

Trading Appendix 8

# Block Trade Facility Procedures

Commodity Derivatives

Issued by Nasdaq Oslo ASA

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## **BLOCK TRADE FACILITY PROCEDURES**

### **PART A: BLOCK TRADE CONTRACTS**

#### **1 AVAILABILITY OF BLOCK TRADE FACILITY FOR BLOCK TRADE CONTRACTS**

- 1.1 The Exchange may designate from time to time those Block Trade Contracts that are eligible for being traded pursuant to this Block Trade Facility.
- 1.2 The minimum number of lots that can be traded as a Block Trade (the minimum block trade size) shall be determined by the Exchange and published from time to time. Further guidance and information on the validation of minimum block trade size and the threshold values that apply from time to time shall be made available by the Exchange in the Genium INET Market Model Nasdaq Commodities<sup>1</sup>.
- 1.3 Exchange Members may not aggregate separate Block Trades for purposes of meeting or exceeding the minimum volume thresholds. Exchange Members may aggregate separate Block Trades provided each such separate Block Trade meets or exceeds the minimum volume threshold for the relevant Block Trade Contract. Exchange Members must ensure that the price of any Block Trade being quoted represents the "fair market value price" for that trade, defined as the price considered to be the best available for a trade of that size and kind at that time<sup>2</sup>.
- 1.4 Block Trades may be reported only during the Exchange Opening Hours and on such Bank Days as the Exchange may from time to time prescribe.
- 1.5 An Exchange Member wishing to use the Block Trade Facility must execute such enrolment or other registration documentation specified by the Exchange prior to submitting its first Block Trade to the Block Trade Facility, including where appropriate consents by the relevant Account Holder(s).
- 1.6 Each Exchange Member entering into, or submitting, a Block Trade to the Exchange pursuant to the Block Trade Facility must comply with all laws and regulations applicable to it, including maintaining all Required Authorisations.

#### **2 REPORTING OF BLOCK TRADES**

- 2.1 Exchange Members must report Block Trades to the Exchange in the form and manner designated by the Exchange from time to time.
- 2.2 Block Trades must be reported to the Exchange within the period of time set out in Section 2 of the Exchange's Market Conduct Rules.
- 2.3 The period of time for the submission of a Block Trade to the Exchange commences as of the Contract Time or, if the Contract Time is outside the Exchange Opening Hours (except those with Contract Time 15 minutes or less before the start of Exchange Opening Hours), the start of the following Exchange Opening Hours on a Bank Day.

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<sup>1</sup> and <sup>2</sup> Dependent on the implementation and entry into force of a Norwegian regulation implementing the same or equivalent pre-trade requirements as in MiFIR Article 8 on the 3 January 2018, sections 1.2 and 1.3 becomes effective on this date. If the implementation of the Norwegian regulation is delayed, a later effective date will be published in due time.

2.4 Exchange Members must not delay reporting the Block Trade to the Exchange. The Exchange reserves the right to reject late reports.

2.5 Block Trades may be reported to the Exchange by the involved Exchange Members as follows:

a. Single-sided registrations: Exchange Members may report a buy or sell side of a Block Trade to the Exchange, in which case the other party must arrange registration of an opposite and matching single-sided registration with the Exchange or the Co-Operating Exchange, nominating the original Exchange Member as counterparty to the Block Trade. Only matching and opposite single-sided registrations from the parties to the Block Trade will be deemed to represent a report to the Exchange. Such one-sided trade report shall contain information identifying:

- (i) the Product Series;
- (ii) the Contract Price;
- (iii) the number of Instruments in the Product Series concerned, denoted as "volume" or "quantity";
- (iv) the Contract Time;
- (v) the side of the Block Trade that is reported (buy or sell);
- (vi) for which Exchange Member prefix the buy and sell sides are reported respectively, if other than the Exchange Member's main prefix;
- (vii) the Clearing or Trading Account; and
- (viii) the Exchange Trader that executed the side<sup>3</sup>;
- (ix) in what trading capacity the buy and sell sides are reported respectively (client, own account, market maker);
- (x) the counterparty;
- (xi) information identifying the type of trade in accordance with the guidance provided in the Genium INET Market Model Nasdaq Commodities; and
- (xii) any additional information as required by the Trading or Clearing Rules and the prevailing functionality of the Trading or Clearing System, including the applicable technical documentation, protocol and contract specifications (where relevant).

