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| International Swaps and Derivatives Association, Inc.10 East 53rd Street, 9th FloorNEW YORK NY 10022United States of America("**ISDA**") | Oslo, 23 October 2018Lawyer in charge:Kaare P. Sverdrup**LEGAL OPINION** |

Dear Sirs,

VALIDITY AND ENFORCEMENT OF COLLATERAL ARRANGEMENTS UNDER THE ISDA CREDIT SUPPORT DOCUMENTS UNDER NORWEGIAN LAW – COLLATERAL TAKER INSOLVENCY

# Introduction

### We refer to your email of 19 September 2018 in which we were requested to provide you with a collateral taker insolvency opinion - validity and enforceability under Norwegian law of collateral arrangements under the following ISDA documents:

#### the 2002 ISDA Master Agreement (the "**2002 Master Agreement**");

#### the 1992 ISDA Multicurrency-Cross Border Master Agreement (the "**1992 Master Agreement**");

#### the 2016 Phase One Credit Support Annex for Initial Margin (IM) governed by New York law (the "**IM NY Annex**");

#### the 2016 Phase One IM Credit Support Deed, governed by English law (the "**IM Deed**", and together with the IM NY Annex, the "**IM Security Documents**");

#### the 2018 ISDA Euroclear Security Agreement subject to Belgian Law (the "**2018 Euroclear Security Agreement**");

#### the 2018 ISDA Euroclear Collateral Transfer Agreement Subject to New York Law (Multi-Regime Scope) (the "**2018 Euroclear NY CTA**");

#### the 2018 ISDA Euroclear Collateral Transfer Agreement Subject to English Law (Multi-Regime Scope) (the "**2018 Euroclear English CTA**");

#### the 2017 ISDA Euroclear Collateral Transfer Agreement Subject to English Law (Multi-Regime) (the "**2017 Euroclear English CTA**");

#### the 2017 ISDA Euroclear Collateral Transfer Agreement Subject to New York Law (Multi-Regime) (the "**2017 Euroclear NY CTA**");

#### the 2016 ISDA Euroclear Security Agreeement subject to Belgian Law (the "**2016 Euroclear Security Agreement**"; and together with the 2018 Euroclear Security Agreement, the "**Euroclear Security Agreements**");

#### the 2016 ISDA Euroclear Collateral Transfer Agreement Subject to New York Law (Multi-Regime Scope) (the "**2016 Euroclear NY CTA**");

#### the 2016 ISDA Euroclear Collateral Transfer Agreement Subject to English Law (Multi-Regime Scope) (the "**2016 Euroclear English CTA**";

#### the ISDA Clearstream 2016 Security Agreement subject to Luxembourg Law (Pledge account in the name of the Security-provider) (the "**Clearstream 2016 Security Agreement**");

#### the ISDA Clearstream 2017 Security Agreement subject Luxembourg law (Pledge account in the name of the Security-taker) (the "**Clearstream 2017 Security Agreement**", and together with the Clearstream 2016 Security Agreement, the "**Clearstream Security Agreement**")

#### the ISDA Clearstream 2016 Collateral Transfer Agreement Subject to New York Law (the "**Clearstream NY CTA**"); and

#### the ISDA Clearstream 2016 Collateral Transfer Agreement Subject to English Law (Multi-Regime Scope) (the "**Clearstream English CTA**";

### The the 1992 Master Agreement and the 2002 Master Agreement are collectively referred to as the "**Master Agreements**".

### The documents listed in items (a)(i) to (a)(xvi) above are collectively referred to as the "**Documents**".

### Capitalised terms used herein that are not defined herein shall have the meaning ascribed to such terms in the Master Agreements the relevant IM Security Document, or Clearstream Documents or Euroclear Documents, as applicable.

### In this opinion:

#### "**Clearstream Documents**" means the Clearstream Security Agreements, the Clearstream NY CTA and the Clearstream English CTA;

#### "**Euroclear Documents**" means the Euroclear Security Agreements, the Euroclear NY CTAs and the Euroclear English CTAs;

#### "**Euroclear English CTAs**" means the 2018 Euroclear English CTA, 2017 Euroclear English CTA and 2016 Euroclear English CTA;

#### "**Euroclear NY CTAs**" means 2018 Euroclear NY CTA, the 2017 Euroclear NY CTA and 2016 Euroclear NY CTA;

#### "**Collateral Provider**" means the Pledgor (under the IM NY Annex) or the Chargor (under the IM Deed) or the Security-provider under the Euroclear Documents and the Clearstream Documents, as the context requires, and "**Collateral Taker**" means the Secured Party (under the IM Security Documents) or the Security-taker (under the Euroclear Documents and the Clearstream Documents).

#### The term "**Collateral**", when used in this opinion, is meant to refer, in the case of each IM Security Document, to any assets in which a security interest is created by the Collateral Provider in favour of the Collateral Taker as credit support for the obligations of the Collateral Provider under the relevant Master Agreement.

#### The term "**Transaction**", when used in this opinion, is meant to refer to both pledges and transactions under relevant Master Agreements, unless specifically mentioned that it is to refer to either the pledges or transactions alone.

### On your instructions, when responding to each question below, we have attempted to distinguish between the following three fact patterns:

#### The Location of the Collateral Taker is in the Kingdom of Norway ("**Norway**") and the Location of the Collateral is outside Norway.

#### The Location of the Collateral Taker is in Norway and the Location of the Collateral is in Norway.

#### The Location of the Collateral Taker is outside Norway and the Location of the Collateral is in Norway.

### For the foregoing purposes:

#### the "**Location**" of the Collateral Taker is in Norway if it is incorporated or otherwise organised in Norway and/or if it has a branch or other place of business in Norway; and

#### the "**Location**" of Collateral is the place where an asset of that type is located under the private international law rules of Norway.

