

VPS DISCLOSURE FRAMEWORK

Prepared by VPS ASA
Last updated September 2006

Note to the VPS Disclosure Framework

The purpose of this Disclosure Framework is to present a comprehensive set of answers that could satisfy all market participants seeking information about VPS.

The VPS Disclosure Framework is based upon several questionnaires that have served as a starting point. Such questionnaires include the Disclosure Framework for Securities Settlement Systems by CPSS/IOSCO, the Depository Questionnaire 2000 by Associations of Global Custodians and the ISSA 2000 recommendations.

For additional information about VPS ASA please refer to our Web site or contact our Information or Legal Department.

TABLE OF CONTENTS

BASIC INFORMATION

<i>Legal entity, identification, location and financial resources</i>	4
<i>Functions</i>	4
<i>Securities</i>	6

CORPORATE GOVERNANCE

<i>Type of ownership</i>	6
<i>Structure</i>	7
<i>Supervisory oversight</i>	7
<i>Financial and operational audit</i>	7
<i>Governance and level of transparency</i>	8

LEGAL BASIS, RULES AND PROCEDURES

<i>Legal basis</i>	8
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PARTICIPANTS

<i>Form of participation</i>	10
<i>Becoming a member</i>	11
<i>Termination of membership</i>	12

FUNCTIONALITY AND SERVICES

<i>Account management</i>	13
<i>Matching</i>	14
<i>Registration</i>	15
<i>Safekeeping</i>	15
<i>Securities transfer</i>	16
<i>Funds transfer</i>	17
<i>Custody services</i>	18
<i>Facilities aimed at reducing the settlement fail rate</i>	19
<i>Default procedures</i>	20

LINKS WITH OTHER CSDs AND OTHER ENTITIES

<i>Links</i>	21
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RISK CONTROL

<i>Standard of care</i>	21
<i>Risk control measures</i>	22
<i>Operational risk</i>	23

BASIC INFORMATION

This section provides basic data about VPS ASA (VPS) such as its identification, location, financial strength, and the category and scope of the services provided. The aim is to give an understanding about what type of services and functionalities that are provided, how VPS is positioned in the market, and what are the relationships with other market entities.

Legal entity, identification, location and financial resources

VPS is a private, limited company, on a for-profit basis, authorized as a central securities depository and clearinghouse. VPS began its operations in 1986.

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Financial statement per 2004-12-31

Share Capital	50,000,000 NOK
Non-restricted equity	125,286,032 NOK
Total equity	175,286,032 NOK

Insurance policies Please refer to section VII Operational Risk

VPS's company registration number is NO 985 140 464

Functions

What are the main functions provided by VPS?

VPS is the sole central securities depository of Norway and provides functions regarding registration, giving legal effect to registration, and account holding, as well as clearing and settlement. These services are provided to issuers, banks, brokers, and investors. Participation is open, according to the Investor Services Directive (ISD), to non-Norwegian issuers, remote members, and foreign investors.

What services are provided by VPS?

Dividend, interest, and other payment collections

For investor (owner) accounts, the holder of the account is acknowledged as the beneficial owner of the registered securities. Dividend is paid to a bank account of the owner's choice. VPS also acts as a withholding agent for tax at source and handles tax reporting according to Norwegian law.

For nominee accounts, the account holder is the custodian who will receive all payments in gross. The custodian is responsible for payments and tax collection/reporting regarding the underlying clients (i.e. beneficial owners).

Withholding tax claims

VPS provides the custodians with a correction service regarding dividend payments. Corrections are made due to failed trades or incorrect tax information.

Tax assistance

VPS provides tax assistance such as giving tax relief at source and the correction service mentioned above.

Safekeeping

An investor is allowed to keep an unlimited amount of VPS-accounts. The services, which are provided to each account, include notification of transfers (notification of change), corporate actions, and an annual statement of account.

Information of corporate meetings and voting

VPS advises its account-holders about the relevant dates and time of general meetings.

VPS is the central registrar for VPS registered companies. All shareholders registered on owner accounts (investor accounts) are directly registered in the company's record of shareholders.

