

This risk disclosure document is provided for informational purposes only and as of the date stated above. Nothing herein shall constitute legal advice or other advice of any kind and must not be relied upon as such. This document does not disclose all risks associated with indirect clearing. You may wish to appoint your own professional advisors to assist you with a review and due diligence on the relevant rules, legal documentation, and other information provided. Saxo Bank shall not in any circumstances be liable, whether in contract, tort, breach of statutory duty, or otherwise, for any losses or damages, directly or indirectly, that may be suffered by using this document.

1. **Background**

Pursuant to Article 5(1) of Commission Delegated Regulation (EU) 2017/2154 of 22 September 2017 Saxo Bank A/S ("**Saxo Bank**"), as a client offering indirect clearing services to indirect clients, must offer you as a potential indirect client, a choice between the two types of accounts described below in Section 2.

In this document we provide you with information about the different levels of segregation at a European Central Counterparty (CCP) and the risks associated with each type of account.

What is Indirect Clearing?

An "indirect clearing" arrangement is a set of contractual relationships between the European Central Counterparty (CCP), the clearing member (CM), the client of the CM (e.g. Saxo Bank) and the client of the client of the CM ("indirect client" or the client of Saxo Bank)

The rules are aimed at ensuring that the assets and positions of the end-client benefit from protection with equivalent effect as referred to in Article 39 and 48 of EMIR (enhanced segregation and default management provision).

2. **Types of Accounts.**

We offer the following two types of accounts:

- a) NOIA: An omnibus account with the assets and positions held by the client for the account of its indirect clients;
- b) GOIA: An omnibus account with the assets and positions held by the client for the account of its indirect clients, in which the clearing member shall ensure that the positions of an indirect client do not offset the positions of another indirect client and that the assets of an indirect client cannot be used to cover the positions of another indirect client.

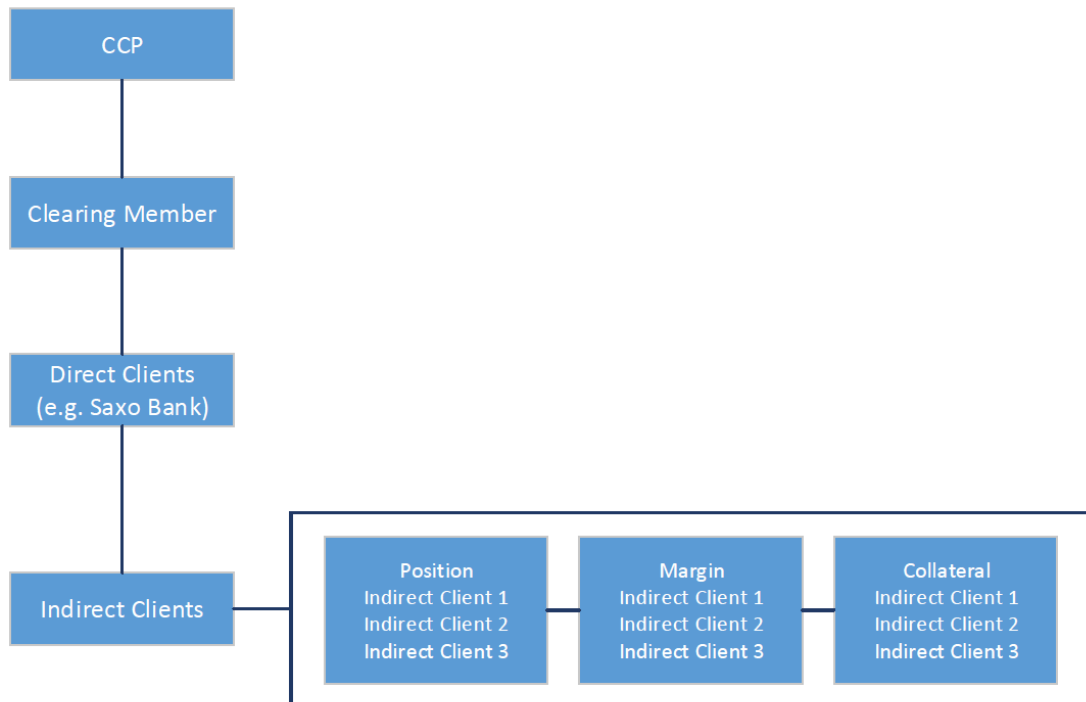
Please note that different terminology may be used to identify the two types of accounts by the different parties involved, such as the CCP and/or the clearing member, and please also note that other account types may be offered by other clients offering indirect clearing services.

With respect to both types of accounts, initial margin will be posted from you to us on a transfer of title basis.

Our clearing member opens and maintains such account types at the CCP upon our request. For NOIA, there will be one account at CCP level for all indirect clients held by the clearing member, and with respect to GOIA there will be one account per client for each of its indirect clients. Irrespective of choice of account, the positions of the indirect clients are strictly segregated from Saxo Bank's proprietary positions and from the positions of the clearing member and other clearing members of the CCP.