#### "**Located**" when used below in relation to a Collateral Taker or any Collateral should be construed accordingly.

# scope of opinion

For the purposes of this opinion:

### scope of transaction types: this opinion encompasses Transactions of each type referred to in Appendix A; and

### scope of counterparty types: this opinion encompasses Counterparty Types as referred to in Appendix B.

# General Assumptions

In giving this opinion we express no opinion as to any laws other than the laws of Norway as in force at the date hereof and we have assumed that no foreign laws affect our opinion.

The opinions set forth herein are based on an analysis of Transactions made under a hypothetical Master Agreement. We have furthermore if not otherwise specified herein assumed that:

### each Transaction concluded pursuant to the relevant Documents has been confirmed in writing, including also by facsimile, electronic messaging or e‑mail and may be by an exchange of such, rather than being one document which is signed and returned;

### all pledging and transferring is for the Collateral Provider's own debt;

### all Documents were entered into prior to the Critical Date (as defined below) as any agreements entered into after such date are not binding on the Estate (as defined below) unless specifically approved by the publicly appointed administrator;

### all Transactions were concluded at market terms;

### the Collateral Provider has good and valid title to the Collateral and that no person other than the Collateral Provider and the Collateral Taker has any interest in the Collateral and, in particular, that no security interest, other than that created by the Documents, will exist over the Collateral and that no such security interest would be created by operation of the laws of the applicable jurisdiction; and

### neither the security interest nor the underlying obligation which the security interest is securing has become time‑barred pursuant to the Norwegian Limitation Act.

# Limitations

Our opinion does not relate to Collateral arrangements regulated under the Norwegian Act on Payment Systems 1999 implementing the Directive 98/26 on settlement finality in payment and securities settlement systems ("**Finality Directive**").

# rights of the collateral provider

## Assumptions relating to the IM Security Documents

We have with your permission assumed that:

### the Collateral Provider has entered into a Master Agreement and an IM Security Document with the Collateral Taker and the parties have entered into either (i) a Master Agreement governed by New York law, or (ii) a Master Agreement governed by English law;

### in respect of the IM Security Documents, each IM Security Document is entered into in connection with either a New York law or English law governed Master Agreement and may be subject to a different governing law than the relevant Master Agreement (depending on whether the parties choose to align the governing law of the IM Security Document to (i) the Location of the relevant Custodial Account (as defined below); or (ii) the governing law of the Master Agreement);

### under the IM Security Documents, both parties will be required to post Collateral to the other (either under the same IM Security Document or under separate IM Security Documents) in an amount that depends on IM calculation provisions;

### each party is either (i) a Corporation (cf. Appendix B), or (ii) a Bank/Credit Institution (cf. Appendix B) or other similar financial institution, which is (a) incorporated in Norway and subject to the qualifications set out in Appendix B or (b) for the purposes of fact pattern III set out above, a similar entity to those in Appendix B incorporated in another jurisdiction;

### each Master Agreement and each IM Security Document is enforceable under the laws of New York or England, as the case may be, and that each party thereto has duly authorised, executed and delivered, and has the capacity to enter into, each document;

### any provisions of the Master Agreement and the relevant IM Security Document that we deem crucial to our opinion have not been altered in any material respect. The elections and variable contemplated by the final paragraph of the relevant IM Security Document and the Schedule to the Master Agreement do not alter our opinion, nor do the amendments made by the Close-out Amount Protocol;

### pursuant to the relevant IM Security Document, the parties agree that Eligible Collateral will include cash credited to an account (as opposed to physical notes and coins) and certain other types of securities (as further described below) that are located or deemed located either (i) in Norway or (ii) outside Norway;

### any securities provided as Eligible Collateral are denominated in either Norwegian kroner ("**NOK**") or any other freely convertible currency and consist of (1) corporate debt securities whether or not the issuer is organized or located in Norway or another jurisdiction; (2) debt securities issued by the government of Norway; (3) debt securities issued by multilateral development banks and international organisations; and (4) equity securities ("**Equity Securities**") whether or not the issuer is organized or located in Norway;

### cash Collateral is denominated in a freely convertible currency and is held in an account under the control of the Secured Party;

### pursuant to the terms and conditions of the Master Agreement, the Collateral Provider enters into a number of Transactions with the Collateral Taker. Such Transactions include any or all of the transactions described in Appendix A. Under the terms of each IM Security Document, the security interest created in the relevant Collateral secures the Obligations of the Collateral Provider arising under the Master Agreement as a whole;

### an Event of Default under Section 5(a)(vii) of the Master Agreement with respect to the Collateral Taker has occurred and a formal bankruptcy, insolvency, liquidation, reorganisation, administration or comparable proceeding (collectively, the "**Insolvency**") has been instituted by or against the Collateral Taker;

### the Collateral provided under the IM Security Document is held in an account (which may hold cash (in a freely convertible currency) and securities) (a "**Custodial** **Account**") with a third-party custodian ("**Custodian**"), with the following characteristics: (x) the Custodian holds the Collateral in the Collateral Provider's name pursuant to a custodial agreement between the Collateral Provider and the Custodian; (y) the Custodial Account is used exclusively for the Collateral provided by the Collateral Provider to the relevant Collateral Taker; and (z) the Collateral Provider, the Collateral Taker and the Custodian have entered into an agreement (which may be a separate control agreement or may be part of the custodial agreement) under which the Collateral Taker can take control of the margin under certain circumstances;

