

IT - INET Nordic – Introduction of Market Maker Orders for Danish Investment Funds (39/20)

Nasdaq Copenhagen will introduce a possibility for Market Makers in Danish UCITS ETFs and Capital Associations to utilize the Market Maker Order type. The Market Maker Order for Danish Investment Funds (MMF) is a variant of the existing Market Maker Order (MMO) for warrants and certificates with minor modifications to better suit for Danish Investment Fund (UCITS ETFs & Capital Associations) market. AIF instruments on the listed Danish Investment Fund market will not be eligible for the Market Maker Order.

The MMF order for Danish listed UCITS ETFs and Capital Associations is optional and the Market Makers may decide whether to use the order type or not.

Market Maker Orders are available only via OUCH-protocol. Orders will be flagged in the public market data feeds (ITCH-feed and the Global Consolidated Feed – GCF-TIP). The Market Maker Order for Danish Investment funds can only be utilised by designated Market Makers of these products.

The aim of this enhancement is to improve the possibilities for effective and safe Market Making, while ensuring that retail clients are not executing at erroneous prices when the Market Maker is not present in the order book.

The functionality is available for testing in INET NTF environment and the planned production launch date is **November 2, 2020**.

The introduction of the MMF order requires a set of changes in the market segment structure, turnover lists and trading schedules. The relevant market structure changes are described in this IT notice.

Market Segment Changes

A pre-requisite for the introduction of the MMF order is that the Danish UCITS ETFs and Capital Associations needs to be divided into two separate Market Segments. Please see the below table. The Market Segment for a given UCITS ETF or Capital Association depends whether the instrument utilises the Market Maker order or not.

Symbol	Name	Exchange	Sequence nr	Action
DKEQ UTC MMF	CPH MMF Inv Funds UCITS ETF	XCSE	219	Renamed Market Segment for Instruments utilizing the MMF
DKEQ UTC	CPH nMMF Inv Funds UCITS ETF	XCSE	16	Existing Market Segment for Instruments not utilizing the MMF

Trading Schedule, Volatility Guards and Auction on Demand Periodic Auction order book

Instruments with Market Maker Order (MMF) enabled cannot have any auction based trading phases. Hence the instruments listed on the market segment with MMF order type enabled will have the following trading schedule.

Market	Opening Call		Continuous Trading	Scheduled Intraday Call		Closing Call		After Market	
	Pre-open	Un-cross		Pre-scheduled intra-day	Un-cross	Pre-close	Un-cross	Post-Trade	Closed
CPH MMF Inv Funds UCITS ETF – i.e. the coming market segment with MMF enabled)	08:00	-	09:44:55 – 16:55	-	-	-	-	16:55	17:20 – 08:00

In addition to the removal of the Opening Auction, Volatility Guards will be removed from the instruments with Market Maker orders enabled.

Furthermore, due to this enhancement Nasdaq Copenhagen will remove the Auction on Demand Periodic Auction order book from all listed Danish Investment Funds.

Turnover Lists

New turnover lists for Capital Associations will be added in order to be able to categorise the Capital Associations according to underlying assets in a similar way as UCITS ETFs.

Three new Turnover Lists will be created and the Capital Associations will be transferred to respective Turnover List based the fund's underlying composition.

Exchange	Symbol	List Name	List Id	List population Name	List Population Id
XCSE	CFSH	Capital Associations Shares	Tbd	Capital Associations Shares	Tbd
XCSE	CFBO	Capital Associations Bonds	Tbd	Capital Associations Bonds	Tbd
XCSE	CFBA	Capital Associations Balanced	Tbd	Capital Associations Balanced	Tbd

As the process of transferring of the Capital Associations to their respective Turnover Lists will start closer to the production launch date, the Turnover Lists are not relevant for test environment and hence the new Turnover Lists will be activated at a later stage. The Turnover List Ids will be provided in the next update.

Protocol Specifications

The MMF order type is based on the existing MMO order type for Warrants and Certificates, hence the introduction of this functionality does not include changes in the [OUCH Protocol Specifications](#). Note, the OUCH MMO Refresh Message is not used with MMF.

Legal and Market Model

Nasdaq Nordic INET market model will be updated to reflect this enhancement. A draft Market Model Appendix regarding Market Maker Orders for Danish UCITS ETFs and Capital Associations is attached into this IT Notice.

MiFID II Market Maker Agreements will be updated to reflect the changed requirements for Market Making in listed Danish Investment Fund market.

Test Instruments

Nasdaq Nordic has moved a set of test instruments to the Market Segment with the MMF order enabled in the NTF test environment. Please find a list of transferred instruments attached. In case a Market Maker of these products

wishes to add more instruments to the MMF enabled Market Segment for testing purposes, the Market Maker is welcome to contact operator@nasdaq.com.

Time schedule

- INET Test (NTF) – **currently available**
- INET Production – **November 2, 2020**

Support

For technical questions, please contact Nasdaq Cash Equity Operations:

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Best regards,

Nasdaq Copenhagen A/S