

**IT Exchange Notice**

**IT 76/10**

**IT – INET Nordic OTF – OTC Trade Reporting Price Validation**

As communicated in IT Notice 62/10, NASDAQ OMX Nordic supports Price Validation on OTC Trade Reporting in the NASDAQ OMX Test Facility (OTF). This information letter is an update of the reference price limits.

The purpose of price validations on reported OTC trades is to avoid clearly erroneous prices being submitted and published over GCF (TIP protocol) or ITCH for Reported Trades. Currently our OTC trade reporting facility does not have any kind of price validation.

The concept of the OTC price validation for *listed*<sup>1</sup> order books is that an incoming trade report shall be validated against a given reference price on the symbol (order book). The reference price is the previous closing price updated once a day. If there are no updates the previous reference price shall be used. Reference price only applies for OTC *Listed* securities.

An example: You report a trade on a *listed* instrument that has a previous close price of 100 SEK. The allowed lower limit of a trade registration on a *listed* order book is 1/3 of previous close, i.e. 33 SEK. The higher limit is 3 times the previous close for listed order books and will be 300 SEK in this case.

If the price of a *non-listed* order book deviates more than a given threshold value compared to the current reference price, the trade report shall be rejected.

The fixed threshold (sanity price) set per currency for *non-listed* instruments are based on SEK 10 000 and are set to the following prices:

Currency	Sanity Price
DKK	7632
EUR	1025
ISK	164134
LTL	3540
LVL	725
SEK	10 000

Note: additional currencies can be added later and will also adjusted depending on changes to the exchange rate.

<sup>1</sup> Listed and non-listed refers to the related concepts in the Reporting Guideline at:

[http://nordic.nasdaqomxtrader.com/memberextranet/inetnordic/Market\\_Model/](http://nordic.nasdaqomxtrader.com/memberextranet/inetnordic/Market_Model/)

**Testing** of this function has been available in OTF from 2010-05-17.

Testing of the OTC Price Validation is currently available on all order books with previous closing price as the reference price. The lower limits are now set to 33%, and the higher limit to 300%. These limits will also be valid in Production later on.

This also applies to SI standard and SI non-standard trades.

**Production date** will be 2010-06-14.

Reporting Guideline will be updated to reflect these validations and will be available on our member web week starting June 7, 2010.

[http://nordic.nasdaqomxtrader.com/memberextranet/inetnordic/Market\\_Model/](http://nordic.nasdaqomxtrader.com/memberextranet/inetnordic/Market_Model/)

If you have any **questions** regarding this Exchange Notice please do not hesitate to contact your Key Account Manager.

Best regards,

NASDAQ OMX Nordic

Please read about ongoing changes for NASDAQ OMX Nordic, on member extranet [INET Nordic Enhancements](#)