

Quarterly report for Market Surveillance

This report includes the period from 1 January to 31 March 2022

Updates from Market Surveillance

The new year started with carrying on the high energy prices from Q4-2021. Pressure was added on the energy markets by the war in Ukraine, driving thermal marginal costs further up. With regards to area prices the North-South split of Norwegian and Swedish prices persisted through the quarter due to large differences in the hydrological situation. Market Surveillance has had a special focus on potential strategic behavior related to these extraordinary events.

Market Surveillance has observed several occurrences of incorrect MIFID identifiers registered (report codes, Trader IDs) during the first quarter of 2022. Quality assurance of these fields by market participants will reduce the chance of Market Surveillance asking questions regarding legitimate behavior.

Investigation summary

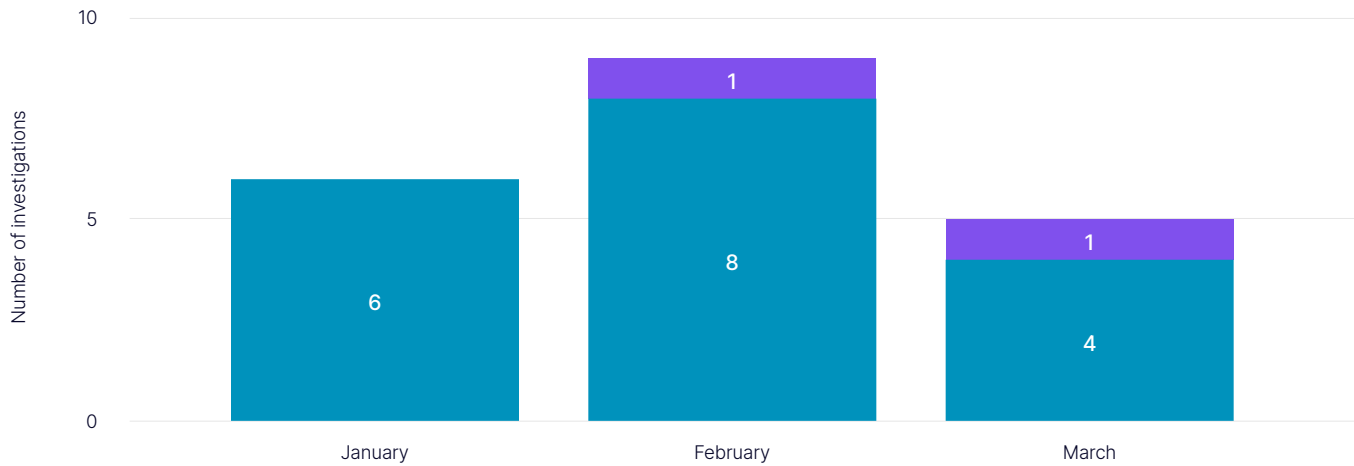
For all incidents and relevant events Market Surveillance investigate we look at the incident both in isolation and in a greater perspective. In general we assess the following components:

- 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)

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

Investigation Statistics per month

Internally concluded or escalated investigation **INTERNALLY CONCLUDED INVESTIGATIONS** **REPORTED TO AUTHORITIES**



Selection of concluded investigations

Below is a description of some of the concluded incidents:

- On 9 February a market participant contacted Market Place Services questioning a bid order that excluded the last trade price in the ENOFUTBLYR-23 with approximately 1.5 seconds remaining of the trading session.



The market participant reaching out to Market Place Services was willing to sell at 37.60, i.e. where the new bid came in. Market Place Services reached out to the market participant that posted the bid, yet the order was not firm. Market Surveillance investigated the matter and the market participant posting the 37.60 bid claimed this was an erroneous order.

The market participant posting the bid did not hold a position that gained from shifting up the daily fix in the ENOFUTBLYR-23. Further, Market Surveillance was not able to identify any other incentives the market participant had to shift the closing spread upwards. As such the erroneous order explanation was found plausible, and market participant was requested to review their pre-trade control procedures to reduce the risk of similar events in the future. No breach of the Market Conduct Rules was found.

