

**DANISH SECURITIES DEALERS ASSOCIATION (DSDA)
FINNISH SECURITIES DEALERS ASSOCIATION (FSDA)
ICELANDIC FINANCIAL SERVICES ASSOCIATION (SFF)
NORWEGIAN SECURITIES DEALERS ASSOCIATION (NSDA)
SWEDISH SECURITIES DEALERS ASSOCIATION (SSDA)**

NASDAQ OMX and Oslo Børs
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Midprice Matching and Hidden Orders

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The Nordic Securities Dealers Associations have received a formal Consultation Paper regarding Midprice Matching and Hidden Orders with a deadline 30th April 2008. The Associations have consulted their respective members, and they all support this response.

NASDAQ OMX and Oslo Børs (the exchanges) suggest the following:

- Introduction of an additional Iceberg order functionality, with completely hidden order (zero visible volume).
- Introduction of "Midprice Matching", where large orders can meet anonymously and be executed at the midprice of the current best bid and offer in the central order book.

The purpose of both proposals is to attract OTC liquidity to the exchanges' trading system.

The exchanges substantiate the suggestion by referring to the exchanges' need to be in line with other market places, e.g. International Securities Exchange (ISE).

The DSDA, FSDA, NSDA, SFF and SSDA cannot support the exchanges' intended initiatives due to the following reasons:

- The Associations find it disturbing that the exchanges' – as regulated market places – plans to introduce "Midprice Matching" and hidden orders. Both functionalities are basically "Black Boxes" that will reduce transparency. The Associations do not believe that reduced transparency improves the market functions.

- The reduced transparency in the proposals leads to increased uncertainty which most likely reduces the members' willingness to take on-exchange risks. This can be expected to have serious impact on the on-exchange liquidity and volume.
- Moreover, "Midprice Matching" will remove the spread. This will enhance the adverse consequences and diminish the members' willingness to take on-exchange risks even more. Again – as a consequence - this will have serious impact on the on-exchange liquidity and volume.
- The exchanges' have not presented any empirical evidence of positive effects of "Midprice Matching" in the European stock markets.

However, the Associations recognize the exchanges' wish to be competitive with other markets places. So if at a later stage the exchanges are able to present reliable documentation on the positive effects of Midprice Matching on liquidity and volume in European venues, which can be verified by the members, the Associations are willing to reopen the discussion.

Yours sincerely

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