(For custodians, VPS offers a service whereby they may enter the names and holdings of their underlying clients in the company's record, in order that these will be allowed to participate and vote at general meetings.)

Distribution of new issues

VPS provides the account holders with information regarding new issues. VPS acts as the distributing agent.

Are any of the services of VPS outsourced to third parties?

VPS operates all its major systems and functions in-house.

To which other entities and systems is VPS connected?

VPS ASA is connected to the Oslo Stock Exchange, The Central Bank of Norway, and the Norwegian Bank and Post Giro System. VPS is also connected to banks and to the S.W.I.F.T. network.

What currencies are accepted by the VPS system for settlement and/or payment of corporate actions or funds transfers?

VPS accepts NOK, USD, and EURO.

Is the use of VPS compulsory? Is the obligation provided by law or by market practice?

According to the Securities Register Act, public companies must issue their shares in a CSD, whereby the whole issue is dematerialized. This rule also applies to bonds and standardized options. Other limited companies may choose to become a VPS-registered company.

Securities

What types of securities are accepted by VPS?

In the VPS-system the following types of securities are admitted: All types of financial instruments (such as Common shares, Preference shares, non-restricted shares, primary capital certificates, options, forwards, futures, warrants, depository receipts, bonds, convertible debt instruments, convertible participating notes, index - linked bonds, government bonds, treasury notes, share index bonds, zero coupon bonds, private bonds, mortgage bonds, treasury bills, commercial papers, short term bonds).

Are dematerialized and physical securities accepted by VPS? Are fungible and non-fungible securities eligible to VPS?

Most securities registered in VPS are dematerialized. Some securities registered in VPS are immobilized. In these cases, the global certificate is kept under custody with a foreign CSD or custody bank. All VPS-registered securities are fungible. Securities are transferred and pledged by book-entry only.

How are securities identified?

ISIN-code, name, type and series identify securities, e.g.:
NO0000108649 Hydro

CORPORATE GOVERNANCE

This section focuses on corporate governance issues with the aim of giving an understanding about the type of ownership and the structure and supervision governing VPS.

Type of ownership

What entities are eligible to become owners of VPS?

Ownership of VPS is not restricted to certain entities or to Norwegian owners only. However, no single owner may hold more than a 10 % fraction of the shares.

Who are the current owners of VPS?

VPS issues an updated list of shareholders every month that is published on our Web site:

www.vps.no

Structure

Which is the composition of the Board of Directors of VPS?

Board of Directors:

Employee representatives:

www.vps.no

How is VPS organized?

www.vps.no

Supervisory oversight

Is VPS subject to supervision, authorization, or examination by external authorities?

VPS is given authorization by, and is under the supervision and examination of the Norwegian Financial Supervisory Authority. Regular meetings are held, and it may impose restrictions on activities or the suspension or termination of activities to enforce the observation of laws and regulations.

Financial and operational audit

Is VPS subject to periodic financial audit?

VPS is subject to annual financial external audits by Noraudit DA, appointed by the General Meeting.

What is the scope of the audit and its frequency?

The scope is to give an opinion that the financial statements are prepared in accordance with the law and regulations. VPS' management has fulfilled its duty to produce a proper and clearly set out registration and documentation of accounting information. The audit is performed at year-end and throughout the year.

Is VPS subject to periodic operational auditing by external entities?

The above-mentioned auditors also cover operational audit aspects. Furthermore, the Det norske Veritas certifies VPS according to the NS-EN ISO 9001:2000 standard periodically (twice annually). The Financial Supervisory Authority carries out operational audits from time to time.

Does the audit address the sufficiency of and compliance with internal controls, VPS's own rules and procedures?

Yes, this is part of the audits.

To whom are the external audit reports generated? Are these reports public?

The annual financial audit is addressed to the General Meeting. It is public, and is included in the Annual report, published on VPS's Web site. Other reports are addressed to the Board of VPS.

Are internal audit procedures implemented at VPS?

Internal audit procedures exist.

Governance and level of transparency

What processes are in place to assess customers' needs and their satisfaction?

VPS assesses customer satisfaction via customer visits and by customer surveys.

What are the pricing principles of VPS?