- On March 15 Market Surveillance investigated an abnormal price movement in the SYMALAFUTBLMAPR-22. The contract was traded at 83.00 and 60.00 EURs at different Block Brokers with only two minutes difference in reported Time of Agreement. Investigations revealed vast differences in best prices available at the different Block Brokers, and a slight reporting error on the Time of Agreement. The trades were agreed almost simultaneously at 23.00 EUR price difference. No breach of the Market Conduct Rules was found.

Cases reported to Authorities

The following incidents were reported to relevant authorities:

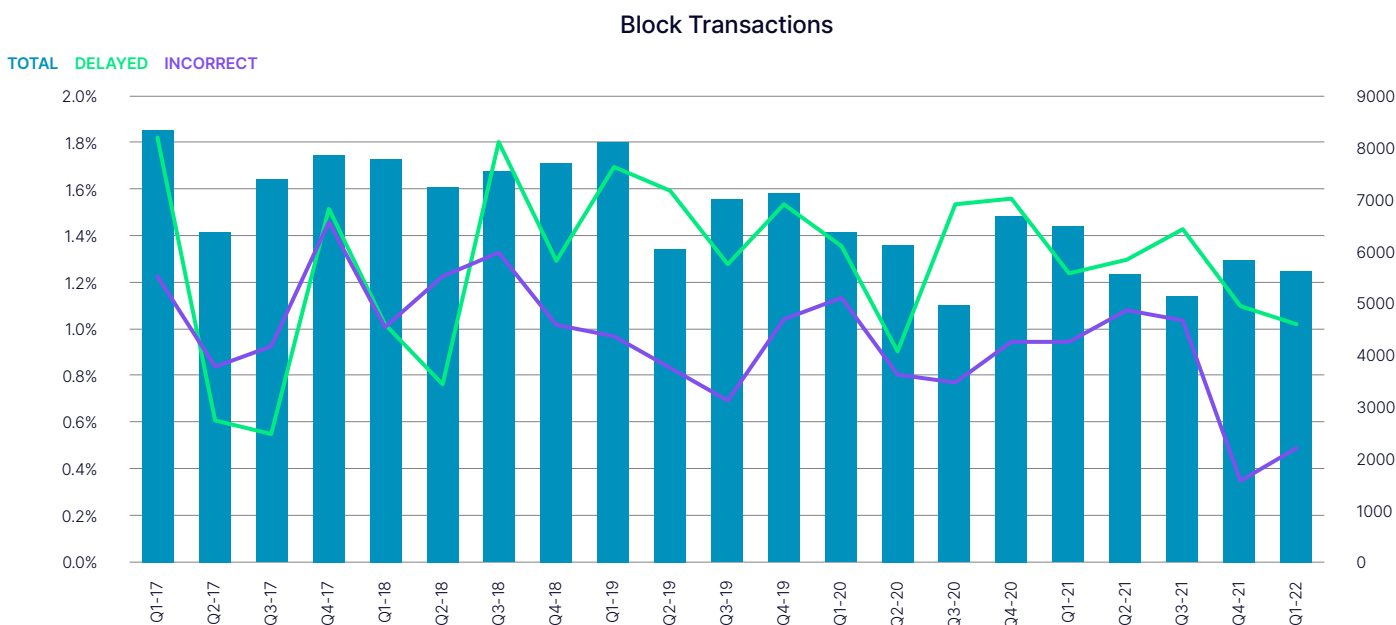
- On February 11 Market Surveillance identified an UMM concerning transmission capacity where a connection was technically unavailable for several hours before the market was notified. Given the time of publication there was no impact on contracts listed at Nasdaq Commodities yet could be of importance for the SIDC market. The finding was reported to relevant regulator.
- On March 24 a TSO published multiple market messages regarding transmission between multiple countries and bidding zones.

The capacity allocated in the SDAC was different from the capacities published in the market message at an earlier stage. The difference between capacity published to the market and allocated to the market was considered significant and reported to relevant regulator.

Reporting of block trades

The percentage of delays in reporting of block trades was 1.02 % in the first quarter of 2022, this is down from 1.10 % in the fourth quarter of 2021.

The percentage of erroneous reported block trades was 0.48% in the first quarter of 2022, this is up from 0.34 % in the fourth quarter of 2021.



*Block Trades with Contract Time within Exchange Opening Hours, or 15 minutes or less before the start of Exchange Opening Hours, reported later than 15 minutes after their Contract Time are defined as delayed.

