

# **EURONEXT Paris S.A.**

A *Société Anonyme* (limited company) with a capital of 90 868 913,99 euros

Trade names: Société des Bourses Françaises  
PARISBOURSE<sup>SBF</sup>SA

Registered office: 14 place des rEflots – CS 30064 – 92054 Paris La Défense Cedex  
Nanterre Trade and Companies Register number: B 343 406 732

<p><b>MEMORANDUM AND ARTICLES OF ASSOCIATION</b></p>
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**22 juin 2016**

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## SECTION I - INCORPORATION OF THE COMPANY

### Article 1: NATURE AND LEGAL FORM

The Company is a *Société Anonyme* (limited company), an officially authorised stock exchange governed by the provisions of the legislation and regulations in force applicable to limited companies, by the Monetary and Financial Code, by any legislative or regulatory provisions concerning it, and by these Articles of Association.

### Article 2: CAPITAL

The share capital is set at the sum of 90.868.913,99 euros, divided into 5.960.610 no-par value shares, deriving:

- in respect of 2,500 shares, from the cash contribution to the initial capital. These shares are fully paid-up.
- in respect of 3,255,470 shares, from contributions carried out on the occasion of the merger-absorption of Compagnie des Agents de Change carried out on 31 March 1988. These shares were allotted to each of the members pro rata to the rights that they had acquired in respect of the reserves of the Compagnie des Agents de Change. These shares are fully paid-up.
- in respect of 2,746,759 shares, from the capital increase of 20 December 1988. These shares are fully paid-up.
- in respect of 544,527 shares, from the capital increase of 16 January 1991. These shares are fully paid-up.
- in respect of 1,380,204 shares, from the capital increase of 27 January 1999. These shares are fully paid-up.
- in respect of 362,743 shares, from the capital increase of 4 February 2000. These shares are fully paid-up.
- in respect of 257,053 shares, from the capital increase of 5 September 2000. These shares are fully paid-up,
- in respect of 5.960.608 shares, from the capital increase of 22 June 2016 in the context of the approval of the merger with Euronext France (Holding) S.A.S. by the Company, and the cancellation of 8.549.254 shares in the context of the capital decrease of 22 June 2016 at the end of the indicated merger. These shares are fully paid-up.

## **SECTION II - THE COMPANY'S CHARACTERISTICS**

### Article 3: **CORPORATE NAME**

The Company's corporate name is: EURONEXT Paris S.A.

### Article 4: **REGISTERED OFFICE**

The registered office is established in Paris – La Défense Cedex (92054), 14, place des Reflets – CS 30064 within the jurisdiction of the Nanterre Commercial Court, the Company being listed in the Paris Trade and Companies Register kept by the Court Registrar.

It can be transferred to any location within the same department or an adjacent department, through a simple decision taken by the Board of Directors, subject to ratification of this decision by the next Shareholders' Ordinary General Meeting, and to any other location by virtue of a decision taken by a Shareholders' Extraordinary General Meeting, subject to compliance with the legislation in force.

The creation, relocation or closure of branches, agencies or establishments situated anywhere in France or abroad may take place pursuant to a decision taken by the Chairman of the Board of Directors, or pursuant to delegation of this power by the latter.

### Article 5: **COMPANY PURPOSE**

The Company's purpose is:

- a) the organisation and operation of financial instruments markets, including futures and options markets.
- b) determining:
  - the conditions governing the admission of members to markets;
  - the conditions governing the admission or delisting of financial instruments;
- d) the provision of information concerning the activities of the markets whose operation it ensures and dissemination of the corresponding data;
- e) verifying that members of markets whose operation is ensured by it comply with the rules relating to the organisation and operation of these markets;
- f) direct or indirect participation by the Company in any financial, banking, industrial, commercial, real estate or movables-related activities or operations, in France or abroad, in any manner whatsoever, if these activities or operations are directly or indirectly related to the aforesaid company purpose or any similar, related or complementary purpose;
- g) in general, any operations of any nature whatsoever - banking, financial, economic, industrial, legal, civil or commercial, real estate, or related to movable assets, that are directly or indirectly linked to the above company purpose or any similar, related or complementary purpose, subject to compliance with the applicable laws and regulations.

### Article 6: **DURATION OF THE COMPANY**

The duration of the Company is set at 99 years, until 31 December 2087.

This duration can, through a decision taken by a Shareholders' Extraordinary General Meeting, be extended one or more times, subject to the condition that the duration of each extension does not exceed a maximum of 99 years.

### Article 7: **ACCOUNTING YEAR**

The accounting year commences on 1 January and ends on 31 December.

### **SECTION III - THE RIGHTS AND OBLIGATIONS OF SHAREHOLDERS**

#### **Article 8: SHAREHOLDERS' RIGHTS OF DISPOSAL OVER THEIR SHARES**

The Board of Directors determines the conditions under which members of the markets whose organisation and operation is assured by the Company, and also clearing members, may be required to become shareholders.

Except in the case of inheritance, liquidation of spouses' joint estate, or transfer to a lineal ascendant or descendant, the transfer of shares or equity warrants to a third party, on any grounds whatsoever, is subject to prior approval by the Board of Directors.

To that end, the transferor must send the Company without delay, by means of a recorded delivery letter with return receipt, a request for approval indicating the identity of the transferee, the number of shares or equity warrants whose transfer is planned, and the price offered. Approval will result either from a notification emanating from the Board, or from the fact that no reply has been made within three months as from the time when the request was submitted. The Board of Directors is not required to state the reasons for its decision.

If the Company does not approve the transferee proposed by the transferor, the Board of Directors will be obliged to have the shares or equity warrants purchased by one or more shareholders or by a third party or third parties. The Company may also, with the transferor's consent, purchase the Company's shares itself with a view to reducing the share capital, within a timeframe of three months as from notification of the decision whereby approval of the proposed transfer was denied.

If, on the expiry of the three-month timeframe stipulated above, the purchase of the shares or warrants concerned has not taken place, approval will be considered to have been given. However, this timeframe may be extended by a judicial decision issued at the Company's request.

If agreement cannot be reached with the transferor with regard to the purchase price, the Board of Directors may have an appraisal carried out in accordance with the modalities provided for in Article 1843-4 of the Civil Code, and to that end, make any formal notifications or demands it deems appropriate. The expenses and fees of the appraisal shall be shared equally, half being payable by the transferor, half being payable by the purchaser(s), pro rata to the number of shares or equity warrants acquired.

Any difficulty relating to application of the preceding paragraphs will be brought to the knowledge of the President of the Paris Commercial Court.

Under no circumstances can Company shares or equity warrants be offered as collateral or security, on any score or in any form whatsoever.

#### **Article 9: RIGHTS VIS-A-VIS THE COMPANY'S ASSETS AND PROFITS**

In the absence of different categories of shares, all shares entitle the holder to a net portion, proportional to the quantity of the capital that they represent, of the profits and reserves or the Company's assets on the occasion of any distribution, redemption, or sharing out that takes place during the Company's existence or in the case of liquidation.

Where appropriate, in order to obtain this result, all tax exemptions and tax assessments to which these distributions, redemptions or share-outs may give rise and that the Company may be eligible to receive or due to pay, shall be aggregated among the shares.

#### **Article 10: OTHER RIGHTS HELD BY THE SHAREHOLDERS**

Any shareholder will be able, in particular, to exercise the following rights in accordance with the applicable terms and conditions and any legal or regulatory restrictions: a preferential subscription right to capital increases and issues of convertible bonds redeemable in shares, the right to be provided with information on an ongoing basis, and to be provided with information prior to Shareholders' General Meetings, the right to submit written questions before any General Meeting or, twice yearly, concerning any matter that could compromise the Company's continued operation, the right to bring a corporate or personal action concerning loss or harm stemming from Shareholders' General Meetings, the right to request the convening of General Meetings, the right to have the Auditors removed from office.

Article 11: OBLIGATIONS OF THE SHAREHOLDERS

Shareholders are obliged to abide by the provisions of the Company's Articles of Association and decisions taken by the Company's corporate bodies.

The creditors, assigns or other representatives of a shareholder cannot, on any grounds whatsoever, have seals placed on the Company's assets or securities, or request that they be shared out or sold at public auction; in order to exercise their rights they must refer to the company inventories and to decisions taken by General Meetings.

Whenever it is necessary to own several shares in order to exercise any right, in the context of the exchange, grouping or allotment of securities, or in consequence of a capital increase or reduction, or a merger or other company operation, the owners of isolated securities, or owners who hold a number lower than that required, can only exercise these rights on condition that they assume personal responsibility for carrying out the requisite grouping, or possibly proceeding to the purchase or sale of the necessary number of securities or rights.

Article 12: THE PAYING UP OF SHARES

- a) Form of the shares  
The shares issued by the Company are obligatorily registered shares.
- b) Paying up of shares  
During the Company's existence, the Company's competent corporate body will set the conditions governing the paying up of shares, subject to the proviso that the payment made at the time of subscription cannot be less than one quarter of the value of the portion of the capital that it represents, that is to say the undefined nominal value resulting from the division of the amount of the share capital by the total number of shares issued and the whole of the issue premium. Unless otherwise specified, shares must be fully paid up at the time of their subscription and payment may be made by offset against liquid claims held against the Company and due for payment.  
Any late payment relating to sums due in respect of cash shares will bear interest by right at the statutory rate to the Company's benefit.
- c) The recording of rights and the transfer of ownership  
The shares issued by the Company are entered in individual accounts. Shares are transferred through transfer from one account to another in accordance with the legislation and regulations in force.

## SECTION IV - ADMINISTRATION AND CONTROL OF THE COMPANY

### Article 13: COMPOSITION OF THE BOARD OF DIRECTORS

The Company is administered by a Board of Directors made up of a minimum of three and a maximum of eighteen members.

Board members may be natural persons or legal entities. Board members that are legal entities are obliged to appoint, at the time of their appointment, a permanent representative who will be subject to the same conditions and obligations and will have the same civil and criminal liability as if they were a Board member in their own name, without prejudice to the joint and several liability of the legal entity that they represent.

If the legal entity revokes its representative's appointment, it must notify the Company of this without delay, by means of a letter sent by recorded delivery, and must appoint, in accordance with the same modalities, a new permanent representative; the same applies in the event of the death or resignation of the permanent representative.

### Article 14: MODES OF APPOINTMENT OF BOARD MEMBERS AND DURATION OF THEIR TERMS OF OFFICE

The duration of the term of office of Board members appointed by a General Meeting is set at four years.

Should one or more seats on the Board become vacant, through death or resignation, the Board of Directors may, between two General Meetings, fill these vacancies through provisional appointments. However, if only one or two Board members remain in office, they, or failing this the Auditor, must immediately convene a Shareholders' Ordinary General Meeting for the purpose of bringing the number of Board members up to at least the required minimum.

Provisional appointments made by the Board of Directors are subject to ratification, but decisions and actions taken following their provisional appointment by the Board of Directors will nonetheless remain valid. A Board member appointed in replacement of another will only remain in office for the remainder of their predecessor's term of office.

Board members are always eligible for reappointment; they can be removed from office at any time through a decision taken by a Shareholders' Ordinary General Meeting.

Board members that are appointed during the Company's existence need not be shareholders at the time of their appointment but must become one within three months of their appointment, failing which they will automatically be deemed to have resigned from the Board.

### Article 15: ORGANISATION OF THE BOARD OF DIRECTORS

1. The Board of Directors shall elect from among its members a Chairman, who must be a natural person, whose remuneration it shall determine.

The Chairman shall be appointed for a duration that cannot exceed that of their term of office as a Board member. They are eligible for reappointment.

The Board of Directors can remove the Chairman from office at any time. Any provision to the contrary shall be deemed non-existent.

If the Chairman is temporarily prevented from fulfilling their duties, or in the event of their death, the Board of Directors may delegate a Board member to fulfil the duties of the Chairman. If the Chairman is temporarily unable to fulfil their duties, the delegation shall be given for a limited, renewable period. In the case of death, the aforesaid delegation shall be valid until the election of the new Chairman.

The Board of Directors may also appoint a Secretary, who may but need not be a Board member.

2. The Chairman of the Board of Directors represents the Board of Directors. They organise and direct its work, and give an account of its work to the General Meeting. They monitor the satisfactory operation of the Company's corporate bodies and ensure, in particular, that the Board members are in a position to carry out their mission.

### Article 16: THE FUNCTIONING OF THE BOARD OF DIRECTORS - QUORUM - MAJORITY

The Board of Directors shall meet as often as the interests of the Company render this necessary, at the registered office or at any other place indicated in the notice of meeting.

If it has not met for over two months, at least one-third of the members of the Board of Directors can request the Chairman to convene a Board meeting with a predetermined agenda. The Managing Director can also request the Chairman to convene the Board of Directors for a meeting with a predetermined agenda. The Chairman is obliged to comply with such requests.

Meetings may be convened by any means, even orally.

An attendance register shall be kept at Board meetings, which shall be signed by the Board members.

Meetings shall be chaired by the Chairman of the Board of Directors or, in their absence, by the Vice-Chairman if they are present at the meeting. If the aforesaid persons are absent or were unable to attend, the Board members present shall appoint the meeting's chairman.

In order for decisions taken at Board meetings to be valid, at least half the members of the Board must be present.

The internal rules and regulations may stipulate that Board members participating in a Board meeting by videoconferencing means will be deemed to be present for the purpose of calculating the quorum and majority, in conformity with the provisions of the regulations in force. However, physical presence or representation will be necessary for all decisions taken by the Board concerning the appointment or removal from office of the Chairman or the Managing Director, the drawing up of the annual accounts and the consolidated accounts, the drawing up of the annual report or, where applicable, the report on the Group's management.

Decisions are taken by a majority vote. If a Board member is unable to attend, they may be represented by another Board member, but the latter cannot have more than two votes, including their own.

In the event of a tied vote, the Chairman of the meeting will have the casting vote.

Article 17: THE RECORDING OF PROCEEDINGS AND DECISIONS

The proceedings of Board meetings and decisions taken at them shall be recorded and filed in accordance with the legislation and regulations in force.

The minutes of Board meetings shall be signed by the chairman of the meeting and a Board member. If the chairman of the meeting is prevented from signing, the minutes shall be signed by two Board members.

Copies of or excerpts from minutes recording the proceedings of meetings and the decisions taken shall be validly certified by the Chairman of the Board of Directors, the Managing Director, a Board member who has been given a temporary delegation to assume the duties of the Chairman, or by a representative duly authorised for that purpose.

Article 18: THE POWERS AND MISSIONS OF THE BOARD OF DIRECTORS AND ITS MEMBERS

The Board of Directors determines the strategic orientations of the Company's activity and ensures their implementation. Subject to the powers expressly granted to shareholders' meetings and within the limits of the company purpose, it deals with all questions concerning the satisfactory running of the Company, and through its decisions rules on matters concerning it.

In its relations with third parties, the Company is bound by all the Board of Directors' actions that do not fall within the scope of the company purpose, unless it can prove that the third party concerned was aware that the action in question lay outwith the scope of the company purpose, or could not be unaware of this under the circumstances, mere publication of the Articles of Association being insufficient to constitute such proof.

The Board of Directors shall carry out the checks and verifications that it deems opportune. Each Board member shall receive all the information necessary for the accomplishment of their mission and may have remitted to them all the documents that they deem useful.

The decisions of the Board of Directors shall be implemented either by the Chairman, or by the Managing Director, or by one of the Deputy Managing Directors, if there are any, or by any special representative that the Board of Directors may appoint.



Additionally, the Board of Directors may give to one of its members or to a third party, who may but need not be a shareholder, special mandates for one or more specified purposes, with or without the right to delegate in their turn all or part of the mandates given them.

The Board of Directors may also decide on the creation of study committees or executive committees, in which case it will set the modalities governing their operation, and their powers.

Article 19: REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS

The General Meeting may allocate to the Board members, in remuneration of their activity, a fixed annual sum by way of directors' fees, which the Board of Directors shall share out among its members as it sees fit.

The Board of Directors may allocate exceptional remunerations for missions or mandates entrusted to Board members. The granting of these remunerations constitutes agreements that are subject to the procedure provided for in Article 20 of these Articles of Association.

No other remuneration can be allocated to the Board members on the score of their office.

This remuneration can be passed on by a Board member to its permanent representative, it being understood that the latter will not be directly remunerated by the Company.

## SECTION V – MANAGEMENT OF THE COMPANY

### Article 20: THE CHAIRMAN AND THE MANAGING DIRECTORS

#### *20.1. The principle governing the Company's organisation*

The General Management of the Company shall be assumed, under their responsibility, either by the Chairman of the Board of Directors, or by another natural person appointed by the Board of Directors who shall have the title of Managing Director.

The Board of Directors must choose between two modes of exercising the general management referred to above, by means of a decision taken on the basis of a majority vote by Board members present or represented at a Board meeting. The Board of Directors must inform the shareholders and third parties of this decision in accordance with the provisions of the regulations in force.

Changing the mode of exercising the general management of the Company will not lead to modification of the Articles of Association.

#### *20.2. Managing Director*

In the light of the choice made by the Board of Directors in conformity with the provisions of Article 20.1. above, the general management of the Company shall be assumed by the Chairman of the Board of Directors or by another natural person, appointed by the Board of Directors, who will have the title of Managing Director.

When the general management of the Company is assumed by the Chairman of the Board of Directors, the provisions of the law and the Articles of Association relating to the Managing Director shall be applicable to them.

When the Board of Directors chooses to dissociate the functions of the Chairman and the Managing Director, it shall proceed to the appointment of the Managing Director, set the duration of their term of office, determine their remuneration and, where applicable, place limits on their powers.

The Managing Director may be removed from office at any time by the Board of Directors. If the Managing Director is not also the Chairman of the Board of Directors, their removal from office may give rise to the payment of damages if the decision was not taken on valid grounds.

The Managing Director shall be invested with the most extensive powers to act in all circumstances in the name of the Company. They shall exercise these powers within the limits of the company purpose and subject to the powers that the law expressly grants to shareholders' meetings and to the Board of Directors.

The Managing Director shall represent the Company in its relations with third parties. The Company will be bound even by actions taken by the Managing Director that do not fall within the scope of the company purpose, unless it can prove that the third party concerned was aware that the action in question lay outwith the scope of the company purpose, or could not be unaware of this under the circumstances.

#### *20.3. Deputy Managing Directors*

Further to a proposal made by the Managing Director, whether this role is assumed by the Chairman of the Board of Directors or by another person, the Board of Directors may appoint one or more persons responsible for assisting the Managing Director, who will have the title of Deputy Managing Director.

The maximum number of Deputy Managing Directors is set at five.

In agreement with the Managing Director, the Board of Directors shall determine the scope and duration of the powers granted to the Deputy Managing Director(s).

Vis-à-vis third parties, the Deputy Managing Director(s) shall dispose of the same powers as the Managing Director.

The Board of Directors shall determine the remuneration of the Deputy Managing Director(s).

If the Managing Director's functions come to an end or if they are unable to fulfil their duties, the Deputy Managing Directors shall, unless otherwise decided by the Board of Directors, retain their functions, duties and attributions until the appointment of a new Managing Director.

Deputy Managing Directors may be removed from office at any time by the Board of Directors, further to a proposal made by the Managing Director. Their removal from office may give rise to the payment of damages if it did not take place on valid grounds.

## **SECTION VI – AUDITING OF THE COMPANY**

### Article 21: VERIFICATION OF AGREEMENTS BETWEEN THE COMPANY AND BOARD MEMBERS OR MANAGING DIRECTORS

Any agreement between the Company and one of its Board members or a Managing Director and, more generally, anyone provided for in Article L. 225-38 of the Commercial Code, shall be subject to prior authorisation by the Board of Directors, followed by subsequent approval by a Shareholders' Ordinary General Meeting in accordance with the provisions of the legislation and regulations in force.

Agreements relating to routine operations, concluded under normal conditions, in particular those provided for in Article 5, shall not be subject to this procedure.

### Article 22: AUDITING BY THE AUDITORS

The company accounts shall be audited by two Statutory auditors in conformity with the provisions of the legislation in force.

Two Deputy Auditors shall be appointed with a view to their replacing the Statutory Auditors in the event of the latter's being unable or refusing to fulfil their role, or their death or resignation.

### Article 23: OBSERVERS

The Company shall be monitored by one or more Observers.

Observers shall be appointed by a General Meeting. The duration of their term of office is set at four years. They are eligible for reappointment.

Observers shall be responsible for ensuring strict performance of the provisions of the Articles of Association; they shall attend Board meetings with a consultative vote; they shall have communicated to them all the documents that are remitted to the Board members; they shall examine the inventories and the annual accounts and shall present their observations on this subject to the Board and, if they deem it appropriate, to a General Meeting.

## SECTION VII - SHAREHOLDERS' MEETINGS

### Article 24: COMPETENCE OF MEETINGS

The collective decisions of the shareholders are taken at Ordinary or Extraordinary General Meetings.

Ordinary General Meetings take all decisions that do not modify the Articles of Association. They meet at least once a year, within six months of the close of the previous accounting year.

Only Extraordinary General Meetings are empowered to modify the Articles of Association. They cannot, however, increase the commitments of the shareholders, except in the case of operations resulting from a grouping of shares carried out in due form.

If there are several categories of shares, no modification can be made to the rights attached to shares belonging to one of these categories unless validly approved by a vote taken at an Extraordinary General Meeting open to all the shareholders, followed by a vote passed at a Special Meeting open solely to the owners of shares in the category in question.

This Special Meeting shall be convened and will meet and take decisions within the timeframes and in accordance with the modalities and conditions stipulated by the laws and regulations in force.

### Article 25: THE CONVENING OF MEETINGS

Meetings shall be convened by the Board of Directors. Failing this, they may be also convened by the Auditor or by a representative appointed by the courts, in accordance with the conditions and modalities provided for by the law.

Meetings shall be convened by means of letters sent by standard post or recorded delivery to each shareholder at least fifteen days before the date of the Meeting when it is convened for the first time, and six days in advance if it is being convened a second time because the requisite quorum was not attained at the first meeting.

Meetings may also be convened by means of notices of meeting sent by electronic telecommunication means on condition that the shareholders concerned have given their prior agreement to this in writing and have indicated their e-mail address.

### Article 26: ADMISSION TO MEETINGS - VOTING BY CORRESPONDENCE - VOTING RIGHTS

All shareholders, represented by a natural person authorised to represent them vis-à-vis third parties, have the right to attend General Meetings and participate in decisions, either personally or via a proxy, regardless of the number of shares they own, subject to merely providing proof of their identity and completing the formalities indicated in the notices of meeting which are necessary to provide proof of ownership of their shares, without its being possible for the date by which these formalities must be completed to be more than five days before the date of the Meeting.

Any shareholder can also vote by correspondence in accordance with the modalities provided for by the legislation and regulations in force.

The voting right attached to equity shares or dividend shares is proportional to the portion of the capital that they represent. For an equal nominal value, each share gives the right to the same number of votes with a minimum of one vote. Proxies dispose of the votes of the shareholder that they are representing under the same conditions.

### Article 27: ATTENDANCE SHEET - THE COMMITTEE AT MEETINGS

At each Meeting an attendance sheet shall be kept.

This attendance sheet, duly signed by the shareholders and shareholders' representatives present, shall be certified accurate by the Meeting's committee.

General Meetings shall be chaired by the Chairman or, failing this, by the Vice-Chairman of the Board of Directors.

The role of scrutineer shall be filled by the two shareholders present and willing to accept this role that both personally and as a representative, represent the greatest number of shares.

The Meeting's committee thus formed shall appoint a secretary, who need not be a shareholder.

### Article 28: QUORUM - MAJORITY

Ordinary General Meetings will be able to take valid decisions when first convened only if the shareholders present or represented own at least one fifth of the shares with voting rights.

Meetings convened for the second time will not require a quorum.

Meetings shall take decisions on the basis of a majority of the votes held by the shareholders present or represented.

Extraordinary General Meetings can only take valid decisions if the shareholders present or represented own at the time when the meeting is first held, at least one quarter of the shares with voting rights, and if a second meeting is convened, one quarter of the shares with voting rights. If this quorum is not attained, the second Meeting may be deferred to a date not later than two months ahead, which shall have the same quorum of one fifth of the shares with voting rights.

It shall take decisions on the basis of a two-thirds majority of the votes held by the shareholders present or represented.

For the calculation of the quorum, only the forms received by the Company before the date on which the Meeting is held shall be taken into account, in accordance with the conditions concerning the due timeframe set by decree.

Forms not indicating which way a vote is being cast or expressing an abstention shall be considered as being votes against the resolution concerned.

Article 29: MINUTES

The proceedings of Meetings and the decisions taken at them shall be recorded in minutes entered or collated in a special register with numbered pages that are initialled in conformity with the legislative and regulatory provisions in force.

These minutes shall be signed by the members of the Meeting's committee. Copies of or excerpts from these minutes may be issued, and shall be validly certified by either the Chairman of the Board of Directors, the Managing Director, a Board member who has been given a temporary delegation of powers to assume the duties of the Chairman, or by a representative duly authorised for that purpose.

Article 30: APPROVAL OF THE ACCOUNTS, ALLOCATION AND DISTRIBUTION OF PROFITS

The net income for each accounting year, after the deduction of overheads and other charges incurred by the Company, including all amortisations and provisions, constitutes the net profit or loss for the accounting year.

From the net profit for each accounting year, less prior losses, if any, the sums that must be allocated to reserve funds in application of the law must first be deducted. 5% will therefore be deducted to go towards the statutory reserve fund; this deduction will cease to be obligatory once the said fund has reached a sum equal to one-tenth of the share capital; it shall be resumed if, for any reason whatsoever, the statutory reserve fund falls back below this percentage of the share capital.

The distributable profit consists of the net profit for the accounting year less prior losses and sums allocated to reserve funds, in application of the law, plus retained earnings.

From the distributable profit, sums will be deducted that the General Meeting, further to a proposal made by the Board of Directors, decides it would be useful to allocate to ordinary, extraordinary or special reserve funds, or carry forward.

The balance shall be shared out between all the shares proportionally to their paid-up and non-redeemed amount. However, except in the case of a capital reduction, no distribution can be made to shareholders when the net assets are, or would become following the distribution, less than the amount of the capital plus reserves that the law does not permit to be distributed.

The General Meetings may decide to distribute sums deducted from optional reserves, either to distribute or add to a dividend, or to proceed to an exceptional distribution; in this case, the decision shall expressly indicate the reserve funds from which the deductions have been made.

Article 31: INCREASING AND REDUCING THE SHARE CAPITAL

Except in the case of the payment of dividends in shares, only Shareholders' Extraordinary General Meetings are competent to decide on or authorise, further to a Board of Directors' report, a capital increase.

Except in the case of legal derogations, the share capital must be fully paid up before any issue of new shares subscribed for in cash, on pain of nullity. The shareholders have, proportionally to the amount of shares that they hold, a preferential subscription right in respect of cash shares issued in order to accomplish a capital increase. They may waive this right. The General Meeting that decided on the capital increase may cancel the preferential subscription right. It will rule to that end in the light of the Board of Directors' report and the Auditor's report, on pain of the decision's being held to be null and void.

The value of contributions in kind must be assessed by one or more Contributions auditors, who shall be appointed by the Chairman of the Commercial Court in response to a request to that effect.

Shareholders' Extraordinary General Meetings may decide on or authorise a reduction of the share capital, in particular on account of losses or for the purpose of the redemption or partial buyback of shares, reduction of their number or of their

nominal value, within the limits and subject to the reserves stipulated by the law; under no circumstances can a capital reduction affect the equality of shareholders.

## SECTION VIII - WINDING-UP - LIQUIDATION

### Article 32: WINDING-UP

Except in the cases of winding-up subject to court supervision provided for by the law, the Company will be wound up on the expiry of its duration as set forth in the Articles of Association, or via a decision taken by a Shareholders' Extraordinary General Meeting.

### Article 33: LIQUIDATION

The Company shall be in liquidation as from time of its winding-up, regardless of the reasons for its being wound up, apart from cases of merger or demerger.

Liquidation shall be effected by one or more liquidators appointed by a Shareholders' Ordinary General Meeting or failing this by a court decision.

The net proceeds from liquidation, after settlement of the Company's liabilities, shall first be used to reimburse the paid up nominal capital of all the shares. The balance shall then be distributed equally among all the shares without discrimination.

### Article 34: ARBITRATION CLAUSE

Should any difficulties arise between the shareholders or former shareholders, or their representatives, relating to these Articles of Association or their performance, the parties, making use of the right acknowledged by Article 631, last paragraph, of the Commercial Code, shall expressly renounce both on their own behalf and on behalf of their heirs, the possibility of referring the dispute to the courts, and shall agree to refer all disputes of any kind whatsoever to the President of the Paris Commercial Court, with a view to the appointment of an arbitrator who will take a decision in accordance with what is fair rather than in accordance with the law without being obliged to adhere to any specific procedure or modalities.

All provisional, preparatory or definitive decisions made by the said arbitrator will be irrevocable and it will not be possible to appeal them before either the Appeal Courts or the Court of Cassation, nor will it be possible to apply for the proceedings to be re-opened.



# **EURONEXT Paris S.A.**

Société Anonyme  
au capital de 90.868.913,99 Euros  
Noms commerciaux : Société des Bourses Françaises  
**PARISBOURSE**<sup>SBFSA</sup>  
Siège social : 14, place des Reflets – CS 30064 – 92054 Paris La Défense Cedex  
R.C.S. NANTERRE B 343 406 732

**STATUTS**

**22 juin 2016**

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## TITRE I - CONSTITUTION DE LA SOCIÉTÉ

### Article 1 : NATURE ET FORME

La Société est une Société Anonyme, agréée comme entreprise de marché, régie par les dispositions législatives ou réglementaires applicables aux Sociétés Anonymes, par le Code Monétaire et Financier, par toute disposition législative ou réglementaire la concernant, et par les présents statuts.

### Article 2 : CAPITAL

Le capital social est fixé à la somme de 90.868.913,99 euros, divisé en 5.960.610 actions sans valeur nominale exprimée, provenant :

- pour 2 500 actions, de l'apport en numéraire au capital initial. Ces actions sont entièrement libérées.
- pour 3 255 470 actions, des apports effectués lors de la fusion-absorption de la Compagnie des Agents de Change réalisée le 31 mars 1988. Ces actions ont été remises à chacun des membres au prorata des droits qu'ils avaient acquis dans les réserves de la Compagnie. Ces actions sont entièrement libérées.
- pour 2 746 759 actions, de l'augmentation de capital du 20 décembre 1988. Ces actions sont entièrement libérées.
- pour 544 527 actions, de l'augmentation de capital du 16 janvier 1991. Ces actions sont entièrement libérées.
- pour 1 380 204 actions, de l'augmentation de capital du 27 janvier 1999. Ces actions sont entièrement libérées.
- pour 362 743 actions, de l'augmentation de capital du 4 février 2000. Ces actions sont entièrement libérées.
- pour 257 053 actions, de l'augmentation de capital du 5 septembre 2000. Ces actions sont entièrement libérées.
- pour 5.960.608 actions, de l'augmentation de capital du 22 juin 2016 dans le cadre de l'approbation du projet de fusion par voie d'absorption de la société Euronext France (Holding) SAS par la Société, puis de l'annulation de 8.549.254 actions dans le cadre de la réduction de capital réalisée le 22 juin 2016 à l'issue de la fusion susvisée. Ces actions sont entièrement libérées.

## TITRE II - CARACTÉRISTIQUES DE LA SOCIÉTÉ

### Article 3 : DÉNOMINATION SOCIALE

La dénomination de la Société est : EURONEXT Paris S.A.

### Article 4 : SIEGE SOCIAL

Le siège social est fixé à Paris – La Défense Cedex (92054), 14, place des Reflets – CS 30064, dans le ressort du Tribunal de Commerce de Nanterre, lieu de son immatriculation au Registre du Commerce et des Sociétés.

Il peut être transféré en tout endroit du même département ou dans un département limitrophe, par une simple décision du Conseil d'Administration, sous réserve de ratification de cette décision par la prochaine Assemblée Générale Ordinaire des actionnaires et partout ailleurs en vertu d'une décision de l'Assemblée Générale Extraordinaire des actionnaires, sous réserve des dispositions légales en vigueur.

La création, le déplacement, la fermeture des succursales, agences et établissements situés en tous lieux ou à l'étranger interviennent sur décision du Président du Conseil d'Administration, ou sur délégation de celui-ci.

### Article 5 : OBJET SOCIAL

La société a pour objet social :

- a) l'organisation et le fonctionnement de marchés d'instruments financiers, y compris de marchés à terme et d'options.
- b) la détermination :
  - des conditions d'admission des membres aux marchés;
  - des conditions d'admission ou de radiation des instruments financiers à la négociation ;
- c) l'information relative aux activités des marchés dont elle assure le fonctionnement et la diffusion des données correspondantes ;
- d) le contrôle du respect par les membres de marché des règles d'organisation et du fonctionnement des marchés;
- e) la participation directe ou indirecte de la Société à toutes activités ou opérations financières, bancaires, industrielles, commerciales, mobilières ou immobilières, en France ou à l'Étranger, sous quelque forme que ce soit, dès lors que ces activités ou opérations peuvent se rattacher directement ou indirectement à l'objet ci-dessus ou à tous objets similaires, connexes ou complémentaires ;
- f) généralement, toutes opérations de quelque nature qu'elles soient, bancaires, financières, économiques, industrielles, juridiques, civiles ou commerciales, mobilières ou immobilières, pouvant se rattacher directement ou indirectement à l'objet ci-dessus ou à tous objets similaires, connexes ou complémentaires sous réserve du respect des dispositions légales qui lui sont applicables.

### Article 6 : DURÉE DE LA SOCIÉTÉ

La durée de la Société est fixée à 99 ans jusqu'au 31 décembre 2087.

Cette durée peut, par décision de l'Assemblée Générale Extraordinaire des actionnaires, être prorogée une ou plusieurs fois sans que chaque prorogation puisse excéder 99 ans.

### Article 7 : EXERCICE SOCIAL

L'exercice social commence le 1er janvier et finit le 31 décembre.

### **TITRE III - DROITS ET OBLIGATIONS DES ACTIONNAIRES**

#### **Article 8 : DROIT DE DISPOSITION SUR LES ACTIONS**

Le Conseil d'administration détermine les conditions dans lesquelles les membres des marchés dont la Société prend en charge l'organisation et le fonctionnement ainsi que les adhérents à la compensation, peuvent être tenus de devenir actionnaires.

Sauf en cas de succession, de liquidation de communauté de biens entre époux ou de cession, soit à un conjoint, soit à un ascendant ou descendant, la cession d'actions ou de bons de souscription à des actions à un tiers à quelque titre que ce soit, est soumise à l'agrément préalable du Conseil d'administration.

A cet effet, le cédant doit notifier sans délai, par lettre recommandée avec demande d'avis de réception à la société, une demande d'agrément indiquant l'identité du cessionnaire, le nombre d'actions ou de bons de souscription à des actions dont la cession est envisagée et le prix offert. L'agrément résulte soit d'une notification émanant du Conseil, soit du défaut de réponse dans le délai de trois mois à compter de la demande. La décision du Conseil d'administration n'a pas à être motivée.

Si la société n'a agréé pas le cessionnaire proposé par le cédant, le Conseil d'administration est tenu de faire racheter les actions ou les bons de souscription à des actions, par un ou plusieurs actionnaires ou tiers. La Société peut également, avec le consentement du cédant, racheter ses propres actions en vue d'une réduction du capital social, dans un délai de trois mois à compter de la notification au cédant de la décision dont il résulte que l'agrément n'a pas été accordé.

Si, à l'expiration du délai de trois mois ci-dessus prévu, l'achat n'est pas réalisé, l'agrément est considéré comme donné. Toutefois, ce délai peut être prolongé par décision de justice à la demande de la Société.

A défaut de se mettre d'accord avec le cédant sur le prix de rachat, le Conseil d'administration peut faire procéder à l'expertise prévue à l'article 1843-4 du code civil, et à cet effet, faire toutes mises en demeure jugées opportunes. Les frais et honoraires d'expertise sont à la charge moitié du cédant, moitié du ou des acquéreurs, au prorata du nombre d'actions ou de bons de souscription à des actions acquis.

Toute difficulté dans l'application des alinéas précédents sera portée à la connaissance du Président du Tribunal de Commerce de Paris.

En aucun cas, les actions ou les bons de souscription à des actions ne sauraient être remis en garantie, à quelque titre et sous quelque forme que ce soit.

#### **Article 9 : DROIT SUR L'ACTIF ET SUR LES BÉNÉFICES**

En l'absence de catégories d'actions, toute action donne droit à une part nette proportionnelle à la quantité de capital qu'elle représente, dans les bénéfices et réserves ou dans l'actif social lors de toute distribution, amortissement ou répartition, en cours de société, comme en cas de liquidation.

Le cas échéant, pour parvenir à ce résultat, il est fait masse de toutes exonérations fiscales comme de toutes taxations pouvant être prises en charge par la société auxquelles ces distributions, amortissements ou répartitions pourraient donner lieu.

#### **Article 10 : AUTRES DROITS DES ACTIONNAIRES**

Tout actionnaire peut notamment exercer les droits suivants dans les conditions et sous les éventuelles restrictions légales et réglementaires : droit préférentiel de souscription aux augmentations de capital ou aux émissions d'obligations convertibles en actions, droit à l'information permanente ou préalable aux Assemblées d'actionnaires, droit de poser des questions écrites avant toute Assemblée Générale ou, deux fois par an, sur tout fait de nature à compromettre la continuité de l'exploitation, droit d'exercer l'action sociale ou personnelle en cas de préjudice du fait des Assemblées d'actionnaires, droit de demander la convocation de ces Assemblées, droit de récuser les Commissaires aux Comptes.

Article 11 : OBLIGATIONS DES ACTIONNAIRES

L'actionnaire est tenu de se conformer aux statuts ainsi qu'aux décisions des organes sociaux.

Les créanciers, ayants droit ou autres représentants d'un actionnaire, ne peuvent, sous quelque prétexte que ce soit, requérir l'apposition de scellés sur les biens et valeurs sociales, ni en demander le partage ou la licitation ; ils doivent s'en rapporter aux inventaires sociaux et aux décisions de l'Assemblée Générale.

Chaque fois qu'il est nécessaire de posséder plusieurs actions pour exercer un droit quelconque, en cas d'échange, de regroupement ou d'attribution de titres, ou en conséquence d'augmentation ou de réduction de capital, de fusion ou autre opération sociale, les propriétaires de titres isolés, ou en nombre inférieur à celui requis, ne peuvent exercer ces droits qu'à la condition de faire leur affaire personnelle du groupement et, éventuellement de l'achat ou de la vente du nombre de titres ou droits nécessaires.

Article 12 : LIBÉRATION DES ACTIONS

a) Forme des actions

Les actions émises par la Société ont obligatoirement la forme nominative.

b) Libération des actions

Au cours de la vie sociale, l'organe compétent fixe les conditions de libération des actions, le versement à la souscription ne pouvant être inférieur au quart de la valeur de la part de capital qu'elle représente, c'est à dire de la valeur nominale non exprimée résultant de la division du montant du capital par le nombre total d'actions émises et à la totalité de la prime d'émission. A défaut de toute autre précision, les actions doivent être intégralement libérées à la souscription et les versements peuvent intervenir par compensation avec des créances liquides et exigibles sur la Société.

Tout versement en retard sur le montant des actions de numéraire, porte de plein droit intérêt au taux légal en faveur de la Société.

c) Constatation des droits et mutation de propriété

Les actions émises par la Société sont inscrites en comptes individuels. Elles se transmettent par virement de compte à compte dans les conditions légales et réglementaires.

## TITRE IV - ADMINISTRATION ET CONTROLE DE LA SOCIÉTÉ

### Article 13 : COMPOSITION DU CONSEIL D'ADMINISTRATION

La Société est administrée par un Conseil d'administration de trois membres au moins et de dix-huit membres au plus.

Les administrateurs peuvent être des personnes physiques ou des personnes morales. Les administrateurs personnes morales sont tenues lors de leur nomination de désigner un représentant permanent soumis aux mêmes conditions et obligations et susceptible d'encourir les mêmes responsabilités civile et pénale que s'il était administrateur en son nom propre, sans préjudice de la responsabilité solidaire de la personne morale qu'il représente.

Lorsque la personne morale révoque son représentant elle est tenue de notifier cette révocation à la Société, sans délai, par lettre recommandée, et de désigner, dans les mêmes formes, un nouveau représentant permanent ; il en est de même en cas de décès ou de démission du représentant permanent.

### Article 14 : MODES DE NOMINATION ET DURÉE DES FONCTIONS DES ADMINISTRATEURS

La durée des fonctions des administrateurs nommés par l'Assemblée des actionnaires est de quatre ans.

En cas de vacance, par décès ou démission, d'un ou plusieurs sièges d'administrateurs, le Conseil d'administration peut, entre deux Assemblées Générales, procéder à des nominations à titre provisoire. Toutefois, s'il ne reste qu'un seul ou deux administrateurs en fonction, celui-ci, ou ceux-ci, à défaut le Commissaire aux Comptes, doivent convoquer immédiatement l'Assemblée Générale Ordinaire des actionnaires à l'effet de compléter l'effectif du Conseil.

Les nominations provisoires effectuées par le Conseil d'administration sont soumises à ratification, les délibérations prises et les actes accomplis ultérieurement par le Conseil n'en demeurent pas moins valables. L'administrateur nommé en remplacement d'un autre ne demeure en fonctions que pendant le temps restant à courir du mandat de son prédécesseur.

Les administrateurs sont toujours rééligibles ; ils peuvent être révoqués à tout moment par décision de l'Assemblée Générale Ordinaire des actionnaires.

### Article 15 : ORGANISATION DU CONSEIL D'ADMINISTRATION

1. Le Conseil d'administration élit, parmi ses membres, un Président, personne physique, dont il détermine la rémunération.

Le Président est nommé pour une durée qui ne peut excéder celle de son mandat d'administrateur. Il est rééligible.

Le Conseil d'administration peut le révoquer à tout moment. Toute disposition contraire est réputée non écrite.

En cas d'empêchement temporaire ou de décès du Président, le Conseil d'administration peut déléguer un administrateur dans les fonctions de Président. En cas d'empêchement temporaire, la délégation est donnée pour une durée limitée et renouvelable. En cas de décès, elle vaut jusqu'à l'élection du nouveau Président.

Le Conseil d'administration peut désigner également un Secrétaire choisi ou non parmi ses membres.

2. Le Président du Conseil d'administration représente le Conseil d'administration. Il organise et dirige les travaux de celui-ci, dont il rend compte à l'Assemblée Générale. Il veille au bon fonctionnement des organes de la société et s'assure, en particulier, que les administrateurs sont en mesure d'accomplir leur mission.

### Article 16 : FONCTIONNEMENT DU CONSEIL D'ADMINISTRATION QUORUM - MAJORITÉ

Le Conseil d'administration se réunit aussi souvent que l'intérêt de la Société l'exige, au siège social ou en tout autre endroit indiqué dans la convocation.

Lorsqu'il ne s'est pas réuni depuis plus de deux mois, le tiers au moins des membres du Conseil d'administration peut demander au Président de convoquer celui-ci avec un ordre du jour déterminé. Le Directeur Général peut également demander au Président de convoquer le Conseil d'administration sur un ordre du jour déterminé. Le Président est lié par les demandes qui lui sont ainsi adressées.

Les convocations sont faites par tous moyens, même verbalement.

Il est tenu un registre de présence qui est revêtu de la signature des membres du Conseil.

Les séances sont présidées par le Président du Conseil d'administration. En cas d'absence ou d'empêchement du Président du Conseil d'administration, les administrateurs présents désignent le Président de séance.

La validité des décisions est subordonnée à la présence effective de la moitié au moins des membres du Conseil.

Le règlement intérieur pourra prévoir que sont réputés présents pour le calcul du quorum et de la majorité, les administrateurs qui participent à la réunion du Conseil par des moyens de visio-conférence dans les conditions réglementaires. Toutefois, la présence effective ou par représentation sera nécessaire pour toutes délibérations du Conseil relatives à la nomination et à la révocation du Président ou du Directeur Général, à l'arrêté des comptes annuels et des comptes consolidés ainsi qu'à l'établissement du rapport de gestion et s'il y a lieu, du rapport sur la gestion du Groupe.

Les décisions sont prises à la majorité. En cas d'empêchement, un administrateur peut se faire représenter par un autre administrateur, ce dernier disposant au plus de deux voix, y compris la sienne.

En cas de partage des voix, la voix du Président de séance est prépondérante.

Article 17 : CONSTATATION DES DÉLIBÉRATIONS

Les délibérations du Conseil d'administration sont constatées et consignées dans les conditions légales et réglementaires.

Tout procès-verbal est revêtu de la signature du Président de séance et d'un administrateur. En cas d'empêchement du Président de séance, il est signé par deux administrateurs.

Les copies ou extraits des procès-verbaux des délibérations sont valablement certifiés par le Président du Conseil d'administration, le Directeur Général, l'administrateur temporairement délégué dans les fonctions de Président ou un mandataire habilité à cet effet.

Article 18 : POUVOIRS ET MISSIONS DU CONSEIL D'ADMINISTRATION ET DE SES MEMBRES

Le Conseil d'Administration détermine les orientations de l'activité de la société et veille à leur mise en œuvre. Sous réserve des pouvoirs expressément attribués aux assemblées d'actionnaires et dans la limite de l'objet social, il se saisit de toute question intéressant la bonne marche de la société et règle par ses délibérations les affaires qui la concernent.

Dans les rapports avec les tiers, la société est engagée par tous les actes du Conseil d'Administration qui ne relèvent pas de l'objet social, à moins qu'elle ne prouve que le tiers savait que l'acte dépassait cet objet ou qu'il ne pouvait l'ignorer compte tenu des circonstances, étant exclu que la seule publication des statuts suffise à constituer cette preuve.

Le Conseil d'Administration procède aux contrôles et vérifications qu'il juge opportuns. Chaque administrateur reçoit toutes les informations nécessaires à l'accomplissement de sa mission et peut se faire communiquer tous les documents qu'il estime utiles.

Les décisions du Conseil d'Administration sont exécutées, soit par le Président, soit par le Directeur Général, soit par l'un des Directeurs Généraux Délégués, s'il en existe, soit par tout délégué spécial que le Conseil d'Administration désigne.

En outre, le Conseil d'Administration peut conférer à l'un de ses membres ou à des tiers actionnaires ou non, tous mandats spéciaux pour un ou plusieurs objets déterminés, avec ou sans faculté, pour les mandataires, de consentir eux-mêmes toutes substitutions totales ou partielles.

Le Conseil d'Administration peut aussi décider la création de comité d'étude ou de direction dont il fixe et détermine les modalités de fonctionnement et les attributions.



Article 19 : RÉMUNÉRATION DES MEMBRES DU CONSEIL D'ADMINISTRATION

L'Assemblée Générale peut allouer aux administrateurs, en rémunération de leur activité, une somme fixe annuelle à titre de jetons de présence que le Conseil d'administration répartit ensuite entre ses membres comme il l'entend.

Le Conseil d'administration peut allouer des rémunérations exceptionnelles pour les missions ou mandats confiés à des administrateurs. L'octroi de ces rémunérations constitue des conventions soumises à la procédure visée à l'article 20 des présents statuts.

Aucune autre rémunération ne peut être attribuée aux administrateurs au titre de leur mandat.

Cette rémunération pourra être reversée par l'administrateur à son représentant permanent, étant entendu que ce dernier ne sera pas directement rémunéré par la Société.

## TITRE V – DIRECTION DE LA SOCIETE

Article 20 : PRESIDENT ET DIRECTEURS GENERAUX

### *20.1. Principe d'organisation*

La Direction Générale de la Société est assumée, sous sa responsabilité, soit par le Président du Conseil d'Administration, soit par une autre personne physique nommée par le Conseil d'Administration et portant le titre de Directeur Général.

Le Conseil d'Administration doit choisir entre les deux modalités d'exercice de la direction générale visée ci-dessus par décision prise à la majorité des membres présents ou représentés qui doit en informer les actionnaires et les tiers dans les conditions réglementaires.

Le changement de modalité d'exercice de la direction générale n'entraîne pas une modification des statuts.

### *20.2. Directeur Général*

En fonction du choix effectué par le Conseil d'Administration conformément aux dispositions de l'article 20.1. ci-dessus, la Direction Générale de la Société est assurée par le Président du Conseil d'Administration ou par une autre personne physique, nommée par le Conseil d'Administration, qui porte le titre de Directeur Général.

Lorsque la Direction Générale de la Société est assumée par le Président du Conseil d'Administration, les dispositions légales et statutaires relatives au Directeur Général lui sont applicables.

Lorsque le Conseil d'Administration choisit la dissociation des fonctions de Président et de Directeur Général, il procède à la nomination du Directeur Général, fixe la durée de son mandat, détermine sa rémunération et, le cas échéant, les limitations de ses pouvoirs.

Le Directeur Général est révocable à tout moment par le Conseil d'Administration. Lorsque le Directeur Général n'assume pas les fonctions de Président du Conseil d'Administration, sa révocation peut donner lieu à dommages-intérêts, si elle est décidée sans juste motif.

Le Directeur Général est investi des pouvoirs les plus étendus pour agir en toutes circonstances au nom de la Société. Il exerce ces pouvoirs dans la limite de l'objet social et sous réserve de ceux que la loi attribue expressément aux assemblées d'actionnaires et au Conseil d'Administration.

Le Directeur Général représente la Société dans ses rapports avec les tiers. La Société est engagée même par les actes du Directeur Général qui ne relèvent pas de l'objet social, à moins qu'elle ne prouve que le tiers savait que l'acte dépassait cet objet ou qu'il ne pouvait l'ignorer compte tenu des circonstances.

### *20.3. Directeurs Généraux Délégués.*

Sur proposition du Directeur Général, que cette fonction soit assumée par le Président du Conseil d'Administration ou par une autre personne, le Conseil d'Administration peut nommer une ou plusieurs personnes physiques chargées d'assister le Directeur Général avec le titre de Directeur Général Délégué.

Le nombre maximum des Directeurs Généraux Délégués est fixé à cinq.

En accord avec le Directeur Général, le Conseil d'Administration détermine l'étendue et la durée des pouvoirs accordés aux Directeurs Généraux Délégués.

A l'égard des tiers, le ou les Directeurs Généraux Délégués disposent des mêmes pouvoirs que le Directeur Général.

Le Conseil d'Administration détermine la rémunération des Directeurs Généraux Délégués.

En cas de cessation des fonctions ou d'empêchement du Directeur Général, les Directeurs Généraux Délégués, conservent, sauf décision contraire du Conseil d'Administration, leurs fonctions et leurs attributions jusqu'à la nomination d'un nouveau Directeur Général

Le ou les Directeurs Généraux Délégués sont révocables à tout moment par le Conseil d'Administration, sur proposition du Directeur Général. Leur révocation peut donner lieu à dommages-intérêts, si elle est décidée sans juste motif.

## **TITRE VI – CONTROLE DE LA SOCIETE**

### Article 21 : CONTROLE DES CONVENTIONS ENTRE LA SOCIÉTÉ ET LES ADMINISTRATEURS OU DIRECTEURS GÉNÉRAUX

Toute convention entre la Société et un de ses administrateurs ou un Directeur Général et, plus généralement, toute personne visée à l'article L. 225-38 du Code de Commerce, est soumise à la procédure d'autorisation préalable par le Conseil d'administration, puis d'approbation a posteriori par l'Assemblée Générale Ordinaire des actionnaires dans les conditions légales et réglementaires.

Les conventions portant sur des opérations courantes, et conclues à des conditions normales, notamment celles visées à l'article 5 ne sont pas soumises à cette procédure.

### Article 22 : CONTROLE DES COMMISSAIRES AUX COMPTES

Les comptes sociaux sont contrôlés par deux Commissaires aux Comptes titulaires conformément aux prescriptions légales.

Deux Commissaires suppléants sont désignés en vue de remplacer les titulaires en cas de décès, d'empêchement, de démission ou de refus de ceux-ci.

### Article 23: CENSEURS

La Société est surveillée par un ou plusieurs Censeurs.

Les Censeurs sont nommés par l'Assemblée Générale. La durée de leurs fonctions est de quatre ans. Ils sont rééligibles.

Les censeurs sont chargés de veiller à la stricte exécution des statuts ; ils assistent aux séances du Conseil avec voix consultative ; ils ont communication de tous les documents remis aux administrateurs ; ils examinent les inventaires et les comptes annuels et présentent, à ce sujet, leurs observations au Conseil et, s'ils le jugent à propos, à l'Assemblée Générale.

## TITRE VII - ASSEMBLÉES D'ACTIONNAIRES

### Article 24 : COMPÉTENCE DES ASSEMBLÉES

Les décisions collectives des actionnaires sont prises en Assemblées Générales Ordinaires ou Extraordinaires.

L'Assemblée Générale Ordinaire est celle qui est appelée à prendre toutes les décisions qui ne modifient pas les statuts. Elle est réunie au moins une fois par an, dans les six mois de la clôture de l'exercice social écoulé.

L'Assemblée Générale Extraordinaire est seule habilitée à modifier les statuts. Elle ne peut, toutefois, augmenter les engagements des actionnaires sous réserve des opérations résultant d'un regroupement d'actions régulièrement effectué.

S'il existe plusieurs catégories d'actions, aucune modification ne peut être faite aux droits des actions d'une de ces catégories sans vote conforme d'une Assemblée Générale Extraordinaire ouverte à tous les actionnaires puis d'une Assemblée Spéciale ouverte aux seuls propriétaires des actions de la catégorie intéressée.

Cette Assemblée Spéciale est convoquée, se réunit et délibère dans les délais, formes et conditions prévues par les dispositions législatives et réglementaires en vigueur.

### Article 25 : CONVOCATION DES ASSEMBLÉES

Les Assemblées sont convoquées par le Conseil d'administration. A défaut, elles peuvent être également convoquées par le Commissaire aux Comptes ou par un mandataire de justice, dans les conditions et selon les modalités prévues par la loi.

La convocation est faite, par lettre simple ou recommandée adressée à chaque actionnaire, quinze jours au moins avant la date de l'Assemblée, sur première convocation et six jours à l'avance, sur convocation suivante à défaut de quorum.

La convocation peut également être transmise par un moyen électronique de télécommunication à condition d'avoir recueilli l'accord écrit et préalable des actionnaires intéressés, lesquels auront indiqué leur adresse électronique.

### Article 26 : ACCES AUX ASSEMBLÉES - VOTE PAR CORRESPONDANCE - DROIT DE VOTE

Tout actionnaire, représenté par une personne physique habilitée à le représenter à l'égard des tiers, a le droit d'assister aux Assemblées Générales et de participer aux délibérations, personnellement ou par mandataire, quel que soit le nombre d'actions qu'il possède, sur simple justification de son identité et accomplissement des formalités mentionnées dans les avis de convocation pour justifier de la propriété de ses actions, sans toutefois que la date avant laquelle ces formalités doivent être accomplies puisse être antérieure de plus de cinq jours à la date de l'Assemblée.

Tout actionnaire peut également voter par correspondance selon les modalités légales et réglementaires.

Le droit de vote attaché aux actions de capital ou de jouissance est proportionnel à la quotité de capital qu'elles représentent. A égalité de valeur nominale, chaque action donne droit au même nombre de voix avec un minimum d'une voix. Le mandataire dispose des voix de son mandat dans les mêmes conditions.

### Article 27: FEUILLE DE PRÉSENCE - BUREAU DE L'ASSEMBLÉE

A chaque Assemblée est tenue une feuille de présence.

Cette feuille de présence, dûment émarginée par les actionnaires présents et les mandataires, est certifiée exacte par le bureau de l'Assemblée.

L'Assemblée Générale est présidée par le Président du Conseil d'administration.

Les fonctions de scrutateurs sont remplies par deux actionnaires présents et acceptants, représentant tant par eux-mêmes que comme mandataires, le plus grand nombre d'actions.

Le bureau ainsi composé désigne un secrétaire qui peut ne pas être actionnaire.

### Article 28 : QUORUM - MAJORITÉ

L'Assemblée Générale Ordinaire ne délibère valablement sur première convocation que si les actionnaires présents ou représentés possèdent au moins le cinquième des actions ayant le droit de vote.

Sur deuxième convocation aucun quorum n'est requis.

L'Assemblée statue à la majorité des voix dont disposent les actionnaires présents ou représentés.

L'Assemblée Générale Extraordinaire ne délibère valablement que si les actionnaires présents ou représentés possèdent au moins, sur première convocation, le quart et, sur deuxième convocation, le quart des actions ayant le droit de vote. A défaut

de ce quorum, la deuxième Assemblée peut être prorogée, avec même quorum du cinquième, à une date postérieure de deux mois au plus à celle à laquelle elle avait été convoquée.

Elle statue à la majorité des deux tiers des voix dont disposent les actionnaires présents ou représentés.

Pour le calcul du quorum, il n'est tenu compte que des formulaires reçus par la Société avant la réunion de l'Assemblée dans les conditions de délai fixées par décret.

Les formulaires ne donnant aucun sens de vote ou exprimant une abstention sont considérés comme des votes négatifs.

Article 29 : PROCES-VERBAUX

Les délibérations des Assemblées sont constatées par des procès-verbaux inscrits ou enliassés dans un registre spécial coté et paraphé conformément aux prescriptions légales et réglementaires.

Ces procès-verbaux sont signés par les membres du bureau. Il peut en être délivré des copies ou extraits qui sont valablement certifiés par le Président du Conseil d'administration, le Directeur Général, l'administrateur délégué temporairement dans les fonctions de Président ou un fondé de pouvoir habilité à cet effet.

Article 30 : APPROBATION DES COMPTES, AFFECTATION ET RÉPARTITION DES BÉNÉFICES

Les produits nets de chaque exercice, déduction faite des frais généraux et autres charges de la Société, y compris tous amortissements et provisions constituent les bénéfices nets ou les pertes de l'exercice.

