

IT Exchange Notice

IT 105/10

IT – INET Nordic Production –Pre Trade Risk Management updates

As the leader in trading and data technology for the financial industry, NASDAQ OMX has developed a Pre-Trade Risk Management (PRM) service that provides customers of its Nordic marketplaces a Pre-Trade Risk Management solution that virtually adds no latency.

Using PRM, member firms can set various constraints on orders and control their trading activity and the trading activity of their clients and customers, including prevention of potentially erroneous transactions.

As of August 23, NASDAQ OMX Nordic will go live with additional checks offered in the Pre Trade Risk Management (PRM) service solution.

The PRM service provides the following checks:

- Fat Finger Price checks
- Maximum order quantity check
- Maximum order value check
- Daily Accumulated values checks **new!**
- Restricted symbol list check **new!**

Read more about the Pre Trade Risk Management (PRM) service in the *PRM Service Guide* available on the [Member extranet](#).

Daily Accumulated Value checks

The daily cumulative checks involve monitoring a series of counters.

Limits can be individually configured for each currency for the following counters:

Total Risk Value	Total traded value including all open orders in the market
Total Traded Value	Total traded value
Total Value Open Orders	Total value of all open orders in the market
Traded Buy Value	Total value bought
Traded Sell Value	Total value sold
Open Orders Buy Value	Unexecuted total value allowed for the buy orders currently in the market
Open Orders Sell Value	Unexecuted total value allowed for the sell orders

	currently in the market
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Restricted Symbol List check

Restricted Symbol List Checks allow users to prevent trading on certain symbols. Any orders on symbols that are on the restricted list will be rejected.

Restricted Symbol List Checks can be configured for single or multiple symbols alternatively, one or multiple Market segments.

Price Thresholds

Also the Price Thresholds used for Fat Finger checks (part of PRM) have been revised.

With the new thresholds the Fat Finger Checks will operate on more granular basis than before. The new thresholds are based on liquidity banding. 15% has been the default setting and 50% used for less liquid and penny shares. With this change the Fat Finger Checks will also meet the standards that NASDAQ OMX requires for Sponsored Access Clients utilizing the exchange's pre trade risk management tools.

The following price limit ranges will be applied in INET Production from Aug 23.

	<i>PRM Threshold</i>
OMXS30/OMXH25/OMXC20 shares and index ETFs	10%
Liquid (Other shares) and other ETFs	15%
Illiquid shares: First North shares + liqgr C + spread >3%	25%
Penny shares*	
0,25-5DKK SEK 0,025-0,5EUR	50%
0,1-0,25DKK SEK 0,01-0,025EUR	75%
0,05-0,1 DKK SEK 0,005-0,01 EUR	100%
0-0,05SEK DKK 0 – 0,005 EUR	200%

**Selected First North shares will utilize the below thresholds due to low liquidity.*

Testing

The new price thresholds have been available for test in the INET OTF environment since June. Please observe that the Penny stock limits have been slightly changed from the IT Notice [98/10](#).

The Pre Trade Risk Management function is a voluntary service provided by and ordered from memberservices@nasdaqomx.com.

Questions and feed-back

For further information and feedback concerning this information please contact your key account manager.

Best regards,
NASDAQ OMX Nordic