### in certain circumstances "initial margin" Collateral is held at a central securities depository. In these circumstances, the parties will not enter into an IM Security Document. Instead the Collateral is held in an account within Euroclear or Clearstream; (x) the parties have entered into the Euroclear Documents or the Clearstream Documents (as applicable) and other relevant documentation with Euroclear or Clearstream, which collectively establish collateral arrangements within Euroclear or Clearstream (as applicable) and set forth (i) the manner in which the Collateral is held in Euroclear or Clearstream and (ii) the manner in which the automated transfers of Collateral by Euroclear or Clearstream will be effected (i.e., upon receipt of matching instructions from the Collateral Provider and Collateral Taker as to the overall amount of initial margin Collateral that is required in respect of such Collateral Provider’s posting obligation, Euroclear or Clearstream, as applicable, will calculate any excess or deficit and make the relevant transfers accordingly on behalf of the parties in discharge of their obligations to one another); and (y) the Euroclear Documents or the Clearstream Documents and the other documents referred to in (x) (as applicable) are enforceable in accordance with their terms under applicable law (which may be different than the law of Norway);

### the parties may enter into more than one IM Security Document, including multiple Credit Support Documents each subject to different governing laws, and may enter into arrangements described in assumption (m) instead of entering into an IM Security Document;

### in the case of the Euroclear Documents, the Collateral is held in a "Pledged Securities Account" and a "Pledged Cash Account" opened in the Euroclear System in the name of Euroclear acting in its own name but for the account of the Collateral Taker (as pledgee under the pledge granted under the Euroclear Security Agreement) and to be operated in accordance with the relevant Euroclear Documents;

### in the case of the Clearstream Documents, the Collateral is held in a "Collateral Account" opened in the Clearstream system in the name of (in the case of the Clearstream 2016 Security Agreement) the Collateral Provider or (in the case of the Clearstream 2017 Security Agreement) the Collateral Taker and to be operated in accordance with the relevant Clearstream Documents;

### the Euroclear Documents and the Clearstream Documents are enforceable in accordance with their terms under applicable law, and each party thereto has duly authorised, executed and delivered and has the capacity to enter into, each document;

### the Pledged Securities Account and the Pledged Cash Account is used exclusively for the Collateral provided by the Collateral Provider to the relevant Collateral Taker pursuant to the Euroclear Documents;

### the "Collateral Account" opened in the Clearstream system in the name of the Collateral Provider and pledged to the Collateral Taker, or in the name of the Collateral Taker and pledged to the Collateral Provider, as the case may be pursuant to the relevant Clearstream Security Agreement, is used exclusively for the Collateral provided by the Collateral Provider to the relevant Collateral Taker pursuant to the Clearstream Documents; and

### the security interest created under any of the IM Security Documents, the Clearstream Documents and the Euroclear Documents is valid and duly perfected under the governing law of such document.

## **Rights of the Collateral Provider under the IM Security** Documents

5.2.1 Contractual Rights of the Collateral Provider

* + 1. *Would the Collateral Provider be entitled to exercise its contractual rights under (a) the IM Security Documents and the custodial arrangements described in assumption 5.1(l) to recover the Collateral held by the Custodian in the Account?*
		2. Assuming that a security interest is validly granted and duly perfected under the governing law of such IM Security Documents and the custodial arrangements described in assumption 5.1(l), the Collateral Provider would be entitled to exercise its contractual rights under the IM Security Documents and the custodial arrangements described in assumption (l) to recover the Collateral held by the Custodian in the Account.
		3. Recovering the Collateral from the Collateral Taker is, however, based on the assumption that no outstanding obligations of the Collateral Provider exists under the Documents which would otherwise allow the Collateral Taker to set-off such obligations against the Collateral in whole or in part.

5.2.2 Custodial arrangements

*Assuming that the response to question 5.2.1 above is yes, are there any requirements that the custodial arrangements described in assumption 5.1(l) above must satisfy in order to permit the Collateral Provider to exercise such rights?*

If the Collateral held in the Custodial Account is deemed to be located in Norway, it is important that the control and/or custodial agreement grants the Collateral Taker a security interest in the Collateral and that the control and/or custodial agreement is *de facto* so that the Collateral Provider is deprived from disposing of the Collateral (i.e. so that the Collateral Taker has "control" over the assets) prior to the Collateral Provider having satisfied all of its outstanding obligations owed to the Collateral taker.

5.2.3 Outstanding obligations

*In order for the Collateral Provider to exercise its rights under the IM Security Documents and the custodial arrangements described in assumption 5.1(l) to recover the Collateral, is there a requirement that the Collateral Provider have no outstanding obligations to the Collateral Taker?*

Please refer to the answer to question 5.2.1.

5.2.4 Stay or freeze

* + 1. *Would the Collateral Provider's ability to exercise its contractual rights be subject to any stay or freeze or otherwise be affected by commencement of the insolvency of the Collateral Taker?*
		2. The Collateral Provider's ability to exercise its contractual rigths will not be subject to any stay or freeze or otherwise be affectected by commencement of the insolvency of the Collateral Taker.

5.2.5 Euroclear/Clearstream Documentation

### *Please explain how your responses to question 5.2.1 to 5.2.4 above would change if instead of entering into an IM Security Document and custodial arrangements described in assumption 5.1(l), the parties enter into the arrangements described in assumption 5.1(m)?*

### The responses to question 5.2.1 to 5.2.4 above would not change if instead of entering into an IM Security Document and custodial arrangements described in assumption 5.1(l), the parties enter into the arrangements described in assumption 5.1(m).

## **Miscellaneous**

5.3.1 *Are there any other law considerations that you would recommend the Collateral Provider to consider in connection with recovering the Collateral?*

* + 1. No.

5.3.2 *Are there any other circumstances you can forsee in your jurisdiction that might affect the Collateral Provider's ability to enforce its contractual rights to recover the Collateral?*

No.

# Qualifications

# The foregoing opinion is subject to the following general qualifications:

### Certain financial institutions may not post their assets as collateral without giving notice to or obtaining consent from the Norwegian Financial Supervisory Authority.

