Self Trade Prevention (STP)

The STP functionality can be used by Members to avoid unintentional internal trading by preventing certain Member Orders from executing against each other. The aim with the functionality is to facilitate members’ compliance and risk management duties and needs.

The STP functionality may be activated on Order instruction level without any configuration. This allows greater flexibility; the Member may for example create protected trader groups. As the STP actions may also be expanded into multiple options, the functionality can target different regulatory and compliance requirements within the Member.

HOW TO ACTIVATE STP?

Three fields are available on the inbound order entry protocols (OUCH and FIX). By actively populating these fields the STP functionality is activated without any other configuration needed. The fields will also be displayed on associated Drop copies.

### STP Level

STP Level indicates the scope of STP protection set on the Order. The member can choose between three levels.

1. MPID + Trader ID
2. MPID
3. Specified Trader Group

The idea with Specified Trader Group is that the member can decide that certain Orders should not interact. This enables varying usage of the functionality for the member. E.g. Algo engine flow A and B should not interact with each other.

### STP Action

STP Action indicates the action that should be undertaken by the trading system in case of a potential Self-trade. Possible actions:

1. Cancel passive (default)
2. Cancel aggressive
3. Cancel both
4. Create technical transfer transaction

### STP Trader Group

The STP Trader Group allows a member to assign a user code for Orders that should not interact, i.e. two Orders with the same code would be protected. Conditionally required for STP Level = 3, otherwise ignored.
To prevent a Self-Trade

To prevent a Self-Trade the following conditions must be “matched” for the respective passive and aggressive Order:

1. **STP Level** must be provided on both Orders and they have to match.

2. **STP Level + Trader Group** must have the same values.

If these conditions do not match, STP will not be enabled and a trade will occur.

The STP Actions does not have to match, and in case they are differently assigned on the respective Order, the setting on the aggressive Order will be honoured.

STP can be used on all Order books on all exchanges, including Nordic@Mid. The functionality is only active during continuous trading.

**STP Group**

It is also possible to obtain STP protection across two or multiple MPIDs belonging to the same STP Group of MPIDs. Such requests should be made to operator@nasdaq.com.

**Example**  Aggressive sell order.

<table>
<thead>
<tr>
<th>Price</th>
<th>Qty</th>
<th>MPID</th>
<th>User</th>
<th>STP Level</th>
<th>STP Action</th>
<th>STP Trader Group</th>
<th>STP Group (Config)</th>
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**Bids**

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* Book in priority order Price, Internal, Time.

**DISCLAIMER**

While this fact sheet has been prepared on the basis of the best information available, Nasdaq Nordic Member Rules (NMR) is the legally binding document between Members and Nasdaq Nordic. The purpose of this fact sheet is solely to provide guiding information for trading Members.

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