

Markets

Nordic Power Whale Booted Off Exchange After \$117 Million Loss

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- ▶ German-Nordic power spread has been widening this month
- ▶ Aas's portfolio was liquidated on Wednesday, DN paper says

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One of the most successful traders ever in the Nordic power market has been barred from trading on Nasdaq Inc. after massive losses at the start of this week.

Einar Aas, who's been active in the market for about two decades, had taken on a position that was too big in relation to the liquidity in the market, Dagens Naeringsliv reported, citing a statement from Aas. After "extraordinary price changes," in the Nordic and German contracts he was forced to pay the exchange his last free liquid funds. That wasn't enough and on Tuesday he was put under administration. His portfolio was liquidated by Nasdaq on Wednesday night.

The loss for Nasdaq's default fund, that helps guarantee trades, amounts to 100 million euros (\$117 million), the exchange said on Thursday. Nasdaq wouldn't identify Aas, but said a trader had been expelled after losses from betting on the spread between Germany and Nordic power prices exceeded the collateral needed to back trades.

Aas didn't immediately respond to a voicemail seeking comment left on his office phone number listed in a Norwegian business directory. In 2016, he was Norway's top tax payer, earning 833 million kroner (\$122 million) and paying 227 million kroner in tax, according to DN.

German-Nordic Spread



“We saw large market movements earlier in the week, with a very big spread between Nordic and German power prices,” Julia Haglind, head of Nasdaq Clearing, said by phone on Thursday. “This caused such a big loss in a portfolio that the member could not meet its margin anymore and was put in default.”

The trader’s portfolio was closed, but since losses exceeded what the member had set aside to the exchange’s default fund, remaining members will now be asked to top up some of the capital, Nasdaq said.

“It is sad to hear about it. And it is one big trader less in the market,” Hermund Ulstein, chairman of the Nordic Association of Electricity Traders, said by phone. The market now will have to move on without “Einar from Grimstad,” one of the most well known figures in the trading community, he said, referring to the town on Norway’s southwest coast.

No criminal activity was suspected and no end-user was in risk of losing their electricity supply, Nasdaq said.

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