute and shall not otherwise have engaged in any improper conduct which might give grounds to assume that their employment or appointment will not be conducted in an appropriate manner. Each company acting as a regulated market must establish internal rules and implement the measures necessary to ensure that (i) conflict of interest between the regulated market or its owners on the one hand and the market's duties and functions on the other hand are identified and managed; (ii) the significant risks to which the regulated market is exposed to are identified and managed; (iii) the regulated market has transparent and non-discretionary trading rules and procedures, including objective criteria for efficient execution of orders; (iv) the regulated market has system for proper operation of technical systems, including efficient arrangements to deal with technical breakdown (contingency arrangements); and (v) the regulated market facilitates efficient and timely finalization of transactions. Furthermore, a regulated market shall at all times maintain own funds appropriate to the risk inherent in and the scope of the activities carried out by it. In appraising the risk to which it is exposed, due account shall be paid to business risk, contractual risk, operational risk and such other risk factors to which it is exposed. A regulated market shall carry out its activities with due consideration to the principles of efficiency, neutrality and equal treatment of all



participants, as well as to ensuring that the market offers good transparency and that the process of price quotation reflects the current market value of the instruments listed.

When a company applies for an authorization as a regulated market, the application for authorization must contain a business plan and information on the organization of the company that should demonstrate that the statutory requirements are fulfilled. An application shall also include a copy of the proposed rules of the regulated market.

***(ii) The regulatory regime/authority's program for the ongoing supervision and oversight of the foreign board of trade and the enforcement of its trading rules.***

Finanstilsynet periodically performs reviews of the Exchange to ensure that Nasdaq Oslo meets the legal requirements under the license and applicable laws. These reviews will typically begin with written questions and document requests, whereafter on-site meetings are arranged where Finanstilsynet may present additional questions, followed up with a formal report that the supervised institution is allowed to comment on before the conclusions are made public. This process of review is to a large extent standardized for all regulated entities (banks, insurance companies, investment firms, exchanges, clearing houses etc.) and carried out by specialized teams at Finanstilsynet.

Nasdaq Oslo is also obligated to furnish Finanstilsynet with such information as Finanstilsynet may require about matters related to its business and activities. Finanstilsynet may also, on its own initiative and without notification, undertake on-site inspections.

***(iii) The financial resource requirements applicable to the authorization, licensure or registration of the foreign board of trade and the continued operations thereof.***

As mentioned above, the Exchange Act 2007 stipulates that a regulated market must at all times maintain own funds appropriate to the risk inherent in and the scope of the activities carried out by it. In appraising the risk to which it is exposed, due account shall be paid to business risk, contractual risk, operational risk and such other risk factors to which it is exposed. It is also required that a regulated market at all times shall maintain holdings of liquid assets, or have access to such liquid assets, that may be considered satisfactory to the regulated markets business activities and financial situation. The Ministry of Finance may issue rules on the composition of liquid assets and what may be considered to be their satisfactory level. Apart from the requirements described above, there are no specific financial resource requirements applicable to the Exchange.

***(iv) The extent to which the IOSCO Principles are used or applied by the regulatory regime/authority in its supervision and oversight of the foreign board of trade or are incorporated into its rules and regulations and the extent to which the regulatory regime/authority reviews the applicable trading systems for compliance therewith.***

Finanstilsynet, as an IOSCO member, supports the IOSCO Principles for Oversight of Screen Based Trading Systems for Derivatives and apply those principles in its supervision and oversight of the Exchange.

***(v) The extent to which the regulatory regime/authority reviews and/or approves the trading rules of the foreign board of trade prior to their implementation.***

All changes and amendments to the NASDAQ COM Rules are provided to Finanstilsynet and FI at least one month prior to the amendments enter into force. The review of the supervisory authorities safeguards that the amendments do not violate applicable law, including that the amendments comply with

the requirements for neutrality between the members. Finanstilsynet may on its own initiative require changes to the rules if they fail to satisfy the law or regulations made pursuant to law.

***(vi) The extent to which the regulatory regime/authority reviews and/or approves futures, option or swap contracts prior to their being listed for trading.***

The authorization from the Ministry of Finance defines at all times the instruments that the Exchange can list for trading. Listing of any new instruments requires an additional authorization from the Ministry of Finance.