Where the Block Trade is a package transaction, the information required under subparagraphs (i) to (iii) of this section shall be provided with respect to each component transaction. In addition, the trade report shall include information with respect to each component regarding the side identifying whether the buyer (seller) of the package buys (sells) or sells (buys) the component Product Series.

Both sides of a Block Trade must be reported and the details match within the applicable deadlines as set out in section 2 of the Exchange's Market Conduct Rules.

b. Joint (two-sided) registration: An Exchange Member may report both sides of a Block Trade to the Exchange if both parties to the Block Trade have sent to the Exchange a written notification thereof in such form as the Exchange shall prescribe from time to time. A Block Broker Member may report both sides of a Block Trade to the Exchange if both parties to the Block Trade have appointed such person as their Block Broker Member with the Exchange or the Co-Operating Exchange, as relevant. Such two-sided trade report shall contain information identifying:

- (i) the Product Series;
- (ii) the Contract Price;

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<sup>3</sup> Subsection (viii) effective as of 2 January 2018.

- (iii) the number of Instruments in the Product Series concerned, denoted as "volume" or "quantity";
- (iv) the Contract Time;
- (v) for which Exchange Member prefix the buy and sell sides are reported respectively, if other than the Exchange Member's main prefix and Block Broker Member where applicable;
- (vi) the Clearing or Trading Account; and
- (vii) the Exchange Trader that executed the buy and sell sides respectively or Block Broker Member where applicable<sup>4</sup>;
- (viii) in what trading capacity the buy and sell sides are reported respectively (client, own account, market maker);
- (ix) information identifying the type of trade in accordance with the guidance provided in the Genium INET Market Model Nasdaq Commodities; and
- (x) any additional information as required by the Trading or Clearing Rules and the prevailing functionality of the Trading or Clearing System, including the applicable technical documentation, protocol and contract specifications (where relevant).

Where the Block Trade is a package transaction, the information required in sub-paragraphs (i) to (iii) of this section shall be provided with respect to each component transaction. In addition, the trade report shall include information with respect to each component regarding the side identifying whether the buyer (seller) of the package buys (sells) or sells (buys) the component Product Series.

- 2.6 An Exchange Member or Block Broker Member may only be appointed to carry out joint registration under section 2.5(b) above by an Account Holder.
- 2.7 The Exchange may, on its own initiative, check the details of any submitted Block Trade and, if the Exchange in its sole discretion is not satisfied that any of the details submitted in respect of such Block Trade are valid, the Exchange may void the Block Trade. Any decision by the Exchange to void a Block Trade in accordance with this Section 2.7 is final.
- 2.8 If the Co-Operating Exchange makes a decision to void any Block Trade, the Exchange shall also void such Block Trade.
- 2.9 When a Block Trade has been reported to, and not voided by, the Exchange or the Co-Operating Exchange, the Block Trade is entered into the Trading System and is identified as a Block Trade with a specific trade type determined by the Exchange.

### **3 BROADCAST OF BLOCK TRADES**

- 3.1 Once a Block Trade has been identified as a Block Trade pursuant to section 2.9 above, the price, volume and Block Trade Contract will be broadcast to all Exchange Members by electronic display on the Trading System or as otherwise determined by the Exchange from time to time.

### **4 COMPLIANCE**

- 4.1 Recording by the Exchange of a Block Trade pursuant to this Block Trade Facility does not preclude the Exchange or the Co-Operating Exchange from instigating disciplinary procedures in the event that the transaction is subsequently found to have been made other than in compliance with the applicable provisions of the Trading Rules and/or the Clearing Rules, nor does it preclude the Clearinghouse from voiding or taking other action in relation to a Block Trade.