VPS conducts business for profit in a competitive market. The prices are non-discriminatory.

www.vps.no

LEGAL BASIS; RULES AND PROCEDURES

The purpose of this section is to assess the legal basis of the operations carried out by VPS, and the rules and operational procedures applied.

Legal basis

What is the legal basis for the operations of VPS and/or the actions of participants, their rights and obligations?

VPS is an authorized central securities depository in accordance with The Securities Register Act of July 5, 2002, as well as a clearing organization according to the Financial Agreement Act. VPS is under the supervision of the Norwegian Financial Supervisory Authority.

(In addition, VPS administers the VPS System, which is a settlement system approved within the European Economic Area by the Norwegian Financial Supervisory Authority.)

Besides the legislation mentioned above, there are a large number of rules contained in other statutes, which are of direct significance for VPS's operations. They include the

Norwegian Public Companies Act, legislation related to securities funds, and tax legislation.

The actions, rights and obligations of the participants (account operators and brokers) are governed by an agreement between them and VPS based on VPS's Rules.

Does VPS maintain a complete documentation set containing the rules and procedures?

VPS's Rules are available at the VPS Web site,

www.vps.no

(Note: Not available in English.)

What other documents, occasional or periodic, are provided to the participants?

The VPS Web site is increasingly used to communicate information to the participants and customers. VPS provides user guides and interface documentation electronically to relevant participants.

Are the rules and procedures also binding for VPS?

VPS's Rules are incorporated by reference in the Accession Agreement participants and VPS enter, and is thereby binding for both parties.

What is the process of changing the rules and procedures?

VPS or any single participant or market organization or other market representative may propose changes. The changes are implemented by amendment of the rules and regulations.

VPS is entitled to make any amendments to the rules and regulations that VPS deems necessary. Such proposed and agreed amendments are notified to the participants in writing and electronically. Some of the rules are subject to approval by the Financial Supervisory Authority.

Participants are invited to provide comments to the proposed amendments. Changes are notified at least six weeks prior to implementation.

PARTICIPANTS

This section provides basic data about the relationship between VPS and its participants (the account operators and brokers). It provides information related to the different types of participation and on how a membership is terminated.

Form of participation

What are the different types of VPS participation?

- Issuer: Any Norwegian or foreign issuer of securities.
- Account Operator/ Norwegian or foreign: Central Banks, clearing organizations, brokers, and other securities institutions and banks.
- Clearing Member: securities institutions and banks.
- Settlement Bank: Banks providing payment services in EURO, USD, or NOK.
- Nominee: A custodian holding securities on behalf of clients may be authorized to open a Nominee account. For such authorization VPS requires that the custodian is a bank or a broker under national supervision.

Are the rights and obligations of foreign participants the same as the residential ones?

The VPS Rules make no distinction between Norwegian and non-Norwegian participants.

(Other than an obligation for foreign institutions to submit, on request, a legal opinion (or equivalent) regarding home country regulations which may be of relevance for the participation in VPS.)

Is there a contract or other legal agreement established between a participant and VPS that clearly defines the rights and obligations of each party?

The participation rights and obligations are governed by the Accession Agreements according to the types of participation. Ownership rights regarding a VPS account are regulated in the Securities Register Act.

What are the liabilities of VPS to the participants? Where are the liabilities and limitations defined?

As regard to the relation between VPS and its participants, the following rules on liability are set out in VPS's Rules:

- VPS and participants are liable for damages to the other party, which arises as a consequence of violations of the rules, caused intentionally or as a consequence of negligence. For indirect damages, there is only liability for gross negligence.
- The force majeure standard clause used within the banking sector is applied.

Becoming a member

What are the requirements for becoming a participant?

- Account operators:
 - Appropriate organization for management, systems, and staff
 - Adequate capital strength
 - Risk management control
 - Legal and technical competence
 - Technical link (leased encrypted lines) to VPS
 - General suitability

- Clearing Members:
 - Appropriate organization for management, systems, and staff
 - Adequate capital strength
 - Risk management control
 - Legal and technical competence
 - Technical link (leased encrypted lines) to VPS
 - General suitability

- Settlement Banks:
 - Banks providing payment services in EURO, NOK, or USD within the Central Bank Payment system or the bank's own system.

