



2007-09-13

Exchange Notice

IT 43/07

IT - A MiFID compliant transparency offering from OMX Nordic Exchanges

As communicated earlier the OMX Nordic Exchange will implement changes in the market microstructure from November 1, 2007. The OMX Nordic Exchange will introduce an OTC Publication Service for both members and non-members on November 1, 2007. It will be possible to report trades, executed outside the OMX Nordic Exchange, for publication in both instruments admitted to trading on the OMX Nordic Exchanges as well as on any other regulated market in EU.

Dates for system testing and launch

SAXESS

The OTC Publication Service will be available for testing in SEXTST1 as from September 13 and will be launched in SAXESS PROD system on November 1, 2007.

TARGIN

Testing of the new OTC data will be possible from September 13, 2007 in the TARGIN3 test system.

OTC Publication Service

Using this service facilitates compliance with the MiFID publication requirements.

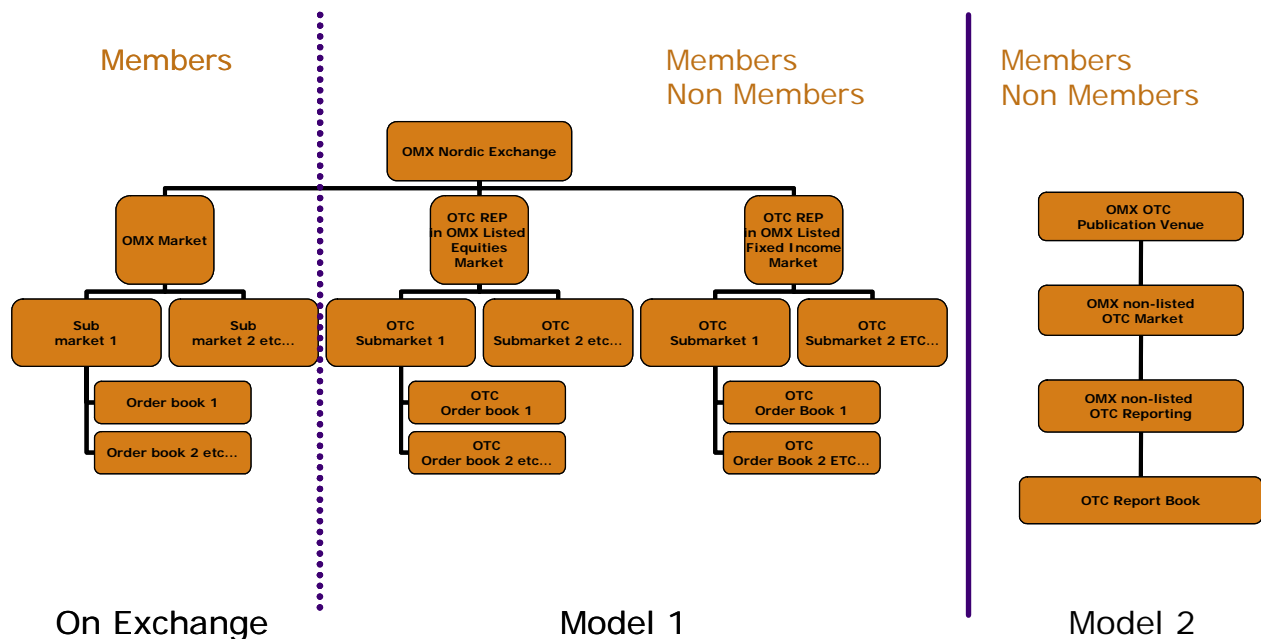
Two models

OMX Nordic Exchanges will launch two technical set ups in SAXESS for the new OTC publication service. One set up for shares and bonds, admitted to trading on the OMX Nordic Exchanges (OMX Instruments) and one for instruments admitted to trading on any other regulated market in EU (non-OMX Instruments). Both models will be included in the XTP protocol.

