Market surveillance at Oslo Børs - report the 3rd quarter 2011

Number of cases referred to Finanstilsynet

Oslo Børs and Finanstilsynet (the Financial Supervisory Authority of Norway) have established guidelines for collaboration on surveillance and case processing through a collaboration agreement. Under the terms of the agreement, where Oslo Børs suspects breaches of securities legislation that cannot be eliminated by preliminary inquiries, it applies a low threshold of suspicion to routinely report such matters to Finanstilsynet.

		Year to date	
	Q3 2011	2011	2010
Illegal insider trading/ information leaks	3	16	29
Market manipulation	3	8	9
Notification of large positions	2	12	25
Notification by insiders	11	35	46
Other matters	3	6	7

Aside from cases related to primary insider reporting rules, Oslo Børs referred 11 matters to Finanstilsynet in the third quarter of 2011. Of these, 3 were related to suspicions of illegal insider trading/leaks of information, and 3 related to possible market manipulation. The number of cases referred per million trades was 1.7 in the third quarter of 2011, which is slightly lower than the second quarter of 2011 (1.8).

Matters related to the Oslo Børs trading rules, the Stock Exchange Act and the Stock Exchange Regulations

		Year to date	
	Q3 2011	2011	2010
Letter of criticism members	1	11	7
Letter of criticism listed companies	6	53	25
Board decisions	1	2	1

The matters in question related principally to breaches of rules for reporting trades, breaches of the rule on current market value, breaches of duty of information for listed companies and breaches of the requirement for owner categorization of orders and trades. Matters considered by the Board of Oslo Børs relates to more serious and/or repeated breaches of the same rules and breaches of information duties for listed companies. The number of letters of criticism sent in a quarter is affected by the level of activity in the market, the need to focus on particular problem areas and changes in surveillance procedures/alerts.

Use of measures: trading halt, matching halt and special observation

		Year to date	
	Q3 2011	2011	2010
Trading Halt	7	13	24
Matching halt - price movements	3	15	24
Matching halt – announcements	9	26	35
Matching halt - differing information	0	2	0
Matching halt - other events	2	2	2
Special observation	4	5	8

More about matching halts
A matching halt means that the automatic matching of buy and sell orders in a particular security is halted. Matching halts are used for a number of reasons. The most common reasons are that a company is about to publish a price-sensitive announcement, there is a suspicion of differing information in the market, or the security in question shows abnormal changes in price and/or trading volume. In the first situation, a matching halt is used to allow participants in the market time to evaluate the new information and decide whether to withdraw existing orders. In the latter situations, a matching halt is used to give Oslo Børs time to investigate whether there is differing information in the market or other factors that are causing abnormal trading patterns. Matching halts are normally short.