DISCIPLINARY COMMITTEE AT OMX NORDIC EXCHANGE STOCKHOLM

RULING 2007:6

October 17, 2007

OMX Nordic Exchange Stockholm AB

Carnegie Bank A/S

Carnegie Bank A/S ("Carnegie") is a member of the OMX Nordic Exchange Stockholm AB ("the Exchange") for the purpose of trading in derivative instruments listed on the Exchange. The Exchange's Derivative Regulations apply for derivative trading on the Exchange and, according to the membership agreement, comprise the contents of the contract between a member and the Exchange.

According to the Derivative Regulations, item 2.5.2, the following applies:

"Neither the customer nor the Exchange member is permitted to consciously or negligently disseminate incorrect or misleading information or in any other way take misleading actions that could affect the price or the order situation in the market for instruments in a quoted series or instruments listed by an exchange with which the Exchange cooperates, the price or the order situation in the underlying market for instruments in a quoted series or the order situation in an underlying market for instruments in a quoted series or instruments listed by an exchange with which the Exchange cooperates."

Through the Appendix herein enclosed to the application, the Exchange has submitted a request that the Disciplinary Committee, with the support of NMR, rule that disciplinary actions be taken against Carnegie.

Carnegie has testified to the actual circumstances on which the application is based.

The Disciplinary Committee has considered the documents in the matter. Neither of the parties has requested an oral hearing.

The Swedish Financial Supervisory Authority has declared that is has nothing to add to the matter.

From the documents, it is evident that the forward contract OMXC207F was listed on the Exchange in April 2007, as were four options based on the same underlying index with a relation such that changes in the price and spread of the forward contract usually affected the price of the options. Furthermore, it is established that a broker at Carnegie on April 23, 2007 at 1:12:50 p.m. and 1:15:26 p.m. placed buy and sell orders in the trading system, each relating to one contract in the OMXC207F forward contract, which resulted in the spread in the options being re-quoted in a manner that allowed him to immediately thereafter sell 50 contracts for each option at a higher price than would have applied if the forward contract orders had not been placed. In addition, it is apparent that the broker, seconds after the option sales were closed, then revoked both of the orders for the future contracts, resulting in the spread on the forward contract and the options reverting to the levels that had pertained prior to the placing of the orders for the futures.

The Disciplinary Committee shares the Exchange's conclusion that the forward contract orders were placed solely for the purpose of affecting the price of the options and thus were not matched by any intention to implement a trade in future contracts, a conclusion that Carnegie also does not dispute. The broker responsible thus deliberately took an action that misleadingly affected the price of the listed options, which constitutes a breach of item 2.5.2 of the Derivative Regulations. This applies irrespective of the fact that the forward contract orders, according to what Carnegie has argued, took place within the prevailing spread.

Carnegie has stated that the company deeply regrets this event and that it has resulted in a review with the brokers employed by Carnegie to prevent a re-occurrence.

In accordance with what the Disciplinary Committee has emphasized in a number of previous cases (see most recently Ruling 2007:5), Carnegie has principal liability to the Exchange for the broker's breach of the regulations. This breach cannot be considered moderate or excusable. On the contrary, at issue here is a regulatory breach that is by its nature serious, although it pertained to limited amounts in this particular case. Accordingly, Carnegie shall pay a penalty.

The Disciplinary Committee rules that Carnegie Bank A/S shall pay a penalty of SEK three hundred thousand (300,000).

On behalf of the Disciplinary Committee

Johan Munck

Participants in the Committee's ruling were Supreme Court Justice Johan Munck, former professor Madeleine Leijonhufvud, company director Hans Mertzig, Ragnar Boman (MBA) and company director Jack Junel. Unanimous.