



2007-06-29

## Exchange Notice

IT 28/07

### IT – MiFID related microstructure changes at the OMX Nordic Exchange

As communicated earlier the OMX Nordic Exchange will implement changes in the market microstructure from November 1, 2007. The different areas are described below.

#### Deferred publication

Depending on the implementation of the Directive on Markets in Financial Instruments (MiFID) by the Member States, it may allow a regulated market to defer publication of large transactions. This is an exemption from publishing transactions as close to real-time as possible – or at least – no later than within 3 minutes.

In order to be eligible for the exemption in MiFID, the following requirements have to be met:

Transaction is between an investment firm dealing on own account and a client of that firm, and the size of the transaction is equal to or exceeds the relevant minimum qualifying size as specified in the table below.

The OMX Nordic Exchange will implement new deferred publication thresholds as proposed in MiFID. The criteria that will be used as of November 1, 2007 are shown in the table below.

## The Nordic Exchange

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<b>Class of shares in terms of average daily turnover (ADT)</b>					
		ADT < €100,000	€100,000 ≤ ADT < €1,000,000	€1,000,000 ≤ ADT < €50,000,000	ADT ≥ €50,000,000
<b>Minimum qualifying size of transaction for permitted delay</b>					
<b>Permitted delay for publication</b>	60 minutes	€10,000	Greater of 5% of ADT and €25,000	Lower of 10% of ADT and €3,500,000	Lower of 10% of ADT and €7,500,000
	180 minutes	€25,000	Greater of 15% of ADT and €75,000	Lower of 15% of ADT and €5,000,000	Lower of 20% of ADT and €15,000,000
	Until end of trading day (or roll-over to noon of next trading day if trade undertaken in final 2 hours of trading day)	€45,000	Greater of 25% of ADT and €100,000	Lower of 25% of ADT and €10,000,000	Lower of 30% of ADT and €30,000,000
	Until end of trading day next after trade	€60,000	Greater of 50% of ADT and €100,000	Greater of 50% of ADT and €1,000,000	100% of ADT
	Until end of second trading day next after trade	€80,000	100% of ADT	100% of ADT	250% of ADT
	Until end of third trading day next after trade		250% of ADT	250% of ADT	

Deferred publication will apply to off order book trades made on the exchange.

The new deferred publication thresholds will be available for testing as from July 31, 2007 and product launch will be on November 1, 2007.

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**OTC Publication Service**

The OMX Nordic Exchange will introduce an OTC Publication Service for both members and non-members on November 1st 2007. It will be possible to report trades for publication in both OMX listed and non-OMX listed shares executed outside the OMX Nordic Exchange. In Denmark and Iceland, this will also be available for our Fixed Income markets.

The legal obligation for members to report all trades executed outside the order book in shares admitted to trading on the Exchange will cease on November 1, 2007. It has been replaced in the Market in Financial Instrument Directive (MiFID) with an obligation to publish trades made outside a regulated market (RM) or multilateral trading facility (MTF) as close to real-time as possible (i.e. no later than within three minutes).

These OTC trades, meaning trades made outside the OMX Nordic Exchange (i.e. outside Norex Member Rules) can be published via our new OTC Publication Service. It applies to both OMX listed and non-listed shares. The investment firm needs to make an active decision where the trade should be executed, on the Exchange or OTC.

The new OTC Publication service will use the same technical interface that is used today for trades on the Exchange. More information on the technical market setup, system testing and trade types will be released before the end of July.

To have access to the OTC Publication service The Nordic Exchange will develop new agreements for members and non-members. OMX will also release Guidelines for OTC publication with more details about reporting, transaction situations, trade types etc. They will be available in October.

The OTC Publication Service will be available for testing as from July 31, and product will be launched on November 1, 2007.

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## Trade types on the OMX Nordic Exchange

There will be a new set up of trade types from November 1, 2007 on the Exchange. The trade types have been reduced in numbers, and will be the same for all OMX Nordic Exchanges. Standard Trade type will include trades with deferred publication and block trades.

	Trade Types Equities	Trade Types Fixed Income
Standard	AUTO Accept Match (internal odd lot) Standard Trade	AUTO Accept Match Issuing Call Auction Standard Trade
Non Standard (trades determined by other factors than the current market valuation)	Derivative Related Transaction Portfolio Trade Volume Weighted Average Price Exchange Granted Trade	Derivative Related Transaction Non-Standard Settlement Portfolio Trade Volume Weighted Average Price Exchange Granted trade Repurchase agreement

The new trade types will be available for testing as from July 31, and product launch is on November 1, 2007.

### **For further information concerning OTC publication service and trade types:**

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## Block Trade Criteria Change

The Nordic Exchange will introduce a change in criteria and new minimum sizes for Block Trades on November 1, 2007 according to MiFID

Today's rules in Norex Member Rules (NMR) for block trades, which relates to 250 Round Lots or larger, and that could be executed outside the current spread. Manual trade which relates to less than 250 Round Lots must be at or within the spread in the order book at the time of the trade. On Helsinki Stock Exchange the value is 500,000 euros or less.

From November 1, 2007 the block trade size will be based on the Average Daily Turnover of the particular share. Each share will be put in one of the five columns in the table below. Based on that the share will be given a minimum size of a trade that is qualifying as a block (i.e. quantity of securities multiplied by the price).

### MiFID: Trades large in scale compared to a normal market size

Class in terms of average daily turnover (ADT)	ADT < €500,000	€500,000 ≤ ADT < €1,000,000	€1,000,000 ≤ ADT < €25,000,000	€25,000,000 ≤ ADT < €50,000,000	ADT ≥ €50,000,000
Minimum size of order qualifying as large in scale compared with normal market size	€50,000	€100,000	€250,000	€400,000	€500,000

Block Trade will apply only to off order book trades made on the exchange.

The Block Trade Criteria change will be available for testing as from July 31, 2007, and product will be launched on November 1, 2007.

### For further information concerning Block Trade Criteria Change:

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## **Volume Weighted Average Spread (VWAS)**

The OMX Nordic Exchange will introduce a new spread requirement for off order book on exchange trades below block trade levels; that is, Volume Weighted Average Spread (VWAS).

VWAS is the reference price which a member should pay if the order was executed in the central order book, i.e. the average price if the order was auto-matched (only the disclosed quantity) with orders available in the order book up to a certain order size.

More information will be released before the product launch on November 1, 2007.

### **For further information concerning VWAS:**

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## **Post Trade Anonymity**

Due to no consensus in the post trade anonymity results from the MiFID consultation (sent out to members in April 2007) implementation decisions on post trade anonymity on the Nordic markets will be postponed.

### **For further information concerning post trade anonymity:**

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## **Participant ID**

The Nordic Exchange will introduce the possibility to use 4 characters in the participant ID field. Currently, there is an ability to use maximum of 3 characters. There will not be any changes in the present participant ID's.

The participant ID will be available for testing as from July 31, 2007 and product launch will be on November 1, 2007.

### **For further information concerning the participant IDs:**

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Best regards, OMX the Nordic Exchange

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