Sur les bénéfices nets de chaque exercice diminués, le cas échéant, des pertes antérieures, sont tout d'abord prélevées les sommes à porter en réserve en application de la loi. Ainsi, il est prélevé 5 % pour constituer le fonds de réserve légale ; ce prélèvement cesse d'être obligatoire lorsque ledit fonds atteint le dixième du capital social ; il reprend son cours lorsque, pour une cause quelconque, la réserve légale est descendue au-dessous de cette fraction.

Le bénéfice distribuable est constitué par le bénéfice net de l'exercice diminué des pertes antérieures et des sommes à porter en réserve, en application de la loi, et augmenté du report bénéficiaire.

Sur le bénéfice distribuable, il est prélevé les sommes que l'Assemblée Générale, sur la proposition du Conseil d'Administration, jugera utile d'affecter à toutes réserves ordinaires, extraordinaires ou spéciales ou de reporter à nouveau.

Le solde est réparti entre toutes les actions proportionnellement à leur montant libéré et non amorti. Cependant, hors le cas de réduction de capital, aucune distribution ne peut être faite aux actionnaires lorsque l'actif net est, ou deviendrait à la suite de celle-ci, inférieur au montant du capital augmenté des réserves que la loi ne permet pas de distribuer.

L'Assemblée Générale peut décider la mise en distribution de sommes prélevées sur les réserves facultatives, soit pour fournir ou compléter un dividende, soit à titre de distribution exceptionnelle ; en ce cas, la décision indique expressément les postes de réserve sur lesquels les prélèvements sont effectués.

Article 31 : AUGMENTATION ET RÉDUCTION DU CAPITAL SOCIAL

Sauf s'il s'agit du paiement du dividende en actions, l'Assemblée Générale Extraordinaire des actionnaires est seule compétente pour décider ou autoriser, sur le rapport du Conseil d'administration, une augmentation de capital.

Sauf dérogations légales, le capital social doit être intégralement libéré avant toute émission d'actions nouvelles souscrites en numéraire, à peine de nullité. Les actionnaires ont, proportionnellement au montant de leurs actions, un droit de préférence à la souscription des actions de numéraire émises pour réaliser une augmentation de capital. Ils peuvent renoncer à ce droit. L'Assemblée Générale qui décide l'augmentation de capital peut supprimer le droit préférentiel de souscription. Elle statue à cet effet, et à peine de nullité de la délibération, sur le rapport du Conseil d'administration et sur celui du Commissaire aux Comptes.

La valeur des apports en nature doit être appréciée par un ou plusieurs Commissaires aux apports nommés sur requête par le Président du Tribunal de Commerce.

L'Assemblée Générale Extraordinaire des actionnaires peut décider ou autoriser la réduction du capital social, notamment pour cause de pertes ou par voie de remboursement ou de rachats partiels des actions, de réduction de leur nombre ou de leur valeur nominale, le tout dans les limites et sous les réserves fixées par la loi ; en aucun cas, la réduction de capital ne peut porter atteinte à l'égalité des actionnaires.

**TITRE VIII - DISSOLUTION - LIQUIDATION**

Article 32 : DISSOLUTION

Hors les cas de dissolution judiciaire prévus par la loi, il y aura dissolution de la Société à l'expiration du terme fixé par les statuts ou par décision de l'Assemblée Générale Extraordinaire des actionnaires.

Article 33 LIQUIDATION

La Société est en liquidation dès l'instant de sa dissolution pour quelque cause que ce soit, hormis le cas de fusion ou de scission.

La liquidation est faite par un ou plusieurs liquidateurs nommés par l'Assemblée Générale Ordinaire des actionnaires ou à défaut par décision de justice.

Le produit net de la liquidation, après règlement du passif est employé à rembourser le capital nominal libéré de toutes les actions. Le solde est ensuite réparti entre toutes les actions sans distinction.

Article 34 : CLAUSE COMPROMISSOIRE

S'il s'élevait entre les actionnaires ou anciens actionnaires, ou leurs représentants, quelques difficultés au sujet des présents statuts ou de leur exécution, les parties, utilisant la faculté reconnue par l'article 631 dernier alinéa du Code de Commerce, renoncent expressément pour elles et leurs héritiers à saisir les tribunaux et conviennent de s'en rapporter pour tous leurs différends de quelque nature qu'ils soient au Président du Tribunal de Commerce de Paris, afin que celui-ci désigne un arbitre lequel jugera comme amiable compositeur sans être tenu à aucune forme.

Toutes décisions provisoires, préparatoires ou définitives rendues par ledit arbitre, seront irrévocables et non sujettes à appel, recours en cassation, requête civile ni pourvoi quelconque.

Euronext Cash Markets  
Euronext Derivatives Markets

## **MEMBERSHIP APPLICATION FORM**

### **PLEASE NOTE**

By executing this admission request, the applicant acknowledges and agrees that the signed and scanned version of the request and its supporting documents (Appendix A) as sent to [EuronextMembership@euronext.com](mailto:EuronextMembership@euronext.com), along with the Euronext confirmation of admission letter issued, scanned and sent by Euronext, shall constitute evidence of the conclusion and acceptance of the terms of a legally binding membership agreement between the parties.

In this document you will find the following information:

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## 1. INTRODUCTION

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This standard application form is submitted by the companies who want to become Members of the Euronext Derivatives and/or Cash Markets. Non-MiFID compliant Euronext Members who are sole Members of either the Derivatives or Cash markets and would like to extend their activity to the relevant market should also fill out this form.

Please complete this form and return it together with supporting documentation (as requested in the appendices) digitally and duly signed to the Euronext Membership Department at the following e-mail address.

### Euronext Membership Department

email: [EuronextMembership@euronext.com](mailto:EuronextMembership@euronext.com)

tel. +31 20 721 4264

All applicants should ensure that, where relevant, they have the appropriate regulatory authorisation(s) to conduct business on the Euronext Market(s) in question. Please note that there are restrictions on jurisdictions from where Members may operate.

Applicants should be aware that the Competent Authority of the Market(s) to which you are applying may contact your home state regulator for additional information. Host state regulators may also request further information from the applicant directly and may impose fees.

For further information please be invited to visit our website or contact the Membership Department.

## 2. DETAILS OF APPLICANT

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<b>Applicant's statutory name and legal form</b>				
Commercial name (if different)				
V.A.T. (tax) registration number				
LEI or CICI code				
Registered address				
Business address (if different)				
Switchboard telephone no.				
Website address				
Generic company email address				
<b>Contact name (for processing application)</b>				
Job title/position				
Telephone no. (including extension)				
Email address				
Trading Capacity	<input type="checkbox"/> Broker	<input type="checkbox"/> Dealer	<input type="checkbox"/> Market Maker	<input type="checkbox"/> Fund Agent

### 3. BUSINESS PER MARKET

Please indicate which Euronext Derivatives market(s) are being applied for and for those Markets indicate the name of the chosen General Clearing Member.

**\*Please note that before any extension is confirmed:**

- a. Euronext will check the passporting of your licence on the expected market, when necessary; and
- b. When the applicant is not located in Europe (EEA), this list of requested subscriptions must be confirmed by Euronext by reference to applicable regulations, which set different restrictions depending on the situation.

Euronext <b>DERIVATIVES</b> Markets <sup>1</sup>				General Clearing Member		
Subscriptions desired (please tick ✓)						
Markets: Amsterdam (AMS)   Paris (PAR)   Brussels (BRU)   Lisbon (LIS)						
Commodities	Commodity Futures (Euro)	<input type="checkbox"/> AMS	<input type="checkbox"/> PAR			
	Commodity Options (Euro)	<input type="checkbox"/> AMS	<input type="checkbox"/> PAR			
Financial Currency	Financial (Currency) Futures (Euro and USD)	<input type="checkbox"/> AMS				
	Financial (Currency) Options (Euro and USD)	<input type="checkbox"/> AMS				
Equity Index	Index Futures (Euro)	<input type="checkbox"/> AMS	<input type="checkbox"/> PAR	<input type="checkbox"/> BRU	<input type="checkbox"/> LIS	
	Index Options (Euro)	<input type="checkbox"/> AMS	<input type="checkbox"/> PAR	<input type="checkbox"/> BRU		
Equity Options (incl. Spotlight Options)	Individual Equity Options (Euro)	<input type="checkbox"/> AMS	<input type="checkbox"/> PAR	<input type="checkbox"/> BRU		
	Individual Portuguese Equity Options (Euro) <sup>2</sup>	<input type="checkbox"/> AMS	launch date to be confirmed			
	Individual Equity Options (USD)	<input type="checkbox"/> AMS				
SSF & SSDF	Single Stock Futures (Euro) & Single Stock Dividend Futures (Euro)	<input type="checkbox"/> AMS	<input type="checkbox"/> PAR	<input type="checkbox"/> BRU	<input type="checkbox"/> LIS	
	In addition, on Amsterdam market only:					
	Single Stock Futures in	<input type="checkbox"/> CHF <input type="checkbox"/> DKK <input type="checkbox"/> GBP <input type="checkbox"/> NOK <input type="checkbox"/> SEK <sup>1</sup>				
	Single Stock Dividend Futures in	<input type="checkbox"/> CHF <input type="checkbox"/> GBP <input type="checkbox"/> USD <sup>1</sup> <input type="checkbox"/> SEK				
AtomX   Flex	AtomX is a trading service that allows users to report off-order book, on-exchange trades in standard or flex instruments for confirmation, administration, and central clearing.				With the clearing partner currently in charge of your post-trading on those markets	
	Please tick ✓ the box if you want access to AtomX <input type="checkbox"/> <b>Scope: products where you are currently authorized to trade</b> , like single stock options, national and pan-European index futures and options (in Euro)					
	Products only proposed on AtomX (please tick ✓ the box if you want to trade the flexible):					
	Flexible Index Options/Cash (Euro)	<input type="checkbox"/> AMS	<input type="checkbox"/> PAR	<input type="checkbox"/> BRU		

EURONEXT APPLICATION FORM

	Flexible Equity Options/Cash and Physical (Euro)	<input type="checkbox"/> AMS	<input type="checkbox"/> PAR	<input type="checkbox"/> BRU	
	Flexible Equity Options/Cash and Physical (USD)	<input type="checkbox"/> AMS	launch date to be confirmed		
	Flexible Portuguese Equity Options/ Cash and Physical (Euro) <sup>2</sup>	<input type="checkbox"/> AMS	launch date to be confirmed		
	Flexible Stock Futures/Cash (Euro)	<input type="checkbox"/> AMS	<input type="checkbox"/> PAR	<input type="checkbox"/> BRU	<input type="checkbox"/> LIS

<sup>1</sup> Please note that the applicant has to contact its clearing partners at all times to ensure the appropriate post-trade set-up. For some trading subscriptions additional requirements are demanded by LCH SA.<sup>2</sup> Settlement requires an Interbolsa account (ICM/GCM).

<b>Euronext CASH Markets<sup>1</sup> - Market desired (please tick ✓)</b>					
<b>Markets cleared by LCH SA or EuroCCP</b>					
Amsterdam	<input type="checkbox"/> Euro <input type="checkbox"/> Non Euro and International ETFs <sup>3</sup>	<input type="checkbox"/> LCH SA <sup>6</sup>	<input type="checkbox"/> EUROCCP <sup>6</sup>	Drop Copy Message <sup>7</sup> <input type="checkbox"/>	
Brussels	<input type="checkbox"/> Euro <input type="checkbox"/> Non Euro and International ETFs <sup>3</sup>	<input type="checkbox"/> LCH SA <sup>6</sup>	<input type="checkbox"/> EUROCCP <sup>6</sup>		
Lisbon	<input type="checkbox"/> Euro <input type="checkbox"/> Non Euro <sup>4</sup>	<input type="checkbox"/> LCH SA <sup>6</sup>	<input type="checkbox"/> EUROCCP <sup>6</sup>		
Paris	<input type="checkbox"/> Euro, cleared Borrowing & Lending Market <input type="checkbox"/> Non Euro and International ETFs <sup>3</sup>	<input type="checkbox"/> LCH SA <sup>6</sup>	<input type="checkbox"/> EUROCCP <sup>6</sup>		
Belgian Bonds <sup>5</sup> (settlement in BNB)	<input type="checkbox"/>				
<b>Market cleared by EuroCCP</b>				<b>General Clearing Member<sup>2</sup></b>	
London	Settlement in <input type="checkbox"/> Crest (Euro, GBP, USD) <input type="checkbox"/> Euroclear Bank (other currency)				
<b>Market Without CCP Clearing</b>					
Paris	<input type="checkbox"/> EFS (Euronext Fund Service paris with settlement in Euroclear France)				
<p><sup>1</sup> Applying to one Euronext Cash market means that you have access <u>by default</u> to all types of products offered on this market: Equities and Rights, ETFs, ETVs, ETNs, Structured Products, Investment Funds, Bonds. In addition, application to any such Euronext Cash Market automatically provides you get access to the corresponding local Alternext, Free Market and/or EasyNext market(s), in each case as applicable and subject to relevant market rules.<sup>2</sup> Please note that applicants wishing to clear their business on the Euronext Markets themselves must be approved as clearing members by the CCP linked to this market, LCH SA or EuroCCP. Non clearing applicants should ensure that their chosen General Clearing Members are approved to clear the relevant Markets.</p> <p><sup>3</sup> Requirements: a Euroclear Bank account <sup>4</sup> an Interbolsa account <sup>5</sup> BNB is Belgium National Bank. <sup>6</sup> Both LCH SA and EuroCCP clear this market. LCH SA remains the CCP by default for trading members that have kept their choice of CCP unchanged. Please indicate your preferred choice of clearing by ticking the box of your preference (transactions where both sides are undertaken by trading participants that have selected EuroCCP as their CCP of choice will be sent for clearing and settlement to EuroCCP. In all other cases, transactions will continue to be cleared by LCH SA. For more details please refer to "User Choice" Clearing Info Flash) <sup>7</sup> Only applicable if your preferred choice for clearing the corresponding market is EuroCCP. By ticking this box you will for every trade receive an additional drop copy full trade message indicating which CCP was used.</p>					

## 4. TRADING ACTIVITY

Please indicate the type of trading activity<sup>1</sup> you intend to perform on the Euronext Markets:

### Derivatives Markets

Proposed activity(ies)	Amsterdam	Brussels	Lisbon	Paris
Dealing on own account (Dealer)				
Execution of orders on behalf of clients (Broker)				
Market making (specific contract to be signed separately)				

### Cash Markets

Proposed activity(ies)	Amsterdam	Brussels	Lisbon	London	Paris
Dealing for own account (Dealer)					
Execution of orders on behalf of clients (Broker)					
Market making (Liquidity Provider) (specific contract to be signed separately)					
Acting as Fund Agent <sup>2</sup>					

Applicant's BIC Code (11 digits) for Transaction Reporting (MiFID)	
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## 5. APPLICANT'S PROFILE

Is the Applicant currently a member of any other futures and/or options, cash, or commodities exchange (other than a Euronext Market)? If so, please provide details:

Member since (date)	Name of entity holding membership	Exchange	Membership capacity held

<sup>1</sup> The proposed activity(ies) and authorisations of the Applicant will determine the Membership capacity to be designated.

<sup>2</sup> Using the NAV Trading Facility, specific documentation to be signed in addition to this Membership Application Form.

## 6. REGULATION

Please provide details of the Applicant's regulatory status (please tick ✓)

### A. LOCATED IN EUROPE - EEA<sup>3</sup>

**Credit Institution**  **Non regulated**   
**Investment Firm**  **Other, please specify**  \_\_\_\_\_

Applicants benefiting from passporting rights should contact their home state regulator to ensure the relevant cross border passports are in place. Please provide us with a copy of this confirmation.

Please confirm the name of the applicant's regulator and where it is subject to more than one regulatory body, please indicate which is the lead regulator.

Name of home state regulator(s)	
---------------------------------	--

### B. LOCATED OUTSIDE OF EUROPE – non-EEA

**Regulated**  **Non regulated**

Please confirm the name of the applicant's regulator and where it is subject to more than one regulatory body, please indicate which is the lead regulator.

Name of home state regulator(s)	
---------------------------------	--

### C. ALL APPLICANTS – EEA and non-EEA

Under MiFID, EEA Credit Institutions and Investment Firms performing the requested trading activities are required to upgrade, if necessary, their licence for trading activities granted by their relevant regulatory authority. They should also ensure the exercise of their passporting rights has been notified to the hosting regulatory authorities.

All non-EEA applicants and non-regulated EEA applicants must:

- Provide evidence that they hold an appropriate licence or authorisation with each of the hosting competent authorities; or
- Provide written evidence or explanation of why such authorisation is not required.

*Firms should be aware that the Competent Authority of the Market to which you are applying may contact your home state regulator to provide confirmation of the following:*

- (i) jurisdiction over the market activities of the applicant;*
- (ii) non-opposition to the application; and,*
- (iii) readiness to share information with Euronext regulators and offer co-operation.*

*Host state regulators may request additional information from the applicant. Host state regulators may impose fees.*

<sup>3</sup> European Economic Area (EU plus Iceland, Norway and Liechtenstein).

## 7. DISCIPLINARY HISTORY AND RELATED MATTERS

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*This question relates to the activities of not only the applicant (including relevant persons) itself, but also of other entities within the group, pertinent to its operation on the Euronext Markets.*

*The response should include events which the applicant considers material and which occurred in the last 5 years. If an applicant is uncertain about the materiality of a specific disciplinary proceeding or event, the matter should be disclosed.*

Has the applicant or any other relevant parties within the group been:

- (i) found guilty in a criminal court
- (ii) the subject of an adverse finding in a civil or administrative court or tribunal
- (iii) in contravention of any provision of financial services legislation, rules, regulations or statements of principle
- (iv) the subject of disciplinary procedures by any government agency, self-regulating organisation or exchange
- (v) subject to a refusal or restriction to carry on a trade/business/profession or to disqualification from acting as a director
- (vi) under special investigation, or is it currently under special investigation, by any auditor, government agency, self-regulating organisation, exchange, taxation or other authority?

Yes

No

## 8. DECLARATION OF APPLICANT

---

This Declaration and application for Membership is made by the Applicant to one or more Relevant Euronext Market Undertakings, as specified in this application form (the Applicant and the Relevant Euronext Market Undertaking being, collectively, "the Parties").

In consideration of (i) the Relevant Euronext Market Undertaking examining and processing this application and (ii) the Applicant co-operating with the Relevant Euronext Market Undertaking and furnishing it with all the necessary information in support of this application, the Parties hereby agree that this Declaration shall be legally binding upon the Parties.

### Interpretation

The terms used in this Declaration shall have the meanings ascribed to them by the Euronext Rule Book. The masculine gender shall include the feminine and the singular number shall include the plural and vice versa.

### Admission as a Member

We understand that our Membership of one or more Euronext Markets will not commence until (i) we have completed the application form to the satisfaction of the Relevant Euronext Market Undertaking and have provided such additional information as is, and entered into such agreements as are, required by the Relevant Euronext Market Undertaking(s); (ii) our application has been approved by the Relevant Euronext Market Undertaking(s); and (iii) the Relevant Euronext Market Undertaking(s) has notified us of its decision in writing.

We understand that Membership or any trading or other privileges arising from such Membership may not be transferred, assigned or encumbered by or on behalf of the Member except with the prior written approval of Euronext where such transfer, assignment or encumbrance is expressly provided for in the Euronext Rule Book.

We agree to pay the fees and charges applicable to our Membership in accordance with the terms determined and published by Euronext.

We understand that in order to maintain our Euronext Membership we must organise and control our affairs in a responsible manner in accordance with the Euronext Rule Book, and to this end that we must have staff who are fit and proper with suitable authorisation/qualifications and experience in order to implement and maintain adequate internal procedures and controls.

The clauses of this Declaration shall apply only to the period up to the Applicant's admission as a Member, except for the clauses relating to Admission as a Member and Compliance with the Euronext Rule Book, which shall continue beyond that date.

### Compliance with the Euronext Rule Book

If we are approved as a Member, we agree to comply with and be bound by the Euronext Rule Book from time to time in force, and any obligations imposed by Euronext pursuant to the Euronext Rule Book.

### Confidentiality of Data

We understand that any information provided by or on behalf of us during the application for Membership shall be kept confidential by Euronext for an indefinite period (whether or not our application for Membership is successful) and shall not be disclosed to any third party without our prior written approval except where permitted by the Euronext Rule Book or required by applicable law or regulation.

By exception, the following data shall be published on the Euronext website : name of the company, legal or business address, company website, keyboard phone number, markets where you are authorised to trade, capacity, dedicated member ID, (see the List of the Trading Members [www.euronext.com](http://www.euronext.com)) to promote your company.

Please tick  the box  if you **do not agree** to Euronext using these data for the purpose described above:

### Data Protection Provisions

Notwithstanding the Confidentiality clause above, Applicants are informed that the personal data gathered are intended for Euronext and will be used as follows:

- in the framework of their membership,
- as the operator of regulated markets, the Relevant Euronext Market Undertaking is required to make public the names of Members. Applicants acknowledge and agree that the Relevant Euronext Market Undertaking shall publish by any appropriate means such information in respect of us.
- The Relevant Euronext Market Undertaking may also use other information contained in the membership database in respect of the Member for the Euronext Market Undertakings' marketing purposes<sup>4</sup>.

Please tick  the box if you **do not agree** to the Relevant Euronext Market Undertaking using the information contained in the  Membership database for the Euronext Market Undertakings' marketing purposes.

These data, if applicable, shall be covered by a declaration made to the appropriate administrative authority. Euronext will take care of this formality. These data will be stored and processed in accordance with the provisions of the Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data, and applicable law.

Applicants have the right to access to, amend or delete data relating to them and may exercise this right by sending a letter to Euronext. They have also the right, for legitimate grounds, to be opposed to the processing of data relating to them.

### Settlement of Disputes

We agree that any dispute between us as the Applicant (or Member as the case may be) and the Relevant Euronext Market Undertaking in respect of membership issues or anything else under this Declaration and application for membership which is not resolved by an amicable settlement between the Parties shall be dealt with by the Courts applicable to the Relevant Euronext Market Undertaking (as specified in the Governing Law and Counterparty provision below). Notwithstanding the foregoing, the Parties may agree to refer such dispute to arbitration.

### Limitation of Liability

We acknowledge that, without prejudice to any liability arising between the Parties under the Euronext Rule Book or any agreement entered into between the Parties pursuant to the Euronext Rule Book, the Relevant Euronext Market Undertaking shall be under no liability under this Declaration and application for Membership to the Applicant for any loss, damage or injury direct or indirect howsoever arising whether or not caused by the negligence of the Relevant Euronext Market Undertaking, its officers, employees, agents or representatives, save that the Relevant Euronext Market Undertaking shall accept liability for death, personal injury, fraud, and for gross negligence or wilful misconduct where there is a finding of such against the Relevant Euronext Market Undertaking by a court of competent jurisdiction.

### Governing Law and Counterparty

Where an application for Membership is being made to a single Relevant Euronext Market Undertaking, the governing law and jurisdiction of this Declaration and application for Membership shall be that of the Relevant Euronext Market Undertaking, which shall also be the counterparty of this Declaration and application for Membership.

Where an application for Membership is being made to more than one Relevant Euronext Market Undertaking, the Applicant shall specify below one Relevant Euronext Market Undertaking for the purposes of determining the governing law and jurisdiction of this Declaration and application for Membership. The

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<sup>4</sup> The information used by the Relevant Euronext Market Undertaking shall be subject to the privacy policy available on the Euronext website, [www.euronext.com](http://www.euronext.com)



Relevant Euronext Market so specified shall also be the counterparty of this Declaration and application for Membership.

**Governing Law, Jurisdiction & Counterparty (please tick ✓ one only):**

Belgium	France	Netherlands	Portugal	United Kingdom

If no jurisdiction is specified in the above table by the Applicant seeking membership of more than one Relevant Euronext Market Undertaking, this Agreement shall be governed by and construed under the laws of France, except if the Applicant is not hereby seeking Membership of Euronext Paris, in which case this Agreement shall be governed by and construed under the laws of the Netherlands. Likewise, if no jurisdiction is specified in the above table by the Applicant seeking membership of more than one Relevant Euronext Market Undertaking, jurisdiction over any matter or dispute arising from the present application form and Declaration shall be abiding to the same governing law attribution principles described above so that exclusive competence to hear any such disputes or matters shall be given respectively to the courts of France or the Netherlands, as relevant.

We certify that the statements in our application for membership and in this Declaration are true and complete.

**WILFUL FALSIFICATION, MISREPRESENTATION, OR OMISSION OF ANY MATERIAL FACT REQUIRED TO BE STATED CONSTITUTES CAUSE FOR DENIAL, SUSPENSION, OR REVOCATION OF MEMBERSHIP**

Applicant's/Member's Statutory Name	
Signature of authorized person (confirmed by the authorized signatory list)	
Print full name	
Job title	
Date	

## APPENDIX A: SUPPORTING DOCUMENTS

*The relevant supporting documents should be submitted together with this application form.*

### To be completed by ALL applicants

<p><b>Information to be sent with the completed application form, where relevant</b>  <b>A copy of your license and settlement of the EU passports for the relevant countries</b></p>
<p><b>Legal incorporation documentation</b> e.g. Certificate of Incorporation and Memorandum and Articles of Association, or equivalent document(s) depending on country of incorporation</p>
<p><b>Group structure diagram</b> showing the ownership of the Applicant and where relevant the whole group structure, including percentage sizes of holdings and stakeholders' nationalities. The mandatory threshold for inclusion of stakeholders is an interest of 20% or more</p>
<p><b>A letter of intention from your preferred clearing member</b></p>
<p><b>List of the Applicant's authorised signatories</b> (and for Dutch firms, an extract from the Chamber of Commerce's trade register showing the authority of the signatories to represent the Applicant)</p>
<p><b>FOR NON-MIFID FIRMS, PLEASE ADD:</b></p> <ul style="list-style-type: none"> <li>i <b>Evidence of authorisation</b> indicating the permitted investment activities and financial instruments (where available)</li> <li>ii <b>Curriculum vitae of the two individuals who effectively direct the business</b> (e.g. Chief Executive Officer and Managing Director) and, if available, their certificates stating an absence of criminal record</li> </ul>

### To be completed by applicants to the Euronext Derivatives Markets only

<p><b>For applicants which are either a "natural person" or a sole proprietorship</b>  Curriculum vitae and where available, a certificate of absence of criminal record, for the controller of the business</p>
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## APPENDIX B: KEY CONTACTS

Please provide details of the key contacts who will be responsible for the business on the Euronext Markets on either cash and/or derivatives markets. Please provide us with 2 Appendix B when necessary. The key contacts will be screened according to the current legal and regulatory expectations.

CASH MARKETS

and/or DERIVATIVES MARKETS

### MANAGEMENT/BOARD CONTACT

Full Name:	
Telephone No:	Date of Birth:
Email:	

### CHIEF FINANCIAL OFFICER (CFO)

Full Name:	
Telephone No:	Date of Birth:
Email:	

### COMPLIANCE OFFICER

Full Name:	
Telephone No:	Date of Birth:
Email:	Generic email:

### AML (Anti money laundering) CONTACT

Full Name:	
Telephone No:	Date of Birth:
Email:	

### HEAD OF TRADING

Full Name:	
Telephone No:	Date of Birth:
Email:	Generic email:

### IT CONTACT

Full Name:	
Telephone No:	Date of Birth:
Email:	Generic email:

This Appendix will be forwarded to our **Market Data Department**. **This contact will be the main entry point for any subject relative to *Market Data* (databuyeuronext@euronext.com).**

Full Name:	
Telephone No:	Date of Birth:
Email:	Generic email:

## APPENDIX C: CONTACT FOR INVOICING / SEPA DD

Please tick ✓ the box according to the markets. This Appendix will be forwarded to the **Euronext Finance Department**, who will contact you for arranging a SEPA Direct Debit after completion of this Appendix.

**CASH MARKETS**

**and/or DERIVATIVES MARKETS**

Applicant's statutory name	
Mailing address	
Contact person	
Job title/position	
Telephone no. (including extension)	
Email address contact person	
VAT (tax) registration no.	

If different,

**DERIVATIVES MARKETS**

Applicant's statutory name	
Mailing address	
Contact person	
Job title/position	
Telephone no. (including extension)	
Email address contact person	
VAT (tax) registration no.	

# Member Compliance Department

## Non-MiFID applicants - Information Form KYC Due Diligence

Non-MiFID Firms applying for membership of a Euronext Securities Market or Euronext Derivatives Market are required to complete this form. Reference made to Rules mentioned in this form are for the convenience of the applicant only and can not be read out of the context of the Rule Book.

This Information Form needs to be completed according to the intended business and trading activity as mentioned in the Membership Application Form this documents is attached do and makes part of. Additional information and documents may still be requested.

### NAME:

Application for  Euronext Securities Markets  
OR for  Euronext Derivatives Markets

When simultaneously applying for admission to Euronext Securities Markets and Euronext Derivatives Markets please complete different forms.

### 1. Company Profile

#### 1.1. Ownership

**Please provide a group structure diagram and/or list of shareholders disclosing all final beneficiaries owning more than 20% of the applicant (directly and indirectly) and confirmed by official documents**

Provide group structure and official documents

Comment:

#### 1.2. Control

**Please provide list of authorized signatories and list of persons exercising ultimate effective control over the company (e.g. CEO and Managing Director)**

Provide lists and official documents

Comment:

#### 1.3. Business Rule 2201/1 (ii) b

**Please describe your business model, activities you intend develop and role you intend to play on the market**

Description:

#### 1.4. Resources Rule 2201/1 (vi)

**Demonstrate you have sufficient resources (human capital, financial, information technology ...) for the role you intend to perform on the market**

Provide organization chart or description of management functions with respective responsibilities, relationships and hierarchy

Description:

### 1.5. Front-end Information Technology

**Which front-end technology provider (ISV) did you choose, or will you use your own in-house system? What activities are covered by your external provider (order routing, order filtering, market data ...)?**

Name the ISV:

Comment:

### 1.6. Information Technology

**Do you use order generating software?**

Comment:

### 1.7. Clearing Arrangement Rules 2501 and 2502

**a. Do you have clearing capability?**

Comment:

**b. Have you been made aware of the cost of clearing and applicable fees?**

Comment:

## 2. Key Staff

### 2.1. Qualifications and experience Rule 2201/1 (iii)

**Give evidence that your staff is suitably qualified and experienced in order to implement and maintain adequate 'internal controls' (Q3) and 'compliance' (Q4) in relation to its intended business (Q1.3) on the market**

Provide the relevant staff C.V. including résumé of experience

Comment:

### 2.2. Languages Rule 2201/1 (v)

**Demonstrate fluency of your relevant staff in English or in one of the languages of the REMU. 'Relevant staff' is the staff most likely to have regular contacts with the services of Euronext (IT, Compliance, Head of Trading, Back-office, RP, ...)**

Mention language skills (verbal / written) in the relevant staff C.V. or provide statement

Comment:

### 2.3. Responsible Person (RP) Rules 2202/1 and 2202/2

**Demonstrate you register a sufficient numbers of RP's for the nature and scale of business you intend to perform on the market and that they are adequately trained and fully conversant with the Rules and Trading Procedures**

Provide registration of RP's including C.V. and résumé of experience

Comment:

### 2.4. Number of traders

**Approximately, how many traders will be trading on an own account basis?**

Number:

### 2.5. Status of traders

**Explain the nature of the relationship between the applicant and its traders. E.g. are the traders employees of the firm or partners, can traders contribute to the trading capital or is it solely the applicant's own capital?**

Description:

### 3. Internal Controls

#### 3.1. Order vetting and risk monitoring Rule 8106/3 (i)

##### a. Explain how your system of internal controls vets orders prior to their submission to the Central Order Book

Description:

##### b. Who is in charge of the internal system's filters and is this function independent from the trading function?

Name the person:

Comment:

##### c. How do you monitor the positional and financial risks inherent to your intended business? Rule 8106/3 (ii)

Description:

#### 3.2. Automatic order filtering Rule 8106/4

##### a. Does your pre-trade system of internal controls incorporate user definitions and/or product definitions?

Comment:

##### b. Explain how your system vets orders for the securities markets according to market conditions (normal quantity, price deviation and total value)? Notice N8-01

Explanation:

##### c. Who can override the system of internal controls in order to accept an order rejected by the system?

Name the person:

Comment:

#### 3.3. Documented Risk Procedures Rule 8106/2

**Provide copy of your documented internal risk procedures relating to the internal system controls of your intended activities. These procedures should i.a. relate to security arrangements to prevent unauthorized access to the trading systems, pre-trade risk filters and supervisory arrangements**

Provide Documented Risk Procedures

Comment:

### 4. Compliance Rules 8106/1 and 8106/6

#### 4.1. Rules of conduct Rules 8102 and 8104

**How do you impose the general duties of integrity, fair dealing and care and prevent staff from fraudulent or misleading conduct? Is it part of the individual contract of employment or defined in compliance procedures?**

Comment:

#### 4.2. Compliance Officer

Who is in charge to ensure compliance of staff with market rules? Note this person will be the main contact for Market Integrity when investigating an alleged violation of the Rules (chapters 8 and 9 of the Rule Book)

Name the person:

Comment:

#### 4.3. Communication

How are (new) rules and procedures disseminated to staff? Do you provide compliance training?

Comment:

#### 4.4. Documented Compliance Procedures Rule 8106/2

Provide your written compliance related procedures. These procedures should i.a. include the rules of conduct, training and supervisory procedures, reporting lines and personal dealing provisions

Provide Documented Compliance procedures

Comment:

### 5. Audit Trail

#### 5.1. Recording Rule 8302/1

Do you record screening parameters (and changes thereof) and transactions? How, where and for how long do you store these records?

Provide agreement between external provider and you, if any

Comment:

#### 5.2. Consultation Rule 8301/4 (iii)

Can these stored records be presented in a manner which is easily decipherable?

Comment:

### Documents to be provided

- Group structure (Q1.1)
- Authorized signatories / controlling Managers (Q1.2)
- Organization chart or description of organizational structure (Q1.4)
- Relevant staff, C.V. including résumé of experience (Q2.1)
- Registration of Responsible Person(s) incl. résumé of experience (Q2.3)
- Documented Risk Procedures - Internal Controls (Q3.3)
- Documented Compliance Procedures – Compliance Manual (Q4.4)
- Data recording agreement (if applicable) (Q5.1)

### Identities to be provided

- Person in charge of internal control systems' filters (Q 3.1.b)
- Person who can override internal controls (push through rejected orders) (Q 3.2.c)
- Compliance Officer (Q 4.2)

**Note: Upon admission the Member has to comply on a continuing basis with its obligations as defined under Rule 2401 of the Rule Book. Special attention shall be given to all data provided in the application form and this information form. Violation of this Rule may lead to suspension or even termination of Membership.**



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**CAC 40® INDEX FUTURE CONTRACT**

<b>EXCHANGE CONTRACT CODE</b>	FCE
<b>CONTRACT SIZE</b>	Contract valued at € 10 per index point (e.g. value € 41,000 at 4,100.0)
<b>UNIT OF TRADING</b>	10
<b>PRICING UNIT/ QUOTATION</b>	Index points (e.g. 4,100.0)
<b>MINIMUM PRICE MOVEMENT(TICK SIZE AND VALUE)</b>	0.5 index point (€ 5 per contract)
<b>EXPIRY MONTHS</b>	1, 2, 3 monthly; 6, 9, 12 months quarterly (of the March, June, September, December cycle) and 18, 24, 30, 36, 42, 48, 54, 60 months half yearly (of the June, December cycle)
<b>INTRODUCTION OF NEW DELIVERIES</b>	New delivery months are available for trading on the first business day after the expiry of a maturity
<b>WHOLESALE SERVICE</b>	Basis Trading; Large-in-Scale Facility, AtomX.
<b>TRADING HOURS</b>	Central Order Book: 08:00 – 22:00 CET (08:00 – 16:00 CET on the Last Trading Day) Large-in-Scale Facility: 07:00 – 22:00 CET (07:00 – 18:30 CET on the Last Trading Day) - Day session: 07:00 - 18:30: all trades will be cleared on the same day (T) - Evening session: 18:30 - 22:00 <sup>1</sup> : all trades will be cleared on the following business day (T+1)
<b>MARKET</b>	Paris
<b>TRADING PLATFORM</b>	UTP
<b>ALGORITHM</b>	Central order book applies a price-time trading algorithm with priority given to the first order at the best price
<b>LAST TRADING DAY</b>	Trading ceases at 16:00 CET on the third Friday of the delivery month. In the event that the third Friday is not a business day, the Last Trading Day shall normally be the last business day preceding the third Friday
<b>SETTLEMENT</b>	Cash Settlement based on the EDSP
<b>SETTLEMENT DAY</b>	First business day after the Last Trading Day

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<sup>1</sup> A client who does not wish his order to be executed in the evening session must stipulate this condition when placing the order with the intermediary

<b>EXCHANGE DELIVERY SETTLEMENT PRICE (EDSP)</b>	Price determined on the Last Trading Day. Euronext calculates the settlement index as the arithmetic mean of all index values calculated and disseminated between 15:40 and 16:00 CET, rounded to two decimal places. Such settlement index is taken, and rounded to one decimal place, to produce the closing settlement price <sup>2</sup>
<b>CLEARING ORGANIZATION</b>	LCH.Clearnet S.A.

**NOTE: THESE SPECIFICATIONS, WHICH APPLY FROM 1 FEBRUARY 2016, ARE SUBJECT TO MODIFICATION.**

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<sup>2</sup> Please refer to Paris Notice No. 2012–11 issued on 26 July 2012 which provides details of the procedures to be followed when determining the closing settlement price in case of special market circumstances.

## **TECHNICAL SPECIFICATIONS THE CORN FUTURES CONTRACT**

### **Article 1 - PRELIMINARIES**

This document sets forth the specific rules and regulations governing the transactions carried out on the Corn Futures Contract quoted in EUROS. It is supplemented by instructions from the clearing house relative to the delivery of the Corn Futures Contract.

### **Article 2 - PRINCIPLE**

The trading of this contract is governed by MATIF market rules. The clearing of this contract is governed by LCH.Clearnet SA regulations.

## **CHAPTER I - THE CONTRACT**

### **Article 3 - UNDERLYING SECURITY ASSET**

The Corn Futures Contract's underlying security asset is yellow, red corn of "European Union" origin. The goods must be delivered dry, without abnormal odour or smell, free from living parasites on the goods and must meet all current trading standards and the legislation in force, having the following specifications :

- Water content: 15 %.
- Broken grains: 4 %.
- Sprouted grains: 2,5 %.
- Grains impurities: 4 %.
- other impurities: 1 %.

The underlying is said to be conventional corn, which is defined as a product containing no genetically modified organisms, or containing genetically modified organisms whose presence is adventitious or technically unavoidable, in accordance with requirements in force under EU Regulations<sup>1</sup>.

<sup>1</sup>EC regulation n° 1829/2003 of the European Parliament and the Council of the 22 September 2003 on genetically modified food and feed (OJEU 18-10-2003).

### **Article 4 - TRADING UNIT**

The Corn Futures Contract is for 50 metric tonne lots of goods of homogeneous quality, exempt from all duties and taxes, made available in bulk. Euronext Paris SA may accept changes in conditioning for contract months for which there are no open positions.

## **CHAPTER II - TRADING DAY**

### **Article 5 – TRADING SYSTEM AND TRADING HOURS**

The Corn futures contract is traded on the LIFFE CONNECT® electronic system or its successor during the following hours (Paris time) :

Pre-opening: 7H04 am– 10h45 a.m.

Trading session: 10:45 a.m. to 6:30 p.m.

### **Article 6 - CONTRACT MONTHS**

Operations are transacted on 10 consecutive contract months.

Contract months are : November, January, March, June and August.

### **Article 7– EXPIRY DATE OF A CONTRACT MONTH**

Contracts expire on the date specified by the Exchange, in principle on the 5<sup>th</sup> of the contract month, in accordance with the schedule established by the business market. If it is a non working day, the first trading day following this day.

The opening of a new contract will occur on the date set by the Exchange, in principle on the first trading day of the month following the expiration of a contract, in accordance with the schedule established by the Exchange.

Any change in schedule will apply only to contract months for which there are no open positions

### **Article 8 - QUOTATIONS**

The contract unit is 50 metric tonnes (minimum/maximum).

Quotations are made in EUROS (EUR) per metric tonne. They are expressed exclusive of tax.

The minimum quotation set is 0.25 EUR per metric tonne.

### **Article 9 – MARKET ANIMATORS**

EURONEXT PARIS SA may designate market animators for this contract who are not necessarily members of the MATIF. Market animators commit to respect the measures of the terms and conditions as defined by EURONEXT PARIS SA. The role of the market animators is to increase contract liquidity.

### **Article 10 – DAILY SETTLEMENT PRICE (DSP)**

The Settlement System in Market Services will be used to calculate the Daily Settlement Price by taking a feed of reported prices for a period of no less than two minutes before the time specified for the settlement of a contract, as notified by Euronext Paris S.A. This period is known as the “Settlement Range”. However, Euronext Paris S.A will also monitor market activity throughout the Trading Day to ensure that settlement prices are a fair reflection of the market.

The Settlement Range will be used to monitor spread levels. Thereafter, the following criteria will be taken into account, as applicable:

- (a) the traded price during the last minute of the Settlement Range; or, if there is more than one traded price during this time:
- (b) the trade weighted average of the prices traded during the last minute of the Settlement Range, rounded to the nearest tick; or, if there are no traded prices during this time:
- (c) the price midway between the active bids and offers at the time the settlement price is calculated, rounded to the nearest tick.

Where a trade weighted average or a midway price between active bids and offers results in a price which is not a whole tick, the rounding convention that will apply in respect of (b) and (c) above will be in accordance with that set out in the relevant contract specifications. In addition, the following criteria are monitored in Market Services and may be taken into account, as applicable:

- (d) price levels as indicated by spread quotations;
- (e) spread relationships with other contract months of the same contract; and
- (f) price levels and/or spread relationships in a related market.

### **Article 11 – EXCHANGE DELIVERY SETTLEMENT PRICE (EDSP)**

The EDSP for a particular delivery month shall be calculated by Exchange officials on the Last Trading Day, as follows:

The prices, offers or bids used for the calculation of the EDSP shall be those during the two minute period immediately preceding cessation of trading. Where there are no prices, bids or offers in the previous two minutes, then the 30 minute period immediately preceding cessation of trading shall be used, and failing that the last trades, offers or bids prior to the 30 minute period.

- (a) if (as far as reasonably ascertainable) one or more Contracts for that delivery month have been made in the pit on the Last Trading Day
  - (i) if only one Contract has been made, the EDSP shall be the price (as far as reasonably ascertainable) at which that Contract was made; or
  - (ii) if more than one Contract has been made, the EDSP shall be the average rounded down to the nearest 0.25 Euro of the prices (as far as reasonably ascertainable) at which such Contracts were made, weighted by reference to the number of lots (as far as reasonably ascertainable) comprised in each such Contract;
- (b) if (as far as reasonably ascertainable) on the Last Trading Day, no Contract for that delivery month has been made in the pit but both an offer (or offers) and a bid (or bids) have been made in the pit in respect of a Contract (or Contracts) for that delivery month, then the EDSP shall be the average of the lowest price (as far as reasonably ascertainable) at which such an offer was made and the highest price at which such a bid was made and such average shall be rounded to the nearest 0.25 euro ;
- (c) if (as far as reasonably ascertainable) on the Last Trading Day, no Contract for that delivery month has been made in the pit and either no offer or no bid has been made in the pit in respect of a Contract (or Contracts) for that delivery month, then exchange officials shall determine the EDSP by reference inter alia to the price at which any bid or offer, as the case may be, in respect of a Contract for that delivery month was made in the pit during such period on such day
- (d) if (as far as reasonably ascertainable) on the Last Trading Day, no Contract for that delivery month has been made in the pit and neither an offer nor a bid have been made in the pit in respect of a Contract (or Contracts) for that delivery month, then exchange officials may in their absolute discretion fix the EDSP at a price determined by them as being consistent with the prices at which any Contracts or any offers or bids in respect of a Contract were made in the pit on the Last Trading Day for the delivery month and period referred to in paragraphs e(i) and (ii) below and, if necessary, rounded to the nearest 0.25 euro.

- (e) If in the opinion of exchange officials, the EDSP which would result from a calculation made in accordance with paragraphs (a), (b) or (c) would not be consistent with the prices at which any Contracts or any offers or bids in respect of a Contract were made in the pit on the Last Trading Day for:
- (a) the relevant delivery month prior to the applicable period referred to in paragraphs (a), (b) or (c), as the case may be; or
  - (b) any other delivery month during the applicable period referred to in paragraphs (a), (b) or (c), as the case may be,
- then exchange officials may in their absolute discretion fix the EDSP at a price determined by them as being consistent with the prices, offers or bids for the delivery month and period referred to, and, if necessary, rounded to the nearest 0.25 euro.
- (f) The EDSP shall be final and binding for all purposes.

## **Article 12 - SPECIAL TRANSACTIONS**

The special transactions and strategies that are authorised on the Corn Futures Contract are those agreed in the trading procedures :

## **CHAPTER III - DELIVERY**

### **Article 13 - PRELIMINARIES**

At maturity, any outstanding contract will result in delivery by the seller and in accepting the delivery by the buyer, of a lot of 50 metric tonnes of goods in accordance with the provisions of these Rules and Regulations.

The Notice of Intent to Deliver submitted to the clearing house by the clearing member holding a short position must be for a minimum quantity of 500 metric tonnes net per principal. Non compliance with the minimum delivery quantity will constitute default by the clearing member holding a short position for the corresponding quantity and will result in the application of article 28 of these Rules and Regulation.

### ***Section 1 - Delivery notification***

### **Article 14 - DELIVERY SCHEDULE**

Beginning with the fifth trading day preceding an upcoming expiration, the clearing house will require from principals, in accordance with the terms specified by clearing house instructions, one or more Warehouse Receipts issued by an approved silo for a quantity at least equal to their respective short positions with respect to this contract.

Warehouse Receipts must be submitted to the clearing house in accordance with the terms specified by clearing house instructions and must reach the clearing house at the contract's date of expiration at the latest. When a principal holding a short position has not fulfilled his obligations concerning the submission of Warehouse Receipts, the clearing house will automatically liquidate the contracts involved.

Each Warehouse Receipt, submitted to the clearing house, to be valid, must be joined with the certified document from the seller, to deliver a conventional product such as described in article 3 of this instruction. When a seller has not fulfilled his obligations, the clearing house will automatically liquidate the contracts involved.

On the first trading day following the close of a contract, the clearing member holding a short position submits a Notice of Intent to Deliver to the clearing house in which it advises the clearing house of its intent to deliver, the silo where delivery will be taken, the number of contracts involved and the corresponding number of Warehouse Receipts.

On the second trading day following the contract closing, the clearing house assigns the Notices of Intent to Deliver to clearing members holding long positions and proceeds to the matching of clearing members holding long positions with those holding short positions, in accordance with the terms specified in clearing house instructions.

On the third trading day following the contract closing, the clearing member holding a short position transmits a Delivery Notice to the clearing member holding a long position who submits the notice, completed and signed by the counterparts, to the clearing house.

#### **Article 15 - DELIVERY NOTICE**

The issuance of a Delivery Notice and its acceptance concretises a commitment to deliver the commodity and accept delivery of the specified number of contracts at the specified place.

#### **Article 16 - ACCEPTANCE AND EXCHANGE OF DELIVERY NOTICES**

Under penalty of default, after the close of a contract, expiration, all clearing members holding open buy positions on this contract, either for their own account or for the account of their principals, are obligated to accept the corresponding Delivery Notice. The Notice of Intent to Deliver and the Delivery Notice must conform to the models established by the clearing house.

The technical conditions in which the submission of Notices of Intent to Deliver takes place, their acceptance, the exchange of Delivery Notices and the reporting of the final list of assignments are specified by clearing house instructions.

#### **Article 17 – ALTERNATIVE DELIVERY PROCEDURE**

After Notices of Intent to Deliver have been assigned, principals may, through an intermediary of their clearing member, agree to fulfil their obligations under conditions that differ from those specified in these Rules and Regulations; in this event, the parties may only invoke provisions concerning delivery. The clearing members acting on behalf of the parties involved will transmit a Notice of Performance to the clearing house in the forms specified by clearing house instructions.

Upon receipt of the Notice of Performance, the delivery margins cited in articles 18 and 19 hereinafter may be refunded

#### ***Section 2 - Delivery margin***

#### **Article 18 - DELIVERY MARGIN**

Any clearing member holding an open contract after the contract's expiration, either for his own account or for the account of his principal, guarantees the performance of his obligations or those of his principals.

To this end, on the third day following the contract closing, the clearing member deposits a delivery margin with the clearing house in accordance with the amount and with the instruments accepted by the clearing house. Upon receipt by the clearing house of a delivery margin, the initial margin may be refunded.

#### **Article 19 - ADDITIONAL DELIVERY MARGIN**

Until Notice of Performance of the contract is received, the clearing house may request an additional delivery margin, to be rendered immediately, if justified by a change in price of the underlying security asset.

The calculation and the terms of payment of this additional cover are specified by clearing house instructions.

Additional delivery margins will be refunded upon receipt by the clearing house of the Notice of Performance specified in article 27 of these Rules and Regulations.

#### **Article 20 - FAILURE TO PUT UP MARGINS**

Any clearing member holding an open contract after the contract's expiration, either for his own account or for the account of his principal, who fails to put up the margins cited in articles 18 and 19 of these Rules and Regulations will be considered to be in default and his counterpart will benefit from the conditions specified in article 28 of these Rules and Regulations, without prejudice to any legal proceedings that may be initiated.

Each time that the margins cited in articles 18 and 19 of these Rules and Regulations are not advanced, the clearing house will immediately so advise the concerned clearing member and counterpart.

#### **Article 21 – REFUND OF MARGINS**

The clearing house will refund the various above-cited margins upon receipt of the Notice of Performance of the contract cited in article 27 of these Rules and Regulations, signed by the buyer and the seller.

In the event of non-performance of the contract, the clearing house will only return the two counterparts' various margins upon production of :

- documentation of the resolution, in the event of non-performance due to force majeure specified in article 30 of rules and regulations;
- or of documentation of payment of a default indemnity by the defaulting party;
- or of documentation of a court decision, and from the convicted party, proof of payment of fines;
- or of documentation releasing the party accused of having defaulted from all blame.

When the party benefiting from a court conviction of the other party advises the clearing house of such decision, the clearing house will invite the convicted party, by telex or telegram return receipt requested, to provide documentation, no later than ten calendar days from the receipt of this notice, of full compliance with ruling.

In the absence of such documentation following the lapsing of the specified time period, during the subsequent eight calendar days the clearing house will utilise the above-mentioned margins to pay the other party the amount specified by the court.

Upon production of the court's final decision, the clearing house will refund to the party not subject to any conviction, the various margins due to it.

### ***Section 3 - Delivery***

#### **Article 22 - AVAILABILITY**



The transfer of property between principals occurs by means of transfer at the silo. The transfer takes place on the 16th calendar day of the delivery month. . If it is a non working day, the first trading day following this day.

On this date, the principal making the sale gives the order to the silo, in the forms specified by instruction from the clearing house, to transfer the commodity to the purchasing principal.

Upon the order of the principal making the sale, the silo will transfer the goods to the principal making the purchase on the proper date and will draw up a transfer certificate, in the forms specified by clearing house instructions.

### **Article 23 - DELIVERY POINTS**

The transfer of the commodity will take place in an approved silo, in the forms specified by instruction from the clearing house.

The list of authorised silos, their terms of authorisation and the terms of performance of their services are established from time to time by a Notice from the clearing house., which shall apply to such delivery months as specified in the Notice as Euronext Paris may determine.

Any change in the list of authorised silos applies only to contract months for which there are no open positions. As an exception, for Contract months that are more than two crop years ahead, Euronext Paris SA and the Clearing House may from time to time list or de-list an approved silo, which shall have such effect with regard to existing or new Contracts or both as Euronext Paris may determine in collaboration with the Clearing House. Any such determination will be subject to prior consent from the Clearing House and will be notified to Members by means of a Notice or otherwise as Euronext Paris and the Clearing House may direct.

### **Article 24 - RULES AND REGULATIONS GOVERNING THE TRANSFER OF THE COMMODITY**

Subject to these Rules and Regulations and the texts describing their application, the transfer of the commodity will be governed by:

- the “Syndicat de Paris du Commerce et des Industries de Grains, Produits du sol et dérivés”, Incograin formula no. 23;
- or the “Syndicat de Paris du Commerce et des Industries de Grains, Produits du sol et dérivés”, Technical Addendum no. 5,;
- or any other regulatory condition substituted for them.

If any difficulty of interpretation or conflict arises between these Rules and Regulations and, in addition, texts describing their application, and the contractual methods in force at the delivery location, these Rules and Regulations and, in addition, the texts detailing their application will prevail.

### **Article 25 - DELIVERABLE GRADE - REDUCTIONS OR ALLOWANCES**

The quality of deliverable goods have the following specifications:

- Water content: 15 %.Max 15.5%
- Broken grains: 4 %.Max 10%
- Sprouted grains: 2,5 %.Max 6%
- Grains impurities: 4 %.Max 5%
- other impurities: 1 %.Max 3%

The total of the allowances for broken grains, sprouted grains, impurities in grains and other impurities must not exceed 12%.

The underlying is said to be conventional corn, which is defined as a product containing no genetically modified organisms, or containing genetically modified organisms whose presence is adventitious or technically unavoidable, in accordance with requirements in force under EU Regulations<sup>1</sup>.

When the quality of the commodity to be transferred does not conform to one of these conditions, the commodity cannot be delivered in performance of the Corn Futures Contract and the clearing member holding a short position will be in default.

The applicable standards for determining the content of GMO and the list of authorisation companies and of analysis laboratories to conduct this optional analysis, are specified by clearing house instructions.

The quality can be modified by decision of Euronext Paris SA for the contract months for which there are no open positions.

The amount payable by the buyer to the seller in exchange for physical delivery is calculated on the basis of the closing settlement price, as adjusted downwards to take account of the discrepancy between the quality delivered and the base quality.

Decreases are calculated in accordance with technical addendum n°5 of the Syndicat de Paris du Commerce et des Industries de grains, produits du sol et dérivés (Association of Grain Commerce and Industries, land products and derivatives).

The applicable standards for determining the above mentioned quality and the list of authorisation companies and of analysis laboratories are specified by clearing house instructions.

## **Article 26 - DELIVERY DOCUMENTATION**

The certified Receipt to deliver conventional goods, allows the principal making the sale to attest that he delivers a product containing no genetically modified organisms, or containing genetically modified organisms whose presence is adventitious or technically unavoidable, in accordance with requirements in force under EU Regulations.

This document is issued by the seller under the Selling Clearing Member, and transmitted to the clearing house in the forms specified by clearing house instruction.

The Warehouse Receipt allows the principal making the sale to attest that he has stored a certain quantity of goods in an authorised silo. This document is issued by an authorised silo, and transmitted to the clearing house in the forms specified by clearing house instruction.

The Notice of Intent to Deliver allows the clearing member with a short position to advise the clearing house of his intent to deliver and of the delivery location as well as the number of contracts involved.

The Delivery Notice concretises the commitment of the clearing member with the short position to deliver the number of specified contracts and the obligation of the member holding the long position to accept delivery of these contracts at the specified location.

Once the transfer of the commodity has taken place and payment has been made, the clearing member holding a short position transmits a Notice of Performance to the long clearing member who files it with the clearing house, each of the parties acknowledging the proper performance of their mutual obligations.

The Notice of Intent to Deliver, the Delivery Notice and the Notice of Performance are drawn up and signed by the clearing members in the name of and upon instructions from their principals. To be valid, these documents must conform to the models drawn up by the clearing house.

## **Article 27 - DEFAULT**

In addition to the cases specified in article 20 of these Rules and Regulations, a party who prevents the performance of the contract under the terms specified in these Rules and Regulations, will be considered to be in default.

The default will be subject to an adjustment procedure under the terms specified by clearing house instruction.

#### **Article 28 - COMPENSATION FOR DAMAGES**

The application of the provisions ensuing from article 28 of these Rules and Regulations will not constitute an obstacle to proceedings that the injured party may pursue in relation to the defaulting party if the injured party establishes that the failure to deliver, accept delivery, or to make payment resulted from gross or intentional negligence.

#### **Article 29 : FORCE MAJEURE**

Any event, independent of the will of the invoking party, of a compelling nature and generally not foreseeable, that prevents even temporarily the performance of the contract will be considered as force majeure.

A declaration of force majeure will not release the buyer or the seller from fulfilling the financial obligations specified in articles 18 and 19 of these Rules and Regulations.

The clearing house specifies by instruction the terms permitting one of the parties to invoke such a cause of non-performance and the principles governing its resolution.

#### **Article 30 : ARBITRATION**

Arbitration necessary in the event of a dispute will be under the jurisdiction of the local courts of arbitration designated by instruction from the clearing house.

<b>TECHNICAL SPECIFICATIONS OF THE RAPESEED FUTURES CONTRACT</b>
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**Article 1 - PRELIMINARIES**

This document sets forth the specific rules and regulations governing the transactions carried out on the Rapeseed Future Contract quoted in EUROS.

It is supplemented by instructions from the LCH.Clearnet SA relative to the delivery of the Rapeseed Futures Contract.

**Article 2 - PRINCIPLE**

The trading of this contract is governed by MATIF rules and regulations. The clearing of this contract is governed by LCH.Clearnet SA rules and regulations

**CHAPTER I - THE CONTRACT**

**Article 3 - UNDERLYING SECURITY ASSET**

The Rapeseed Futures Contract's underlying security asset is rapeseed of all origins, variety 00. The goods must be delivered dry, without abnormal odour or smell, free from living parasites on the goods and must meet all current trading standards and the legislation in force, having the following specifications :

- oil content : 40 %
- water content : 9 %
- impurities content : 2 %

The underlying is said to be conventional rapeseed, which is defined as a product containing no genetically modified organisms, or containing genetically modified organisms whose presence is adventitious or technically unavoidable, in accordance with requirements in force under EU Regulations<sup>1</sup>.

