

Nordic Growth Market

Börse Stuttgart Group

Rules for Qualified Algorithmic Traders¹

January 1, 2021

¹ N.B. The same definitions shall apply to these Algorithmic Trader Rules as those set out in the Rules for members of Nordic Growth Market NGM AB applicable from time to time.

In accordance with section 3.11 in Rules for members of Nordic Growth Market NGM AB, the Exchange is required to enter into market making agreements with all investment firms pursuing a Market Making Strategy on the Exchange's trading venues. The Exchange's Rules for Qualified Algorithmic Traders shall constitute an agreement between the Exchange and the Qualified Algorithmic Trader.

A Qualified Algorithmic Trader shall, for each financial instrument in which it pursues a Market Making Strategy, meet the requirements set out in these Rules for Qualified Algorithmic Traders.

A Qualified Algorithmic Trader is defined as a Member or investment firm client of a Member which is engaged in a Market Making Strategy and which deals on own account in at least one financial instrument for at least 50 % of the daily trading hours of Continuous Trading.

A Market Making Strategy is defined in MiFID II, and in the Exchange's Member Rules, as a Member pursuing a strategy when dealing on own account, involving the posting of firm, simultaneous two-way quotes of comparable size and at competitive prices relating to one or more financial instruments for at least 50 % of the daily trading hours of Continuous Trading during at least half of the trading days over a one-month period, with the result of providing liquidity on a regular and frequent basis.

Notwithstanding the above, an issuer of a financial instrument who has undertaken to act as a Market Maker in its prospectus, final terms or elsewhere shall not apply these Algorithmic Trader Rules. Instead such an issuer shall apply the requirements applicable in a separate document, "Market Making Rules", provided that the financial instruments consist of Securitized Derivatives, Structured products or Interest-bearing securities. A Market Maker in shares shall apply the "Liquidity Provider Rules".

These Rules for Qualified Algorithmic Traders enter into force on January 1, 2021.

1 General provisions

The provisions of these rules shall, where applicable, prevail over the Exchange's Market Maker Rules and Liquidity Provider Rules applicable from time to time.

A Member which is trading on behalf of an investment firm client that is acting as a Qualified Algorithmic Trader shall be responsible for ensuring the investment firm's compliance with sections 3.11.1-3.11.2 of the Member Rules. The Member shall be responsible for the investment firm client's compliance with these Rules for Qualified Algorithmic Traders.

For the avoidance of doubt, if the function *Buy back* is activated in a financial instrument, the Qualified Algorithmic Trader will not be able to provide liquidity in accordance with these rules.

Consequently, a Qualified Algorithmic Trader shall not be in breach of the presence requirements set out in these rules, in cases where the *Buy back* function is activated in an instrument.

The provisions regarding Spread and volume shall not apply where there is no trading in the underlying(s) of the financial instrument, e.g. due to trading halts, technical problems regarding the presentation of the value of the underlying(s) or closed markets.

The Qualified Algorithmic Trader shall at least on a monthly basis assess its compliance with these Rules for Qualified Algorithmic Traders. Records of the Qualified Algorithmic Trader's orders and quotes shall be in a manner which makes it possible to audit the Qualified Algorithmic Trader's compliance with these Rules for Qualified Algorithmic Traders.

For the avoidance of doubt, the Qualified Algorithmic Trader shall under no circumstances provide Quotes during less than 50 per cent of Continuous Trading, as defined in the Member Rules, calculated on a monthly basis.

2 Quoting obligations

2.1 Equities

For equities admitted to trading on a market operated by the Exchange, the Qualified Algorithmic Trader shall apply the following requirements with respect to volume, presence and Spread.

The Qualified Algorithmic Trader shall, for each equity, provide bid Quotes and sell Quotes respectively amounting to not less than one (1) unit per Quote.

The Qualified Algorithmic Trader shall provide Quotes during the during not less than 90 per cent of Continuous Trading.

The bid Quotes and sell Quotes which are quoted from time to time shall not deviate from each other by more than 8 per cent calculated from the Qualified Algorithmic Trader's sell Quote. However, for Equities for which the last Trade amounts to less than EUR 0.1 but not less than EUR 0.05 (or the corresponding amount in another applicable currency), the Spread shall not exceed EUR 0.05.

2.2 Securitized Derivatives

For Securitized Derivatives admitted to trading on a market operated by the Exchange, the Qualified Algorithmic Trader shall apply the following requirements with respect to volume, presence and Spread.

The Qualified Algorithmic Trader shall, for each Securitized Derivative, provide bid Quotes and sell Quotes respectively amounting to not less than one (1) unit per Quote.

The Qualified Algorithmic Trader shall provide Quotes during not less than 90 per cent of the time during Normal Trading Hours, as defined below.

RELEVANT MARKET	NORMAL TRADING HOURS
SWEDEN	09:00 – 17:30 CET
NORWAY	09:00 – 16:25 CET
DENMARK	09:00 – 17:00 CET
FINLAND	09:00 – 17:30 CET

The bid Quotes and sell Quotes which are quoted from time to time shall not deviate from each other by more than 5 per cent calculated from the Qualified Algorithmic Trader's sell Quote. However, for Securitized Derivatives for which the last Trade amounts to less than EUR 0.1 but not less than EUR 0.05 (or the corresponding amount in another applicable currency), the Spread shall not exceed EUR 0.05; and for Securitized Derivatives for which the last Trade amounts to less than EUR 0.05, the Spread shall not exceed EUR 0.03.

