Technical News – 16/26 IT – INET Nordic – Reminder: Enhancements to Closing Auction Safeguards

This notice contains changes applicable to Spotlight markets.

Nasdaq Stockholm plans to enhance the auction safeguard functionality in the INET Nordic trading system by extending the duration of Closing Auction extensions and introducing a second, conditional extension period.

Under the enhanced functionality, a Closing Auction may receive up to two successive five-minute extensions. The second extension will commence only if the equilibrium price remains outside the applicable auction safeguard threshold at the uncross of the first extension.

The functionality is already available in INET Test (NTF). Production implementation is planned for **February 1, 2027.**

This notice includes additional clarifications on Market Data and Protocol Specifications.

Background

Auction safeguards are intended to limit unexpected impact on auction prices resulting from erroneous or extraordinary order entries.

Currently, an auction extension is triggered in an individual Order Book if the proposed auction price deviates beyond the applicable safeguard threshold at the scheduled uncross. For Closing Auctions, the existing safeguard provides one three-minute extension period.

Based on consultations with members, Nasdaq Stockholm plans to introduce one additional extension period and increase the duration of each Closing Auction extension period to five minutes. The enhancement is intended to provide market participants with additional time to modify or cancel orders contributing to an indicated equilibrium price outside the applicable safeguard threshold.

New Closing Auction Extension Functionality

- The duration of the Closing Auction extension will increase from three minutes to five minutes.
- A maximum of two successive extension periods may be applied to an individual Order Book.
- The first extension will commence if the equilibrium price is outside the applicable safeguard threshold at the scheduled Closing Auction uncross.
- The second extension will commence only if the equilibrium price remains outside the applicable safeguard threshold at the uncross of the first extension.
- If the equilibrium price is within the applicable safeguard threshold at the uncross of the first extension, the Order Book will uncross and no second extension will take place.
- At the uncross of the second extension, the Order Book will uncross regardless of whether the equilibrium price remains outside the safeguard threshold.
- The uncross during each extension will take place within a 30-second randomized uncross period.

- The thresholds triggering an auction extension will remain the same as today.
- Other Order Books that do not trigger an extension will continue to uncross at their normally scheduled time.
- No material changes to Opening and Scheduled Intraday Auctions. Their existing extension durations, extension counts and auction handling will remain unchanged.

Closing Auction Extension Sequence

Below is an example of Closing Auction Extension sequence with two extension periods.

Event and Time (CET)	Handling
Pre-Close (17:25 CET)	Closing Auction phase begins
Scheduled Closing Auction uncross (approx. 17:30 CET*)	The equilibrium price is validated against the applicable auction safeguard threshold.
Extension I (approx. 17:30 CET*)	If the price is outside the threshold, a five-minute extension commences.
Uncross of Extension I (approx. 17:35 CET*)	If the price is within the threshold, the Order Book uncrosses. If the price remains outside the threshold, extension II commences.
Extension II (approx. 17:35 CET*)	A second five-minute extension is applied.
Final uncross (approx. 17:40 CET*)	The Order Book uncrosses after extension II regardless of whether the price remains outside the safeguard threshold.

*) Closing Auction and Closing Auction Extension uncross are subject to 30-second randomization period.

Scope

The enhanced functionality will apply to equity instruments across Spotlight markets for which Closing Auctions and auction extensions are enabled.

Order Handling

Existing pre-close order management rules will continue to apply during Closing Auction extensions.

The enhanced functionality will postpone Day order expiration where required. If an Order Book undergoes an extension, Day orders in the applicable Order Book will expire only after the extended Order Book has uncrossed and moved to the following trading phase.

Auction Volume Discovery

Where applicable, the Auction Volume Discovery matching process will be included in the uncross as normal. This applies whether the Closing Auction uncrosses after the first extension or after the second extension.

Market Data and Protocol Specifications

No new Cross Type will be introduced for the second Closing Auction extension.

ITCH/NLS *Order Book Trading Action* message with Extension = “E” (cross extension) and TIP *OrderbookState* message with tag "Ae" (AuctionExtension) will be sent for each extension, each with its own Timestamp. If the auction is extended twice, the message is therefore sent twice.

No new FIX or OUCH order-entry instructions are planned because of this enhancement.

Latest TotalView-ITCH specification is available on INET Nordic Protocol Specifications webpage.

Time Schedule

Planned implementation schedule:

- INET Test (NTF): **Available**
- INET Production: **February 1, 2027**

Technical Support

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