

# **Pledged Settlement Account Agreement**

**Latvia**

**Nord Pool AS**

**NORD  
POOL**

This Pledged Settlement Account Agreement (the "Agreement") is made the day of \_\_\_\_\_20[ ]

**BETWEEN:**

[Insert Name of MEMBER], a company incorporated under the laws of [insert state], having its registered office at [insert registered address], registered in the [insert name of register] with the number [insert registration number], (the "Account Holder");

[Insert Name of SETTLEMENT BANK], a company incorporated under the laws of [insert state], having its registered office at [insert registered address], registered in the [insert name of register] with the number [insert registration number] (the "Settlement Bank");

and

**NORD POOL AS**, a company incorporated under the laws of Norway having its registered office at Vollsveien 17B, Postboks 121, 1325 Lysaker, Norway and registered in the Register of Business Enterprises with the number 919 585 099 ("**Nord Pool**")

each a "Party" and together the "Parties".

## 1. INTRODUCTION

- 1.1 The Account Holder has set up a Pledged Settlement Account with the Settlement Bank with the account number [insert account number/IBAN account number/SWIFT code], hereinafter referred to as the "Pledged Settlement Account". The Pledged Settlement Account corresponds with the settlement account that the Account Holder has opened with Nord Pool for registration of electricity Transactions, hereinafter referred to as the "Settlement Account".
- 1.2 The Pledged Settlement Account shall be used for Settlement Transactions registered in the Settlement Account, and for the part of the Collateral Call to be covered by cash deposits for registered and future Transactions.
- 1.3 The currency of this Pledged Settlement Account is [insert currency NOK/DKK/SEK/EUR].
- 1.4 A copy of the Settlement Bank Agreement between the Settlement Bank and Nord Pool is enclosed as Appendix 1 to this Agreement, and constitutes a part of this Agreement.
- 1.5 This Agreement is further supplemented by the Rulebook issued by Nord Pool. Terms defined in the Rulebook shall have the same meaning in this Agreement.

## 2. PLEDGE IN FAVOUR OF NORD POOL

- 2.1 The Account Holder hereby irrevocably and unconditionally, on the terms and conditions set out herein, grants a first priority security interest in and pledges to Nord Pool, all rights, title and interest in and to the Pledged Settlement Account (including both present and future credit

balances, any interest accrued thereon and commission payable thereon).

- 2.2 The pledge shall serve as Collateral securing any claim Nord Pool has or may acquire against the Account Holder in connection with Transactions registered in the Settlement Account as well as any other claim Nord Pool has or may acquire against the Account Holder (the **"Secured Liabilities"**).
- 2.3 The pledge is established pursuant to the law in the state where the Pledged Settlement Account is held. The perfection acts required to provide validity, enforceability and third party protection for the security interests granted herein shall be established in accordance with such applicable law.
- 2.4 Nord Pool shall at all times (i) have the right to debit the balance in the Pledged Settlement Account to cover any due claims secured under Section 2.2, without any advance notice to the Account Holder and without any legal or other steps being necessary in order to verify or confirm its entitlements, and (ii) be entitled to exercise all ownership rights, including all creditor rights, in connection with the Pledged Settlement Account, and to instruct the Settlement Bank to make payment directly to Nord Pool; and (iii) do all other things in relation to the Pledged Settlement Account permitted by applicable law.
- 2.5 The security constituted by this Agreement shall be a continuing security and shall extend to the ultimate balance of the Secured Liabilities and shall continue to be in full force and effect notwithstanding any intermediate payment or discharge in whole or in part of the Secured Liabilities and shall be effective until Nord Pool has confirmed in writing that all Secured Liabilities have been settled in full.
- 2.6 Upon confirmation from Nord Pool that all Secured Liabilities have been settled in full, Nord Pool shall, at the request and cost of the Account Holder, release to the Account Holder all right, title and interest of Nord Pool in or to the Pledged Settlement Account, or any part thereof. Nord Pool shall also (at the request and cost of the Account Holder) notify the Settlement Bank that the pledge over the Pledged Settlement Account has been released and give such other instructions and directions as the Account Holder may require (acting reasonably) in order to perfect such release.
- 2.7 The Parties acknowledge that the security provided under this Pledged Settlement Account Agreement shall be treated as a financial collateral arrangement for the purposes of the Financial Collateral Directive (Directive 2002/47/EC).