- Nominees:
 - Appropriate organization for management, systems, and staff.
 - A Nominee which is not an Account operator must retain such an institution in order to effect registration measures in the VPS-system on behalf of the Nominee.

Such institutions are subject to public licensing, dependent on them to provide the relevant date related to the beneficial owners.

Do prospective participants need to be licensed by a regulatory authority in order to become a participant?

Securities Institutions have to be authorized to conduct securities business in their home country. Consequently, Norwegian Securities institutions have to be authorized by the Norwegian Financial Supervisory Authority. If this authorization is withdrawn, VPS can revoke the right to act as Account Operator, Nominee, or Clearing Member. Detailed regulations are set out in VPS's Rules.

How are the participants notified of material changes to the conditions of participation?

All changes are announced well in advance of implementation. The participants are notified electronically or by fax, e-mail, or ordinary mail.

Are the participants supervised to check that their participation criteria are maintained?

The Norwegian Financial Supervisory Authority is operationally responsible for the supervision of the participants.

What remedies are available to VPS to enforce the maintenance of participation criteria and adherence to the rules and regulations?

VPS has the following remedies at its disposal: restriction of participation, suspension of participation, or termination of participant membership.

Have there been any actions listed in the previous question in the last three years?

No, this has never occurred.

Are participants obliged to hold any stake in VPS?

No.

Termination of membership

How and under which conditions can participants terminate their membership to VPS?

A participant has the right to terminate its accession agreement with VPS following six months notice.

How and under which conditions can VPS terminate a participant membership in VPS?

VPS will revoke the right to act as account operator or clearing member if the participant fails to fulfill the terms and conditions related to in the section above. Furthermore, VPS is entitled to revoke the right to act as account operator or clearing member if:

- the participant contravenes any provision set forth in VPS's Rules;
- the conditions in the participant's home country are changed which may affect its ability to act as an account operator or a clearing member;
- any type of insolvency proceedings;
- the participant's required authorization (if any) to conduct its operations is revoked or modified; or,
- the participant is suspended from any exchange, clearing organization, or central securities depository.

A revocation of the right to act as account operator member or clearing member shall be preceded by a notification from VPS, to which the participant shall have an opportunity to submit an explanation, and an opportunity to remedy the situation.

Does the termination of membership end all the liabilities of the participant to VPS?

Generally, the termination of the accession agreement with the participant ends all liabilities of the participant. However, under certain conditions the liabilities of the participant remain. Such conditions do not go beyond the conditions of remaining liability as to general legal principles of Norwegian Law. The participant is, e.g., liable for damage caused by the participant during the term of agreement but that occurs or is discovered some time thereafter.

FUNCTIONALITY AND SERVICES

This section provides basic data about the functionality and services provided by VPS, such as account management, matching, registration, settlement, securities and funds transfer, custody services and default procedures.

Account management

What is the account structure used by VPS?

Any owner of a VPS-registered financial instrument is entitled to open a VPS Investor account. A custodian holding securities on behalf of clients may be authorized to open a VPS Nominee account. There are no limits regarding the number of VPS accounts an owner or custodian may hold.

Does the VPS system allow for segregation of securities on different accounts?

Yes. (The segregated account structure is a fundamental feature of VPS's depository functions. There are 1.1 million VPS accounts.)

When a participant opens an account at VPS in the name of a third party, what rights are given to that party?

The third party is recognized as the beneficial owner of the securities registered on the account.

How do the clients have access to their holdings when a participant has been declared insolvent and his accounts are blocked?

An Investor-account will not be blocked in this situation. If necessary, VPS will temporarily transfer the account operator's functions to another operator to take care of the owner's interests. However, the VPS Rules are not extended to the relationship between custodians and their clients. Thus, access to holdings in a nominee account must take place through the administrator of the estate.

How do the participants have access to their accounts?

Account information is available by on-line access to participants. The on-line facility provides a possibility for the participants to view the status of their accounts and their clients' accounts and to give instructions.

