

# New fee structure for OTC conversions

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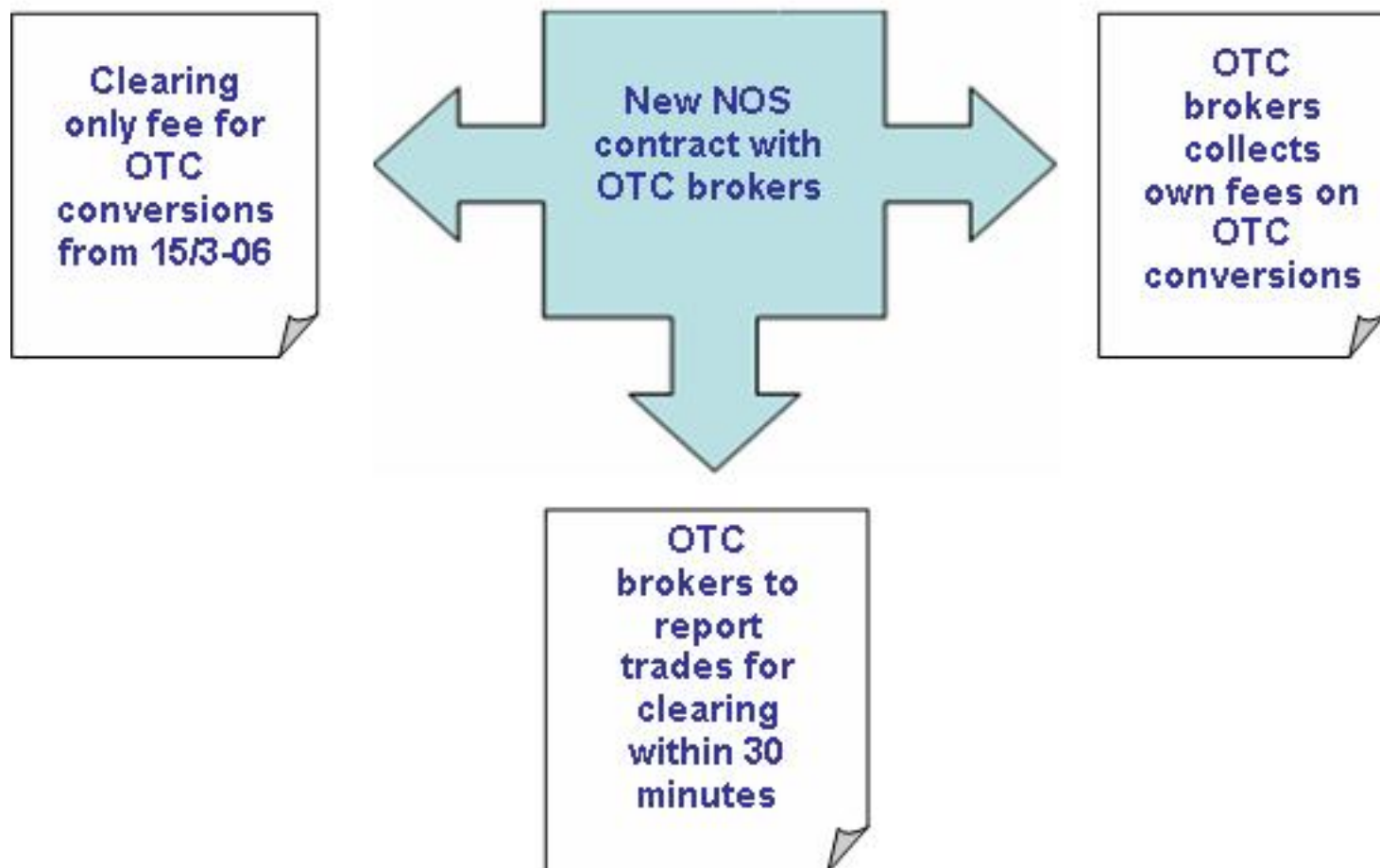
NOS will from the 15th of March introduce a new contract structure for OTC brokers to report OTC trades for clearing at NOS.

## The main changes from 15 March are:

1. Introduction of a Clearing-only fee
2. Changes in charging and collection of fees
3. Changes to how trades and forward curves are reported
4. OTC conversion of tanker freight options

A clearing-only fee for freight market principals is being introduced to provide a simpler and more transparent fee structure for both principals and OTC freight brokers.

## New OTC broker contracts from 15/3/2006



The clearing-only fees will be as follows:

Tanker Futures	0.125% of contract value
Tanker Future Spreads (*)	No fee on contract leg with lowest value
Tanker Options	1.5% of Option Premium
Dry Futures	0.1% of contract value
Dry Future Spreads (*)	No fee on contract leg with lowest value

(\*) Contracts which are reported simultaneously and cleared at the same account.

All new agreements will be valid from 15 March 2006. Following this date existing agreements on OTC conversions of freight derivatives will be invalid. Those brokers which have not signed up to the new contract by the 15 march, will NOT be able to clear report trades for clearing after that date.

NOS will publish a list of approved brokers on its website - <http://www.nos.no>

## Changes in charging and collection of fees

One of the main changes introduced in the new contract is that OTC brokers will be responsible for charging and collecting their own fees, compared to current agreements where NOS collects fees on brokers' behalf.

## Changes to how trades and forward curves are reported

In the new contract, NOS invites all OTC Brokers to participate in reporting of both cleared and un-cleared OTC trades by volume and price for better prediction of the different forward curves.

This will help create more market transparency overall and further improve the market forward curves used for clearing and settlement of freight derivatives.

Under the new agreement, each participating broker is asked to contribute a daily list of own trades by volume and price as well as a daily market assessment (forward curves). Each data source will be kept strictly confidential by NOS.

In return for contributing, those OTC Brokers which participate will receive access to daily trading reports showing total transaction volumes, cleared and OTC as reported in the market.

Only the brokers that contribute will be able to access the reports. All members of Imarex and NOS will of course have full access to these reports.

We believe this will be of great benefit to all principals, and urge you to encourage your OTC brokers to participate.

The daily trading reports will include:



- List of all cleared and OTC trades reported from the market
- Aggregated market assessments and forward curves
- Closing forward prices published by Imarex

To improve the clearing facility and the clearing house's ability to give the correct margins at all time, all OTC conversions must be nominated for clearing maximum 30 minutes after the contracts is closed by the OTC broker.

To facilitate and simplify OTC conversion of freight trades, NOS will introduce a web application for Brokers and members, which can be used to register and confirm trades.

## OTC conversion of tanker freight options

A service for OTC brokers to report OTC TD3 (VLCC AG-Japan) freight options for conversion to clearing, will be open from 1. June 2006. The clearing –only fee for converting OTC TD3 Options will be 1.5% of the Option premium.

For more information, please contact:

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