### **3. RIGHT OF DISPOSAL**

- 3.1 The Account Holder hereby grants Nord Pool unconditional right of disposal over the balance in the Pledged Settlement Account, to be utilised in accordance with the Rulebook.
- 3.2 The Settlement Bank may not oppose such instruction or conduct any investigations regarding the validity of such instructions.
- 3.3 The right of disposal under Section 3.1 may not be revoked by the Account Holder as long as any Secured Liabilities are outstanding. In other cases, the Account Holder may, with 14 days' written notice to Nord Pool, request that the right of disposal be revoked. However, the right of disposal shall remain in effect until Nord Pool has confirmed in writing to the Settlement Bank that the right of disposal is revoked.

- 3.4 The Account Holder may dispose of any excess balance in the Pledged Settlement Account only after meeting all Collateral Calls from Nord Pool and all Settlement amounts owed to Nord Pool from time to time. The Account Holder may grant a third party a similar right of disposal, and pledge the Pledged Settlement Account to third parties with priority after Nord Pool.
- 3.5 Nord Pool shall be notified by the Settlement Bank if a third party is granted rights as provided for in Section 3.4, and may suspend the right of disposal for the Account Holder or any third party.
- 3.6 The Settlement Bank and the Account Holder may agree upon further restrictions for the Account Holder's disposal of excess balance or granting of rights in the Pledged Settlement Account.

#### **4. INFORMATION DISCLOSURE**

- 4.1 The Settlement Bank may inform Nord Pool of whether the balance in the Pledged Settlement Account is sufficient to cover Nord Pool's Collateral Calls and Settlement amounts, and may inform Nord Pool of the balance, in- and outgoing transactions whenever requested by Nord Pool, regardless of any duty of confidentiality.
- 4.2 Further exemptions from the Settlement Banks' duty of confidentiality may follow from the Settlement Bank Agreement.

#### **5. INTEREST**

- 5.1 Interest on the amounts standing to the credit of the Pledged Settlement Account shall accrue in accordance with a separate agreement between the Account Holder and the Settlement Bank.
- 5.2 Interest accrued is included in the pledge granted herein regardless of whether it has been credited to the Pledged Settlement Account.

#### **6. CHOICE OF LAW AND LEGAL VENUE**

- 6.1 Any disputes arising from this Agreement shall be decided under the laws of the State where the Pledged Settlement Account is held, save for any dispute relating to the relationship between the Account Holder and Nord Pool, which shall solely be governed by and decided under [*insert governing law of Participant/Client Agreement*].
- 6.2 Any dispute arising out of or in connection with this Agreement, including any question regarding to its existence, validity or termination, shall be referred to and finally resolved as provided for in Article 26.2 of the General Terms, determined on the basis of [ *insert governing law of Participant/Client Agreement* ] as the governing law.

#### **7. CHANGES TO THE AGREEMENT**

- 7.1 Amendments to this Agreement require the written agreement of all parties.
- 7.2 Notwithstanding Section 7.1, Nord Pool may amend the Rulebook in accordance with the

provisions in the Rulebook.

## **8. TERM OF AGREEMENT**

- 8.1 This Agreement shall remain in effect until further notice, and may be terminated by a Party in the event of a material breach of contract by any other Party or upon three months' written notice to the other Parties.
- 8.2 Regardless of what is stated in Section 8.1, termination of this Agreement shall only take effect if Nord Pool no longer has claims that are secured by the pledge on the Pledged Settlement Account. The pledge shall be discharged by a written release statement from Nord Pool to the Settlement Bank.

\*\*\*

IN WITNESS OF THEIR AGREEMENT, each Party has caused its authorised representative to execute this Agreement effective as of the date of signature by all parties. This Agreement is executed in three (3) copies, one for each Party.

**For and on behalf of the Account Holder**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name and title (printed letters)

Date:

**For and on behalf of the Settlement Bank**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name and title (printed letters)

Date:

**For and on behalf of Nord Pool AS**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name and title (printed letters)

Date:

**Annex 1: Settlement Bank Agreement**