

**Exchange Notice  
IT 63/07**

**IT – The OTC Publication Service - a MiFID compliant transparency offering from OMX Nordic Exchange**

As communicated earlier OMX Nordic Exchange <sup>1</sup> will implement changes in the market microstructure from November 1, 2007.

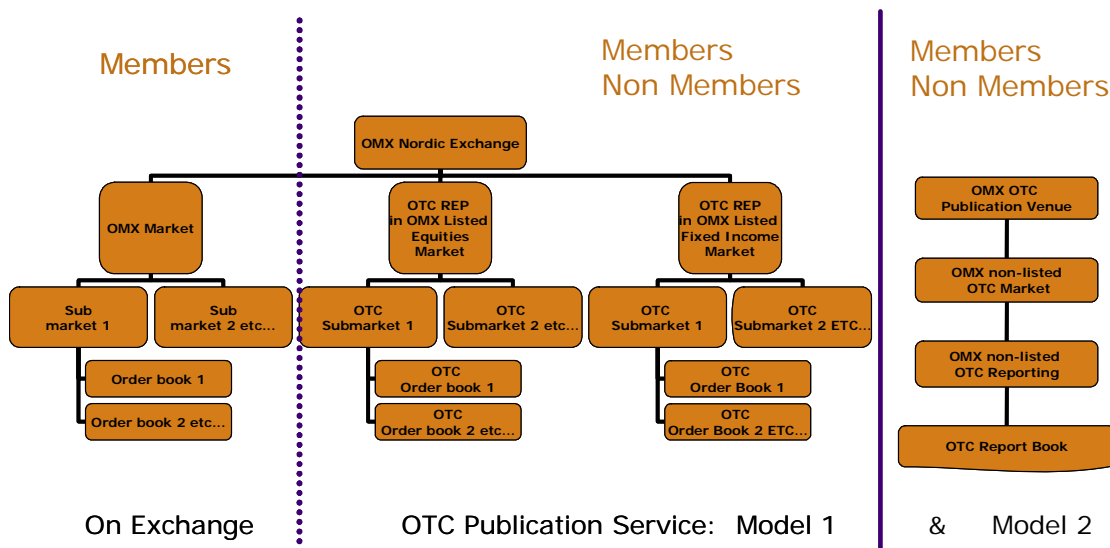
**OTC Publication Service**

As communicated earlier OMX Nordic Exchange will introduce an OTC Publication Service for both members and non-members on November 1, 2007. It will be possible to publish trades, executed outside OMX Nordic Exchange, both in instruments admitted to trading on OMX Nordic Exchange and First North as well as on any other regulated market in EU/EEA.

**Two models**

OMX Nordic Exchange 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 OMX Nordic Exchange or First North (OMX Instruments) and one for instruments admitted to trading on any other regulated market in EU/EEA (non-OMX Instruments). Both models will be included in the XTP protocol.

**Technical Implementation of Market Set-ups in SAXESS**



<sup>1</sup> OMX Nordic Exchange Stockholm AB, OMX Nordic Exchange Copenhagen A/S, OMX Nordic Exchange Helsinki Oy, OMX Nordic Exchange Iceland hf.

**The Nordic Exchange**



### 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. Publication will be allowed in the trading currency used locally for the instrument in question.

### 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 Exchange, 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. 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

All transactions shall be sent to the parallel OTC sub markets with individual order books for each instrument.

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

Publishing 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

- 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.
- 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.
- 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.
- OTC trades are anonymous; no participant information is displayed or disseminated.

### **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 publishes the trade. AA enters 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 publishes 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 publishing the trade, either each of them publish their own leg or the seller publishes 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 publishes the trade as an OMX Instrument (in O-ERIC B order book, in submarket OTC STO Equities) by using the OTC publication for OMX Instruments. OMX members will be authorized to publish 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**

All transactions shall be sent to the OTC publication venue

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

Publishing 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

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

**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 publishes the trade in 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 publishing 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 publishing 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

### **Deferred publication in the OTC Publication Service**

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 i.e. within three minutes.

If it is a trade in an OMX Instrument and if it is large enough to qualify for deferred publication, the system (SAXESS) model 1 will validate this and choose the longest deferred time allowed.

If it is a trade in a non OMX Instrument, and done in model 2, the one who reports the trade has to select the delay time himself. OMX will not validate that it is correct or allowed. The responsibility is totally on the participant who reports the trade.

### **New agreement for non-members & updated Guidelines**

More information about trade reporting and OTC publication is to be found in the updated version of Guidelines for Members' Reporting of Equity Trades on the NOREX Exchanges:

- Guidelines for Members' On Exchange trade and Members' and Non-Members' OTC trade Reporting (Version 1.9 November 2007)

There is also a new guideline for the Danish market:

- Guidelines for Members' On-Exchange Trade and Members' and Non-Members' OTC Trade Reporting in Danish Fixed Income Instruments (Version 1.0 November 2007)

To be able to use the OTC Publication Service at OMX non-members need to sign an agreement:

- Terms and Conditions for the OMX OTC Publication Service

Existing members have automatically access to the OTC publication service. By using the service they accept the Terms and Conditions for the OMX OTC Publication Service.

For further information concerning this exchange notice please find contacts below

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