

Market Making Manual NASDAQ OMX Derivatives Markets

February 1, 2011

Introduction

The following document explains practical details and supplies general information on the Market Making Program at NASDAQ OMX Derivatives Markets. For further information regarding Market Making please contact product.management@nasdaqomx.com.

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The Market Maker Program at NASDAQ OMX Derivatives Markets

In order to ensure high liquidity in Nordic derivatives NASDAQ OMX has created a Market Maker Program where Members can become Market Makers and receive benefits such as lower fees by quoting prices in selected instruments.

Market Maker Types

There are two Market Maker Types:

- Regular Market Maker (Small or Large)
- Advanced Market Maker (Small or Large)

The difference between a small and large Market Maker is the number of instruments the Market Maker should quote for and for which instruments the Market Maker will receive Market Maker Fees.

The obligation of the Market Maker in the Selected Instruments in terms of number of contracts, spread requirements, free days etc is however the same for both small and large Market Makers.

Yearly/Monthly Market Maker Fee Model

Market Makers in Swedish equity derivatives can choose to follow either a Monthly Market Maker fee model or an Annual Market Maker fee model.

In the monthly Market Maker fee model, the fees charged per contract will be based on accumulated number of traded contracts for the calendar month in question. The different fee levels can be found in the Market Maker Fee List in the Rules and Regulations of NASDAQ OMX Derivatives Markets .

Market Makers who follow the Monthly model, will have the same quoting obligations as Market Makers in the Annual model.

For Market Makers that switch to the monthly model and then switch back to the yearly model, the accumulated traded volumes for the calendar year will be set to zero.

Quoting Size

The required number of Contracts to be quoted in a Primary Instrument is specified in the at each time applicable classification of the Primary Instruments, as determined by the Exchange. This classification is reviewed and updated by the Exchange bi-annually.

Start of Quoting obligations/Daily Market Maker Report

The Market Making obligations start at the normal start of trading and supervision of the Market Maker's performance will be carried out continuously and compiled daily. A Market Maker Report is sent daily to the Market Maker by e-mail.

Free Days

All Market Makers have a number of free days at their disposal when the Market Maker will not have to fulfill its quoting obligation. At present each Market Maker is entitled to twenty (20) free days per calendar year.

To use the free days a Market Maker has to notify the Exchange, at latest, twenty minutes after the opening of the relevant market.

Notification should be sent via email to:

Product Management (product.management@nasdaqomx.com)
Mikael Siewertz (Mikael.Siewertz@nasdaqomx.com)

For the days when free days have been notified to the Exchange in time the performance measure for that day will be set to 100 % of the quoting obligation.

Swedish Derivatives

Regular Market Maker (RMM)

	Selected Instruments	Instruments where RMM receives Market Maker fees
RMM (Small)	1 to 5 instruments selected by RMM	Selected Instruments
RMM (Large)	6 instruments, 4 instrument selected by the RMM and 2 selected by the Exchange	All Swedish share and index instruments

Spread requirements, options (SEK)

<i>Bid price</i>	<i>Max spread</i>
<2	1
<10	1.5
<20	3
<30	4
<200	5
≥200	10

Spread requirements, forwards and futures (SEK)

<i>Bid price</i>	<i>Max spread</i>
< 100	1.50
< 200	3
≥200	5

Advanced Market Maker (AMM)

	Selected Instruments	Instruments where AMM receives Market Maker fees
AMM (Small)	1 to 5 instruments selected by AMM	Selected Instruments
AMM (Large)	6 instruments, 4 instrument selected by the RMM and 2 selected by the Exchange	All Swedish share and index instruments

Spread requirements, options (SEK)

<i>Bid price</i>	<i>Max spread (≤ 3 months)</i>	<i>Max spread (> 3 months)</i>
<2	0.80	1.60
<10	1.25	2.50
<20	2.50	5.00
<30	3.25	6.50
<200	4.00	8.00
≥200	8.00	16.00

Spread requirements, forwards and futures (SEK)

<i>Bid price</i>	<i>Max spread (≤ 3 months)</i>	<i>Max spread (> 3 months)</i>
< 100	1.25	2.50
< 200	2.50	5.00
≥200	4.00	8.00