2.3 Structured products

For Structured products admitted to trading on a market operated by the Exchange, the Qualified Algorithmic Trader shall apply the following requirements with respect to volume, presence and Spread.

The Qualified Algorithmic Trader shall, for each Structured product, provide bid Quotes and sell Quotes respectively amounting to not less than one (1) unit per Quote, or the corresponding amount in nominal terms.

The Qualified Algorithmic Trader shall provide Quotes during not less than 70 per cent of the time during Normal Trading Hours, as defined below.

RELEVANT MARKET	NORMAL TRADING HOURS
SWEDEN	09:00 - 16:15 CET
NORWAY	09:00 - 16:15 CET
DENMARK	09:00 - 17:00 CET
FINLAND	09:00 - 17:20 CET

bid Quotes and sell Quotes which are quoted from time to time shall not deviate from each other by more than 5 per cent calculated from the Qualified Algorithmic Trader's sell Quote. For instruments deemed structured warrants the price deviation should be calculated with respect to the warrant's nominal amount.

2.4 Interest-bearing securities

Interest-bearing securities include bonds and other interest-bearing securities such as principal-linked participating debentures and dividend-linked participating debentures.

For Interest-bearing securities admitted to trading on a market operated by the Exchange, the Qualified Algorithmic Trader shall apply the following requirements with respect to volume, presence and Spread.

The Qualified Algorithmic Trader shall, for each Interest-bearing security, provide bid Quotes and sell Quotes respectively amounting to not less than one (1) unit per Quote, or the corresponding amount in nominal terms.

The Qualified Algorithmic Trader shall provide Quotes during not less than 70 per cent of the time during Normal Trading Hours, as defined below.

RELEVANT MARKET	NORMAL TRADING HOURS
SWEDEN	09:00 - 16:15 CET

The bid Quotes and sell Quotes which are quoted from time to time shall not deviate from each other by more than 5 per cent calculated from the Qualified Algorithmic Trader's sell Quote.

2.5 Exceptional Circumstances, Stressed Market Conditions and Market Making Schemes

2.5.1 Exceptional Circumstances

As set out in section 3.12.1 of the Member Rules, the Exchange shall through a Market Notice make public the occurrence of Exceptional Circumstances pursuant to article 4 of Commission Delegated Regulation (EU) 2017/578 of 13 June 2016 specifying the requirements on market making agreements and schemes, as well as the resumption of normal trading after the Exceptional Circumstances have ceased to exist. During the occurrence of Exceptional Circumstances, Qualified Algorithmic Traders shall not be obliged to provide liquidity in accordance with section 3.11 of the Member Rules.

2.5.2 Stressed Market Conditions

As set out in section 3.12.2 of the Member Rules, the Exchange shall, where necessary, through a Market Notice make public the occurrence of Stressed Market Conditions pursuant to article 6 of Commission Delegated Regulation (EU) 2017/578 of 13 June 2016 specifying the requirements on market making agreements and schemes.

Stressed Market Conditions shall be deemed to exist in the following cases:

- Immediately and automatically following the resumption of trading, for the rest of the trading day, after a volatility interruption (i.e. a circuit breaker); or

- where the Exchange, at its own discretion, determines that Stressed Market Conditions exists.

2.5.3 Market Making Schemes

The Exchange may grant Qualified Algorithmic Traders incentives for providing liquidity in case of Stressed Market Conditions. Such incentives, which are exclusively applicable for Liquid Equities, are set out in the Market making scheme, **Appendix I**.

Appendix I – Market Making Scheme

General provisions

The Exchange is required to have in place Market making schemes for shares and exchange traded funds for which there is a liquid market, i.e. for Liquid Equities and ETF's. The Market Making Schemes shall describe the incentives available to Members, as well as the requirements that must be met in terms of presence, size and spread, in order to take part of the incentives.

The incentives set out in this Market Making Scheme shall only apply if all criteria below are fulfilled;

- (i) where the Exchange has identified and made public the occurrence of Stressed Market Conditions, and
- (ii) where a Qualified Algorithmic Trader is pursuing a Market Making Strategy in shares and exchange traded funds for which there is a liquid market, i.e. for Liquid Equities and ETF's, as set out in **Appendix II**.

Incentives – Financial incentives for providing liquidity

Qualified Algorithmic Traders that are present during ninety (90) per cent of the time during Stressed Market Conditions shall benefit from the below incentives, provided however that the Qualified Algorithmic Trader is pursuing a Market Making Strategy in Liquid Equities.

- The Qualified Algorithmic Trader shall benefit from a rebate (discount) of ten (10) per cent on all transactions executed during Stressed Market Conditions.

Appendix II – List of instruments

This Appendix II shall be provided to the Exchange by the Qualified Algorithmic Trader – for all Liquid Equities in which the Qualified Algorithmic Trader is pursuing a Market Making Strategy – in order for the Qualified Algorithmic Trader to access the incentives under the Market making scheme.

List of instruments covered by these rules for which the Market making scheme is applicable – if any

I.e. shares and exchange traded funds for which there is a liquid market, i.e. Liquid Equities and ETF's

Market segment	ISIN of the Liquid Equity	Name of the Liquid Equity	Symbol of the Liquid Equity	Member (Qualified Algorithmic Trader)