Annexe C: Block Trade Policies

Market Model & Functionality

Nasdaq Derivatives Markets

Last Update: 15 Apr 2024

C.1 Acceptable Price Range

C.1.1 Volume-Weighted Bid-Offer Spread

An acceptable price range for a Block Trade is determined as the volume weighted average bid-offer spread in the order book calculated for the relevant reference size.

The reference size with respect to an underlying that apply from time to time is based on market maker quote sizes and can be found in the Market Maker Parameters file at the Exchange's webpage regarding market making (https://www.nasdaq.com/solutions/becoming-a-market-maker-for-nordic-equity-derivatives), or for certain Swedish index futures and for all Finnish derivatives in section C.1.2 below.

With regards to the Mini OMXS30 Futures contracts, the acceptable price range shall be based on the standard OMXS30 Futures contract with the same expiration day.

Example 1 – Determining an Acceptable Price Range:

Provided the below order book for an options Series A on the underlying OMXS30, thus having a reference size of 50, the volume weighted bid and ask prices are calculated as:

$$Bid_{VWAP} = \frac{1 \times 11.75 + 4 \times 10.25 + 45 \times 10.00}{50} = 10.06$$

$$Ask_{VWAP} = \frac{50 \times 12.00}{50} = 12.00$$

Meaning an acceptable price range for a Block Trade is **10.06 – 12.00**.

Series A			
Bid Qty	**Bid Price**	**Ask Price**	**Ask Qty**
1	11.75	12.00	50
4	10.25	13.00	4
50	10.00		

Example 2 – Floor and Ceiling Values:

In case the calculated Bid_{VWAP} or Ask_{VWAP} falls outside the prevailing order price limits in the CLOB, the relevant order price limit(s) is used as the lower or upper limit for the acceptable price range.

Provided the below order book for an options Series B on the underlying OMXS30, the order price limits are calculated from mid as 8.00 – 12.00. The volume weighted bid is 7.70 thus falling outside the price limits and the lower price limit is used for the acceptable price range.

An acceptable price range for a Block Trade is **8.00 – 12.00**.

Series B			
Bid Qty	**Bid Price**	**Ask Price**	**Ask Qty**
20	8.00	12.00	50
30	7.50		

C.1.2   Reference Sizes

The following reference sizes should be used for determining the volume weighted bid-offer spread.

Particular Swedish Index Futures

Product	Reference Size
OMXESG and OMXSB	50 contracts
OMXSML	10 contracts

Finnish Derivatives

Underlying	Reference Size
FUM1V3; STERV3	50 contracts
TLS1V3	40 contracts
ELI1V3; NDAFI; TIE1V3	30 contracts
NOK1V3; UPM1V3	20 contracts
All other	10 contracts

C.2   Method for Determining Deferral Thresholds

For every product excluding basket forward contracts, the deferral threshold is determined by the Exchange based on relevant LIS post-trade threshold values ("LIS value") as published by the European Securities and Markets Authority ("ESMA"). Deferral thresholds are revised at least annually and may also be revised as a result of a corporate action in the underlying. Changes are communicated in an Exchange Notice.

The method for determining the deferral threshold for a product includes the below steps.

1. In step 1 where relevant the Exchange converts the LIS value to the Scandinavian currency for which the contract is denominated. This is done by applying the European Central Bank Euro foreign exchange reference rate as of 31 December of the preceding year, or the reference rate as otherwise provided by ESMA or the national competent authority.

2. In step 2 the LIS value in Euro or the corresponding LIS value in Scandinavian currency from step 1 is converted to a corresponding number of contracts. This is done by applying the arithmetical average closing price of the underlying from the preceding year, and the relevant contract size/multiplier (typically 100). For standardised options, the strike price nearest the arithmetical average closing price is used.

3. In the final step 3, the deferral size is concluded by rounding up the number of contracts from step 2 to 500 and thereafter to the nearest even 1,000.

For mini OMXS30 futures (S30MIN), the deferral threshold is set to 10 times the size for regular OMXS30 futures.

Where a new contract is listed and no reference value has yet been published by ESMA, the deferral threshold is assigned according to the method described above using the lowest LIS value published for the relevant sub-asset class.

With respect to basket forwards the deferral threshold volume is determined according to the standard method using a LIS post-trade threshold value of EUR 150,000 and the contract value of the underlying basket as determined in connection to the listing date. The block size is rounded up to the nearest even 10 contracts.

C.2.1 Re-calculation Following Corporate Actions

With regards to a corporate action in the form of a reversed split, the Exchange may re-calculate the deferral thresholds according to the method in section C.2 and may decide to treat adjusted series and non-adjusted series (series created after the event) differently. For non-adjusted series, the Exchange may use the standard contract size (i.e. not the adjusted contract size) of the derivatives contract, and also adjust the arithmetical average closing price of the underlying from the preceding year by the adjustment factor from the corporate action. For adjusted series, the deferral sizes may be re-calculated using the adjusted contract size (i.e. not the standard contract size) and the adjusted arithmetical average closing price of the underlying from the preceding year.

With regards to other corporate actions such as extraordinary dividends, spin-offs, splits and bonus issues, the Exchange may re-calculate the deferral thresholds according to the method in section C.2 and apply it to all existing series (adjusted and non-adjusted). In the calculations the Exchange will use the standard contract size (i.e. not the adjusted contract size) of the derivatives contract, and also adjust the arithmetical average closing price of the underlying from the preceding year by the adjustment factor from the corporate action. In case of a spin-off where the Exchange's adjustment method is basket method, no adjustment factor exists, and hence the original arithmetical average closing price of the underlying will be used in the calculations[1].

However in exceptional circumstances where the procedure in the preceding paragraph is deemed by the Exchange to have a significant impact on the notional value of the deferral threshold of the adjusted series, such as that for example the ATM strike notional value of the deferral threshold of the adjusted series exceeds the ATM strike notional value of the deferral threshold of the non-adjusted series by more than EUR 1,500,000, the Exchange may decide to treat adjusted series and non-adjusted series (series created after the event) differently in accordance with the first paragraph.

In case of a spin-off leading to the Exchange listing a basket contract consisting of the contract share in question and the spun off share, the Exchange will treat the underlying basket as a new underlying and therefore use the lowest available LIS values when calculating the deferral threshold for the basket contracts.

---

[1] The Exchange may use another price if it is apparent that this procedure leads to a notional value of the deferral threshold which would be below the regulatory LIS value, for example where the spin-off has a material impact on the price of the underlying share.