The Nordic Exchange

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Technical Implementation of Market Set-ups in SAXESS



Model 1 - OMX Instruments

There will be a **new OTC set up under each Exchange for OTC publication of OMX Instruments**. The new set up will include all the appropriate submarkets for OTC publication i.e. replicas of the existing ones on exchange. Access will be available for both members and non-members. Reporting hours and national holidays will agree with the local exchanges', but open (tentatively one hour) before start of continuous trading and close (tentatively 45 minutes) after the closing call has ended. (Exact hours are yet to be decided.) Publication will be allowed in the trading currency used locally for the instrument in question.

OTC publication of OMX instruments - Markets and Submarkets:

Copenhagen

OTC REP in CPH listed Equities & Rel

- OTC Equities
- OTC Rights
- OTC Investment Funds
- OTC Other Collective Investment Schemes
- OTC First North

OTC REP in CPH Listed Fixed Income & Rel

- OTC Ordinary Bonds
- OTC Government Bonds

Helsinki

OTC REP in HEL Listed Equities & Rel

- OTC HEL Equities
- OTC HEL Equity Rights
- OTC HEL Fund Units

OTC REP in Hel Listed Fixed Incom & Rel

- OTC Hel Bonds
- OTC Hel Fixed Income Convertibles
- OTC Hel BL Market

Iceland

OTC REP in ICE Listed Equities & Rel

- OTC ICE Alternative Market
- OTC ICE Equities
- OTC ICE Fund Units
- OTC ICE First North

OTC REP in ICE Listed Fixed Income & Rel

- OTC ICE CP Fixed Income
- OTC ICE Fixed Income
- OTC ICE Premium Bonds



Stockholm

OTC REP in STO Listed Equities & Rel

- OTC STO Convertibles
- OTC STO Eq.rights,Subs.Opt,Int shares
- OTC STO Equities
- OTC STO Fund units
- OTC First North HEL
- OTC First North STO
- OTC First North Convertibles STO

OTC REP in STO Listed Fixed Incom & Rel

- OTC STO Retail Bonds Price
- OTC STO Retail Bonds Yield
- OTC STO Retail Bonds Structured Products
- OTC STO Retail Bonds Premium Bonds
- OTC STO Tailor Made Products Price
- OTC STO Tailor Made Products Yield
- OTC STO Corporate Bonds

Model 2 - Non-OMX Instruments

There will also be a **new OTC publication service for publication of OTC trades in instruments admitted to trading on other, than OMX Nordic Exchanges, regulated market within EU**. This set up consists of one single market and submarket, to receive all OTC trade reports. Each instrument will be defined by ISIN code. Access will be available for both members and non-members. Reporting hours are planned to be Mon-Fri 08:00-18:15 CET and thus not restricted by local trading hours or public holidays. Publication will be allowed in all currencies.

How shall the OTC trades be reported to OMX for publication?

Model 1 - Reporting OTC trades in OMX Instruments for publication

OTC trades in OMX Instruments – all transactions have to be sent to the parallel OTC sub markets with individual order books for each instrument.

- o There are separate sub markets (see above) and order books for each instrument. OTC-order books are identified by the prefix “O-“; i.e. ERIC B > O-ERIC B.
- o Double-sided reporting is used and the seller reports the trade unless otherwise agreed between the parties. Trades can be reported as internal /cross trades.
- o If both parties have an agreement with OMX about publishing OTC trades each party can report its own leg, but we recommend that only one party reports such trades. In case only one of the parties has an agreement with OMX it must report the trade as internal trade/cross trade to OMX.
- o OTC trades are anonymous; no participant information is displayed or disseminated.

Only one party is required to report a trade but both legs of the trade need to be reported.

Reporting shall be carried out between the participants as described below:

	Member	Non-member	Client
Member	seller or as agreed	member or as agreed	member
Non-member	member or as agreed	seller or as agreed	non-member



Example 1:

Stockholm member AA has made an OTC trade in ERIC B with a non-member BB, who has not an agreement with OMX. Member AA is a seller of the trade and reports the trade. AA reports the trade as an internal trade (in O-ERIC B order book, in submarket OTC STO Equities) using the OTC publication service for OMX Instruments. Parties could also have agreed that BB reports the trade to an alternative venue for publication.