Danish Derivatives

Regular Market Maker (RMM)

	Selected Instruments	Instruments where RMM receives Market Maker fees
RMM (Small)	1 to 4 instruments selected by RMM	Selected instrument
RMM (Large)	5 instruments, 4 instrument selected by the RMM and 1 selected by the Exchange	All Danish share and index instruments

Spread requirements, options (DKK)

<i>Bid price</i>	<i>Max spread</i>
<2	1
<10	1.5
<20	3
<30	4
<200	5
<500	150
<1000	200
<2000	400
<3000	500
≥3000	600

Spread requirements, futures (DKK)

<i>Bid price</i>	<i>Max spread</i>
< 200	3
< 2000	5
≥2000	500

Finnish Derivatives

Regular Market Maker (RMM)

	Selected Instruments	Instruments where RMM receives Market Maker fees
RMM (Small)	1 to 7 instruments selected by RMM	Selected Instrument
RMM (Large)	8 instruments, 4 instrument selected by the RMM and 4 selected by the Exchange	All Finnish share instruments

Spread requirements options (EUR)

<i>Bid price</i>	<i>Max spread</i>
<0.2	0.1
<1	0.15
<2	0.3
<3	0.4
>3	0.5

Spread requirements futures (EUR)

<i>Bid price</i>	<i>Max spread</i>
< 20	0.4
< 150	0.6
≥ 150	4

Norwegian Derivatives

Regular Market Maker (RMM)

	Selected Instruments	Instruments where RMM receives Market Maker fees
RMM (Small)	1 to 4 instruments selected by RMM	Selected instrument
RMM (Large)	5 instruments, 4 instrument selected by the RMM and 1 selected by the Exchange	All Norwegian share and index instruments

Spread requirements, Options (NOK)

<i>Bid price</i>	<i>Max spread</i>
<2	0.75
<10	1.5
<20	2.25
<30	3
>30	3.75

Spread requirements, Stock Forwards (NOK)

<i>Bid price</i>	<i>Max spread</i>
< 100	1.50
< 200	3
< 200	4

Spread requirements, Index futures (NOK)

<i>Bid price</i>	<i>Max spread</i>
< 150	0.75
< 350	1.10
< 500	1.60
< 700	2.50
< 850	3
< 1000	3.75
>1000	5

Advanced Market Maker (AMM)

	Selected Instruments	Instruments where AMM receives Market Maker fees
AMM (Small)	1 to 4 instruments selected by AMM	Selected Instruments
AMM (Large)	5 instruments, 4 instrument selected by the RMM and 1 selected by the Exchange	All Swedish share and index instruments

Spread requirements, Options (NOK)

<i>Bid price</i>	<i>Max spread (≤ 3 months)</i>	<i>Max spread (> 3 months)</i>
<2	0.60	1.2
<10	1.25	2.50
<20	1.75	3.50
<30	2.50	5
>30	3	6

Spread requirements, Stock Forwards (NOK)

<i>Bid price</i>	<i>Max spread (≤ 3 months)</i>	<i>Max spread (> 3 months)</i>
< 100	1.50	3
< 200	2.50	5
< 200	3.50	7

Spread requirements, Index futures (NOK)