3. **Overview of NOIA**

The diagram below outlines the features of the NOIA

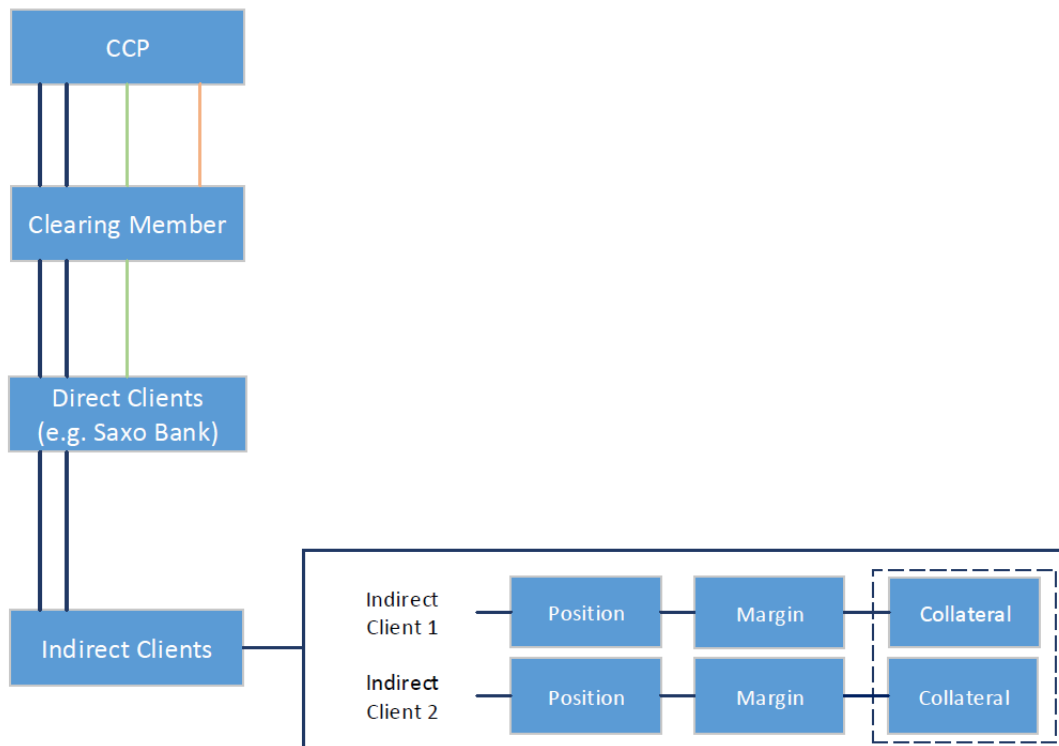


Please note that positions and collateral of our indirect clients in the NOIA are commingled in the same account and margin is posted on a net basis to the clearing member. This means that:

- The posting of margin will be calculated and posted on a net basis by the CCP and/or clearing member.
- Assets that are provided to the clearing member may be used to cover any uncollateralised losses in that account, whether such losses relate to your transactions or to transactions of another indirect client.
- The clearing member will record the type of assets provided to the account as collateral, but it is not possible to tag specific collateral to any indirect client's transactions.
- Saxo Bank will keep separate records and accounts of its indirect clients' positions and assets, available only to the clearing member or clearing counterparty in the unlikely event of a Saxo default.

4. **Overview of GOIA.**

The diagram below outlines the features of the GOIA



Please note that positions of our indirect clients in the GOIA structure are not offset for the purposes of margin, and accordingly margin is posted on a gross basis to the CCP and/or clearing member. The collateral will, however, be held commingled with other indirect clients in the GOIA. As a result:

- The GOIA records the positions of the indirect clients on a gross basis.
- Collateral of an indirect client provided to the clearing member may not be used to cover the positions of another indirect client. The collateral is not tagged however as seen with the individually segregated account structures, but only the value of the asset is captured.
- The clearing member will know which transactions and assets relate to you; in addition, Saxo Bank will keep separate records and accounts of its indirect clients' positions and assets.
- The posting of margin will be calculated and posted on a gross basis to the clearing member.
- Excess margin posted to Saxo Bank may be transferred to the CCP and/or clearing member.

5. **Risks.**

Below we have outlined various risks which you are exposed to under the two types of accounts:

Risk with Saxo Bank	For both NOIA and GOIA you will be exposed to risk towards us when margin posted by you is in transit to the clearing member. In addition, in the NOIA margin is posted on a net basis, any excess margin will be held by Saxo Bank. In case of Saxo Bank's insolvency any claim for redelivery of equivalent collateral will be an unsecured claim against Saxo Bank.
Other Indirect Clients' Risk	With regards to NOIA, the assets provided, in relation to your positions with the clearing member, may be used to cover any losses in that account, whether such losses relate to your transactions or to the transactions of another indirect client. For the GOIA set-up, the assets provided with respect of your positions to the clearing member may not be used to cover the positions and obligations of another indirect client.
Porting	In the event of Saxo Bank's default, there will be a prompt liquidation of the positions and assets in the NOIA structure, so porting is not an option. Contrastingly, in the GOIA, portability is part of the default process and can be an attractive alternative to liquidation. In our view, there is a significant risk that porting may not be achieved unless prior porting arrangements with other clearing brokers are in place.
Liquidation Risk	With respect to both NOIA and GOIA, in case of a liquidation of positions and assets by the clearing member, there is a risk that any non-cash assets will be liquidated and the value may be different from what you perceive to be the full value of the assets. This can also be influenced by any haircut applied by the CCP and/or the clearing member and/or Saxo Bank.
Valuation Mutualisation Risk	As a client, utilising either a NOIA or GOIA structure, you are exposed to the risk that the value of the assets, which relate to your transactions in the account, could be reduced or not increase by as much as you expect, because the assets posted in relation to other indirect clients' transactions have decreased in value.
CCP/CM Insolvency	Both NOIA and GOIA structures exposes the indirect clients to the insolvency or other failure of CM and CCPs. The exposure is mainly related, but not limited, to losses on principal, premature closure of positions, failure to produce accurate pricing, etc.
Insolvency Law Risk	NOIA and GOIA set-ups should be viewed in the context of your local insolvency regime, which may override the terms of contractual agreements and may differ in various jurisdictions. In addition, the indirect clearing services involve parties in multiple jurisdictions which may potentially make any insolvency processes even more complex and time-consuming, and with an uncertain outcome.