Example 2:

Stockholm member AA has made an OTC trade in ERIC B with another Stockholm member CC. Members have two options when reporting the trade, either each of them report their own leg or the seller reports the trade as an internal trade, which we do recommend.

Example 3:

A member DD in Copenhagen has made an OTC trade in ERIC B with another Copenhagen member EE. The member DD is a seller and reports the trade. DD can either report the trade as a non-OMX Instrument using the OTC Publication Venue (see below, model 2) or DD can report the trade as an OMX Instrument (in O-ERIC B order book, in submarket OTC STO Equities) using the OTC publication for OMX Instruments. All the OMX members will be authorized to report OTC trades to all of the OMX exchanges regardless of which one they are member of.

Model 2 - Reporting OTC trades in non-OMX Instruments for publication

OTC-trades in non-OMX Instruments – all transactions have to be sent to the OTC publication venue.

- o There is a separate technical market, sub market and a generic order book for this purpose.
- o A separate application called External Trade Reporting is used and only single sided reporting is required.
- o OTC trades are anonymous; no participant information is displayed or disseminated.

Only one party is required to report a trade and only one leg of the trade needs to be reported

Reporting shall be carried out between the participants as described below:

	Member	Non-member	Client
Member	seller or as agreed	member or as agreed	member
Non-member	member or as agreed	seller or as agreed	non-member

Example 1:

Stockholm member AA has made a trade with another Stockholm member DD in a non-OMX instrument. Since AA is a seller it reports the trade to the SAXESS non-OMX instrument submarket, unless otherwise agreed.



What information shall be entered when reporting an OTC trade?

Model 1 - Using SAXESS for OMX Instruments

The ordinary trade reporting functionality is used when reporting OTC trades and therefore the same information about a trade needs to be entered as when the trade is reported on the regulated market.

Model 2 - Using SAXESS for non-OMX instruments

External trade reporting functionality is used when reporting an OTC trade in non-OMX instruments. The following information is required:

- Counter Party: either Member or BIC code,
- Buyer/Seller,
- Amount,
- Price,
- Price Dimension,
- Currency,
- ISIN,
- Trade Type and
- Time of Agreement

Trade types

The trade types supported for OTC trades, for OMX Instruments and non-OMX instruments, are:

- ✓ OTC Standard
- ✓ OTC Non-standard

where non-standard shall be used for trades determined by other factors than the current market valuation.

Deferred publication

According to MiFID it is possible to defer publication of certain large transactions and therefore the publication of trades reported on an OTC market can be deferred. 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.



		Class of shares in terms of average daily turnover (ADT)			
		ADT < €100,000	€100,000 ≤ ADT < €1,000,000	€1,000,000 ≤ ADT < €50,000,000	ADT ≥ €50,000,000
		Minimum qualifying size of transaction for permitted delay			
Permitted delay for publication	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	

In SAXESS it is possible to defer the publication of an OTC trade by choosing the publication time under Deferred Publication functionality.

Market Data

OMX will provide Market Data products containing publications of all trades in both OMX Instruments and non-OMX Instruments. The data will be made available in the Targin system, and will utilize new messages which will be introduced in TARGIN 1.7 on October 22, 2007.

The data will be offered as a separate product (free of charge for a minimum of 6 months) but for customers subscribing to the *Nordic Equity Level 2 Plus* product, the information will be included by default at no additional cost.

The TARGIN data feed will contain the new market micro structure outlined above, including all publications received for OTC trades. Additionally a number of turnover lists will be made available for Market Data vendors who wish to track the new OTC markets separately.

For questions about the Market Data offering for the OTC trade reports, please contact your Market Data account manager or MDS@omxgroup.com.



Agreements & Guidelines

OMX will introduce new agreements for members and non-members for access to the OTC Publication Service. OMX will also release a Guideline for OTC trades with more details about reporting, trade situations, trade types etc. This will be done in conjunction with updated Guidelines for Members' Reporting of Equity Trades on the NOREX Exchanges. Agreements and guidelines will be available in October.

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