

February 24, 2017

## **Exchange Notice**

### **Derivatives – Product Information 14/17**

## **Introduction of Market Maker obligations on Request for Quote on Tailor-Made Combinations**

In preparation for the transparency regime being introduced with MIFID II as of January 2018, Nasdaq Derivatives Markets will extend the Market Maker (MM) obligations for Swedish derivatives to also cover Request for Quote (RFQ) on Tailor-Made Combinations (TMCs).

RFQs on TMCs means the provision of bid and ask quotes which is to be made within a stated period of time following the request and which is to be valid for a stated period of time with a specified maximum spread and minimum number of contracts.

A soft launch is set to June 1, 2017 with a final launch as of December 1, 2017. MM will be set up for supervision during the soft launch period with the intention to give stakeholders time to adapt and calibrate towards new obligations and for the Exchange to collect feedback from market participants, analyse the behaviour and use of the service in order to set the final requirements ahead of the final launch when firm obligations are being introduced.

Prior to the final launch as of December 1, 2017, MMs shall enter into new MM agreements with the Exchange. The content of these agreements will also include the requirements specified in MIFID II.

Please refer to page 2 and 3 in this notice for a detailed description of the MM obligations.

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## Market Maker obligations on Request for Quote on Tailor-Made Combinations

MM conditions in short:

- Respond to at least 50% of the total number of RFQs per calendar month and underlying by providing bid and ask prices;
- Respond to incoming TMC requests with a response time of max. 20 seconds.
- MM shall quote for 20 seconds. The MM can update the prices during this period. If a TMC quote is partially or fully traded, the holding time for the specific TMC is deemed to be fulfilled.
- If the same strategy is re-requested after the 20 second holding time, a new quote should be entered and again held for 20 seconds.
- Quote sizes are the same as for continuous quoting
- For allowed spreads, see tables below.

Bid Price	Max Spread
≤ -20	5
< -15	4
< -10	3
< - 5	2
< 5	1,5
< 10	2
< 15	3
< 20	4
≥ 20	5

ABB	NDA	SSABA
ALFA	NOKIA	STER
ASSAB	OMXS30	SWEDA
ATCOA	SAND	TEL2B
CAST	SCAB	TLSN
ELUXB	SEBA	VOLVB
ERICB	SECUB	
HMB	SHBA	
HUSQB	SKAB	
INVEB	SKFB	

Bid Price	Max Spread
≤ -20	7,5
< -15	6
< -10	5
< - 5	4
< 5	3
< 10	4
< 15	5
< 20	6

AXFO	KINB
BETSB	LUMI
BILL	LUPE
BOLI	SOBI
EKTAB	SWMA
FINGB	TRELB
GETIB	XACT
HEXB	
ICA	

$\geq 20$	7,5		INDUC
Table 3			Table 3 applies to the following Underlying
Bid Price	Max Spread		ALIV
$\leq -20$	10		AZN
$< -15$	8		HOLMB
$< -10$	7		IJ
$< -5$	6		JM
$< 5$	4,5		MIC
$< 10$	6		NCC
$< 15$	7		SAAB
$< 20$	8		
$\geq 20$	10		

Limitations;

- A floor is applied - if 10 or less RFQ's are requested during a month in an underlying, the MM conditions are deemed fulfilled for the underlying in question.
- A per month and underlying cap is applied so that a MM is never required to respond to more than 50 RFQs (for OMXS30 100 RFQs).
- To be counted as a RFQ the MM shall respond to, all series included in the TMC shall be included in the series for which the MM has obligations for continuous quoting in the outright series.
- An RFQ to order ratio will be implemented to avoid excessive use.
- The number of possibilities to create combinations will be limited to a list of recognized TMC strategies. This list will be published in a separate IT-notice.