In what form and method is the information of the assets of each participant or their customers held at VPS? What are the contingency measures when this information is lost or inaccessible?

The information is held in a central database. VPS keeps back up facilities and several contingency measures to ensure that no information is lost.

What is the document retention period?

VPS adheres to a 10-year document retention period that is also stipulated by law. Practically, VPS keeps the data related to transactions even after this period of time.

Matching

Are all settlement instructions matched?

All settlement transactions must be matched before the clearing process and settlement can take place.

What procedures are in place for handling unmatched instructions?

Unmatched instructions are prolonged automatically when the VPS-system is closed for reporting of transactions with day S as Settlement day (S = Settlement day).

Furthermore, VPS offers a function allowing for unmatched instructions to automatically be forwarded one settlement cycle at a time until it is matched. The transactions can be forwarded during a maximum of 10 cycles.

Are matched settlement instructions binding for participants?

Yes. However, both parties may agree on entering new instructions that cancel earlier matched registrations. Instructions can be entered until the VPS-system is closed for reporting of transactions with day S as settlement day. Unmatched instructions can be annulled by one of the parties. After settlement day, the party that did not cause the prolongation may annul the contract.

What are the pre-matching and matching procedures?

The VPS-system does not distinguish between pre- and matching procedures.

Settlement instructions are matched when the following matching criteria correspond:

- Settlement date
- Numbers of securities/nominal amount
- Counterpart
- Payment amount
- Security name (or ISIN -code)
- Currency
- Buying/Selling
- Repurchase order (when applicable)

Matching can be done when the VPS-system is open, that is between 7.00 a.m. and 8.00 p.m.

Where is the matching procedure regulated?

The matching procedures are regulated in VPS's Rules. There are also supplementary market rules.

Registration

Is there a centralized registration of securities?

Yes, VPS acts as the Norwegian central registrar, giving legal title to the owners of securities.

Is the registration of securities done in the name of VPS or in the name of the beneficial owner or any other entity?

Securities are registered in VPS solely for the account of and in the name of either beneficial owners or custodians authorized to participate as a nominee.

Describe the procedures of registration of beneficial ownership

Beneficial owners initiate the opening of a VPS-account by instructing an Account Operator to do so. The registration process is executed in real time and takes a few seconds. When the account is opened, a VPS notice, called notification of change, is sent to the account holder. For nominee-registered securities, beneficial ownership can only be assessed at the custodian's discretion (in the books of the custodian).

Safekeeping

Where and how are physical certificates safe kept?

Generally, only book-entry registration is possible, and therefore the question is not applicable. If, as an exception, foreign immobilized securities are accepted, a qualified custodian keeps the global security.

After the acceptance of a new security into the VPS-system, whether dematerialized or immobilized, all transactions regarding the security are performed by book entry.

May dematerialized securities be re-certificated?

As long as the issuer of the security decides to have the issue VPS-registered, the securities may not be certificated. If the issuer terminates the VPS agreement regarding the issue, it is the responsibility of the issuer to print and distribute certificates if and when applicable.

Securities transfer

When does the ownership of securities pass from the seller to the buyer?

Ownership is book-kept at the moment of settlement (The settlement is final when both funds and securities are book-kept). There are two cycles per day, occurring at approximately 06.00 a.m. and 12.10 p.m., respectively.

How are the securities transferred within the system?

The securities are debited from the seller's account and credited to the buyer's account.

Does VPS operate more than one settlement system?

Yes, VPS operates systems for NOK, USD, and EURO

Does the VPS system allow partial settlements?

The system does not allow partial settlements.

When does the transfer of securities become final?

VPS provides finality of settlement related to securities, and Norges Bank related to funds. This occurs every business day at approximately 06.00 a.m. and 12.10 p.m.

When securities are credited to a participant account, is there any provision for reversal in the event of non-payment or other reasons?

No. For DVP, securities are not credited to the buyer's account unless payment has taken place.

Can the securities be re-used on the same day?

Yes, securities can be re-used on the same day.

If securities are transferred before funds are delivered, can the participant use the securities before the funds transfer becomes final?