***(vii) The regulatory regime/authority's approach to the detection and deterrence of abusive trading practices, market manipulation, and other unfair trading practices or disruptions of the market.***

According to Finanstilsynet's annual report from 2015, the overarching aim of supervision and monitoring of compliance with the market conduct rules is to safeguard the reputation of the Norwegian market and thereby its role as a well-functioning source of capital.

The rules on unlawful insider trading, market manipulation and due care in handling inside information are at centre-stage. Finanstilsynet also oversees compliance with the rules on the preparation of insider lists, the duty to investigate, the prohibition of unreasonable business methods, notification rules and rules requiring the disclosure of acquisitions of large shareholdings. Hence a wide range of target groups is involved: investors, advisers, issuers of financial instruments and their partners, including investment firms. The object is to bring to light and prosecute unlawful conduct in the securities market and, insofar as the conduct rules are applicable, in the markets for commodity derivatives. The supervisory effort is intended to have both an individual and a general deterrent effect in the market.

**(3) A description of the laws, rules, regulations and policies that govern the authorization and ongoing supervision and oversight of market intermediaries who may deal with members and other participants located in the United States participants, including:**

**(i) Recordkeeping requirements.**

**(ii) The protection of customer funds.**

**(iii) Procedures for dealing with the failure of a market intermediary in order to minimize damage and loss to investors and to contain systemic risk.**

Section 3-9 of the STA 2007, applicable to all Norwegian investment firms regulates trade practice matters with respect to trades in financial instruments including trades in Nasdaq Oslo's listed products. The section prohibits unfair business methods in trading in financial instruments.

STA 2007 Chapter 10 and the Securities Trading Regulations Chapter 10 include a number of provisions on investment firm's handling of client orders but these provisions does not apply to unlicensed brokers/intermediaries. Section 10-28 of the Securities Trading Regulations regulation requires all client orders to be executed in the order received, without undue delay and according to fair criteria where clients and proprietary orders are not treated differently without proper cause. In addition, Section 10-28 of the Securities Trading Regulations imposes, among others, strict recordkeeping requirements with respect to reception and execution of client orders (see English translation of Section 10-28 attached as Document 17). In compliance with Section 10-28, licensed investment firms maintain electronic records of all customer orders and trades. Further, Section 10-18 of STA 2007 also requires all investment firms in Norway to file electronic reports with the regulator Finanstilsynet.

As mentioned above, under the Norwegian law, consistent with general European practice, a market place or exchange is not responsible for the supervision of handling of client orders by intermediaries. Rather, the state regulator responsible for licensing and supervision of the investment firms (Finanstilsynet) conducts all relevant surveillance and enforcement.<sup>1</sup> Thus, for example, Nasdaq Oslo's internal regulations do not expressly require an intermediary to enter customer orders into ETS immediately upon receipt.

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<sup>1</sup> Reference is made to Article 47 (1) letter a) of the MiFID Implementation Directive (Commission Directive 2006/73/EC) and the Norwegian Securities Trading Regulations (STR) adopted under the STA 2007 where MiFID is implemented. STR Section 10-28 contains specific rules on handling of client orders, including a requirement that client orders must be entered into the trading systems immediately upon receipt and prioritized according to the time of receipt, unless the type of order or market circumstances warrant otherwise. In addition, STA Section 10-12 and STR Section 10-27 require the exchanges to adopt pre-approved guidelines for the timing and execution of client orders. These new rules will however only apply to brokers/intermediaries being licensed as investment firms, which, as a general rule, do not include all of Nasdaq Oslo' brokers or Client Representatives.

In addition, abusive conduct of Client Representatives not subject to Finanstilsynet's regulations may also be deemed a violation under Section 3-7 of the STA 2007 and, as such, may be sanctioned by vindication of profits pursuant to Section 17-2 of the STA 2007 or other penalties imposed pursuant to Section 17-3 of the STA 2007.

***(4) A description of the regulatory regime/authority's inspection, investigation and surveillance powers; and the program pursuant to which the regulatory regime/authority uses those powers to inspect, investigate, and enforce rules applicable to the foreign board of trade.***

According to Chapter 7 of the Exchange Act 2007, Finanstilsynet is responsible for the supervision of the all regulated markets in Norway, including the Exchange. Regulated markets are obliged to furnish Finanstilsynet with such information that Finanstilsynet may require about matters related to their activities, and are obliged to produce and hand over to Finanstilsynet for inspection documentation concerning their activities. Finanstilsynet may also issue a regulated market with a corrective order if the company acts in contravention of law or regulations laid down pursuant to law or in contravention of its own rules or business terms. Corrective orders may also be issued if the management or the board of directors fails to meet the requirements as to good repute and experience. If Finanstilsynet has grounds to assume that someone is trading in breach of the provisions laid down in the Exchange Act 2007 or pursuant thereto, Finanstilsynet may give an order for the action to cease.