### The availability in Norwegian Courts of equitable remedies such as injunction and specific performance is restricted.

### Norwegian courts may be expected to award judgments expressed in foreign currencies, but in enforcement proceedings in Norway of a payment order by the execution authorities, the debtor has the right to settle the awarded amount by payment in Norwegian Kroner, being the legal tender in Norway. In this event, the exchange rate at the Critical Date will be issued.

### Pursuant to the Norwegian Agreement Act of 1918 (in Norwegian: "Avtaleloven"), Section 36, a contract or a contract term may be modified or set aside by a court if it is regarded as unreasonable. When deciding this matter the court would typically have a view to the relationship between the parties. Normally the provision would only be applied in relation to consumers, but it is, however, also applicable to commercial transactions.

### Where any party to an agreement is vested with a discretion or may determine an issue in its sole discretion, Norwegian law may require that such discretion is exercised reasonably and/or based on justifiable grounds.

### A Norwegian court may refuse to hear a case in Norway if proceedings that have led or may lead to a judgment which is enforceable in Norway have been initiated in another jurisdiction.

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We do not know of any developments pending as a result of which the current regulatory or legal environment in Norway may be expected to change in a foreseeable future with respect to the matters dealt with in this legal opinion.

This opinion is given for the sole benefit of ISDA and its members and may not be relied upon by any other person without our prior written consent.

Notwithstanding the foregoing, ISDA and its members may provide a copy of this opinion to their regulators, supervisors and advisors for information purposes only. However, we accept no responsibility or legal liability in relation to the contents of this opinion to any person other than ISDA, the members of ISDA and such persons as we have agreed that may rely on this opinion.

Yours sincerely

for Advokatfirmaet Wiersholm AS

Kaare P. Sverdrup

APPENDIX A

AUGUST 2015

CERTAIN TRANSACTIONS UNDER THE ISDA MASTER AGREEMENTS

1. Basis Swap. A transaction in which one party pays periodic amounts of a given currency based on a floating rate and the other party pays periodic amounts of the same currency based on another floating rate, with both rates reset periodically; all calculations are based on a notional amount of the given currency.
2. Bond Forward. A transaction in which one party agrees to pay an agreed price for a specified amount of a bond of an issuer or a basket of bonds of several issuers at a future date and the other party agrees to pay a price for the same amount of the same bond to be set on a specified date in the future. The payment calculation is based on the amount of the bond and can be physically-settled (where delivery occurs in exchange for payment) or cash-settled (where settlement occurs based on the difference between the agreed forward price and the prevailing market price at the time of settlement).
3. Bond Option. A transaction in which one party grants to the other party (in consideration for a premium payment) the right, but not the obligation, to purchase (in the case of a call) or sell (in the case of a put) a specified amount of a bond of an issuer, such as Kingdom of Sweden or Unilever N.V., at a specified strike price. The bond option can be settled by physical delivery of the bonds in exchange for the strike price or may be cash settled based on the difference between the market price of the bonds on the exercise date and the strike price.

Bullion Option. A transaction in which one party grants to the other party (in consideration for a premium payment) the right, but not the obligation, to purchase (in the case of a call) or sell (in the case of a put) a specified number of Ounces of Bullion at a specified strike price. The option may be settled by physical delivery of Bullion in exchange for the strike price or may be cash settled based on the difference between the market price of Bullion on the exercise date and the strike price.

Bullion Swap. A transaction in which one party pays periodic amounts of a given currency based on a fixed price or a fixed rate and the other party pays periodic amounts of the same currency or a different currency calculated by reference to a Bullion reference price (for example, Gold-COMEX on the COMEX Division of the New York Mercantile Exchange) or another method specified by the parties. Bullion swaps include cap, collar or floor transactions in respect of Bullion.

Bullion Trade. A transaction in which one party agrees to buy from or sell to the other party a specified number of Ounces of Bullion at a specified price for settlement either on a “spot” or two-day basis or on a specified future date.  A Bullion Trade may be settled by physical delivery of Bullion in exchange for a specified price or may be cash settled based on the difference between the market price of Bullion on the settlement date and the specified price.

For purposes of Bullion Trades, Bullion Options and Bullion Swaps, “Bullion” means gold, silver, platinum or palladium and “Ounce” means, in the case of gold, a fine troy ounce, and in the case of silver, platinum and palladium, a troy ounce (or in the case of reference prices not expressed in Ounces, the relevant Units of gold, silver, platinum or palladium).

