

NOS monthly Margin review

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As part of our monthly margin parameter review, NOS has made adjustments to the tanker margin curves and flatrate margin parameters.

Adjusted margin curves

Margin curves have been adjusted to reflect the recent, observed volatility for each tanker route. The margin changes are mainly down.

The new margin curves are displayed in the NOS Margin Notice 2008-04 Appendix:

http://www.nos.no/section.asp?section_id=5&intArticleID=871

Margining of flatrate exposure

As the only specialist clearing house for the freight market, we are considering all risk factors related to trading tanker FFAs. Buyer and sellers of tanker FFAs out on the forward curve [from 2009 and onwards] are exposed to changes in the flatrates. NOS is margining the flatrate exposure based on the expected change in the flatrate per route.

The expected change in flatrate is among other factors derived from bunker fuel oil prices. We set the expected flatrate change as a range between an upper and lower value, as these are estimates. The values are displayed in Margin Notice Appendix 2.

The flatrate margin is calculated as follows:

- $\text{Accumulated M2M} * (\text{Estimated flatrate} - \text{Current flatrate}) / \text{Current flatrate}$.

If you have a positive flatrate margin, the amount will reduce your margin requirement. A negative flatrate margin will increase your margin requirement.

The flatrate margin element is shown in the Margin Report in a separate column per underlying instrument with a total sum at the end.

The changes will come into effect from end of business Thursday 17th April 2008 for margins to be posted by 15.00 CET Friday 18th April.

Any questions can be directed to NOS Clearing ASA:

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2008.04.14 5:44