**Article 4 - TRADING UNIT**

The Rapeseed Futures Contract is for 50 metric tonne lots of goods of homogeneous quality, exempt from all duties and taxes, made available in bulk.

Euronext Paris SA may accept changes in conditioning for contract months for which there are no open positions.

<sup>1</sup>EC regulation n° 1829/2003 of the European Parliament and the Council of the 22 September 2003 on genetically modified food and feed (OJEU 18-10-2003).

## **CHAPTER II - TRADING DAY**

### **Article 5 – TRADING SYSTEM AND TRADING HOURS**

The Rapeseed Futures Contract is traded on the LIFFE CONNECT® electronic system or its successor, during the following hours (Paris time) :

Pre-opening: 7H04 am– 10h45 a.m.

Trading session: 10:45 a.m. to 6:30 p.m.

### **Article 6 - CONTRACT MONTHS**

Operations are transacted on 10 consecutive contract months.

Contract months are : February, May, August, and November.

### **Article 7 – EXPIRY DATE OF A CONTRACT MONTH**

Contracts expire on the date specified by the Exchange, in principle on the last trading day of the month preceding the contract month, in accordance with the schedule established by the business market.

The opening of a new contract will occur on the date set by the Exchange, in principle on the first trading day of the month following the expiration of a contract, in accordance with the schedule established by the Exchange.

Any change in schedule will apply only to contract months for which there are no open positions.

### **Article 8 - QUOTATIONS**

The contract unit is 50 metric tonnes (minimum/maximum).

Quotations are made in EUROS (EUR) per metric tonne. They are expressed exclusive of tax.

The minimum quotation set is 0,25 EUR per metric tonne.

### **Article 9 - DAILY SETTLEMENT PRICE (DSP)**

The Settlement System in Market Services will be used to calculate the Daily Settlement Price by taking a feed of reported prices for a period of no less than two minutes before the time specified for the settlement of a contract, as notified by Euronext Paris S.A. This period is known as the “Settlement Range”. However, Euronext Paris S.A will also monitor market activity throughout the Trading Day to ensure that settlement prices are a fair reflection of the market.

The Settlement Range will be used to monitor spread levels. Thereafter, the following criteria will be taken into account, as applicable:

- (a) the traded price during the last minute of the Settlement Range; or, if there is more than one traded price during this time:
- (b) the trade weighted average of the prices traded during the last minute of the Settlement Range, rounded to the nearest tick; or, if there are no traded prices during this time:
- (c) the price midway between the active bids and offers at the time the settlement price is calculated, rounded to the nearest tick.

Where a trade weighted average or a midway price between active bids and offers results in a price which is not a whole tick, the rounding convention that will apply in respect of (b) and (c) above will be

in accordance with that set out in the relevant contract specifications. In addition, the following criteria are monitored in Market Services and may be taken into account, as applicable:

- (d) price levels as indicated by spread quotations;
- (e) spread relationships with other contract months of the same contract; and
- (f) price levels and/or spread relationships in a related market.

#### **Article 10 – EXCHANGE DELIVERY SETTLEMENT PRICE (EDSP)**

The EDSP for a particular delivery month shall be calculated by Exchange officials on the Last Trading Day, as follows:

The prices, offers or bids used for the calculation of the EDSP shall be those during the two minute period immediately preceding cessation of trading. Where there are no prices, bids or offers in the previous two minutes, then the 30 minute period immediately preceding cessation of trading shall be used, and failing that the last trades, offers or bids prior to the 30 minute period.

- (a) if (as far as reasonably ascertainable) one or more Contracts for that delivery month have been made in the pit on the Last Trading Day:
  - (i) if only one Contract has been made, the EDSP shall be the price (as far as reasonably ascertainable) at which that Contract was made; or
  - (ii) if more than one Contract has been made, the EDSP shall be the average rounded down to the nearest 0.25 Euro of the prices (as far as reasonably ascertainable) at which such Contracts were made, weighted by reference to the number of lots (as far as reasonably ascertainable) comprised in each such Contract;
- (b) if (as far as reasonably ascertainable) on the Last Trading Day, no Contract for that delivery month has been made in the pit but both an offer (or offers) and a bid (or bids) have been made in the pit in respect of a Contract (or Contracts) for that delivery month, then the EDSP shall be the average of the lowest price (as far as reasonably ascertainable) at which such an offer was made and the highest price at which such a bid was made and such average shall be rounded to the nearest 0.25 euro;
- (c) if (as far as reasonably ascertainable) on the Last Trading Day, no Contract for that delivery month has been made in the pit and either no offer or no bid has been made in the pit in respect of a Contract (or Contracts) for that delivery month, then exchange officials shall determine the EDSP by reference inter alia to the price at which any bid or offer, as the case may be, in respect of a Contract for that delivery month was made in the pit during such period on such day
- (d) if (as far as reasonably ascertainable) on the Last Trading Day, no Contract for that delivery month has been made in the pit and neither an offer nor a bid have been made in the pit in respect of a Contract (or Contracts) for that delivery month, then exchange officials may in their absolute discretion fix the EDSP at a price determined by them as being consistent with the prices at which any Contracts or any offers or bids in respect of a Contract were made in the pit on the Last Trading Day for the delivery month and period referred to in paragraphs e(i) and (ii) below and, if necessary, rounded to the nearest 0.25 euro.
- (e) If in the opinion of exchange officials, the EDSP which would result from a calculation made in accordance with paragraphs (a), (b) or (c) would not be consistent with the prices at which any Contracts or any offers or bids in respect of a Contract were made in the pit on the Last Trading Day for:
  - (a) the relevant delivery month prior to the applicable period referred to in paragraphs (a), (b) or (c), as the case may be; or
  - (b) any other delivery month during the applicable period referred to in paragraphs (a), (b) or (c), as the case may be,

then exchange officials may in their absolute discretion fix the EDSP at a price determined by them as being consistent with the prices, offers or bids for the delivery month and period referred to, and, if necessary, rounded to the nearest 0.25 euro.

(f) The EDSP shall be final and binding for all purposes.

## **Article 11 - SPECIAL TRANSACTIONS**

The special transactions and strategies that are authorised on the Rapeseed Futures Contract are those agreed in the NYSE Liffe trading procedures.

## **CHAPTER III - DELIVERY**

### **Article 12 - PRELIMINARIES**

At maturity, any outstanding contract will result in delivery by the seller and in accepting the delivery by the buyer, of a lot of 50 metric tonnes of goods in accordance with the provisions of these Rules and Regulations.

The Notice of Intent to Deliver submitted to LCH.Clearnet SA by the Selling Clearing Member holding a short position must be for a minimum quantity of 500 metric tonnes net per principal of Selling Clearing Member. Non compliance with the minimum delivery quantity will constitute default by the Selling Clearing Member holding a short position for the corresponding quantity to be put forward for delivery on the notification form and will result in the application of article 27 of these Rules and Regulation.

#### ***Section 1 - Delivery notification***

### **Article 13 - DELIVERY SCHEDULE**

Delivery takes place during the Delivery Period The "Delivery Period" is the delivery month, extended by, where applicable for the port in question, the number of days the port is officially closed, except public holidays.

On the first trading day following the close of a contract, the seller submits a Notice of Intent to Deliver to LCH.Clearnet SA in which it advises LCH.Clearnet SA of its intent to deliver, the port where delivery will take place, and the number of contracts involved.

On the second trading day following the contract closing, LCH.Clearnet SA assigns the Notices of Intent to Deliver to the buyers, in accordance with the terms specified in LCH.Clearnet SA instruction.

On the third trading day following the contract closing, the seller transmits a Delivery Notice to the buyer, which submits the notice, completed and signed by the counterparts, to LCH.Clearnet SA.

### **Article 14 - DELIVERY NOTICE**

The issuance of a Delivery Notice and its acceptance concretises a commitment to deliver the commodity and accept delivery of the specified number of contracts at the specified place.

### **Article 15 - ACCEPTANCE AND EXCHANGE OF DELIVERY NOTICES**

Under penalty of default, after the close of a contract, expiration,, all clearing members holding open buy positions on this contract, either for their own account or for the account of their principals, are

obligated to accept the corresponding Delivery Notice. The Notice of Intent to Deliver and the Delivery Notice must conform to the models established by LCH.Clearnet SA.

The technical conditions in which the submission of Notices of Intent to Deliver takes place, their acceptance, the exchange of Delivery Notices and the reporting of the final list of assignments are specified by LCH.Clearnet SA instructions.

## **Article 16 – ALTERNATIVE DELIVERY PROCEDURE**

After Notices of Intent to Deliver have been assigned, principals may, through an intermediary of their clearing member, agree to fulfil their obligations under conditions that differ from those specified in these Rules and Regulations; in this event, the parties may only invoke provisions concerning delivery. The clearing members acting on behalf of the parties involved will transmit a Notice of Performance to LCH.Clearnet SA in the forms specified by LCH.Clearnet SA instructions.

Upon receipt of the Notice of Performance, the delivery margins cited in articles 17 and 18 hereinafter may be refunded

### ***Section 2 - Delivery margin***

## **Article 17 - DELIVERY MARGIN**

Any clearing member holding an open contract after the contract's expiration, either for his own account or for the account of his principal, guarantees the performance of his obligations or those of his principals.

To this end, on the third day following the contract closing, the clearing member deposits a delivery margin with the clearing house in accordance with the amount and with the instruments accepted by LCH.Clearnet SA. Upon receipt by LCH.Clearnet SA of a delivery margin, the initial margin may be refunded.

## **Article 18 - ADDITIONAL DELIVERY MARGIN**

Until Notice of Performance of the contract is received, LCH.Clearnet SA may request an additional delivery margin, to be rendered immediately, if justified by a change in price of the underlying security asset.

The calculation and the terms of payment of this additional cover are specified by LCH.Clearnet SA instructions.

Additional delivery margins will be refunded upon receipt by LCH.Clearnet SA of the Notice of Performance specified in article 26 of these Rules and Regulations.

## **Article 19 - FAILURE TO PUT UP MARGINS**

Any clearing member holding an open contract after the contract's expiration, either for his own account or for the account of his principal, who fails to put up the margins cited in articles 17 and 18 of these Rules and Regulations will be considered to be in default and his counterpart will benefit from the conditions specified in article 27 of these Rules and Regulations, without prejudice to any legal proceedings that may be initiated.

Each time that the margins cited in articles 17 and 18 of these Rules and Regulations are not advanced, LCH.Clearnet SA will immediately so advise the concerned clearing member and counterpart.

## **Article 20 – REFUND OF MARGINS**



LCH.Clearnet SA will refund the various above-cited margins upon receipt of the Notice of Performance of the contract cited in article 26 of these Rules and Regulations, signed by the buyer and the seller.

In the event of non-performance of the contract, LCH.Clearnet SA will only return the two counterparts' various margins upon production of :

- documentation of the resolution, in the event of non-performance due to force majeure specified in article 29 of rules and regulations;
- or of documentation of payment of a default indemnity by the defaulting party;
- or of documentation of a court decision, and from the convicted party, proof of payment of fines;
- or of documentation releasing the party accused of having defaulted from all blame.

When the party benefiting from a court conviction of the other party advises LCH.Clearnet SA of such decision, the clearing house will invite the convicted party, by telex or telegram return receipt requested, to provide documentation, no later than ten calendar days from the receipt of this notice, of full compliance with ruling.

In the absence of such documentation following the lapsing of the specified time period, during the subsequent eight calendar days LCH.Clearnet SA will utilise the above-mentioned margins to pay the other party the amount specified by the court.

Upon production of the court's final decision, LCH.Clearnet SA will refund to the party not subject to any conviction, the various margins due to it.

### **Section 3 - Delivery**

#### **Article 21 - AVAILABILITY**

From the third trading day following the close of the contract month, the buyer notifies the seller, in the forms specified by LCH.Clearnet SA instructions, the day on which the lighter will become available, subject to notice of five business days.

Loading must begin on the working on which the lighter is made available, at the last working day of the Delivery Period. This working day is determined according to the standard practices in the port of delivery.

#### **Article 22 - DELIVERY PORTS**

A lot shall be made available in a FOB - waterway position, stowed, and with the lighter presented by the buyer ready to receive goods and "ready for loading".

The list of delivery ports and their terms of authorisation are established by instruction from LCH.Clearnet SA.

Any change in the list of authorised delivery point applies only to contract months for which there are no open positions. As an exception, for Contract months that are more than two crop years ahead, Euronext Paris SA may from time to time list or de-list an approved delivery point which shall have such effect with regard to existing or new Contracts or both as Euronext Paris SA may determine in collaboration with the Clearing House. Any such determination will be subject to prior consent from the Clearing House and will be notified to Members by means of a Notice or otherwise as Euronext Paris and the Clearing House may direct.

#### **Article 23 - OWNERSHIP TRANSFER**

Transfer of ownership between seller and buyer is made pursuant to the FOB - waterway conditions of the loading place.

#### **Article 24 - RULES GOVERNING MERCHANDISE REMOVAL**

Subject to these Rules and Regulations and the texts describing their application, the removal will be governed by the rules prevailing in the delivery ports, i.e. :

- Incograin form n° 15 of the Syndicat de Paris du Commerce et des Industries de grains, produits du sol et dérivés (Association of Grain Commerce and Industries, land products and derivatives) for ports located in France
- Einheitsbedingungen im Deutschen Getreidehandel for ports located in Germany,
- contract n° 7 of the Arbitration and Conciliation Chamber for Seeds and Grains of Antwerp for ports located in Belgium,
- or any other regulatory condition substituted for them.

If any difficulty of interpretation or conflict arises between these Rules and Regulations and, in addition, texts describing their application, and the contractual methods in force at the delivery port, these Rules and Regulations and, in addition, the texts detailing their application will prevail.

### **Article 25 - DELIVERABLE QUALITY - REDUCTIONS OR ALLOWANCES**

The quality of the deliverable merchandise is defined as follows :

- water content                                maximum 10 %
  - impurities content                            maximum 3 %
  - oleic acidity                                    maximum 2 %
  - erucic acid content                            maximum 2 %
  - glucosinolates content                        maximum 25 micromoles
- The underlying is said to be conventional rapeseed, which is defined as a product containing no genetically modified organisms, or containing genetically modified organisms whose presence is adventitious or technically unavoidable, in accordance with requirements in force under EU Regulations.<sup>1</sup>

Rapeseed that does not conform to one of these conditions cannot be delivered in performance of the Rapeseed Futures Contract. The above quality may be modified by decision of Euronext Paris S.A. to contract months for which there are no open position.

The amount payable by the buyer to the seller in exchange for physical delivery is calculated on the basis of the closing settlement price, as adjusted upwards or downwards to take account of the discrepancy between the quality delivered and the base quality.

Increases are calculated in accordance with the following scale (fraction pro rata) :

- Price increase of 1.5 % for 1 % additional oil
- Price increase of 0.5 % for 1 % less humidity
- Price increase of 0.5 % for 1 % less impurities

Decreases are calculated in accordance with the following scale :

- Price reduction of 1.5 % for 1 % less oil
- Price reduction of 1 % for 1 % more humidity
- Price reduction of 1 % for 1 % more impurities

The applicable standards for determining the above mentioned quality and the list of authorisation companies and of analysis laboratories are specified by LCH.Clearnet SA instructions.

<sup>1</sup> EC regulation n° 1829/2003 of the European Parliament and the Council of the 22 September 2003 on genetically modified food and feed (OJEU 18-10-2003).

### **Article 26 - NOTICE OF PERFORMANCE**

Once the delivery of the goods has taken place and payment has been made, the seller transmits a Notice of Performance to the buyer, who files it with LCH.Clearnet SA, each of the party acknowledging the proper performance of their mutual obligations.

This document is drawn up by the clearing members in the name of and upon instructions from their principals.

To be valid, the document must conform to the model drawn up by the LCH.Clearnet SA.

#### **Article 27 - DEFAULT**

In addition to the cases specified in article 19 of these Rules and Regulations, a party who prevents the performance of the contract under the terms specified in these Rules and Regulations, will be considered to be in default.

The default will be subject to an adjustment procedure under the terms specified by LCH.Clearnet SA instruction.

#### **Article 28 - COMPENSATION FOR DAMAGES**

The application of the provisions ensuing from article 27 of these Rules and Regulations will not constitute an obstacle to proceedings that the injured party may pursue in relation to the defaulting party if the injured party establishes that the failure to deliver, accept delivery, or to make payment resulted from gross or intentional negligence.

#### **Article 29 : FORCE MAJEURE**

Any event, independent of the will of the invoking party, of a compelling nature and generally not foreseeable, that prevents even temporarily the performance of the contract will be considered as force majeure.

A declaration of force majeure will not release the buyer or the seller from fulfilling the financial obligations specified in articles 17 and 18 of these Rules and Regulations.

LCH.Clearnet SA specifies by instruction the terms permitting one of the parties to invoke such a cause of non-performance and the principles governing its resolution.

#### **Article 30 : ARBITRATION**

Arbitration necessary in the event of a dispute will be under the jurisdiction of the local courts of arbitration designated by instruction from LCH.Clearnet SA for each delivery port.

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**FTSE EPRA/NAREIT DEVELOPED EUROPE INDEX FUTURE CONTRACT**


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<b>EXCHANGE CONTRACT CODE</b>	EPR
<b>CONTRACT SIZE</b>	One future contract is valued at € 10 per index point (e.g. value € 23,000 at 2,300.0)
<b>UNIT OF TRADING</b>	10
<b>PRICING UNIT/ QUOTATION</b>	Index points (e.g. 2,300.0)
<b>MINIMUM PRICE MOVEMENT(TICK SIZE AND VALUE)</b>	Central Order Book: 0.5 index point (€ 5 per contract) Basis Trade & Large-in-Scale Facility: 0.1 index point (€ 1 per contract)
<b>EXPIRY MONTHS</b>	Initial lifetime: 3, 6, 9 month quarterly futures Cycle: March, June, September, December
<b>INTRODUCTION OF NEW DELIVERIES</b>	New delivery months are available for trading on the first business day after the expiry of a maturity
<b>WHOLESALE SERVICE</b>	Basis Trading, Large-in-Scale Facility, AtomX
<b>TRADING HOURS</b>	Central Order Book: 08:00 – 20:00 CET (08:00 – 17:45 CET on the Last Trading Day) Large-in-Scale Facility: 07:00 – 20:00 CET (07:00 – 18:30 CET on the Last Trading Day) - Day session: 07:00 - 18:30: all trades will be cleared on the same day (T) - Evening session: 18:30 - 20:00 <sup>1</sup> : all trades will be cleared on the following business day (T+1)
<b>MARKET</b>	Paris
<b>TRADING PLATFORM</b>	UTP
<b>ALGORITHM</b>	Central order book applies a price-time trading algorithm with priority given to the first order at the best price
<b>LAST TRADING DAY</b>	Trading ceases at 17:45 CET on the relevant Friday of the delivery month. In the event that the this Friday is not a normal business day, the Last Trading Day shall normally be the last business day preceding this Friday
<b>SETTLEMENT</b>	Cash Settlement based on the EDSP
<b>SETTLEMENT DAY</b>	First business day after the Last Trading Day
<b>EXCHANGE DELIVERY SETTLEMENT PRICE (EDSP)</b>	Closing price of the FTSE EPRA/NAREIT Developed Europe Index, calculated by FTSE Group on the Last Trading Day (rounded to one decimal). Settlement takes place on the first day after expiry date.

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<sup>1</sup> A client who does not wish his order to be executed in the evening session must stipulate this condition when placing the order with the intermediary

FTSE EPRA/NAREIT DEVELOPED EUROPE INDEX FUTURE CONTRACTS

<b>CLEARING ORGANIZATION</b>	LCH.Clearnet S.A.
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**NOTE: THESE SPECIFICATIONS, WHICH APPLY FROM 1 FEBRUARY 2016, ARE SUBJECT TO MODIFICATION.**

Document title

**EURONEXT INSTRUCTION**

**EFFECTIVE DATE: 11 NOVEMBER 2014**

**SPECIAL RULES AND REGULATIONS GOVERNING THE NO. 2 MILLING WHEAT  
FUTURES CONTRACT**

Number of pages

14

*Statement in relation to the MATIF Delivery Process : Potential users of the Milling Wheat Futures Contract should familiarise themselves with the contract terms, including the clearing house rules and procedures. Potential users should notably be aware that, according to the MATIF delivery instructions of the contract, the transfer will relate to goods already in-store, via the silo transfer mechanism detailed in Article 21 of the special Rules and Regulations of the contract, and they should accordingly familiarise themselves with the terms and conditions, additional to the basis or minimum characteristics as defined in article 3, applied by the relevant silos and subject to modifications as per their terms and conditions. Market participants with short positions will be asked by the clearing house to provide evidence via warehouse receipts that they already hold the goods in-store in such period prior to the MATIF delivery date as deemed appropriate by the clearing house.*

## ARTICLE 1: PRELIMINARIES AND DEFINITIONS

This document sets forth the specific Rules and Regulations governing the transactions carried out on the No. 2 Milling Wheat Futures Contract, quoted in EUROS.

It is supplemented by instructions from the clearing house relative to the delivery of the No. 2 Milling Wheat Futures Contract.

“MATIF delivery”: The MATIF delivery in this document refers to the entire process, beginning with the issuing of the warehouse certificates up to the final transfer of ownership of the goods from the seller to the buyer, based on the conditions of the Incograin n°23 of the Syndicat du Commerce et des Industries de Grains, Produits du sol et dérivés, whether this transfer takes place under the guarantee of the clearing house (MATIF guarantee) or if this takes place without guarantee under the “alternative” procedure. The MATIF delivery does not cover the preceding period of reception of the goods of the seller by the approved silos, whose obligation under the MATIF delivery is only to issue the warehouse certificates and eventual transfer of property, from seller’s to buyer’s account, and the exit of the goods from these same silos by the buyer.

“Silo”: refers to any of the silo installations authorised to store goods.

## ARTICLE 2: PRINCIPLE

The trading of this contract is governed by MATIF rules and regulations. The clearing of this contract is governed by LCH.Clearnet SA rules and regulations.

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## CHAPTER I - THE CONTRACT

### ARTICLE 3 : UNDERLYING SECURITY ASSET

The No. 2 Milling Wheat Futures Contract's underlying security asset is wheat of "European Union" origin. The goods must be delivered dry, without abnormal odour or smell, free from living parasites on the goods and must meet all current trading standards and the legislation in force with the following specifications:

For contracts with maturities up to May 2017 included, the following basis specifications:

Specific weight:	76 kg/hl
Moisture content:	15%
Broken grains:	4%
Sprouted grains:	2%
Impurities:	2%

For contracts with maturities starting from September 2017 onwards,

(i) the following minimum specifications:

Hagberg falling number:	220 seconds
Protein content:	11% dry matter
Specific weight:	76 kg/hl

and

(ii) the following basis specifications:

Moisture content:	15%
Broken grains:	4%
Impurities:	2%

The goods must also answer to the current commercial norms and the legal and regulatory conditions in place, including any EU regulation directly enforceable. In particular, mycotoxins are not to exceed, at the time of delivery, the maximum levels specified under EU legislation in force with respect to unprocessed cereals intended for use in food products.

The basis or minimum specifications of the goods are open to modification by Euronext Paris SA for any delivery month holding zero open interest.

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These basis or minimum specifications apply to wheat entering into MATIF delivery. The approved silos can apply additional and more restrictive specifications at the entrance of the silo and in the warehouse (in particular other restrictions included in the technical addendum n°II of the Syndicat du Commerce et des Industries des Grains, Produits du sol et dérivés). Euronext Paris SA will communicate to market members any such material changes as soon as they are communicated by the approved silos.

#### **ARTICLE 4 : TRADING UNIT**

The No. 2 Milling Wheat Futures Contract is for 50 metric ton lots of goods of homogeneous quality, exempt from all duties and taxes, made available in bulk.

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## CHAPTER II - TRADING DAY

### ARTICLE 5 : TRADING SYSTEM AND TRADING HOURS

The No. 2 Milling Wheat Futures Contract is traded on the UTP electronic system or its successor during the following hours (Paris time):

Pre-opening: 07:04 a.m. to 10:45 a.m.

Trading session: 10:45 a.m. to 6:30 p.m.

### ARTICLE 6 : CONTRACT MONTHS

Operations are transacted on twelve consecutive contract months.

Contract months are November, January, March and May until May 2015 then September, December, March and May from September 2015 onwards.

### ARTICLE 7 : EXPIRY DATE OF A CONTRACT MONTH

Contracts expire on the date specified by the Exchange, in principle on the 10th of the contract month, in accordance with the schedule established by the business market. If the market is closed on that day, contracts will expire on the following trading day.

The opening of a new contract will occur on the date set by the Exchange, in principle, on the first trading day following the expiration of a contract, in accordance with the schedule established by the Exchange.

Any change in schedule will apply only to contract months for which there are no open positions.

### ARTICLE 8 : QUOTATION

The contract unit is 50 metric tons (minimum/maximum).

Quotations are made in EUROS (EUR) per metric ton and expressed exclusive of tax. The minimum increment quoted is 0.25 EUR per metric ton.

### ARTICLE 9 : DAILY SETTLEMENT PRICE (DSP)

The Settlement System in Market Services will be used to calculate the Daily Settlement Price by taking a feed of reported prices for a period of no less than two minutes before the time specified for the settlement of a contract, as notified by Euronext Paris S.A. This period is known as the

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“Settlement Range”. However, Euronext Paris S.A will also monitor market activity throughout the Trading Day to ensure that settlement prices are a fair reflection of the market.

The Settlement Range will be used to monitor spread levels. Thereafter, the following criteria will be taken into account, as applicable:

- (a) the traded price during the last minute of the Settlement Range; or, if there is more than one traded price during this time:
- (b) the trade weighted average of the prices traded during the last minute of the Settlement Range, rounded to the nearest tick; or, if there are no traded prices during this time:
- (c) the price midway between the active bids and offers at the time the settlement price is calculated, rounded to the nearest tick.

Where a trade weighted average or a midway price between active bids and offers results in a price which is not a whole tick, the rounding convention that will apply in respect of (b) and (c) above will be in accordance with that set out in the relevant contract specifications. In addition, the following criteria are monitored in Market Services and may be taken into account, as applicable:

- (d) price levels as indicated by spread quotations;
- (e) spread relationships with other contract months of the same contract; and
- (f) price levels and/or spread relationships in a related market.

#### **ARTICLE 10 : EXCHANGE DELIVERY SETTLEMENT PRICE (EDSP)**

The EDSP for a particular delivery month shall be calculated by Exchange officials on the Last Trading Day, as follows:

The prices, offers or bids used for the calculation of the EDSP shall be those during the two minute period immediately preceding cessation of trading. Where there are no prices, bids or offers in the previous two minutes, then the 30 minute period immediately preceding cessation of trading shall be used, and failing that the last trades, offers or bids prior to the 30 minute period.

- (a) if (as far as reasonably ascertainable) one or more Contracts for that delivery month have been made in the pit on the Last Trading Day:
  - (i) if only one Contract has been made, the EDSP shall be the price (as far as reasonably ascertainable) at which that Contract was made; or
  - (ii) if more than one Contract has been made, the EDSP shall be the average rounded down to the nearest 0.25 Euro of the prices (as far as reasonably ascertainable) at which such Contracts were made, weighted by reference to the number of lots (as far as reasonably ascertainable) comprised in each such Contract;

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- (b) if (as far as reasonably ascertainable) on the Last Trading Day, no Contract for that delivery month has been made in the pit but both an offer (or offers) and a bid (or bids) have been made in the pit in respect of a Contract (or Contracts) for that delivery month, then the EDSP shall be the average of the lowest price (as far as reasonably ascertainable) at which such an offer was made and the highest price at which such a bid was made and such average shall be rounded to the nearest 0.25 euro ;
- (c) if (as far as reasonably ascertainable) on the Last Trading Day, no Contract for that delivery month has been made in the pit and either no offer or no bid has been made in the pit in respect of a Contract (or Contracts) for that delivery month, then exchange officials shall determine the EDSP by reference inter alia to the price at which any bid or offer, as the case may be, in respect of a Contract for that delivery month was made in the pit during such period on such day
- (d) if (as far as reasonably ascertainable) on the Last Trading Day, no Contract for that delivery month has been made in the pit and neither an offer nor a bid have been made in the pit in respect of a Contract (or Contracts) for that delivery month, then exchange officials may in their absolute discretion fix the EDSP at a price determined by them as being consistent with the prices at which any Contracts or any offers or bids in respect of a Contract were made in the pit on the Last Trading Day for the delivery month and period referred to in paragraphs e(i) and (ii) below and, if necessary, rounded to the nearest 0.25 euro.
- (e) If in the opinion of exchange officials, the EDSP which would result from a calculation made in accordance with paragraphs (a), (b) or (c) would not be consistent with the prices at which any Contracts or any offers or bids in respect of a Contract were made in the pit on the Last Trading Day for:
  - (a) the relevant delivery month prior to the applicable period referred to in paragraphs (a), (b) or (c), as the case may be; or
  - (b) any other delivery month during the applicable period referred to in paragraphs (a), (b) or (c), as the case may be,then exchange officials may in their absolute discretion fix the EDSP at a price determined by them as being consistent with the prices, offers or bids for the delivery month and period referred to, and, if necessary, rounded to the nearest 0.25 euro.
- (f) The EDSP shall be final and binding for all purposes.

#### **ARTICLE 11 : SPECIFIC TRANSACTIONS**

The specific transactions and strategies that are authorised on the No. 2 Milling Wheat Futures Contract are those agreed in the Trading Procedures

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## CHAPTER III - DELIVERY

### ARTICLE 12 : PRELIMINARIES

At maturity, any outstanding contract will result in MATIF delivery by the principal holding a short position and in the accepting of delivery by the principal holding a long position of a lot of goods in accordance with the provisions of these Rules and Regulations.

The Notice of Intent to Deliver submitted to the clearing house by the clearing member holding a short position must be for a minimum quantity of 500 metric tons net per principal. Non-compliance with the minimum MATIF delivery quantity will constitute default by the clearing member holding a short position and will result in the application of article 26 of these Rules and Regulations.

## SECTION 1 – MATIF DELIVERY NOTICE

### ARTICLE 13 : MATIF DELIVERY SCHEDULE

Trading day in this context refers to an open day of trading for the MATIF, as published by Euronext in the annual trading day calendar.

Ownership of a lot of goods takes place in the timeframe and calendar as defined by the Incograin n°23 of the Syndicat de Paris du commerce et des Industries de Grains, produits du sol et dérivés.

Beginning with the fifth trading day preceding an upcoming expiration, the clearing house will require from principals, in accordance with the terms specified by clearing house instructions, one or more Warehouse Receipts issued by an approved silo for a quantity at least equal to their respective short positions with respect to this contract.

Warehouse Receipts must be submitted to the clearing house in accordance with the terms specified by clearing house instructions and must reach the clearing house at the contract's date of expiration at the latest. When a principal holding a short position has not fulfilled his obligations concerning the submission of Warehouse Receipts, the clearing house will automatically liquidate the contracts involved.

On the first trading day following the close of a contract, the clearing member holding a short position submits a Notice of Intent to Deliver to the clearing house in which it advises the clearing house of its intent to deliver following MATIF delivery, the silo where the MATIF delivery will be taken, the number of contracts involved and the corresponding number of Warehouse Receipts.

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On the second trading day following the contract closing, the clearing house assigns the Notices of Intent to Deliver to clearing members holding long positions and proceeds to the matching of clearing members holding long positions with those holding short positions, in accordance with the terms specified in clearing house instructions.

On the third trading day following the contract closing, the clearing member holding a short position transmits a MATIF Delivery Notice to the clearing member holding a long position who submits the notice, completed and signed by the counterparts, to the clearing house.

#### **ARTICLE 14 : DELIVERY NOTICE**

The issuance of a Delivery Notice and its acceptance concretises a commitment to deliver the commodity through MATIF delivery and accept delivery of the specified number of contracts at the specified approved silo.

#### **ARTICLE 15 : ACCEPTANCE AND EXCHANGE OF DELIVERY NOTICES**

Under penalty of default, after the close of a contract, expiration, all clearing members holding open buy positions on this contract, either for their own account or for the account of their principals, are obligated to accept the corresponding MATIF Delivery Notice.

The technical conditions in which the submission of Notice of Intent to Deliver takes place, their acceptance, the exchange of Delivery Notices and the reporting of the final list of assignments are specified by clearing house instructions.

#### **ARTICLE 16 : ALTERNATIVE DELIVERY PROCEDURE**

After Notices of Intent to Deliver have been assigned, principals may, through an intermediary of their clearing member, agree to fulfil their obligations under conditions that differ from those specified in these Rules and Regulations; in this event, the parties may only invoke provisions concerning delivery.

The clearing members acting on behalf of the parties involved will transmit a Notice of Performance to the clearing house in the forms specified by clearing house instructions.

Upon receipt of the Notice of Performance, the delivery margins cited in articles 17 and 18 hereinafter may be refunded.

Until the date of transfer of the goods, the warehouse certificate is required by the approved silo and the warehousing fees are paid by the selling counterparty, including in the case of an alternative delivery.

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## SECTION 2 – INITIAL MARGIN

### ARTICLE 17 : DELIVERY MARGIN

Any clearing member holding an open contract after the contract's expiration, either for his own account or for the account of his principal, guarantees the performance of his obligations or those of his principals. To this end and under penalty of default, on the third day following the contract closing, the clearing member deposits a delivery margin with the clearing house in accordance with the amount and with the instruments accepted by the clearing house.

Upon receipt by the clearing house of a delivery margin, the nearby delivery month initial margin may be refunded.

### ARTICLE 18 : ADDITIONAL DELIVERY MARGIN

Until Notice of Performance of the contract is received, the clearing house may request an additional delivery margin, to be rendered immediately, if justified by a change in price of the underlying security asset.

The calculation and the terms of payment of this additional cover are specified by clearing house instructions.

Additional delivery margins will be refunded upon receipt by the clearing house of the Notice of Performance specified in article 25 of these Rules and Regulations.

### ARTICLE 19 : FAILURE TO PUT UP MARGINS

Any clearing member holding an open contract after the contract's expiration, either for his own account or for the account of his principal, who fails to put up the margins cited in articles 17 and 18 of these Rules and Regulations will be considered to be in default and his counterpart will benefit from the conditions specified in article 26 of these Rules and Regulations.

Each time that the margins cited in articles 17 and 18 of these Rules and Regulations are not advanced, the clearing house will immediately so advise the concerned clearing member and counterpart.

### ARTICLE 20 : REFUND OF MARGINS

The clearing house will refund the various above-cited margins upon receipt of the Notice of Performance of the contract cited in article 25 of these Rules and Regulations, signed by the clearing member holding the long position and the clearing member holding the short position.

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In the event of non-performance of the contract, the clearing house will only return the two counterparts' various margins upon production of:

- documentation of the resolution, in the event of non-performance due to force majeure specified in article 28 of these Rules and Regulations;
- or of documentation of payment of a default indemnity by the defaulting party;
- or of documentation of a court decision, and from the convicted party, proof of payment of fines;
- or of documentation releasing the party accused of having defaulted from all blame.

When the party benefiting from a court conviction of the other party advises the clearing house of such decision, the clearing house will invite the convicted party, by telex or telegram return receipt requested, to provide documentation, no later than ten calendar days from the receipt of this notice, of full compliance with ruling.

In the absence of such documentation following the lapsing of the specified time period, during the subsequent eight calendar days the clearing house will utilise the above-mentioned margins to pay the other party the amount specified by the court.

Upon production of the court's final decision, the clearing house will refund to the party not subject to any conviction, the various margins due to it.

## **SECTION 3 – TRANSFER OF OWNERSHIP (OUTSIDE ALTERNATIVE DELIVERY PROCEDURE)**

### **ARTICLE 21 : TRANSFER OF THE COMMODITY**

The transfer of property between principals occurs by means of transfer at the silo. The transfer takes place on the seventh trading day following the contract's close. On this date, the principal making the sale gives the order to the silo, in the forms specified by instruction from the clearing house, to transfer the commodity to the purchasing principal.

Upon the order of the principal making the sale, the silo will transfer the goods to the principal making the purchase on the proper date and will draw up a transfer certificate, in the forms specified by clearing house instructions.

The transfer concerns only goods already warehoused in the specified silo, in accordance with the Incograns n°23 of the Syndicat de Paris du Commerce et des Industries de Grains, Produits du sol et dérivés.

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## ARTICLE 22: MATIF DELIVERY POINTS

The transfer of the commodity will take place in the approved silo that delivered the warehouse certificate, accordance with the instructions and notices of the clearing house.

The list of approved silos, their terms of authorisation and the terms of performance of their services are established from time to time by a Notice from the clearing house, which shall apply to such MATIF delivery months as specified in the Notice as Euronext Paris may determine.

Any change in the list of approved silos applies only to contract months for which there are no open positions. As an exception, for Contract months that are more than two crop years ahead, Euronext Paris SA and the Clearing House may from time to time, in accordance with the contractual arrangements with the concerned silos, list or de-list an approved silo, which shall have such effect with regard to existing or new Contracts or both as Euronext Paris may determine in collaboration with the Clearing House. Any such determination will be subject to prior consent from the Clearing House and will be notified to Members by means of a Notice or otherwise as Euronext Paris and the Clearing House may direct.

## ARTICLE 23: RULES AND REGULATIONS GOVERNING THE TRANSFER OF THE COMMODITY

As described in article 1, the texts of the present article 23 apply to the transfer of goods already in warehouse and do not concern any additional criteria at the entrance or exit of the silos.

Subject to these Rules and Regulations and the texts describing their application, the transfer of the commodity will be governed by:

- the “Syndicat de Paris du Commerce et des Industries de Grains, Produits du sol et dérivés”, Incograin formula no. 23;
- or the “Syndicat de Paris du Commerce et des Industries de Grains, Produits du sol et dérivés”, Technical Addendum no. 2, to the exclusion of Technical Addendum no. 1;
- or any other regulatory condition substituted for them.

If any difficulty of interpretation or conflict arises between these Rules and Regulations and, in addition, texts describing their application, and the contractual methods in force at the delivery location, these Rules and Regulations and, in addition, the texts detailing their application will prevail. The hierarchy in these texts does not hinder the approved silos' capacity to determine their conditions of entry and warehousing as detailed in Article 3.

## ARTICLE 24 : DELIVERABLE GRADE

The basis or minimum quality of the goods is defined in Article 3.

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The amount owed by the principal making the purchase, against MATIF delivery of the commodity, to the principal making the sale will be calculated on the basis of the settlement price adjusted, if necessary, by allowances as defined in Technical Addendum no. II for the Sale of Soft Milling Wheat, “Syndicat de Paris du Commerce et des Industries de Grains, Produits du sol et dérivés”.

#### **ARTICLE 25 : MATIF DELIVERY DOCUMENTATION**

The Warehouse Receipt allows the principal making the sale to attest that he has stored a certain quantity of goods in an approved silo. This document is issued by an approved silo, and transmitted to the clearing house in the forms specified by clearing house instruction.

Non provision of this warehouse receipt constitutes an event of default for the short clearing member.

The Notice of Intent to Deliver allows the clearing member with a short position to advise the clearing house of his intent to go to MATIF delivery and of the MATIF delivery location as well as the number of contracts involved.

The MATIF Delivery Notice concretises the commitment of the clearing member with the short position to deliver the number of specified contracts and the obligation of the member holding the long position to accept MATIF delivery of these contracts at the specified location.

Once the transfer of the commodity has taken place and payment has been made, the clearing member holding a short position transmits a Notice of Performance to the long clearing member who files it with the clearing house, each of the parties acknowledging the proper performance of their mutual obligations.

The Notice of Intent to Deliver, the MATIF Delivery Notice and the Notice of Performance are drawn up and signed by the clearing members in the name of and upon instructions from their principals. To be valid, these documents must conform to the models drawn up by the clearing house.

#### **ARTICLE 26 : DEFAULT**

In addition to the cases specified in articles 19 and 25 of these Rules and Regulations, a party who prevents the performance of the contract under the terms specified in these Rules and Regulations, will be considered to be in default of the MATIF delivery.

The default will be subject to an adjustment procedure under the terms specified by clearing house instruction.

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## **ARTICLE 27 : COMPENSATION FOR DAMAGES**

The application of the provisions ensuing from article 26 of these Rules and Regulations will not constitute an obstacle to proceedings that the injured party may pursue in relation to the defaulting party if the injured party establishes that the failure to MATIF delivery, accept MATIF delivery, or to make payment resulted from gross or intentional negligence.

## **ARTICLE 28 : FORCE MAJEURE**

Any event, independent of the will of the invoking party, of a compelling nature and generally not foreseeable, that prevents even temporarily the performance of the contract will be considered as force majeure.

A declaration of force majeure will not release a clearing member holding a long position or a clearing member holding a short position from fulfilling the financial obligations specified in articles 17 and 18 of these Rules and Regulations.

The clearing house specifies by instruction the terms permitting one of the parties to invoke such a cause of non-performance and the principles governing its resolution.

## **ARTICLE 29 : ARBITRATION**

Arbitration necessary in the event of a dispute will be under the jurisdiction of the local courts of arbitration designated by instruction from the clearing house.

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**CAC 40® INDEX MINI FUTURE CONTRACT**

<b>EXCHANGE CONTRACT CODE</b>	MFC
<b>CONTRACT SIZE</b>	Contract valued at € 1 per index point (e.g. value € 4,100 at 4,100.0)
<b>UNIT OF TRADING</b>	1
<b>PRICING UNIT/ QUOTATION</b>	Index points (e.g. 4,100.0)
<b>MINIMUM PRICE MOVEMENT (TICK SIZE AND VALUE)</b>	0.5 index point, equivalent to € 0.50 per contract (0.5 x € 1).
<b>EXPIRY MONTHS</b>	1, 2, 3 monthly
<b>INTRODUCTION OF NEW DELIVERY MONTHS</b>	New delivery months are available for trading on the first business day after the expiry of a maturity
<b>WHOLESALE FACILITIES</b>	Basis Trading, Large-in-Scale Facility, AtomX
<b>LAST TRADING DAY</b>	Trading ceases at 16:00 CET on the third Friday of the delivery month. In the event that the third Friday is not a business day, the Last Trading Day shall normally be the last business day preceding the third Friday
<b>SETTLEMENT</b>	Cash Settlement based on the EDSP
<b>SETTLEMENT DAY</b>	First business day after the Last Trading Day
<b>DAILY SETTLEMENT PRICE</b>	At the close of the trading session of the equities included in the CAC 40® index, Euronext determines the settlement price of each maturity of the future contract. Margin calls are made each day on the basis of the daily settlement price.
<b>EXCHANGE DELIVERY SETTLEMENT PRICE (EDSP)</b>	On the expiration date, Euronext calculates the settlement index as the arithmetic mean of all index values calculated and disseminated between 15:40 and 16:00 CET, rounded to two decimal places. Such settlement index is taken, and rounded to one decimal place, to produce the closing settlement price <sup>1</sup> . There is no physical delivery; expiration gives rise to cash payment of the final margin call. Settlement takes place on the first day after the expiration date.
<b>CLEARING ORGANIZATION</b>	LCH.Clearnet S.A.

<sup>1</sup> Please refer to Paris Notice No. 2012 – 11 issued on 26 July 2012 which provides details of the procedures to be followed when determining the closing settlement price in case of special market circumstances.

<b>TRADING HOURS</b>	Central Order Book: 08:00 to 22:00 CET (08:00 - 16:00 CET on the Last Trading Day) Large-in-Scale Facility: 07:00 to 22:00 CET (07:00 - 18:30 CET on the Last Trading Day) - Day session: 07:00 - 18:30 CET; all trades will be cleared on the same day (T) - Evening session: 18:30 - 22:00 CET; all trades will be cleared on the following business day (T+1) A client who does not wish his order to be executed in the evening session must expressly stipulate this condition when placing the order with the intermediary.
<b>TRADING PLATFORM</b>	UTP
<b>EXCHANGE CODE</b>	JF
<b>ALGORITHM</b>	Central Order Book applies a price-time trading algorithm with priority given to the first order at the best price

**NOTE THESE SPECIFICATIONS, WHICH APPLY FROM 1 FEBRUARY 2016, ARE SUBJECT TO MODIFICATION**

Euronext Instruction  
Effective date: 14 November 2016

## **TECHNICAL SPECIFICATIONS OF THE NITROGEN FERTILISER SOLUTION UAN 30 - FUTURE CONTRACT**

### **Article 1 - PRELIMINARIES**

The prescribed terms of arrangement in respect of a Derivative which is an Admitted Financial Instrument are published by the Euronext Derivatives Markets as Contract Specifications.

The present document sets forth the specific rules and regulations governing the transactions carried out on the Nitrogen fertiliser solution UAN 30 Future Contract quoted in EUROS. It is supplemented by the clearing rules issued by the clearing house, LCH SA, relative to the delivery of the Nitrogen fertiliser solution UAN 30 Future Contract.

### **Article 2 - PRINCIPLE**

The trading of this contract is governed by MATIF rules and regulations. The clearing of this Nitrogen fertiliser solution UAN 30 Future Contract is governed by LCH SA rules and regulations.

Any potential market participant should familiarise itself with, and apply the General terms and conditions (GTC) of the approved Terminal, insofar the provisions of the GTC are relevant in respect of the situation, and should keep itself informed of their updates.

## **CHAPTER I - THE CONTRACT**

### **Article 3 - UNDERLYING SECURITY ASSET**

The Nitrogen fertiliser solution UAN 30 Future Contract's underlying security asset is a nitrogen fertilizer solution derived from urea and ammonium nitrate as per EU REGULATION (EC) No 2003/2003 OF THE EUROPEAN PARLIAMENT ("the goods" or the commodity") relating to fertilisers as amended from time to time and EU REGULATION (EC) No 1907/2006 (REACH), Annex II, with sound, fair and merchantable quality, all duties and taxes paid, and having the following specifications:

#### **Chemical analysis:**

- Total Nitrogen content: 30 %<sup>1</sup>,  
Ureic nitrogen 15%, Ammoniacal nitrogen 7,5%, Nitric nitrogen 7,5%

#### **Physical analysis:**

- Appearance: No sediment, free of solid particles
- Relative density equivalent at 20°C +/-0,5°C= 1,305-1,325
- Containing corrosion inhibitor

### **Article 4 - TRADING UNIT**

The Nitrogen fertiliser solution UAN 30 Future Contract is for 30 metric ton lots of goods of homogeneous quality, all duties and taxes paid, made available in bulk.

## **CHAPTER II - TRADING DAY**

### **Article 5 – TRADING SYSTEM AND TRADING HOURS**

The Nitrogen fertiliser solution UAN 30 Future Contract is traded on the UTP electronic system or its successor, during the following hours (Paris time) :

Pre-opening :            7:04 a.m. - 10:45 a.m.

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<sup>1</sup> Tolerance margins in accordance with EC regulation 2003/2003, (Annex II, 1.1, 4.). Total nitrogen grade as per contract 30% (can also stem from UAN-32 solution with increased water content).

Trading session : 10:45 a.m. - 6:30 p.m.

### **Article 6 - CONTRACT MONTHS**

Operations are transacted on 10 consecutive contract months.

Contract months are: March, June, September, November.

### **Article 7 – EXPIRY DATE OF A CONTRACT MONTH**

Contracts expire on the date specified by the Exchange, in principle the 10<sup>th</sup> calendar day of the month preceding the delivery month (or any prior Trading Day if the 10<sup>th</sup> is a non-trading day), in accordance with the schedule established by the business market.

The opening of a new contract will occur on the date set by the Exchange, in principle on the first trading day of the month following the expiration of a contract, in accordance with the schedule established by the Exchange.

Any change in schedule will apply only to contract months for which there are no open positions.

### **Article 8 - QUOTATIONS**

The contract unit is 30 metric tons (minimum/maximum).

Quotations are made in EUROS (EUR) per metric ton. They are expressed exclusive of tax.

The minimum quotation set is 0,25 EUR per metric ton.

### **Article 9 - DAILY SETTLEMENT PRICE (DSP)**

The Settlement System in Market Services will be used to calculate the Daily Settlement Price by taking a feed of reported prices for a period of no less than two minutes before the time specified for the settlement of a contract, as notified by Euronext Paris S.A. This period is known as the “Settlement Range”. However,



Euronext Paris S.A will also monitor market activity throughout the Trading Day to ensure that settlement prices are a fair reflection of the market.

The Settlement Range will be used to monitor spread levels. Thereafter, the following criteria will be taken into account, as applicable:

- (a) the traded price during the last minute of the Settlement Range; or, if there is more than one traded price during this time:
- (b) the trade weighted average of the prices traded during the last minute of the Settlement Range, rounded to the nearest tick; or, if there are no traded prices during this time:
- (c) the price midway between the active bids and offers at the time the settlement price is calculated, rounded to the nearest tick.

Where a trade weighted average or a midway price between active bids and offers results in a price which is not a whole tick, the rounding convention that will apply in respect of (b) and (c) above will be in accordance with that set out in the relevant contract specifications. In addition, the following criteria are monitored in Market Services and may be taken into account, as applicable:

- (d) price levels as indicated by spread quotations;
- (e) spread relationships with other contract months of the same contract; and
- (f) price levels and/or spread relationships in a related market.

#### **Article 10 – EXCHANGE DELIVERY SETTLEMENT PRICE (EDSP)**

The EDSP for a particular delivery month shall be calculated by Exchange officials on the Last Trading Day, as follows:

The prices, offers or bids used for the calculation of the EDSP shall be those during the two minute period immediately preceding cessation of trading. Where there are no prices, bids or offers in the previous two minutes, then the 30 minute period immediately preceding cessation of trading shall be used, and failing that the last trades, offers or bids prior to the 30 minute period.

- (a) if (as far as reasonably ascertainable) one or more Contracts for that delivery month have been made in the pit on the Last Trading Day:

- (i) if only one Contract has been made, the EDSP shall be the price (as far as reasonably ascertainable) at which that Contract was made; or
- (ii) if more than one Contract has been made, the EDSP shall be the average rounded to the nearest 0.25 Euro of the prices (as far as reasonably ascertainable) at which such Contracts were made, weighted by reference to the number of lots (as far as reasonably ascertainable) comprised in each such Contract;

(b) if (as far as reasonably ascertainable) on the Last Trading Day, no Contract for that delivery month has been made but both an offer (or offers) and a bid (or bids) have been made in respect of a Contract (or Contracts) for that delivery month, then the EDSP shall be the average of the lowest price (as far as reasonably ascertainable) at which such an offer was made and the highest price at which such a bid was made and such average shall be rounded to the nearest 0.25 euro ;

(c) if (as far as reasonably ascertainable) on the Last Trading Day, no Contract for that delivery month has been made in the pit and either no offer or no bid has been made in the pit in respect of a Contract (or Contracts) for that delivery month, then exchange officials shall determine the EDSP by reference inter alia to the price at which any bid or offer, as the case may be, in respect of a Contract for that delivery month was made in the pit during such period on such day

(d) if (as far as reasonably ascertainable) on the Last Trading Day, no Contract for that delivery month has been made in the pit and neither an offer nor a bid have been made in the pit in respect of a Contract (or Contracts) for that delivery month, then exchange officials may in their absolute discretion fix the EDSP at a price determined by them as being consistent with the prices at which any Contracts or any offers or bids in respect of a Contract were made on the Last Trading Day for the delivery month and period referred to in paragraphs e(i) and (ii) below and, if necessary, rounded to the nearest 0.25 euro.

(e) If in the opinion of exchange officials, the EDSP which would result from a calculation made in accordance with paragraphs (a), (b) or (c) would not be consistent with the prices at which any Contracts or any offers or bids in respect of a Contract were made in the pit on the Last Trading Day for:

(i) the relevant delivery month prior to the applicable period referred to in paragraphs (a), (b) or (c), as the case may be; or

(ii) any other delivery month during the applicable period referred to in paragraphs (a), (b) or (c), as the case may be,

then exchange officials may in their absolute discretion fix the EDSP at a price determined by them as being consistent with the prices, offers or bids for the delivery month and period referred to, and, if necessary, rounded to the nearest 0.25 euro.

(f) The EDSP shall be final and binding for all purposes.

### **Article 11 - SPECIAL TRANSACTIONS**

The special transactions and strategies that are authorised on the Nitrogen fertiliser solution UAN 30 Future Contract are those agreed in the Euronext trading procedures.

## **CHAPTER III - DELIVERY**

### **Article 12 – PRELIMINARIES**

“MATIF delivery procedure”: The MATIF delivery procedure or “CCP delivery procedure” mentioned in this document refers to the delivery procedure which takes place under the guarantee of the clearing house (“MATIF” or “CCP” guarantee). Alternatively, the delivery procedure may take place without the “CCP” guarantee under the “alternative” procedure.

Potential users of the Nitrogen fertiliser solution UAN 30 Future contract should familiarise themselves with the contract terms, and the clearing house’s clearing rules. Potential users should notably be aware that, according to the clearing rules, the delivery will relate to goods already in-tank. Therefore, in addition, they should accordingly familiarise themselves with the terms and conditions applied from time to time by the approved terminal. Market participants with short

positions will be asked to provide evidence to their clearing members via storage certificate that they already hold the goods in-tank in such period prior to the Expiry - as set forth by the clearing house.

At maturity, any outstanding contract with the minimum quantity mentioned below will result in delivery by the seller and in accepting the delivery by the buyer, of metric tons of goods in accordance with the provisions of the present technical specifications.

The notification notice submitted to LCH SA by the Selling Clearing Member must be for a minimum quantity of 300 metric tons net per principal of Selling Clearing Member. Non-compliance with the minimum delivery quantity will constitute default by the Selling Clearing Member holding a short position for the corresponding quantity to be put forward for delivery on the notification form and will result in the application of article 27 of these contract specifications.

### ***Section 1 - Delivery notification***

#### **Article 13 - DELIVERY SCHEDULE**

Delivery takes place from the 6<sup>th</sup> trading day following the Expiry until the end of the Delivery Period.

“Delivery Period” is the period commencing on and including the 1<sup>st</sup> trading Day following the Expiry (mentioned on article 7) and up to the last working day of specified Contract month.

The detailed delivery schedule is mentioned on LCH SA’s clearing rules, notably into LCH SA’s Notice relating to the delivery procedure applied to nitrogen fertiliser solution UAN 30.

Mainly :

On the 1<sup>st</sup> trading day following the Expiry, the selling Clearing Member submits a notification notice to LCH SA in which it advises LCH SA of its intent to deliver, the terminal where delivery will take place, and the number of contracts involved.

- On the 2<sup>nd</sup> trading day following the Expiry, LCH SA assigns the notification notice to the buying Clearing Members, in accordance with the terms specified in LCH SA clearing rules.
  
- On the 3<sup>rd</sup> trading day following the Expiry, the selling Clearing Member transmits a Delivery Notice to the buying Clearing Member, which submits the delivery notice, completed and signed by the counterparts, to the LCH SA.

#### **Article 14 - DELIVERY NOTICE**

The issuance of a Delivery Notice and its acceptance concretises a commitment to deliver the commodity and accept delivery of the specified number of contracts at the specified place.

#### **Article 15 - ACCEPTANCE AND EXCHANGE OF DELIVERY NOTICES**

Under penalty of default, after the Expiry, all clearing members holding open buy positions on this contract, either for their own account or for the account of their principals, are obligated to accept the corresponding Delivery Notice. The notification notice and the Delivery Notice must conform to the models established by LCH SA.

The technical conditions in which the submission of Notification notice to Deliver takes place, their acceptance, the exchange of Delivery Notices and the reporting of the final list of assignments are specified by LCH SA Clearing rules.

#### **Article 16 – ALTERNATIVE DELIVERY PROCEDURE**

After notification notices have been assigned and the delivery notices have been sent to LCH SA, principals may, through an intermediary of their clearing members, agree to fulfil their obligations under conditions that differ from the contract specifications; in this event, the parties may only invoke provisions concerning delivery.

The clearing members acting on behalf of the parties involved will transmit a Notice of Performance to LCH SA in the forms specified by LCH SA Clearing Rules. Upon receipt of the Notice of Performance, the delivery margins cited in articles 17 and 18 hereinafter may be refunded

## ***Section 2 - Delivery margin***

### **Article 17 - DELIVERY MARGIN**

Any clearing member holding an open contract after the contract's expiration, either for his own account or for the account of his principal, guarantees the performance of his obligations or those of his principals.

To this end, on the 3<sup>rd</sup> day following the contract closing, the clearing member deposits a delivery margin with the clearing house in accordance with the amount and with the instruments accepted by the LCH SA. Upon receipt by LCH SA of a delivery margin or the Notice of Performance in case of alternative delivery procedure, the initial margin may be refunded.

### **Article 18 - ADDITIONAL DELIVERY MARGIN**

Until Notice of Performance of the contract is received, LCH SA may request an additional delivery margin, to be rendered immediately, if justified by a change in price of the underlying security asset.

The calculation and the terms of payment of this additional cover are specified by LCH SA clearing rules.

Additional delivery margins will be refunded upon receipt by LCH SA of the Notice of Performance specified in article 26 of these contract specifications.

### **Article 19 - FAILURE TO PUT UP MARGINS**

Any clearing member holding an open contract after the contract's expiration, either for his own account or for the account of his principal, who fails to put up

the margins cited in articles 17 and 18 of these contract specifications will be considered to be in default and his counterpart will benefit from the conditions specified in article 26 of these contract specifications, without prejudice to any legal proceedings that may be initiated.

Each time that the margins cited in articles 17 and 18 of these contract specifications are not advanced, LCH SA will immediately so advise the concerned clearing member and counterpart.

### **Article 20 – REFUND OF MARGINS**

LCH SA will refund the various above-cited margins upon receipt of the Notice of Performance of the contract cited in article 26 of these contract specifications, signed by the buying Clearing Member and the selling Clearing Member.

In the event of non-performance of the contract, the clearing house will only return the two counterparts' various margins upon production of:

- documentation of the resolution, in the event of non-performance due to force majeure specified in article 29 of these contract specifications;
- or of documentation of payment of a default indemnity by the defaulting party;
- or of documentation of a court decision, and from the convicted party, proof of payment of fines;
- or of documentation releasing the party accused of having defaulted from all blame.

