

PureStream on Nasdaq Europe

An Efficient and Innovative Solution for Volume-Based Trajectory Trading

Pending regulatory approval

The rise in indexing and passive investing has increased the popularity of benchmark strategies such as Volume-Weighted Average Price (VWAP) and Percent of Volume (POV). PureStream on Nasdaq Europe¹ service enables you to meet your trading goals and minimize market impact with volume-based trajectory trading that executes trades in open-ended batches. By removing reliance on sourcing liquidity on a single point in time basis, PureStream drives better execution outcomes when working larger trading interest.

Key benefits:

1. **Minimal market impact:** PureStream's unique Liquidity Transfer Rate (LTR) matching tracks the market's volume, executes at the VWAP, and ensures no pre-trade information is revealed, effectively reducing the risk of information leakage and reducing market impact when executing long-term trading interest.
2. **Flexible execution:** PureStream allows you to trade fractions or multiples of the market's future volume, based on your execution goals.
3. **Risk management:** With no predefined time for trades and a robust reputational scoring mechanism, PureStream discourages unwanted behaviour.
4. **Access to liquidity:** As a venue-operated service, PureStream on Nasdaq Europe allows you to tap into a much broader pool of liquidity compared to in-house solutions.
5. **Simplicity:** Use your existing Nasdaq Europe membership and infrastructure, with no need for separate connectivity or complex setups.

How it works:

- PureStream on Nasdaq Europe is a venue-operated trajectory trading service based on conditional **Indications of Interest (IOIs)**, allowing traders to execute a portion of market's future volume at a standardized VWAP more efficiently.
- PureStream matches IOIs in open-ended batches based on the **Liquidity Transfer Rate** - the percentage of the market's future volume a trader is willing to trade.
- In accordance with the set LTR, PureStream trades capture a **fraction or multiple of the trading volume executed on the lit order books** at the VWAP price.
- PureStream's trading mechanism **minimizes price impact** by tracking the market's VWAP. It also ensures no pre-trade information is revealed, reducing the risk of information leakage.

Contact:

Anders Green

AVP, Product Management, European Equities

E-mail: anders.green@nasdaq.com

Phone: + 46 73 449 6752

Matteo Balladori

Director, Sales, European Equities

E-mail: matteo.balladori@nasdaq.com

Phone: +44 7918 493142

Webpage: www.nasdaq.com/solutions/purestream-on-nasdaq-europe

An example

Two IOIs are up in a stream with an LTR of 15% and volume of 20,000 shares. A PureStream trade is executed when the total volume executed on lit venues across at least two trades, multiplied by the LTR, reaches the Minimum Stream Value (MSV) threshold of €5,000.

Timestamps	T1	T2	T3
Benchmark trades on lit books	4,000 shares at €3.00	3,000 shares at €3.50	3,000 shares at €4.00
Notional of benchmark trades	€12,000	€10,500	€12,000
LTR	15%	15%	15%
Cumulative MSV Calculation	€1,800	€3,375	€5,175
PureStream Trade	-	-	1,500 shares at €3.45

In this example, a PureStream trade is executed when the MSV is reached, immediately after T3 at the VWAP of €3.45 calculated over the 3 benchmark trades. The trade size is 1,500 shares, equal to the agreed LTR of 15% over the total aggregated volume of the benchmark trades (10,000 shares).

The stream continues until the full volume is traded, the limit price of one of the IOIs crosses the price of one of the benchmark trades, or one of the IOIs is cancelled.

Details

Minimum IOI size	20,000 EUR (or equivalent in DKK/ NOK/ SEK)
LTR ranges	Range with minimum of 1% and maximum of 500%
Matching priority	Member/ LTR/ Size/ Limit price/ Time
Minimum Stream Value	5,000 EUR (or equivalent in DKK/ NOK/ SEK)
Market scope²	Shares and depositary receipts primary listed in regulated markets in Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Netherlands, Norway, Portugal, Spain and Sweden
Benchmark venues	Nasdaq Copenhagen, Nasdaq Helsinki, Nasdaq Stockholm; Euronext Amsterdam, Brussels, Dublin, Lisbon, Milan, Oslo, Paris; Deutsche Börse XETRA; Bolsa de Madrid; Vienna Stock Exchange; Cboe Europe, Aquis Europe, Turquoise Europe
Benchmark trades	Trades executed on the lit order books of benchmark venues and contributing to the VWAP and size calculation on PureStream
Trade publication	PureStream trades will be published in real time on the market data feeds and identified with the following new Market Identifier Codes (MIC): PCSE for Nasdaq Copenhagen instruments, PHEL for Nasdaq Helsinki instruments, PSTO for Nasdaq Stockholm instruments and PFSE for European instruments (including Norwegian shares) on First North Sweden. The trades will also be flagged as negotiated trades with the post-trade flags PRIC and BENC
Connectivity	Existing Nasdaq Europe, FIX and OUCH ports. No separate connectivity needed

¹ For the purpose of this document Nasdaq Europe refers to, either each individually or all together, Nasdaq Copenhagen A/S, Nasdaq Helsinki Ltd and Nasdaq Stockholm AB.

² Details on markets and instruments in scope will be available via Nasdaq Europe reference data.

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