

IT – INET Nordic – MiFID II tick size regime will be implemented as of January 2, 2018 (78/17)

In order to ensure uniform application of the MiFID II tick size regime, Nasdaq Nordic and Nasdaq Baltic will implement the MiFID II tick size regime for shares, depositary receipts as well as ETFs with equity underlying on all markets operated by Nasdaq Nordic and Nasdaq Baltic (including respective First North markets, and excluding Nasdaq Iceland markets) already as of January 2, 2018.

New **MiFID II tick size table** follows the requirements in Commission Delegated Regulation (EU) 2017/588. It contains six liquidity bands and will define the minimum tick size allowed for each instrument in a given liquidity band. Liquidity bands are based on the average daily number of transactions (ADNT) executed on the most relevant market of the instrument in question. ADNT values are expected to be published by ESMA prior to MiFID II entering into force. These ADNT values will then be applied to allocate the relevant liquidity band for an instrument on Nasdaq Nordic as of January 2, 2018. ADNT values are generally calculated on a yearly basis, and following a change in ADNT, the liquidity band may change for an instrument from one day to another. Hence, change of liquidity band will not take place intra-day.

MiFID II tick size table

Price ranges	Liquidity band					
	0 ≤ Average daily number of transactions < 10	10 ≤ Average daily number of transactions < 80	80 ≤ Average daily number of transactions < 600	600 ≤ Average daily number of transactions < 2000	2000 ≤ Average daily number of transactions < 9000	9000 ≤ Average daily number of transactions
0 ≤ price < 0.1	0.0005	0.0002	0.0001	0.0001	0.0001	0.0001
0.1 ≤ price < 0.2	0.001	0.0005	0.0002	0.0001	0.0001	0.0001
0.2 ≤ price < 0.5	0.002	0.001	0.0005	0.0002	0.0001	0.0001
0.5 ≤ price < 1	0.005	0.002	0.001	0.0005	0.0002	0.0001
1 ≤ price < 2	0.01	0.005	0.002	0.001	0.0005	0.0002
2 ≤ price < 5	0.02	0.01	0.005	0.002	0.001	0.0005
5 ≤ price < 10	0.05	0.02	0.01	0.005	0.002	0.001
10 ≤ price < 20	0.1	0.05	0.02	0.01	0.005	0.002
20 ≤ price < 50	0.2	0.1	0.05	0.02	0.01	0.005
50 ≤ price < 100	0.5	0.2	0.1	0.05	0.02	0.01
100 ≤ price < 200	1	0.5	0.2	0.1	0.05	0.02
200 ≤ price < 500	2	1	0.5	0.2	0.1	0.05
500 ≤ price < 1000	5	2	1	0.5	0.2	0.1
1000 ≤ price < 2000	10	5	2	1	0.5	0.2
2000 ≤ price < 5000	20	10	5	2	1	0.5
5000 ≤ price < 10000	50	20	10	5	2	1
10000 ≤ price < 20000	100	50	20	10	5	2
20000 ≤ price < 50000	200	100	50	20	10	5
50000 ≤ price	500	200	100	50	20	10

Shares and depositary receipts

Each share and depositary receipt is assigned a tick size table according to its liquidity band. For example, when ADNT of a share is 500, the share follows the third liquidity band from the left presented in the above table. When price of that share is 19.90, the minimum allowed tick is 0.02, and when price of that share is 20, the minimum allowed tick is 0.05.

ETFs with equity underlying

A static tick size table (highest liquidity band which is presented in the sixth column, i.e. the right-most column) will be applied for ETFs where the underlying is solely equities subject to the MiFID II tick size regime, or a basket of such equities.

Other equity instruments and securitized derivatives - no changes in tick sizes

Current tick size tables continue to be applied for all other equity related instruments, e.g. for ETFs not in MiFID II tick size regime scope, equity rights as well as covered warrants, leverage certificates and other exchange-traded products that will be classified as Securitized Derivatives in MiFID II.

Nasdaq Iceland - no changes in tick sizes

All Nasdaq Iceland equity instruments and ETFs will continue to have the current tick size tables.

Protocol specifications

There are no changes to INET FIX and OUCH protocol specifications due to the introduction of MiFID II tick size regime. INET protocol specifications are available at [Nasdaq Nordic Technical Information](#) web site.

Tick size details are disseminated in TIP format in GCF feed and reference data file. Those are available in every GCF/FDS environment. Associated messages in TIP specification are:

BasicDataTickSizeTable (BDTs)

- disseminates the tick size tables that each order book in the Basic Data Tradables refers to. The different tick sizes and levels within the current tick size table will be disseminated through the BasicDataTickSizeEntry message.

BasicDataTickSizeEntry (BDTz)

- disseminates the different tick sizes and levels for the current tick size table in the BasicDataTickSizeTable message.

Tick size tables related to MiFID II are added to the above messages as of November 20, 2017, but no impacted order book is assigned to these tables until January 2, 2018.

Time Schedule

- INET Test (NTF), GCF TST4 – Available on request
- INET MiFID II Test, GCF TST3 – Available

- INET Production – Activated for order books January 2, 2018
- GCF Production – November 20, 2017

Testing access

Members can test the MiFID II functionalities in INET MiFID II Test/GCF TST3 environment.

Production activation consequences

The impacted order books are connected to MiFID II tick size table as of January 2, 2018. Hence, the current tick sizes are applied for the impacted order books for the last time on December 29, 2017. GCF/TIP reference data with new tick sizes is available from 6:30 CET each day.

Nasdaq Nordic and Nasdaq Baltic will not flush the order books on December 29, 2017. Good-till-Cancelled (GTC) orders from December 29, 2017 will be carried over to January 2, 2018. If the price specified by a limit price is not valid according to the new allowed tick sizes, it will be rounded to a less aggressive price (default) or rejected if that is preferred by the Member.

Legal and Market Model

The INET Nordic Market Model will be updated, effective as of January 2, 2018 and changes will be available before the effective date.

Questions and feedback

For further information and feedback concerning this information, please contact operator@nasdaq.com.

Support

For technical questions, please contact Nasdaq Cash Equity Operations:
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Best regards,
Nasdaq Nordic and Nasdaq Baltic

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