

Pricing Guidelines for Derivatives Clearing Services

- Offered by Danske Bank as Clearing Service Provider

Background

The European Market Infrastructure Regulation (“**EMIR**”) of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties (“**CCPs**”) and trade repositories entered into force on 16 August 2012. Moreover, two regulatory technical standards concerning indirect clearing of OTC derivatives¹ and exchange traded derivatives² entered into force on 3 January 2018.

Danske Bank offers direct clearing in respect of certain OTC derivatives and direct and indirect clearing of certain exchange traded derivatives. Danske Bank does not presently offer indirect clearing in respect of any OTC derivatives.

Article 38(1) and 39(7) of EMIR require that a CCP and its Clearing Members shall publicly disclose the prices and fees associated with the services provided (including any discounts and rebates and the conditions to benefit from such reductions) and levels of protection and the costs associated with the different levels of segregation. The delegated regulation extends these obligations to indirect clearing arrangements. This document outlines the elements that impact the price of clearing via Danske Bank.

Danske Bank’s pricing of its client clearing services is determined on the basis of a number of key parameters. These include the client’s trading pattern and volume, general pricing considerations, additional services sold to the client and other business which the client has with Danske Bank. Each of these elements are taken into consideration when determining the levels of the different pricing elements (see “Price Components” below) including the client’s ability to obtain any reduction or rebate compared to the model-pricing referenced in “Pricing Examples” below.

Price Components

Danske Bank has defined three key cost components which, together, make up the total cost of clearing:

- i. Risk-based fee; i.e. xx basis points on outstanding Initial Margin
- ii. Transaction fee; e.g. a ‘per ticket’ booking fee
- iii. Service fee; e.g. fixed annual fee for making the agreed clearing services available, onboarding fee and/or backloading fee.

Before setting the final price for which Danske Bank is able to provide its clearing services Danske Bank will perform an analysis of the client’s expected trading pattern and volume. The analysis depends partly on information provided to Danske Bank by the client and will also take into consideration the full commercial relationship between the client and Danske Bank as well as a number of general pricing considerations, see below.

¹ Commission Delegated Regulation (EU) 2017/2155 of 22 September 2017 amending Delegated Regulation (EU) No 149/2013 with regard to regulatory technical standards on indirect clearing arrangements

² The Commission Delegated Regulation (EU) 2017/2154 of 22 September 2017 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council with regard to regulatory technical standards on indirect clearing arrangements

General Pricing Considerations

As referenced above elections made by client, general pricing considerations and the client's other business with Danske Bank will have an impact on the price for which Danske Bank is able to provide its clearing services. The key parameters having an impact on the cost of clearing for Danske Bank and therefore also the aggregate cost of clearing for each individual client are set out below:

- (i) Choice of CCP (LCH, NOMX, Eurex others)
- (ii) Listed derivatives or OTC cleared derivatives (on or off a trading platform)
- (iii) Danske Bank's capital costs and return on equity target (fund guarantee fund, contingent funding and leverage ratio)
- (iv) Level of segregation of the selected account type
- (v) Trading pattern and volume (low number of trades/high level of IM or vice versa)
- (vi) Onboarding complexity (many or few separate trading entities)
- (vii) Client rating and type (lower or higher risk profile)
- (viii) Level of customization (STP or manual, customized reports)
- (ix) Expected utilization of operational resources (complex or non-complex daily flow)

It is noted that the list of key parameters is non-exhaustive and subject to change at Danske Bank's discretion.

Segregation

Danske Bank offers, in its capacity as clearing broker, its clients the choice following accounts:

- (x) for direct clearing of OTC derivatives and exchange traded derivatives, Danske Bank offers the choice between an omnibus account and an individual segregated client account; and
- (xi) for indirect clearing of exchange traded derivatives, Danske Bank offers the choice between a net omnibus segregated account and a gross omnibus segregated account.

The pricing of each level of segregation will take into account the level of operational complexity and applied capital cost for Danske Bank. For further details on the different levels of segregation and the risks associated with them, reference is made to the Clearing Member Risk Disclosure Document which can be found [here](#).

Additional Services

Additional services might be offered ancillary to the clearing services. Such additional services might be included in the clearing services offer or be offered at a later stage in the onboarding process or during the life of the clearing services relationship.

Such additional services will be priced individually and do not form part of the pricing disclosure contained in this document.

Pricing Examples

The pricing example below have been included to give an indication of how Danske Bank would price its clearing service on a stand-alone-basis. The pricing is based on 'model-client' with an average yearly initial margin of EUR 100,000,000 / EUR 50,000,000, and a yearly trading flow of 50 new trades / 50,000 contracts of OTC and/or ETD clearing volume respectively.

List of pricing guidelines based on model client and clearing venue and/or CCP

<p>OTC Clearing Services on LCH Swapclear EUREX and; Nasdaq OMX</p>	<p>Clearing Risk-based fee: 75 bp Booking fee (per trn): EUR 250 Maintenance fee (per trn per year) EUR 250 Service fee (yearly) EUR 10,000 Onboarding fee (one-off) EUR 5,000</p>
<p>ETD Clearing Services on Nasdaq Clearing</p>	<p>Clearing fee: Depending on contract e.g.: - Stockholm 30 Index Future: SEK 10 per contract Service fee (yearly) EUR 10,000 Onboarding fee (one-off) EUR 5,000</p>
<p>Indirect ETD Clearing Services</p>	<p>Clearing fee: Depending on contract e.g.: - Government Bond Futures: EUR 2 per contract Service fee (yearly) EUR 10,000 Onboarding fee (one-off) EUR 5,000</p>

If a CCP offers cross-margining of risks associated with OTC derivatives and exchange traded derivatives, and Danske Bank is able to operationally to support such cross-margining, this will be reflected in the overall pricing of the clearing service, in each case dependent on the expected trading volume.

The above model pricing is provided on an informational basis only and is subject to change by Danske Bank at its discretion. All prices are exclusive of costs related to execution of trades and costs charged by the CCP. To the extent such costs are charged through Danske Bank's client clearing services these will be charged on a "pass-through" basis, i.e. without any add-ons by Danske Bank.

Further, as referenced above, client- and non-client specific considerations may have an impact on the actual pricing offered by Danske Bank.

Further information

If you wish to obtain further information on Danske Bank's clearing services or have questions to any of the above please contact your local sales representative or the Client Services team directly, contact information can be found below.

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