

**Guidelines for cancellation of trades based on
NASDAQ OMX Nordic Member Rules
section 5.7.3**

Applicable to the following NASDAQ OMX Nordic
exchanges:

NASDAQ OMX Stockholm
NASDAQ OMX Helsinki
NASDAQ OMX Copenhagen
NASDAQ OMX Iceland

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Guideline for cancellation based on NASDAQ OMX Nordic Member Rules section 5.7.3

Introduction:

The Cancellation Guideline contains a specification of the NASDAQ OMX Nordic¹ exchanges procedures in connection with erroneous trades executed on the equity markets. The efforts of the Exchanges to harmonize the procedures require all Exchanges to apply a common interpretation of the NASDAQ OMX Nordic Member Rules ("NMR"), regarding cancellation of erroneous trades on the equity market.

This guideline therefore specifies what members can expect in connection with erroneous trades executed on a NASDAQ OMX Nordic market and should be viewed as a supplement to the NMR. The purpose of the Guideline is to improve transparency of the Exchange's procedures and to ensure harmonization. However, the NASDAQ OMX Nordic reserves the right to decide any matter on its full discretion, in accordance with NMR.

This guideline is divided into the following four sections. The first section defines erroneous transactions according to the relevant sections in NMR. The second section defines the situations under which the NASDAQ OMX Nordic considers cancellation. The third section defines the cancellation procedure, e.g. which trades can be expected to be cancelled, if the NASDAQ OMX Nordic decides to cancel trades based on NMR section 5.7.3. The fourth section specifies NASDAQ OMX Nordic's reservations.

1. Erroneous Transactions

NMR section 5.7.3 (i), authorizes the NASDAQ OMX Nordic– if so required - to ensure the integrity of the Market or in other extraordinary situations, to cancel a trade that is the result of:

"an indisputable error or unfortunate mistake which is caused by a technical or manual error at the Exchange(s), Member or Member's clients"

An Erroneous Transaction is defined as an execution of an order that is clearly entered in error by a user in the trading system; e.g. a situation where the executed trade(s) deviates from the existing and recent price pattern to such extent that it is apparent that those trades were not meant to be executed at all or at least not on such terms.

An Erroneous Transaction can occur when entering an order that is matched against an existing order(s) or when entering an order that another Member thereafter trades against. An Erroneous Transaction can also be a Manual Trade that has been entered into as a result of an indisputable error.

Cancellation as a consequence of section 5.7.3 means that trades are being compulsory cancelled, which in turn means that the counterparties in affected trades have no obligation to settle the trade.

NASDAQ OMX Nordic' right to remove trades from the post trade information, according to NMR section 4.6.3, is not affected by this guideline.

¹ "NASDAQ OMX Nordic" refers, for the purposes of these Cancellation Guidelines, either each individually or all together, to NASDAQ OMX Copenhagen A/S, NASDAQ OMX Helsinki Oy, NASDAQ OMX Stockholm AB and NASDAQ OMX Iceland hf.

2. Cancellation criteria

In determining whether a specific situation initiates a forced cancellation, the Surveillance will consider the following criteria:

1. The trade(s) shall be a consequence of an indisputable error e.g.
 - Wrong security, Switch of price / volume, extra digits
2. And the trade(s) shall cause substantial change in the price picture
 - The trade shall be executed at a price which deviates substantially from the prevailing market price² of the instrument before the erroneous order was entered. The change in the price picture shall be sudden and of an extraordinary nature where the one side of the spread is moved substantially or is cleared altogether.
3. The trade shall be perceived as unreasonable, considering the current market conditions and the trading activities for related instruments.
4. The prevailing market conditions, market activity, volatility and the traded value of the instrument are taken into consideration.

Members are expected to be aware of publicly available information. Failure of a Member to acknowledge publicly available information will not be regarded as an indisputable error, unless extreme conditions apply.