Finanstilsynet may also conduct site inspections in order to investigate the Exchange's compliance with applicable laws and regulations.

**(5) For both the foreign board of trade and the clearing organization (unless addressed in Supplement S-1), a report confirming that the foreign board of trade and clearing organization are in regulatory good standing, which report should be prepared subsequent to consulting with the regulatory regime/authority governing the activities of the foreign board of trade and any associated clearing organization. The report should include:**

**(i) Confirmation of regulatory status (including proper authorization, licensure and registration) of the foreign board of trade and clearing organization.**

**(ii) Any recent oversight reports generated by the regulatory regime/authority that are, in the judgment of the regulatory regime/authority, relevant to the foreign board of trade's status as a registered foreign board of trade.**

**(iii) Disclosure of any significant regulatory concerns, inquiries or investigations by the regulatory regime/authority, including any concerns, inquiries or investigations with regard to the foreign board of trade's arrangements to monitor trading by members or other participants located in the United States or the adequacy of the risk management controls of the trading or of the clearing system.**

**(iv) A description of any investigations (formal or informal) or disciplinary actions initiated by the regulatory regime/authority or any other self-regulatory, regulatory or governmental entity against the foreign board of trade, the clearing organization or any of their respective senior officers during the past year.**

## **1. The Exchange**

(i) [REDACTED]

(ii) Finanstilsynet last review of Nasdaq Oslo was in 2012. Finanstilsynet did as a result of the review not issue any corrective orders.

(iii) N/A

(iv) N/A – [REDACTED]

## **2. The Clearinghouse**

(i) Please find attached as Document S-3 a confirmation from FI of Nasdaq Clearing's regulatory status as a clearinghouse.

(ii) Furthermore, FI periodically performs reviews of Nasdaq Clearing to ensure that Nasdaq Clearing meets the legal requirements under the license and applicable laws. For example, FI and Riksbanken, the Swedish central bank, assess on an annual basis Nasdaq Clearing AB as central counterparty. This yearly assessment is made on the basis of the CPMI/IOSCO principles. Please see paragraph (iv) below for further details about the latest assessment. Every second year Nasdaq Clearing updates the Disclosure Framework, please see latest version attached as Document S-4 Disclosure

Framework. Please also see Section 1 above for a detailed description of Riksbanken's program for its ongoing supervision and oversight of the Clearinghouse.

Primarily the Clearinghouse is authorized in accordance with EMIR with the oversight the Swedish FSA and the EMIR College. In addition, the Clearinghouse observes the CPMI IOSCO principles with the oversight of Riksbanken. All public disclosures performed by the Clearinghouse in regards to CPMI IOSCO are published on the website; <http://business.nasdaq.com/trade/clearing/nasdaq-clearing/about-nasdaq-clearing/#tcm:5044-28255> and attached as Document S-4.

(iii) N/A

(iv) N/A – please see FI's confirmation of investigations or disciplinary actions initiated by FI against the Clearinghouse or any of its senior officers during the past year attached hereto as Document S-3.

*(6) For both the foreign board of trade and the clearing organization (unless addressed in Supplement S-1), a confirmation that the regulatory regime/authority governing the activities of the foreign board of trade and the clearing organization agree to cooperate with a Commission staff visit subsequent to submission of the application on an “as needed basis,” the objectives of which will be to, among other things, familiarize Commission staff with supervisory staff of the regulatory regime/authority; discuss the laws, rules and regulations that formed the basis of the application and any changes thereto; discuss the cooperation and coordination between the authorities, including, without limitation, information sharing arrangements; and discuss issues of concern as they may develop from time to time (for example, linked contracts or unusual trading that may be of concern to Commission surveillance staff).*

[REDACTED]

## **Exhibit G-1 to Form FBOT**

### ***A description of the foreign board of trade's regulatory or compliance department, including its size, experience level, competencies, duties and responsibilities.***

The board of directors of Nasdaq Nordic Ltd. (currently, the parent company of Nasdaq Oslo), continuously steers each Nasdaq Nordic subsidiary in order to develop a common view and common practices with respect to rules, regulations and market practices. In addition, the board of Nasdaq Nordic Ltd. has a supervisory role to ensure that Nasdaq Oslo is acting in compliance with the relevant financial market regulations in both its trading and clearing functions.