### ***Section 3 - Delivery***

### **Article 21 - AVAILABILITY**

From the 4<sup>th</sup> trading day following the Expiry and until two working days before the planned delivery day, the buyer notifies the seller, in the forms specified by LCH SA clearing rules, the day on which the transfer of the goods should occur.

From the 5<sup>th</sup> trading day following the Expiry and until one working day before the planned delivery day, the seller notifies the terminal, pursuant to the General Terms and Conditions of the approved terminal and in the forms specified by LCH SA clearing rules, the day or day(s) on which the physical transfer of the goods will occur.

Delivery takes place from the 6<sup>th</sup> trading day following the Expiry until the end of the Delivery Period.

Delivery period is the period commencing on and including the 1<sup>st</sup> trading Day following the Expiry (mentioned on article 7) and up to the last working day of specified Contract month.

## **Article 22 - DELIVERY POINTS**

Each lot shall be made available FCA at the place of the approved terminal and presented "ready for loading" to the buyer ready to receive goods. The list of delivery points and their terms of authorisation are established into LCH SA's clearing rules.

Any change in the list of authorised delivery point applies only to contract months for which there are no open positions.

## **Article 23 – RISKS TRANSFER - OWNERSHIP TRANSFER**

Transfer of risk between seller and buyer is made pursuant to the FCA – 2010 Incoterm conditions of the accredited loading place.

The transfer of ownership occurs on the delivery day, once the buying Clearing Member's order giver has taken delivery of the goods either by:

- loading the goods on a truck, or,
- loading the goods on a train, or,



- the transfer of the goods from the selling Clearing Member's order giver storage capacity into the terminal book-entry to the buying Clearing Member's order giver storage capacity into the terminal book-entry, if any.

By exception, if the buying Clearing Member has ordered an analysis of the quality of the goods, the transfer of ownership only occurs when the buying Clearing Member and its order giver have received the results of analysis mentioning that the quality of the goods comply with the deliverable quality of the goods as per the contract specifications.

#### **Article 24 - RULES GOVERNING MERCHANDISE REMOVAL**

Subject to the technical specifications, the removal of the goods will be governed by the rules prevailing in the delivery points, i.e.:

- General Terms and Conditions of the approved terminal.
- or any other State or European regulatory provisions prevailing

#### **Article 25 - DELIVERABLE QUALITY**

The quality of the deliverable merchandise is defined as per details under Article 3 herein.

The approved terminal warrants that goods, according to the documents provided by the Selling clearing member's order giver, correspond to the specifications set under article 3 – "Underlying security asset".

#### **Article 26 - NOTICE OF PERFORMANCE**

Once the delivery of the goods has taken place and payment has been made, the selling Clearing Member transmits a Notice of Performance to the buyer, who files it with LCH SA, each of the party acknowledging the proper performance of their mutual obligations.

This document is drawn up by the clearing members in the name of and upon instructions from their principals.

To be valid, the document must conform to the model drawn up by LCH SA.

#### **Article 27 - DEFAULT**

In addition to the cases specified in article 19 of the present technical specifications, the selling clearing member, the buying clearing member, and/or their respective order-giver who prevents the performance of the contract under the terms specified in these technical specifications, will be considered to be in default.

The default will be subject to an adjustment procedure under the terms specified by LCH SA clearing rules.

#### **Article 28 - COMPENSATION FOR DAMAGES**

The application of the provisions ensuing from article 27 of these technical specifications will not constitute an obstacle to proceedings that the injured party may pursue in relation to the defaulting party if the injured party establishes that the failure to deliver, accept delivery, or to make payment resulted from gross or intentional negligence.

#### **Article 29 : FORCE MAJEURE**

Any event, independent of the will of the invoking party, of a compelling nature and generally not foreseeable, that prevents even temporarily the performance of the contract will be considered as force majeure.

A declaration of force majeure will not release the buyer or the seller from fulfilling the financial obligations specified in articles 17 and 18 of these technical specifications.

LCH SA specifies into its Clearing Rules the terms permitting one of the parties to invoke such a cause of non-performance due to force majeure and the principles governing its resolution.

**Article 30 : DISPUTES - JURISDICTION**

In the event of a dispute, the Parties shall seek first an amicable settlement to their conflict. Should such amicable settlement not be reached, the dispute will be submitted to the court as hereafter described.

In the event of a dispute not solved as abovementioned, the Paris Commercial Court shall have express and exclusive jurisdiction, even when there are several defendants or when a third party is involved, and including emergency proceedings or proceedings concerning protective measures, summary proceedings or ex parte proceedings.

11 June 2014

## **TECHNICAL SPECIFICATION OF THE CORN OPTION CONTRACT**

### **Article 1 DEFINITION AND UNDERLYING INSTRUMENT**

These regulations apply to buy and sell transactions made on the negotiable option contracts on the Corn Futures Contract quoted in EUROS (EUR).

### **Article 2 TRADING UNIT**

The option applies to one Corn Futures Contract quoted in EUR.

### **Article 3 OPTION STYLE**

The option may be exercised at any time up to its date of expiry (American-style option). The time limit for requests to exercise or to abandon is 45 minutes after the closing of the market each clearing day including the last trading day.

An option that is exercised creates an open position on the underlying instrument at the strike price.

### **Article 4 EXERCISE PRICE**

The Option with an exercise price the closest to the price of the Corn Futures Contract are quoted at all times, as are options on the five exercise prices immediately above and the five exercise prices immediately below that price.

The spread between two exercise prices is set at 1 EUR per metric tonne.

### **Article 5 TRADING SYSTEM AND TRADING HOURS**

The Corn Option Contract is traded on the Euronext UTP® Trading Host for Futures and Options, during the following hours (Paris time):

Pre-opening: 07:04 am to 10:45 am Trading session: 10:45 am to 18:30 pm

### **Article 6 QUOTATION**

The option quotation refers to its premium, expressed in EUR per metric tonne, to one decimal point.

## **Article 7      MINIMUM PRICE FLUCTUATION (TICK)**

The minimum price fluctuation is set at 0.1 EUR per metric tonne, or 5 EUR per contract.

## **Article 8      CONTRACT CYCLES**

Transactions are made on the reference of the underlying futures contract delivery months which are available for trading.

## **Article 9      FIRST AND LAST TRADING DAYS**

The last trading day occurs on the 15<sup>th</sup> day of the month preceding the expiration month, at the end of the trading day. If in the event that the market is closed, the last trading day occurs on the preceding trading day.

The first trading day occurs on the first trading day of the underlying futures contract.

## **Article 10     SETTLEMENT**

### **10.1 Principle of Corn Options Contract settlement**

At the expiry, after Euronext Paris S.A. has determined a reference price, in-the-money options are subject to an automatic exercise procedure, unless requested otherwise by the buyer.

At the expiry of out-of-the-money options and at-the-money options, the options are subject to an automatic procedure of abandonment, unless requested otherwise.

The price that serves as a reference to determine an in-the-money option corresponds to the daily settlement price of the Corn Futures Contract fixed at the option expiry date. The settlement price determined by Euronext Paris S.A. takes into account the last prices traded or quoted or, in the absence of quotations, the trend of other international markets and of any other assessment factors.

Requests for the exercise of at-the-money or out-of-the-money options give rise between Clearing Members to the assignment of Sellers' positions on a pro rata basis. Requests to abandon in-the-money options give rise to close-out of Sellers' positions.

For a buy option (call), the first exercise price is automatically exercised at least one tick below the closing settlement price, or 0.25 EUR.

For a sell option (put), the first exercise price is automatically exercised at least one tick above the closing settlement price, or 0.25 EUR.

### **10.2 settlement procedure**

The expiry of a contract month is normally at 18:30 (\*) on the 15<sup>th</sup> day of the month preceding the delivery month of the futures contract. In the event that the market is closed, the expiry will be the preceding trading day.

The expiry procedure takes place as follows (Paris time):

- 18:30 (\*) : close of trading,
- 19:15 (\*) : publication of the daily settlement price of the relevant Corn Futures Option Contract expiry,
- 19:15 (\*) : close of exercise requests and abandonment,
- 19:30 (\*) : end of booking, end of clearing session
- 20:00 (\*) : the results of exercises and assignments by strike price increment are made available to clearing members via messages available on their CAP (Certified Access Point), MAP (Multiple Access point) and CCW (Clearnet clearing workstation),
- 20:00 (\*) : publication of open interest by strike price increment via messages available on the clearing members' CAP, MAP and CCW.

(\*) Hours are indicative only, and may vary according to market conditions.

These steps in the procedure enable Euronext Paris S.A. to calculate and disseminate the following information :

### **1. Reference prices**

The reference price corresponds to the daily settlement price fixed by Euronext Paris S.A. at 19:15 (\*), and indicates to market participants the exercise price at which options will be exercised automatically or abandoned.

### **2. Requests to exercise and to abandon**

Expiry (the closing for requests to exercise and to abandon) takes place at 19:15 (\*) the day of contract expiry, which allows the list of non-automatic requests to be prepared.

### **3. Calculation of open interest by exercise price**

The calculation of open interest by exercise price, on the exercised strike price or out-traded, is normally available at 20:00.

## **Article 11 APPLICABLE REGULATIONS**

Trading of this contract is subject to the Rules and Regulations of the MATIF and clearing is subject to the rules of LCH.Clearnet SA.

August 2012

## **TECHNICAL SPECIFICATIONS OF THE RAPESEED OPTION CONTRACT**

### **Article 1 DEFINITION AND UNDERLYING INSTRUMENT**

These regulations apply to transactions made on the negotiable put and call option contracts on the Rapeseed Futures Contract quoted in EUROS (EUR).

### **Article 2 TRADING UNIT**

The option applies to one Rapeseed Futures Contract quoted in EUR.

### **Article 3 OPTION STYLE**

The option may be exercised at any time up to its date of expiry (American-style option). The time limit for requests to exercise or to abandon is 30 minutes after the closing of the market each clearing day including the last trading day.

An option exercised creates an open position on the underlying instrument at the strike price.

### **Article 4 EXERCISE PRICE**

The Options with an exercise price closest to the price of the Rapeseed Futures Contract are listed at all times, as are (at a minimum) options on the ten exercise prices immediately above that price and options on the ten exercise prices immediately below that price.

The spread between two exercise prices is set at 2.5 EUR per metric tonne.

### **Article 5 TRADING SYSTEM AND TRADING HOURS**

The Rapeseed Option Contract is traded on the LIFFE CONNECT® Trading Host for Futures and Options during the following hours (Paris time):

Pre-opening: 07:04 am to 10:45 am      Trading session: 10:45 am to 18:30 pm

### **Article 6 QUOTATION**

The option quotation refers to its premium, expressed in EUR per metric tonne, carried to one decimal point.

### **Article 7 MINIMUM PRICE FLUCTUATION FOR PREMIUM**

The minimum price fluctuation is set at 0.1 EUR per metric tonne, or 5 EUR per contract.

## **Article 8 EXPIRY MONTHS**

Expiry months are set with reference to the underlying futures contract delivery months which are available for trading.

## **Article 9 FIRST AND LAST TRADING DAYS**

The last trading day occurs on the date fixed by the Exchange, in general the 15<sup>th</sup> of the month preceding the option expiration month, at the end of the trading day. In case of the market being closed, the last trading day occurs on the preceding open trading day.

The first trading day occurs on the first trading day of the underlying futures contract.

## **Article 10 SETTLEMENT**

### **10.1 Principle of Rapeseed Option Contract settlement**

At the expiry, after Euronext Paris S.A. has determined a reference price, in-the-money options are subject to an automatic exercise procedure, unless requested otherwise by the buyer.

At the expiry of out-of-the-money options and at-the-money options, the options are subject to an automatic procedure of abandonment, unless requested otherwise.

The price that serves as a reference to determine an in-the-money option corresponds to the daily settlement price of the Rapeseed Futures Contract fixed at the option expiry date. The settlement price determined by Euronext Paris S.A. takes into account the last prices traded or quoted, or in the absence of quotations, the trend of the other international markets and of any other assessment factors.

Requests for the exercise of at-the-money or out-of-the-money options give rise between Clearing Members to the assignment of Sellers' positions on a pro rata basis. Requests to abandon in-the-money options give rise to close-out of Sellers' positions.

For a buy option (call), the first exercise price is automatically exercised at least one tick below the closing settlement price, or 0.25 EUR.

For a sell option (put), the first exercise price is automatically exercised at least one tick above the closing settlement price, or 0.25 EUR

### **10.2 settlement procedure**

The expiry of a contract month is normally at 18:30 (\*) on the 15<sup>th</sup> of the month preceding the delivery month of the futures contract. In the event that the market is closed, the expiry will be the preceding open trading day.

The expiry procedure takes place as follows (Paris time):

- 18:30 (\*): close of trading,
- 19:00 (\*): publication of the daily settlement price of the relevant Rapeseed Futures Contract expiry,



- 19:00 (\*): close of exercise requests and abandonment,
- 19:30 (\*): end of booking, end of clearing session
- 20:00 (\*): the results of exercises and assignments by strike price increment are made available to clearing members via messages available on their CAP (Certified Access Point), MAP (Multiple Access point) and CCW (Clearnet clearing workstation),
- 20:00 (\*): publication of open interest by strike price increment via messages available on the clearing members' CAP, MAP and CCW.

(\*): Hours are indicative only, and may vary according to market conditions.

These steps in the procedure enable Euronext Paris S.A. to calculate and disseminate the following information:

### **1. Reference prices**

The reference price corresponds to the daily settlement price fixed by Euronext Paris S.A. at 19:00 (\*), and indicates to market participants the exercise price at which options will be exercised automatically or abandoned.

### **2. Requests to exercise and to abandon**

Expiry (the closing for requests to exercise and to abandon) is effective at 19:00 (\*) the day of contract expiry, which allows the list of non-automatic requests to be prepared.

### **3. Calculation of open interest by exercise price**

The calculation of open interest by exercise price, on the exercised strike price or out-traded, is available the next trading day.

## **Article 11 APPLICABLE REGULATIONS**

Trading of this contract is subject to the Rules and Regulations of the MATIF and clearing is subject to the rules of LCH.Clearnet SA.

August 2012

## **TECHNICAL SPECIFICATIONS OF THE NO. 2 MILLING WHEAT OPTION CONTRACT**

### **Article 1      DEFINITION AND UNDERLYING INSTRUMENT**

These regulations apply to transactions made on the negotiable put and call option contracts on the No. 2 Milling Wheat Futures Contract quoted in EUROS (EUR).

### **Article 2      TRADING UNIT**

The option applies to one No. 2 Milling Wheat Futures Contract quoted in EUR.

### **Article 3      OPTION STYLE**

The option may be exercised at any time up to its date of expiration (American-style option). The time limit for requests to exercise or to abandon is set to 30 minutes after the closing of the market each clearing day including the last trading day.

An option exercised creates an open position on the underlying instrument at the strike price.

### **Article 4      EXERCISE PRICE**

The Options with an exercise price closest to the price of the No. 2 Milling Wheat Futures Contract are listed at all times, as are (at a minimum) options on the five exercise prices immediately above that price and options on the five exercise prices immediately below that price.

The spread between two exercise prices is set at 1 EUR per metric tonne.

### **Article 5      TRADING SYSTEM AND TRADING HOURS**

The No. 2 Milling Wheat Option Contract is traded on the LIFFE CONNECT® Trading Host for Futures and Options during the following hours (Paris time):

Pre-opening: 07:04 am to 10:45 am      Trading session: 10:45 am to 18:30 pm

### **Article 6      QUOTATION**

The option quotation refers to its premium, expressed in EUR per metric tonne, carried to one decimal point.

### **Article 7      MINIMUM PRICE FLUCTUATION FOR PREMIUM**

The minimum price fluctuation is set at 0.1 EUR per metric tonne, or 5 EUR per contract.

## **Article 8 EXPIRY MONTHS**

Expiry months are set with reference to the underlying futures contract delivery months which are available for trading.

## **Article 9 FIRST AND LAST TRADING DAYS**

The last trading day occurs on the date fixed by the Exchange, in general the 15<sup>th</sup> of the month preceding the expiration month, at the end of the trading day. In case of the market being closed, the last trading day occurs on the next open trading day.

The first trading day occurs on the first trading day of the underlying futures contract.

## **Article 10 SETTLEMENT**

### **10.1 Principle of No. 2 Milling Wheat Option Contract settlement**

At the expiry, after Euronext Paris S.A. has determined a reference price, in-the-money options are subject to an automatic exercise procedure, unless requested otherwise by the buyer.

At the expiry of out-of-the-money options and at-the-money options, the options are subject to an automatic procedure of abandonment, unless requested otherwise.

The price that serves as a reference to determine an in-the-money option corresponds to the daily settlement price of the No. 2 Milling Wheat Futures Contract fixed at the option expiry date. The settlement price determined by Euronext Paris S.A. takes into account the last prices traded or quoted, or in the absence of quotations, the trend of other international markets and of any other assessment factors.

Requests for the exercise of at-the-money or out-of-the-money options give rise between Clearing Members to the assignment of Sellers' positions on a pro rata basis. Requests to abandon in-the-money options give rise to close-out of Sellers' positions.

For a buy option (call), the first exercise price is automatically exercised at least one tick below the closing settlement price, or 0.25 EUR.

For a sell option (put), the first exercise price is automatically exercised at least one tick above the closing settlement price, or 0.25 EUR.

### **10.2 Settlement procedure**

The expiry of a contract month is normally at 18:30 (\*) on the 15<sup>th</sup> of the month preceding the delivery month of the futures contract. In the event that the market is closed, the expiry will be the next open trading day.

The expiry procedure takes place as follows (Paris time):

- 18:30 (\*): close of trading,
- 19:00 (\*): publication of the daily settlement price of the relevant No. 2 Milling Wheat Futures Contract expiry,

- 19:00 (\*): close of exercise requests and abandonment,
- 19:30 (\*): end of booking, end of clearing session
- 20:00 (\*): the results of exercises and assignments by strike price increment are made available to clearing members via messages available on their CAP (Certified Access Point), MAP (Multiple Access point) and CCW (Clearnet clearing workstation),
- 20:00 (\*): publication of open interest by strike price increment via messages available on the clearing members' CAP, MAP and CCW.

(\*): Hours are indicative only, and may vary according to market conditions.

These steps in the procedure enable Euronext Paris S.A. to calculate and disseminate the following information:

### **1. Reference prices**

The reference price corresponds to the daily settlement price fixed by Euronext Paris S.A. at 19:00 (\*), and indicates to market participants the exercise price at which options will be exercised automatically or abandoned.

### **2. Requests to exercise and to abandon**

Expiry (the closing for requests to exercise and to abandon) is effective at 19:00 (\*) the day of contract expiry, which allows the list of non-automatic requests to be prepared.

### **3. Calculation of open interest by exercise price**

The calculation of open interest by exercise price, on the exercised strike price or out-traded, is available the next trading day.

## **Article 11 APPLICABLE REGULATIONS**

The trading of this contract is subject to the Rules and Regulations of the MATIF and the clearing is subject to the rules of LCH.Clearnet SA.

## **TECHNICAL SPECIFICATIONS OF THE RAPESEED MEAL FUTURES OPTION**

### **Article 1 DEFINITION AND UNDERLYING INSTRUMENT**

These regulations apply to transactions made on the negotiable put and call option contracts on the Rapeseed Meal Futures Contract quoted in EUROS (EUR).

### **Article 2 TRADING UNIT**

The option applies to one Rapeseed Meal Futures Contract quoted in EUR.

### **Article 3 OPTION STYLE**

The option may be exercised at any time up to its date of expiry (American-style option). The time limit for requests to exercise or to abandon is 45 minutes after the closing of the market each clearing day including the last trading day.

An option that is exercised creates an open position on the underlying instrument at the strike price.

### **Article 4 EXERCISE PRICE**

The Options with an exercise price closest to the price of the Rapeseed Meal Futures Contract are listed at all times, as are (at a minimum) options on the ten exercise prices immediately above that price and options on the ten exercise prices immediately below that price.

The spread between two exercise prices is set at 2.5 EUR per metric tonne.

### **Article 5 TRADING SYSTEM AND TRADING HOURS**

The Rapeseed Meal Option Contract is traded on the Euronext UTP® Trading Host for Futures and Options during the following hours (Paris time):

Pre-opening: 07:04 am to 10:45 am      Trading session: 10:45 am to 18:30 pm

### **Article 6 QUOTATION**

The option quotation refers to its premium, expressed in EUR per metric tonne, carried to one decimal point.

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## **Article 7      MINIMUM PRICE FLUCTUATION FOR PREMIUM**

The minimum price fluctuation is fixed at 0.1 EUR per metric tonne, or 3 EUR per contract.

## **Article 8      CONTRACT CYCLES**

Transactions are made on reference of the underlying futures contract delivery months which are available for trading.

## **Article 9      FIRST AND LAST TRADING DAYS**

The last trading day occurs on the date fixed by the Exchange, in general the 15<sup>th</sup> of the month preceding the option expiration month, at the end of the trading day. In case of the market being closed, the last trading day occurs on the preceding open trading day.

The first trading day occurs on the first trading day of the underlying futures contract.

## **Article 10     SETTLEMENT**

### **10.1 Principle of Rapeseed Meal Futures Option Contract settlement**

At the expiry, after Euronext Paris SA. has determined a reference price, in-the-money options are subject to an automatic exercise procedure, unless requested otherwise by the buyer.

At the expiry of out-of-the-money options and at-the-money options, the options are subject to an automatic procedure of abandonment, unless requested otherwise.

The price that serves as a reference to determine an in-the-money option corresponds to the daily settlement price of the Rapeseed Meal Futures Contract fixed at the option expiry date. The settlement price determined by Euronext Paris S.A. takes into account the last prices processed or quoted, or in the absence of quotations, the trend of the other international markets and of any other assessment factors.

Requests for the exercise of at-the-money or out-of-the-money options give rise between Clearing Members to the assignment of Sellers' positions on a pro rata basis. Requests to abandon in-the-money options give rise to close-out of Sellers' positions.

For a buy option (call), the first exercise price is automatically exercised at least one tick below the closing settlement price, or 0.25 EUR.

For a sell option (put), the first exercise price is automatically exercised at least one tick above the closing settlement price, or 0.25 EUR

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## **10.2 settlement procedure**

The expiry of a contract month is normally at 18:30 (\*) on the 15<sup>th</sup> of the month preceding the delivery month of the futures contract. In the event that the market is closed, the expiry will be the preceding open trading day.

The expiry procedure takes place as follows (Paris time):

- 18:30 (\*) : close of trading,
- 19:15 (\*) : publication of the daily settlement price of the relevant Rapeseed Meal Futures Option Contract expiry,
- 19:15 (\*) : close of exercise requests and abandonment,
- 19:30 (\*) : end of booking, end of clearing session
- 20:00 (\*) : the results of exercises and assignments by strike price increment are made available to clearing members via messages available on their CAP (Certified Access Point), MAP (Multiple Access point) and CCW (Clearnet clearing workstation),
- 20:00 (\*) : publication of open interest by strike price increment via messages available on the clearing members' CAP, MAP and CCW.

(\*) Hours are indicative only, and may vary according to market conditions.

These steps in the procedure enable Euronext Paris S.A. to calculate and disseminate the following information:

### **1. Reference prices**

The reference price corresponds to the daily settlement price fixed by Euronext Paris S.A. at 19:15 (\*), and indicates to market participants the exercise price at which options will be exercised automatically or abandoned.

### **2. Requests to exercise and to abandon**

Expiry (the closing for requests to exercise and to abandon) is effective at 19:15 (\*) the day of contract expiry, which allows the list of non-automatic requests to be prepared.

### **3. Calculation of open interest by exercise price**

The calculation of open interest by exercise price, on the exercised strike price or out-traded, is normally available at 20:00.

## **Article 11 APPLICABLE REGULATIONS**

The trading of this contract is subject to the rules and regulations of the MATIF and the clearing to the rules and regulations of LCH.Clearnet SA.

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## **TECHNICAL SPECIFICATIONS OF THE RAPESEED OIL FUTURES OPTION**

### **Article 1 DEFINITION AND UNDERLYING INSTRUMENT**

These regulations apply to transactions made on the negotiable put and call option contracts on the Rapeseed Oil Futures Contract quoted in EUROS (EUR).

### **Article 2 TRADING UNIT**

The option applies to one Rapeseed Oil Futures Contract quoted in EUR.

### **Article 3 OPTION STYLE**

The option may be exercised at any time up to its date of expiry (American-style option). The time limit for requests to exercise or to abandon is 45 minutes after the closing of the market each clearing day including the last trading day.

An option that is exercised creates an open position on the underlying instrument at the strike price.

### **Article 4 EXERCISE PRICE**

The Options with an exercise price closest to the price of the Rapeseed Oil Futures Contract are listed at all times, as are (at a minimum) options on the ten exercise prices immediately above that price and options on the ten exercise prices immediately below that price.

The spread between two exercise prices is set at 2.5 EUR per metric tonne.

### **Article 5 TRADING SYSTEM AND TRADING HOURS**

The Rapeseed Meal Option Contract is traded on the Euronext UTP® Trading Host for Futures and Options during the following hours (Paris time):

Pre-opening: 07:04 am to 10:45 am      Trading session: 10:45 am to 18:30 pm

### **Article 6 QUOTATION**

The option quotation refers to its premium, expressed in EUR per metric tonne, carried to one decimal point.

This English translation of contract specifications has been prepared solely for the convenience of English-speaking readers. However, only the original French text has any legal value. Consequently, the translation may not be relied upon to sustain any legal claim, nor should it be used as the basis of any legal opinion.



## **Article 7      MINIMUM PRICE FLUCTUATION FOR PREMIUM**

The minimum price fluctuation is fixed at 0.1 EUR per metric tonne, or 2 EUR per contract.

## **Article 8      CONTRACT CYCLES**

Transactions are made on reference of the underlying futures contract delivery months which are available for trading.

## **Article 9      FIRST AND LAST TRADING DAYS**

The last trading day occurs on the date fixed by the Exchange, in general the 15<sup>th</sup> of the month preceding the option expiration month, at the end of the trading day. In case of the market being closed, the last trading day occurs on the preceding open trading day.

The first trading day occurs on the first trading day of the underlying futures contract.

## **Article 10     SETTLEMENT**

### **10.1 Principle of Rapeseed Oil Futures Option Contract settlement**

At the expiry, after Euronext Paris SA. has determined a reference price, in-the-money options are subject to an automatic exercise procedure, unless requested otherwise by the buyer.

At the expiry of out-of-the-money options and at-the-money options, the options are subject to an automatic procedure of abandonment, unless requested otherwise.

The price that serves as a reference to determine an in-the-money option corresponds to the daily settlement price of the Rapeseed Futures Contract fixed at the option expiry date. The settlement price determined by Euronext Paris S.A. takes into account the last prices processed or quoted, or in the absence of quotations, the trend of the other international markets and of any other assessment factors.

Requests for the exercise of at-the-money or out-of-the-money options give rise between Clearing Members to the assignment of Sellers' positions on a pro rata basis. Requests to abandon in-the-money options give rise to close-out of Sellers' positions.

For a buy option (call), the first exercise price is automatically exercised at least one tick below the closing settlement price, or 0.25 EUR.

For a sell option (put), the first exercise price is automatically exercised at least one tick above the closing settlement price, or 0.25 EUR

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## **10.2 settlement procedure**

The expiry of a contract month is normally at 18:30 (\*) on the 15<sup>th</sup> of the month preceding the delivery month of the futures contract. In the event that the market is closed, the expiry will be the preceding open trading day.

The expiry procedure takes place as follows (Paris time):

- 18:30 (\*) : close of trading,
- 19:15 (\*) : publication of the daily settlement price of the relevant Rapeseed Oil Futures Option Contract expiry,
- 19:15 (\*) : close of exercise requests and abandonment,
- 19:30 (\*) : end of booking, end of clearing session
- 20:00 (\*) : the results of exercises and assignments by strike price increment are made available to clearing members via messages available on their CAP (Certified Access Point), MAP (Multiple Access point) and CCW (Clearnet clearing workstation),
- 20:00 (\*) : publication of open interest by strike price increment via messages available on the clearing members' CAP, MAP and CCW.

(\*) Hours are indicative only, and may vary according to market conditions.

These steps in the procedure enable Euronext Paris S.A. to calculate and disseminate the following information:

### **1. Reference prices**

The reference price corresponds to the daily settlement price fixed by Euronext Paris S.A. at 19:15 (\*), and indicates to market participants the exercise price at which options will be exercised automatically or abandoned.

### **2. Requests to exercise and to abandon**

Expiry (the closing for requests to exercise and to abandon) is effective at 19:15 (\*) the day of contract expiry, which allows the list of non-automatic requests to be prepared.

### **3. Calculation of open interest by exercise price**

The calculation of open interest by exercise price, on the exercised strike price or out-traded, is normally available at 20:00.

## **Article 11 APPLICABLE REGULATIONS**

The trading of this contract is subject to the rules and regulations of the MATIF and the clearing to the rules and regulations of LCH.Clearnet SA.

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## **TECHNICAL SPECIFICATIONS OF THE RAPESEED OIL FUTURES CONTRACT**

### **Article 1 - PRELIMINARIES**

This document sets forth the specific rules and regulations governing the transactions carried out on the Rapeseed Oil Future Contract quoted in EUROS.

It is supplemented by instructions and notices from LCH.Clearnet SA relative to the delivery of the Rapeseed Oil Futures Contract.

### **Article 2 - PRINCIPLE**

The trading of this contract is governed by MATIF rules and regulations. The clearing of this contract is governed by LCH.Clearnet SA rules and regulations.

## **CHAPTER I - THE CONTRACT**

### **Article 3 - UNDERLYING SECURITY ASSET**

The Rapeseed Oil Futures Contract's underlying asset is crude, degummed rapeseed oil of any origin and of good merchantable quality, guaranteed unbleached, produced from non-GM double zero rapeseed varieties as per EU regulations of sound, loyal and merchantable quality, all duties and taxes paid, and meeting the following specifications:

-free fat acid (f.f.a.) as oleic acid, calculated on a molecular weight of 282 :	maximum 1,75%
-moisture, volatile matter and impurities :	maximum 0,4%
-lecithin (expressed as phosphorus) :	maximum 300mg/kg
-erucic acid :	maximum 2%
-flashpoint minimum :	250°F (121 °C).

### **Article 4 - TRADING UNIT**

The Rapeseed Oil Futures Contract is for 20 metric ton lots of goods of homogeneous quality, exempt from all duties and taxes, made available in bulk.

Euronext may accept changes in conditioning for contract months for which there are no open positions.

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## **CHAPTER II - TRADING DAY**

### **Article 5 – TRADING SYSTEM AND TRADING HOURS**

The Rapeseed Oil Futures Contract is traded on the UTP electronic system or its successor, during the following hours (Paris time) :

Pre-opening: 7H04 am– 10h45 a.m.  
Trading session: 10:45 a.m. to 6:30 p.m.

### **Article 6 - CONTRACT DELIVERY MONTHS**

Operations are transacted on ten consecutive contract months.  
Contract months are : March, June, September, December.

### **Article 7 – EXPIRY DATE OF A CONTRACT MONTH**

Contracts expire on the date specified by the Exchange, in principle on the last trading day of the month preceding the contract month, in accordance with the schedule established by the business market.

The opening of a new contract will occur on the date set by the Exchange, in principle on the first trading day of the month following the expiration of a contract, in accordance with the schedule established by the Exchange.

Any change in schedule will apply only to contract months for which there are no open positions

### **Article 8 - QUOTATIONS**

The contract unit is 20 metric tons (minimum/maximum).

Quotations are made in EUROS (EUR) per metric ton. They are expressed exclusive of tax.

The minimum quotation set is 0,25 EUR per metric ton.

### **Article 9 - DAILY SETTLEMENT PRICE (DSP)**

The Settlement System in Market Services will be used to calculate the Daily Settlement Price by taking a feed of reported prices for a period of no less than two minutes before the time specified for the settlement of a contract, as notified by Euronext Paris S.A. This period is known as the “Settlement Range”. However, Euronext Paris S.A will also monitor market activity throughout the Trading Day to ensure that settlement prices are a fair reflection of the market.

The Settlement Range will be used to monitor spread levels. Thereafter, the following criteria will be taken into account, as applicable:

- (a) the traded price during the last minute of the Settlement Range; or, if there is more than one traded price during this time:
- (b) the trade weighted average of the prices traded during the last minute of the Settlement Range, rounded to the nearest tick; or, if there are no traded prices during this time:

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(c) the price midway between the active bids and offers at the time the settlement price is calculated, rounded to the nearest tick.

Where a trade weighted average or a midway price between active bids and offers results in a price which is not a whole tick, the rounding convention that will apply in respect of (b) and (c) above will be in accordance with that set out in the relevant contract specifications. In addition, the following criteria are monitored in Market Services and may be taken into account, as applicable:

- (d) price levels as indicated by spread quotations;
- (e) spread relationships with other contract months of the same contract; and
- (f) price levels and/or spread relationships in a related market.

#### **Article 10 – EXCHANGE DELIVERY SETTLEMENT PRICE (EDSP)**

The EDSP for a particular delivery month shall be calculated by Exchange officials on the Last Trading Day, as follows:

The prices, offers or bids used for the calculation of the EDSP shall be those during the two minute period immediately preceding cessation of trading. Where there are no prices, bids or offers in the previous two minutes, then the 30 minute period immediately preceding cessation of trading shall be used, and failing that the last trades, offers or bids prior to the 30 minute period.

(a) if (as far as reasonably ascertainable) one or more Contracts for that delivery month have been made in the pit on the Last Trading Day:

- (i) if only one Contract has been made, the EDSP shall be the price (as far as reasonably ascertainable) at which that Contract was made; or
- (ii) if more than one Contract has been made, the EDSP shall be the average rounded down to the nearest 0.25 Euro of the prices (as far as reasonably ascertainable) at which such Contracts were made, weighted by reference to the number of lots (as far as reasonably ascertainable) comprised in each such Contract;

(b) if (as far as reasonably ascertainable) on the Last Trading Day, no Contract for that delivery month has been made in the pit but both an offer (or offers) and a bid (or bids) have been made in the pit in respect of a Contract (or Contracts) for that delivery month, then the EDSP shall be the average of the lowest price (as far as reasonably ascertainable) at which such an offer was made and the highest price at which such a bid was made and such average shall be rounded to the nearest 0.25 euro ;

(c) if (as far as reasonably ascertainable) on the Last Trading Day, no Contract for that delivery month has been made in the pit and either no offer or no bid has been made in the pit in respect of a Contract (or Contracts) for that delivery month, then exchange officials shall determine the EDSP by reference inter alia to the price at which any bid or offer, as the case may be, in respect of a Contract for that delivery month was made in the pit during such period on such day

(d) if (as far as reasonably ascertainable) on the Last Trading Day, no Contract for that delivery month has been made in the pit and neither an offer nor a bid have been made in the pit in respect of a Contract (or Contracts) for that delivery month, then exchange officials may in their absolute discretion fix the EDSP at a price determined by them as being consistent with the prices at which any Contracts or any offers or bids in respect of a Contract were made in the pit on the Last Trading Day for the delivery month and period referred to in paragraphs e(i) and (ii) below and, if necessary, rounded to the nearest 0.25 euro.

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(e) If in the opinion of exchange officials, the EDSP which would result from a calculation made in accordance with paragraphs (a), (b) or (c) would not be consistent with the prices at which any Contracts or any offers or bids in respect of a Contract were made in the pit on the Last Trading Day for:

(a) the relevant delivery month prior to the applicable period referred to in paragraphs (a), (b) or (c), as the case may be; or

(b) any other delivery month during the applicable period referred to in paragraphs (a), (b) or (c), as the case may be,

then exchange officials may in their absolute discretion fix the EDSP at a price determined by them as being consistent with the prices, offers or bids for the delivery month and period referred to, and, if necessary, rounded to the nearest 0.25 euro.

(f) The EDSP shall be final and binding for all purposes.

## **Article 11 - SPECIAL TRANSACTIONS**

The special transactions and strategies that are authorised on the Rapeseed Oil Futures Contract are those agreed in the Euronext trading procedures.

## **CHAPTER III - DELIVERY**

### **Article 12 - PRELIMINARIES**

At maturity, any outstanding contract will result in delivery by the seller and in accepting the delivery by the buyer, of a lot of 20 metric tons of goods in accordance with the provisions of these Rules and Regulations.

The Notice of Intent to Deliver submitted to LCH.Clearnet SA by the Selling Clearing Member holding a short position must be for a minimum quantity of 500 metric tons net per principal of Selling Clearing Member. Non compliance with the minimum delivery quantity will constitute default by the Selling Clearing Member holding a short position for the corresponding quantity to be put forward for delivery on the notification form and will result in the application of article 27 of these Rules and Regulation

### ***Section 1 - Delivery notification***

### **Article 13 - DELIVERY SCHEDULE**

Delivery takes place during the Delivery Period. The "Delivery Period" is the delivery month, extended by, where applicable for the port in question, the number of days the port is officially closed, except public holidays.

On the first trading day following the close of a contract, the seller submits a Notice of Intent to Deliver to LCH.Clearnet SA in which it advises LCH.Clearnet SA of its intent to deliver, the port where delivery will take place, and the number of contracts involved.

On the second trading day following the contract closing, LCH.Clearnet SA assigns the Notices of Intent to Deliver to the buyers, in accordance with the terms specified in LCH.Clearnet SA instructions.

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On the third trading day following the contract closing, the seller transmits a Delivery Notice to the buyer, which submits the notice, completed and signed by the counterparts, to the LCH.Clearent SA.

#### **Article 14 - DELIVERY NOTICE**

The issuance of a Delivery Notice and its acceptance concretises a commitment to deliver the commodity and accept delivery of the specified number of contracts at the specified place.

#### **Article 15 - ACCEPTANCE AND EXCHANGE OF DELIVERY NOTICES**

Under penalty of default, after the close of a contract, all clearing members holding open buy positions on this contract, either for their own account or for the account of their principals, are obligated to accept the corresponding Delivery Notice. The Notice of Intent to Deliver and the Delivery Notice must conform to the models established by the clearing house.

The technical conditions in which the submission of Notices of Intent to Deliver takes place, their acceptance, the exchange of Delivery Notices and the reporting of the final list of assignments are specified by LCH.Clearent SA instructions.

#### **Article 16 – ALTERNATIVE DELIVERY PROCEDURE**

After Notices of Intent to Deliver have been assigned, principals may, through an intermediary of their clearing member, agree to fulfil their obligations under conditions that differ from those specified in these Rules and Regulations; in this event, the parties may only invoke provisions concerning delivery. The clearing members acting on behalf of the parties involved will transmit a Notice of Performance to LCH.Clearent SA in the forms specified by LCH.Clearent SA instructions. Upon receipt of the Notice of Performance, the delivery margins cited in articles 17 and 18 hereinafter may be refunded

#### ***Section 2 - Delivery margin***

#### **Article 17 - DELIVERY MARGIN**

Any clearing member holding an open contract after the contract's expiration, either for his own account or for the account of his principal, guarantees the performance of his obligations or those of his principals. To this end, on the third day following the contract closing, the clearing member deposits a delivery margin with the clearing house in accordance with the amount and with the instruments accepted by the LCH.Clearent SA. Upon receipt by LCH.Clearent SA of a delivery margin, the initial margin may be refunded.

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## **Article 18 - ADDITIONAL DELIVERY MARGIN**

Until Notice of Performance of the contract is received, LCH.Clearnet SA may request an additional delivery margin, to be rendered immediately, if justified by a change in price of the underlying security asset.

The calculation and the terms of payment of this additional cover are specified by LCH.Clearnet SA instructions.

Additional delivery margins will be refunded upon receipt by LCH.Clearnet SA of the Notice of Performance specified in article 26 of these Rules and Regulations.

## **Article 19 - FAILURE TO PUT UP MARGINS**

Any clearing member holding an open contract after the contract's expiration, either for his own account or for the account of his principal, who fails to put up the margins cited in articles 17 and 18 of these Rules and Regulations will be considered to be in default and his counterpart will benefit from the conditions specified in article 26 of these Rules and Regulations, without prejudice to any legal proceedings that may be initiated.

Each time that the margins cited in articles 17 and 18 of these Rules and Regulations are not advanced, LCH.Clearnet SA will immediately so advise the concerned clearing member and counterpart.

## **Article 20 – REFUND OF MARGINS**

LCH.Clearnet SA will refund the various above-cited margins upon receipt of the Notice of Performance of the contract cited in article 26 of these Rules and Regulations, signed by the buyer and the seller.

In the event of non-performance of the contract, the clearing house will only return the two counterparts' various margins upon production of :

- documentation of the resolution, in the event of non-performance due to force majeure specified in article 30 of rules and regulations;
- or of documentation of payment of a default indemnity by the defaulting party;
- or of documentation of a court decision, and from the convicted party, proof of payment of fines;
- or of documentation releasing the party accused of having defaulted from all blame.

When the party benefiting from a court conviction of the other party advises LCH.Clearnet SA of such decision, the clearing house will invite the convicted party, by telex or telegram return receipt requested, to provide documentation, no later than ten calendar days from the receipt of this notice, of full compliance with ruling.

In the absence of such documentation following the lapsing of the specified time period, during the subsequent eight calendar days the clearing house will utilise the above-mentioned margins to pay the other party the amount specified by the court.

Upon production of the court's final decision, LCH.Clearnet SA will refund to the party not subject to any conviction, the various margins due to it.

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### **Section 3 - Delivery**

#### **Article 21 - AVAILABILITY**

From the third trading day following the close of the contract month, the seller notifies the buyer, in the forms specified by LCH.Clearnet SA instructions, the day on which the lighter will become available, subject to notice of five business days.

Loading must begin on the working day on which the ship or barge is made available. The latest date to begin the loading is 5 business days before the end of the Delivery Period. Working days are determined according to the standard practices in the port of delivery.

#### **Article 22 - DELIVERY POINTS**

A lot shall be made available in a FOB - ship or FOB barge basis, stowed, and with the vessel presented by the buyer ready to receive goods and "ready for loading".in accordance with the NOFOTA rules (Netherlands Oils, Fats and Oilseeds Trade Association).

The list of delivery points and their terms of authorisation are established by instruction from LCH.Clearnet SA

Any change in the list of authorised delivery points applies only to contract months for which there are no open positions. As an exception, for Contract months that are more than two crop years ahead, Euronext Paris SA may from time to time list or de-list an approved delivery point which shall have such effect with regard to existing or new Contracts or both as Euronext Paris SA may determine in collaboration with the Clearing House. Any such determination will be subject to prior consent from the Clearing House and will be notified to Members by means of a Notice or otherwise as Euronext Paris and the Clearing House may direct.

#### **Article 23 - OWNERSHIP TRANSFER**

Transfer of ownership between seller and buyer is made pursuant to the NOFOTA rules and the LCH.Clearnet SA delivery instructions.

#### **Article 24 - RULES GOVERNING MERCHANDISE REMOVAL**

- Subject to these Rules and Regulations and the texts describing their application, the removal will be governed by the rules of NOFOTA , FOB barge or sea vessel and if any, prevailing in the delivery points, or any other regulatory condition substituted for them.

If any difficulty of interpretation or conflict arises between these Rules and Regulations and, in addition, texts describing their application, and the contractual methods in force at the delivery port, these Rules and Regulations and, in addition, the texts detailing their application will prevail.

This English translation of contract specifications has been prepared solely for the convenience of English-speaking readers. However, only the original French text has any legal value. Consequently, the translation may not be relied upon to sustain any legal claim, nor should it be used as the basis of any legal opinion.

## **Article 25 - DELIVERABLE QUALITY**

The deliverable quality of the commodity is defined in article 3 of these Rules and Regulations.

Rapeseed oil that does not conform to one of these conditions cannot be delivered in performance of the Rapeseed Oil Futures Contract.

The above quality may be modified by Euronext Paris S.A. for contract delivery months for which there are no open positions.

The amount payable by the Buying Clearing member to the Selling Clearing Member in exchange for physical delivery is calculated on the basis of the EDSP.

The applicable standards for determining the above mentioned quality, and the list of authorised supervision companies and analysts are specified in the LCH.Clearnet SA clearing rules.

## **Article 26 - NOTICE OF PERFORMANCE**

Once the delivery of the goods has taken place and payment has been made, the seller transmits a Notice of Performance to the buyer, who files it with the clearing house, each of the party acknowledging the proper performance of their mutual obligations.

This document is drawn up by the clearing members in the name of and upon instructions from their principals.

To be valid, the document must conform to the model drawn up by LCH.Clearnet SA.

## **Article 27 - DEFAULT**

In addition to the cases specified in article 19 of these Rules and Regulations, a party who prevents the performance of the contract under the terms specified in these Rules and Regulations, will be considered to be in default.

The default will be subject to an adjustment procedure under the terms specified by LCH.Clearnet SA instruction.

## **Article 28 - COMPENSATION FOR DAMAGES**

The application of the provisions ensuing from article 27 of these Rules and Regulations will not constitute an obstacle to proceedings that the injured party may pursue in relation to the defaulting party if the injured party establishes that the failure to deliver, accept delivery, or to make payment resulted from gross or intentional negligence.

This English translation of contract specifications has been prepared solely for the convenience of English-speaking readers. However, only the original French text has any legal value. Consequently, the translation may not be relied upon to sustain any legal claim, nor should it be used as the basis of any legal opinion.

**Article 29 : FORCE MAJEURE**

Any event, independent of the will of the invoking party, of a compelling nature and generally not foreseeable, that prevents even temporarily the performance of the contract will be considered as force majeure.

A declaration of force majeure will not release the buyer or the seller from fulfilling the financial obligations specified in articles 18 and 19 of these Rules and Regulations.

LCH.Clearnet SA specifies by instruction the terms permitting one of the parties to invoke such a cause of non-performance and the principles governing its resolution.

**Article 30 : ARBITRATION**

Arbitration necessary in the event of a dispute will be under the jurisdiction of the court of arbitration as designated by LCH.Clearnet SA clearing rules.

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<b>TECHNICAL SPECIFICATIONS OF THE RESIDENTIAL WOOD PELLETS CONTRACT</b>
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### **Article 1 - PRELIMINARIES**

This document sets forth the specific rules and regulations governing the transactions carried out on Residential Wood Pellets Contract quoted in EUROS.

It is supplemented by an Instruction from LCH.Clearnet SA relating to the delivery of commodity future contracts and a specific Notice relating to the delivery of the Residential Wood Pellets Contract.

### **Article 2 - PRINCIPLE**

The trading of this contract is governed by Euronext Paris SA's (MATIF market) rules and regulations. The clearing of this contract is governed by LCH.Clearnet SA rules and regulations.

## **CHAPTER I - THE CONTRACT**

### **Article 3 - UNDERLYING SECURITY ASSET**

The Residential Wood Pellets Contract's underlying asset is residential wood pellets of all origins, ENplus A1 certified, in line with latest version applicable of the European Pellet Council (EPC) ENplus Quality Certification Scheme for Wood Pellets Handbook (ENplus Handbook). The goods must be produced from stem wood or chemically untreated residues from the wood processing industry, by an ENplus A1 certified producer. The goods must meet the maximum level of minor elements set by the ENplus Handbook, according to the ISO 16968 standard.

#### **Physical parameters and properties**

- Diameter: 6 mm  $\pm$  1 mm
- Length: 3.15 mm minimum, 40 mm maximum
- Moisture content: 10% maximum as received
- Ash content: 0.7% maximum, dry basis.
- Mechanical durability: 98% minimum as received
- Fines (<3.15 mm): basis 4%, maximum 6% as received
- Net calorific value:  $\geq$  4.6 kWh/kg (16,5 MJ/kg) minimum as received

- Bulk density: 600 kg/m<sup>3</sup> minimum, 750 kg/m<sup>3</sup> maximum, as received

#### Chemical analysis:

- Additives: 2% maximum as received, the type (material and trade name) and quantity shall be documented, compliant with the latest version of ENplus Handbook.
- Nitrogen content: 0.3% maximum dry basis
- Sulphur content: 0.04% maximum dry basis
- Chlorine content: 0.02% maximum dry basis
- Ash deformation temperature 1200° C minimum, the ash used for the measurement is produced at 815 °C

#### Certification:

All deliveries must be accompanied with a valid ENplus A1 certificate, including the certification of the producer and trader(s) and service provider(s) if any.

The Bill of Lading shall also mention that the product is ENplus A1 certified.

### **Article 4 - TRADING UNIT**

The Residential Wood Pellets Contract is for 25 metric tonne lots of goods of homogeneous quality, exempt from all duties and taxes, made available in bulk.

Euronext Paris SA may accept changes in conditioning for contract months for which there are no open positions.

## **CHAPTER II - TRADING DAY**

### **Article 5 – TRADING SYSTEM AND TRADING HOURS**

The Residential Wood Pellets Contract is traded on the Universal Trading Platform, during the following hours (Paris time):

Trading session: 10:45 a.m. to 6:30 p.m. (UTC+1)

### **Article 6 - CONTRACT MONTHS**

Operations are transacted on 12 consecutive contract months.

Contract months are: March, June, September, December

### **Article 7 – EXPIRY DATE OF A CONTRACT MONTH**

Contracts expire on the date specified by Euronext Paris SA, in principle on the last trading day of the month preceding the contract month, in accordance with the schedule established by the business market.

The opening of a new contract will occur on the date set by Euronext Paris SA, in principle on the first trading day of the month following the expiration of a contract, in accordance with the schedule established by Euronext Paris SA.

Any change in schedule will apply only to contract months for which there are no open positions.

### **Article 8 - QUOTATIONS**

The contract unit is 25 metric tonnes (minimum/maximum).

Quotations are made in EUROS (EUR) per metric tonne. They are expressed exclusive of tax.

The minimum quotation set is 0,25 EUR per metric tonne.

### **Article 9 - DAILY SETTLEMENT PRICE (DSP)**

Euronext Paris SA performs the Daily Settlement Price by taking a feed of reported prices for a period of no less than two minutes before the time specified for the settlement of a contract, as notified by Euronext Paris SA. This period is known as the "Settlement Range". However, Euronext Paris SA will also monitor market activity throughout the Trading Day to ensure that settlement prices are a fair reflection of the market.

The Settlement Range will be used to monitor spread levels. Thereafter, the following criteria will be taken into account, as applicable:

- (a) the traded price during the last minute of the Settlement Range; or, if there is more than one traded price during this time:
- (b) the trade weighted average of the prices traded during the last minute of the Settlement Range, rounded to the nearest tick; or, if there are no traded prices during this time:
- (c) the mid price between the active bids and offers at the time the settlement price is calculated, rounded to the nearest tick.

Where a trade weighted average or a midway price between active bids and offers results in a price which is not a whole tick, the rounding convention that will apply in respect of (b) and (c) above will be in accordance with that set out in the relevant contract specifications. In addition, the following criteria are monitored in Market Services and may be taken into account, as applicable:

- (d) price levels as indicated by spread quotations;

- (e) spread relationships with other contract months of the same contract; and
- (f) price levels and/or spread relationships in a related market.

#### **Article 10 – EXCHANGE DELIVERY SETTLEMENT PRICE (EDSP)**

The EDSP for a particular delivery month shall be calculated by Euronext Paris SA officials on the Last Trading Day, as follows:

The prices, offers or bids used for the calculation of the EDSP shall be those during the two minute period immediately preceding cessation of trading. Where there are no prices, bids or offers in the previous two minutes, then the 30 minute period immediately preceding cessation of trading shall be used, and failing that the last trades, offers or bids prior to the 30 minute period.

- (a) if (as far as reasonably ascertainable) one or more Contracts for that delivery month have been made in the market on the Last Trading Day:
  - (i) if only one Contract has been made, the EDSP shall be the price (as far as reasonably ascertainable) at which that Contract was made; or
  - (ii) if more than one Contract has been made, the EDSP shall be the average rounded down to the nearest 0.25 Euro of the prices (as far as reasonably ascertainable) at which such Contracts were made, weighted by reference to the number of lots (as far as reasonably ascertainable) comprised in each such Contract;
- (b) if (as far as reasonably ascertainable) on the Last Trading Day, no Contract for that delivery month has been made in the market but both an offer (or offers) and a bid (or bids) have been made in the market in respect of a Contract (or Contracts) for that delivery month, then the EDSP shall be the average of the lowest price (as far as reasonably ascertainable) at which such an offer was made and the highest price at which such a bid was made and such average shall be rounded to the nearest 0.25 euro;
- (c) if (as far as reasonably ascertainable) on the Last Trading Day, no Contract for that delivery month has been made in the market and either no offer or no bid has been made in the market in respect of a Contract (or Contracts) for that delivery month, then Euronext Paris SA officials shall determine the EDSP by reference inter alia to the price at which any bid or offer, as the case may be, in respect of a Contract for that delivery month was made in the market during such period on such day
- (d) if (as far as reasonably ascertainable) on the Last Trading Day, no Contract for that delivery month has been made in the market and neither an offer nor a bid have been made in the market in respect of a Contract (or Contracts) for that delivery month, then Euronext Paris SA officials may in their absolute discretion fix the EDSP at a price determined by them as being consistent with the prices at which any

Contracts or any offers or bids in respect of a Contract were made in the market on the Last Trading Day for the delivery month and period referred to in paragraphs e(i) and (ii) below and, if necessary, rounded to the nearest 0.25 euro.

- (e) If in the opinion of Euronext Paris SA officials, the EDSP which would result from a calculation made in accordance with paragraphs (a), (b) or (c) would not be consistent with the prices at which any Contracts or any offers or bids in respect of a Contract were made in the market on the Last Trading Day for:
- (a) the relevant delivery month prior to the applicable period referred to in paragraphs (a), (b) or (c), as the case may be; or
  - (b) any other delivery month during the applicable period referred to in paragraphs (a), (b) or (c), as the case may be,

then Euronext Paris SA officials may in their absolute discretion fix the EDSP at a price determined by them as being consistent with the prices, offers or bids for the delivery month and period referred to, and, if necessary, rounded to the nearest 0.25 euro.

- (f) The EDSP shall be final and binding for all purposes.

## **Article 11 - SPECIAL TRANSACTIONS**

The special transactions and strategies that are authorised on the Residential Wood Pellets are those agreed in the Euronext Trading Procedures.

## **CHAPTER III - DELIVERY**

### **Article 12 - PRELIMINARIES**

At maturity, any outstanding contract will result in delivery by the seller and in accepting the delivery by the buyer, of a lot of 25 metric tonnes of goods in accordance with the provisions of these Rules and Regulations.

The notification notice submitted to LCH.Clearnet SA by the seller holding a short position must be for a minimum quantity of 500 metric tonnes (20 lots) net per principal of seller. Non-compliance with the minimum delivery quantity will constitute default by the seller holding a short position for the corresponding quantity to be put forward for delivery on the notification form and will result in the application of article 27 of these Rules and Regulation.

#### ***Section 1 - Delivery notification***

### **Article 13 - DELIVERY SCHEDULE**



Delivery takes place during the Delivery Period. The “Delivery Period” is the delivery month, extended by, where applicable for the port in question, the number of days the port is officially closed, except public holidays.

On the first trading day following the Expiry of a contract, the seller submits a notification notice to LCH.Clearnet SA in which it notably advises LCH.Clearnet SA of its intent to deliver, the port where delivery will take place at seller’s option, and the number of contracts involved.

On the second trading day following the Expiry of a contract, LCH.Clearnet SA assigns the notification notices to the buyers, in accordance with the terms specified in LCH.Clearnet SA’s Notice.

On the third trading day following the Expiry of a contract, the seller transmits a Delivery Notice to the buyer, which submits the notice, completed and signed by the counterparts, to LCH.Clearnet SA.

#### **Article 14 - DELIVERY NOTICE**

The issuance of a Delivery Notice and its acceptance concretises a commitment to deliver the commodity and accept delivery of the specified number of contracts at the specified place.

#### **Article 15 - ACCEPTANCE AND EXCHANGE OF DELIVERY NOTICES**

Under penalty of default, after the Expiry of a contract, all Clearing Members holding open buying positions on this contract, either for their own account or for the account of their principals, are obligated to accept the corresponding Delivery Notice. The notification notice and the Delivery Notice must conform to the models established by LCH.Clearnet SA.

The technical conditions in which the submission of notification notices takes place, their acceptance, the exchange of Delivery Notices and the reporting of the final list of assignments are specified by LCH.Clearnet SA’s Notice.

#### **Article 16 – ALTERNATIVE DELIVERY PROCEDURE**

After notification notices have been assigned, principals may, through an intermediary of their Clearing Member, agree to fulfil their obligations under conditions that differ from those specified in these Rules and Regulations; in this event, the parties may only invoke provisions concerning delivery.

The Clearing Members acting on behalf of the parties involved will transmit a Notice of Performance to LCH.Clearnet SA in the forms specified by LCH.Clearnet SA’s Notice.

Upon receipt of the Notice of Performance, the delivery margins cited in articles 17 and 18 hereinafter may be refunded.

## ***Section 2 - Delivery margin***

### **Article 17 - DELIVERY MARGIN**

Any Clearing Member holding an open contract after the contract's expiration, either for his own account or for the account of his principal, guarantees the performance of his obligations or those of his principals.

To this end, on the third day following the Expiry of the contract, the Clearing Member deposits a delivery margin with LCH.Clearnet SA in accordance with the amount and with the instruments accepted by LCH.Clearnet SA. Upon receipt by LCH.Clearnet SA of a delivery margin or the Notice of Performance in case of alternative delivery procedure, the initial margin may be refunded.

### **Article 18 - ADDITIONAL DELIVERY MARGIN**

Until Notice of Performance of the contract is received, LCH.Clearnet SA may request an additional delivery margin, to be rendered immediately, if justified by a change in price of the underlying asset.

The calculation and the terms of payment of this additional cover are specified by LCH.Clearnet SA's Notice.

Additional delivery margins will be refunded upon receipt by LCH.Clearnet SA of the Notice of Performance specified in article 26 of these Rules and Regulations.

