

Quarterly report from Market Surveillance

This report includes the period from 1 January to 31 March 2021

Updates from Market Surveillance

Market Surveillance has completed the annual member review 2020 as required in Regulatory Technical Standards (RTS) 7 of MiFID 2. The Market Surveillance team would like to thank the Nasdaq Oslo members for taking time to respond to the questionnaire.

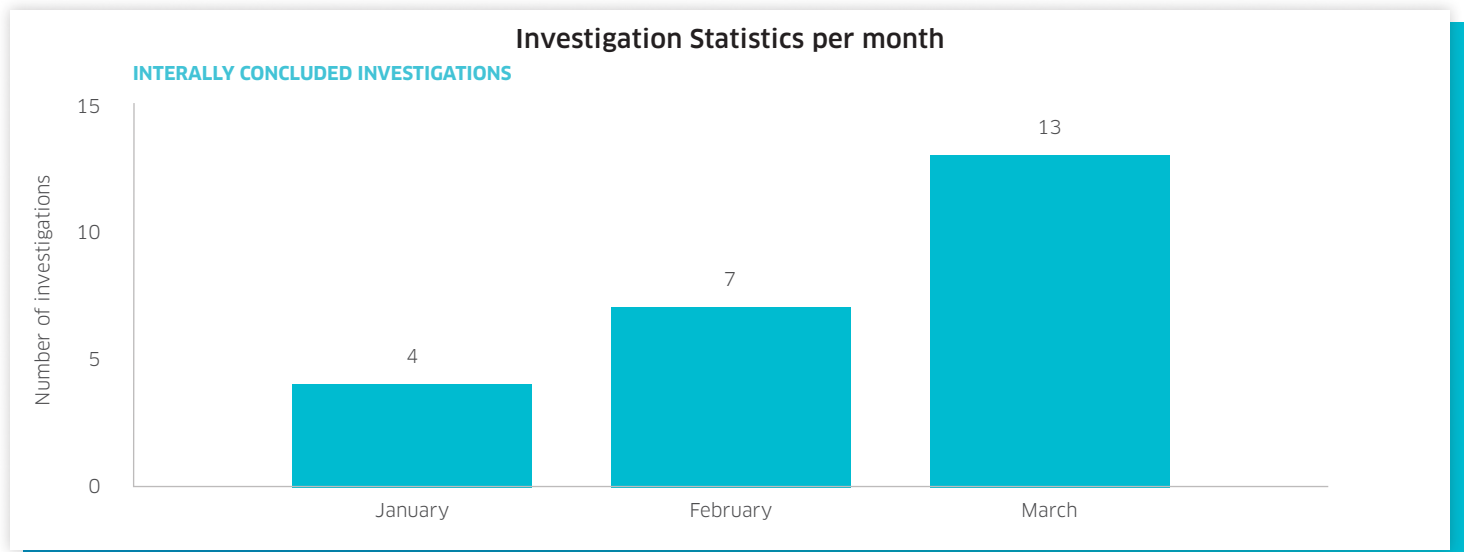
General information on investigations

For all incidents and relevant events Market Surveillance investigate we look at the incident both in isolation and in a greater perspective. In general we assess the following components:

- Activity of relevant market participant(s) before and after incident
- Activity of relevant market participant(s) in other correlated products before and after incident
- Changes in price formation before and after incident
- Activity of other market participants
- Market participant(s) position in relevant contracts
- Previous activity and knowledge about market participant(s)

Investigation summary

Through analysis, automated alerts and tips from exchange traders Market Surveillance has investigated and reported relevant cases to authorities as presented in the figure below



Selection of concluded investigations

- On 12 February Market Surveillance received an email from an exchange trader who reacted to the order activity in the futures contracts for years 2025 and 2026 just before close of order book trading. In the trader’s view, the sell orders were entered at artificially low price in comparison with other correlated yearly contracts thus influencing the fixing price. Market Surveillance has investigated the relevant trading activity for the respective contracts but did not find any breach of the Market Conduct Rules (MCR).
- On 24 February Market Surveillance received a phone call from an exchange trader who reacted to unusual activity in ENOFUTBLYR-25. Short time after executing the trade at 27.60 EUR, in which the trader in question acted as a buyer, the trader observed the contract was sold down at 27.50 EUR. The trader questioned the correctness of the trade execution at 27.50 EUR as regards the rule of the best execution. The trader maintained that a reasonable trader would have entered an offer at the last traded price instead of selling down. Market Surveillance has investigated the market situation but could not find any breach of the MCR.
- On 10 March Market Surveillance received information from the Nasdaq Marketplace that an exchange trader has observed unusual trading activity in the synthetic spread combination contract DSFUT/FUT. The trader maintained that the price of the DS FUT leg in the combination contract did not reflect the market price. Market Surveillance has investigated the above mentioned trading activity but could not find any breach of the MCR.
- On 11 March Market Surveillance has received an email from an exchange trader who reacted to bidding activity in ENOD1203-21 a few seconds before closing the trading window at 12am. The trader questioned the intentions of the bidder to enter such a bid which was difficult to match for a potential seller, and stated that this was recurring pattern in the Nordic Futures Day Contracts on the preceding days. Market Surveillance did not find a clear breach of the MCR, yet see that this order activity could harm the market. Market Surveillance contacted the trader posting the bid and it was agreed that it is best to refrain from such activity.

Reporting of block trades

The percentage of delays in reporting of block trades was 1.24% in the first quarter of 2021, this is down from 1.56% in the fourth quarter of 2020.

The percentage of incorrectly reported block trades was 0.94 % in the first quarter of 2021, this is slightly down from 0.95 % in fourth quarter of 2020.

