

Incident Report on market halts in Genium INET on January 21st 2015, affecting Swedish Stock Derivatives and Index Derivatives markets

Description of the Incident

On Wednesday Jan 21st at 15:39 CET, due to an operational error, the Swedish Stock Derivatives and Index Derivatives markets were closed and end-of-day session states were executed. After analyzing the situation and confirming that no technical issues prevented it, the decision was made to open the markets according to the following schedule: Swedish Stock Derivatives markets were scheduled for PREOPEN (Order cancellation only) at 16:10 CET and OPEN (Continuous Trading) at 16:20 CET. The Swedish Index Derivatives markets were scheduled for PREOPEN at 16:10, CLIN (Call interaction) at 16:15 and OPEN at 16:20.

The schedule was communicated to members via exchange notice at 15:59 CET. The message also stated that all day orders in the Swedish Index markets had been deleted, since this is normal during end-of-day processing.

The premature end-of-day processing also had the following consequences.

- When the OMXS30 futures went through the closing uncross it resulted in one deal. The post trade session lasted for 25 seconds, during which new order entries in the OMXS30 futures were accepted (as per design) before all matching ended. This resulted in that 16 deals were made in the OMXS30 futures. No cancellation of trades was made as the prices were within the prescribed limits.
- The orders in the OMXS30 futures that were active when the post trade session ended, remained active when the market reopened.

It should be noted that market session state changes were disseminated to the members via the system, the system behaved as configured in these session states, and the status of orders were correctly notified to members through the system APIs throughout the duration of the incident. Members were also able to verify their orders before the opening of the markets.

The incident also affected the market data feed GCF. Due to that end-of-day states had been processed, GCF was also triggered to send out end-of-day information prematurely (Orderbook Summary [OBs]). This event could not be reversed and GCF clients were informed that correct Orderbook Summary information would be distributed on Thursday morning Jan 22nd.

After the re-opening of markets, the markets closed according to the normal schedule (17:25 – 18:00 CET) i.e. opening times were not extended due to the premature market close.

After market close, closing prices were verified by Collateral Management.

Markets affected

Market name	Description
SWEDISH INDEX	OMXS30 and OMXSB index futures and options. Call auctions are only applicable for index futures on OMXS30 and OMXSB.
SWEDISH TMC INDEX	OMXS30 and OMXSB tailor made contracts, trade reported.
EURO INDEX	VINX index futures and options (EUR)
EURO TMC INDEX	VINX tailor made contracts, trade reported (EUR)
SWEDISH STOCK	Swedish stock futures and options
SWEDISH TMC STOCK	Swedish stock futures and options tailor made contracts, trade reported.

Root Cause

The root cause was an operational error by an operator.

Plan for future prevention of the problem

A full review and risk analysis of the event is ongoing, including how applications can be improved to better support operators and minimizing the risk of executing incorrect actions.

Finally we deeply apologize for the inconvenience this incident may have caused you.

Stockholm, January 30th 2015

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