### **Article 19 - FAILURE TO PUT UP MARGINS**

Any Clearing Member holding an open contract after the contract's Expiry, either for his own account or for the account of his principal, who fails to put up the margins cited in articles 17 and 18 of these Rules and Regulations will be considered to be in default and his counterpart will benefit from the conditions specified in article 27 of these Rules and Regulations, without prejudice to any legal proceedings that may be initiated.

Each time that the margins cited in articles 17 and 18 of these Rules and Regulations are not advanced, LCH.Clearnet SA will immediately so advise the concerned Clearing Member and counterpart.

### **Article 20 – REFUND OF MARGINS**

LCH.Clearnet SA will refund the various above-cited margins upon receipt of the Notice of Performance of the contract cited in article 26 of these Rules and Regulations, signed by the buyer and the seller.

In the event of non-performance of the contract, and in accordance with LCH.Clearnet SA's Instruction relating to the delivery of commodity future contracts and LCH.Clearnet SA's Notice relating to the delivery of the Residential Wood Pellets Contract, LCH.Clearnet SA will only return the two counterparts' various margins upon production of:

- documentation of the resolution, in the event of non-performance due to force majeure specified in article 29 of rules and regulations;
- or documentation of payment of a default indemnity by the defaulting party;
- or documentation of a court decision, and from the convicted party, proof of payment of fines;
- or documentation releasing the party accused of having defaulted from all blame.

### ***Section 3 - Delivery***

#### **Article 21 - AVAILABILITY**

From the third trading day following the Expiry of the contract month, the buyer notifies the seller, in the forms specified by LCH.Clearnet SA's Notice, the day on which the lighter will become available, subject to notice of five business days (the "loading provisory notice").

Loading must begin on a working day on which the lighter is made available, at the last working day of the Delivery Period. This working day is determined according to the standard practices in the port of delivery.

#### **Article 22 - DELIVERY PORTS**

A lot shall be made available in a FOB barge - waterway position, stowed, and with the lighter presented by the buyer ready to receive goods and "ready for loading".

The list of delivery ports and their terms of authorisation are established by a Notice from LCH.Clearnet SA.

Any change in the list of authorised delivery port applies only to contract months for which there are no open positions. As an exception, for Contract months that are more than two years ahead, Euronext Paris SA may from time to time list or de-list an approved delivery point which shall have such effect with regard to existing or new Contracts or both as Euronext Paris SA may determine in collaboration with LCH.Clearnet SA. Any such determination will be subject to prior consent from LCH.Clearnet SA and will be notified to Members by means of a Notice or otherwise as Euronext Paris may direct.

#### **Article 23 – RISK AND OWNERSHIP TRANSFER**

Risk of the shipment and related costs shall pass from the seller to the buyer in accordance with the relevant FOB INCOTERMS rules applicable and ownership of the underlying goods shall pass with the transfer of the bill of lading corresponding to the shipment of such underlying goods.

#### **Article 24 - RULES GOVERNING MERCHANDISE REMOVAL**

Subject to these Rules and Regulations and the texts describing their application, the removal will be governed by the rules prevailing in the delivery ports, i.e. :

- Additional Commercial Terms of Individual ports located in Belgium, and in the Netherlands, or any other country where a delivery port is situated by a Notice from LCH.Clearnet SA.
- European Federation of Energy Traders FOB annex C rules.
- and any relevant rule from the ENplus Handbook (latest version applicable).
- or any other regulatory condition substituted for them.

If any difficulty of interpretation or conflict arises between these Rules and Regulations and, in addition, texts describing their application, and the contractual methods in force at the delivery port, these Rules and Regulations and, in addition, the texts detailing their application will prevail.

#### **Article 25 - DELIVERABLE QUALITY - REDUCTIONS OR ALLOWANCES**

The quality of the deliverable merchandise is defined as follows :

- ENplus A1 certified, with the physical parameters and properties as well as chemical properties as defined in article 3 and in particular:
  - length : minimum 3.15 mm maximum 40 mm; a maximum of 1% of the pellets may be longer than 40 mm, with no pellets longer than 45 mm.
  - fines (<3.15mm): basis 4% maximum 6% as received

The above quality may be modified by decision of Euronext Paris S.A. to contract months for which there are no open position.

Residential wood pellets that do not conform to these conditions cannot be delivered in performance of the Residential Wood Pellets Futures Contract.

The amount payable by the buyer to the seller in exchange for physical delivery is calculated on the basis of the closing settlement price, as adjusted upwards or downwards to take account of the discrepancy between the quality delivered and the base quality.

Price increases and reductions are calculated in accordance with the following scale (fraction pro rata) :

- Price increase of 0.5 % for 0.5% less fines

Decreases are calculated in accordance with the following scale :

- Price reduction of 0.5 % for 0.5% additional fines

The applicable standards for determining the above mentioned quality and the list of authorisation companies and of analysis laboratories accredited by the European Pellet Council (EPC).

The buyer may, at his own cost, at the time and site of delivery, have an EPC accredited testing body take samples as prescribed in the ENplus Handbook (latest Version in force). The buyer and the seller may stipulate that said sampling be monitored. In the event that the wood pellets do not comply with the deliverable quality, the seller will reimburse the cost of the analysis to the buyer.

Inspections of quality and/or composition shall be conducted in accordance with the methods prescribed by the EPC at the time of the inspection if no other methods are agreed upon.

#### **Article 26 - NOTICE OF PERFORMANCE**

Once the delivery of the goods has taken place and payment has been made, the seller transmits a Notice of Performance to the buyer, who files it with LCH.Clearnet SA, each of the party acknowledging the proper performance of their mutual obligations.

This document is drawn up by the Clearing Members in the name of and upon instructions from their principals.

To be valid, the document must conform to the model drawn up by the LCH.Clearnet SA.

#### **Article 27 - DEFAULT**

In addition to the cases specified in article 19 of these Rules and Regulations, a party who prevents the performance of the contract under the terms specified in these Rules and Regulations, will be considered to be in default.

The default will be subject to an adjustment procedure under the terms specified by LCH.Clearnet SA Notice.

#### **Article 28 - COMPENSATION FOR DAMAGES**

The application of the provisions ensuing from article 27 of these Rules and Regulations will not constitute an obstacle to proceedings that the injured party may pursue in relation to

the defaulting party if the injured party establishes that the failure to deliver, accept delivery, or to make payment resulted from gross or intentional negligence.

#### **Article 29 - FORCE MAJEURE**

Any event, independent of the will of the invoking party, of a compelling nature and generally not foreseeable, that prevents even temporarily the performance of the contract will be considered as force majeure.

A declaration of force majeure will not release the buyer or the seller from fulfilling the financial obligations specified in articles 17 and 18 of these Rules and Regulations.

LCH.Clearnet SA specifies by a Notice the terms and conditions permitting one of the parties to invoke such a cause of non-performance due to force majeure and the principles governing its resolution.

#### **Article 30 - DISPUTE SETTLEMENT**

In the event of a dispute, the Parties shall seek first an amicable settlement to their conflict. In such case, the Parties will meet in order to find a mutual and acceptable solution to such dispute according to the EPC complaint procedure described in the ENplus Handbook. Should such amicable settlement not be reached, the dispute will be submitted to the court as hereafter described.

In the event of a dispute not solved as abovementioned, the Courts of the place of performance of the contract shall have express and exclusive jurisdiction, even when there are several defendants or when a third party is involved, and including emergency proceedings or proceedings concerning protective measures, summary proceedings or ex parte proceedings.

## **TECHNICAL SPECIFICATIONS OF THE RAPESEED MEAL FUTURES CONTRACT**

### **Article 1 - PRELIMINARIES**

This document sets forth the specific rules and regulations governing the transactions carried out on the Rapeseed Meal Future Contract quoted in EUROS.  
It is supplemented by instructions and notices from the clearing house relative to the delivery of the Rapeseed Meal Futures Contract.

### **Article 2 - PRINCIPLE**

The trading of this contract is governed by MATIF rules and regulations. The clearing of this contract is governed by LCH.Clearnet SA rules and regulations.

## **CHAPTER I - THE CONTRACT**

### **Article 3 - UNDERLYING SECURITY ASSET**

The Rapeseed Meal Futures Contract's underlying security asset is any origin, rapeseed extraction meal from non GM, double zero rapeseed varieties as per EU regulations with sound, fair and merchantable quality, all duties and taxes paid, and having the following specifications :

- protein and fat combined content : 34,5 %
- water content : basis 12,5 % and maximum 13%

### **Article 4 - TRADING UNIT**

The Rapeseed Meal Futures Contract is for 30 metric ton lots of goods of homogeneous quality, exempt from all duties and taxes, made available in bulk.  
Euronext may accept changes in conditioning for contract months for which there are no open positions.

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## **CHAPTER II - TRADING DAY**

### **Article 5 – TRADING SYSTEM AND TRADING HOURS**

The Rapeseed Meal Futures Contract is traded on the UTP electronic system or its successor, during the following hours (Paris time) :

Pre-opening: 7H04 am– 10h45 a.m.  
Trading session: 10:45 a.m. to 6:30 p.m.

### **Article 6 - CONTRACT MONTHS**

Operations are transacted on ten consecutive contract months.  
Contract months are : March, June, September, December.

### **Article 7 – EXPIRY DATE OF A CONTRACT MONTH**

Contracts expire on the date specified by the Exchange, in principle last trading day of the month preceding the contract month, in accordance with the schedule established by the business market..

The opening of a new contract will occur on the date set by the Exchange, in principle on the first trading day of the month following the expiration of a contract, in accordance with the schedule established by the Exchange.

Any change in schedule will apply only to contract months for which there are no open positions

### **Article 8 - QUOTATIONS**

The contract unit is 30 metric tons (minimum/maximum).

Quotations are made in EUROS (EUR) per metric ton. They are expressed exclusive of tax.

The minimum quotation set is 0,25 EUR per metric ton.

### **Article 9 - DAILY SETTLEMENT PRICE (DSP)**

The Settlement System in Market Services will be used to calculate the Daily Settlement Price by taking a feed of reported prices for a period of no less than two minutes before the time specified for the settlement of a contract, as notified by Euronext Paris S.A. This period is known as the “Settlement Range”. However, Euronext Paris S.A will also monitor market activity throughout the Trading Day to ensure that settlement prices are a fair reflection of the market.

The Settlement Range will be used to monitor spread levels. Thereafter, the following criteria will be taken into account, as applicable:

(a) the traded price during the last minute of the Settlement Range; or, if there is more than one traded price during this time:

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- (b) the trade weighted average of the prices traded during the last minute of the Settlement Range, rounded to the nearest tick; or, if there are no traded prices during this time:
- (c) the price midway between the active bids and offers at the time the settlement price is calculated, rounded to the nearest tick.

Where a trade weighted average or a midway price between active bids and offers results in a price which is not a whole tick, the rounding convention that will apply in respect of (b) and (c) above will be in accordance with that set out in the relevant contract specifications. In addition, the following criteria are monitored in Market Services and may be taken into account, as applicable:

- (d) price levels as indicated by spread quotations;
- (e) spread relationships with other contract months of the same contract; and
- (f) price levels and/or spread relationships in a related market.

#### **Article 10 – EXCHANGE DELIVERY SETTLEMENT PRICE (EDSP)**

The EDSP for a particular delivery month shall be calculated by Exchange officials on the Last Trading Day, as follows:

The prices, offers or bids used for the calculation of the EDSP shall be those during the two minute period immediately preceding cessation of trading. Where there are no prices, bids or offers in the previous two minutes, then the 30 minute period immediately preceding cessation of trading shall be used, and failing that the last trades, offers or bids prior to the 30 minute period.

- (a) if (as far as reasonably ascertainable) one or more Contracts for that delivery month have been made in the pit on the Last Trading Day:
  - (i) if only one Contract has been made, the EDSP shall be the price (as far as reasonably ascertainable) at which that Contract was made; or
  - (ii) if more than one Contract has been made, the EDSP shall be the average rounded down to the nearest 0.25 Euro of the prices (as far as reasonably ascertainable) at which such Contracts were made, weighted by reference to the number of lots (as far as reasonably ascertainable) comprised in each such Contract;
- (b) if (as far as reasonably ascertainable) on the Last Trading Day, no Contract for that delivery month has been made in the pit but both an offer (or offers) and a bid (or bids) have been made in the pit in respect of a Contract (or Contracts) for that delivery month, then the EDSP shall be the average of the lowest price (as far as reasonably ascertainable) at which such an offer was made and the highest price at which such a bid was made and such average shall be rounded to the nearest 0.25 euro ;
- (c) if (as far as reasonably ascertainable) on the Last Trading Day, no Contract for that delivery month has been made in the pit and either no offer or no bid has been made in the pit in respect of a Contract (or Contracts) for that delivery month, then exchange officials shall determine the EDSP by reference inter alia to the price at which any bid or offer, as the case may be, in respect of a Contract for that delivery month was made in the pit during such period on such day
- (d) if (as far as reasonably ascertainable) on the Last Trading Day, no Contract for that delivery month has been made in the pit and neither an offer nor a bid have been made in the pit in respect of a Contract (or Contracts) for that delivery month, then exchange officials may in their absolute discretion fix the EDSP at a price determined by them as being consistent with the prices at which any Contracts or any offers or bids in respect of a Contract were made in the pit on the Last Trading Day for the delivery month and period referred to in paragraphs e(i) and (ii) below and, if necessary, rounded to the nearest 0.25 euro.

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(e) If in the opinion of exchange officials, the EDSP which would result from a calculation made in accordance with paragraphs (a), (b) or (c) would not be consistent with the prices at which any Contracts or any offers or bids in respect of a Contract were made in the pit on the Last Trading Day for:

(a) the relevant delivery month prior to the applicable period referred to in paragraphs (a), (b) or (c), as the case may be; or

(b) any other delivery month during the applicable period referred to in paragraphs (a), (b) or (c), as the case may be,

then exchange officials may in their absolute discretion fix the EDSP at a price determined by them as being consistent with the prices, offers or bids for the delivery month and period referred to, and, if necessary, rounded to the nearest 0.25 euro.

(f) The EDSP shall be final and binding for all purposes.

## **Article 11 - SPECIAL TRANSACTIONS**

The special transactions and strategies that are authorised on the Rapeseed Meal Futures Contract are those agreed in the Euronext trading procedures.

## **CHAPTER III - DELIVERY**

### **Article 12 - PRELIMINARIES**

At maturity, any outstanding contract will result in delivery by the seller and in accepting the delivery by the buyer, of a lot of 30 metric tons of goods in accordance with the provisions of these Rules and Regulations.

The Notice of Intent to Deliver submitted to LCH.Clearnet SA by the Selling Clearing Member holding a short position must be for a minimum quantity of 600 metric tons net per principal of Selling Clearing Member. Non-compliance with the minimum delivery quantity will constitute default by the Selling Clearing Member holding a short position for the corresponding quantity to be put forward for delivery on the notification form and will result in the application of article 27 of these Rules and Regulation

### ***Section 1 - Delivery notification***

### **Article 13 - DELIVERY SCHEDULE**

Delivery takes place during the Delivery Period The "Delivery Period" is the delivery month, extended by, where applicable for the port in question, the number of days the port is officially closed, except public holidays..

On the first trading day following the close of a contract, the seller submits a Notice of Intent to Deliver to LCH.Clearnet SA in which it advises LCH.Clearnet SA of its intent to deliver, the port where delivery will take place, and the number of contracts involved.

On the second trading day following the contract closing, LCH.Clearnet SA assigns the Notices of Intent to Deliver to the buyers, in accordance with the terms specified in LCH.Clearnet SA instruction.

On the third trading day following the contract closing, the seller transmits a Delivery Notice to the buyer, which submits the notice, completed and signed by the counterparts, to the LCH.Clearnet SA.

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## **Article 14 - DELIVERY NOTICE**

The issuance of a Delivery Notice and its acceptance concretises a commitment to deliver the commodity and accept delivery of the specified number of contracts at the specified place.

## **Article 15 - ACCEPTANCE AND EXCHANGE OF DELIVERY NOTICES**

Under penalty of default, after the close of a contract, all clearing members holding open buy positions on this contract, either for their own account or for the account of their principals, are obligated to accept the corresponding Delivery Notice. The Notice of Intent to Deliver and the Delivery Notice must conform to the models established by the clearing house.

The technical conditions in which the submission of Notices of Intent to Deliver takes place, their acceptance, the exchange of Delivery Notices and the reporting of the final list of assignments are specified by LCH.Clearnet SA instructions.

## **Article 16 – ALTERNATIVE DELIVERY PROCEDURE**

After Notices of Intent to Deliver have been assigned, principals may, through an intermediary of their clearing member, agree to fulfil their obligations under conditions that differ from those specified in these Rules and Regulations; in this event, the parties may only invoke provisions concerning delivery.

The clearing members acting on behalf of the parties involved will transmit a Notice of Performance to LCH.Clearnet SA in the forms specified by LCH.Clearnet SA instructions.

Upon receipt of the Notice of Performance, the delivery margins cited in articles 17 and 18 hereinafter may be refunded

### ***Section 2 - Delivery margin***

## **Article 17 - DELIVERY MARGIN**

Any clearing member holding an open contract after the contract's expiration, either for his own account or for the account of his principal, guarantees the performance of his obligations or those of his principals.

To this end, on the third day following the contract closing, the clearing member deposits a delivery margin with the clearing house in accordance with the amount and with the instruments accepted by the LCH.Clearnet SA. Upon receipt by LCH.Clearnet SA of a delivery margin, the initial margin may be refunded.

## **Article 18 - ADDITIONAL DELIVERY MARGIN**

Until Notice of Performance of the contract is received, LCH.Clearnet SA may request an additional delivery margin, to be rendered immediately, if justified by a change in price of the underlying security asset.

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The calculation and the terms of payment of this additional cover are specified by LCH.Clearnet SA instructions.

Additional delivery margins will be refunded upon receipt by LCH.Clearnet SA of the Notice of Performance specified in article 26 of these Rules and Regulations.

#### **Article 19 - FAILURE TO PUT UP MARGINS**

Any clearing member holding an open contract after the contract's expiration, either for his own account or for the account of his principal, who fails to put up the margins cited in articles 17 and 18 of these Rules and Regulations will be considered to be in default and his counterpart will benefit from the conditions specified in article 26 of these Rules and Regulations, without prejudice to any legal proceedings that may be initiated.

Each time that the margins cited in articles 17 and 18 of these Rules and Regulations are not advanced, LCH.Clearnet SA will immediately so advise the concerned clearing member and counterpart.

#### **Article 20 – REFUND OF MARGINS**

LCH.Clearnet SA will refund the various above-cited margins upon receipt of the Notice of Performance of the contract cited in article 27 of these Rules and Regulations, signed by the buyer and the seller.

In the event of non-performance of the contract, the clearing house will only return the two counterparts' various margins upon production of :

- documentation of the resolution, in the event of non-performance due to force majeure specified in article 29 of rules and regulations;
- or of documentation of payment of a default indemnity by the defaulting party;
- or of documentation of a court decision, and from the convicted party, proof of payment of fines;
- or of documentation releasing the party accused of having defaulted from all blame.

When the party benefiting from a court conviction of the other party advises LCH.Clearnet SA of such decision, the clearing house will invite the convicted party, by telex or telegram return receipt requested, to provide documentation, no later than ten calendar days from the receipt of this notice, of full compliance with ruling.

In the absence of such documentation following the lapsing of the specified time period, during the subsequent eight calendar days the clearing house will utilise the above-mentioned margins to pay the other party the amount specified by the court.

Upon production of the court's final decision, LCH.Clearnet SA will refund to the party not subject to any conviction, the various margins due to it.

### ***Section 3 - Delivery***

#### **Article 21 - AVAILABILITY**

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From the third trading day following the close of the contract month, the seller notifies the buyer, in the forms specified by LCH.Clearnet SA instructions, the day on which the lighter will become available, subject to notice of five business days.

Loading must begin on the working day on which the lighter is made available. The latest date to begin the loading is 5 business days before the end of the Delivery Period. Working days are determined according to the standard practices in the port of delivery.

## **Article 22 - DELIVERY POINTS**

A lot shall be made available in a FOB - waterway position, stowed, and with the lighter presented by the buyer ready to receive goods and "ready for loading".

The list of delivery points and their terms of authorisation are established by instruction from LCH.Clearnet SA

Any change in the list of authorised delivery point applies only to contract months for which there are no open positions. As an exception, for Contract months that are more than two crop years ahead, Euronext Paris SA may from time to time list or de-list an approved delivery point which shall have such effect with regard to existing or new Contracts or both as Euronext Paris SA may determine in collaboration with the Clearing House. Any such determination will be subject to prior consent from the Clearing House and will be notified to Members by means of a Notice or otherwise as Euronext Paris and the Clearing House may direct.

## **Article 23 - OWNERSHIP TRANSFER**

Transfer of ownership between seller and buyer is made pursuant to the FOB - waterway conditions of the loading place.

## **Article 24 - RULES GOVERNING MERCHANDISE REMOVAL**

Subject to these Rules and Regulations and the texts describing their application, the removal will be governed by the rules prevailing in the delivery points, i.e. :

- Oilmill conditions for points located in Germany,
- contract n° 7 of the V.B.O.F. rules for points located in Belgium,
- VERNOF Rules 2014 issued by the Association of Dutch Producers of Edible Oils and Fats in The Netherlands
- or any other regulatory condition substituted for them.

If any difficulty of interpretation or conflict arises between these Rules and Regulations and, in addition, texts describing their application, and the contractual methods in force at the delivery port, these Rules and Regulations and, in addition, the texts detailing their application will prevail.

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## **Article 25 - DELIVERABLE QUALITY - REDUCTIONS OR ALLOWANCES**

The quality of the deliverable merchandise is defined as follows :

- water content : basis 12,5 % maximum 13%
- protein and fat combined content : basis 34,5 %

The above quality may be modified by decision of Euronext Paris S.A. to contract months for which there are no open position.

The amount payable by the buyer to the seller in exchange for physical delivery is calculated on the basis of the closing settlement price, as adjusted to take account of the discrepancy between the quality delivered and the base quality.

Rebates and bonuses are calculated in accordance with the following scale :

- No price reduction for moisture between 12,5 and 13%
- Price reduction of 1 % for 1 % less protein and fat combined

Price increase of 1% for 1% less moisture below 12,5% (fractions in proportion)

The applicable standards for determining the above mentioned quality and the list of authorisation companies and of analysis laboratories are specified by LCH.Clearnet SA clearing rules.

## **Article 26 - NOTICE OF PERFORMANCE**

Once the delivery of the goods has taken place and payment has been made, the seller transmits a Notice of Performance to the buyer, who files it with the clearing house, each of the party acknowledging the proper performance of their mutual obligations.

This document is drawn up by the clearing members in the name of and upon instructions from their principals.

To be valid, the document must conform to the model drawn up by LCH.Clearnet SA.

## **Article 27 - DEFAULT**

In addition to the cases specified in article 19 of these Rules and Regulations, a party who prevents the performance of the contract under the terms specified in these Rules and Regulations, will be considered to be in default.

The default will be subject to an adjustment procedure under the terms specified by LCH.Clearnet SA instruction.

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#### **Article 28 - COMPENSATION FOR DAMAGES**

The application of the provisions ensuing from article 27 of these Rules and Regulations will not constitute an obstacle to proceedings that the injured party may pursue in relation to the defaulting party if the injured party establishes that the failure to deliver, accept delivery, or to make payment resulted from gross or intentional negligence.

#### **Article 29 : FORCE MAJEURE**

Any event, independent of the will of the invoking party, of a compelling nature and generally not foreseeable, that prevents even temporarily the performance of the contract will be considered as force majeure.

A declaration of force majeure will not release the buyer or the seller from fulfilling the financial obligations specified in articles 17 and 18 of these Rules and Regulations.

LCH.Clearnet SA specifies by instruction the terms permitting one of the parties to invoke such a cause of non-performance and the principles governing its resolution.

#### **Article 30 : ARBITRATION**

Arbitration necessary in the event of a dispute will be under the jurisdiction of the courts of arbitration as designated by LCH.Clearnet SA clearing rules.

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# **Euronext Rule Book**

## **Book I: Harmonised Rules**

ISSUE DATE: 27 February 2017

EFFECTIVE DATE: See Notice 1-01- Entry into effect of the Euronext Rule Book



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## CHAPTER 1: GENERAL PROVISIONS

### 1.1. DEFINITIONS

For purposes of this Rule Book, the following capitalised terms shall, unless specifically provided otherwise, have the following meanings:

<b>“Admission Agreement”:</b>	a written agreement entered into between the Relevant Euronext Market Undertaking and a Member or prospective Member in which the Member or prospective Member, as the case may be, applies for membership and agrees inter alia to abide by the Rules from time to time in force;
<b>“Admitted Financial Instrument”:</b>	any Financial Instrument admitted to listing or trading on a Euronext Market;
<b>“Affiliate”:</b>	any Person designated as such by the Relevant Euronext Market Undertaking pursuant to Rule 3.4;
<b>“Applicant”:</b>	an Issuer that is proposing, or is applying, for an admission to listing and/or trading of any of its Securities;
<b>“Application Form”:</b>	a form filed by an Applicant with the Relevant Euronext Market Undertaking requesting admission to listing and/or trading of Securities, notably setting forth the commitments and undertakings from the Applicant vis-à-vis the Relevant Euronext Market Undertaking in connection with an application for admission to listing and/or trading of Securities and, to the extent the latter is approved by the Relevant Euronext Market Undertaking, serving as evidence of the contractual relationship between the Relevant Euronext Market Undertaking and the Issuer;
<b>“Automated Order Routing System”:</b>	any system of computers, software or other devices that allows orders to be sent by a Client to a Member and submitted to the Euronext Trading Platform without substantial human intervention;
<b>“Banking Directive”:</b>	the EU Directive of the European Parliament and of the Council on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (2013/36/EC);
<b>“Basket Trade”:</b>	guaranteed cross trades in two or more Securities involving the same counterparties;
<b>“Block Trade”:</b>	in respect of the Euronext Securities Markets, any Transaction of the kind defined in Rule 4404/2;
<b>“Central Order Book”:</b>	the Euronext Trading Platform’s order book, in which all submitted orders and any modifications thereto are held until matched, expired or withdrawn;

<b>“Certificate”:</b>	a document embodying one or more Securities;
<b>“Class”:</b>	all options of the same type (call or put), of the same style (e.g. American or European) relating to the same underlying Financial Instrument as determined by the Relevant Euronext Market Undertaking;
<b>“Clearing Agreement”:</b>	the written agreement defining, amongst other things, the mutual rights and obligations of a Member and a Clearing Member in relation to the clearing of Transactions entered into pursuant to Rule 2502;
<b>“Clearing Organisation”:</b>	the entity authorised and regulated as a Central Counterparty pursuant to EMIR and appointed by the Euronext Market Undertaking to clear Transactions being, for the time being, EuroCCP and LCH SA;
<b>“Clearing Mandate”:</b>	a statement, in such form as may be prescribed by the Relevant Euronext Market Undertaking, made by a Member and a Clearing Member, that the Member has appointed the Clearing Member to act on the Member’s behalf to clear and settle Transactions executed on a Euronext Market by the Member;
<b>“Clearing Member”:</b>	any Person authorised by the Clearing Organisation to clear Transactions in accordance with the relevant provisions of the Clearing Rule Book;
<b>“Clearing Rule Book”:</b>	the collection of rules governing the operation of the Clearing Organisation, adopted by the Clearing Organisation and approved, where appropriate, by the Competent Authorities, as interpreted and implemented by instructions, notices and procedures issued by the Clearing Organisation;
<b>“Client”:</b>	any Person who employs the services of a Member in relation to one or more orders for the purchase or sale of one or more Admitted Financial Instruments;
<b>“Closed-ended Investment Fund”:</b>	a collective investment scheme that does not offer creation and redemption of shares/units;
<b>“Competent Authority”:</b>	the public authority or self-regulatory body of Belgium, France, the Netherlands, Portugal or the United Kingdom as the case may be, having jurisdiction over the relevant matter;
<b>“Competitive Market Maker”:</b>	a (designated) Liquidity Provider having certain quoting obligations as determined and published by the Relevant Euronext Market Undertaking from time to time;
<b>“Contract Specifications”:</b>	the terms and arrangements specified by the Relevant Euronext Market Undertaking pursuant to Rule 5103 in respect of each Derivative which is an Admitted Financial Instrument, issued as a Notice;

<b>“Credit Institution”:</b>	any credit institution as defined in Article 1(1) of the Banking Directive, excluding any of the institutions referred to in Article 2(3) thereof;
<b>“Cross Transaction”:</b>	a Transaction executed pursuant to requirements (including those as to price) set out in the Rules whereby both the purchase and the sale are executed by one Member, albeit that the relevant orders must have originated from separate Clients or from separate accounts with different beneficial owners, as the case may be;
<b>“Depository Receipt”:</b>	a Security embodying an entitlement to specific rights attaching to an Underlying Security, issued by an entity other than the Issuer of the Underlying Security;
<b>“Derivative”:</b>	any non-securitised instrument of one of the following categories: <ul style="list-style-type: none"><li>(i) options and futures contracts in respect of Securities or commodities, including equivalent cash-settled instruments;</li><li>(ii) any other instruments (other than warrants and other types of Securities) the value of which is determined by reference to prices of Securities or commodities, interest rates or yields, foreign exchange rates or other indices or measures which, subject to relevant National Regulations, Euronext may determine to be eligible for trading on a Euronext Market for Derivatives;</li></ul>
<b>“EEA Right”:</b>	the entitlement of a Person to establish a branch or provide services in an EEA State other than that in which it has its head office, subject to the conditions of the relevant single market directive;
<b>“Eligible Financial Instrument”:</b>	an Admitted Financial Instrument specified in the Appendix to the Trading Manual as eligible to be included in the Internal Matching Facility;
<b>“EMIR”:</b>	the Regulation of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories (EP & Council Regulation No.648/2012/EU);
<b>“Equity Securities”:</b>	Shares and other transferable securities equivalent to Shares, as well as any other type of transferable securities giving the right to acquire Equities Securities as a consequence of their being converted or the rights conferred by them being exercised, provided that Securities of the latter type are issued by the issuer of the Underlying Securities or by an entity belonging to the group of the said issuer;
<b>“ETF”:</b>	an “exchange-traded fund”, i.e. an Open-ended Investment Fund providing exposure to the performance of a daily transparent and intra-day

	priced index or portfolio of assets and offering daily creation/redemption of shares/units;
<b>“ETN”:</b>	an “exchange-traded note”, i.e. a zero-coupon debt security issued by a credit institution or an investment firm, providing exposure to the performance of an intra-day priced underlying reference and offering regular redemption of securities;
<b>“ETV”:</b>	an “exchange-traded vehicle”, i.e. a zero-coupon debt security issued by a special purpose vehicle, providing exposure to the performance of an intra-day priced underlying reference and offering regular redemption of securities;
<b>“EuroCCP”:</b>	European Central Counterparty N.V., a company with limited liability ( <i>naamloze vennootschap</i> ) organised under the laws of the Netherlands and authorised and regulated as a Central Counterparty pursuant to EMIR;
<b>“Euronext”:</b>	the corporate group consisting of Euronext N.V., a corporation (“naamloze vennootschap”) organised under the laws of the Netherlands, the Euronext Market Undertakings and any other subsidiary of Euronext N.V., as the context may require;
<b>“Euronext Amsterdam”:</b>	Euronext Amsterdam N.V., a corporation (“naamloze vennootschap”) organized under the laws of the Netherlands, operator of a securities exchange (“houder van een effectenbeurs”) authorised pursuant to Article 5:26 of the Dutch Financial Supervision Act (“Wet op het financieel toezicht”);
<b>“Euronext Brussels”:</b>	Euronext Brussels S.A./N.V., a corporation (“société anonyme”, “naamloze vennootschap”) organised under the laws of Belgium and recognised as a market undertaking in accordance with Article 16 of the Belgian Law of August 2, 2002 governing the supervision of the financial sector and financial services (“Loi relative à la surveillance du secteur financier et aux services financiers / Wet betreffende het toezicht op de financiële sector en de financiële diensten”);
<b>“Euronext Derivatives Market”:</b>	any market, including any Regulated Market, for Derivatives operated by any Euronext Market Undertaking;
<b>“Euronext Derivatives Membership”:</b>	membership of one or more of the Euronext Derivatives Markets as defined in Rule 2.1;
<b>“Euronext Lisbon”:</b>	Euronext Lisbon – Sociedade Gestora de Mercados Regulamentados, S.A., a corporation (“sociedade anónima”) organised under the laws of Portugal, a regulated market managing company authorised pursuant to the Portuguese Decree-Law n.º 357-C/2007, of October 31st (“Regime jurídico das sociedades gestoras de mercado regulamentado, das sociedades gestoras de sistemas de negociação multilateral, das sociedades gestoras de câmara de

compensação ou que actuem como contraparte central, das sociedades gestoras de sistema de liquidação e das sociedades gestoras de sistema centralizado de valores mobiliários”);

**“Euronext London”**

Euronext London Limited, a company incorporated in England and Wales (registration no. 8631662) whose registered office is at Juxon House, 100 St Paul’s Churchyard, London, EC4M 8BU, England and which has been recognised as an investment exchange pursuant to section 290 of the Financial Services and Markets Act 2000;

**“Euronext Market”:**

any Euronext Derivatives Market or Euronext Securities Market;

**“Euronext Market Undertakings”:**

Euronext Amsterdam, Euronext Brussels, Euronext Lisbon, Euronext London and Euronext Paris;

**“Euronext Paris”:**

Euronext Paris S.A., a corporation (“société anonyme”) organised under the laws of France and a market undertaking (“entreprise de marché”) within the meaning of Article L. 421-2 of the French Monetary and Financial Code;

**“Euronext Securities Market”:**

any Regulated Market for Securities operated by any Euronext Market Undertaking;

**“Euronext Securities Membership”:**

membership of the Euronext Securities Markets as defined in Rule 2.1;

**“Euronext Trading Platform”:**

the technical platform operated by Euronext and interlinking Euronext Markets for Securities or for Derivatives, as the case may be;

**“EU Sanction List”:**

List containing the names and identification details of all persons, groups and entities targeted by financial restrictions, sanctions or other measures that the European Union has applied in pursuit of the specific objectives of the Common Foreign and Security Policy (CFSP) as set out in Article 11 of the Treaty on European Union, to help prevent the financing of terrorism;

**“Exercise Price”:**

the price at which the underlying asset is purchased or sold pursuant to the exercise of an Option Contract;

**“Financial Institution”:**

any financial institution as defined in Article 1(5) of the Banking Directive, which fulfils the conditions set forth in Article 19 thereof;

**“Financial Instrument”:**

any Security or Derivative;

**“Flex Contract”:**

an Admitted Financial Instrument which permits a Member to vary certain parameters of the Contract Specifications within the limits specified by the Relevant Euronext Market Undertaking;



<b>“Guaranteed Cross Trade”:</b>	a Cross Transaction executed pursuant to the Rules which does not interact with orders in the Central Order Book but whose price is constrained by the prices of such orders;
<b>“Home State”:</b>	the country in which a Person has its registered office or, absent a registered office, its head office or, in the case of an individual, the country in which such individual has its principal place of business;
<b>“Individual Trading Mnemonic” or “ITM”:</b>	any trading access identifier assigned to a Responsible Person for the execution of business on the Euronext Trading Platform for Derivatives for which he is responsible;
<b>“Insider Dealing”</b>	the activities specified in Article 8 (Insider Dealing) of the Market Abuse Regulation (Regulation 596/2014/EU);
<b>“Internal Matching Facility”:</b>	a service for a member which implies that an order in respect of an Eligible Financial Instrument entering the order book already containing an order by that member at the best limit will be executed against this latter order without regard to its entry time;
<b>“Investment Company”:</b>	an investment company whether or not constituted as a UCITS;
<b>“Investment Firm”:</b>	shall have the meaning ascribed to it by Article 4(1)(1) of MIFID;
<b>“Investment Service”:</b>	any of the services listed in Section A of Annex 1 to MIFID, relating to any Financial Instrument, that are provided to a third party;
<b>“Issuer”:</b>	any legal entity whose Securities (or any class) have been admitted or are the subject of an application for admission to listing and/or trading on a Euronext Market;
<b>“Large-in-Scale Trade”</b>	shall have the meaning ascribed to it by Rule 5602/1(b);
<b>“LCH SA”:</b>	Banque Centrale de Compensation S.A., a corporation (“société anonyme”) organised under the laws of France and authorised and regulated as a Central Counterparty pursuant to EMIR;
<b>“LEI”:</b>	legal entity identifier, as defined in ISO 17442;
<b>“Liquidity Provider”:</b>	unless otherwise specified in Book II, any Member or, in respect of Euronext Derivatives Markets, any Member or Client of a Member who has undertaken, and been appointed by the Relevant Euronext Market Undertaking, to enhance the market liquidity of a particular Admitted Financial Instrument, in accordance with Rule 4107 or Rule 5105, as the case may be;

<b>“Liquidity Provision Agreement”:</b>	a written agreement entered into between the Relevant Euronext Market Undertaking and a Liquidity Provider pursuant to Rule 4107 or Rule 5105, as the case may be;
<b>“Listing Agent”:</b>	a legal entity appointed by the Issuer to assist and guide the relevant Issuer in respect of an admission to listing and/or trading of its Securities on a Euronext Securities Market;
<b>“Listing Agreement”:</b>	an agreement to be concluded prior to the admission to listing between the Issuer and the Relevant Euronext Market Undertaking under which the Issuer agree to be bound by the Rules;
<b>“Market Capitalisation”:</b>	with regards to a particular Security on a particular day: <ul style="list-style-type: none"><li>(i) the price multiplied by the number of Securities of that particular type at a certain period of time, subject to a maximum of the total number of Securities of that type admitted to listing on a Euronext Securities Market, or</li><li>(ii) in the case of Bonds, the amount obtained by multiplying the percentage stated as the issue price of the Bond by the issued nominal amount of the relevant issue at the end of that day;</li></ul>
<b>“Market Manipulation”</b>	the activities specified in Article 12 (Market Manipulation) of the Market Abuse Regulation (Regulation 596/2014/EU);
<b>“Market of Reference”:</b>	where an Admitted Financial Instrument is admitted to trading on more than one Euronext Securities Market (other than that operated by Euronext Lisbon), the Market of Reference shall be the Euronext Securities Market specified by Euronext on which all Transactions in the Central Order Book shall be executed;
<b>“Member”:</b>	any Person who has been admitted to Euronext Securities Membership or Euronext Derivatives Membership and whose membership has not been terminated;
<b>“Member State”:</b>	any of the Member States of the European Economic Area;
<b>“MIFID”:</b>	the Directive of the European Parliament and of the Council on markets in financial instruments (EP & Council Directive 2004/39/EC);
<b>“MIFID Passport”:</b>	the freedom of an Investment Firm or a Credit Institution to carry on investment business throughout the European Economic Area on the basis of

	authorisation by the competent authorities of its home Member State pursuant to MIFID or the Banking Directive, as the case may be;
<b>“National Regulations”:</b>	any and all laws and regulations applicable in the jurisdiction of the Relevant Euronext Market Undertaking;
<b>“NAV Trading”:</b>	A facility specially designed for and limited to the trading of Open-Ended Investment Funds. This service is offered to fund agents and to other Members of the relevant Euronext Securities Market;
<b>“Non-MIFID Firm”:</b>	a Person without the right to a MIFID Passport, including a Person established within a Member State of the European Economic Area but excluded from the scope of MIFID and a Person from a third country, whether authorised or not;
<b>“Notice”:</b>	any written communication, labelled “Notice”, issued by the Euronext Market Undertakings to Members or Issuers generally or to any class of Members or Issuers for the purpose of interpreting or implementing the Rules or any other purpose contemplated in this Rule Book;
<b>“Off Order Book Transaction”</b>	shall have the meaning ascribed to it by Rule 5602/1;
<b>“Open-ended Investment Fund”</b>	A collective investment scheme offering regular creation/redemption of shares/units;
<b>“Participation Certificate”:</b>	a Certificate of participation in an Investment Fund;
<b>“Partner Market”:</b>	a market which is the subject of an agreement with a Euronext Market Undertaking pursuant to Rule 3101/1;
<b>“Penalty Bench”:</b>	a special compartment maintained by the Relevant Euronext Market Undertaking grouping together Issuers that do not comply with the Rules;
<b>“Person”:</b>	any individual, corporation, partnership, association, trust or entity as the context admits or requires;
<b>“Primary Market Maker” or “Primary Liquidity Provider”:</b>	a (designated) Liquidity Provider having certain quoting obligations greater than those of a Competitive Market Maker (where such Competitive Market Maker exists) as determined and published by the Relevant Euronext Market Undertaking from time to time;
<b>“Public-Law Issuer”:</b>	an Issuer that is a state, a territorial body under public law or an international institution under public law;
<b>“Recovery Box”:</b>	a special compartment maintained by the Relevant Euronext Market Undertaking grouping together Issuers that are subject to insolvency procedures;

<b>“Regulated Market”:</b>	any organised market for Financial Instruments within the scope of Article 4(1)(14) of MIFID;
<b>“Relevant Euronext Market Undertaking”:</b>	the Euronext Market Undertaking which has approved, or is in the process of reviewing, the application for Euronext Membership of the relevant Member or prospective Member, or the Euronext Market Undertaking which has admitted the relevant Financial Instrument to listing or trading on a Euronext Market or with which the relevant application for admission to listing or trading is pending, as the context requires; for the purposes of certain agreements contemplated by the Rules, when this term is intended to refer solely to a Euronext Market Undertaking in the first sense, it is marked with an asterisk (*); for the purposes of the situations where a given Security is admitted on more than one Euronext Securities Market, any mention in this rulebook of the “Relevant Euronext Market Undertaking” should be construed as referring to the one operating the Market of Reference where the context deals with Central Order Book trading only and related matters thereto;
<b>“Responsible Person”:</b>	an individual designated as such by a Member and registered with the Relevant Euronext Market Undertaking pursuant to Rule 2202;
<b>“Retail Trading Facility”:</b>	arrangements designed to provide appropriate matching rules for Retail Orders, in consideration of their specific nature. In these Rules, such arrangements include the dedicated specific provisions of Rules 4202/1, 4205, 4401/1, 4503/2 and 4503/3A;
<b>“Retail Liquidity Provider”:</b>	any Member who has been appointed by the Relevant Euronext Market Undertaking to provide Retail Liquidity Quotes in the Central Order Book;
<b>“Retail Liquidity Firm Quote”:</b>	any limit order posted in the Central Order Book by a Retail Liquidity Provider acting in such capacity and available to be matched only with Retail Orders submitted by Retail Member Organisations;
<b>“Retail Member Organisation”:</b>	any Member who has been accepted by the Relevant Euronext Market Undertaking to submit Retail Orders in the Central Order book in accordance with conditions specified and published by the Relevant Euronext Market Undertaking;
<b>“Retail Order”:</b>	any order for which the Retail Member Organisation has sufficient reason to believe that it originates from a retail client (i.e. from a client who has not been classified as a “professional client” within the meaning of MIFID definition or equivalent definition in respect of a broker established in a country outside the European Economic Area);

<b>“Rules”:</b>	the rules set forth in this Rule Book, as interpreted or implemented by Notices;
<b>“Security”:</b>	any transferable security of one of the following categories: <ul style="list-style-type: none"><li>(i) Equity Securities;</li><li>(ii) Certificates;</li><li>(ii) Depositary Receipts in respect of Shares;</li><li>(iv) bonds or other debt securities;</li><li>(v) warrants or similar securities entitling the holder to acquire any of the aforesaid securities or any basket of such securities or to receive a cash amount determined by reference to a future price or value of any such security or basket;</li><li>(vi) units in collective investment undertakings or participation units in other investment vehicles;</li><li>(vii) any other securities which, subject to relevant National Regulations, Euronext may decide to be eligible for trading on a Euronext Market for Securities;</li></ul>
<b>“Shares”:</b>	any shares of capital stock or other equity securities issued by a corporation or other incorporated business enterprise;
<b>“Sponsored Access” :</b>	in relation to the activities of a Client and for the sole purposes of this Rulebook, an access mode whereby such Client (the “Sponsored Participant”) can make use of direct connectivity solutions, subject to the consent and under the responsibility of a Member (the “Sponsoring Member”), subject to conditions set forth in Rule 3.3.;
<b>“Sponsoring Member”:</b>	a Member sponsoring a Sponsored Participant pursuant to Rule 3.3.;
<b>“Sponsored Participant”:</b>	a Client that benefits from direct connectivity solutions pursuant to Rule 3.3.;
<b>“Technical Trade”</b>	shall have the meaning ascribed to it by Rule 5602/1(a);
<b>“Trading Day”:</b>	any day on which the Euronext Markets are open for trading;
<b>“Trading Host”:</b>	the central processing system of the Euronext Trading Platform for Securities or Derivatives, as the case may be;

<b>“Trading Hours”:</b>	the trading hours on any Trading Day, as announced by a Notice;
<b>“Trading Manual”:</b>	those procedures concerning the Euronext Securities Markets issued pursuant to Rule 4105, issued as a Notice;
<b>“Trading Procedures”:</b>	those procedures concerning the Euronext Derivatives Markets issued pursuant to Rule 5106, issued as a Notice;
<b>“Transaction”:</b>	any purchase or sale of an Admitted Financial Instrument on a Euronext Market;
<b>“UCITS”:</b>	An Undertaking for Collective Investment in Transferable Securities;
<b>“Underlying Security”:</b>	any Security of the kind defined in Rule 6606.

**1.2. CONSTRUCTION**

1201	References to any law, regulation, directive or rule shall be construed as those in force at the relevant time, as the same may have been amended.
1202	The Rule Book is composed of a harmonised part (“Book I”) and a part which is market-specific (“Book II”). Unless specifically provided otherwise, cross-references to Rules, chapters or sections in this Rule Book shall be construed to refer to Rules, chapters or sections of the same book.
1203	[Reserved]
1204	Chapter or section headings in this Rule Book or in the Notices are for ease of reference only; they are not part of the content of the relevant chapter or section and do not in any way affect the interpretation thereof.
1205	Capitalised terms used in this Rule Book shall be construed to be of such gender or number as the context admits or requires.
1206	Capitalised terms defined in Rule 1.1 and used but not otherwise defined in Notices or other communications of the Euronext Market Undertakings shall have the same meaning therein as set forth in Rule 1.1.
1207	Unless specified otherwise, references to decisions or determinations made or to be made, or other acts performed or to be performed, by Euronext shall be construed to refer to decisions, determinations or other acts made or performed, or to be made or performed, jointly by the Euronext Market Undertakings.
1208	Unless specifically provided otherwise, time specifications in this Rule Book or in Notices or other communications of the Euronext Market Undertakings shall be construed to refer to Central European Time.
1209	Unless specifically provided otherwise, any time periods stated in this Rule Book or in Notices or other communications of the Euronext Market Undertakings shall be counted from midnight to midnight. The time periods shall be deemed to begin on the day following the day on which the event that causes such period to begin takes place. If the date on which any such period terminates is not a Trading Day, the relevant time period shall expire on the next Trading Day. Time periods stated in months or years shall be counted from the starting day through the day proceeding the corresponding

day in the relevant subsequent month or year.

**1.3. LANGUAGE**

- 1301 Book I of this Rule Book is drawn up, and Notices shall be issued, in the language(s) of the jurisdiction of each Euronext Market Undertaking. These language versions are equally authentic.
- 1302 For each Euronext Market Undertaking, Book II of this Rule Book is drawn up, and Notices shall be issued, in English and in the language(s) of the jurisdiction of that Euronext Market Undertaking. Subject to National Regulations, these language versions are equally authentic.
- 1303 Any applications, filings and correspondence with, and submissions to, a Euronext Market Undertaking by Members, Issuers and prospective Members or Issuers shall be in English or in the language or one of the languages of such Euronext Market Undertaking, as each Member, Issuer or prospective Member or Issuer may elect.

**1.4. IMPLEMENTATION AND MODIFICATION OF RULES**

1401 This Rule Book shall be implemented and interpreted by:

- (i) Notices applicable to all Euronext Derivatives Markets, issued jointly by the Euronext Market Undertakings;
- (ii) Notices applicable to all Euronext Securities Markets, issued jointly by the Euronext Market Undertakings;
- (iii) Notices applicable only to markets operated by one Euronext Market Undertaking, issued separately by that Euronext Market Undertaking; and
- (iv) individual decisions adopted by one Euronext Market Undertaking pursuant to the Rules.

Notices shall become effective and binding upon publication by the Euronext Market Undertakings in the manner set forth in Rule 1501 or at such subsequent date as is specified in such publication.

1402 With a view to the adequate and proper operation of the Euronext Markets and the protection of the interests of participants on those markets, the Euronext Market Undertakings may modify the Rules, including by adopting additional Rules, whenever it deems such modifications necessary or appropriate.

The Rules are modified by decision adopted jointly by the Euronext Market Undertakings in the case of Rules set forth in Book I, or by decision of the Relevant Euronext Market Undertaking in the case of Rules set forth in Book II, in each case subject to approval by the Competent Authorities. Such modifications shall become effective and binding on all Members and Issuers upon publication by the Euronext Market Undertakings in the manner set forth in Rule 1501 or at such subsequent date as is specified in such publication.

If any modification of the Rules, other than a modification required by European Community law or National Regulations, materially adversely affects the rights or obligations of Members generally or of any class of Members, then any Member so affected may terminate its Euronext Membership by notice in writing given to the Relevant Euronext Market Undertaking within five Trading Days from the date of publication of the relevant modification.

**1.5. PUBLICATION AND COMMUNICATIONS**

1501 The Euronext Market Undertakings shall ensure publication of this Rule Book, subsequent amendments to the Rules, and Notices through dissemination to its Members and/or Issuers or to the relevant class of Members or Issuers via its trading system, publication in its periodical publications or individual notification as appropriate.

1502 Unless specifically provided otherwise, any notification or other communication specific to a Member or an Issuer which is required to be made in writing by any Rule may be made by any means of communication producing or permitting reproduction of a written or printed text of the notice.

Any such notification or communication shall be deemed to have been received when effectively delivered to the recipient's address or transmitted to its fax number or electronic mail address, as the case may be, except that any notification or communication made by ordinary mail shall be deemed to have been received on the second, fourth or seventh Trading Day following the postal stamp date, depending on whether the notice is sent within the same country, to another Member State or to a country outside the European Economic Area, respectively.



Any such notification or communication to a Member or to an Issuer shall be made to the address, fax number or electronic mail address specified in writing by such Member or Issuer. For Members, such a registration has to be done pursuant to Rule 2.7 or Rule 3.7, as the case may be.

1503 A Relevant Euronext Market Undertaking may record conversations conducted on telecommunications equipment of any kind located on its premises, including for the avoidance of doubt conversations conducted from such premises using portable telecommunications equipment. Any such recordings shall be retained by that Euronext Market Undertaking on such terms and conditions as may be prescribed from time to time.

**1.5A. OBLIGATIONS OF REGULATED MARKETS**

1501A Euronext Market Undertakings are required, pursuant to National Regulations, to:

- (i) have clear and transparent Rules which (a) provide for fair and orderly trading and establish objective criteria for the efficient execution of orders; and (b) ensure that any Financial Instruments admitted to trading are capable of being traded in a fair, orderly and efficient manner;
- (ii) establish and maintain effective arrangements and procedures for the regular monitoring of the compliance with the Rules by Members and Issuers; and
- (iii) monitor the activity undertaken by Members in order to identify breaches of the Rules, disorderly trading conditions or conduct that may involve market abuse.

1502A The Relevant Euronext Market Undertaking may, if in its opinion any circumstances calling for emergency action have developed or are developing and, whenever possible, after consultation with the relevant Competent Authority (and, in any case, after notifying such Competent Authority), take any steps on a temporary basis to provide for, correct or check the further developments of those circumstances in order to preserve or restore conditions enabling the maintenance of fair and orderly trading and efficient execution of orders. Steps taken pursuant to this Rule 1502A shall be published by Notice or by such means as are considered appropriate and subsequently confirmed by Notice.

1503A For the purposes of Rule 1502A, “circumstances calling for emergency action” should be construed as being any unexpected circumstances which threaten, or potentially threaten, the ability of the Relevant Euronext Market Undertaking to meet its responsibilities as an operator of regulated markets to maintain the fair, orderly and efficient conduct of business on the markets and the due performance of contracts. Such circumstances include, but are not limited to, extreme asset price volatility, failure or compromise of critical IT systems and material systemic problems within financial markets. The steps taken pursuant to Rule 1502A may include, but would not be limited to, those actions mentioned in Rule 1601.

1504A Rule 1502A is without prejudice to the powers of a Competent Authority to require a Euronext Market Undertaking to take, or cease taking, steps.

**1.6. EXCLUSION OF LIABILITY**

1601 Euronext wishes to draw the following statement to the attention of Members and Issuers. In pursuit of Euronext’s responsibilities as an operator of regulated markets including those referred to under Rule 1501A, there are a number of actions which may or may not be undertaken by Euronext, whether as a result of Euronext’s own determination or at the request of a Member, Issuer or the relevant Competent Authority. Some of these actions are listed below, without limitation:

- (i) the suspension or restriction in some way of business on any of the Euronext Markets pursuant to Rule 4403 and/or Rule 5402;
- (ii) the closure for any period of any of the Euronext Markets pursuant to Rule 4403 and/or Rule 5401;
- (iii) the cancellation of trade(s) on any of the Euronext Markets pursuant to Rule 4403 and/or Rule 5403;
- (iv) any investigation, audit or check in respect of a Member or an Issuer to ensure compliance with the Rules pursuant to Rules 9.2, 6107 and/or 6901; and
- (v) the suspension of membership rights and/or termination of membership pursuant to Rule 2.8 and/or Rule 9.3.

This may result in the inability of one or more Members and, through such Members, one or more Clients, to enter into Transactions.

- 1602 Unless otherwise expressly provided in the Rules or in any other agreement between Euronext and a Member or an Issuer, Euronext shall only be liable for fraud, gross negligence and wilful misconduct where there is a finding of such by a court of competent jurisdiction and shall not otherwise be liable.
- 1603 Members are required to draw the statements in Rules 1601 and 1602 to the attention of their Clients.
- 1604 For the purposes of this Rule 1.6, references to “Euronext” shall include any officers, employees, agents and representatives of Euronext.

**1.6A. CONFIDENTIALITY OF INFORMATION**

- 1601A All information concerning the affairs of an Issuer, a Member or an applicant for Membership obtained or received by a Euronext Market Undertaking shall be treated as confidential and, subject to Rule 1602A, shall not be passed on to a third party without the explicit written approval of the Person in question.
- 1602A The Euronext Market Undertaking shall be able to pass on confidential information in respect of such Person (without seeking that Person’s approval) to:
- (i) another Euronext Market Undertaking;
  - (ii) the Clearing Organisation and/or a settlement agent;
  - (iii) in the case of an Issuer, the Paying Agent and/or the Sponsor duly appointed by such Issuer;
  - (iv) a Competent Authority; or
  - (v) any Person or body which in the opinion of Euronext exercises a legal or regulatory function under any law or regulation or a function comprising or associated with the enforcement of such a function,

provided that any Person receiving confidential information pursuant to this Rule 1602A is subject to professional secrecy obligations and shall be required to respect the confidentiality of such information.

- 1603A The Euronext Market Undertaking may provide to an Issuer confidential information relating to the trading of its Securities on a Euronext Market provided that the Issuer treats such information as confidential and does not pass it on to a third party.

**1.7. GOVERNING LAW**

1701 All provisions in this Rule Book in respect of orders and/or Transactions executed, deemed to be executed or entered into on the respective Euronext Market and all matters related thereto and, subject to Rule 1702, all other provisions of the Rule Book shall be governed by and construed:

- (i) in respect of Euronext Amsterdam, in accordance with the laws of the Netherlands and, without prejudice to any agreement to go to arbitration, shall be subject to the exclusive jurisdiction of the Dutch courts;
- (ii) in respect of Euronext Brussels, in accordance with the laws of Belgium and, without prejudice to any agreement to go to arbitration, shall be subject to the exclusive jurisdiction of the Belgian courts;
- (iii) in respect of Euronext Lisbon, in accordance with the laws of Portugal and, without prejudice to any agreement to go to arbitration, shall be subject to the exclusive jurisdiction of the Portuguese courts;
- (iv) in respect of Euronext Paris, in accordance with the laws of France and, without prejudice to any agreement to go to arbitration, shall be subject to the exclusive jurisdiction of the French courts;
- (v) in respect of the Euronext Securities Market established in the United Kingdom, in accordance with the laws of England and Wales and, without prejudice to any agreement to go to arbitration, shall be subject to the exclusive jurisdiction of the English courts.

For the avoidance of doubt, all Transactions in the Central Order Book shall be executed on the Market of Reference and subject to the applicable laws and the exclusive jurisdiction of the courts relevant to that market as specified in this Rule 1.7.

1702 Other than for those provisions of the Rule Book in respect of orders and/or Transactions executed or entered into on the respective Euronext Market and all matters related thereto, The Relevant Euronext Market Undertaking and the Member may agree in a written agreement a choice of governing law and jurisdiction different from that specified in Rule 1701.

1703 Nothing contained in these Rules overrides any provision of applicable National Regulations and, in the case of any conflict between any provision of these Rules and National Regulations, National Regulations will prevail.

**1.8. ENTRY INTO EFFECT**

1801 This Rule Book shall enter into effect as of a date to be announced by Euronext by Notice.

## CHAPTER 2: EURONEXT MEMBERSHIP

### 2.1. EURONEXT MEMBERSHIP AND MEMBERSHIP CAPACITIES

#### 2101 EURONEXT MEMBERSHIP

2101/1 Any person wishing to become a Member of a Euronext Derivatives Market or a Euronext Securities Market must apply for membership in accordance with the provisions of this Chapter 2. The admission of a Person to Euronext Derivatives Membership or Euronext Securities Membership (as the case may be) is subject to the prior written approval of the Relevant Euronext Market Undertaking. Upon admission by a Relevant Euronext Market Undertaking pursuant to this Chapter 2, a Person shall be denoted as a Euronext Derivatives Member and/or a Euronext Securities Member (as the case may be).