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<sup>4</sup> Subsection (vii) effective as of 2 January 2018.

## **PART B: EFP AND EFS**

### **5 AVAILABILITY OF BLOCK TRADE FACILITY FOR EFP AND EFS**

- 5.1 The Exchange may designate from time to time those Contracts that are eligible for being traded pursuant to this Block Trade Facility for EFPs and EFSs.
- 5.2 An EFP transaction is an Exchange Transaction in an Instrument contingent on the simultaneous execution of an equivalent quantity, in terms of nominal value, of an underlying physical asset.
- 5.3 EFPs and EFSs may be reported only during the Exchange Opening Hours and on such Bank Days as the Exchange may from time to time prescribe.
- 5.4 Any Exchange Member may use the Block Trade Facility to submit EFP or EFS.
- 5.5 Each Exchange Member entering into, or submitting, an EFP or EFS to the Exchange pursuant to the Block Trade Facility must comply with all laws and regulations applicable to it, including maintaining all Required Authorisations.
- 5.6 Once an EFP or EFS has been agreed, the parties must submit the EFP or EFS details to the Exchange in accordance with the Block Trade Facility Procedures.
- 5.7 An EFP transaction must be registered with the appropriate off order book trade type, in accordance with the Genium INET Market Model Nasdaq Commodities.

### **6 REPORTING OF EXCHANGES OF FUTURE FOR PHYSICAL AND EXCHANGES OF FUTURE FOR SWAPS**

- 6.1 Exchange Members must report EFPs and EFSs to the Exchange in the form and manner designated by the Exchange from time to time.
- 6.2 EFPs and EFSs must be reported to the Exchange within the period of time set out in Section 2 of the Exchange's Market Conduct Rules.
- 6.3 The period of time for the submission of a Block Trade to the Exchange commences as of the Contract Time or, if the Contract Time is outside the Exchange Opening Hours (except those with Contract Time 15 minutes or less before the start of Exchange Opening Hours), the start of the following Exchange Opening Hours on a Bank Day.
- 6.4 Exchange Members must not delay reporting the EFP and EFS to the Exchange. The Exchange reserves the right to reject late reports.
- 6.5 EFPs and EFSs may be reported to the Exchange by the involved Exchange Members as follows:
  - a. Single-sided registrations: Exchange Members may report a buy or sell side of an EFP or EFS to the Exchange, in which case the other party must arrange registration of an opposite and matching single-sided registration with the Exchange or the Co-Operating Exchange, nominating the original Exchange Member as counterparty to the EFP or EFS. Only matching and opposite single-sided registrations from the parties to the EFP/EFS will be deemed to represent a report to the Exchange. Such one-sided trade report shall contain information identifying:
    - (i) the Product Series;

- (ii) the Contract Price;
- (iii) the number of Instruments in the Product Series concerned, denoted as "volume" or "quantity";
- (iv) the Contract Time;
- (v) the side of the EFP or EFS that is reported (buy or sell);
- (vi) for which Exchange Member prefix the buy and sell sides are reported respectively, if other than the Exchange Member's main prefix;
- (vii) the Clearing or Trading Account; and
  
- (viii) the Exchange Trader that executed the side<sup>5</sup>;
- (ix) in what trading capacity the buy and sell sides are reported respectively (client, own account, market maker);
- (x) the counterparty;
- (xi) information identifying the type of trade in accordance with the guidance provided in the Genium INET Market Model Nasdaq Commodities; and
- (xii) any additional information as required by the Trading or Clearing Rules and the prevailing functionality of the Trading or Clearing System, including the applicable technical documentation, protocol and contract specifications (where relevant).