The regulatory and compliance organization of Nasdaq Nordic Ltd. covers all subsidiaries with a license to operate regulated markets or clearing and settlement functions, including Nasdaq Oslo. The regulatory and compliance organization, as part of the Office of General Counsel department (“OGC”), is currently comprised of the Head of OGC in Nordic/Baltic and compliance liaison officers in each licensed Nordic subsidiary, including Nasdaq Oslo. Generally, the compliance organization undertakes to oversee compliance by Nasdaq Oslo with applicable laws and regulations, as well as internal guidelines and obligations related to the compliance policy. At each regular meeting, the board of Nasdaq Nordic Ltd., as well as the board of Nasdaq Oslo, are provided with specific risk reports covering financial position, disputes and litigations, operational incidents, compliance issues and clearing operations. Further, a report assessing the capital adequacy is submitted to the above mentioned boards on a regular basis.

On a day-to-day basis, the NASDAQ COM's employees at OGC in the Stockholm and Oslo office are responsible for ensuring compliance with requirements under applicable legislation. The Nasdaq European legal department is headed by [REDACTED] has been with the Nasdaq Group for several years and has in-depth knowledge of the international securities market, legislation and regulatory requirements. It features a dedicated Nordic/Baltic legal team headed by [REDACTED] whose responsibility includes compliance for Nasdaq Group's authorised entities in the Nordic and Baltic area. The legal and compliance department supports the operative management on a daily basis in ensuring compliance with Nasdaq Oslo's requirements in particular with respect to the securities market legislation. Each employee of the legal department holds a LLM and has several years of experience of Swedish and Norwegian securities market legislation.



## **Exhibit G-2 to Form FBOT**

*A description of the foreign board of trade's trade practice rules, including but not limited to rules that address the following:*

- (1) Capacity of the foreign board of trade to detect, investigate, and sanction persons who violate foreign board of trade rules.*
- (2) Prohibition of fraud and abuse, as well as abusive trading practices including, but not limited to, wash sales and trading ahead, and other market abuses.*
- (3) A trade surveillance system appropriate to the foreign board of trade and capable of detecting and investigating potential trade practice violations.*
- (4) An audit trail that captures and retains sufficient order and trade-related data to allow the compliance staff to detect trading and market abuses and to reconstruct all transactions within a reasonable period of time.*
- (5) Appropriate resources to conduct real-time supervision of trading.*
- (6) Sufficient compliance staff and resources, including those outsourced or delegated to third parties, to fulfill regulatory responsibilities.*
- (7) Rules that authorize compliance staff to obtain, from market participants, information and cooperation necessary to conduct effective rule enforcement and investigations.*
- (8) Staff investigations and investigation reports demonstrating that the compliance staff investigates suspected rule violations and prepares reports of their finding and recommendations.*
- (9) Rules determining access requirements with respect to the persons that may trade on the foreign board of trade, and the means by which they connect to it.*
- (10) The requirement that market participants submit to the foreign board of trade's jurisdiction as a condition of access to the market.*

***(1) Capacity of the foreign board of trade to detect, investigate, and sanction persons who violate foreign board of trade rules.***

The Market Surveillance continuously monitors the market conduct of trading participants, and investigates possible breaches of the Market Conduct Rules or applicable laws. The Market Surveillance has systems in place to monitor trading activities for evidence of market abuse or financial crime. Any suspicions of such activity are reported to the Exchange's regulator, *i.e.* Finanstilsynet.

If the Market Surveillance discovers conduct that appears to be in breach of the NASDAQ COM Rules, including the Market Conduct Rules, it must conduct a further investigation. If the matter is not resolved after initial investigation, a case will be opened. The Market Surveillance will continue investigations, requesting information from the relevant market participants, and if relevant, other parties and authorities. [REDACTED]

In cases where the market participant does not comply with the duty to provide information on request by Market Surveillance in relation to investigations, the Exchange may impose a daily fine until the information is provided.

The disciplinary committee is responsible for recommending any sanctions for breach of the applicable NASDAQ COM Rules to the Oslo Board.

Nasdaq Oslo may impose the following sanctions on a market participant found, in the course of an investigation, to have violated the applicable rules:

1. oral warning;
2. written warning;
3. a monetary penalty of up to NOK 2,500 000 for violations committed in the financial market: or
4. withdraw the approval of the Exchange Trader.