2101/2 The trading privileges and obligations of a Member shall be set forth in this Rule Book, the Admission Agreement and in other specific agreements contemplated by this Rule Book.

2101/3 Membership or any trading privileges arising from such Membership may not in any way be transferred (other than by way of corporate restructuring with no change of beneficial ownership, subject to the prior written approval of Euronext) or encumbered by or on behalf of the Member.

2101/4 The eligibility criteria specified in, or pursuant to, Rule 2201/1 shall apply not only at the time of application for Membership but continuously, for as long as the Person in question is a Member.

#### 2102 MEMBERSHIP CAPACITIES

2102/1 Membership capacities are determined by the scope of the Member's authorisation, licence or permission from the relevant competent authority, where such authorisation, licence or permission is required, though a Member may, if he so wishes, restrict such scope in respect of his activities on one or more of the Euronext Markets.

### 2.2. REQUIREMENTS FOR EURONEXT MEMBERSHIP

#### 2201 ELIGIBILITY FOR MEMBERSHIP

2201/1 The Relevant Euronext Market Undertaking shall determine whether an Applicant which does not already hold Euronext Derivatives Membership or Euronext Securities Membership (as the case may be) satisfies the following criteria:

- (i) in respect of an Investment Firm or a Credit Institution, that:
  - (a) it is authorised by the competent authorities of its home Member State to conduct business on the market; and
  - (b) where relevant, it has given appropriate notification to the competent authority concerned that it wishes to take up its EEA Right in the jurisdiction in which the Relevant Euronext Market Undertaking is situated;

- (ii) in respect of a Non-MIFID Firm:
  - (a) that it is authorised, or otherwise licensed or permitted by the Competent Authorities or other relevant regulatory authority to conduct business on the market, or in the absence of a requirement for authorisation, licensing or permission, it can otherwise demonstrate that it is fit and proper; and
  - (b) that it enjoys the business standing suitable for admission to Membership;
- (iii) that its staff are suitably qualified and experienced in order to implement and maintain adequate internal procedures and controls in relation to its intended business on the market;
- (iv) that, where relevant, it has entered into any agreement contemplated by this Rule Book and has met any technical requirements specified by the Relevant Euronext Market Undertaking;
- (v) that it can demonstrate fluency of its relevant personnel in English or in one of the languages of the Relevant Euronext Market Undertaking;
- (vi) that it can demonstrate that it has sufficient resources for the role(s) it intends to perform on the market; and
- (vi) any other criteria which the Relevant Euronext Market Undertaking may prescribe with regard to Membership and publish by Notice.

2201/2 Natural persons and sole proprietorships are not eligible to become Euronext Securities Members.

2201/3 Admission to Membership of any Euronext Market Undertaking shall not confer any right to attend or vote at meetings, or right to share in or any liability in respect of debts, of any Euronext Market Undertaking.

2201/4 The Relevant Euronext Market Undertaking will only consider applications for membership in respect of Persons located in jurisdictions with satisfactory regulatory arrangements including those in respect of:

- (i) supervision of investment activity; and
- (ii) information sharing and co-operation between the supervisory authority of the jurisdiction concerned and the Competent Authorities or, where permitted by National Regulations, the Relevant Euronext Market Undertaking.

2202 RESPONSIBLE PERSONS AND TRADERS

2202/1 A Member must ensure that it has a sufficient number of Responsible Persons for the nature and scale of business being conducted. A Responsible Person shall be responsible for trading activity conducted on:

- (i) the Euronext Derivatives Markets under his ITM(s); and/or
- (ii) the Euronext Securities Markets under his general authority,

and may be a trader himself and/or a trading supervisor.

2202/2 In order to comply with this Rule 2202, a Responsible Person must, pursuant to the requirements of the Relevant Euronext Market Undertaking, be adequately trained and fully conversant with the Rules and Trading Procedures. A Relevant Euronext Market Undertaking may impose requirements (and publish such requirements by Notice) in respect of training and competence of Responsible Persons.

2202/3 Subject to any restrictions imposed by the Relevant Euronext Market Undertaking trading may be conducted by Responsible Persons or by other individuals within the Member, at the discretion of the Member, provided all such individuals are suitable and adequately trained in accordance with the Rules. Traders who are not Responsible Persons may only submit orders for Derivatives under the ITM(s) of a Responsible Person registered to the Member or for Securities under the general authority of such Responsible Person.

**2.3. APPLICATION PROCEDURE**

2301 SUBMISSION OF THE APPLICATION

2301/1 Applicants shall submit a written application to the Relevant Euronext Market Undertaking and such additional information and documents as the Relevant Euronext Market Undertaking may, in its sole judgment, consider relevant in order to review the application.

2301/2 An existing Member wishing to act in a capacity other than that to which it is already admitted or wishing to extend its activities on another Euronext Market shall submit a written application to the Relevant Euronext Market Undertaking.

2302 APPLICATION FILE

2302/1 Applicants shall submit a written application for Membership to the Relevant Euronext Market Undertaking, using the standard form prescribed by Euronext, in English or in one of the languages of the Relevant Euronext Market Undertaking.

2302/2 The Relevant Euronext Market Undertaking may require from the applicant additional information and documents and may institute such investigation to verify information submitted by the applicant as it deems necessary. The Relevant Euronext Market Undertaking may require the applicant, or one or more representatives of the applicant, to attend for interview by the Relevant Euronext Market Undertaking.

2302/3 Each applicant and each Member shall authorise Euronext or its duly appointed agents to carry out such on-site inspections, during normal business hours, in respect of its activities on the Euronext Markets as Euronext may deem appropriate in its sole discretion. Furthermore, each applicant and each Member shall make a commitment to provide all information or make any modifications to its information systems that may be required by Euronext, acting in good faith, as a result of such an inspection.

2303 DETERMINATION OF APPLICATION

2303/1 A Euronext Market Undertaking shall, after receipt of an application for Membership and any additional information requested by it, in its sole discretion approve or reject such application or approve such application subject to such conditions and/or restrictions as it considers appropriate. The Relevant Euronext Market Undertaking shall notify the applicant of its decision in writing.

2303/2 Without prejudice to Rule 2303/3 and subject to Rule 1.6A, the Relevant Euronext Market Undertaking shall keep confidential all information submitted to it by a Member or a prospective Member in connection with an application for Membership or obtained by it in the course of reviewing such application.

2303/3 The Relevant Euronext Market Undertaking shall inform Competent Authorities, the other Euronext Market Undertakings and, as applicable, the Clearing Organisation(s) of the admission of new Members and the date on which such new Members are approved and/or start trading.

2303/4 If a Relevant Euronext Market Undertaking decides to refuse an application it shall promptly notify the applicant in writing. Such applicant may, by notice in writing within seven days of receiving notice of such decision, require the Euronext Market Undertaking to give additional explanations for its decision within seven days of receiving such notice from the Applicant.

#### **2.4. MEMBERS' CONTINUING OBLIGATIONS**

2401 A Member shall on a continuing basis:

- (i) abide by the Rules, as from time to time in force, and take all appropriate actions prescribed by the Rules;
- (ii) fulfil his obligations under the Admission Agreement and, where relevant, any other agreement(s) to which the Relevant Euronext Market Undertaking and the Member are party;
- (iii) pay the fees and charges prescribed by Euronext according to the conditions established by Euronext and communicated to Members;
- (iv) authorise Euronext or its duly appointed agents to carry out on-site investigations, during normal business hours, in any place of business of the Member or its Affiliate, and submit as soon as possible any information or document which Euronext or such agents consider appropriate for purposes of such investigations;
- (v) comply with the technical requirements of the relevant Euronext Trading Platform(s) and of any other information technology system or network operated by Euronext, as set out in the relevant agreement(s);
- (vi) notify the Relevant Euronext Market Undertaking as soon as possible and in writing of any material changes to the information submitted during the course of the Membership application, including in particular (without limitation) those in respect of the Member's authorisation, license or permission to conduct Investment Services;
- (vii) give prior written notice to the Relevant Euronext Market Undertaking of any facts or circumstances which may affect the legal form or organisation of the Member or its trading activities on the Euronext Markets, including (without limitation) any consolidation, reorganisation, merger, change of name, change of control or similar event to which the Member is or will become a party and provide such additional information as the Relevant Euronext Market Undertaking may reasonably require;
- (viii) notify immediately the Relevant Euronext Market Undertaking of the commencement or anticipation of any bankruptcy, insolvency, winding up, administration or equivalent event (including amicable settlement) in any relevant jurisdiction the Member is subject to or to which the Member is a party;

- (ix) provide the Relevant Euronext Market Undertaking with such contact details of representatives of the Member as may be determined by the Relevant Euronext Market Undertaking and notify the Relevant Euronext Market Undertaking of any changes to such details (including changes to the address of the Member) in a timely manner;
- (x) ensure that any description of his Membership or the services that he is able to provide, in the form and context in which it appears or is used, does not misrepresent the scope of the capacity which he enjoys under the Rules in relation to the Relevant Euronext Market Undertaking;
- (xi) notify immediately the Relevant Euronext Market Undertaking of the suspension or termination of a Clearing Agreement to which it is a party;
- (xii) notify immediately the Relevant Euronext Market Undertaking of its failure to comply with Rule 2501/2; and
- (xiii) implement and maintain adequate internal procedures and controls in relation to its business on the market.

**2.5. CLEARING ARRANGEMENTS**

2501 GENERAL CLEARING ARRANGEMENTS

2501A/1 Each Euronext Market Undertaking shall appoint one or more Clearing Organization(s).

2501A/2 [Reserved]

2501A/3 Pursuant to Rule 2501A/1, Transactions shall be cleared by LCH SA, except where either (i) the Euronext Market Undertaking has appointed a different Clearing Organisation to clear a particular category of Admitted Financial Instruments or (ii) the Euronext Market Undertaking has provided arrangements whereby Members can indicate their preferred Clearing Organisation. The Clearing Organisation(s) applicable to each category of Admitted Financial Instrument shall be specified by the Euronext Market Undertaking and published in a Notice.

2501/1 Any Member wishing to trade on the Euronext Markets other than as a customer of another Member must be party to a Clearing Agreement in respect of those Financial Instruments which it is authorised to trade but which it is not authorised to clear. For the avoidance of doubt, such Clearing Agreement must, inter alia, provide for clearing by LCH SA, in those circumstances where Rule 2501A/3(i) does not apply.

2501/2 Each non-clearing Member must ensure at all times that it has lodged with its Clearing Member adequate collateral in relation to its margin liabilities.

2501/3 A Clearing Member must notify Euronext immediately if any Member for whom it clears fails to comply with Rule 2501/2.

2502 CLEARING AGREEMENTS

2502/1 Any Member wishing to trade other than as a customer of another Member shall enter into a Clearing Agreement which complies with any requirements imposed by or pursuant to the relevant Clearing Rule Book from time to time in force in respect of those Financial Instruments which it is not authorised to clear.

2502/2 In order to trade on a Euronext Market, each Member which is not a Clearing Member in respect of the Financial Instrument he is authorised to trade must have filed with the Relevant Euronext Market Undertaking (or have filed on his behalf) an unrevoked and



valid Clearing Mandate, which may either be a copy of the Clearing Agreement entered into by such Member or written confirmation of the existence of such Clearing Agreement.

**2.6. EXTENSION OF MEMBERSHIP**

2601 EURONEXT DERIVATIVES MARKETS

2601/1 An existing Euronext Derivatives Member wishing to extend its Membership to other Euronext Derivatives Markets should submit a written application to the Relevant Euronext Market Undertaking to that effect. The Relevant Euronext Market Undertaking to which the Euronext Derivatives Member is applying may perform checks to ensure that the Member satisfies its additional Membership requirements (if any).

2602 EURONEXT SECURITIES MARKETS

2602/1 Upon admission by the Relevant Euronext Market Undertaking in accordance with this Chapter 2 and upon completion of such procedural requirements as may be set forth in one or more Notices on this subject, a Person other than a Non-MIFID Firm shall become a member of, and be entitled to trade on, the corresponding Euronext Securities Markets operated by the other Euronext Market Undertakings, in the same capacity and subject to the same restrictions as on the markets operated by the Relevant Euronext Market Undertaking.

2602/2 A Non-MIFID Firm which is an Euronext Securities Member and who wishes to extend its Membership to other Euronext Securities Markets should submit a written application to the Relevant Euronext Market Undertaking to that effect. The Relevant Euronext Market Undertaking to which the Euronext Securities Member is applying may perform checks to ensure that the Member satisfies its additional Membership requirements (if any).

**2.7. REGISTER OF MEMBERS**

2701 The Euronext Market Undertakings shall maintain a register of Members, including at least the contact details and capacities of Members.

2702 A Member shall be deemed to have elected domicile at the address stated by him in the Admission Agreement or at the last address subsequently specifically notified by him in writing to the Relevant Euronext Market Undertaking, as the case may be.

**2.8. RESIGNATION, SUSPENSION AND TERMINATION**

2801 RESIGNATION

2801/1 A Member may cease to be a member of one or more Euronext Markets by giving the Relevant Euronext Market Undertaking written notice of his wish to resign from Membership (a “resignation notice”).

2801/2 Subject to National Regulations, a Relevant Euronext Market Undertaking may, in its absolute discretion, postpone the effective date if it considers it necessary for the protection of clients, or otherwise in the interests of the market. If the Relevant Euronext Market Undertaking does so, it may waive the Member’s liability for some or all the fees and charges arising in respect of the period following the date on which his resignation notice would otherwise have taken effect.

- 2801/3 Upon a Member's notification of its resignation pursuant to Rule 2801/1, all amounts owed by such Member to the Relevant Euronext Market Undertaking shall become immediately due and payable. The Member shall forthwith return to the Relevant Euronext Market Undertaking on request, any software, equipment and documentation which may have been made available by Euronext.
- 2801/4 A Member's resignation shall become effective only as of the date confirmed in writing by the Relevant Euronext Market Undertaking to the Member.
- 2802 SUSPENSION AND TERMINATION
- 2802/1 Notwithstanding the rules of Chapter 9, as applicable, a Relevant Euronext Market Undertaking shall suspend (in whole or in part, for a fixed term) a Member's trading privileges on, and may terminate his Membership of, that Euronext Market in the event of:
- (i) a Member failing to perform, or delaying performing, any of such Member's obligations under the Admission Agreement, any other agreement to which both the Relevant Euronext Market Undertaking and the Member are party for which such failure would constitute a violation of the Member's obligations under the Rules; or
  - (ii) in the case of a Euronext Derivatives Market, the death of the Member, if a natural person. However, personal representatives of the deceased may retain the Membership for a period of up to six months following the date of death in order to complete arrangements for the orderly closing out of open positions of the Member; or
  - (iii) the dissolution of the Member, if a legal entity or partnership; or
  - (iv) a Member suspending payment or calling a meeting of his creditors; or
  - (v) a Member which is either a natural person or a partnership, having a receiving order or a bankruptcy order made against him or all of the partners; or
  - (vi) a Member which is a legal person having a receiver, an administrative receiver or an administrator appointed or a petition for winding up presented or a resolution passed for winding-up (except a voluntary winding-up for the purposes of an amalgamation or reconstruction which has received prior approval of the Relevant Euronext Market Undertaking) or proceedings have otherwise commenced for its dissolution; or
  - (vii) insolvency or other similar event occurring in respect of a Member; or
  - (viii) the Member's application for Membership containing material errors or omissions or being misleading in a material respect; or
  - (ix) the revocation or expiration without renewal of the Member's Home State authorisation, licence or permission to engage in the relevant Investment Services resulting in the Member failing to satisfy the Membership requirements under Rule 2201; or
  - (x) a Member failing to comply with Rule 2501/2; or
  - (xi) the suspension or termination of a Member's capacity as a Clearing Member or termination of its Clearing Agreement, as the case may be.
- 2802/2 Any termination pursuant to Rule 2802/1 shall be decided by the Relevant Euronext Market Undertaking, taking into account the degree of seriousness or permanence of

the event in question. The decision of suspension or termination shall be notified in writing to the Member.

2802/3 Notwithstanding the rules of Chapter 9, as applicable, a Relevant Euronext Market Undertaking reserves the right to terminate the Membership of any Member in the event of the Member:

- (i) not having commenced trading within three months following admission as a Member; or
- (ii) having ceased to carry out regularly brokerage and/or dealing in Financial Instruments for a period of six consecutive months.

2802/4 A Member whose trading privileges are suspended or whose Membership is terminated may apply to the Relevant Euronext Market Undertaking at any time to have the suspension or termination revoked. On making such an application the Member shall provide the Relevant Euronext Market Undertaking with any information the Relevant Euronext Market Undertaking may require. The Relevant Euronext Market Undertaking may reject such application or may reinstate the Member or restore his trading privileges either unconditionally or subject to any conditions the Relevant Euronext Market Undertaking may think appropriate. Such Member may, by notice in writing within seven days of receiving notice of such decision, require the Relevant Euronext Market Undertaking to give additional explanations for its decision within seven days of receiving such notice from the Member.

2802/5 A Member whose trading privileges are in whole or in part suspended for any period:

- (i) shall be prohibited from trading as a Member during the period of suspension (save as may be allowed by the Rules for purposes of closing out his and his Clients' open positions); but
- (ii) shall remain liable in respect of all his obligations of Membership including the payment of any fees and charges payable under the Rules.

2802/6 Without prejudice to the above, a Person whose Membership has been terminated shall remain subject to the Rules and to the jurisdiction of the Relevant Euronext Market Undertaking in respect of acts and omissions while he was a Member for a period of twelve months from the date at which the termination of Membership became effective. Furthermore, a Person whose Membership is terminated shall forfeit all rights to use any trading privileges granted to him, without being entitled to any refund of fees paid in respect of the same.

2802/7 Upon a Member's notification of its suspension or termination pursuant to Rule 2802/2, all amounts owed by such Member to the Relevant Euronext Market Undertaking shall become immediately due and payable. All of such Member's obligations resulting from that Membership shall be discharged to the full satisfaction of the Relevant Euronext Market Undertaking. The Member shall forthwith return to the Relevant Euronext Market Undertaking on request, any software, equipment and documentation which may have been made available by Euronext.

2803 NOTIFICATION OF RESIGNATION, SUSPENSION AND TERMINATION OF MEMBERSHIP

Euronext shall promptly inform the Competent Authorities, and as applicable, the Clearing Organisation(s) of the resignation, termination or suspension, as well as of the termination of such suspension, of the Membership of any Person.

## CHAPTER 3: MARKET ACCESS ARRANGEMENTS

### **3.1. CROSS MEMBERSHIP**

- 3101/1 Individually or jointly, the Euronext Market Undertakings may enter into an agreement with another exchange operating a Regulated Market or an organised market recognised by the Competent Authorities in order to define, on a reciprocal basis, specific conditions for the admission of members of the said markets. For the purposes of this Rule 3.1, such Regulated Market or organised market shall be described as a “Partner Market”.
- 3101/2 A Person accessing a Euronext Market through a cross-membership agreement of the sort contemplated by Rule 3101/1 is referred to as a “Cross-Member”. Except as otherwise provided in the relevant agreement, a Cross-Member cannot benefit from other cross-membership agreements executed by Euronext.
- 3101/3 A Cross-Member is bound by the Rules of the Relevant Euronext Market Undertaking as amended by the provisions of the cross-membership agreement. Conversely, a Member shall comply with the rules of the Partner Markets where it trades.
- 3101/4 The Relevant Euronext Market Undertaking shall inform the relevant exchange with which that Euronext Market has concluded a cross-membership agreement of the admission of a new Cross-Member and of the resignation, termination or suspension of Membership of a Cross-Member.
- 3101/5 Following the termination of a cross-membership agreement, the Cross-Member may elect to remain a Member, in which case it will remain subject to the provisions contained in the Rules, but the specific provisions previously set forth in the terminated agreement will no longer apply.

### **3.2. ELECTRONIC ACCESS FACILITIES FOR CLIENTS**

- 3201/1 Any access granted by a Member to his Clients by way of an Automated Order Routing System or through Sponsored Access must be adequately controlled in accordance with the provisions of Rule 8106.
- 3201/2 All business undertaken by a Client via an Automated Order Routing System or via Sponsored Access on an Euronext Market will be done in the name of the Member and the Member retains full responsibility for the conduct of all such business.

### **3.3 SPONSORED ACCESS**

- 3301/1 Subject to Rule 3.5, the Relevant Euronext Market Undertaking may consider an application from a Member who wishes to provide Sponsored Access to an Euronext Market for one or more of his Clients. The Relevant Euronext Market Undertaking may refuse such application or may impose conditions on any approval granted in respect of such application. The Relevant Euronext Market Undertaking shall also have the power to rescind or modify any such approvals after they have been granted.
- All successful applicants will be notified in writing by the Relevant Euronext Market Undertaking.
- 3301/2 The Relevant Euronext Market Undertaking shall require that each Sponsoring Member ensures that each Sponsored Participant sponsored by such Member:

- (a) complies with the Rules applicable to trading on the Euronext Markets and with any procedural or technical conditions that may be prescribed by Euronext from time to time in relation to Sponsored Access and published by Notice;
- (b) permits Euronext or its duly appointed agents to carry out on-site investigations and submit as soon as possible any information or document which Euronext or such agents consider appropriate for purposes of such investigations;
- (c) enters into such agreements as Euronext may require; and
- (d) supplies contact details for such management or operational contacts as may be required by Euronext.

3301/3 The Sponsoring Member shall have appropriate arrangements in place with the Sponsored Participant to enable it, inter alia, to have control over its risk control systems (which cannot be located in the offices of the Sponsored Participant) and be able to take appropriate measures in relation to the trading activity of the Sponsored Participant. In particular, the Sponsoring Member must be able to demonstrate to Euronext's satisfaction that:

- (a) its monitoring arrangements comply with Rule 8106; and
- (b) its internal procedures and documentation allow it to suspend the Sponsored Participant's access to the Euronext Markets immediately, either by its own determination or when required to do so by Euronext.

3301/4 For the avoidance of doubt, where the Sponsored Participant is itself a Member, the Sponsored Participant will remain subject to the Rules (and in particular the general duties of integrity, fair dealing and care and the obligation to co-operate with a Euronext Market Undertaking) however its business is executed. In addition, in respect of the Sponsored Participant's own client business, it is subject to, inter alia, the provisions of Chapter 8 regardless of the technical solutions utilised to execute such business.

**3.4. ELECTRONIC ACCESS FACILITIES FOR AFFILIATES**

3401/1 Subject to Rule 3.5, the Relevant Euronext Market Undertaking may consider an application from a Member who wishes to obtain direct access to an Euronext Market for its Affiliate(s).

3401/2 For the purposes of this Rule, "Affiliate" means a Person who:

- (i) owns 95 per cent or more of the Member; or
- (ii) is owned 95 per cent or more by the Member; or
- (iii) is owned 95 per cent or more by a third party who also owns 95 per cent or more of the Member.

All successful applicants for affiliate access will be notified in writing by the Relevant Euronext Market Undertaking.

3401/3 All business undertaken by an Affiliate on an Euronext Market will be done in the name of the Member and the Member retains full responsibility for the conduct of all such business.

**3.5 REMOTE ACCESS**

3501/1 The Relevant Euronext Market Undertaking will only consider applications in respect of Sponsored Participants or Affiliates located in jurisdictions with satisfactory regulatory arrangements including those in respect of:

- (i) supervision of investment activity; and
- (ii) information sharing and co-operation between the supervisory authority of the jurisdiction concerned and the Competent Authorities or, where permitted by National Regulations, the Relevant Euronext Market Undertaking.

## CHAPTER 4: TRADING RULES FOR SECURITIES

### 4.1. GENERAL

#### 4101 SCOPE OF CHAPTER 4

This Chapter 4 sets forth rules governing trading on the Euronext Securities Markets.

#### 4102 TRADING DAYS

The Trading Days in any given calendar year shall be announced by the Euronext Market Undertakings in a Notice published no later than the last Trading Day of the preceding year.

#### 4103 CURRENCY OF TRADING

Orders for the purchase or sale of Securities shall be expressed in the currency determined by the Euronext Market Undertakings for the relevant class of Securities.

#### 4104 TRADING SYMBOLS

The Euronext Market Undertakings shall define trading symbols for the purpose of identifying Securities in Euronext's trading systems. It may in its sole discretion modify or reassign such trading symbols at any time. The Issuers of the relevant Securities shall have no proprietary rights to such trading symbols.

#### 4105 SYSTEM RULES AND REQUIREMENTS

When trading on a Euronext Securities Market, Euronext Securities Members shall comply with the operational, procedural and technical requirements of Euronext's systems and networks, as specified by Euronext.

#### 4106 MEMBER RESPONSIBILITY

In respect of business conducted on Euronext Securities Markets or business related thereto, a Euronext Securities Member shall be responsible for the acts and conduct of all Responsible Persons registered in its name and all individuals trading under the general authority of such Responsible Persons as if the acts and conduct of each of those persons were the acts and conduct of the Euronext Securities Member. In particular, a Euronext Securities Member shall be held responsible for a violation of a relevant obligation committed by any such person and sanctions may be imposed under the Rules.

#### 4107 LIQUIDITY PROVIDERS

4107/1 When the Relevant Euronext Market Undertaking considers it to be in the interest of the market that liquidity in a particular Admitted Financial Instrument be improved, it may enter into agreements whereby one or more Members (or, where permitted by the relevant Book II, Clients acting purely in a proprietary capacity) assume the role of Liquidity Provider for such instrument. The Relevant Euronext Market Undertaking shall determine the minimum and maximum number of Liquidity Providers for the relevant instrument.

4107/2 The Relevant Euronext Market Undertaking shall publish and regularly update the list of Liquidity Providers and relevant information relating to their activities in accordance with Rule 1501.

**4.2. ORDERS**

4201 SCOPE OF RULE 4.2

This Rule 4.2 only concerns orders for the purchase or sale of Securities submitted by Euronext Securities Members to the Central Order Book of a Euronext Securities Market and shall not stand in the way of specific arrangements regarding order specifications as between Euronext Securities Members and their Clients.

A Euronext Securities Member may decline to execute orders that are subject to conditions precedent or subsequent or other validity constraints, which are not contemplated by this Chapter 4.

4202 GENERAL TERMS AND CONDITIONS

4202/1 Minimum indications

Any order submitted to the Central Order Book shall at least indicate the following elements:

- (i) the Security to which the order relates or the trading symbol assigned by the Euronext Market Undertakings to such Security;
- (ii) whether the order is for a purchase or a sale;
- (iii) the order quantity;
- (iv) the price conditions;
- (v) whether the order is submitted:
  - (a) for the Euronext Securities Member's own account;
  - (b) for the account of an Affiliate granted direct access pursuant to Rule 3.4;
  - (c) for the account of a third party;
  - (d) pursuant to a Liquidity Provision Agreement;
  - (e) as a Retail Liquidity Firm Quote;
  - (f) as a Retail Order.

When placing an order, a Euronext Securities Member may also indicate special conditions as per Rule 4204.

4202/2 Order size

All order sizes can be traded, subject to particular specifications in respect of certain types of Securities as set forth in one or more Notices.

4202/3 Certain events

Unexecuted orders in respect of a particular Security shall be cancelled in the Central Order Book upon the occurrence or the announcement of certain events concerning the relevant Issuer which are likely to substantially affect the price of such Security, as set forth in one or more Notices.

Euronext Securities Members must agree with their Clients whether events of the kind referred to in the preceding paragraph require express renewal of orders or whether Euronext Securities Members are entitled to re-enter orders after having performed the necessary price or quantity adjustments, where appropriate.



4202/4 Modification and cancellation. Any order entered into the Central Order Book may be modified or cancelled prior to its execution. Any increase in the order quantity or change in the limit price shall cause the forfeiture of time priority.

4202/5 Indication of Interest

For certain warrants and certificates where the activity of a Liquidity Provider is, in the sole opinion of Euronext, considered as mandatory to maintain an efficient market, the outstanding orders of such Liquidity Provider shall have first the status of indicative quotes (hereafter in this context “the indications of interest”) during continuous trading phase. However, the incoming Liquidity Provider orders that are immediately executable against the rest of the central order book shall be executed as firm orders and their balance, if any, shall be treated as indications of interest.

Trades shall take place inside the bid/ask spread resulting of such indications of interest as the case may be, boundaries included. Accordingly, trading shall be reserved when the Liquidity Provider has not posted indications of interest in compliance with its presence obligations, it being understood that such obligation may consist of bid-only or offer-only posting in specific circumstances.

To allow for such market organization, market-to-limit orders shall not be allowed and stop orders shall run on a “stop-on-quote” basis, implying that they are triggered by reference to the LP indication of interest on the relevant side.

Euronext will specify to which warrants and certificates such provision applies.

4203 ORDER TYPES

4203/1 Market orders

An order to buy or to sell a stated amount of a security that is to be executed at the best price(s) obtainable when the order reaches the Central Order Book.

4203/2 Limit orders

Limit orders are bid or ask orders that can only be executed at their specified price limit or at a better price. The price limit must be consistent with the tick specified by Notice.

4203/3 Stop orders

Stop orders are orders which are triggered when a specified price limit is reached in trading (implying that the market must trade at or above the stop limit for a buy order and at or below the stop limit for a sell order). In the case of a stop loss order, a pure market order shall then automatically be generated and added to the Central Order Book. In the case of a stop limit order, a limit order shall automatically be generated and added to the Central Order Book.

4203/4 Pegged Order

A limit order to buy or sell a stated amount of a security at a display price set to track the current bid or ask of the Euronext central Order book. The associated price of each Pegged Order that is updated will be assigned a new entry time with priority in accordance with Euronext Rules.

Pegged orders can have a limit price which if breached will cause the pegging to temporarily stop as long as the current bid or ask is more aggressive than this price.

4204 ORDER PARAMETERS

4204/1 Validity

Orders entered into the Central Order Book may be valid for the Trading Day, until a specified date, or until cancelled, subject to a maximum duration of 365 days. Absent specification of its duration, an order shall be deemed to be valid for the Trading Day.

For a specified trading session as of its entry, an order may be valid until a specified time, or for a specified length of time or for the next opening auction or closing auction.

4204/2 Execution parameters

4204/2/A Certain types of orders may be made subject to the following execution conditions in accordance with the matrix of order types and execution conditions set forth in one or more Notices:

- (i) "Immediate Or Cancelled", are orders which are executed to the fullest extent possible either immediately upon entry with any remaining unexecuted portion being cancelled;
- (ii) "minimum-quantity orders" are orders which must be executed immediately to the extent of a specified minimum quantity, with any remaining unexecuted portion being added to the Central Order Book; provided that such orders shall be cancelled failing immediate execution of the specified minimum quantity;

it being understood that conditions (i) and (ii) above shall be allowed only in respect of continuous trading.

4204/2/B Market Orders

- (i) Pure Market Orders: any remaining unexecuted portion is being added to the Central Order Book for execution as soon as possible at the next prices.
- (ii) Market-to-limit orders: are bid or ask orders which, in continuous trading are executed immediately at the best opposite price limit and, in auctions are executed at the auction price, with any remaining unexecuted portion being automatically transformed into a limit order at the last executed price and added to the Central Order Book.

4204/3 Transparency parameters

"Reserve orders", also referred to as "iceberg orders", are orders of which only specified tranches, that may not be less than a threshold specified by Notice (except for the final tranche), are successively entered in the Central Order Book, and disclosed to the market, with the current time stamp following full execution of the preceding tranche.

4205 RETAIL TRADING FACILITY

4205/1 A Retail Member Organisation may not make any change to the terms of the order set by the client with respect to price, size or side of market either manually or through the use of trading algorithm or any other computerised methodology. This rule is without prejudice to the implementation of pre- and post-trade risk management controls pursuant to Rule 8106/3.

**4.3. TRADING CYCLES IN THE CENTRAL ORDER BOOK**

4301 OVERVIEW

Securities shall be traded either through continuous matching of orders at opposite sides of the Central Order Book or through call auction procedures following a period in which orders have been accumulated without execution.

The allocation of Securities between continuous and auction mode trading shall be determined by the Relevant Euronext Market Undertaking on the basis of objective criteria including (without limitation) historical and expected trading volumes, the inclusion in a Euronext or other internationally recognised index and the presence of Liquidity Providers.

4302 CONTINUOUS TRADING

4302/1 Pre-opening phase

An opening auction shall be held at the beginning of each Trading Day prior to the commencement of continuous trading, in the manner specified in one or more Notices.

4302/2 Main trading session

Upon completion of the opening auction, trading shall take place on a continuous basis, with each incoming order being checked immediately for possible execution against orders on the opposite side of the Central Order Book and any remaining unexecuted portion of such order being added to the Central Order Book (subject to different execution conditions permitted by Rule 4204).

4302/3 Closing phase

Except for certain types of Securities designated by the Relevant Euronext Market Undertaking, the final price shall be determined through a closing auction in the manner specified in one or more Notices.

4302/4 Trading-at-last

Except for certain types of Securities designated by the Relevant Euronext Market Undertaking, a short period shall be provided at the close of a Trading Day during which orders can be entered for execution at the last traded price.

4303 AUCTIONS

4303/1 Call phase

Each auction shall begin with a call phase in which orders are automatically recorded without giving rise to Transactions. During such call phase, Euronext Securities Members may enter new orders as well as modify or cancel existing orders. An indicative price, representing the price which the system matcher would determine on the basis of the given Central Order Book situation, shall be displayed and updated continuously as the Central Order Book situation evolves.

4303/2 Price determination phase

Following completion of the call phase, the system shall seek to determine a price so as to produce the maximum executable volume as per Rule 4401/3. During such price determination phase, no new orders may be entered and existing orders may not be modified or cancelled.

4303/3 Trading-at-last

For Securities designated by the Relevant Euronext Market Undertaking, a period may be provided following the fixing during which orders can be entered for execution at the auction price.

4304 POST-TRADING ORDER BOOK MANAGEMENT

During a period after the close of trading defined by Notice, Euronext Securities Members can access the Central Order Book in order to enter new orders as well as modify or cancel existing orders for the next Trading Day.

4305 OUT-OF-HOURS TRADING

4305/1 Price range

Without prejudice to the rules applicable to Block Trades, Transactions made outside the trading sessions shall be effected at a price within a price range of 1% around the last traded price, or the last disseminated indicative net asset value for ETFs, or the last known reference price for ETNs and ETVs . Euronext's decision to allow Out-of-Hours trading for such Securities is contingent on the availability of the indicative net asset value or reference price after the close of trading in proper conditions.

#### 4.4. MARKET MECHANISMS

4401 ORDER MATCHING AND EXECUTION IN THE CENTRAL ORDER BOOK

4401/1 Execution priority principle

Orders in the Central Order Book shall be executed according to strict price priority.

Orders at the same price are ranked and executed according to strict time priority, with the following exception: during the continuous trading phase, orders at the best limit submitted by a Member who is participating in the Internal Matching Facility will be executed against such Member's incoming orders in the Central Order Book.

Retail Liquidity Firm Quotes can be matched only with Retail Orders, whereas Retail Orders can match with any other order in the Central Order Book.

Retail Liquidity Firm Quotes shall not be valid for matching if they cross the opposite best limit of the Central Order Book.

4401/2 Continuous trading

During continuous trading, each incoming order shall be checked immediately for possible execution against orders on the opposite side of the Central Order Book. Orders in the Central Order Book shall be executed according to the execution priority principle. The traded price shall be determined by the limit price of orders sitting on the book.

For certain warrants and certificates where, for the purposes of this Rule 4401/2, the activity of a Liquidity Provider is, in the sole opinion of Euronext, considered as mandatory to maintain an efficient market.

Either

- following the entering of an opposite order that could match the initial indication of interest; or

- further to an attempt by two other orders to match inside the indication of interest spread,

the Liquidity Provider shall receive first a “request for execution” consisting of an alert that does not mention the side, price nor the quantity of the incoming order. After a refreshment period providing the Liquidity Provider with an opportunity to update its indications of interest where appropriate, Liquidity Provider indications of interest shall be turned into orders executable, on an immediate basis only, against other orders if:

- the Liquidity Provider has not refreshed its indications of interest in a way that would make the orders not executable in the first case;
- the Liquidity Provider has shifted its indications of interest and improved the relevant side thereof so as to make it executable in the second instance.

In both circumstances, the immediately active orders of the Liquidity Provider shall match according to the standard price/time priority, time priority of the Liquidity Provider active order being given by the time of the associated indication of interest provided the latter has not been altered in a way that downgrades its priority. Following execution, the balance of such orders shall return to the indication of interest status.

Euronext shall be empowered to suppress the refresh process if it determines that it results in a poor execution quality for a particular instrument, as measured solely by Euronext.

Euronext will specify to which warrants and certificates such provision applies.

4401/3 Auctions

The auction price shall be determined on the basis of the situation of the Central Order Book at the closing of the call phase and shall be the price which produces the highest executable order volume.

Market orders shall have priority over limit orders. If there are several limits with equally high executable volume, the price shall be determined by reference to the price of the last automated trade (adjusted to take account of any corporate event that may have occurred in the interval) or, if such price is not available, another reference price determined in accordance with one or more Notices on the subject, until a single auction price is achieved.

4401/4 Financial Instruments admitted to trading on more than one Euronext Securities Market

Unless specified otherwise according to Rule 4404/5, a Transaction will be executed on the Market of Reference.

The prices and volumes of the Market of Reference are the ones to be taken into account for publication of the Euronext lists and of all kind of reference prices (including opening, closing, highest, lowest prices as well as index calculations) on the other Euronext Securities Markets on which the Financial Instrument is also admitted to trading.

4402 GUARANTEED CROSS TRADES AND GUARANTEED PRINCIPAL TRADES

Guaranteed Cross Trades involve the simultaneous production and execution by a single Euronext Securities Member of opposing buy and sell orders of Clients for an identical quantity of a particular Security and at the same price in the Central Order Book. Guaranteed Cross Trades can be made only for Securities traded continuously and shall be effected at a price within the market's best bid/ask spread at the time of execution, boundaries included.

Guaranteed principal trades involve Euronext Securities Members trading voluntarily against their Clients and shall be effected on the conditions applicable to guaranteed cross trades.

4403 TRADING SAFEGUARDS

4403/1 Collars and reservation thresholds (volatility monitoring)

4403/1A Continuous trading

Volatility monitoring on the central order book of Securities is based on (i) order control upon entry without impact on market running (referred to as the “collar” method) or (ii) a general market halt (referred to as the “reservation” method). Volatility control methods can relate to either dynamic or static reference prices, as appropriate.

In continuous trading, with the exception of certain classes of Securities, volatility monitoring is based on:

- collars or reservation thresholds determined in reference to a dynamic reference price; and
- reservation thresholds determined in reference to a static reference price.

The allocation of Securities between those mechanisms is determined solely by Euronext, with a view to facilitating the fair, efficient and orderly trading of such Securities. The allocation of Securities and associated parameters are set out in the Trading Manual and related technical appendices.

The aforesaid collars shall be determined by Euronext and published in the Trading Manual and related appendices. Where the execution of an order is bound to provoke a collar breach on the relevant Security, the order will be partially executed at the prices inside the collars subject to specific quantity execution conditions. Continuous trading is not halted. Order execution will continue on the basis of the adjusted collar if the member confirms that the original collar is to be crossed.

The aforesaid reservation thresholds shall be determined by Euronext and published in the Trading Manual and related appendices. Where an order is bound to cause the price of the relevant Security to cross a defined dynamic or static threshold, Euronext will temporarily interrupt the execution of such orders for the portion which would be traded outside the threshold and therefore put the whole market in reservation mode. An auction shall be systematically initiated before continuous trading is resumed.

4403/1/B Auction trading

In auction mode trading, the trading resumption process shall consist of a postponement to the next auction planned.

4403/2 Trading suspensions

The Relevant Euronext Market Undertaking may suspend trading in any Security in order to prevent or halt disorderly market conditions, either on its own initiative, and in its sole discretion, or at the reasoned request of the relevant Issuer.

In addition, the Relevant Euronext Market Undertaking shall suspend trading in any Security upon the request of a Competent Authority.

4403/3 Trade cancellation

The Relevant Euronext Market Undertaking may cancel Transactions on its own authority if they have been made:

- (i) in violation of the Rules, particularly those Rules relating to the principles of fair, orderly and efficient market operation; or
- (ii) under improper trading conditions; or
- (iii) further to a manifest material error.

The power to cancel Transactions on Euronext's authority shall encompass order-book and off-order book Transactions.

In addition, and upon request of one of the counterparts:

- (i) Euronext may, for certain kinds of Securities defined in a Notice, cancel Transactions executed at an aberrant price; or
- (ii) Euronext may cancel Transactions with the agreement of the other counterpart(s), based on explanations provided by the member concerned.

The Relevant Euronext Market Undertaking shall inform the market under the conditions set forth in Rule 4503/1, as promptly as possible upon such a cancellation if made during the trading cycle and, for cancellations made after the close thereof, at the latest before the opening of the following trading session.

For the avoidance of doubt, Euronext shall not take into account the consequences of a trade cancellation on subsequent Transactions. Euronext will notably not cancel Transactions executed to close an initial position or Transactions executed further to the triggering of contingent orders (notably stop orders).

4403/4 For the avoidance of doubt, references to "the Relevant Euronext Market Undertaking" in this Rule 4403 shall be references to the Euronext Market Undertaking which has admitted the relevant Financial Instrument to trading.

4404 OFF-ORDER BOOK TRADING

4404/1 This Rule 4404 defines those transactions that can be deemed to have been effected on Euronext securities regulated markets pursuant to Articles 18 to 20 of EU regulation 1287/2006 without having been processed in the central order book system, besides the out-of-hours trades referred to in Rule 4305. For purposes of this Rule, a Notice shall determine the Securities which shall be regarded as equivalent to Shares or bonds.

4404/2 Block Trades. Block Trades in Securities admitted to listing or trading on a Euronext Securities Market may be carried out outside the Central Order Book if they are effected in accordance with this Rule 4404.

4404/2A Definition for Shares and equivalent Securities

With regard to Shares and equivalent Securities, Block Trades shall mean Transactions that are equal to or exceed the following thresholds:

- (i) for Shares, the thresholds for large scale transactions as set forth by EU Regulation 1287/2006, depending on the average daily turnover as calculated by the relevant competent authority and published by ESMA from time to time pursuant to the aforementioned Regulation;
- (ii) EUR 500,000 for ETFs, ETNs and ETVs;
- (iii) EUR 100,000 in the case of all other equivalent Securities trading on a continuous basis;
- (iv) EUR 50,000 in the case of all other equivalent Securities trading only through call auction procedures.

Euronext shall review the transaction amounts set forth above under its control at least annually or whenever market conditions require an earlier change, and adapt them in accordance with Rule 1402.

Block trades in ETFs, ETNs and ETVs shall be effected at prices within the reservation thresholds.

4404/2B Definition for Bonds

With regard to bonds and equivalent Securities, Block Trades shall mean Transactions that are equal to or exceed a transaction amount of:

- (i) EUR 250,000 in the case of bonds trading on a continuous basis; and
- (ii) EUR 100,000 in the case of bonds trading only through call auction procedures.

4404/3 Trading at or around the value weighted average price

4404/3A Market value weighted average price (“Market VWAP”) Transactions are those where, in accordance with the provisions of the Trading Manual, a Member agrees with his Client or with another Member to effect a Transaction at a price within a 1% range (boundaries included) around the average price, as weighted by volumes, traded in the Central Order Book of a Security during a future period of time.

4404/3B Euronext is solely competent for defining the computation method of the weighted average prices that may be used as reference prices when registering Transactions of this kind on Euronext Securities Markets. In particular, for the purposes of such a computation, Euronext may exclude certain types of Transactions as may be specified in the Trading Manual.

4404/3C Only Shares traded continuously are eligible for such Market VWAP Transactions facility.

4404/4 Hedge component of stock contingent trades in derivatives (“delta neutral”)

The transactions on a security admitted to trading on a Euronext Securities Market that result from a trade combining an option contract and its underlying security as a “stock contingent trade” on a Euronext Derivatives Market operated by the same Euronext Market Undertaking are automatically registered on the former Euronext Securities Market, provided that the price of the underlying security is set within an interval, the terms and conditions for calculation of which are defined according to one or more Notices on the subject.

4404/5 Other Negotiated Trades

Other Negotiated Trades consist of the other kinds of Trades negotiated privately but which are still executed within this Rule 4404. They should be executed at a price at or within the current volume-weighted average spread reflected on the order book. At the explicit request of the relevant counterparties, it is possible to report such Negotiated Trades on another Euronext Securities Market than the Market of Reference, if the concerned Financial Instrument is admitted to trading on that Euronext Securities Market.

For the purpose of price control, the price of the Transaction will be compared to the market data issued from the Central order book on the concerned security.



The price will be controlled based on the following criteria:

- The price is made at or within the current weighted spread reflected in the Central Order Book, and
- The price is within the lowest and the highest price of the concerned Security during the concerned Trading session.

If the Transaction occurs after the Trading hours, the price will be the last traded price or the last adjusted traded price (reference price).

Euronext shall specify in a Notice the conditions under which this reporting facility may be used.

4404/6 Net asset value trading

ETFs and Open-ended Investment Funds are eligible to net asset value trading on a forward pricing basis, subject to the appointment of a fund agent, under conditions specified by Euronext in a Notice.

4404/7 Security component of exchange for physicals in derivatives (“EFP”)

Any Transactions in Securities admitted to trading on a Euronext Securities Market arising pursuant to the execution of an EFP on a Euronext Derivatives Market are automatically registered on that Euronext Securities Market, with the price determined by an exchange-maintained algorithm.

**4.5. CONFIRMATION, REPORTING AND PUBLICATION**

4501 CONFIRMATION

4501/1 The Euronext Market Undertakings shall send an acknowledgement message for the orders entered into the Central Order Book and give them a sequential number per Security, which shall be disclosed to the relevant Euronext Securities Member.

The Euronext Market Undertakings shall send a confirmation of execution to the relevant counterparties upon full or partial execution of any order, which confirmation shall state the unfilled order quantity, if any.

4501/2 For the Transactions reported according to Rule 4404/5, the Relevant Euronext Market Undertakings shall send an acknowledgement message for the trade details entered into TCS and send a confirmation of execution to the relevant counterparties.

4502 REPORTING OF TRANSACTIONS

4502/1 Scope. This rule governs only Transactions (i.e. trades made under the Rules of Euronext Securities Markets) and is without prejudice to the trade reporting obligations set forth by European and national regulations implementing Article 25.3 of MIFID.

4502/2 Order book Transactions

Transactions carried out in the Central Order Book are automatically and immediately deemed to have been effected on, and reported to, the Euronext Securities Market operated by the Relevant Euronext Market Undertaking.

4502/3 Off order book Transactions

A Euronext Securities Member who has effected a Transaction outside the Central Order Book shall immediately report such Transaction to the Relevant Euronext Market Undertaking. For the avoidance of doubt, Market VWAP Transactions shall be reported immediately after the end of the agreed period of time referred to in Rule 4404/3.

When reporting, a Euronext Securities Member shall indicate whether it acted as principal or not.

Transactions carried out outside the Central Order Book shall only upon reporting be deemed to have been effected on the Euronext Securities Market operated by the Relevant Euronext Market Undertaking, subject to any trade cancellation action pursuant to Rule 4403/3.

4503 PUBLICATION

4503/1 For the purposes of this Rule 4503, "publication" shall be construed as dissemination to Euronext Securities Members, Affiliates with whom Euronext Securities Members have granted direct access with the consent of the Relevant Euronext Market Undertaking pursuant to Rule 3.3, eligible information vendors and other Persons which have entered into a Euronext market databases distribution agreement.

4503/2 Pre-trade transparency

The Relevant Euronext Market Undertakings shall continuously publish:

- (i) the market by orders, i.e., all orders outstanding at a given time, unless a "fast market" procedure applies in case of extreme activity;
- (ii) the market by limits, i.e., the ten best bid/ask limits in the Central Order Book, including the number of orders and total disclosed order quantity at each such limit.

Retail Liquidity Firm Quotes are specifically identified as such.

During the call phase of auctions, the Euronext Market Undertakings shall continuously publish the theoretical opening price and the components of the potentially executable volume at that price.

4503/3 Post-trade transparency

4503/3A Order Book Trades

For each Transaction carried out in the Central Order Book, the Euronext Market Undertakings shall immediately publish the quantity, price and time of execution of such Transaction.

The Transactions carried out as Guaranteed Cross Transactions shall be published with a special indicator.

The Transactions resulting from matching with Retail Liquidity Firm Quotes shall be specifically identified as such.

4503/3B Off-order Book Trades in Shares and Equivalent Securities

With regard to Shares and equivalent Securities, the following distinctions shall apply:

- (i) Block Trades in which the Euronext Securities Member does not act as principal shall be published upon reporting;
- (ii) principal Block Trades with the meaning of a trade between a Member dealing on own account and a client of that Member shall be published as follows:
  - (a) with regard to Shares, pursuant to the timeframe set forth by EU Regulation 1287/2006;
  - (b) with regard to all other equivalent Securities, within 60 minutes after reporting if the amount of the Block Trade is less than five times the relevant threshold;
  - (c) with regard to all other equivalent Securities, within 120 minutes after reporting if the amount of the Block Trade is equal or greater than five times the relevant threshold;
- (iii) negotiated Trades shall be identified as such and published immediately upon reporting, unless they qualify for the Block Trade deferred publication regime;
- (iv) Market VWAP Transactions shall be identified as such and published immediately upon reporting, unless they qualify for the Block Trade deferred publication regime;
- (v) hedge of stock contingent trades or Transactions in Securities arising pursuant to an EFP shall be identified as such and published immediately upon execution; and
- (vi) Transactions carried out outside Trading Hours shall be published before market opening on the following Trading Day, unless they qualify as Block Trades for a specific publication timetable; and
- (vii) Net asset value Trades shall be identified as such and published immediately upon execution at the net asset value.

4503/3C Off-order Book Trades in Bonds and equivalent Securities

At least once a day, the Euronext Market Undertakings shall compile and publish statistical information concerning the market for each debt security, which consists of the highest, lowest, first and last prices together with the aggregate volume per bond or equivalent Security.

4503/4 Use of market data by Euronext Securities Members. The use of market data by a Euronext Securities Member is governed by the Euronext market databases distribution agreement with Euronext.

**4.6. CLEARING AND SETTLEMENT**

4601/1 Transactions executed on a Euronext Securities Market shall be cleared in accordance with the rules and procedures set forth in the Clearing Rule Book of the relevant Clearing Organisation, and settlement shall be arranged through the settlement organisations designated by Euronext.

4601/2 Clearing rules and procedures of the relevant Clearing Organisation may provide that some Transactions in Securities are excluded from the performance guarantee of that Clearing Organisation. Members should establish from time to time the scope thereof by referring to the appropriate information published by the relevant Clearing Organisation.



## CHAPTER 5: TRADING RULES FOR DERIVATIVES

### 5.1 GENERAL

#### 5101 SCOPE OF CHAPTER 5

This Chapter 5 sets forth rules governing trading on the Euronext Derivatives Markets.

#### 5102 TRADING DAYS AND TRADING HOURS

5102/1 The Trading Days in any given calendar year shall be announced by the Euronext Derivatives Markets in a Notice published no later than the last Trading Day of the preceding year.

5102/2 The opening and closing hours of the markets, and the opening and closing trading times for each Derivative which is an Admitted Financial Instrument within the foregoing hours, shall be determined from time to time and published by the Euronext Derivatives Markets.

#### 5103 ADMISSION TO TRADING AND CONTRACT SPECIFICATIONS

5103/1 Prior to designating a Derivative as an Admitted Financial Instrument, the Relevant Euronext Market Undertaking shall determine that the design of such Derivative shall allow for its orderly pricing and the existence of effective settlement conditions and comply with the provisions of Article 37 of Commission Regulation 1287/2206/EC of 10 August 2006.

5103/2 The prescribed terms of arrangement in respect of a Derivative which is an Admitted Financial Instrument are published by the Euronext Derivatives Markets as Contract Specifications.

5103/3 Such Contract Specifications may be amended from time to time and such amendments will be published in a Notice. The Relevant Euronext Market Undertaking will not perform amendments to Contract Specifications in respect of open positions except in exceptional circumstances and/or in the interests of maintaining a fair and orderly market.

#### 5104 DELIVERY MONTHS, EXPIRY MONTHS AND EXPIRY DATES

5104/1 The delivery months or expiry months or expiry dates, as the case may require, and the option series, where relevant, in respect of all Derivatives which are Admitted Financial Instruments shall be determined from time to time and published by the Euronext Derivatives Markets.

#### 5105 LIQUIDITY PROVIDERS

5105/1 The Relevant Euronext Market Undertaking may enter into agreements with Euronext Derivatives Members or Clients of Euronext Derivatives Members to enhance the liquidity in specific Derivatives which are Admitted Financial Instruments.

5105/2 The Relevant Euronext Market Undertaking shall publish and regularly update the list of Liquidity Providers and information relating to their commitments under the terms of the applicable Liquidity Provision Agreements.

5106 TRADING PROCEDURES

5106/1 The Euronext Derivatives Markets shall implement such procedures (“Trading Procedures”) as they deem fit including, without limitation, the following:

- (i) procedures governing the conduct of trading on the Euronext Trading Platform; and
- (ii) procedures in relation to any other aspect of business conducted on the market.

Such procedures may be introduced or amended from time to time and are published by the Euronext Derivatives Markets in accordance with Rule 1501.

5106/2 The Trading Procedures have the same status with regard to enforceability as the Rules.

5107 MEMBER RESPONSIBILITY

In respect of business conducted on Euronext Derivatives Markets or business related thereto, a Euronext Derivatives Member shall be responsible for the acts and conduct of all Responsible Persons registered in its name and all individuals trading through Individual Trading Mnemonics associated with such Responsible Persons as if the acts and conduct of each of those persons were the acts and conduct of the Euronext Derivatives Member. In particular, a Euronext Derivatives Member shall be held responsible for a violation of a relevant obligation committed by a Responsible Person registered by him under the Rules and all individuals trading through Individual Trading Mnemonics associated with such Responsible Persons and sanctions may be imposed under the Rules.

**5.2. ACCESS TO EURONEXT TRADING PLATFORM**

5201 Subject to a Euronext Derivatives Member entering into a Trading Platform Agreement and satisfying such conditions as may be required by the Relevant Euronext Market Undertaking from time to time and subject to the Rules and Trading Procedures from time to time in force, the Relevant Euronext Market Undertaking will provide access to the Euronext Trading Platform to a Euronext Derivatives Member who wishes to conduct business in respect of Derivatives made available by that Relevant Euronext Market Undertaking for trading on the Euronext Trading Platform.

5202 Pursuant to the arrangements referred to in Rule 5201, the Relevant Euronext Market Undertaking may:

- (i) suspend a Euronext Derivatives Member’s access, or access via a particular ITM or ITMs, to the Euronext Trading Platform following a warning which may be made in writing or verbally (and subsequently confirmed in writing); or
- (ii) terminate a Euronext Derivatives Member’s access to the Euronext Trading Platform by notice in writing.

5203 For the avoidance of doubt, the Relevant Euronext Market Undertaking shall:

- (i) terminate a Euronext Derivatives Member’s access to the Euronext Trading Platform; and
- (ii) cancel all outstanding orders submitted by, or in the name of, that Euronext Derivatives Member,

if the trading privileges of a Euronext Derivatives Member are suspended or if the Euronext Derivatives Member is expelled from membership.

**5.3. TRADING ON THE EURONEXT TRADING PLATFORM**

5301 TRADING AND ORDER MATCHING

5301/1 Derivatives shall be traded on the Euronext Trading Platform through continuous matching of orders at opposite sides of the Central Order Book in accordance with the trade priority rules determined by the Relevant Euronext Market Undertaking from time to time and published in Book II of the Rules or in the Trading Procedures, as the case may be.

5302 ORDER TYPES

5302/1 The order types which may be submitted to the Central Order Book consist of:

- (i) limit orders;
- (ii) market orders; and
- (iii) market on open orders.

The Trading Procedures from time to time in force shall specify the detailed requirements for each type of order in respect of each Derivative which is an Admitted Financial Instrument.

5303 ORDER EXECUTION

5303/1 Transactions may be executed on the Euronext Trading Platform only through Individual Trading Mnemonics associated with Responsible Persons.

5303/2 Every Transaction, whether executed on the Central Order Book or otherwise, shall be executed in accordance with Trading Procedures from time to time implemented by the Euronext Derivatives Markets. Transactions may take place only on Trading Days during the hours specified for that purpose under Rule 5102/2.

5303/3 All bids, offers and Transactions made through the Euronext Trading Platform workstation shall be binding on the Euronext Derivatives Member through whose Individual Trading Mnemonics such bids, offers or Transactions (as the case may be) are made.

5304 CONTRACTUAL RELATIONSHIPS

5304/1 Valid acceptance of a valid bid or offer shall make a Transaction between the members whose traders made the bid or offer and the acceptance.

5304/2 In the case of the Euronext Trading Platform, the matching of a valid bid with a valid offer by the Trading Host shall constitute the valid acceptance of a valid bid or offer for the purposes of this Rule 5304.

**5.4. TERMINATION, SUSPENSION AND TRADE INVALIDATION/CANCELLATION**

5401 TERMINATION OF A TRADING SESSION

5401/1 The Relevant Euronext Market Undertaking may terminate a trading session for one or more Derivatives in the interests of an orderly market. The procedures for

termination and/or resumption of a trading session are detailed in the Trading Procedures.

5402 SUSPENSION OR LIMITATION OF TRADING

5402/1 Without prejudice to actions taken pursuant to Chapter 9, the Relevant Euronext Market Undertaking may suspend or limit the availability for trading of a Derivative or take any other measure it deems necessary in the interests of maintaining an orderly and proper market. Such suspension or limitation, and any resumption of availability for trading, or the imposition or revocation of any such other measure, shall be published by the Relevant Euronext Market Undertaking by the method deemed most effective in the circumstances and confirmed, where appropriate, by Notice.