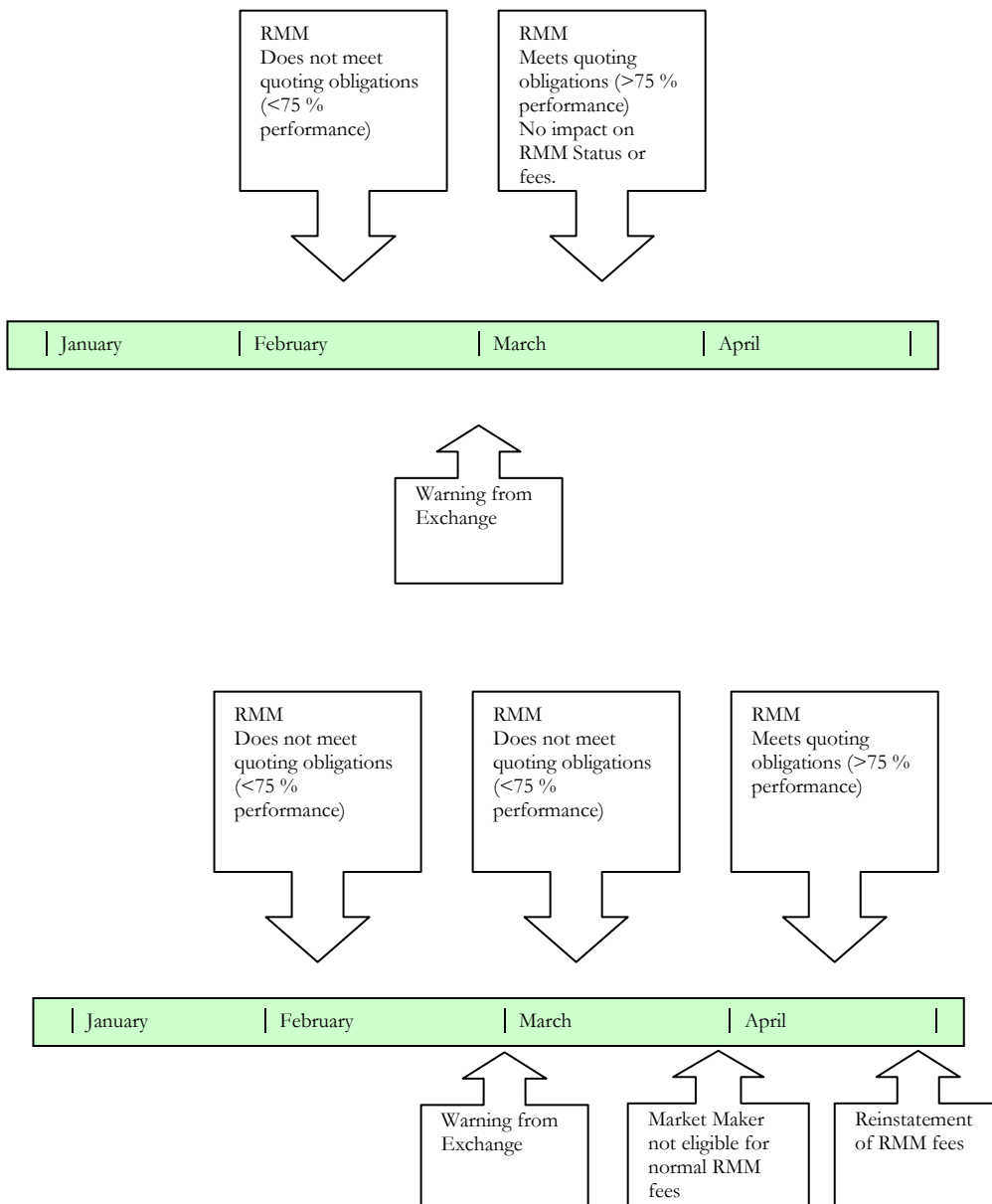
<i>Bid price</i>	<i>Max spread (≤ 3 months)</i>	<i>Max spread (> 3 months)</i>
< 150	0.60	1.20
< 350	0.90	1.80
< 500	1.30	2.60
< 700	2	4
< 850	2.50	5
< 1000	3	6
>1000	4	8

Market Maker Evaluation

The evaluation of a Market Makers performance is done on a monthly basis as described in the obligation to continuously quote bid and ask prices.