The activities of the Exchange are subject to the supervision of Finanstilsynet. Nasdaq Oslo is required to monitor and report suspicions on breach of Norwegian law, including market abuse issues, to Finanstilsynet. If the Exchange suspects that the breach of the Market Conduct Rules continues after the internal sanctions have been imposed on the market participant, it will send a report to the Finanstilsynet for further investigation, which may result in additional sanctions or reporting to the public prosecution authority (No.: *Økokrim*). Finanstilsynet has a separate unit generally responsible for investigating insider trading and market manipulation (this unit is separated from the unit responsible for surveillance and regulation of the exchanges, investment firms and other regulated institutions) and is staffed accordingly.

***(2) Prohibition of fraud and abuse, as well as abusive trading practices including, but not limited to, wash sales and trading ahead, and other market abuses.***

Although the STA 2007 does not expressly address the concept of “wash sales”, Sections 3-8 of the STA 2007 contain a broad general prohibition on market manipulation practices and prohibits any “transactions or orders to trade which give, or are likely to give, false, incorrect or misleading signals as to the supply of, demand for or price of financial instruments, or which secure the price of one or several financial instruments at an abnormal or artificial level” as well as “any transactions entered into or orders to trade given in relation to any form of misleading conduct”. The broad scope of Section 3-8 should effectively encompass a prohibition on any “wash trading”.

The general prohibition on market manipulation provided for in STA 2007 is enforced by Finanstilsynet and Nasdaq Oslo and applies to both licensed and unlicensed intermediaries. Regulations on prohibition of fraud and abuse as well as abusive trading practices, is included in the Trading Rules; in particular in Section 5 cf. Enclosure 1 of the Market Conduct Rules.

The Market Conduct Rules contain a prohibition for the Exchange Members to engage in market manipulation trading. According to the Market Conduct Rules, market manipulation trading means:

- a) transactions or orders to trade:
  - i. which give, or are likely to give, false or misleading signals as to the supply of, demand for or price of a listed product; or
  - ii. which secure, by a person, or persons acting in collaboration, the price of one or several products at an abnormal or artificial level,  
  
unless the persons who have entered into the transactions or issued the orders to trade establishes that his reasons for so doing are legitimate and that these transactions or orders to trade conform to accepted market practices; or
- b) transactions or orders to trade which employ fictitious devices or any other form of deception or contrivance; or
- c) dissemination of information through media, including the Internet, or by any other means, which gives, or is likely to give, false or misleading signals as to listed products, including the dissemination of rumors and false or misleading news, where the person who made the dissemination knew, or ought to have known, that the information was false or misleading.

In addition to these circumstances, the following conduct will always constitute market manipulation under the Market Conduct Rules:

- a) conduct by a person, or persons acting in collaboration, to secure a dominant position over the supply of or demand for a listed product which has the effect of fixing, directly or indirectly, purchase or sale prices or creating other unfair trading conditions; or
- b) the buying or selling of a listed product at the close of the market with the effect of misleading investors acting on the basis of closing prices; or
- c) taking advantage of occasional or regular access to the traditional or electronic media by voicing an opinion relevant to a product while having previously taken positions on that product and profiting subsequently from the impact of the opinions voiced on the price of that instrument, without having simultaneously disclosed that conflict of interest to the public in a proper and effective way.

Further, according to the Market Conduct Rules, Exchange Members are prohibited to register orders when they hold insider information. Insider information means in this context any information of a precise nature which has not been made public relating directly or indirectly to one or more listed products and which market participants would expect to receive in accordance with accepted market practice. An Exchange Member including its board of directors and employees are subject to a duty of confidentiality in respect of insider information and may not disclose such information to persons or entities to whom such information does not concern prior to the information has been distributed to and published by the Exchange.

Nasdaq Oslo has a general right to reject, cancel or refuse to display or match any orders which it deems would contravene the Trading Rules or applicable law, cf. Section 5.6 of Trading Appendix 4 to the Trading Rules. The market place service Nasdaq Oslo performs the assessment as to whether an order shall be rejected, cancelled or refused, or whether a transaction shall be cancelled, in accordance with the abovementioned regulations.

***(3) A trade surveillance system appropriate to the foreign board of trade and capable of detecting and investigating potential trade practice violations.***

Automatically generated alerts have been set up in the surveillance system with certain predetermined conditions or values in order to increase detection of suspected market abuse and other breaches of the Trading Rules. Based on such alerts and other inputs market surveillance execute investigations in order to detect possible market abuse. Please also see Exhibit G-2 (5) below for information about the surveillance system.

