

Nasdaq Nordic market halts/resume criteria
Nasdaq Nordic Member Rules section 3.6

Applicable to the following Nasdaq Nordic
exchanges:

Nasdaq Stockholm AB
Nasdaq Helsinki Ltd
Nasdaq Copenhagen A/S
Nasdaq Iceland hf.

January, 2021

Nasdaq Nordic market halts/resume criteria; Nasdaq Nordic Member Rules (NMR) section 3.6

Nasdaq Nordic has removed the market share percentage related text in rules relating to technical disruptions (NMR section 3.6, changes effective as of January 1, 2021) in order to assure that focus is on assessing the functionality of the markets and in order to come to a decision within a shorter timeframe.

This document describes a guiding principle, which aims to establish a general framework for the decision-making, and furthermore describes non-discretionary and discretionary scenarios and the respective actions and evaluations for such scenarios.

Guiding principle

Nasdaq Nordic will make an assessment if orderly and fair trading conditions (on a non-discriminatory, fair and transparent basis) exists based on the objective criteria for the efficient execution of orders in accordance with the respective effective rules, regulations and market model.

Criteria to be considered in a non-discretionary decision to halt markets

Following table lists the scenarios relating to Nasdaq Nordic Member Rules that are subject to non-discretionary decisions to halt markets. Non-discretionary in this context means that markets are considered non-functional and the actions described are necessary to recover.

Table1: Criteria to be considered in a non-discretionary decision to halt markets

Event	Impact	Applicable rule	Action	Comment
Matching Engine primary down on primary site	No matching possible, trading effectively halted. Failover to secondary instance	NMR 3.6.4	Failover to secondary on primary site, Halt markets	Non-discretionary scenario, a halt is a necessary step to recover
Matching Engine primary and secondary down on primary site	No matching possible, trading effectively halted. Failover to secondary site	NMR 3.6.4	Alt a) Failover to secondary site, Halt markets Alt b) Recover matching engine on primary site, Halt markets.	Non-discretionary scenario, a halt is a necessary step to recover
Market data dissemination protocol outage, affecting any of the below:	Trading disturbed, not well-functioning trading	NMR 3.6.4	Halt markets	Non-discretionary scenario, markets can't function properly

INET: ITCH Genium INET: ITCH, OMnet.				
Order entry protocol outage, affecting any of the below: INET: FIX, OUCH Genium INET: FIX, OMnet.	Trading disturbed, not well-functioning trading	NMR 3.6.4	Halt markets	Non-discretion scenario, markets can't function properly

Criteria to be considered in a discretionary decision to halt markets

The below list provides some of key aspects that Nasdaq Exchanges may consider in discretionary situations, where an assessment of factors is needed prior to deciding on actions such as halting markets. The factors provided below are a non-exhaustive list of aspects that may have relevance. They do not aim at covering all the possible aspects that would need to take into account. Ultimately, the final assessment has to be made on a case-by-case basis.

- Customer participation/ability to trade. Regardless of market, an assessment need to be made regarding the level of participation, and if this is sufficient for the markets to remain open. In incidents relating to connectivity and ability to trade, Nasdaq’s position is to keep markets open. The assessment will take into account the functioning of the market given the level of participation.
- Dissemination of market data. Assessment of price information availability, latency and correctness.
- Order entry availability. Assessment of order entry availability, latency and correctness.
- Ability to clear and settle trades. Assessment regarding when/if clearing can resume, whether to switch from CCP clearing to bilateral clearing (equities)
- Ability to monitor and operate markets and systems. Assessment of technical supervision, trading supervision and availability of operational tools critical to managing the markets.

The following table lists the scenarios relating to Nasdaq Nordic Member Rules that are subject to discretionary decisions to halt markets.

Table 2: Criteria to be considered in a discretionary decision to halt markets

Event	Impact	Applicable rule	Action	Comment
Connectivity issue	Price formation not sufficient for trading (at an undefined point)	NMR 3.6.3	Exchanges discretion needed	Discretion, assessment needed if the market is fair. Includes partial impact on protocol
Matching Engine not producing correct results	Trading disturbed/unreliable/unfair	NMR 3.6.4	Exchanges discretion needed	Discretion, decision depends on the scale of the issue, assessment needed
Market data dissemination erroneous, affecting any of the below: INET: ITCH Genium INET: ITCH, OMnet	Trading disturbed/unreliable/unfair	NMR 3.6.4	Exchanges discretion needed	Discretion, decision depends on the scale of the issue, assessment needed

Issue affecting market management /monitoring tools	Inability to control / monitor market: inability to issue halt/resume commands	NMR 3.6.4	Exchanges discretion needed	Discretion, assessment needed if well-functioning market.
Market data dissemination protocol outage, secondary: INET: GCF Genium INET: GCF	Trading disturbed/unreliable/unfair	NMR 3.6.4	Exchanges discretion needed	Discretion, assessment needed if well-functioning market.
CCP or CSD unavailable due to default or severe technical disturbance	Participants unable to get trades cleared and settled.	NMR 3.6.4	Exchanges discretion needed	Discretion, assessment needed if well-functioning market.
Lack of staff performing business critical processes.	Inability to sufficiently control / monitor systems and markets.	NMR 3.6.4	Exchanges discretion needed	Discretion, decision depends on the scale of the issue, assessment needed

Criteria to be considered in a discretionary decision to resume markets

The decision to resume markets is always a discretionary decision. This requires an assessment if well-functioning trading can be maintained, which will include the relevant factors that were assessed prior to the decision to halt markets.