The information required under sub-paragraphs (i) to (iv) of this section shall be provided with respect to each component transaction. In addition, the trade report shall include information with respect to each component regarding the side identifying whether the buyer (seller) of the package buys (sells) or sells (buys) the component Product Series.

Both sides of a EFP or EFS must be reported and the details match within the applicable deadlines as set out in section 2 of the Market Conduct Rules.

- b. Joint (two-sided) registration: An Exchange Member may report both sides of an EFP or EFS to the Exchange if both parties to the EFP/EFS have sent to the Exchange a written notification thereof in such form as the Exchange shall prescribe from time to time. A Block Broker Member may report both sides of an EFP or EFS to the Exchange if both parties to the EFP/EFS have appointed such person as their Block Broker Member with the Exchange. Such two-sided trade report shall contain information identifying:

- (i) the Product Series;
- (ii) the Contract Price;
- (iii) the number of Instruments in the Product Series concerned, denoted as "volume" or "quantity";
- (iv) the Contract Time;
- (v) for which Exchange Member prefix the buy and sell sides are reported respectively, if other than the Exchange Member's main prefix and Block Broker Member where applicable;
- (vi) the Exchange Trader that executed the buy and sell sides respectively or Block Broker Member where applicable<sup>6</sup>;
- (vii) the Clearing or Trading Account; and

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<sup>5</sup> Subsection (viii) effective as of 2 January 2018.

<sup>6</sup> Subsection (vi) effective as of 2 January 2018.

- (viii) in what trading capacity the buy and sell sides are reported respectively (client, own account, market maker);
- (ix) information identifying the type of trade in accordance with the guidance provided in the Genium INET Market Model Nasdaq Commodities; and
- (x) any additional information as required by the Trading or Clearing Rules and the prevailing functionality of the Trading or Clearing System, including the applicable technical documentation, protocol and contract specifications (where relevant).

The information required in sub-paragraphs (i) to (iv) of this section shall be provided with respect to each component transaction. In addition, the trade report shall include information with respect to each component regarding the side identifying whether the buyer (seller) of the package buys (sells) or sells (buys) the component Product Series.

- 6.6 An Exchange Member or Block Broker Member may only be appointed to carry out joint registration under section 6.2(b) above by an Account Holder.
- 6.7 The Exchange may, on its own initiative, check the details of any submitted EFP or EFS and, if the Exchange in its sole discretion is not satisfied that any of the details submitted in respect of such EFP or EFS are valid, the Exchange may void the EFP or EFS. Any decision by the Exchange to void an EFP or EFS in accordance with this Section 6.7 is final.
- 6.8 If the Co-Operating Exchange makes a decision to void any EFP or EFS, the Exchange shall also void such EFP or EFS.
- 6.9 When an EFP or EFS has been reported to, and not voided by, the Exchange or the Co-Operating Exchange, the EFP or EFS is entered into the Trading System and is identified as an EFP or EFS with a specific trade type determined by the Exchange.

## **7 BROADCAST OF EXCHANGES OF FUTURE FOR PHYSICAL AND EXCHANGES OF FUTURE FOR SWAPS**

- 7.1 Once an EFP or EFS has been identified as an EFP or EFS pursuant to section 6.6 above, the price, volume and underlying contract will be broadcast to all Exchange Members or as otherwise determined by the Exchange from time to time.

## **8 COMPLIANCE**

- 8.1 Recording by the Exchange of an EFP or EFS pursuant to this Block Trade Facility does not preclude the Exchange or the Co-Operating Exchange from instigating disciplinary procedures in the event that the transaction is subsequently found to have been made other than in compliance with the applicable provisions of the Trading Rules and/or the Clearing Rules, nor does it preclude the Clearinghouse from voiding or taking other action in relation to an EFP or EFS.
- 8.2 Exchange Members are required to obtain and provide independent evidence to support the transaction underlying the EFP or EFS, and evidence that such transaction has been cancelled. Conditions or requirements in relation to such evidence may be set by the Exchange from time to time and must be met by Exchange Members at all times.

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