1. Buy/Sell-Back Transaction. A transaction in which one party purchases a security (in consideration for a cash payment) and agrees to sell back that security (or in some cases an equivalent security) to the other party (in consideration for the original cash payment plus a premium).
2. Cap Transaction. A transaction in which one party pays a single or periodic fixed amount and the other party pays periodic amounts of the same currency based on the excess, if any, of a specified floating rate (in the case of an interest rate cap), rate or index (in the case of an economic statistic cap) or commodity price (in the case of a commodity cap) in each case that is reset periodically over a specified per annum rate (in the case of an interest rate cap), rate or index (in the case of an economic statistic cap) or commodity price (in the case of a commodity cap).
3. Collar Transaction. A collar is a combination of a cap and a floor where one party is the floating rate, floating index or floating commodity price payer on the cap and the other party is the floating rate, floating index or floating commodity price payer on the floor.
4. Commodity Forward. A transaction in which one party agrees to purchase a specified quantity of a commodity at a future date at an agreed price, and the other party agrees to pay a price for the same quantity to be set on a specified date in the future. A Commodity Forward may be settled by the physical delivery of the commodity in exchange for the specified price or may be cash settled based on the difference between the agreed forward price and the prevailing market price at the time of settlement.
5. Commodity Index Transaction. A transaction, structured in the form of a swap, cap, collar, floor, option or some combination thereof, between two parties in which the underlying value of the transaction is based on a rate or index based on the price of one or more commodities.
6. Commodity Option. A transaction in which one party grants to the other party (in consideration for a premium payment) the right, but not the obligation, to purchase (in the case of a call) or sell (in the case of a put) a specified quantity of a commodity at a specified strike price. The option can be settled either by physically delivering the quantity of the commodity in exchange for the strike price or by cash settling the option, in which case the seller of the option would pay to the buyer the difference between the market price of that quantity of the commodity on the exercise date and the strike price.
7. Commodity Swap. A transaction in which one party pays periodic amounts of a given currency based on a fixed price and the other party pays periodic amounts of the same currency based on the price of a commodity, such as natural gas or gold, or a futures contract on a commodity (e.g., West Texas Intermediate Light Sweet Crude Oil on the New York Mercantile Exchange); all calculations are based on a notional quantity of the commodity.
8. Contingent Credit Default Swap. A Credit Default Swap Transaction under which the calculation amounts applicable to one or both parties may vary over time by reference to the mark-to-market value of a hypothetical swap transaction.
9. Credit Default Swap Option. A transaction in which one party grants to the other party (in consideration for a premium payment) the right, but not the obligation, to enter into a Credit Default Swap.
10. Credit Default Swap. A transaction in which one party pays either a single fixed amount or periodic fixed amounts or floating amounts determined by reference to a specified notional amount, and the other party (the credit protection seller) pays either a fixed amount or an amount determined by reference to the value of one or more loans, debt securities or other financial instruments (each a “Reference Obligation”) issued, guaranteed or otherwise entered into by a third party (the “Reference Entity”) upon the occurrence of one or more specified credit events with respect to the Reference Entity (for example, bankruptcy or payment default). The amount payable by the credit protection seller is typically determined based upon the market value of one or more debt securities or other debt instruments issued, guaranteed or otherwise entered into by the Reference Entity. A Credit Default Swap may also be physically settled by payment of a specified fixed amount by one party against delivery of specified obligations (“Deliverable Obligations”) by the other party. A Credit Default Swap may also refer to a “basket” (typically ten or less) or a “portfolio” (eleven or more) of Reference Entities or may be an index transaction consisting of a series of component Credit Default Swaps.
11. Credit Derivative Transaction on Asset-Backed Securities. A Credit Default Swap for which the Reference Obligation is a cash or synthetic asset-backed security. Such a transaction may, but need not necessarily, include “pay as you go” settlements, meaning that the credit protection seller makes payments relating to interest shortfalls, principal shortfalls and write-downs arising on the Reference Obligation and the credit protection buyer makes additional fixed payments of reimbursements of such shortfalls or write-downs.
12. Credit Spread Transaction. A transaction involving either a forward or an option where the value of the transaction is calculated based on the credit spread implicit in the price of the underlying instrument.
13. Cross Currency Rate Swap. A transaction in which one party pays periodic amounts in one currency based on a specified fixed rate (or a floating rate that is reset periodically) and the other party pays periodic amounts in another currency based on a floating rate that is reset periodically. All calculations are determined on predetermined notional amounts of the two currencies; often such swaps will involve initial and or final exchanges of amounts corresponding to the notional amounts.
14. Currency Option. A transaction in which one party grants to the other party (in consideration for a premium payment) the right, but not the obligation, to purchase (in the case of a call) or sell (in the case of a put) a specified amount of a given currency at a specified strike price.
15. Currency Swap. A transaction in which one party pays fixed periodic amounts of one currency and the other party pays fixed periodic amounts of another currency. Payments are calculated on a notional amount. Such swaps may involve initial and or final payments that correspond to the notional amount.
16. Economic Statistic Transaction. A transaction in which one party pays an amount or periodic amounts of a given currency by reference to interest rates or other factors and the other party pays or may pay an amount or periodic amounts of a currency based on a specified rate or index pertaining to statistical data on economic conditions, which may include economic growth, retail sales, inflation, consumer prices, consumer sentiment, unemployment and housing.
17. Emissions Allowance Transaction.  A transaction in which one party agrees to buy from or sell to the other party a specified quantity of emissions allowances or reductions at a specified price for settlement either on a "spot" basis or on a specified future date. An Emissions Allowance Transaction may also constitute a swap of emissions allowances or reductions or an option whereby one party grants to the other party (in consideration for a premium payment) the right, but not the obligation, to receive a payment equal to the amount by which the specified quantity of emissions allowances or reductions exceeds or is less than a specified strike. An Emissions Allowance Transaction may be physically settled by delivery of emissions allowances or reductions in exchange for a specified price, differing vintage years or differing emissions products or may be cash settled based on the difference between the market price of emissions allowances or reductions on the settlement date and the specified price.
18. Equity Forward. A transaction in which one party agrees to pay an agreed price for a specified quantity of shares of an issuer, a basket of shares of several issuers or an equity index at a future date and the other party agrees to pay a price for the same quantity and shares to be set on a specified date in the future. The payment calculation is based on the number of shares and can be physically-settled (where delivery occurs in exchange for payment) or cash-settled (where settlement occurs based on the difference between the agreed forward price and the prevailing market price at the time of settlement).
19. Equity Index Option. A transaction in which one party grants to the other party (in consideration for a premium payment) the right, but not the obligation, to receive a payment equal to the amount by which an equity index either exceeds (in the case of a call) or is less than (in the case of a put) a specified strike price.
20. Equity Option. A transaction in which one party grants to the other party (in consideration for a premium payment) the right, but not the obligation, to purchase (in the case of a call) or sell (in the case of a put) a specified number of shares of an issuer or a basket of shares of several issuers at a specified strike price. The share option may be settled by physical delivery of the shares in exchange for the strike price or may be cash settled based on the difference between the market price of the shares on the exercise date and the strike price.
21. Equity Swap. A transaction in which one party pays periodic amounts of a given currency based on a fixed price or a fixed or floating rate and the other party pays periodic amounts of the same currency or a different currency based on the performance of a share of an issuer, a basket of shares of several issuers or an equity index, such as the Standard and Poor’s 500 Index.
22. Floor Transaction. A transaction in which one party pays a single or periodic amount and the other party pays periodic amounts of the same currency based on the excess, if any, of a specified per annum rate (in the case of an interest rate floor), rate or index level (in the case of an economic statistic floor) or commodity price (in the case of a commodity floor) over a specified floating rate (in the case of an interest rate floor), rate or index level (in the case of an economic statistic floor) or commodity price (in the case of a commodity floor).
23. Foreign Exchange Transaction. A deliverable or non-deliverable transaction providing for the purchase of one currency with another currency providing for settlement either on a “spot” or two-day basis or a specified future date.
24. Forward Rate Transaction. A transaction in which one party agrees to pay a fixed rate for a defined period and the other party agrees to pay a rate to be set on a specified date in the future. The payment calculation is based on a notional amount and is settled based, among other things, on the difference between the agreed forward rate and the prevailing market rate at the time of settlement.
25. Freight Transaction.  A transaction in which one party pays an amount or periodic amounts of a given currency based on a fixed price and the other party pays an amount or periodic amounts of the same currency based on the price of chartering a ship to transport wet or dry freight from one port to another; all calculations are based either on a notional quantity of freight or, in the case of time charter transactions, on a notional number of days.