***(4) An audit trail that captures and retains sufficient order and trade-related data to allow the compliance staff to detect trading and market abuses and to reconstruct all transactions within a reasonable period of time.***

NASDAQ COM has arrangements for recording transactions and the transaction data is maintained for ten years.

[REDACTED]

[REDACTED]

***(5) Appropriate resources to conduct real-time supervision of trading.***

Pursuant to Norwegian legislation, in particular Section 27 of the Exchange Act 2007, all exchanges are required to establish an internal market surveillance function. Based on the same provision of the Exchange Act 2007, the Ministry of Finance has issued regulations setting forth market surveillance guidelines.

[REDACTED]

The Market Surveillance continuously monitors the market conduct of trading participants and investigates possible breaches of the Trading Rules or applicable laws.

[REDACTED]

[REDACTED]

***(6) Sufficient compliance staff and resources, including those outsourced or delegated to third parties, to fulfill regulatory responsibilities.***

NASDAQ COM's compliance staff consists of a dedicated regulatory and compliance team working closely together with the Market Surveillance. [REDACTED]

***(7) Rules that authorize compliance staff to obtain, from market participants, information and cooperation necessary to conduct effective rule enforcement and investigations.***

Members and their board of directors and employees are, upon written request by the Exchange, under an obligation to as soon as possible provide the Exchange with all information the Exchange considers relevant in respect of the Exchanges role in surveillance of the Market Conduct Rules and other applicable laws and regulations. The duty to provide such information applies regardless of any confidentiality undertakings and other duties of silence the Exchange Members may be placed under. For further details, please see Section 7 of the Market Conduct Rules.

***(8) Staff investigations and investigation reports demonstrating that the compliance staff investigates suspected rule violations and prepares reports of their finding and recommendations.***

The Market Surveillance undertakes formal reporting of suspected breaches of laws and regulations to Finanstilsynet according to the requirements in its exchange licenses. Furthermore, with approval of Finanstilsynet, there is informal information sharing among Finanstilsynet and various other Norwegian government agencies, including antitrust and energy authorities. Market Surveillance regularly publishes its reports, which can be found on the Nasdaq Oslo's web site. Any sanctions imposed are published after taking effect.

***(9) Rules determining access requirements with respect to the persons that may trade on the foreign board of trade, and the means by which they connect to it.***

If an entity applying for an exchange membership fulfills the Exchange's membership criteria (please see Exhibit B to Form FBOT for further details on this) and signs all applicable membership agreements (please see Exhibit A to Form FBOT) it will gain access to the Exchange's trading system. Please see Exhibit D to Form FBOT for information on the different means by which an entity can connect to the trading system.

***(10) The requirement that market participants submit to the foreign board of trade's jurisdiction as a condition of access to the market.***

N/A

## **Exhibit G-3 to the Form FBOT**

*A description of the foreign board of trade's disciplinary rules, including but not limited to rules that address the following:*

- (1) Disciplinary authority and procedures that empower staff to recommend and prosecute disciplinary actions for suspected rule violations and that provide the authority to fine, suspend, or expel any market participant pursuant to fair and clear standards.*
- (2) The issuance of warning letters and/or summary fines for specified rule violations.*
- (3) The review of investigation reports by a disciplinary panel or other authority for issuance of charges or instructions to investigate further, or findings that an insufficient basis exists to issue charges.*
- (4) Disciplinary committees of the foreign board of trade that take disciplinary action via formal disciplinary processes.*
- (5) Whether and how the foreign board of trade articulates its rationale for disciplinary decisions.*
- (6) The sanctions for particular violations and a discussion of the adequacy of sanctions with respect to the violations committed and their effectiveness as a deterrent to future violations.*

The disciplinary rules are included in the Market Conduct Rules. If the Market Surveillance suspects a breach of the Market Conduct Rules and its investigation supports this suspicion, then the Market Surveillance may recommend disciplinary sanctions against the Exchange Member. Any recommendation for disciplinary sanctions shall be in writing and be filed with the Disciplinary Committee with copies to the relevant Exchange Member(s), and to the Oslo Board.

Irrespective of the above, the Market Surveillance may issue oral warnings to Exchange Member(s) without filing with the Disciplinary Committee.

