

**THE DISCIPLINARY COMMITTEE
AT NASDAQ OMX STOCKHOLM**

RULING December 1, 2009
2009:3

NASDAQ OMX Stockholm AB

Timber Hill Europe AG

Timber Hill Europe AG (“Timber Hill”) is a member of NASDAQ OMX Stockholm AB (“the Exchange”). Timber Hill has undertaken to comply with the Norex Member Rules (NMR) applicable at each point in time as long as its membership is active.

As shown in the enclosed appendix, the Exchange requested, by virtue of the NMR rules, that the Disciplinary Committee announce a ruling regarding disciplinary action concerning Timber Hill.

Although Timber Hill has not contacted the disciplinary committee, it has, during preliminary discussions, admitted to what the Exchange has alleged in the case.

Neither of the parties has requested an oral hearing. The Disciplinary Committee has familiarized itself with the documentation concerning the case.

The Swedish Financial Supervisory Authority has stated that Timber Hill is not subject to the supervision of the Supervisory Authority.

Item 4.6.1 of NMR, stipulates the following:

Orders placed in the Order Book, Automatically Matched Trades and Manual Trades must reflect the current market value of the instrument in question and constitute genuine orders and trades.

“Current market value” for Trades denotes prices that upon collective assessment reflect the applicable price of the instruments in question. Upon determining the current market value, the Norex Exchange(s) shall, inter alia, consider fluctuations in the price of instruments during the current trading day and previous trading days, the volatility of the instrument, general changes in the price of comparable instruments and, in the applicable cases, change specific conditions that relate to the trade.

An order does not reflect the current market value if the Order was placed in the order book at a price that could not constitute the current market value for the corresponding Trade. The period of validity of the order must be considered upon determining the price of the order.”

According to NMR item 4.9.3, the Member has the same liability for orders routed via Automatic Order Routing as for orders that the Member places in any other manner in the trading system. In Accordance with item 4.9.4, the Member shall establish appropriate technical and administrative arrangements in order to ensure that orders routed via Automatic Order Routing do not violate NMR.

The documentation in the case reveals that on July 22, 2009, Timber Hill placed a sell order in the Exchange’s trading system via AOR pertaining to 100,000 shares of Tricorona AB, which at the time was trading at prices ranging between SEK 8.90 and SEK 7.00. The price limit for this order was repeatedly updated to match the buy order in the order book until no buy orders remained. The final trades were executed at prices that clearly deviated from the prices at which the shares were trading prior to and following these trades. Timber Hill subsequently contacted the Exchange to attempt to annul the orders placed at the lowest prices, at which stage it was too late for the trades to be annulled.

There is no reason to question the information submitted by Timber Hill stating that the incident was attributable to a defect, or a bug, in the applicable computer program.

Accordingly, it has been demonstrated that Timber Hill breached NMR. Although it can be claimed that the incident, which is considered isolated, is not particularly serious, it must be taken into account that Timber Hill has similarly breached NMR on numerous previous occasions (see, inter alia, the disciplinary committee’s ruling 2007:3). Due to this, the Disciplinary Committee is unable to find the breach minor or excusable. Timber Hill is thus unable to avoid disciplinary sanction.

The Disciplinary Committee fines Timber Hill Europe AG four hundred thousand Swedish kronor (SEK 400,000).

On behalf of the Disciplinary Committee

Johan Munck

Supreme Court Justice Johan Munck, Supreme Court Justice Marianne Lundius, Company Director Stefan Ernehlm, Company Director Jack Junel and Attorney Wilhelm Lüning participated in the Committee’s deliberations.