Fund Option Transaction:  A transaction in which one party grants to the other party (for an agreed payment or other consideration) the right, but not the obligation, to receive a payment based on the redemption value of a specified amount of an interest issued to or held by an investor in a fund, pooled investment vehicle or any other interest identified as such in the relevant Confirmation (a “Fund Interest”), whether i) a single class of Fund Interest of a Single Reference Fund or ii) a basket of Fund Interests in relation to a specified strike price.  The Fund Option Transactions will generally be cash settled (where settlement occurs based on the excess of such redemption value over such specified strike price (in the case of a call) or the excess of such specified strike price over such redemption value (in the case of a put) as measured on the valuation date or dates relating to the exercise date).

Fund Forward Transaction: A transaction in which one party agrees to pay an agreed price for the redemption value of a specified amount of i) a single class of Fund Interest of a Single Reference Fund or ii) a basket of Fund Interests at a future date and the other party agrees to pay a price for the redemption value of the same amount of the same Fund Interests to be set on a specified date in the future.  The payment calculation is based on the amount of the redemption value relating to such Fund Interest and generally cash-settled (where settlement occurs based on the difference between the agreed forward price and the redemption value measured as of the applicable valuation date or dates).

Fund Swap Transaction: A transaction a transaction in which one party pays periodic amounts of a given currency based on a fixed price or a fixed rate and the other party pays periodic amounts of the same currency based on the redemption value of i) a single class of Fund Interest of a Single Reference Fund or ii) a basket of Fund Interests.

1. Interest Rate Option. A transaction in which one party grants to the other party (in consideration for a premium payment) the right, but not the obligation, to receive a payment equal to the amount by which an interest rate either exceeds (in the case of a call option) or is less than (in the case of a put option) a specified strike rate.
2. Interest Rate Swap. A transaction in which one party pays periodic amounts of a given currency based on a specified fixed rate and the other party pays periodic amounts of the same currency based on a specified floating rate that is reset periodically, such as the London inter-bank offered rate; all calculations are based on a notional amount of the given currency.
3. Longevity/Mortality Transaction. (a) A transaction employing a derivative instrument, such as a forward, a swap or an option, that is valued according to expected variation in a reference index of observed demographic trends, as exhibited by a specified population, relating to aging, morbidity, and mortality/longevity, or (b) A transaction that references the payment profile underlying a specific portfolio of longevity- or mortality- contingent obligations, e.g. a pool of pension liabilities or life insurance policies (either the actual claims payments or a synthetic basket referencing the profile of claims payments).
4. Physical Commodity Transaction. A transaction which provides for the purchase of an amount of a commodity, such as oil including oil products, coal, electricity or gas, at a fixed or floating price for actual delivery on one or more dates.
5. Property Index Derivative Transaction. A transaction, often structured in the form of a forward, option or total return swap, between two parties in which the underlying value of the transaction is based on a rate or index based on residential or commercial property prices for a specified local, regional or national area.
6. Repurchase Transaction. A transaction in which one party agrees to sell securities to the other party and such party has the right to repurchase those securities (or in some cases equivalent securities) from such other party at a future date.
7. Securities Lending Transaction. A transaction in which one party transfers securities to a party acting as the borrower in exchange for a payment or a series of payments from the borrower and the borrower’s obligation to replace the securities at a defined date with identical securities.
8. Swap Deliverable Contingent Credit Default Swap. A Contingent Credit Default Swap under which one of the Deliverable Obligations is a claim against the Reference Entity under an ISDA Master Agreement with respect to which an Early Termination Date (as defined therein) has occurred.
9. Swap Option. A transaction in which one party grants to the other party the right (in consideration for a premium payment), but not the obligation, to enter into a swap with certain specified terms. In some cases the swap option may be settled with a cash payment equal to the market value of the underlying swap at the time of the exercise.
10. Total Return Swap. A transaction in which one party pays either a single amount or periodic amounts based on the total return on one or more loans, debt securities or other financial instruments (each a “Reference Obligation”) issued, guaranteed or otherwise entered into by a third party (the “Reference Entity”), calculated by reference to interest, dividend and fee payments and any appreciation in the market value of each Reference Obligation, and the other party pays either a single amount or periodic amounts determined by reference to a specified notional amount and any depreciation in the market value of each Reference Obligation.
11. A total return swap may (but need not) provide for acceleration of its termination date upon the occurrence of one or more specified events with respect to a Reference Entity or a Reference Obligation with a termination payment made by one party to the other calculated by reference to the value of the Reference Obligation.

