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 Title Commodities Market – Base Collateral (Appendix 6)
 Reference NASDAQ OMX Default Fund Policy Paper

COMMODITIES MARKET – BASE COLLATERAL

This document addresses the specific NASDAQ OMX Commodities aspects for default fund contribution.

BASE COLLATERAL

The base collateral shall cover the overnight risk (credit risk) for intra-day position changes that are not covered by the previous margin calculation. The level of base collateral depends on the trading pattern and financial solidity, as well as the credit rating of the counterparty.

Since the default fund does not take credit risk into consideration, NASDAQ OMX Commodities will continue to assess the credit risk and calculate base collateral for all counterparties.

Unlike the default fund, the base collateral can only be used to cover a specific member's losses and cannot be used to cover other members' losses.

MINIMUM CONTRIBUTION

NASDAQ OMX will apply a minimum default fund contribution level set to EUR 120 000 for contributors to the Commodities Default Fund.

DEFAULT FUND CONTRIBUTION OFFSET

NASDAQ OMX Commodities market's base collateral contribution will be considered when determining the member's contribution to the default fund. All Commodities clearing members will be required to contribute to both the default fund and base collateral. *(Note: Clearing Clients will only post base collateral, which is not part of the offset calculation).*

NASDAQ OMX Commodities will, however, give an offset to the base collateral that depends on the default fund contribution. If the base collateral is higher than the default fund contribution, the base collateral will be reduced by the amount equal to the contribution to the default fund. If the base collateral is lower than the default fund contribution, the base collateral is set to zero.

Here are two examples of how the base collateral is combined with the default fund contribution (all in EUR):

Member	Current Base Collateral	Default Fund Contribution	New Base Collateral
X	1 000 000	5 000 000	0
Y	3 500 000	2 000 000	1 500 000

ELIGIBLE FUNDS

Base Collateral can still be covered by guarantees; however, it will not be possible to cover default fund contribution with guarantees. Only cash and qualified government securities may be used. Please see Appendix 5 on Eligible Funds for more detailed information.