3. Cancellation procedure

NASDAQ OMX Nordic procedures for cancellation of erroneous transactions is as follows:

- If a Member executes a Transaction that it considers as an erroneous transaction, the Member shall contact the respective NASDAQ OMX Nordic exchange in question immediately, and no later than 10 minutes after the execution of the transaction.
- The respective NASDAQ OMX Nordic exchange considers whether grounds for tradecancellation(s) exist. In case a decision to cancel will be made the respective NASDAQ OMX Nordic exchange discloses an announcement in the Trading system that the trades in question are considered to be cancelled as soon as possible.
- NASDAQ OMX Nordic reserves the right to cancel trades also if a request for a cancellation is not made within 10 minutes, but the probability of a late request being approved is substantially lower. Trades in large cap securities (including ETFs) will not be cancelled if a request has not been made within 10 minutes, unless extreme circumstances exist.
- When NASDAQ OMX Nordic initiates a forced cancellation, the cancellation normally does not include the trades which are considered to be at the market price even though the cancellation criteria's would be met. Trades at the spread or close to spread (or, in the absence of a recent and representative spread, another more relevant reference price for the relevant value of the instrument) will normally not be cancelled unless there is an extraordinary reason. The following price deviations will normally be applied as qualifiers for whether trades will be eligible for cancellation:

² Please see NMR clause 4.6.1

Shares and equivalent instruments:	Difference in relation to recent last paid price, original spread or fair value
Components in and ETFs based upon the major tradable indices (currently OMXC20, OMXH25, OMXS30)	3%
Penny shares (<10DKK / 1EUR / 100ISK / 10SEK) ³	15%
First North securities	10%
Less liquid securities (Liquidity group C, First North DK, average spread >3%)	15%
Other securities, including investment funds	5%
Warrants, rights and equivalent instruments	
<0,05 SEK / 0,05 DKK / 0,05 EUR	300% (2 ticks for sale)
0,05-0,50 SEK / 0,05-0,50 DKK / 0,05-0,10EUR	100% (50% for sale)
0,50 – 1,00 SEK / 0,50-1,00 DKK / 0,10-0,50 EUR	50%
1-5 SEK / 1-5 DKK / 0,50-1 EUR)	25%
>5 SEK / 5 DKK / 1 EUR	15%

- For Instruments in the first category in the table, the most liquid instruments, the guideline specified in the table will be strictly applied as a cut off limit for when trades will be eligible for cancellation.
- If an Instrument qualifies in more than one category, the higher percentage will be used. For Instruments other than those listed in the table, the table will serve as guidelines to the extent relevant and applicable.
- The percentages are applied based on the last paid price before the erroneous order, for liquid Instruments. For less liquid Instruments, or in absence of a recent last paid price, another reference price may be used. Original spread, before the incident will, if relevant, be used as such reference price.

Trades that are executed after the erroneous order entry - including stop/loss orders - will be eligible for cancellation on the same basis as the initial erroneous trades. Trades in other Instruments, executed as a direct or indirect consequence of the Erroneous Transaction, will only be cancelled if they individually meet the cancellation criteria.

A stock exchange announcement informing the market of the possible cancellation of trades will be published as soon as possible, and in most cases no later than 5-10 minutes after the incident. An additional announcement will be published informing the market about the respective NASDAQ OMX Nordic exchanges decision on the matter.

Incidents that only involve very few trades and/or Members can be handled directly with the Members, without publishing announcements.

Trades that are not cancelled 60 minutes after the first stock exchange announcement has been published can be considered as valid trades. NASDAQ OMX Nordic can prolong this time limit by publishing a new announcement within the 60 minute period, informing about the circumstances that led to the extension of the time limit.

³ Wider ranges will be used, on a discretionary basis, for securities traded at very low prices.

4. Reservations

NASDAQ OMX Nordic may cancel trades in all cases where it can be established that the trade has been executed as a result of an error according to NMR section 5.7.3

In the event that NASDAQ OMX Nordic cannot get in contact with the Member having initiated the erroneous transaction, NASDAQ OMX Nordic reserves the right to enforce cancellation if needed *to maintain a true and fair price picture*.

Any resale of shares will **not** be taken into consideration.⁴

If the counterparties come to an internal agreement on settling trades that have been cancelled according to NMR section 5.7.3, the parties must inform the respective NASDAQ OMX Nordic exchange and without undue delay report the trades manually using the relevant Manual Trade type.

In general NASDAQ OMX Nordic recommends that Members do whatever possible to avoid the registration of erroneous orders. Filters for deviating orders are a natural part of the preparation. Entering of erroneous orders may also result in disciplinary actions, if the event is judged to be a breach of NMR section 4.6.1. The Members are recommended to assist in cancellations.

NASDAQ OMX Nordic **will not be a part of disputes between parties involved in a trade that has been cancelled, but will consider the trade as having been compulsory cancelled.**

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⁴ A resale is defined as a transaction offsetting the buyers/sellers previous transaction.