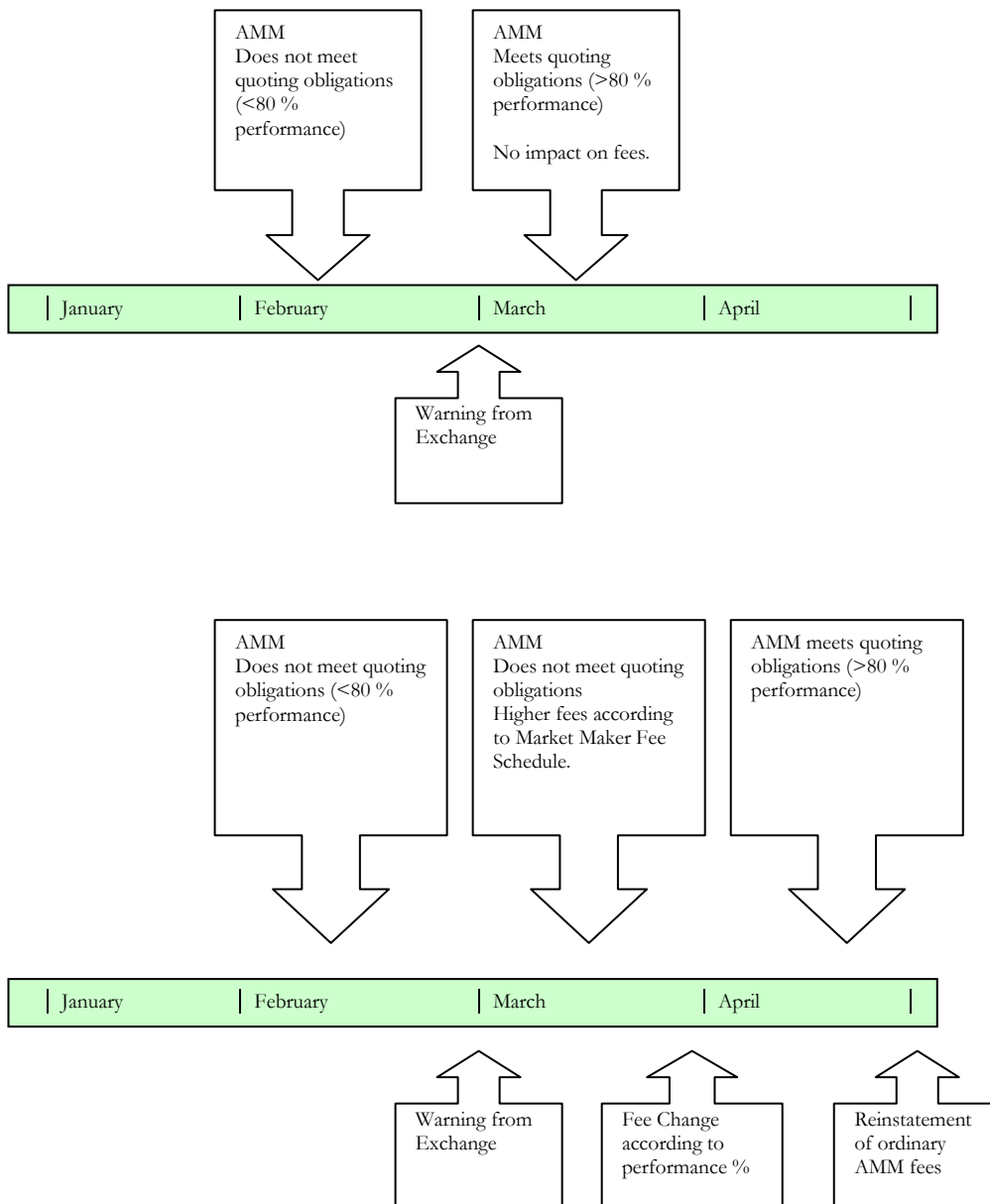
Regular Market Maker

If a Regular Market Maker does not meet the obligations described above (and in the Market Maker Agreement) the RMM will receive a warning that the Market Maker has not quoted prices according to agreed obligations. If the RMM does not meet the obligations the following month the Member will receive higher fees according to the Market Maker Fee Schedule. If the Member meets obligations in that month Market Maker RMM fees will again be applicable the following month.



Advanced Market Maker

If an AMM does not meet the quoting obligations described above the AMM will receive a warning from the Exchange after the first month. If the AMM cannot meet obligations in the following month the AMM will receive higher fees as described in the Market Maker Fee Schedule. The table below shows sanctions, after a warning and inability to meet quoting obligations in the following month, depending on performance measured as % of the opening hours;



Contact Information

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