No. For DVP, securities are not credited to the buyer's account unless payment has taken place.

Are large transactions split into several smaller ones?

No.

How are participants informed of the status of the transactions during the settlement, and when is finality achieved?

Participants can monitor in real-time when the status of a transaction is changed and when a transaction becomes final (through ISO 15 022 Status Messages). Participants can also receive this information via the VPS-system interface.

Are back-to-back transactions possible within the settlement system for delivering received securities with same-day value?

Yes, back-to-back transactions are possible within the same day.

Funds transfer

Does VPS maintain cash accounts or cash memorandum accounts for the participants?

No. The Central bank administers cash accounts for the settlement banks.

Who accepts cash deposits and processes cash clearing functionality?

The Central Bank and any other clearing banks accept deposits and process cash clearing.

On what entity does the participant bear cash deposit risk?

Unless the participant has an account with the Central Bank and acts as a settlement bank, he bears the risk on the commercial bank that acts as his settlement bank.

Where is the final transfer of funds made? If the funds and securities transfers are made in different systems, how are they linked?

The final transfer of funds is made on the cash accounts within the central bank system. The transfer of funds is made after the securities have been blocked within the VPS-system. On receipt of payment confirmation, the securities are released to the buyer. (This is a sequential process to achieve finality in settlement.)

Does VPS provide credit extensions or advances of funds to its participants? Does VPS assume credit risk?

VPS does not provide credit extension or assume any credit risk.

When does the transfer of funds become final?

VPS provides finality of settlement against payment at approximately 06.00 a.m. and 12.10 p.m. (It becomes final when delivery vs. payment in Central Bank money is achieved.)

Can the funds be re-used on the same day?

Funds can be re-used on the same day, including the same settlement cycle.

Does the timing of transfer depend on the currency used for payment?

No, NOK settlement, and EUR and USD settlements take place at the same time.

Does VPS guarantee the transfer of securities or funds?

No, VPS does not guarantee the transfers of funds or securities. VPS executes settlement only if there are securities and funds available.

Custody services

How is corpo rate action entitlement treated?

Normally entitlements are credited to accounts one day after the record day, if processed by VPS.

How are income and dividend collections processed?

Dividends are normally credited to the beneficial owner three days after the record day. Interest rate payments are normally credited to the beneficial owner three days after the record day.

Which types of corporate actions does VPS process?

VPS is involved in processing the following corporate actions:

- **Compulsory cash distributions:**
 - Cash dividends
 - Interest payments
 - Compulsory redemption
 - Compulsory partial redemption
- **Compulsory stock distributions:**
 - Bonus issues (capitalizations)
 - Compulsory conversions
 - Consolidations/reverse split
 - Rights issues
 - Sub-divisions/splits
 - Subscriptions
- **Optional stock distributions:**
 - Optional conversions and optional redemption
- **Other types of corporate actions:**
 - Optional call payments
 - Mergers
 - Schemes of arrangement
 - Scrip dividends
 - Takeovers
 - De-mergers/division/fission/spin-off
 - Early redemption
 - Share capital reduction
 - Closed offers
 - Acquisition of issuers "own" shares

What is the time gap between ex date and record date?

The ex dividend date occurs two weeks prior to the record date according to market practice in Norway.

What is the gap between record date and payable date?

The minimum time laps between record date and payable date is three banking days for stock and one day for bonds. For interest rate payments and situations where exchange is necessary the minimum time gap is three banking days.

Relating to corporate actions listed above, is the payment made in central bank money, on accounts held by VPS, or through paying agents?

For corporate actions in respect of equities and other type of securities held on accounts as well as interest payments and redemptions in respect of debt securities, payments are made through the Norwegian Bank Giro system (BBS). Each issuer has an individual cash account with a Norwegian bank. The account is connected to BBS, and VPS has the right to withdraw money from the account after an instruction from the issuer.

Does VPS take any operating and financial risk in processing the above -mentioned corporate actions?

No, VPS acts upon verified instructions. Regarding payments, VPS only forwards payment instructions via BBS.

Facilities aimed at reducing the settlement fail rate

Is it possible to have securities overdraft in securities accounts at VPS?