Weather Index Transaction. A transaction, structured in the form of a swap, cap, collar, floor, option or some combination thereof, between two parties in which the underlying value of the transaction is based on a rate or index pertaining to weather conditions, which may include measurements of heating, cooling, precipitation and wind.

APPENDIX B
SEPTEMBER 2009

1. [[1]](#footnote-2)

|  |  |  |
| --- | --- | --- |
| 1. **Certain Counterparty Types**
 | 1. **Covered by opinion**
 | 1. **Comment**
 |
| 1. Association/Organisation.
 | 1. **Yes**
 | **Includes Norwegian associations and organisations which are not organised under statutory law, but as a matter of non-statutory law are regarded as legal entities with capacity to sue or be sued.** |
| 1. Bank/Credit Institution. A legal entity, which may be organized as a corporation, partnership or in some other form, that conducts commercial banking activities, that is, whose core business typically involves (a) taking deposits from private individuals and/or corporate entities and (b) making loans to private individual and/or corporate borrowers. This type of entity is sometimes referred to as a “commercial bank” or, if its business also includes investment banking and trading activities, a “universal bank”. (If the entity only conducts investment banking and trading activities, then it falls within the “Investment Firm/Broker Dealer” category below.) This type of entity is referred to as a “credit institution” in European Community (EC) legislation. This category may include specialised types of bank, such as a mortgage savings bank (provided that the relevant entity accepts deposits and makes loans), or such an entity may be considered in the local jurisdiction to constitute a separate category of legal entity (as in the case of a building society in the United Kingdom (UK)).
 | 1. **Yes**
 | **Includes Banks/Credit Institutions licenced under the Financial Enterprises Act.** Banks incorporated in Norway may be either a savings bank organised as a self-owning institution or a commercial bank which must be organised as a public limited liability company ("allmennaksjeselskap"/"ASA") under the Public Limited Liability Companies Act of 13 June, 1997 No. 45. A Bank which is a subsidiary of a financial group, as defined in the Financial Enterprises Act Section 1-4, may alternatively be organised as a private limited liability company ("aksjeselskap"/"AS") pursuant to the Financial Enterprises Act. 1. **A Bank must include the term "bank" in its name. If a Bank is established as a savings bank, it must include "sparebank" (savings bank) or similar combinations with the word "spare" (saving) and "bank" in its name in its name.**
2. **Credit companies (in Norwegian: "*kredittforetak*") which is a sub-category of Norwegian Credit Institutions licensed under the Financial Enterprises Act to issue covered bonds are not covered by this legal opinion.**
 |
| 1. Central Bank. A legal entity that performs the function of a central bank for a Sovereign or for an area of monetary union (as in the case of the European Central Bank in respect of the euro zone).
 | 1. **Yes**
 | 1. **The Central bank of Norway organised under the Act relating to the Central Bank and the Monetary System of 24 May 1985 No. 28, subject to the limitations set forth in Section 1-2 of the Enforcement Act, pursuant to which, governmental entities may not be subject to enforcement proceedings.**
 |
| 1. Corporation. A legal entity that is organized as a corporation or company rather than a partnership, is engaged in industrial and/or commercial activities and does not fall within one of the other categories in this Appendix B.
 | 1. **Yes**
 | 1. **Provided that the entity is organised as a limited liability company ("aksjeselskap"/"AS") under the Limited Liability Companies Act of 13 June, 1997 No. 44 or public limited liability company ("allmennaksjeselskap"/"ASA") under the Public Limited Liability Companies Act of 13 June, 1997 No. 45.**
 |
| Hedge Fund/Proprietary Trader. A legal entity, which may be organized as a corporation, partnership or in some other legal form, the principal business of which is to deal in and/or manage securities and/or other financial instruments and/or otherwise to carry on an investment business predominantly or exclusively as principal for its own account. | 1. **Yes**
 | 1. **Provided that the entity is organised as a limited liability company ("aksjeselskap"/"AS" under the Limited Liability Companies Act of 13 June, 1997 No. 44 or public limited liability company ("allmennaksjeselskap"/"ASA") under the Public Limited Liability Companies Act of 13 June, 1997 No. 45.**
2. **Other types of entities require further legal analysis.**
 |
| 1. Insurance Company. A legal entity, which may be organised as a corporation, partnership or in some other legal form (for example, a friendly society or industrial & provident society in the UK), that is licensed to carry on insurance business, and is typically subject to a special regulatory regime and a special insolvency regime in order to protect the interests of policyholders.
 | 1. **Yes**
 | 1. **Includes Insurance Companies licensed under the Financial Enterprises Act.**
2. **Insurance Companies incorporated in Norway must, according to Norwegian law, be organised as "AS", "ASA" or "gjensidig selskap" (mutual company), and having "forsikring" and "AS", "ASA" or "gjensidig(e)" as part of the registered name.**
 |
| 1. International Organization. An organization of Sovereigns established by treaty entered into between the Sovereigns, including the International Bank for Reconstruction and Development (the World Bank), regional development banks and similar organizations established by treaty.
 | 1. **No**
 | 1. **Requires further legal analysis.**
 |
| 1. Investment Firm/Broker Dealer. A legal entity, which may be organized as a corporation, partnership or in some other form, that does not conduct commercial banking activities but deals in and/or manages securities and/or other financial instruments as an agent for third parties. It may also conduct such activities as principal (but if it does so exclusively as principal, then it most likely falls within the “Hedge Fund/Proprietary Trader” category above.) Its business normally includes holding securities and/or other financial instruments for third parties and operating related cash accounts. This type of entity is referred to as a “broker‑dealer” in US legislation and as an “investment firm” in EC legislation.
