



# Directive 4: Market Control

SDX Trading Ltd

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## 1 Purpose and Principle

This Directive contains provisions for market control and is based on Clauses 9.3 and 9.7 Trading Rules.

## 2 Market Control Duties

<sup>1</sup> The market control of the Exchange ("**Market Control**") shall ensure trading that is as fair, efficient and orderly as possible, with the objective of treating investors and participants equally and protecting investors.

<sup>2</sup> Market Control shall, in particular, assume the following tasks:

- a) it shall regulate trading periods on the basis of defined parameters and interrupt trading entirely or in part if fair, efficient and orderly pricing is not ensured;
- b) it shall monitor and verify every trade as soon as possible for market compliance and, in certain instances, declare trades already conducted to be null and void, and cancel them (see Clause 6 below);
- c) it may also adjust trading parameters at short notice in certain situations;
- d) it shall inform participants of any adjustment to trading parameters, trade restrictions and mistrades;
- e) it shall issue instructions to participants in special situations; and
- f) it shall suspend trading entirely or in part in special situations.

## 3 Communication

<sup>1</sup> Market Control informs participants and the market via Messages.

<sup>2</sup> Market Control is available to participants by e-mail and telephone.

<sup>3</sup> The Exchange may record telephone communication with Market Control.

## 4 Market Control in Extraordinary Situations

### 4.1 Measures in Extraordinary Situations

<sup>1</sup> Should an extraordinary situation as per Clause 9.7.1 Trading Rules arise, Market Control may institute all measures which it deems necessary to maintain trading that is as fair, efficient and orderly as possible or, if this is not possible, to suspend trading entirely or in part.

<sup>2</sup> In particular, Market Control may

- a) delay the opening of trading in a security;
- b) restrict or suspend trading in a security;
- c) instruct the participants involved to adjust or delete orders;

- d) reject orders or delete them in the name of the participants involved;
- e) declare trades null and void and cancel them according to Clause 6 below;
- f) adjust trading parameters at short notice; or
- g) suspend trading in a given security or on the market as a whole.

#### **4.2 Information**

Market Control shall inform participants via Messages in the event of an extraordinary situation, the measures taken and their duration.

## **5 Market Control in Emergency Situations**

### **5.1 Measures in Emergency Situations**

<sup>1</sup> Should an emergency situation as per Clause 9.7.2 Trading Rules arise, Market Control may institute all measures which it deems necessary to maintain trading that is as fair, efficient and orderly as possible or, if this is not possible, to suspend trading entirely or in part.

<sup>2</sup>In particular, Market Control may:

- a) rescind directives in full or in part, including the Rule Book, and replace them temporarily with new regulations; or
- b) temporarily suspend trading in full or in part.

### **5.2 Participants' Measures in Emergency Situations**

The Exchange exclusively supports trading within the order book. If the participant's access system or the Exchange system malfunction, off-exchange trading is the only remaining option.

### **5.3 Information**

<sup>1</sup> The participant shall immediately inform Market Control if it no longer has or has only limited access to the exchange system, or if for other reasons in its opinion there is an emergency situation.

<sup>2</sup> Market Control shall inform the participants via Messages in the event of an emergency situation, the measures taken and their duration.

### **5.4 Provision for the Failure of a Participant's Access System**

<sup>1</sup> On the (partial) failure of a participant's access system, the participant shall immediately inform Market Control of the failure or a more serious fault of its access system.

<sup>2</sup> In such instances, the participant may also request Market Control to delete its orders. Market Control can make the following deletions:

- a) deletion of all orders of a certain participant or trader;
- b) deletion of all orders regarding a certain security; or
- c) deletion of a specific order (in exceptions only).

<sup>3</sup>The request must be made by telephone. A written confirmation of the deletion of an order and of the access system's (partial) failure must be e-mailed to Market Control as soon as possible, but no later than before the end of the current trading day.

<sup>4</sup>Market Control may reject the deletion of orders at its own discretion.

## 5.5 Reports Following Emergency Situations

Emergency situations do not, as a rule, release participants from their reporting obligations. Participants must subsequently report to the Exchange transactions which have come about during emergency situations.

# 6 Market Control in the Event of Mistrades

## 6.1 Principle

Market Control monitors the integrity of the market on an ongoing basis. If it detects a violation of market integrity, either independently or owing to a tip-off from a participant, it will open proceedings in respect of the invalidity of an on-order-book trade.

## 6.2 Requirements

<sup>1</sup> Market Control may declare a trade null and void if:

- a) a trade's price deviates considerably from the market price; or
- b) fair, efficient and orderly market conditions are not ensured.

<sup>2</sup>The establishment of the market price and the decision on the existence of a significant deviation are at the discretion of Market Control.

<sup>3</sup>Trades at market prices resulting from wrongful order submissions shall not be declared null and void.

## 6.3 Procedure

<sup>1</sup> Market Control may declare a trade null and void on its own accord or on a participant's application.

<sup>2</sup> Market Control shall, as a rule, decide on the invalidity of a trade within 30 minutes of its execution, with the exception of bonds. In this case, the decision is typically made up to 30 minutes after the close of trading.

<sup>3</sup>In exceptional cases, Market Control may extend these periods after prior announcement via Messages.

## 6.4 Effects of an Annulment

<sup>1</sup> If Market Control declares a trade null and void, it shall

- a) publish an annulment via Messages;
- b) cancel the transactions in question by no later than the end of the trading day (for details of the cancellation process, please refer to Clause 14.3 of the "Trading" Directive); and
- c) announce the annulment of the trade in the market data.

<sup>2</sup>In exceptional cases, Market Control may make countertrades on behalf of the parties concerned, or instruct these parties to make the corresponding countertrades.

### **6.5 Costs**

<sup>1</sup>The costs of the proceedings shall be borne by the participant who caused the trade to be declared null and void or who caused an investigation to be instituted.

<sup>2</sup>Details are laid down in the "List of Charges under the Trading Rules".

This directive has been approved by the Participants & Surveillance Committee of the Regulatory Board on 9 September 2020 and will be in effect as of 15 October 2021.