No, it is not possible to have or cause debit balances.

Does VPS provide securities lending facilities to ensure settlements?

Yes. VPS provides lending facilities automatically and integrated in the clearing process.

At what point are participants informed they need a loan to complete the settlement process?

Participants can monitor in real-time the changes of the status of the instructions in the VPS-system, and they can see on-line in real time their uncovered positions. Furthermore, before clearing, VPS informs the participants about uncovered positions (related to funds).

Has VPS implemented back-to-back operations management facilities?

No.

Default procedures

What events or circumstances give rise to the application of default procedures?

As soon as VPS becomes aware that bankruptcy, compulsory reconstruction, or other proceedings of a comparable nature have been initiated against a clearing member, any further transfer orders from the aforementioned clearing member will be rejected. Previously entered instructions will be subject to matching and pre-settlement procedures in accordance with the normal procedures for the handling of transfer orders.

How and at what point are participants notified that a default has occurred and special settlement procedures will be used?

Participants are immediately informed on-line and by fax and e-mail.

Can bankruptcy or insolvency be declared retrospectively in the jurisdiction of VPS that could cause provisional securities or funds transfers to be unwound?

No, bankruptcy or insolvency cannot be declared retrospectively in the jurisdiction of VPS.

Please describe any circumstances in which transfers of securities or funds that were defined as final would ever be unwound.

There are no circumstances where final transfers can be unwound.

Has a participant of VPS ever been declared in default or become insolvent?

Yes, once, some years ago. No special settlement procedures needed to be applied, however, since there was a sufficient payment guarantee from the participant's payment bank according to the governing settlement rules.

Has a participant of VPS suffered losses in the last three years due to VPS's performance?

No, no participant has suffered any losses due to VPS's performance in the last three years.

LINKS WITH OTHER CSDs AND ENTITIES

This section aims at describing VPS's relationship and links with other CSDs and settlement systems.

Links

Does VPS maintain relationships with other CSDs?

No, VPS has no direct links with other CSDs. (However, custodians with accounts in VPS will have direct links with other custodians and CSDs.)

Which links with other markets are operational?

There are no operational links.

Are there plans to set up new links in the future?

There are no existing plans for direct links with other CSDs.

RISK CONTROL

This section aims to briefly describe the risk management systems implemented by VPS and the liability VPS has in providing its services.

Standard of care

For which direct damages or losses does VPS assume liability?

VPS assumes liability for the following events:

- Reconciliation errors with registrar or issuer
- Electronic theft of securities from VPS-accounts
- Failure of the VPS's systems that result in direct damages
- Any losses caused by VPS due to errors, omissions or fraud

For further description of liability, see our Web site:

www.vps.no

Have IT-data security policies been defined and implemented by VPS?

Yes. VPS has a comprehensive set of security policies and rules governing access to its systems. This includes the following:

- Use of a unique ID for each person who has access to the system
- Use of non-trivial passwords
- Mandatory periodic change of passwords
- Locking of access when a number of attempts has been exceeded

How do the participants communicate with VPS?

VPS maintains its own private encrypted VPS network over leased lines to the directly connected participants. The lines are duplicated.

(As additional backup, VPN over ISDN is also used. For the Internet-based services, VPS' Web site utilizes SSL encryption. Participants can also use the Swift-network.)

How does VPS communicate with other market entities?

Communication with other market entities is either done with the same technique as mentioned above or via the S.W.I.F.T network.

Have physical security measures been implemented to protect access to the premises?

Physical protection is implemented via a strong perimeter defense of VPS's premises. The access control is achieved via a combination of personal identification cards, card-based access control, guards, and alarm systems.

Risk control measures

Does VPS have an area that performs risk management or control?

VPS has a specific function for risk control that assesses new product and services.

Is the risk management function clearly independent from operational and marketing functions and does it have authority on them?

Risk Control reports directly to the Board of Directors and VPS's Control Committee, and can via the CEO impose authority on any other business unit.

Describe the process for the internal review of risk management policies and procedures.

The Risk Management function is responsible for drafting and establishing risk management policies and procedures, approved by the Board of Directors. VPS's business management and VPS's Control Committee review these.