 | 1. **Yes**
 | 1. **Includes Investment Firms/Broker Dealers** **as defined in the Securities Trading Act of 29 June 2007 No. 75. Investment Firms/Broker Dealers must according to Norwegian law be incorporated as "AS" or "ASA".**
 |
| Investment Fund. A legal entity or an arrangement without legal personality (for example, a common law trust) established to provide investors with a share in profits or income arising from property acquired, held, managed or disposed of by the manager(s) of the legal entity or arrangement or a right to payment determined by reference to such profits or income. This type of entity or arrangement is referred to as a “collective investment scheme” in EC legislation. It may be regulated or unregulated. It is typically administered by one or more persons (who may be private individuals and/or corporate entities) who have various rights and obligations governed by general law and/or, typically in the case of regulated Investment Funds, financial services legislation. Where the arrangement does not have separate legal personality, one or more representatives of the Investment Fund (for example, a trustee of a unit trust) contract on behalf of the Investment Fund, are owed the rights and owe the obligations provided for in the contract and are entitled to be indemnified out of the assets comprised in the arrangement. | 1. **Yes**
 | 1. **Provided that the Investment Fund is subject to the Norwegian Act on Securities Funds of 25 November 2011 No. 44 and that the Fund has been licensed by the Norwegian Financial Supervisory Authority. Investment Funds have to be identified as such through its name, by way of including the mark "*verdipapirfond*". The definition of Investment Fund includes both ordinary, special and UCITS funds.**
 |
| Local Authority. A legal entity established to administer the functions of local government in a particular region within a Sovereign or State of a Federal Sovereign, for example, a city, county, borough or similar area. | 1. **No**
 | 1. **Requires further legal analysis.**
 |
| Partnership. A legal entity or form of arrangement without legal personality that is (a) organised as a general, limited or some other form of partnership and (b) does not fall within one of the other categories in this Appendix B. If it does not have legal personality, it may nonetheless be treated as though it were a legal person for certain purposes (for example, for insolvency purposes) and not for other purposes (for example, tax or personal liability). | 1. **No**
 | 1. **Requires further legal analysis.**
 |
| Pension Fund. A legal entity or an arrangement without legal personality (for example, a common law trust) established to provide pension benefits to a specific class of beneficiaries, normally sponsored by an employer or group of employers. It is typically administered by one or more persons (who may be private individuals and/or corporate entities) who have various rights and obligations governed by pensions legislation. Where the arrangement does not have separate legal personality, one or more representatives of the Pension Fund (for example, a trustee of a pension scheme in the form of a common law trust) contract on behalf of the Pension Fund and are owed the rights and owe the obligations provided for in the contract and are entitled to be indemnified out of the assets comprised in the arrangement. | 1. **Yes**
 | 1. **This opinion covers Norwegian Pension Funds ("*Pensjonskasser*") organised under the Financial Enterprises Act.**
 |
| Sovereign. A sovereign nation state recognized internationally as such, typically acting through a direct agency or instrumentality of the central government without separate legal personality, for example, the ministry of finance, treasury or national debt office. This category does not include a State of a Federal Sovereign or other political sub‑division of a sovereign nation state if the sub‑division has separate legal personality (for example, a Local Authority) and it does not include any legal entity owned by a sovereign nation state (see “Sovereign-owned Entity”). | 1. **No**
 | 1. **Requires further legal analysis.**
 |
| Sovereign Wealth Fund. A legal entity, often created by a special statute and normally wholly owned by a Sovereign, established to manage assets of or on behalf of the Sovereign, which may or may not hold those assets in its own name. Such an entity is often referred to as an “investment authority”. For certain Sovereigns, this function is performed by the Central Bank, however for purposes of this Appendix B the term “Sovereign Wealth Fund” excludes a Central Bank. | 1. **Yes**
 | 1. **This opinion covers the Government Pension Fund Norway ("*Statens Pensjonsfond Norge*" */* "*Folketrygdfondet*"), subject to the limitations set forth in Section 1-2 of the Enforcement Act, pursuant to which, governmental entities may not be subject to enforcement proceedings.**
 |
| Sovereign‑Owned Entity. A legal entity wholly or majority‑owned by a Sovereign, other than a Central Bank, or by a State of a Federal Sovereign, which may or may not benefit from any immunity enjoyed by the Sovereign or State of a Federal Sovereign from legal proceedings or execution against its assets. This category may include entities active entirely in the private sector without any specific public duties or public sector mission as well as statutory bodies with public duties (for example, a statutory body charged with regulatory responsibility over a sector of the domestic economy). This category does not include local governmental authorities (see “Local Authority”). | 1. **Yes**
 | 1. **Provided that the entity is organised as a limited liability company ("aksjeselskap"/"AS") under the Limited Liability Companies Act of 13 June, 1997 No. 44 or public limited liability company ("allmennaksjeselskap"/"ASA") under the Public Limited Liability Companies Act of 13 June, 1997 No. 45.**
 |
| 1. State of a Federal Sovereign. The principal political sub-division of a federal Sovereign, such as Australia (for example, Queensland), Canada (for example, Ontario), Germany (for example, Nordrhein-Westfalen) or the United States of America (for example, Pennsylvania). This category does not include a Local Authority.
 | 1. **No**
 | 1. **Such entities do not exist in Norway.**
 |

1. In these definitions, the term “legal entity” means an entity with legal personality other than a private individual. [↑](#footnote-ref-2)