5402/2 Pursuant to Rule 5402/1, the Relevant Euronext Market Undertaking may, in its absolute discretion, determine to suspend an option series. Options series can be suspended if corresponding call and put series both have no open interest, except

- (a) in the case of a just in-the-money, or just out-of-the-money series, or
- (b) if there is another series at least as far in-the money (or out-of-the-money) with the same expiry date that does not satisfy the criterion for suspension; or
- (c) if there is another series with the same Exercise Price but with a later expiry date that does not satisfy the criterion for suspension.

5403 INVALIDATION AND CANCELLATION OF TRANSACTIONS

5403/1 A Transaction made or purported to be made may be declared invalid by the Relevant Euronext Market Undertaking in the circumstances set out in Book II of the Rules or in the Trading Procedures.

5403/2 A transaction made in error in designated Derivatives may be declared invalid by the Relevant Euronext Undertaking subject to the conditions set out in Book II of the Rules or in the Trading Procedures.

**5404 DELISTING OF DERIVATIVES**

5404/1 The Relevant Euronext Market Undertaking may, in its absolute discretion, determine to delist a Derivative or remove a Class. A Derivative may be delisted or a Class removed for a variety of reasons including the following:

- (a) the delisting of one of the underlying instruments of the Contract if these underlying instruments have been admitted to listing on a Regulated Market or on an organised market established outside the European Economic Area;
- (b) the removal of the underlying index;
- (c) a lack of liquidity.

Such delisting, and any subsequent re-listing, shall be published by the Relevant Euronext Market Undertaking by the method deemed most effective in the circumstances and confirmed, where appropriate, by Notice.

5404/2 The Relevant Euronext Market Undertaking may, in its absolute discretion, determine to delist an option series, and may consult Members prior to such determination. Option series can be delisted if corresponding call and put series both have no open



interest, except:

- (a) in the case of a just in-the-money, or just out-of-the-money series, or
- (b) if there is another series at least as far in-the money (or out-of-the-money) with the same expiry date that does not satisfy the criterion for deletion; or
- (c) if there is another series with the same Exercise Price but with a later expiry date that does not satisfy the criterion for deletion.

## **5.5. PRE-NEGOTIATION AND PRE-ARRANGEMENT**

- 5501/1 Euronext Derivatives Members are permitted to negotiate with other Persons prior to executing, or attempting to execute, a Cross Transaction or an Off Order Book Transaction (“pre-negotiation”) where such pre-negotiation is expressly permitted by the Rules or the Trading Procedures and such pre-negotiation is conducted strictly in accordance with the requirements of such Rules or Trading Procedures.
- 5501/2 Any prior negotiation with other Persons other than that referred to in Rule 5501/1 shall give rise to a violation of the Rules. Any Transaction made or purported to be made, the execution of which was the subject of prior negotiation other than in accordance with Rule 5501/1 (“pre-arrangement”), may be declared invalid.

## **5.6 CROSS TRANSACTIONS AND OFF ORDER BOOK TRANSACTIONS**

### **5601 CROSS TRANSACTIONS**

- 5601/1 The execution of Cross Transactions shall be permitted, either through the Central Order Book or as Off Order Book Transactions, subject to conditions to be specified by the Relevant Euronext Market Undertaking in the Trading Procedures.
- 5601/2 Cross Transactions in respect of particular classes of Derivatives may be subject to additional conditions or restrictions which shall be specified by the Relevant Euronext Market Undertaking in the Trading Procedures.
- 5601/3 The conditions to be specified in the Trading Procedures pursuant to Rules 5601/1 and 5601/2 shall include, inter alia, conditions relating to price, minimum volume and publication.

### **5602 OFF ORDER BOOK TRANSACTIONS**

- 5602/1 The Relevant Euronext Market Undertaking shall specify in the Trading Procedures the conditions under which Transactions may be executed outside the Central Order Book (“Off Order Book Transactions”). In particular, the Relevant Euronext Market Undertaking may permit the execution of Off Order Book Transactions falling within the following categories:
- (a) Technical Trades, i.e. Off Order Book Transactions which involve combinations of (i) Admitted Financial Instruments or (ii) Admitted Financial Instruments and related Financial Instruments or commodities;
  - (b) Large-in-Scale Trades, i.e. Transactions whose size equals or exceeds the minimum volume specified by the Relevant Euronext Market Undertaking (such volume having been determined on the basis of normal market size for the Admitted Financial Instrument in question);

- (c) Other pre-negotiated Trades, namely Guaranteed Cross Trades and Flex Contracts.

All Transactions executed pursuant to these facilities shall be deemed to be executed on the relevant Regulated Market and, with the exception of Flex Contracts, the resultant positions shall be fungible with positions resulting from Transactions executed on the Central Order Book. The Relevant Euronext Market Undertaking shall specify in the Trading Procedures the conditions under which fungibility for Flex Contracts will occur.

5602/2 The conditions to be specified in the Trading Procedures pursuant to Rule 5602/1 shall include, inter alia, conditions relating to price, minimum volume and publication.

**5.7. REPORTING AND PUBLICATION**

5701 REPORTING

5701/1 Scope

This rule governs only Transactions (i.e. trades made on a Euronext Derivatives market under these Rules) and is without prejudice to any trade reporting obligation to which a member is subject by his regulator or supervisor.

5701/2 On Order Book Transactions

Transactions carried out in the Central Order Book are automatically and immediately deemed to have been executed on, and reported to, the Euronext market operated by the Relevant Euronext Market Undertaking.

5701/3 Off Order Book Transactions

A Euronext Derivatives Member who has negotiated an Off Order Book Transaction shall report such Transaction to the Relevant Euronext Market Undertaking as soon as practicable in such manner as may be prescribed by that Euronext Market Undertaking. In any event, such report shall be submitted by the Member to the Relevant Euronext Market Undertaking within fifteen minutes of the time at which the Off Order Book Transaction was negotiated unless the Euronext Market Undertaking has specified in the Trading Procedures a longer reporting time.

Such Transactions shall be deemed to have been executed on the Euronext Derivatives Market operated by the Relevant Euronext Market Undertaking only when they have been received or validated, as the case may be, by that Euronext Market Undertaking.

5702 PUBLICATION

5702/1 The Relevant Euronext Market Undertaking shall immediately publish the volume and price associated with all bids and offers submitted to the Central Order Book and with all Transactions executed in the Central Order Book.

5702/2 In respect of Off Order Book Transactions, the Relevant Euronext Market Undertaking shall specify, inter alia, the publication arrangements in the Trading Procedures. In any event, publication shall be immediate except where the Relevant Euronext Market Undertaking has specified in the Trading Procedures that deferred publication is permitted.

5703 USE OF MARKET DATA BY EURONEXT DERIVATIVES MEMBERS

5703/1 The use of market data by Euronext Derivatives Members is governed by the Euronext market data distribution agreement with Euronext.

## CHAPTER 6: ADMISSION TO LISTING AND CONTINUING OBLIGATIONS OF ISSUERS

### 6.1. SCOPE OF CHAPTER 6

6101 This Chapter 6 sets forth:

- (i) the requirements and procedures for the admission to listing and delisting of Securities,
- (ii) the listing measures that can be taken to facilitate the fair, orderly and efficient operation of the markets; and
- (iii) the continuing obligations of Issuers whose Securities are admitted to listing with their consent (including, without limitation, informing the Relevant Euronext Market Undertaking of corporate and securities events).

6102 For the purposes of this Chapter 6, admission to listing shall mean the admission to trading of Securities by the Relevant Euronext Market Undertaking on a Euronext Securities Market at the request of, or after having informed, the Issuer, and delisting shall be construed accordingly.

6103A The Relevant Euronext Market Undertaking shall be competent for all matters with respect to admission to listing and delisting of Securities, listing measures and the continuing obligations of Issuers as set forth in this Chapter 6, unless provided otherwise by National Regulations.

6103B Issuers must comply with the disclosure and reporting obligations pursuant to National Regulations to ensure transparency for investors and market integrity.

6104 References to amounts denominated in euros in this Chapter 6 and in any Notices or supplementary requirements imposed pursuant to this Chapter 6 shall be deemed to refer to equivalent amounts in other currencies.

6105 [reserved]

6106 Issuers must satisfy the obligations set forth in this Chapter 6 to enable the Relevant Euronext Market Undertaking to perform its functions and meet its responsibilities as the operator of a Regulated Market.

6107 The Relevant Euronext Market Undertaking shall, if there has been an actual or it has serious indications of a potential infringement by an Issuer of National Regulations in respect of any initial or on-going listing obligations pursuant to National Regulations, report the matter to the relevant Competent Authority as soon as practicable after becoming aware of such (potential) infringement.

6108 This Chapter 6 does not apply to the Euronext Securities Market operated by Euronext London.

### 6.2. APPLICATION PROCEDURE

6201 An application for admission to listing must be filed with the Relevant Euronext Market Undertaking by submitting a duly signed Application Form.

- 6202 The Relevant Euronext Market Undertaking and the Applicant shall jointly agree on a timetable in respect of the admission to listing.
- 6203 [reserved]
- 6204 Unless specifically provided otherwise, Issuers must appoint a Listing Agent for the first admission to listing of Securities and for any subsequent admission to listing of Securities requiring the approval of a prospectus. The Relevant Euronext Market Undertaking shall specify by Notice the requirements to appoint a Listing Agent and the tasks and the responsibilities of a Listing Agent. The requirement to appoint a Listing Agent is without prejudice to National Regulations regarding the appointment of financial intermediaries or other qualified entities in relation to a public offer or other offerings of Securities.
- 6205 An Application Form submitted for the admission to listing of Depository Receipts must also be signed by the Issuer of the Underlying Securities.
- 6206 The Relevant Euronext Market Undertaking may:
- (i) impose on an Applicant, on a specific case-by-case basis, such supplementary listing requirements in addition to those specified in Rules 6.6 and 6.7 as it reasonably considers appropriate and of which it shall duly inform the Applicant prior to its decision on the application;
  - (ii) require any additional documentation and information from an Applicant; or
  - (iii) conduct such inquiries or investigations as may reasonably be required in connection with its review of an application for admission to listing.

**6.3. DECISION BY THE RELEVANT EURONEXT MARKET UNDERTAKING**

- 6301 Unless agreed otherwise by the Applicant and the Relevant Euronext Market Undertaking, the Relevant Euronext Market Undertaking shall take a decision in respect of an application for admission to listing within a maximum period of thirty (30) days. The period shall begin as of the date the Relevant Euronext Market Undertaking has received a complete set of the documentation and the information required pursuant to Rule 6.5 and/or Rule 6206.
- 6302 The decision of the Relevant Euronext Market Undertaking to admit Securities to listing shall remain valid for a maximum period of ninety (90) days, except if the Relevant Euronext Market Undertaking becomes aware that any information provided in connection with the application for the admission to listing has changed during this period. Upon the written request of the Applicant, the Relevant Euronext Market Undertaking may extend this period once for a maximum of a further ninety (90) days.
- 6303 The Relevant Euronext Market Undertaking shall issue a first notice in relation to the date on which the admission to listing of Securities shall become effective, the Market of Reference, any conditions and other particulars in respect of the admission to listing of the relevant Securities. The Relevant Euronext Market Undertaking may issue a subsequent Notice in relation to the admission to listing confirming, among other things, that the conditions have been satisfied and the date on which the admission to listing shall become effective.
- 6304 In the case of a public offer of Securities, the listing shall become effective only after the completion of the subscription period, except in the case of tap issues of Securities when the closing date for subscription is not yet fixed.

**6.4. GROUNDS FOR REFUSAL**

- 6401 The Relevant Euronext Market Undertaking may refuse an application for admission to listing of a Security on any appropriate ground, including (without limitation) if:
- (i) the Applicant does not meet one or more of the requirements imposed by or pursuant to this Chapter 6 or any applicable National Regulations; or
  - (ii) it considers that the admission to listing of the Securities may be detrimental to the fair, orderly and efficient operation of the Euronext Securities Market or to the reputation of Euronext as a whole; or
  - (iii) a Security is already admitted to listing on another market and the Issuer has not complied or does not comply with the obligations resulting from such admission to listing; or
  - (iv) the Issuer, any of its board members (including supervisory board members) or its beneficial owners are on the EU Sanction List or on the list drawn up by the Office of Foreign Assets Control (OFAC).
- 6402 The Applicant shall be informed in writing of the decision to refuse an application for admission to listing and the reasons for this refusal.
- 6403 Subject to Rule 1.7, an Applicant may appeal against the decision of the Relevant Euronext Market Undertaking to refuse an application for admission to listing in accordance with National Regulations.

**6.5. GENERAL DOCUMENTATION TO BE FURNISHED AT THE TIME OF THE APPLICATION**

- 6501 At the time of the application, to the extent applicable, the following documentation must be provided to the Relevant Euronext Market Undertaking:
- (i) the Application Form duly signed by the Issuer;
  - (ii) the documents specified in the Application Form, including but not limited to documentation evidencing to the satisfaction of the Relevant Euronext Market Undertaking that:
    - (a) the legal position and organisation of the Issuer are in accordance with applicable laws and regulations;
    - (b) the administration of corporate events and the payment of dividends (if applicable) are ensured; and
    - (c) adequate procedures are available for the clearing and settlement of Transactions in respect of the relevant Securities.
  - (iii) a copy of the prospectus (or equivalent disclosure document) issued by the Issuer in connection with the application to listing and each draft version of such prospectus (or equivalent disclosure document);
  - (iv) a copy of the minutes from the relevant corporate body or bodies containing resolutions authorising the application for admission to listing and issue of Securities (to the extent applicable);
  - (v) a statement from the Issuer that it has filed or intends to file in the near future a similar application for listing of the relevant Securities with another Regulated or organised market;

- (vi) the LEI pertaining to the Issuer.

The documentation referred to in this Rule 6501 is provided to the Relevant Euronext Market Undertaking under the sole responsibility of the Applicant and to allow the Relevant Euronext Market Undertaking to check if the Applicant satisfies the requirements set out in Rules 6.6 and 6.7. The Relevant Euronext Market Undertaking shall not be liable for false or incomplete information provided by the Applicant (or, once the Securities have been admitted to listing, the Issuer) in connection with the admission to listing of Securities.

6502 The Relevant Euronext Market Undertaking may further specify, in one or more Notices, which documentation is deemed to be satisfactory. Without prejudice to Rule 6503 and in addition to the documentation and information required pursuant to Rule 6501, the Relevant Euronext Market Undertaking may also specify by Notice other documentation that must be supplied in respect of particular categories of Securities.

6503 All documentation that is required to be submitted pursuant to this Chapter 6 shall be in English or in a language accepted by the Relevant Euronext Market Undertaking and if necessary translated by a certified translator. If the registered office of the Issuer is located outside the European Economic Area, the Relevant Euronext Market Undertaking may require that the Issuer's financial statements are restated in the GAAP applicable to the jurisdiction in which the Relevant Euronext Market Undertaking has its registered office and that this restatement is reviewed by an auditor acceptable to it.

#### **6.6. GENERAL LISTING REQUIREMENTS FOR SECURITIES**

6601 Upon admission to listing and for as long as the Securities are listed:

- (i) the legal form and structure of the Issuer must be in accordance with applicable laws and regulations;
- (ii) the Issuer must comply with the requirements of any relevant Competent Authority; and
- (iii) adequate procedures must be available for the clearing and settlement of Transactions in respect of such Securities.

6602 The Issuer shall ensure that Securities of the same class have identical rights in accordance with National Regulations, the Issuer's articles of association and other constitutional documents.

6603 Securities must be validly issued in accordance with applicable laws and regulations governing those Securities, the Issuer's articles of association and other constitutional documents.

6604 The Issuer shall ensure that the form of Securities complies with the requirements of applicable National Regulations.

6605 The Issuer shall ensure that Securities are freely transferable and negotiable.

6606 Securities entitling holders to acquire other Securities ("Underlying Securities") are eligible for admission to listing only if at the time of the application:

- (i) the Underlying Securities are admitted to listing on a Regulated Market or, outside the European Union, on another organised market subject to equivalent standards as determined by the Relevant Euronext Market Undertaking; or
- (ii) there are adequate assurances that such Underlying Securities will be admitted on a Regulated Market or, outside the European Union, on another organised market

subject to equivalent standards as determined by the Relevant Euronext Market Undertaking by the time at which the right to acquire them can be exercised.

6607 The Issuer shall apply for admission to listing of all its Securities of the same class issued at the time of the application or proposed to be issued.

6608 [reserved]

6609 The Issuer may decide to distribute in whole or in part Securities through a centralisation process organized by the Relevant Euronext Market Undertaking. The Relevant Euronext Market Undertakings shall specify such procedure in the relevant Book II or in a Notice.

6610 The Relevant Euronext Market Undertaking may create specific segments in the Euronext Securities Market it operates, based on Market Capitalisation criteria or other criteria, and allocate Securities to those distinct segments. The allocation will be reviewed periodically. Securities included in the Recovery Box or the Penalty Bench are not included in these segments.

**6.7. ADDITIONAL LISTING REQUIREMENTS PER CATEGORY OF SECURITIES**

6701 In addition to the general listing requirements set forth in Rule 6.6, this Rule 6.7 contains additional listing requirements regarding the admission to listing of specific categories of Securities.

6702 SHARES, DEPOSITARY RECEIPTS FOR SHARES AND EQUITY SECURITIES.

6702/1 A first admission to listing of Shares, Depositary Receipts for Shares or Equity Securities is subject to the following conditions being met:

- (i) at the time of admission to listing, a sufficient number of Securities must be distributed to the public. A sufficient number of Securities shall be deemed to have been distributed to the public if at least 25% of the subscribed capital represented by the class of Securities concerned are in the hands of the public or such lower percentage determined – in its absolute discretion – by the Relevant Euronext Market Undertaking in view of the large number of the Securities concerned and the extent of their distribution to the public. This percentage shall not be lower than 5 % of the subscribed capital represented by the class of Securities concerned and must represent a value of at least five (5) million euro calculated on the basis of the subscription price; and
- (ii) at the time of admission to listing, the Issuer or, in the case of Depositary Receipts, the issuer of the Underlying Securities must have published or filed audited annual financial statements or pro forma accounts, consolidated where applicable, for the preceding three financial years, drawn up in accordance with the accounting standards of the country where the Issuer has its registered office, IFRS or any other accounting standards allowed by National Regulations for the period covered by the financial information. If the fiscal year closed more than nine (9) months before the date of the admission to listing, the Issuer must have published or filed semi-annual accounts.

6702/2 Without prejudice to Rule 6206, the Relevant Euronext Market Undertaking may grant dispensation from the requirement set forth in Rule 6702/1 (ii) if this is in the interests of the Issuer or in the case of Depositary Receipts, the issuer of the Underlying Securities or investors and if the Issuer has made sufficient information available enabling investors to make an informed assessment of the assets and liabilities, financial position, profit and losses, and prospects of the Issuer or, in the case of Depositary Receipts, that of the issuer of the Underlying Securities and any guarantor (if applicable), and of the rights attaching to the Securities to be admitted to listing. In those cases, the Relevant Euronext Market



Undertaking may – in its absolute discretion – subject the admission to listing to additional requirements in respect of Market Capitalisation, shareholders' equity and/or lock-up requirements, or any other condition determined by the Relevant Euronext Market Undertaking.

In those cases, the Relevant Euronext Market Undertaking may subject the admission to listing to additional requirements in respect of Market Capitalisation, shareholders' equity and/or lock-up requirements, or any other condition at the time of the admission to listing.

6703 BONDS

6703/1 Each Issuer requesting an admission to listing of bonds shall on admission be issuing a minimum nominal amount of at least:

- (i) five million (5,000,000) euro in case of a public offer of bonds; or
- (ii) two hundred thousand (200,000) euro for all other types of admission of bonds (i.e. without any public offering).

The above minimum amounts do not apply in the case of tap issues where the amount of the issue is not fixed.

6703/2 The application for admission to listing must relate to all bonds ranking pari passu.

6703/3 Issuers qualifying as SMEs requesting an admission to listing of bonds via a public offer shall obtain, and disclose in the relevant offering documents, a rating (in relation to the Issuer or the relevant Securities to be offered) from a credit rating agency duly registered with or certified by ESMA, unless specifically agreed otherwise between the Relevant Euronext Market Undertaking and the Issuer.

For the purpose of this Rule, "SMEs" means:

- (i) in respect of companies whose Equity Securities (or equivalent securities) are admitted to listing and/or trading on a Euronext Securities Market or on any other Regulated Market (or on any other market having equivalent standards), companies that had an average market capitalisation of less than € 100 million on the basis of end-day quotes for the 30 Trading Day period prior to the date of submission of the application for listing of the relevant bonds to the Relevant Euronext Market Undertaking; and
- (ii) in respect of companies whose Equity Securities (or equivalent securities) are not admitted to listing and/or trading on a Euronext Securities Market or on any other Regulated Market (or on any other market having equivalent standards), companies, according to their last annual or consolidated accounts, that meet at least two of the following three criteria: an average number of employees during the financial year of less than 250, a total balance sheet not exceeding € 43 million and an annual net turnover not exceeding € 50 million.

Any Issuer not qualifying as an SME shall provide the Relevant Euronext Market Undertaking with satisfactory evidence that it does not qualify as an SME.

Without prejudice to the above, the Relevant Euronext Market Undertaking may notably further require that:

- (i) bonds to be admitted pursuant to an admission process not involving a public offer as above described are rated by a credit rating agency; and/or
- (ii) irrespective of the type of admission (i.e. with a public offering or not), a guarantee for the principal amount and interest is issued by a parent company or by a third party as agreed with the Relevant Euronext Market Undertaking.

The Euronext Market Undertakings may further specify the above admission criteria by way of a Notice.

- 6704 CLOSED-ENDED INVESTMENT FUNDS AND INVESTMENT COMPANIES
- 6704/1 A first admission to listing of Securities issued by a Closed-ended Investment Fund or by an Investment Company is subject to the following conditions being met:
- (i) at the time admission to listing, the Market Capitalisation of the Securities for which admission to listing is sought must be at least five (5) million euro;
  - (ii) at the time of admission to listing, a sufficient number of Securities must be distributed to the public. A sufficient number of such Securities shall be deemed to have been distributed to the public if at least 25% of the subscribed capital represented by the class of Securities concerned are in the hands of the public or such lower percentage determined – in its absolute discretion – by the Relevant Euronext Market Undertaking in view of the large number of the Securities concerned and the extent of their distribution to the public; and
  - (iii) at the time of the admission to listing or, if that admission coincides with an issue and the Securities to be issued have already been allotted at the time of admission, after the issue of the allotted Securities, the Market Capitalisation must be at least five (5) million euro.
- 6705 ETFs, ETNs, ETVs AND OPEN-ENDED INVESTMENT FUNDS OTHER THAN ETFs
- 6705/1 The conditions for the first admission to listing of ETFs, ETNs, ETVs and other Open-ended Investment Funds are set out in a Notice.
- 6706 WARRANTS
- 6706/1 Any Issuer seeking the admission to listing of warrants must be:
- (i) a Credit Institution or an Investment Firm; or
  - (ii) an entity subject to a comparable supervision and control, whereby certification of such supervision and control and proof of the comparability must be provided by the Issuer; or
  - (iii) any other entity whose obligations, in relation to the warrants being issued, are unconditionally and irrevocably guaranteed by, or benefit from an arrangement which is equivalent in its effect to such a guarantee provided by, an entity which satisfies (i) or (ii) above.
- 6706/2 The Relevant Euronext Market Undertaking may require that in relation to the admission to listing of a Warrant a Liquidity Provision Agreement is entered into between a Liquidity Provider and the Relevant Euronext Market Undertaking and the signing of any other agreement as the Relevant Euronext Market Undertaking deems, in its absolute discretion, appropriate.
- 6706/3 The Relevant Euronext Market Undertaking may subject the admission to listing of warrants to a minimum quantity per issue or to a minimum order size.
- 6707 OTHER TRANSFERABLE SECURITIES
- 6707/1 The admission to listing of other transferable Securities shall be subject to such specific requirements as the Relevant Euronext Market Undertaking may specify in a Notice taking into account the nature of the Securities for which admission is sought and, to the extent possible, the general listing requirements specified in this Chapter 6 for comparable Securities.

6707/2 The Relevant Euronext Market Undertaking may determine that certain other transferable Securities do not qualify for admission to listing.

**6.8. ADDITIONAL REQUIREMENTS FOR THE ADMISSION TO TRADING OF SECURITIES ON A “IF AND WHEN ISSUED/DELIVERED” BASIS**

6801/1 At the request of the Issuer, the Relevant Euronext Market Undertaking may, by way of a derogation from the Rule 6603, admit to trading Securities that have not yet been effectively issued and/or delivered, as applicable, (and such admission to trading will be referred to as an admission on a “If and When Issued/Delivered” basis) for a maximum period of time not exceeding the standard settlement date calculated from the first date of such admission on a If-and-When-Issued/Delivered basis (unless agreed otherwise). In addition to the general listing requirements set forth in Rules 6.6 and 6.7, admission to trading of Securities on a “If and When Issued/Delivered” basis is subject to the following conditions being met:

- (i) the Issuer has provided to the Relevant Euronext Market Undertaking a description of the various elements that will be taken into account by the Issuer to determine whether or not to cancel the admission to listing;
- (ii) the Issuer confirms to the Relevant Euronext Market Undertaking that adequate measures have been taken to ensure that sufficient information is available to the market, namely in the prospectus or equivalent document and, subsequently, to potential investors should official listing not take place;
- (iii) the Issuer has taken adequate measures to ensure that sufficient information is made available to potential investors and other market participants regarding the consequences of a cancellation of the listing;
- (iv) until the Securities are issued and/or delivered, any publication issued or published by the Issuer in relation to the offering contains a statement that the Securities offered will first be admitted and traded on a If and When Issued/Delivered basis and the scheduled period of such admission to trading on a If and When Issued/Delivered basis;
- (v) a commitment from the Issuer that it will immediately inform the Relevant Euronext Market Undertaking of the completion of the issuance and/or delivery of the Securities;
- (vi) a commitment from the Issuer that it will immediately inform the Relevant Euronext Market Undertaking if it is not in a position to issue and/or deliver the Securities by the date expressed in the prospectus or any equivalent document as the expected date for completion of the offering.

6801/2 If the Securities admitted on a If and When Issued/Delivered basis are not issued and/or delivered by the date expressed in the prospectus or equivalent disclosure document as the expected date of completion of the offering, the offer may be withdrawn by the Issuer and subsequently all Transactions made in such Securities shall be annulled. The Issuer shall ensure that the prospectus (or any equivalent disclosure document) issued in connection with the admission to listing of the relevant Securities will contain a warning to this effect.

The Relevant Euronext Market Undertaking and/or Euronext shall not be responsible or liable for any loss incurred by any person as a result of the withdrawal of the offer by the Issuer and/or the subsequent annulment of the relevant Transactions. The Issuer shall ensure that the prospectus (or equivalent disclosure document) issued in connection with the admission to listing of the relevant Securities shall contain a statement to that effect.

**6.9. LISTING MEASURES**

6901 GENERAL

6901/1 The Relevant Euronext Market Undertaking may take all such measures in respect of Financial Instruments admitted to listing on an Euronext Securities Market as it deems necessary to facilitate the fair, orderly and efficient operation of its markets. The Relevant Euronext Market Undertaking will inform the relevant Issuer on any measure taken by it as soon as practicable possible.

6901/2 Subject to National Regulations, the Relevant Euronext Market Undertaking may, inter alia, take the following measures:

- (i) impose specific conditions upon the Issuer to ensure that the obligations imposed and the requirements set pursuant to this Chapter 6, in any Notices or the Application Form are being complied with; and/or
- (ii) allocate a Security to a special compartment; and/or
- (iii) list a Security with a special indicator; and/or
- (iv) issue a notice informing the market that an Issuer does not comply with its obligations set forth in the Rules; and/or
- (v) suspend the trading of a Security; and/or
- (vi) delist the relevant Securities in accordance with Rule 6905; and/or
- (vii) determine the Market of Reference.

6902 MARKET CAPITALISATION COMPARTMENTS

6902/1 [reserved]

6903 SPECIFIC COMPARTMENTS - RECOVERY BOX AND PENALTY BENCH

6903/1 The purpose of allocating Securities to the Recovery Box is to group together Securities of Issuers that are subject to insolvency proceedings.

The purpose of allocating Securities to the Penalty Bench is to group together Securities of Issuers that do not comply with the Rules.

In the context of allocation of Securities of Issuers to the Recovery Box or the Penalty Bench the Relevant Euronext Market Undertaking will regularly examine the situation of Issuers.

6903/2 The Relevant Euronext Market Undertaking may decide to include a Security to the Recovery Box if any of the insolvency proceedings specified in Council Regulation (EC No 1346/2000 of 29 May 2000, as amended from time to time (or analogous procedure as appropriate) has been declared applicable to the Issuer of such Security.

The allocation of the relevant Securities in the Recovery Box shall be terminated at the request of the Issuer or at the initiative of The Relevant Euronext Market Undertaking provided that an Issuer provides satisfactory evidence that that the insolvency proceedings no longer apply to the Issuer.

6903/3 The Relevant Euronext Market Undertaking may decide to include a Security to the Penalty Bench if the Issuer fails to comply with the Rules.

The allocation of the relevant Securities to the Penalty Bench shall be terminated at the request of the Issuer or at the initiative of The Relevant Euronext Market Undertaking provided that the Issuer has satisfied the requirements and conditions determined by the Relevant Euronext Market Undertaking – in its absolute discretion – for re-allocation of the relevant Securities to the normal compartment

6903/4 The Relevant Euronext Market Undertaking may further specify the criteria and the procedures for the allocation of Securities to a special compartment (including the Recovery Box or the Penalty Bench) in one or more Notices.

6904 ADDITIONAL LISTING MEASURES FOR SECURITIES ADMITTED ON A “IF AND WHEN ISSUED/DELIVERED” BASIS

6904/1 [reserved]

6905 DELISTING

6905/1 Subject to National Regulations, each Relevant Euronext Market Undertaking may delist Securities admitted to listing on its markets:

- (i) at the request of the relevant Issuer; or
- (ii) on its own initiative.

Each Relevant Euronext Market Undertakings may delist Securities listed on its markets at its own initiative on any appropriate grounds including (without limitation):

- a) manifest failure of the Issuer to comply with the obligations imposed and the requirements set pursuant to the Rules or the Application Form; or
- b) the legal entity that has issued the Securities shall cease to exist pursuant to a liquidation, merger, dissolution (or equivalent corporate event in any jurisdiction);
- c) the Issuer of the Securities has been declared bankrupt (or analogous procedure has been declared applicable in any jurisdiction); or
- d) without prejudice to Rule 4403/2, in the opinion of the Relevant Euronext Market Undertaking, facts or developments occur or have occurred with regard to a Security which prevent the continued listing of that Security or which cause the Relevant Euronext Market Undertaking to believe that a fair, orderly and efficient market for a Security cannot be maintained; or
- e) adequate clearing and/or settlement services for a type of Securities are no longer available; or
- f) the delisting of the Shares or other Securities into which they are convertible or for which they are exchangeable, as the case may be; or
- g) facts or developments occur or have occurred in respect of an Issuer which in the opinion of the Relevant Euronext Market Undertaking is detrimental to the reputation of Euronext as a whole;
- h) the Issuer or its beneficial owners are on the EU Sanction List or the list drawn up by the Office of Foreign Assets Control (OFAC).

6905/2 If the Relevant Euronext Market Undertaking decides to delist a Security pursuant to Rule 6905/1 (ii), the following procedure shall apply:

- (i) the Relevant Euronext Market Undertaking shall inform the Issuer of its intention to delist and give the Issuer the opportunity to respond before the relevant decision on the delisting is made;
- (ii) the Relevant Euronext Market Undertaking shall determine the date on which delisting of the Securities shall become effective;
- (iii) the Relevant Euronext Market Undertaking shall notify the Issuer in writing of the

scheduled date of delisting;

- (iv) the Relevant Euronext Market Undertaking shall publish the date on which delisting of the Securities shall become effective as well as the conditions of delisting and any other relevant information concerning the delisting;

On the date on which the delisting of the Securities becomes effective the agreement between the relevant Issuer and the Relevant Euronext Market Undertaking (constituted by the Application Form) will be terminated without any further action being required.

6905/3 If a request for delisting of Securities is made by the Issuer pursuant to Rule 6905/1 (i), the following procedure shall apply:

- (i) the Issuer of the relevant Securities shall request the delisting in writing and state the relevant grounds for delisting.
- (ii) subject to the relevant conditions for the delisting of the Securities being satisfied, the Relevant Euronext Market Undertaking shall determine the date on which the delisting of the Securities shall become effective.
- (iii) the Relevant Euronext Market Undertaking shall publish the date on which delisting of the Securities shall become effective and other relevant information concerning the delisting of the Securities.

The Relevant Euronext Market Undertaking may specify by Notice the conditions that should be satisfied in relation to a delisting of Securities at the request of an Issuer.

6905/4 Notwithstanding the above, the Relevant Euronext Market Undertaking may decide not to delist Securities upon the Issuer's request if such delisting would adversely impact the fair, orderly and efficient functioning of the market.

6905/5 The Relevant Euronext Market Undertaking may subject any delisting of Securities to such additional requirements as it deems appropriate.

6905/6 Subject to Rule 1.7, an Issuer may appeal against the decision of the Relevant Euronext Market Undertaking to delist in accordance with National Regulations.

6906 Appeals

6906/1 [reserved]

**6.10. CONTINUING OBLIGATIONS**

61001 GENERAL

61001/1 Scope

Each Issuer must meet the obligations set forth in this Rule 6.10 as long as its Securities are admitted to listing.

The Relevant Euronext Market Undertaking may further detail those obligations in one or more Notices. For the avoidance of doubt, none of the obligations set out in this Rule 61001 shall exempt the Issuers from complying with the disclosure or reporting obligations pursuant to National Regulations.

61001/2 Fees

The Issuer shall promptly pay any fees charged by the Relevant Euronext Market Undertaking in accordance with the conditions established by the Relevant Euronext Market Undertakings and communicated to the Issuers.

61002 LISTING OF NEWLY-ISSUED SECURITIES OF THE SAME CLASS

61002/1 When additional Securities of the same class as Securities already admitted to listing are issued, application for admission to listing of such additional Securities shall be made:

- (i) as soon as they are issued in the case of a public offering of Securities; and
- (ii) no later than ninety (90) days after their issue in cases other than a public offering.

61003 INVESTOR RELATIONS

61003/1 Equal treatment

An Issuer shall treat holders Securities of the same class issued by it equally in accordance with National Regulations.

61003/2 Information

An Issuer shall provide the market all necessary information to enable holders of its Securities to exercise their rights.

An Issuer shall communicate to the Relevant Euronext Market Undertaking all information which (i) may impact the fair, orderly and efficient functioning of the markets operated by the Relevant Euronext Market Undertakings or (ii) may modify the price of its Securities (ultimately) at the same time at which such information is made public.

The Relevant Euronext Market Undertaking may specify by Notice specific obligations regarding disclosure and reporting obligations.

61004 ADMINISTRATION OF CORPORATE AND SECURITIES EVENTS

61004/1 Each Issuer shall inform the Relevant Euronext Market Undertaking of corporate or securities events in respect of its Securities admitted to listing in order to facilitate the fair, orderly and efficient functioning of the market.

The relevant information shall be provided to the Relevant Euronext Market Undertaking at least two (2) Trading Days in advance of the earlier of (i) the public announcement of the timetable for any such corporate or securities event or (ii) the corporate or securities event having effect on the market or the position of the holders of the relevant Securities.

At the request of the Relevant Euronext Market Undertaking, the relevant Issuer shall provide to the Relevant Euronext Market Undertaking the underlying legal and corporate documents relating to the corporate and securities events.

The Relevant Euronext Market Undertaking may further specify by Notice the details, documents and method of submission of the information and documents to be provided and submitted to it pursuant to this Rule 61004/1.

For the avoidance of doubt, any obligation for Issuers to provide documentation to the Relevant Euronext Market Undertaking as set forth in this Chapter 6 is for the sole purpose to allow the Relevant Euronext Market Undertaking to perform its functions and meet its responsibilities as the operator of a Regulated Market. In reviewing this documentation, the

Relevant Euronext Market Undertaking solely performs controls on the technical information that allow the Relevant Euronext Market Undertaking to operate the market, without prejudice to Rule 6107. None of the obligations exempts the Issuer from providing the same documentation to the Competent Authority.

- 61004/2 The information referred to in Rule 61004/1 includes (without limitation):
- (i) amendments which affect the respective rights of different categories of Securities;
  - (ii) any issue or subscription of Financial Instruments;
  - (iii) any mandatory reorganization (e.g. stock split, reverse stock split, redemption in part or in whole of Securities);
  - (iv) any voluntary reorganisation with or without option element (e.g. tender offer, rights offer, repurchase offer);
  - (v) any securities distribution (e.g. stock dividend, bonus issue);
  - (vi) any cash distribution (e.g. cash dividend);
  - (vii) any announcement of coupons or cash dividend non payment;
  - (viii) any prospectus (or equivalent disclosure document) relating to public offerings;
  - (ix) any reports on the status of liquidation and more generally any decision regarding any situation of ( temporary) suspension of payments, bankruptcy or insolvency situation (or analogous procedure has been granted or declared applicable in any jurisdiction);
  - (x) a name change of the Issuer; and
  - (xi) the admission to listing or trading on any Regulated Market or other organised market.
- 61004/3 If the admission to listing concerns Depositary Receipts, warrants or other Securities entitling holders to acquire other Securities, the information mentioned in Rule 61004/1 includes (without limitation and in addition to the information referred to in Rule 61004/1):
- (i) corporate or securities events of the issuer of the Underlying Securities; and
  - (ii) any adjustment or modification that the Issuer makes to the exercise condition of the warrant as a result of any change in or to the Underlying Securities including details of the underlying event that required the adjustment or modification.
- 61004/4 If the admission to listing concerns Securities issued by a Closed-ended Investment Fund, the information mentioned in Rule 61004/1 that the management company of such Closed-ended Investment Fund shall provide to the Relevant Euronext Market Undertaking includes (without limitation and in addition to the information referred to in Rule 61004/1):
- (i) an announcement of any distribution;
  - (ii) coupons being declared without value.



61004A LEGAL ENTITY IDENTIFIER

61004A/1 An Issuer shall take all necessary measures to have its LEI for as long as its financial instruments are admitted to trading on a Euronext Securities Market.

61005 COOPERATION WITH A EURONEXT MARKET UNDERTAKING

61005/1 In dealing with Euronext, its directors, officers, employees, agents and representatives, Issuers shall act in an open and cooperative manner, be honest and truthful and not mislead or conceal any material matter.

61005/2 In particular, without limiting the generality of Rule 61005/1, an Issuer shall:

- (i) provide full and prompt responses to all requests for information by Euronext in respect of business conducted on Euronext Markets or business related thereto, and
- (ii) notify the Relevant Euronext Market Undertaking promptly of any matter which may reasonably be expected to be a matter of concern to the Euronext Market Undertaking in the context of its relationship with such Issuer, including (without limitation) any corporate action or other event that may cause such Issuer to cease to be in compliance with the Rules. This duty of disclosure shall arise as soon as the Issuer becomes aware, or has reasonable grounds for believing, that such a matter has arisen or will arise.

CHAPTER 7:  
[Reserved]

## CHAPTER 8: RULES OF CONDUCT

### **8.1. GENERAL**

#### 8101 SCOPE OF CHAPTER 8

8101/1 This Chapter 8 sets forth rules of conduct specific to the Euronext Markets which the Members must observe when trading on such Markets.

#### 8102 GENERAL DUTIES OF INTEGRITY, FAIR DEALING AND CARE

8102/1 When trading on the Euronext Markets, a Member shall:

- (i) observe high standards of integrity, market conduct and fair dealing;
- (ii) act with due skill, care and diligence; and
- (iii) refrain from any act or course of conduct which is likely to harm the reputation of Euronext or any Euronext Market.

8102/2 A Member shall behave in a responsible manner when using a Euronext Trading Platform and associated facilities provided by a Euronext Market Undertaking and shall only use the Platform and these facilities when there is a legitimate need to do so.

8102/3 A Member acting on behalf of Clients shall ensure that, pursuant to National Regulations, each such Client has been informed of the risk characteristics of the Financial Instruments concerned.

#### 8103 COOPERATION WITH A EURONEXT MARKET UNDERTAKING

8103/1 In dealing with Euronext, its directors, officers, employees, agents and representatives, Members shall act in an open and cooperative manner, be honest and truthful and not mislead or conceal any material matter.

8103/2 In particular, without limiting the generality of Rule 8103/1, a Member shall:

- (i) provide full and prompt responses to all requests for information by Euronext in respect of business conducted on Euronext Markets or business related thereto and provide access to all relevant books, records, audio logs and other forms of documentation, and
- (ii) notify the Relevant Euronext Market Undertaking promptly of any matter which may reasonably be expected to be a matter of concern to the Euronext Market Undertaking in the context of its relationship with such Member, including (without limitation) any corporate action or other event that may cause such Member to cease to be in compliance with the Rules. This duty of disclosure shall arise as soon as the Member becomes aware, or has reasonable grounds for believing, that such a matter has arisen or will arise.

#### 8104 NO ABUSIVE OR MISLEADING CONDUCT

8104/1 In conducting business for itself or on behalf of its Clients, a Member must not engage in or attempt to engage in Insider Dealing or Market Manipulation and, in particular, must not engage in, knowingly facilitate or fail to take reasonable steps to prevent:

- (i) any action or any course of conduct that has the effect, or may be expected to have the effect, of artificially and/or abnormally moving the price or value of any Admitted Financial Instrument or any instrument underlying an Admitted Financial Instrument or the level of any index of which an Admitted Financial Instrument is a component;
- (ii) entering artificial orders or otherwise entering into or causing any artificial Transaction;
- (iii) reporting a fictitious Transaction or any other false data to Euronext or causing such data to be input into any Euronext system;
- (iv) any action or any course of conduct that creates or may reasonably be expected to create any false or misleading impression as to the market in, or price or value of, any Admitted Financial Instrument or any other unfair trading conditions;
- (v) any other action or any other course of conduct that may damage the integrity and the transparency of any of the Euronext Markets; or
- (vi) agreeing or acting in concert with, or providing any assistance to, any Person (whether or not a Member) with a view to or in connection with any action or course of conduct referred to in paragraphs (i) to (v) inclusive of this Rule 8104 or otherwise causing or contributing to a breach of any applicable Rule by such other Person.

8104/2 For the avoidance of doubt, a Member is responsible for all business conducted in its name, whether or not such business has been executed on behalf of a Client and whether or not such business has been input through the Member via an Automated Order Routing System or via Sponsored Access by such Client.

8104/3 If a Member becomes aware of any action or course of conduct taken by a Client or by a Responsible Person or an individual trading through a Responsible Person which is or appears to be inconsistent with the requirements of this Rule 8104, it shall report it promptly to Euronext pursuant to Rule 8103. Each Member should ensure that it has adequate controls and procedures to identify activity by its Clients or by or through its Responsible Persons which might be inconsistent with the requirements of this Rule 8104.

8105 USE OF EURONEXT TRADING PLATFORMS

8105/1 When using a Euronext Trading Platform and associated facilities, a Member is prohibited from engaging in practices which may cause degradation of the service or give rise to a disorderly market. Such practices include, but are not limited to, submitting unwarranted or excessive electronic messages or requests to a Euronext Trading Platform.

8106 INTERNAL CONTROLS

8106/1 A Member shall set up and maintain an appropriate system of internal controls, which ensures that the Member continuously complies with all requirements imposed by or pursuant to the Rules.

8106/2 The system of internal controls shall contain internal procedures specific to the Member's capacity on the Euronext Markets. These procedures shall be documented and updated on a regular basis. Where a Member executes business on behalf of Clients it must have adequate controls and procedures to ensure that, as far as reasonably possible, such business complies with, inter alia, Rule 8104.

- 8106/3 A Member's internal controls shall include pre- and post-trade risk management controls which are appropriate to the nature, scale and complexity of the Member's business on the Relevant Euronext Market Undertaking. For the avoidance of doubt this means that, inter alia, a Member shall ensure that it has appropriate arrangements in place:
- (i) to vet orders prior to their submission to the Central Order Book, irrespective of whether such orders have been submitted manually or electronically (including via an Automated Order Routing System or via Sponsored Access); and
  - (ii) to monitor the positional and financial risks inherent in the business it conducts.
- 8106/4 In respect of arrangements put in place by a Member pursuant to Rule 8106/3, the Member must be able to demonstrate to Euronext that the following monitoring requirements have been incorporated in the Member's risk control systems:
- (i) position limits;
  - (ii) user definitions (i.e. the ability to define the individual user(s));
  - (iii) product definitions (i.e. the ability to restrict access to particular Admitted Financial Instruments or groups of Admitted Financial Instruments);
  - (iv) maximum order size per user; and
  - (v) either automatic order rejection when a limit is exceeded or the order being held subject to manual override by an appropriately authorised risk manager.
- 8106/5 Euronext may specify in Book II of the Rules or by Notice additional requirements in respect of pre-trade vetting and post-trade risk management for specific Euronext Markets and/or Admitted Financial Instruments.
- 8106/6 A Member shall have adequate arrangements to ensure that all staff involved in the conduct of business on the Euronext Markets are suitable, adequately trained and properly supervised.
- 8106/7 The Relevant Market Undertaking may make available to Members and Clearing Members facilities for pre- and post-trade risk management including arrangements which would allow a Clearing Member to suspend with immediate effect the access to the Euronext Trading Platform of a Member for which it clears or for a Member to suspend its own access. The conditions for the use of such facilities and arrangements shall be specified by Notice.

**8.2. ORDER PROCESSING**

**8201 NO OFFSETTING OR GROUPING OF ORDERS**

- 8201/1 A Member may only offset or group orders for the purchase and sale of Admitted Financial Instruments if permitted to do so by a Relevant Euronext Market Undertaking, subject to such conditions as may be specified by the Relevant Euronext Market Undertaking and published by Notice.
- 8201/2 Rule 8201/1 shall not prevent a Member from placing a single buy or sell order for the accounts of several Clients to whom the Member provides portfolio management; provided that the Admitted Financial Instruments acquired pursuant to such order shall be allocated among such Clients in the manner provided prior to the entry of such order.

**8.3. AUDIT TRAIL**

8301 RECORDING OF ORDER DETAILS

8301/1 A Member shall ensure that each order received from a Client is recorded and time-stamped immediately by a process other than handwriting. The order record must be time-stamped again on execution and also at the time of any amendment or cancellation of the order by the Client.

8301/2 Order records may be maintained on order slips or by electronic means or by any other means specified by the Relevant Euronext Market Undertaking, providing that any such method of recording complies with the requirements of this Rule 8301.

8301/3 Order records must contain the following information and any additional information required by the Relevant Euronext Market Undertaking:

- (i) the identity of the individual submitting the order to the Trading Host and, where applicable, the ITM under which it is submitted;
- (ii) the identity of the individual completing the order record;
- (iii) Client identification;
- (iv) buy/sell;
- (v) volume;
- (vi) Admitted Financial Instrument;
- (vii) put/call and Exercise Price (if applicable);
- (viii) delivery/expiry month (if applicable);
- (ix) price or price limit, price range or strategy price;
- (x) order type and execution conditions/order designations; and
- (xi) strategy type indicator (if applicable).

8301/4 All order records, of whatever kind, must be:

- (i) robust, secure and not prone to alteration;
- (ii) made available:
  - (a) immediately on the day of the transaction; and
  - (b) within a reasonable period of time thereafter, where required by the Relevant Euronext Market Undertaking; and
- (iii) presented in a manner which is easily decipherable by the Relevant Euronext Market Undertaking.

8301/5 Members who employ electronic means to maintain order records must have suitable contingency procedures in the event of systems failure, which may include back up systems or recourse to a paper-based audit trail, such that no loss of audit trail data can occur.

8302 RETENTION OF INFORMATION

8302/1 A Member shall maintain for a period of five years records of:

- (i) automatic screening parameters and modifications thereof as well as rejected orders, pursuant to Rule 8106/3;
- (ii) orders, arranged chronologically, pursuant to Rule 8301/1; and
- (iii) Transactions and, if applicable, the settlement thereof and the custody of Securities traded on the Euronext Markets.

All records maintained pursuant to this Rule 8302 shall be available for inspection by Euronext.

8303 VOICE RECORDING

- (i) In respect of Euronext Securities Markets, the Relevant Euronext Market Undertaking requires recordings to be made by or on behalf of the Member of conversations regarding Transactions made, or intended to be made, on the market which are conducted on telecommunications equipment of any kind located in a Member's premises. Any such recordings made pursuant to such requirements shall be retained by the Member for a period of six months for possible inspection by Euronext.
- (ii) In respect of Euronext Derivatives Markets, the Relevant Euronext Market Undertaking may specify in Book II of the Rules requirements in respect of recording by or on behalf of the Member of conversations regarding Transactions made, or intended to be made, on the market.

## CHAPTER 9: MEASURES IN CASE OF VIOLATION OF THE RULES

### 9.1. SCOPE OF CHAPTER 9

9101 An alleged violation by a Member of an obligation of the Rules related to the operating of Euronext markets other than the Euronext Securities Market established in the United Kingdom (an Alleged Violation) shall be dealt with in accordance with the provisions of this Chapter.

9102 This Chapter is without prejudice to:

- (i) any action and/or measures that may be taken by Euronext based on any procedure laid down in another part of the Rules;
- (ii) the right to carry out on-site investigations on basis of Chapter 2;
- (iii) any provision of National Regulation concerning enforcement by the Competent Authorities.

9103 Immediate measures

In case a violation of the Rules by a Member constitutes a threat to the integrity or the safety of the markets, or upon instruction of the Competent Authority, Euronext may take immediate measures to protect the market, including suspension of all or some of a Member's trading rights.

### 9.2. PROCEDURE

9201 EXAMINATION

9201/1 For the examination of an Alleged Violation Euronext may:

- (i) require the Member to provide any information, copies of records and documents that may be relevant for the examination of Alleged Violation;
- (ii) send a representative to a Member's offices at any time during normal business hours in the country in which such offices are located, who may require immediate access, to all such information, records and documents kept by a Member that may be relevant for the examination of the Alleged Violation; and/or
- (iii) require any Member to procure the attendance of any of its directors, officers, employees, agents and representatives at a specified time and place, at either the offices of the Relevant Euronext Market Undertaking or those of the Member, in order to answer questions or provide explanations that may be relevant for the examination of the Alleged Violation.

9202 CONFIDENTIALITY

Euronext shall use any information obtained pursuant to Rule 9201 exclusively for purposes and within the scope of this Chapter 9 and any related arbitration or court proceedings and shall not otherwise disclose such information except:



- (i) to the Competent Authorities or other public authorities having jurisdiction over the relevant matter;
- (ii) when otherwise required by applicable law and regulation; or
- (iii) pursuant to exchange-of-information arrangements with other exchanges or Clearing Organisations, provided that these arrangements are bound by an equivalent confidentiality undertaking.

9203 REPORT

9203/1 When there is an Alleged Violation Euronext shall make a written report.

9203/2 This report shall contain the findings of Euronext and a reference to the Rule allegedly breached by the relevant Member.

9203/3 Euronext shall send this report upon completion to the relevant Member.

9203/4 Euronext shall give the relevant Member an opportunity to present its response in writing within two weeks, unless otherwise specified, after receiving the report.

9203/5 Any comments made by the Member shall be attached to said report.

9204 EXPLORATORY MEETING

9204/1 Upon completion of the report and after receiving the written comments, if any, of the Member, Euronext shall, at either party's request, organize a meeting with the Member. This meeting will allow both parties to ask further questions and respond on an Alleged Violation.

9204/2 The meeting will be held at the premises of the Relevant Euronext Market Undertaking or, if both parties agree, in another place.

9204/3 In this meeting both parties may, at their own discretion, bring any representative, expert or other person. Each party shall ensure the confidentiality of the non-public information provided to such attendees and will be liable for breach of confidentiality by those present on their behalf, unless those attendees have a statutory obligation to disclose the information. Both parties shall have the possibility to deny the attendance of experts or other persons if they are able to prove that these persons are affected by conflicts of interest.

9204/4 The number of persons attending a meeting for each party shall not exceed eight, unless agreed upon otherwise between Euronext and the Member.

9204/5 Upon prior request of the Member, Euronext shall draft minutes of the said meeting to be signed by Euronext and the Member.

**9.3. RECTIFICATION, SUSPENSION AND TERMINATION**

9301/1 If a Rule has been violated, Euronext may:

- (i) require the Member to fulfill its obligations under the Rules or require rectification towards Euronext of the violation by a Member of an obligation under the Rules within a term specified;
- (ii) either:

- (a) require from the Member liquidated damages for the violation of the Rule, of a fixed amount between EUR 500 and EUR 250.000 according to a scale published in a Notice; or
  - (b) claim any kind of compensation for actual damage caused to Euronext's interest as a commercial operation and as a Regulated Market or to the integrity or safety of its markets, if the damage is proven to be patently higher than the fixed amount under a). The claim shall be limited to direct damage except in case of willful misconduct or gross negligence;
  - (iii) suspend some of the Member's trading or membership rights for no more than six months;
  - (iv) suspend for no more than six months the Member's Euronext Membership;
  - (v) terminate access to certain facilities;
  - (vi) terminate the Member's Euronext Membership; and/or
  - (vii) publish all or part of the decision taken by Euronext under this Rule.
- 9301/2 The relevant Member shall be informed of the decision of the Relevant Euronext Market Undertaking by a letter sent by registered mail.
- 9301/3 The Relevant Euronext Market Undertaking shall promptly inform the other Euronext Market Undertakings, the Members, the Clearing Organisation and parties with whom Euronext has concluded a cross-membership agreement of:
- (i) a suspension or termination of the Membership of any Member;
  - (ii) the period of such suspension; and
  - (iii) the decision of the Member to contest the decision before the competent court or an arbitration institution.

**9.4. REPORTING AND PUBLICATION**

9401 REPORTING

9401 Euronext shall:

- (i) report on the monitoring of Rule Book compliance and violations of the Rules to the Competent Authority on the basis of arrangements between Euronext and the Competent Authority;
- (ii) immediately notify the Competent Authority of a decision to suspend or to terminate a Member's trading or membership rights under Chapter 9;
- (iii) prepare and publish a general report on the application of Chapter 9 from time to time but at least once a year. If necessary to protect the integrity or the safety of the markets such report may disclose the identities of the Members involved.

9402 INFRINGEMENT OF NATIONAL REGULATIONS

If Euronext finds in the course of an examination of an Alleged Violation or on any other occasion serious indications of a possible infringement of National Regulations, it shall report the matter to the relevant Competent Authority as soon as possible.

**9.5. LIABILITY AFTER MEMBERSHIP TERMINATION OR RESIGNATION**

9501 Termination or resignation of Euronext Membership is without prejudice to the right of Euronext to ask for evidence and to require financial compensation pursuant to Rule 9301/1 (ii) for damages caused by any violations of the Rules by a Member.

# Euronext Rule Book

## Book II: Specific rules applicable to the French regulated markets

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**BOOK II – SPECIFIC RULES APPLICABLE TO THE FRENCH REGULATED MARKETS**

**PART I: RULES APPLICABLE TO THE EURONEXT PARIS MARKET**

Article P 1.0.1

Euronext Paris is a regulated market within the meaning of article L.421-1 of the Monetary and Financial Code, operated by Euronext Paris.

Article P 1.0.2

Euronext Paris operates a segment titled “professional investor market”.

In this segment Euronext Paris lists issuers whose securities have been admitted to trading without a public offering and that use the special provisions laid down for this purpose in the General Regulation of the Autorité des marchés financiers.

**TITLE 1: ADMISSION TO TRADING OF FINANCIAL INSTRUMENTS**

**CHAPTER 1: CONDITIONS FOR THE ADMISSION OF FINANCIAL INSTRUMENTS**

**Section 1 – Admission procedure**

Article P 1.1.1

[reserved]

Article P 1.1.2

Euronext Paris as a market undertaking decides on the admission of financial instruments on Euronext Paris.

In connection with an application for first admission of shares or an application related to a public offering of bonds, Euronext Paris informs the *Autorité des marchés financiers* and seeks its observations, if any, five trading days before the planned decision date. The said observations are an integral part of the factors taken into consideration when making the decision.

**Section 2 – Conditions for the admission to trading of equity securities**

Article P 1.1.3

Euronext Paris may deny an application for admission to trading if it believes that the issuer concerned does not have control of an essential operating asset.

**Section 3 – Conditions for the admission to trading of bonds**

Article P 1.1.4

Issuers qualifying as SMEs which request an admission to trading of bonds via a public offer shall obtain, and disclose in the relevant offering documents, a rating, notwithstanding any exemption possibility provided in this respect by Book I.

## CHAPTER 2: PROCEDURES FOR PLACING AND INITIAL TRADING

### Article P 1.2.1

Admission to trading on the Euronext Paris market is announced in an official *Avis* published by Euronext Paris describing the procedures for the placing and initial trading of admitted securities as well as the timetable for initial trading.

### **A - Placing procedures**

#### Article P 1.2.2

The placing of financial instruments admitted to trading can be done, in whole or in part, at the same time as they are initially admitted on the market or immediately beforehand.

#### Article P 1.2.3

The placing of financial instruments during the period immediately preceding their initial trading can be done through a complete or partial underwriting transaction by one or more legally authorized entities.

The lead manager for these placing transactions shall provide Euronext Paris with a statement detailing the results of the placing, which are then published by Euronext Paris in an *Avis*.

#### Article P 1.2.4

Euronext Paris may allow a placing to be effected in part under the procedure described above and in part as a fixed-price offer or open-price offer. Euronext Paris shall determine whether the choice of procedure is consistent with the characteristics of the operation.

The price set for the fixed-price offer or the final price resulting from the open-price offer cannot be higher than the placing price.

### **B - Initial trading procedures**

#### Article P 1.2.5

The initial trading of financial instruments on the Euronext Paris market is effected through one of the following procedures: direct trading, minimum-price tender, fixed-price offer, open-price offer.

