



1 October to 31 December 2014

Quarterly report for Market Surveillance

This report includes the period from 1 October to 31 December 2014

Concluded investigations and findings

On 15 December Market Surveillance observed a suspicious trading activity in the ENOW52-14 contract. Prior to selling a larger volume outside the order book, a market participant bought a smaller volume in the order book for the price that was 5 cent higher than the asking price for the transaction outside the order book. Market surveillance investigated the circumstances round the trading activity but did not find any evidence of breach of the Market Conduct Rules.

Concluded investigations based on relevant inputs from members

On 29 October Market Surveillance has received an e-mail from a market participant about an unusual trading activity in ENOQ1-15 shortly after market opening. The two first trades were buyer-initiated at 32.70 with only a few seconds apart. Immediately after the last trade a new best offer was placed at 32.66. This offer was filled after about 10 seconds through 4 trades. A new best offer was thereafter placed at price 32.62. This offer was filled after a few seconds and the market was afterwards trading at 32.70. The market participant found this activity suspicious and was of the opinion that someone was trying to push the prices down to a false price level in order to protect a short position. Market surveillance investigated the trading behavior of the involved markets participants but did not find any evidence of breach of the Market Conduct Rules.

On 19 November Market Surveillance has received several comments and inquiries from market participants about an unusually high priced trade for the contract ENOQ1-15 at the market opening. The traded price was said to be outside the broker spread and there were no explainable grounds for so high price level. In addition the market participants maintained that a similar activity occurred on previous days. Market surveillance investigated the relevant trading behavior of the involved market participants but did not find any evidence of breach of the Market Conduct Rules.

On 25 November Market Surveillance has received an e-mail from a market participant with a suspicion of insider trading. The market participant based his suspicion on the information given by the



media as regards a few months delay in the restart of a nuclear power plant after the maintenance period. The media announcement was not concurrent with the UMM published earlier by the company. Market surveillance investigated the trading activity in the relevant contracts but did not find any breach with the Market Conduct Rules.

Focus areas

Market surveillance has worked with developing and implementing new and enhanced alert functionality in the SMARTS Integrity surveillance system over the recent period. These alerts include a further specialisation of existing alerts as well as introducing new alert types. By this a quite extensive package of alerts are now implemented for Nasdaq Commodities markets increasing the ability for early detection of unusual trading patterns as well as detection of complex matters.

Reporting of block transactions

Power and Electricity Certificates

The percentage of delays in reporting of block transactions was 0.19% in the fourth quarter 2014, down from 0.36% in the third quarter 2014. The percentage of erroneous reported block transactions was 0.75% in the fourth quarter 2014, up from 0.69% in the third quarter 2014.

Freight and fuel oil

The percentage of delays in reporting of block transactions in tanker contracts¹ was 8.34 % in the fourth quarter 2014 down from 11.00 % in the third quarter 2014. The percentage of erroneously reported block transactions for tanker contracts was 2.86 % in the fourth quarter 2014 up from 2.20% in the third quarter 2014. The percentage of erroneously reported block transactions for dry freight and fuel oil was 2.81% up from 1.84% in the third quarter 2014.

¹ Dry freight and fuel oil transactions are published at the end of the trading day end so that delayed reporting of these transactions is not relevant in regard to the market transparency.