Does the Board of Directors review the risk management policies and procedures?

Policies are determined by the Board, which also receives regular summaries from Risk Control activities.

Are the new products and services offered by VPS subject to risk assessment?

The Risk Control unit performs risk assessments of procedures related to development of new products (applications), services, and projects. It analyzes risks in new products/services in close co-operation with the responsible business area, and gives recommendations as appropriate.

Does VPS or the participants themselves continuously monitor participants' accounts?

VPS's functions for clearing and settlement continuously monitor the participants' accounts automatically, to ensure that there are sufficient settlement guarantees and that there are no negative positions before the settlement deadline. Also, the participants themselves have an obligation to monitor their own accounts, and they are provided with the technical means to do so.

Is there a special risk control regime that could be applied to a participant known to be experiencing financial difficulties?

VPS is very careful to maintain its objectivity and equal treatment of all participants, and has no official regime of special controls of specific participants.

If a participant defaults, how is the loss covered?

It follows from the DVP clearing and settlement procedures that no participant is exposed to capital risk. There are, however, no provisions to cover counter-party risk.

Are VPS's own assets and liabilities segregated from those of its participants?

Yes, VPS's own assets and liabilities are segregated from those of its participants.

Does Norwegian law protect participants' assets from claims against VPS?

Yes, Norwegian law regulates this.

Operational risk

Please provide information on what the percentage is of up-time of the system operated by VPS:

VPS 's overall up-time objective for its main system is 99.9%. This allows for an unavailability of maximum 2.5 hours per year.

Have there been major operational problems during the past two years that have delayed or failed settlements?

During the two last years there have been no major operational problems interfering with the settlement process.

How would VPS announce system interruptions?

Announcements will be made online, via E-mail and/or by fax to all participants. The VPS Web site and telephone contacts may also be used.

Does VPS have a back-up off-site location?

VPS has a geographically separated back-up site for maximum redundancy. Synchronous disk mirroring between the sites keeps the backup system fully updated at all times.

Does VPS have a disaster recovery plan to continue its operations in case of major problems?

VPS's Business Continuity plan covers:

- The alerting process and immediate actions in case of a crisis or disaster situation
- The crisis organization
- Checklists and the step by step description of recovery and continuity of business
- Checklist and guidance for recovery and restoration of the failing site

Due to the mirrored systems described above, recovery is possible within one hour. The plan is tested technically several times a year. This includes that the key business functions are performed live from the off-site back-up office, in order to fully test the facilities.

Is computer data stored off-site?

In addition to the mirrored sites mentioned above, VPS stores backup data on transportable means.

Will VPS publicly announce system interruptions?

VPS will announce major system interruptions to its participants and to the Norwegian Financial Supervisory Authority.

In the past three years, has there been any activation of the disaster recover plan in order to reactivate service due to malfunctions?

VPS has never had a real contingency situation, and thus it has never activated the plan.

Describe the control and security procedures in place to ensure the authentication of settlement instructions:

All instructions entered into the VPS system are subject to authentication. Each participant is authenticated by user ID/password.

Are internal and operational security controls included in the internal and/or external audits of VPS?

Yes, such controls are included in both internal and external audits.

Are internal and operational security control covered by regulatory requirements applicable to VPS?

Yes, the Financial Supervisory Authority stipulates a minimum level of internal and operational security controls to be met.

Has VPS realized a profit or surplus during the past three years?

Yes. For financial details please refer to our annual report:

www.vps.no

Are there set requirements regarding VPS's financial strength?

The Financial Supervisory Authority sets such capital requirements and supervises compliance.

What is the coverage of VPS's insurance?

VPS's insurance that cover the following:

- Operational errors, errors and omissions to 1 Billion NOK
- Crime insurance to 1 Billion NOK
- Equipment to 45 Million NOK
- Board of Directors to 100 Million NOK

Note that the numbers given above are the maximum coverage per year, including all incidents that require damages payments.

Does VPS's insurance policy extend to its participants and/or the final investor?

Yes, participants and final investors are covered should VPS be responsible for the error or omission that caused the loss.