

Draft Appendix XX – Auction Volume Discovery (AVD)

Introduction

Auction Volume Discovery (AVD) is an optional Order type that allows Members to add liquidity to the Opening and Closing Auctions without influencing the indicative price or imbalance. AVD activates only once the auction price has been set and can provide extra matching opportunities at the official auction price. The purpose of the AVD is to enable members to engage with latent auction liquidity while minimizing signaling risk.

Key Features of AVD

Individual AVD Orders are not displayed before the auction; they do not appear in pre-trade data, as applies to other auction destined Orders (Limit and Market on Close).

AVD Orders are active exclusively during Opening and Closing Auction Calls, not during continuous trading.

AVD Orders only execute at the final uncross price and never influence the auction price formation. This means that AVD Orders have no impact on the indicative price or imbalance during the auction process.

They follow Immediate-Or-Cancel (IOC) logic: any AVD volume not executed at the uncross price is immediately cancelled.

Both Market and Limit order types are supported for AVD.

Members can specify a Minimum Execution Size (MES) for AVD Orders.

How AVD interacts withing the auction

The Opening and Closing Auction runs normally until the uncross price is determined. At this stage, the Auction Volume Discovery mechanism is activated.

Auction sequence:

1. Regular auction Orders set the uncross price.
2. Regular auction matching and allocation is completed.
3. Any remaining imbalance may interact with AVD orders.
4. Remaining AVD orders may match with each other.
5. All remaining Orders (including AVD) are cancelled.

If no uncross price is found (for example, only AVD Orders exist), all AVD Orders are cancelled.

How AVD Orders are prioritized

AVD uses a three-step priority structure:

1. Internal priority – Orders from the same member match first.
2. Size priority – larger Orders have priority.
3. Time priority – earlier Orders have priority when the first two are equal.

This applies both when matching against auction imbalance and when matching AVD-to-AVD.

Interaction with price formation

- AVD never influences the equilibrium auction price calculation.
- AVD cannot create a crossing or a new price.

Market Data Treatment

Pre-trade (ITCH NOII message)

- AVD Orders are not individually displayed, consistent with other regular auction Orders.
- AVD volume updates only the indicative matched volume.

Post-trade

-AVD executions are published real-time in both private and public market data.

Market structure for the Auction Volume Discovery mechanism

Instruments eligible

- Shares and depository receipts that are set up for Opening and Closing Auctions (equities only).
- Not applicable for equities trading in Auction Trading Segments.

Markets (including their respective First North equities markets)

- Nasdaq Copenhagen
- Nasdaq Helsinki
- Nasdaq Iceland
- Nasdaq Stockholm

Other conditions

- No uncross price: All AVD Orders are cancelled.
- MES not met: AVD Order does not trade.
- Limit AVD less generous than uncross price: Order is cancelled.

Examples

Example 1 – AVD orders matching an imbalance

If a sell imbalance of 12,000 shares remains after the auction, and an AVD Buy of 20,000 is present, the AVD executes 12,000 and 8,000 is cancelled.

Example 2 – AVD matching AVD Orders

If a sell imbalance of 12,000 shares remains after the auction, and an AVD Buy of 20,000 is present, the AVD executes 12,000 and remaining AVD Buy may match an AVD Sell Order of 8,000.

Example 3 – No uncross

If only AVD Orders are present, the auction price cannot be set, and all AVD Orders are cancelled.

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