



Stockholm, January 25, 2008

**Exchange Notice**  
**Exchange members 03/08**

## The Nordic Exchange to implement circuit breakers and trading safeguards on June 2<sup>nd</sup>, 2008

OMX Nordic Exchanges in Helsinki, Iceland, Stockholm and Copenhagen have decided to adopt circuit breakers (volatility interrupters) to reduce uncertainty during volatile periods. In addition, trading safeguards to avoid erroneous orders will be introduced. The set-up of circuit breakers and trading safeguards is based on the results of a customer consultation carried out in H2, 2006.

Circuit breakers will be implemented on the following instruments: equities (including First North) and investment funds/ETFs.

**Definition of circuit breakers:** Circuit breakers interrupt matching (for up to 4 minutes) when the price movements in a security become relatively large. The purpose is usually to give the market participants a few minutes to evaluate any new information, reconsider their interests or remove any erroneous orders. Circuit breakers have two types of reference prices: a static price and a dynamic price range. When a circuit breaker is triggered continuous trading is interrupted by a brief call auction.

**Definition of trading safeguards:** Trading safeguards are to be used simultaneously with Circuit breakers. A trading safeguard rejects orders that deviate significantly from last traded price. Compared to circuit breakers the price range for the safeguards will be wider and the purpose of the safeguards is primarily to avoid erroneous order entries.

Thresholds that are going to be used for circuit breakers and trading safeguards:

### Dynamic circuit breakers

- +/- 2% for blue chips (OMXC20, OMXH25, OMXS30)
- +/- 3% for blue chips (OMXI15)
- +/- 5% for Investment funds/ETF and other collective investment funds
- +/- 5% for other shares and First North + International shares for OMXS
- +/- 10% for penny shares and Illiquid shares
  
- The reference price that is used in dynamic circuit breakers is the last paid price
- The dynamic price range will never be less than 0,05 EUR/SEK/DKK/ISK (5 ticks)
- Penny shares are defined as shares traded at a price below 5 DKK/SEK/ISK or below 0,50 EUR
  
- Illiquid shares will be defined as shares that are in Liquidity Group C<sup>1</sup>



### Static circuit breakers

- +/- 10% for blue chips (OMXC20, OMXH25, OMXS30) and all investment funds/ETF
- +/- 15% for other shares, First North + International shares for OMXS
- +/- 20% for penny shares and Illiquid shares
  
- The reference price that is used in static circuit breakers is the equilibrium price from the previous call auction
- Static circuit breakers will not be implemented on Iceland
- The static price range will never be less than 0,05 EUR/SEK/DKK (5 ticks)
- Penny shares are defined as shares traded at a price below 5 DKK/SEK or below 0,50 EUR
- Illiquid shares will be defined as shares that are in Liquidity Group C<sup>1</sup>

OMX Nordic Exchanges' trading surveillance reserves all rights to change the thresholds at any time during the trading. Change of thresholds will be done only if the market situation requires and a message will be sent to market participants.

### Trading safeguards

- The standard price range for trading safeguards will be set to +/- 15%
- For Penny shares and Illiquid shares the price range will be set to +/- 50%
- Penny shares are defined as shares traded at a price below 5 DKK/SEK/ISK or below 0,50 EUR
- The reference price that is used in trading safeguards is the last paid price
- Illiquid shares will be defined as shares that are in Liquidity Group C<sup>1</sup>
- Trading Safeguards are not applied to warrants. Trading safeguards that have been used for warrants on OMX Nordic Exchange Helsinki will be abolished as of June 2, 2008.
- Overnight orders outside previous day's closing are not deleted prior to the pre-trade phase in the morning

**The circuit breakers and trading safeguards functionality on the Helsinki, Iceland, Copenhagen and Stockholm markets will be implemented in conjunction with the next SAXESS release, scheduled for June 2<sup>nd</sup>, 2008**

For further information concerning this exchange notice, please contact Stefan Pinter or Anders Green, telephone + 46 8 405 60 00.

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<sup>1</sup> A-Group: Days with Trades = 100%. Average Daily Turnover > 4 MSEK/DKK / €400 000. Closing Spread < 1%. C-Group: Days with Trades < 50%. Average Daily Turnover < 200 000 SEK /DKK/ €20 000. Closing Spread > 5%. B-Group: Stocks that are not part of the A- or the C-group. Liquidity groups are not used on OMX Nordic Exchange Iceland.