The Disciplinary Committee may upon receiving a filing as provided for above, request the Market Surveillance to further investigate the case at hand and develop the factual and legal analysis or recommendation.

The filing copy shall invite the market participant(s) and exchange trader(s) involved in the matter to present their views to the Disciplinary Committee within two weeks. The market participant or exchange trader may respond in writing or request a meeting with the Disciplinary Committee to present its views. The market participant or exchange trader is however not under any obligation to present its views.

The Disciplinary Committee may in special circumstances conduct its own investigations including by assigning tasks to qualified lawyers and other experts, at the Exchange's cost

The Disciplinary Committee shall present its recommendation to the Oslo Board as soon as possible and at latest within (4) weeks of the filing with the Disciplinary Committee unless the Oslo Board

extends this time limit. The recommendation shall be in writing, with copies to the relevant market participant(s) and exchange trader(s) involved, and include a factual description with legal reasons.

The Oslo Board shall in its full discretion decide if and what disciplinary sanctions that shall be applied against the market participant(s) and/or exchange trader(s). The Oslo Board's decision shall be notified to the relevant market participant(s) and exchange trader(s), and the Disciplinary Committee.

In the event an Exchange Member is in breach of the NASDAQ COM Rules, the Exchange is entitled to decide on one or more of the following actions against the party: (i) issue an oral warning; (ii) issue a written warning; or (iii) in the event of a serious breach, impose a "violation charge" on the Exchange Member of up to NOK 2,500,000. The amount of such charge shall be decided taking into account the nature and severity of the breach, including whether the breach has been intentionally, whether the Exchange Member or its board of directors or employees may otherwise be blamed for the breach, any mitigating circumstances, as well as other relevant factors.

An Exchange Member may if the Exchange imposes a violation charge, file a complaint with the Exchange Appeal Committee subject to further rules in the Exchange Regulations. Similarly an Exchange Member or other person may complain to the Exchange Appeal Committee if the Exchange imposes a daily charge under the Exchange Act 2007 Section 30. Such filing imposes a stay on the proceedings concerned, with the exemption for daily charges. This will also apply to market participants not being Exchange Members. However, handling of an appeal will then also require the consent from the Exchange Appeal Committee.



## Exhibit G-4 to the Form FBOT

*A description of the market surveillance program (and any related rules), addressing the following:*

*The dedicated market surveillance department or the delegation or outsourcing of that function, including a general description of the staff; the data collected on traders' market activity; data collected to determine whether prices are responding to supply and demand; data on the size and ownership of deliverable supplies; a description of the manner in which the foreign board of trade detects and deters market manipulation; for cash-settled contracts, methods of monitoring the settlement price or value; and any foreign board of trade position limit, position management, large trader or other position reporting system.*

[REDACTED] The Market Surveillance uses the information available to understand the price formation in the markets. Furthermore, the Market Surveillance studies the trading behavior of the members and dedicates extra attention to traders that fits the profile of being likely to commit market abuse.

The following market data is collected from the Exchange and the Clearinghouse, respectively:

- All order book information from every listed instrument series
- All Block transactions in every instrument series

The above information is fed into and processed by the surveillance system, SMARTS (alerts, reports, market data visualization tools).

As part of market surveillance program, the Market Surveillance subscribes to relevant news and analysis, [REDACTED]

[REDACTED]

Nasdaq Oslo has an information sharing agreement with Nord Pool AS (operator of the Nordic day-ahead market for physical power). The purpose with the agreement is to strengthen the two market places' market surveillance departments' ability to understand the price formation in its respective markets and to become better to detect breaches of the Market Conduct Rules, in particular market manipulation and insider trading.

The Market Surveillance has the right to receive information from members upon written request. In the event the Market Surveillance detect abnormal trading activity in the markets for which the information directly available to the Market Surveillance does not suffice to enable the department to rule out the possibility of breach of the Market Conduct Rules, the Market Surveillance would contact the member in question and enquire about the observed activity. The member is, through its membership, under an obligation to provide the Exchange with information upon written request.

## Exhibit H to Form FBOT

***(1) A description of the arrangements among the Commission, the foreign board of trade, the clearing organization, and the relevant foreign regulatory authorities that govern the sharing of information regarding the transactions that will be executed pursuant to the foreign board of trade's registration with the Commission and the clearing and settlement of those transactions. This description should address or identify whether and how the foreign board of trade, clearing organization, and the regulatory authorities governing the activities of the foreign board of trade and clearing organization agree to provide directly to the Commission information and documentation requested by Commission staff that Commission staff determines is needed:***

- (i) To evaluate the continued eligibility of the foreign board of trade for registration.***
- (ii) To enforce compliance with the specified conditions of the registration.***
- (iii) To enable the CFTC to carry out its duties under the Act and Commission regulations and to provide adequate protection to the public or registered entities.***
- (iv) To respond to potential market abuse associated with trading by direct access on the registered foreign board of trade.***
- (v) To enable Commission staff to effectively accomplish its surveillance responsibilities with respect to a registered entity where Commission staff, in its discretion, determines that a contract traded on a registered foreign board of trade may affect such ability.***

In its supervisory operations, FI co-operates and exchanges information with other competent authorities to the extent which follows from the directive on markets in financial instruments and the transparency directive. Furthermore, within the scope of FI's authority, FI will, following a request from a competent authority in another country outside the EEA, provide or verify information which is necessary to enable the foreign authority to exercise its supervision pursuant to the directive on markets in financial instruments, provided however that FI and the foreign authority have entered into a co-operation agreement. [REDACTED]

As regards Finanstilsynet, it may co-operate and exchange information with other competent authorities to the extent the Ministry of Finance has laid down rules to the effect that the duty of confidentiality which otherwise applies to exchanges shall not apply in relation to supervisory authorities in non-EEA states which conduct supervision of authorized stock exchanges and market places.<sup>1</sup> The Ministry of Finance has laid down rules to that effect, which accordingly make it possible for Finanstilsynet to exchange information with other competent authorities, including the Commission. [REDACTED]

With respect to the possibility to share information between the Commission and FI and Finanstilsynet, respectively, we would also like to mention that both FI and Finanstilsynet are signatories to the International Organization of Securities Commissions Multilateral Memorandum of Understanding, which works as a multilateral mechanism for sharing information on a bilateral basis between signatories

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<sup>1</sup> Act on the Supervision of Credit Institutions, Insurance Companies and Securities Trading etc. (Financial Supervision Act), Section 7.

to the Memorandum of Understanding. [REDACTED]

[REDACTED]

[REDACTED] With respect to information sharing it should be mentioned that the Clearing and Trading Rules expressly state that the Clearinghouse and the Exchange may enter into any arrangement with any entity or body (including any regulatory bodies, any market operator or clearing organization) if the Clearinghouse or the Exchange (i) believes that such entity or body exercises a legal or regulatory function under any law or regulation, or a function comprising or associated with the enforcement of a legal or regulatory function, or (ii) considers such arrangement to be in furtherance of the Clearinghouse's or the Exchange's purpose or duties under applicable law. The Clearinghouse or the Exchange may disclose to any entity information concerning or associated with an market participant or other entities that the Clearinghouse or the Exchange believes is necessary and appropriate in exercising a legal or regulatory function (including, without limitation, information concerning any aspect of any clearing activity or business concerning the Clearinghouse or the Exchange), whether or not a formal arrangement governing the disclosure exists or a request for information was made.

***(2) A statement as to whether and how the foreign board of trade has executed the International Information Sharing Memorandum of Understanding and Agreement.***

Nasdaq Oslo is a signatory to the International Information Sharing Memorandum of Understanding and Agreement.

***(3) A statement as to whether the regulatory authorities governing the activities of the foreign board of trade and clearing organization are signatories to the International Organization of Securities Commissions Multilateral Memorandum of Understanding. If not, describe any substitute information-sharing arrangements that are in place.***

Both Finanstilsynet (primarily supervising the Exchange) and FI (primarily supervising the Clearinghouse) are signatories to the International Organization of Securities Commissions Multilateral Memorandum of Understanding.

***(4) A statement as to whether the regulatory authorities governing the activities of the foreign board of trade and clearing organization are signatories to the Declaration on Cooperation and Supervision of International Futures Exchanges and Clearing Organizations. If not, a statement as to whether and how they have committed to share the types of information contemplated by the International Information Sharing Memorandum of Understanding and Agreement with the Commission, whether pursuant to an existing memorandum of understanding or some other arrangement.***

FI (primarily supervising the Clearinghouse) is a signatory to the Declaration on Cooperation and Supervision of International Futures Exchanges and Clearing Organizations. [REDACTED]  
[REDACTED] Finanstilsynet is [REDACTED] a signatory to other information sharing agreements (see above)  
[REDACTED]