*1% Provisions common to all procedures*

#### Article P 1.2.6

The initial trading of financial instruments admitted on the Euronext Paris market is announced in an Euronext Paris *Avis* that discloses notably the segment of the market, the name of the issuer and of the intermediaries entrusted with the listing and trading procedures, the number, type and characteristics of the admitted financial instruments, the price stipulated by the issuer or by the sellers, the procedure selected for initial trading and, generally, all details necessary for informing the public.

New listings are announced by Euronext Paris in an *Avis* published before the date set for the initial trading. The timetable for such announcements, specific to each procedure, is specified in an Instruction.



Article P 1.2.7

Unless otherwise stated in the *Avis* referred to in the above article, orders that are not filled on the first day of trading and that include no specified time limit are considered to have expired.

Article P 1.2.8

Whatever the procedure followed, Euronext Paris may require that persons placing buy orders should lodge a sufficient deposit with the intermediary with whom their orders have been placed. Euronext Paris fixes the percentage of the orders represented by this deposit and the length of time during which such funds are to remain unavailable. Euronext Paris may also demand that intermediaries pay such deposits directly to it. Euronext Paris fixes the minimum period for the deposit or the unavailability of such funds.

Article P 1.2.9

Should Euronext Paris, in the light of the number of buy orders received, deem that the rules for the selected initial trading procedure would lead to the quotation of a price abnormally high in terms of the offer price or to an excessive scaling-down of buy orders, it shall postpone the initial trading date.

An Euronext Paris *Avis* announces the new date and, where necessary, the selected initial trading procedure and the new conditions applicable to such quotation.

All buy orders must be renewed.

Article P 1.2.10

The results of the initial trading procedure are published in an Euronext Paris *Avis*, which states the traded price or the indicative price recorded, the number of financial instruments traded and the conditions governing trading on the following days.

*2° The minimum-price tender procedure*

Article P 1.2.11

Euronext Paris *Avis* announcing a new listing of a financial instrument through a minimum-price tender specifies the number of instruments to be made available to the market by those seeking the new listing -- shareholders and management of the issuer, financial intermediaries -- as well as the minimum offer price at which they are prepared to sell.

Those seeking the new listing may, with the approval of Euronext Paris, reserve the right to modify the minimum price initially stipulated, provided such possibility was mentioned in the listing *Avis* and that the final offer price be published in conformity with Article P 1.2.6. These new terms are announced in an Euronext Paris *Avis* that describes the conditions governing the confirmation of outstanding buy orders.

Article P 1.2.12

To effect a minimum-price tender, Euronext Paris centralizes buy orders sent to it by members. It may accept only limit orders and may exclude those orders at a limit which it considers abnormally high in terms of the minimum offer price.

Euronext Paris may divide the financial instruments offered on the market into several lots and assign each lot to accepted bids, ranked according to the limits set. Original orders may be scaled down if market conditions so require.

The initial price fixed is the limit set on the last order met. There is only one price on the first day of trading.

*3% The procedure for fixed-price offers and open-price offers*

Article P 1.2.13

The Euronext Paris *Avis* announcing an admission through a fixed-price offer procedure or open-price offer procedure specifies the number of financial instruments to be placed on the market by those seeking the admission and the price (in the case of a fixed-price offer) or price range (for an open-price offer) at which they are to be offered.

Those seeking the new listing may, with the approval of Euronext Paris, reserve the right to modify the offer price or price range initially stipulated, provided such possibility was mentioned in the listing *Avis* and that the final offer price or offer price range be published in conformity with Article P 1.2.6. These new terms are announced in an Euronext Paris *Avis* that describes the conditions governing the confirmation of outstanding buy orders.

Article P 1.2.14

On the day set for the offer, Euronext Paris centralizes the buy orders sent to it by members. Only orders placed at the offer price are accepted. If Euronext Paris declares that the offer is successful, the price quoted is the offer price.

Article P 1.2.15

On the day set for the open-price offer, Euronext Paris accepts only buy orders at prices consistent with the offer's price range (extremes included). If Euronext Paris declares the offer successful, the price quoted is determined at the end of the offer and takes account of demand indicated in the guaranteed placement.

Article P 1.2.16

With the approval of Euronext Paris, those seeking the new listing may divide the buy orders tendered in connection with the fixed-price offer or open-price offer into several categories.

Such categories may be defined according to the number of financial instruments requested and to the type of investor originating the order.

An Euronext Paris *Avis* sets out the criteria under which financial intermediaries can accept buy orders. This *Avis* also specifies the conditions governing the transmission of such orders to Euronext Paris as well as the amount of information on the identity of order originators that Euronext Paris may require from the financial intermediaries. Furthermore, the *Avis* specifies the criteria used by Euronext Paris for, on the one hand closing the order book, and on the other, allocating the financial instruments offered amongst those placing orders, either according to a straight proportional formula or by giving preferential treatment to smaller orders.

*4° The direct trading procedure*

Article P 1.2.17

The initial trading of financial instruments using the direct trading procedure is carried out under the standard conditions for trading.

With the approval of Euronext Paris, and for the initial trading of equity securities, the direct trading procedure may allow a stated number of the equity securities offered to be sold on the market on the date of initial trading through a bought deal on behalf of the selling shareholders or of the underwriters.

The *Avis* announcing a new listing states the number of equity securities to be placed on the market by those seeking the new listing and the minimum price at which they are to be sold. The *Avis* also specifies the conditions governing the centralisation of orders by Euronext Paris as well as the maximum price variation that it is prepared to authorise in the light of market conditions, where necessary through a scaling-down of orders.

**CHAPTER 3: [RESERVED]**

Article P 1.3.1

[reserved]

#### CHAPTER 4: THE DELISTING OF FINANCIAL INSTRUMENTS

##### Article P 1.4.1

Euronext Paris as a market undertaking may decide to delist financial instruments from the list of financial instruments admitted to trading on Euronext Paris.

##### Article P 1.4.2

Without prejudice to other possibilities of delisting as provided by the Rules or the National Regulations, an Issuer can apply for delisting of its Shares following a simplified public tender offer on such Shares (« the delisting offer ») provided that:

- (i) it provides evidence that the offeror holds upon the delisting application at least 90% of the voting rights attached to the Issuer's Shares;
- (ii) it provides evidence that over the last 12 (calendar) months before the delisting application, the total value traded on the Issuer's Shares represents less than 0.5% of the Issuer's market capitalization;

The market capitalization used for the purposes of such computation shall be observed at the end of the last calendar month before the filing of the delisting application and the total traded value shall be computed over a retrospective period of 12 months starting from the same month-end date. The total traded value includes the trades carried out on the central order book of the Euronext Paris regulated market and the off-order trades deemed executed on the same regulated market. Those specific periods, within the said 12-month period, where some public tender offers were taking place (« offer period » with the meaning of AMF general regulations) are disregarded for the purposes of such computation ;

- (iii) it files the application after a delay of 180 (calendar) days has elapsed since any previous public tender offer (i.e. prior to the « delisting offer »);
- (iv) it provides evidence that the offeror has committed, for a period of 3 months following the end of the delisting offer, to acquire at the same price as such delisting offer the Shares of remaining shareholders who have not tendered them under the delisting offer ; and
- (v) it provides evidence that the offeror has committed to the following for a transitional period of one financial year following the year when delisting takes place:
  - publish any crossing up above or below the 95% threshold of the delisted Issuer' Shares or voting rights attached thereto ; and
  - submit no proposal to the general assembly of the delisted Issuer's shareholders to amend the corporate form to become a « société par actions simplifiée » ;

it being understood that all the aforementioned commitments shall be duly described in the delisting offer document.

The delisting offer shall consist of a simplified cash or exchange public tender offer, provided that any exchange offer includes a cash option, or any other public tender offer under equivalent regime if the AMF is not the competent authority for tender offer supervision.

Article P 1.4.3

Unless Euronext Paris accepts a justified request from the issuer, debt securities shall continue to be traded until the third trading day before the redemption date.

Article P 1.4.4

Without prejudice to the other delisting motives, an issuer that applies to delist its equity securities but that intends to remain listed on another regulated market or on a third-country market with equivalent characteristics shall follow a sales facility procedure, which is defined in an instruction and implies, *inter alia*, that existing shareholders are first invited to sell their securities on the most liquid market at no expense.

Euronext Paris can waive this obligation if the issuer remains listed on a regulated market operated by another Euronext market operator, where the settlement system is the same as far as the shareholder is concerned.

Article P 1.4.5

An issuer that applies to delist its equity securities but that plans at the same time to seek admission to an organised multilateral trading facility on which it would be subject to equivalent public offering rules shall present the approval decision of the general meeting of shareholders that voted on the plan after being duly informed of how the transfer would affect the periodic or ongoing disclosure regime of the issuer.

Article P 1.4.6

Delisting of financial instruments in connection with insolvency proceedings is contingent on the opening of liquidation proceedings for the Issuer concerned.

## **TITLE 2: THE TRADING OF FINANCIAL INSTRUMENTS**

### **CHAPTER 1: TRANSACTIONS EXECUTABLE ON THE MARKET**

#### **Section 1 – Cash transactions**

##### Article P 2.1.1

Transactions executed on Euronext Paris market are cash trades.

#### **Section 2 – Linked transactions**

##### Article P 2.1.2

Notwithstanding the provisions of the above article, market members can, for certain financial instruments listed in an Euronext Paris notice, make transactions that consist of a cash trade linked to an offsetting settlement-delivery transaction at a deferred maturity chosen from the maturities opened for trading by Euronext Paris.

For such transactions, the negotiation pertains to a rate of remuneration for making the financial instruments available to the buyer.

Orders relating to such transactions are subject to a special matching procedure, the details of which are set forth in a Euronext Paris Instruction.

#### **Section 3 – Buy-in or sell-out in case of client's default**

##### Article P 2.1.3

For certain financial instruments or trade types, Euronext Paris may request that members demand the deposit of funds or financial instruments before the execution of trades.

## **CHAPTER 2 : ORDERS SPECIFIED AS BEING FOR DEFERRED SETTLEMENT AND DELIVERY**

### Article P 2.2.1

Notwithstanding any other provisions of these rules, trading members are allowed, for certain financial instruments, to accept orders specified as being for deferred settlement and delivery (hereafter "DSOs") from their clients.

A member that has agreed to accept a DSO must immediately present the related buy or sell order to the market. The client is irrevocably committed upon execution of the cash-settled order to pay for or to deliver the securities.

Absent an extension, the execution of a DSO postpones the debit or credit of the client's account until the last trading day of the month. DSOs transacted during the last three trading days of the month mature on the last trading day of the following month.

Until the last trading day of the month in question, securities bought and cash received under a DSO are booked to the member's account. The member has full title to the securities and cash and, subject to the provisions on corporate actions, enjoys all the prerogatives attaching to this right.

The list of financial instruments eligible for DSOs is set forth in a Euronext Paris. Notice. Where market conditions require, Euronext Paris can temporarily withdraw an instrument from the said list.

### Article P 2.2.2

Members can refuse DSOs to buy and DSOs to sell.

### Article P 2.2.3

Subject to the provisions of the above article, a client who is committed by the execution of a DSO can, no later than the third trading day before the end of the month, apply to have his commitment extended under the conditions and time limits specified in an Instruction.

The extension of a DSO takes place on the second trading day before the end of the month, in principle at the day's closing price. Such extension gives rise, on the last trading day of the month, to the payment to or deduction from the client's cash account by the member of a margin amount equivalent to the difference between the value of the position at the traded price and its value at the extension price.

### Article P 2.2.4

Commitments arising from a DSO shall be accounted for under the rules defined by the Autorité des marchés financiers.

A member must at all times be capable of informing Euronext Paris of his position in each financial instrument corresponding to the execution of a DSO.

### Article P 2.2.5

Members are required to call for initial margin from clients to cover commitments arising from the execution of a DSO, under the rules laid down by the Autorité des marchés financiers.

For any financial instrument appearing on the list referred to in Article P 2.2.1, Euronext Paris may increase the minimum margin that may be demanded from clients to cover their commitments arising from DSOs.

### Article P 2.2.6

The provisions relative to the buy-in or sell-out of the positions of defaulting clients shall apply if the client fails to remit the financial instruments or the cash funds, as appropriate, to the member on the trading day following the maturity of the DSO, except in the event of an extension.



## CHAPTER 3: CORPORATE ACTIONS

### Section 1 – General provisions

#### Article P 2.3.1

Unless otherwise decided by Euronext Paris, a subscription right is detached for the relevant financial instrument two trading days before the subscription period starts.

#### Article P 2.3.2

Where corporate actions do not give rise to a detachment of rights but do affect the price of the financial instrument, adjustments are made as necessary to maintain the situation of buyers and sellers, subject however to rounding.

#### Article P 2.3.3

Where the primary central depository is Euroclear France, dividends are detached as follows on the market operated by Euronext Paris.

For cash dividends, the issuer sets and publishes the payable date. At that time it stipulates the dividend detachment date (ex-right date) for the Euronext Paris market and the cut-off date for the positions which, after settlement, will qualify for payment (“record date”). Cash dividends are detached one trading day before this record date.

Dividends with options and scrip dividends are detached on the distribution date.

The issuer shall first inform Euronext Paris that these dates have been set, in accordance with the procedures and time periods set out in an instruction.

For financial instruments having a primary central depository other than Euroclear France, the methods used to determine the detachment date shall take into account the business practices on the market of origin and may be different from the system described above.

#### Article P 2.3.4

In case of corporate actions directly affecting the price of an instrument, without detachment of rights or with detachment of non-negotiable rights, Euronext Paris will issue an *Avis* specifying the respective rights of buyers and sellers.

### Section 2 – Provisions specific to DSOs and linked transactions

#### Article P 2.3.5

Euronext Paris determines by means of an Instruction the procedures whereby the rights likely to be detached from a security are reassigned either by the member to the buying client in the case of a DSO or by the cash buyer to his counterparty until the maturity of a linked transaction.

In general, a member is entitled to the allotment rights or subscription rights pertaining to securities to which he has full title provided that he is responsible for transferring the said rights to the buyer on whose behalf a DSO has been executed. The member is entitled to the dividends and coupons pertaining to securities to which he has full title provided that he is responsible for paying the buyer, when the DSO matures, the exact cash equivalent of the rights received.

The same principles apply symmetrically between:

- the selling client and the member in case of a DSO to sell;
- the cash buyer and his counterparty in case of a linked transaction.

## CHAPTER 4: PUBLIC OFFERS

### Section 1 – Public tender offer

#### Article P 2.4.1

At the request of the Chairman of the *Autorité des marchés financiers* (AMF), Euronext Paris halts trading in financial instruments that are the subject of a proposed public offer or other financial instruments concerned by such a proposal.

#### Article P 2.4.2 [reserved]

#### Article P 2.4.3

From the beginning of the offer period to the closing of the offer, trading members cannot accept a DSO unless it is intended to unwind positions taken previously by similar orders.

#### Article P 2.4.4 [reserved]

#### Article P 2.4.5

Orders not executed before the end of the offer period expire automatically either two trading days, at least, before the closing date or when the offer closes.

For each public offer, a Euronext Paris *Avis* indicates the time period during which orders are valid.

#### Article P 2.4.6

From the beginning of the offer period to the closing of the offer, Euronext Paris publishes the following information for each financial instrument concerned by the offer and for each trading system:

- trading volume
- opening price
- highest price
- lowest price
- closing price

Information concerning trades made during the trading session is published at the end of the trading day.

Information concerning trades made outside the trading session is published at the latest before the market opens the next day.

#### Article P 2.4.7

A Euronext Paris Instruction specifies the sequence of operations for the public offer, notably the procedure for centralizing orders, if appropriate.

In agreement with the AMF, Euronext Paris announces the conditions and timeframes for:

- the deposit by account-keepers of securities tendered to the offer
- delivery and payment of cash or securities.

It also specifies the date at which the results of the offer will be available.

In addition, Euronext Paris publishes the conditions for settlement and delivery of the securities acquired or, if the offer is declared to have failed (*sans suite*), the date at which securities will be returned to the aforementioned account-keepers.

## **Section 2 – Offers for sale**

### Article P 2.4.8

A proposed offer for sale with a view to resale of financial instruments listed on the Euronext Paris market, intended to increase the float, must be described in an application submitted to Euronext Paris by the person holding the financial instruments to be sold.

### Article P 2.4.9

Except with the approval of Euronext Paris, particularly in view of the number of financial instruments offered or of their value, an offer for sale must relate to a quantity of securities representing either at least 10% of the total number of equity securities of the same category in the relevant company, or at least 20 times the average daily trading volume recorded on the market during the six months preceding the filing of the offer.

### Article P 2.4.10

The application is submitted by mail to Euronext Paris and must specify:

- the initiator's objective;
- the number and specification of the financial instruments offered for sale;
- if applicable, the minimum number of financial instruments that must in fact be sold by the initiator for the tender to be declared successful;
- the price, or the mechanism for setting the price, at which the initiator offers to sell the financial instruments;
- the conditions regarding payment of the price.

### Article P 2.4.11

Euronext Paris may suspend trading in the financial instrument concerned by a offer for sale as soon as the proposed offer is filed. Euronext Paris determines whether the offer is acceptable.

If Euronext Paris declares the offer acceptable, it publishes an *Avis* stating the identity of the initiator, the number of financial instruments offered for sale, the price or mechanism for setting the price at which they are offered, and all other terms and conditions of the offer necessary for informing the public.

The *Avis* is published at least four trading days before the date set for carrying out the offer. Furthermore, the validity of the offer to investors cannot be less than three trading days.

With the prior approval of Euronext Paris, and provided that such possibility be stated in the *Avis*, the initiator may reserve its right either to set a minimum number of financial instruments to be sold as a condition for declaring the offer successful and completing it, or, depending on demand, to increase the number of financial instruments offered by up to 25% of the number initially offered.

Article P 2.4.12

On the day set for carrying out the offer for sale, Euronext Paris centralises the buy orders transmitted to it by members. Euronext Paris accepts only orders at the offer price, stipulated as being in response solely to the offer for sale, and valid for one day only.

Orders must be at the offer price if it has been set prior to order centralisation.

Concerning offers for which the price is set after orders centralised, orders are stipulated at the offer price, as defined in the *Avis* mentioned in the above article.

Article P 2.4.13

The result of the offer for sale is reported in an *Avis*. If Euronext Paris declares the offer successful, the *Avis* indicates any reduction applied to the buy orders.

If trading has been suspended, it is resumed on the first trading day following the day on which the offer was carried out.

Article P 2.4.14

With the approval of Euronext Paris, the initiator may provide that the orders issued in connection with the offer for sale will be divided into different categories under the conditions set out in the section relative to the procedures for initial trading.

Article P 2.4.15

Euronext Paris may authorize that the offering of the financial instruments be carried out partly through a placing procedure and partly as a offer for sale. Euronext Paris ascertains that the procedures selected are consistent with the characteristics of the planned operation.

In such case, the placing price of the financial instruments must be at least equal to the price fixed for the offer for sale.

The price used in carrying out the offer for sale can be set after the orders are centralized, provided that the methods for determining the price have been announced.

Article P 2.4.16

Once the placing is complete, the lead firm must provide Euronext Paris with a detailed statement describing the results thereof. Such results are published in an *Avis*.

**PART II – RULES APPLICABLE TO MATIF AND MONEP**

Article P/M 1.0

The MATIF (“Marché à Terme International de France”) and the MONEP (Marché des Options Négociables de Paris) are two regulated markets, within the meaning of Article L.421-1 of the “Code Monétaire et Financier”, which are operated by Euronext Paris.

As a result of an agreement, trades carried out on the MATIF and the MONEP are cleared and guaranteed by Banque Centrale de Compensation, hereafter LCH.CLEARNET, according to the conditions and limits specified by the operating rules of the clearing house LCH.CLEARNET.

Unless otherwise specified, the following provisions of this Book II of the Euronext Rule Book shall apply equally to both of these markets in addition or, where such is the case, by special dispensation to those of Book I.

**TITLE I: [Reserved]**

**TITLE II: TRADING ORGANIZATION**

**CHAPTER 1: ORDER PRESENTATION AND EXECUTION**

Article P/M 2.1.1

Vis-à-vis their clientele, members shall only be obliged to present orders to the market, not to execute them at any given price.

The confirmation of an execution of an order can only be affirmed to clients after such orders have actually been executed on the market.

Article P/M 2.1.2

Members shall have adequate procedures for recording telephone conversations pertaining to the reception, execution or confirmation of orders on a medium that allows subsequent verbatim reproduction of such conversations. Any such recording shall be maintained for a period of six months for possible inspection by Euronext Paris.

Article P/M 2.1.3

During the continuous market phase, order matching occurs on the basis of price priority, it being understood that orders that stipulate no price limit are given priority, and, where limits are equal, according to time priority.

**CHAPTER 2 : [Reserved]**



### CHAPTER 3: MARKET SUSPENSION CONDITIONS

#### Article P/M 2.3.1

Euronext Paris shall be entitled to suspend trading in a futures contract for one or more maturity, or option series, in which there is no open interest or postpone the opening of new maturities or option series for a stipulated time.

#### Article P/M 2.3.2

When trading in the asset underlying a contract is halted, Euronext Paris may, depending on the reason for the halt, decide to suspend trading in the instrument or to suspend or relax the obligations of liquidity providers assigned to that contract.

When the underlying asset is an index, the aforementioned provisions may be enforced in case of unavailability of the index or if it is replaced by a trend indicator calculated on less than 25% of the index capitalization.

#### Article P/M 2.3.3

In response to a request by the Autorité des marchés financiers ("AMF"), Euronext Paris shall suspend trading for the period specified by the AMF in options and futures whose underlying instrument is a single equity security that is the subject of a public tender offer.

Between the beginning of the offer period and the closing of the offer for equity securities underlying options and futures, own-account and client orders to sell call options or futures must be "covered", i.e. the underlying shares that would be deliverable must be deposited beforehand with the order-giver's intermediary; conversely, buy orders for futures contracts must be margined by a cash deposit equivalent to the full value of the securities underlying the contract, provided that these provisions do not apply to orders aimed at closing existing positions.

Depending on the bid success rate and the characteristics of the open positions in the corresponding derivatives, Euronext Paris may decide to maintain these margin requirements after the bid has closed.

The aforementioned margin requirements do not apply to trades made by liquidity providers in discharge of their obligations vis-à-vis Euronext Paris.

## **Euronext Derivatives Markets: Trading Procedures**

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## **PART ONE**

### **SECTION 1 – GENERAL**

#### **1.1 Introduction**

1.1.1 These Trading Procedures are issued pursuant to Rule 5106 and apply in respect of all Exchange Contracts.

1.1.2 These Trading Procedures have the same status with regard to enforceability as the Rules.

1.1.3 Nothing contained in these Trading Procedures overrides any term (expressed or implied) of the Rules and, in the case of any conflict between any provision of these Trading Procedures and the Rules, the Rules will prevail.

1.1.4 The following rules of construction apply to these Trading Procedures:

- (a) expressions referred to in writing must be construed as including references to printing, lithography, photography and other modes of representing or reproducing words or data in a visible form;
- (b) any words importing the singular number include, where the context permits, the plural number and vice versa. Any words importing the masculine gender include the feminine gender and, where the context permits or requires, a partnership or an incorporated company; and
- (c) the headings in these Trading Procedures are for convenience only and do not affect the construction of these Trading Procedures.

#### **1.2 Definitions**

1.2.1 The following provisions apply to, or should be noted in connection with, the interpretation of these Trading Procedures:

- (a) references herein to Trading Procedures should be construed as references to the Trading Procedures which comprise this document;
- (b) a term defined in the Rules has the same meaning in these Trading Procedures; and
- (c) certain terms which appear in these Trading Procedures but which do not appear in the Rules are defined in Trading Procedure 1.2.2.

1.2.2 In these Trading Procedures, unless otherwise expressly stated:

“Against Actuals”	a Transaction negotiated and executed pursuant to Trading Procedure 4.4;
“approved basis trade instrument”	a security, a basket of securities, a non-Euronext exchange traded contract or an OTC instrument approved for the time being by the Relevant Euronext Market Undertaking in relation to a basis trade Exchange Contract specified by that Relevant Euronext Market Undertaking;
“asset allocation”	<p>a Transaction consisting for one party (“A”) of:</p> <p>(a) the purchase of an appropriate number of contracts in the terms of an asset allocation Exchange Contract (A’s first futures/options element);</p> <p>simultaneously combined with</p> <p>(b) the sale of an appropriate number of contracts in the terms of another asset allocation Exchange Contract (A’s second futures/options element) whereby the ratio between the number of contracts purchased and sold must be such as to ensure that the purchase and sale have an equal notional value when valued in a common currency;</p> <p>and, at the same time, for another party (“B”) of:</p> <p>(c) the sale of an appropriate number of contracts in the terms of an asset allocation Exchange Contract (B’s first futures/options element);</p> <p>simultaneously combined with</p> <p>(d) the purchase of an appropriate number of contracts in the terms of another asset allocation Exchange Contract (B’s second futures/options element) whereby the ratio between the number of contracts sold and purchased must be such as to ensure that the sale and purchase have an equal notional value when valued in a common currency;</p>

“asset allocation Exchange Contract”	an Exchange Contract designated by the Relevant Euronext Market Undertaking as an Exchange Contract which may form an element of an asset allocation;
“Automated Price Injection Model”	an electronic system or computer software which interfaces with UTP and both determines the requirement for sending, and sends, order handling messages to the Trading Host without necessarily requiring the intervention of an individual;
“basis trade”	<p>(i) a Transaction consisting for one party (“A”) of:</p> <p style="padding-left: 40px;">(a) the spot sale of an approved basis trade instrument (A’s cash element);</p> <p style="padding-left: 40px;">simultaneously combined with</p> <p style="padding-left: 40px;">(b) the purchase of an appropriate number of contracts in the terms of a basis trade Exchange Contract (A’s futures element);</p> <p style="padding-left: 40px;">and, at the same time, for another party (“B”) of:</p> <p style="padding-left: 40px;">(c) the spot purchase of an approved basis trade instrument (B’s cash element);</p> <p style="padding-left: 40px;">simultaneously combined with</p> <p style="padding-left: 40px;">(d) the sale of an appropriate number of contracts in the terms of a basis trade Exchange Contract (B’s futures element);</p> <p>(ii) where the Transaction is an Exchange for Swap, the Basis Trade Facility may be used to enable the parties to an OTC swap or option transaction to exchange their respective OTC positions with the appropriate number of futures contracts in the terms of a basis trade Exchange Contract; and</p>

	(iii)	where the Transaction is an Exchange of Options for Options, the Basis Trade Facility may be used to enable the parties to an OTC option transaction to exchange their respective OTC positions with the appropriate number of options contracts in the terms of a basis trade Exchange Contract.
“basis trade Exchange Contract”	(a)	an Exchange Contract designated by the Relevant Euronext Market Undertaking as an Exchange Contract in respect of which contracts comprising the futures element of a basis trade may be made; or
	(b)	in respect of asset allocation basis trades, means an Exchange Contract designated by the Relevant Euronext Market Undertaking as an Exchange Contract in respect of which contracts comprising one of the futures elements of an asset allocation basis trade may be made;
“cash element” or “cash leg”		that part of a basis trade comprising the sale and purchase of approved basis trade instruments;
“Equity Option Contract”		an Exchange Contract the subject of which is either an equity share or an index of equity share prices;
“Euronext Derivatives Market”		any market, including any Regulated Market, for Derivatives operated by any Euronext Market Undertaking referred to as The Amsterdam, Brussels, Lisbon and Paris Markets;
“Euronext Trading Procedures”		this document, comprising the sections and headings listed in the Table of Contents included herein;
“Exchange Contract”		a Derivative which is an Admitted Financial Instrument;



“fair value”	in relation to any Large-in-Scale Trade price or Flex Contract price quoted by a Member to another Member or to a Client or in respect of a Large-in-Scale Trade or Flex Contract (as the case may be) entered into by a Member, a price which is considered by the Member to be the best available for a trade of that kind and size. When determining a Large-in-Scale Trade price or a Flex Contract price, a Member should, in particular, take into account the prevailing price and volume currently available in the relevant Central Order Book, the liquidity of the Central Order Book and general market conditions, but is not obliged to obtain prices from other Members, unless this would be appropriate in the circumstances;
“fast market”	in respect of a particular Exchange Contract, a period declared as such by Market Services during which price limits are widened or suspended and Liquidity Providers may be relieved of some or all of their obligations or be required to meet relaxed obligations, as the case may be;
“futures element” or “futures leg”	that part of a basis trade comprising the sale and purchase of contracts in the terms of a basis trade Exchange Contract(s);
“Index Option Contract”	As the context requires, either an Equity Option Contract which is an option on an index of equity share prices or a contract in the terms of such Contract;
“ISDA”	the International Swaps and Derivatives Association;
“Large-in-Scale Facility”	The facility established by the Relevant Euronext Market Undertaking pursuant to the Rules in relation to the trading of Large-in-Scale Trades in accordance with these Trading Procedures.
“Large-in-Scale Package”	shall mean a facility which allows a Member to submit a Large-in-Scale Trade involving one or more legs and/or more than one counterparty via one single entry identifier, namely the package ID;

“Large-in-Scale Trade Contracts”	those Exchange Contracts designated by the Relevant Euronext Market Undertaking as contracts that may be traded as a Large-in-Scale Trade pursuant to these Trading Procedures;
“Large-in-Scale Trade Executing Member”	the Member, or where the Large-in-Scale Trade has been negotiated between two Members, the Member(s) submitting Large-in-Scale Trade details to the Relevant Euronext Market Undertaking;
“Market Close”	the time specified by the Relevant Euronext Market Undertaking for the cessation of trading in contracts on UTP on that Trading Day;
“Market Open”	the time specified by the Relevant Euronext Market Undertaking for the commencement of trading in contracts on UTP on that Trading Day;
“Market Services”	the Relevant Euronext Market Undertaking’s facilities for monitoring and regulating the conduct of business by its Members on UTP;
“minimum volume thresholds”	the thresholds as determined by the Relevant Euronext Market Undertaking and published from time to time being the minimum number of lots in respect of each Large-in-Scale Trade Contract or Flex Contract (as the case may be);
“orders”	bids or offers, as the case may be;
“post-settlement trading”	the period of trading following the time specified by the Relevant Euronext Market Undertaking for the calculation of the daily settlement price for a contract;
“Pre-Opening”	the period immediately prior to Market Open, beginning at a time specified by the Relevant Euronext Market Undertaking, during which Members may log on to the Trading Host and submit, amend and withdraw orders, but no trading can occur;

“RFQ”	the request for quote facility;
“Session End”	the period immediately following Market Close, ending at a time specified by the Relevant Euronext Market Undertaking, during which Members may withdraw any GTC orders that they do not wish to remain in the market for the following Trading Day;
“Trade Registration”	The Clearing System or the Trade Registration System, as the case may be; and
“Universal Trading Platform” or “UTP”	the Euronext Trading Platform for Derivatives consisting of “UTP for Futures and Options” and “UTP for Equity Options” and associated infrastructure as the context permits.

### **1.3 Compliance with the Rules and conduct**

1.3.1 A Member must, in respect of business conducted on, or submitted through, UTP:

- (a) implement suitable security measures such that only those individuals explicitly authorised to trade by the Member may gain access to passwords and security keys; and
- (b) ensure that any trading access granted to individuals (whether staff of the Member or otherwise), for example by way of order routing systems, is adequately controlled and supervised including appropriate checks before orders are submitted to the Trading Host.

1.3.2 A Member is responsible for the use of any Automated Price Injection Model in respect of business conducted on, or submitted through, UTP. In particular, notwithstanding the Relevant Euronext Market Undertaking’s own obligations (as described in Rule 1.5A), any adverse effect on the fair, orderly and efficient operation of the market arising from the use of such a Model shall be the responsibility of the Member and sanctions may be imposed under the Rules.

1.3.3 Members and Responsible Persons must ensure that, when negotiating and executing\_a Client order they comply fully with the obligations imposed by Chapter 8 of the Rules (“Rules of Conduct”) and, in particular:

- (a) they act with due skill, care and diligence; and
- (b) the interests of the Client or Clients, as the case may be, are not prejudiced.

## **1.4 The Responsible Person**

1.4.1 A Responsible Person must be assigned one, or at least one, ITM and a valid password for each, by the Relevant Euronext Market Undertaking.

1.4.2 In the normal course of events, the Relevant Euronext Market Undertaking will direct all queries in relation to business submitted under his ITM(s) to the Responsible Person concerned, whether or not the business was actually input directly by him. In this respect, the Responsible Person must:

- (a) have the authority to adjust or withdraw any orders submitted under his ITM(s);
- (b) satisfy himself of the competence and suitability of any person conducting business under his ITM(s), if applicable;
- (c) ensure, as far as possible, that all business conducted under his ITM(s) is conducted in accordance with the Rules and Trading Procedures; and
- (d) know, and be willing to disclose to the Relevant Euronext Market Undertaking, the immediate source of all orders.

The Responsible Person must be contactable by the Relevant Euronext Market Undertaking while his ITM(s) is/are in use. When a Responsible Person is absent, and therefore not contactable, yet his ITM(s) is/are to continue to be used, the Member must nominate to the Relevant Euronext Market Undertaking a replacement Responsible Person to fulfil his role in respect of the relevant ITM(s).

1.4.3 For the avoidance of doubt, this Trading Procedure 1.4 shall apply to all business conducted on a Euronext Derivatives Market, whether executed on the Central Order Book (pursuant to section 3 of these Trading Procedures) or Off-Order Book (pursuant to section 4).

## SECTION 2 – THE OPERATION OF UTP

### 2.1 Price limits

2.1.1 Throughout each UTP trading session and during the Pre-Open period, price limits for Futures Contracts will be calculated from the Price Limit Reference Price (“PLRP”): the limit bid being the allowed spread greater than the PLRP and the limit offer being the allowed spread lower than the PLRP.

2.1.2 The PLRP is calculated using one of the following two methods:

- (a) Central Order Book price method;
- (b) theoretical fair value method;
- (c) theoretical Exchange For Physical fair value method.

2.1.3 In respect of the Central Order Book price method, the PLRP is:

- (a) for the most actively traded (“blue”) contract month only:
  - (i) prior to the first trade, the mid point between the best bid and offer; or
  - (ii) the last traded price; or
  - (iii) a bid above or an offer below the last traded price;
- (b) for all other contract months, the fair value as derived from outright and implied spread relationships with the blue month.

2.1.4A In respect of the theoretical fair value method, the PLRP is the price of the underlying plus the cost of carry for each contract month, as calculated by the Relevant Euronext Market Undertaking. The theoretical fair value method may be used for futures contracts where there is limited central market activity.

2.1.4B In respect of the theoretical EFP fair value method, which shall apply to orders submitted to the Index Futures EFP Facility only, the PLRP for each contract month shall be calculated by the Relevant Euronext Market Undertaking as the difference between the previous day’s settlement price for the relevant futures contract and a corresponding index basket, based on the previous day’s closing prices of the individual stocks, adjusted for any corporate actions. A spread value range is then employed by the Trading Host as the price limit for the EFP contract month concerned.

2.1.5 [Deleted].

- 2.1.6 For Options Contracts, the Relevant Euronext Market Undertaking will calculate a theoretical fair value price (the PLRP) for each series. The theoretical fair value price will generate a spread value range which is then employed by the Trading Host as the price limit for the option series concerned. The spread range is calculated either by reference to the fair value price or the applicable option delta value.
- 2.1.7 Subject to Trading Procedure 2.1.9, attempts to trade or, during the Pre-Open period where applicable, to enter orders, outside the prevailing price limits in the relevant contract/expiry month will be rejected by the Trading Host. The Trading Host will send a message to the Member via the relevant ITM to inform him of the rejection.
- 2.1.8 The permitted spreads for price limits for each contract/expiry month will be determined from time to time by the Relevant Euronext Market Undertaking. Such spreads may be adjusted to reflect market conditions with the objective of preventing the execution of any orders submitted to the Trading Host with manifest pricing errors and/or at unrepresentative price levels.
- 2.1.9 In response to volatile market conditions, Market Services may, at its discretion, remove the restriction on the entry of orders outside the prevailing price limits.
- 2.1.10 Price limit value ranges and the PLRP calculation method (Futures Contract) and spread value range reference method (Options Contracts) are published on the Euronext website.

## **2.2 Settlement prices – Futures Contracts**

- 2.2.1 The Daily Settlement Price for Futures Contracts is calculated using one of the following two methods:
- (a) Central Order Book price method (described in Trading Procedures 2.2.2-2.2.3); or
  - (b) official closing price method (described in Trading Procedure 2.2.4).

The method used to establish the Daily Settlement Price for each Futures Contract is indicated in Annexe One.

- 2.2.2 In respect of the Central Order Book price method, the Settlement System in Market Services will be used to calculate the Daily Settlement Price by taking a feed of reported prices for a period of no less than two minutes before the time specified for the settlement of a contract, as notified by the Relevant Euronext Market Undertaking. This period is known as the “Settlement Range”. However, the Relevant Euronext Market Undertaking will also monitor market activity throughout the Trading Day to ensure that settlement prices are a fair reflection of the market.

2.2.3 The Settlement Range will be used to monitor spread levels. Thereafter, the following criteria will be taken into account, as applicable:

- (a) the traded price during the last minute of the Settlement Range; or, if there is more than one traded price during this time:
- (b) the trade weighted average of the prices traded during the last minute of the Settlement Range, rounded to the nearest tick; or, if there are no traded prices during this time:
- (c) the price midway between the active bids and offers at the time the settlement price is calculated, rounded to the nearest tick.

Where a trade weighted average or a midway price between active bids and offers results in a price which is not a whole tick, the rounding convention that will apply in respect of (b) and (c) above will be in accordance with that set out in the relevant contract specifications.

In addition, the following criteria are monitored in Market Services and may be taken into account, as applicable:

- (d) price levels as indicated by spread quotations;
- (e) spread relationships with other contract months of the same contract; and
- (f) price levels and/or spread relationships in a related market.

2.2.4 In respect of the official closing price method, which shall be used for such stock futures and index futures as may be specified in Annexe One, the Daily Settlement Price shall be determined by a fair value calculation using the official daily closing price of the company security or the index of such securities (as the case may be) established by the Relevant Stock Exchange. Where such official daily closing price is not available, the Relevant Euronext Market Undertaking shall determine the Daily Settlement Price, at their absolute discretion, on the basis of a fair value calculation which is consistent with cash market values of the shares the subject of such Contract.

2.2.5 Settlement prices will be displayed on UTP and for a minimum period of five minutes thereafter, the Relevant Euronext Market Undertaking may deem it necessary to amend the settlement prices to ensure they are a fair reflection of the market.

2.2.6 When the Relevant Euronext Market Undertaking is satisfied that the settlement prices are appropriate in respect of a particular contract, the revised settlement prices will be displayed and for a minimum period of three minutes thereafter any further appropriate revisions will be displayed accordingly.

2.2.7 The prices established by the procedure set out in this Trading Procedure 2.2 will be transmitted to the Clearing Organisation. In the

event that the Clearing Organisation considers that prices do not correctly reflect the true value of contracts in the terms of Futures Contracts within the market, the Relevant Euronext Market Undertaking may amend prices as appropriate.

2.2.8 Settlement prices will be displayed on UTP or any such other means of communication as the Relevant Euronext Market Undertaking sees fit.

2.2.9 Where the settlement price of a contract available for trading on UTP is calculated during the course of the UTP session for that contract, the Relevant Euronext Market Undertaking will additionally post the UTP closing price for each contract month at Market Close.

### **2.3 Settlement prices – Options Contracts**

2.3.1 The Relevant Euronext Market Undertaking's objective when determining settlement prices for Options Contracts is to maintain a consistent pricing relationship between the volatilities of one exercise price and the exercise price(s) nearest to it, whilst taking account of market activity.

2.3.2 The procedures for establishing Daily Settlement Prices are as follows:

- (a) Market Services will maintain continuous information on market activity, both for each series of each Options Contract and for the underlying Futures Contract or security (as applicable);
- (b) using this information, implied volatilities will be calculated for each series throughout the Trading Day, which the Relevant Euronext Market Undertaking will review at regular intervals in light of market activity;
- (c) in the case of less actively traded Options Contracts, or those where no recent bids or offers exist, the Relevant Euronext Market Undertaking may contact Members throughout the trading session in order to ascertain whether implied volatilities are reflective of the market view. In the case of more actively traded Options Contracts, Market Services will monitor implied volatilities toward the settlement time to check consistency with market activity throughout the trading session;
- (d) at the settlement time, the Relevant Euronext Market Undertaking will calculate settlement prices from implied volatilities. These settlement prices will be displayed on UTP; and
- (e) for a minimum period of five minutes following publication of settlement prices, the Relevant Euronext Market Undertaking may deem it necessary to amend the settlement prices and any appropriate revisions will be displayed accordingly.

2.3.3 The prices established by the procedures set out in this Trading Procedure 2.3 will be transmitted to the Clearing Organisation. In the



event that the Clearing Organisation considers that prices do not correctly reflect the true value of contracts in the terms of Options Contracts within the market, the Relevant Euronext Market Undertaking may amend prices as appropriate.

## **2.4 Emergency termination of a trading session and subsequent resumption**

2.4.1 The conduct of business on UTP in one or more Exchange Contracts may be suspended by the Relevant Euronext Market Undertaking, in the case of an event, or when conditions or circumstances prevail, which in the Relevant Euronext Market Undertaking's opinion threatens or prevents the orderly conduct of business. Such events include, but are not limited to:

- (a) an act of God or some other event outside the Relevant Euronext Market Undertaking's control occurring; or
- (b) a UTP technical failure or failures including, but not limited to, a part of the central processing system, a number of Member trading applications, or the electrical power supply to the system itself or any related system.

2.4.2 In the event that the conduct of business on UTP in one or more Exchange Contracts is suspended by the Relevant Euronext Market Undertaking or forcibly halted (as distinct from being suspended by the Relevant Euronext Market Undertaking) as a consequence of an event described in Trading Procedure 2.4.1, the conduct of business will be resumed when, in the opinion of the Relevant Euronext Market Undertaking, business may be resumed on an orderly basis.

2.4.3 In the event that the conduct of business on UTP in one or more Exchange Contracts is suspended or halted at or around the time specified for the establishment of Daily Settlement Prices or Closing Prices (as the case may be), the Relevant Euronext Market Undertaking may in its absolute discretion determine either:

- (a) to change such times for that Trading Day; or
- (b) to set such prices at levels determined by them as being a fair reflection of the market, as they see fit.

2.4.4 In the event that the conduct of business on UTP in one or more Exchange Contracts is suspended or halted and the Relevant Euronext Market Undertaking determines that it may not be resumed either:

- (a) before Market Close; or
- (b) within sufficient time prior to Market Close to allow an orderly close to the market,

it may determine that the conduct of business in one or more Exchange Contracts should be resumed but that the relevant scheduled closing time should be delayed to a later time.

2.4.5 Instead of making a determination contemplated by Trading Procedure 2.4.4 the Relevant Euronext Market Undertaking may determine that the conduct of business cannot be resumed on that same Trading Day but will be resumed on such later Trading Day, and at such time, as they determine. If necessary, such determination may also be made on a Trading Day later than the Trading Day on which the conduct of business was suspended or halted.

2.4.6 Any determination made by the Relevant Euronext Market Undertaking pursuant to Trading Procedures 2.4.4 or 2.4.5 may be revoked by a later determination. Any such later determination may likewise be revoked. Any determination made under this Trading Procedure 2.4 will be published by the Relevant Euronext Market Undertaking as a Notice. If circumstances arise which, in the opinion of the Relevant Euronext Market Undertaking, indicate that some or all Members are unlikely to become aware of the existence of a particular Notice via their trading application, the Relevant Euronext Market Undertaking may decide to use other means of communication as it sees fit.

2.4.7 In the event of a general failure in UTP (e.g. central breakdown, breakdown in a significant number of communication lines which, in the opinion of the Relevant Euronext Market Undertaking, poses a potential threat to the orderly operation of the market), the Relevant Euronext Market Undertaking may determine alternative trading arrangements as appropriate. Notification of alternative trading arrangements will be made by way of Notice or such other means of communication as the Relevant Euronext Market Undertaking sees fit.

## **2.5 Evening trading session**

2.5.1 Business executed during the evening trading session shall be treated as business executed on the following Trading Day.

## SECTION 3 – ON ORDER BOOK TRANSACTIONS

**3.1** [Deleted]

**3.2** **Entering orders and making acceptances**

3.2.1 Orders for outright trades and strategy trades can be submitted to the Trading Host from commencement of Pre-Opening until Market Close. Submitted orders, once validated by the Trading Host, are time-stamped.

3.2.2 On UTP:

- (a) a bid is represented as an order to buy (“buy order”);
- (b) an offer is represented as an order to sell (“sell order”); and
- (c) an acceptance is defined as the matching of a buy order and sell order in the Central Order Book.

3.2.3 Trading Procedures 3.2.3 to 3.2.5 describe the various order types, order designations and associated requirements, which may be submitted to the Trading Host. Not all order functionality applies to each Relevant Euronext Market Undertaking or to all contracts available for trading on a Relevant Euronext Market Undertaking. Members must refer to Annexe One to these Trading Procedures which details which functionality applies to a Derivative of a Relevant Euronext Market Undertaking.

(a) Limit Order

Limit Orders entered into the Central Order Book are executed at the price stated or better. Any residual volume left after part of a Limit Order has traded is retained in the Central Order Book until it is withdrawn or traded (unless a designation described in Trading Procedure 3.2.4 is added which prevents the untraded part of a Limit Order from being retained). All Limit Orders (with the exception of those with a GTC designation as described in Trading Procedure 3.2.4 (a) below) are automatically withdrawn by the Trading Host on Market Close and in the circumstances outlined in Trading Procedures 3.2.9 and 3.2.10; and

(b) Market Order

Market Orders entered into the Central Order Book are executed at the best price(s) available in the market until all available volume has been traded. Any residual volume left after part of a Market Order has traded is automatically cancelled by the Trading Host.

(c) Market on Open Order (MoO)

MoO Orders may be submitted to the Trading Host during the Pre-Open period. MoO Orders will be executed at the calculated opening price at Market Open. Where a MoO Order has traded in part at Market Open, the residual volume will be converted to a Limit Order at the calculated opening price of that order. If no trading takes place at Market Open, the MoO Order will trade with any matching MoO Order at the mid-price of the opening bid and offer (including bids and offers implied from related strategy markets where applicable). Any residual MoO Order volume will then convert to a Limit Order at this mid-price. Where no bid and/or no offer exists at Market Open, the MoO Order will be cancelled by the Trading Host.

3.2.4 The designations set out in (a) to (e) below can be added to Limit and/or Market Orders and the designation set out in (a) only can be added to MoO Orders:

(a) Good 'Til Cancelled (GTC)

a GTC designation can be added to Limit Orders and MoO Orders. Such orders remain in the Central Order Book (provided, in the case of MoO Orders, there was a calculated opening price at Market Open) until the order:

- (i) trades;
- (ii) is withdrawn by, or under the authority of, the relevant responsible person or the Relevant Euronext Market Undertaking at the Member's request;
- (iii) is automatically withdrawn by the Trading Host at Market Close on the date specified at the time of order entry; or
- (iv) is automatically cancelled by the Trading Host on expiry of the delivery month to which the order related;

(b) Good In Session (GIS)

a GIS designation can be added to Limit Orders and will remain in the Central Order Book until Market Close occurs in the trading session during which the GIS order was submitted;

(c) Immediate and Cancel (IC)

an IC designation can be added to Limit Orders and will be added to Market Orders automatically if no other designation is specified. IC orders are immediately executed against any existing orders (at the specified price or better in the case of Limit Orders) up to the volume of the IC order. Any residual

volume left after part of the IC order has traded will be automatically cancelled by the Trading Host;

(d) Complete Volume (CV)

a CV designation can be added to both Limit Orders and Market Orders. CV orders will only be executed if there is sufficient volume available (at the specified price or better in the case of Limit Orders) for the order to be executed in full. If this is not the case the order will be automatically cancelled by the Trading Host; and

(e) Minimum Volume (MV)

an MV designation can be added to both Limit Orders and Market Orders. MV orders will only be executed if the specified minimum volume is immediately available to trade (at the specified price or better in the case of Limit Orders). Where a volume equal to or greater than the specified minimum volume of an MV order has traded, the residual volume will be retained in the Central Order Book in the case of non IC limit orders, or cancelled by the Trading Host in the case of market orders.

3.2.5 Members may submit up to eight Limit Orders as a Contingent Multiple Order in up to two designated Exchange Contracts, in line with arrangements which may be prescribed from time to time by Notice. Exchange Contracts eligible for execution as a Contingent Multiple Order will likewise be notified by Notice. On submission of a Contingent Multiple Order, the Trading Host will attempt to execute each individual leg in the relevant outright market. Unless each leg of the Contingent Multiple Order can be executed immediately in full, the order will be cancelled by the Trading Host.

3.2.6 The identity of Members (and the Responsible Persons to whom their ITMs are assigned) who submit orders to the Trading Host will remain anonymous to market participants at all times.

3.2.7 Orders can be edited once they are held in the Central Order Book. Editing of orders may be applied to price, volume and cancellation date (for GTC orders). The time-stamp assigned by the Trading Host at the entry of the original order will be updated if either the price is changed or the volume increased i.e. the order will assume an inferior position in the time priority "queue", where applicable. A reduction in volume or an amendment to the cancellation date has no affect on the time-stamp.

3.2.8 Orders held in the Central Order Book can be withdrawn, individually or as a block, by the relevant Responsible Person or under his authority.

3.2.9 All orders with the exception of GTC orders will be cancelled automatically at Market Close or when the ITM under which the order was submitted is logged out without the Member having nominated a replacement ITM, whichever is the earlier. All orders, including GTC orders, will be cancelled at close of business on the Last Trading Day

of the delivery month to which they relate, or the Last Trading Day of the delivery month of one or more legs of a GTC strategy order, as the case may be.

3.2.10 In the event of failure of the Trading Host, all orders with the exception of GTC orders will be cancelled automatically.

3.2.11 When submitting an order to UTP, a Member must also submit an identifier denoting whether the order is for a House, Client or Liquidity Provider account.

### **3.3 Making of trades**

3.3.1 The following order prioritisation criteria will determine trade priority. Members should refer to Annexe One which details the order prioritisation applicable to each Exchange Contract:

(a) Price/Time priority:

- (i) best price. A buy order at the highest price and a sell order at the lowest price has priority over orders in the same contract/delivery month/strategy; and
- (ii) oldest time-stamp. Buy/sell order(s) at the best price will trade in order according to the time they were accepted by the Trading Host,

(b) Pro-rata priority:

- (i) best price. A buy order at the highest price and a sell order at the lowest price has priority over orders in the same contract/delivery month/strategy;
- (ii) pro-rata. All buy orders at the highest price and all sell orders at the lowest price in the same contract/delivery month/strategy are traded in accordance with the pro-rata algorithm, the details of which, including any element of priority, will be specified by Notice;

albeit that in both instances (a) and (b), following the application of the uncrossing algorithm at Market Open (described in Trading Procedure 3.3.2) Market on Open Orders may take priority over Limit Orders submitted during the Pre-Open period, by trading with other Market on Open Orders, where such Limit Orders cannot be executed during the opening algorithm. Furthermore, certain contracts, as detailed by Notice, provide for Designated Market Makers to receive trade priority status. The details of such trade priority, and its implications for the order prioritisation above, are detailed by Notice.

3.3.2 Where backwardation (bids higher than offers) or choice prices (bids equal to offers) exist at Market Open, the Trading Host will run an uncrossing algorithm to calculate the price at which the maximum volume can be traded and automatically executes trades accordingly:

any orders executed in this way will be traded at a price equal to or better than that at which they were entered and any untraded bids and/or offers will remain in the market.

3.3.3 The details of each trade on UTP other than the identity of the counterparties to such trade will be transmitted to Trade Registration and to all market participants who have successfully logged on and subscribed to the relevant market. All post-trade details will be published on an anonymous basis.

3.3.4 For Futures Contracts and designated Options Contracts (Annexe One), during the Pre-Open period, details of indicative opening prices and volume, except volume associated with Market on Open Orders, will be transmitted to all market participants who have successfully logged on and subscribed to the relevant market, until Market Open.

3.3.5 Members are required to make available personnel responsible for the resolution of trade processing queries when required to do so.

### **3.3.6 Uncrossing**

3.3.6.1 Subject to Trading Procedure 3.3.6.2 and pursuant to Trading Procedure 3.3.2, the Trading Host will not run the uncrossing algorithm at Market Open for Equity and Equity Index Option Contracts until a trade price for the relevant underlying has been received.

3.3.6.2 Notwithstanding the requirements provisions of Trading Procedure 3.3.6.1, the Relevant Euronext Market Undertaking may, in its absolute discretion, run the uncrossing algorithm and open trading in Contracts in the event that no underlying trade price is received.

### **3.3.7 Corporate Actions**

3.3.7.1 Any adjustment of Options Contracts and/or Futures Contracts will be determined in accordance with the Corporate Actions Policy of the Relevant Euronext Market Undertaking unless the Relevant Euronext Market Undertaking, in its absolute discretion, determines otherwise. The Corporate Actions Policy and any adjustment to the Contract will be published by Notice from time to time and shall have such effect with regard to existing and/or new Option Contracts and/or Futures Contracts as the Relevant Euronext Market Undertaking may determine.

3.3.7.2 The Relevant Euronext Market Undertaking may cancel orders in the Central Order Book of a contract where that contract's characteristics have been altered following one or more corporate actions affecting the underlying security. Any such cancellation of outstanding orders (and any requirements to re-submit orders) will be published by the Relevant Euronext Market Undertaking by way of Notice or such other means of communication as the Relevant Euronext Market Undertaking sees fit.

### **3.4 Cross Transactions**

3.4.1 [Deleted]

3.4.2 Matching business may be procured for an order by way of pre-negotiation within the same Member, with other Members or with Clients.

3.4.3 Matching business may be entered to the Trading Host using one of the following three methods:

- (a) by submission to the Central Order Book; or
- (b) by submission in a dedicated order book for designated contracts set out in Annexe One; or
- (c) by submission as a Guaranteed Cross Trade in designated contracts set out in Annexe One.

3.4.4 Subject to Trading Procedures 3.4.5 and 3.4.6, orders for which matching business has been found by pre-negotiation may be entered to the Trading Host without delay between the submission of the separate buy and sell orders.

3.4.4A Except where the Relevant Euronext Market Undertaking provides alternative facilities to execute pre-negotiated business as a single Transaction, all pre-negotiated business must be executed as a cross.

In particular, the Request for Cross facility (as described in Trading Procedure 3.4.5A) must be used for Commodity Option Contracts and is also available for those Contracts set out in Annexe One. All crosses not executed through the Request for Cross facility must be executed in accordance with Trading Procedure 3.4.5.

3.4.5 For all Contracts other than those executed through the use of the Request for Cross facility, where no bid and/or no offer exists in the Central Order Book for the relevant contract month or strategy, a Request for Quote ("RFQ") must first be entered for such contract month or strategy. The matching business may only be entered to the Trading Host where a period of five seconds in the case of Futures Contracts and ten seconds in the case of Options Contracts ("the RFQ Period") has elapsed. If the matching business is to be submitted, the applicable buy and sell orders must be submitted as soon as practicable and in any event no later than thirty seconds following the RFQ Period.

3.4.5A Request for Cross Facility

A Request for Cross ("RFC") must first be entered for the relevant series or strategy in all cases, whether or not a bid and/or offer exists in the Central Order Book for such series or strategy.



An RFC initiating Member may not enter either side nor a part of the matching business into the order book prior to the submission of an RFC.

An RFC shall be rejected upon entry if its intended matching price is outside the best bid and offer available in the Central Order Book at its entry time.

The RFC has the simultaneous effect of entering in an irrevocable way the buy and the sell orders in the matching system and of sending an alert message to the rest of the market.

The market only receives notice of an RFC in the relevant series or strategy and of its associated duration. The market does not receive notice of the orders' size or intended execution price level.

Neither an RFC initiating Member, when acting via an ITM involved in pre-negotiation of the RFC, nor its clients having placed orders for the cross may submit any further orders during the RFC period nor give orders for some other Member to input into the matching system.

During the RFC period,

- (i) Members other than the RFC initiating Member, and
- (ii) the RFC-initiating Member, but not through the ITM involved in pre-negotiation of the RFC and not in respect of its clients who have placed orders for the cross,

may (subject to minimum size) respond and enter limit orders, which will not be published.

Once the RFC period has elapsed, the buy and sell orders of the RFC initiating Member shall interact with such other orders as follows:

- in a preliminary step, all response orders are matched amongst themselves according to an uncrossing process matching in price/time priority;

- then, all remaining response orders that improve the RFC intended execution price shall be executed against the RFC business according to the same uncrossing process;

- following that, (and the consequential impact on the balance of the RFC's associated buy and sell orders), the resulting RFC balance is confronted with response orders that match the RFC execution price as follows:

(i) the RFC balance shall be executed against such other orders, ranked according to their time priority, up to a maximum sharing level;

(ii) the rest of the RFC balance shall be executed as a cross by the RFC initiating Member.

Orders entered via the RFC may be subject to additional size requirements. RFC parameters in terms of duration, minimum order size and sharing are set in Annexe One.”

3.4.6 A bid and/or offer must not be entered to the Trading Host deliberately to circumvent the RFQ procedures set out in Trading Procedures 3.4.5. and 3.4.5A.

3.4.7 [Deleted]

3.4.8 The requirements in respect of Guaranteed Cross Trades are set out in Trading Procedure 4.6.

3.4.9 A Member and his Responsible Persons may deliberately seek to execute a trade involving two wholly or partially matching orders providing the requirements in these Trading Procedures are met.

### **3.5 Trade cancellations**

Trade cancellations may be carried out under specific conditions published by Notice.

### **3.6 Strategy trades**

3.6.1 Members may execute strategies comprising combinations of Exchange Contracts. A list of strategies available for trading on UTP is specified by the Relevant Euronext Market Undertaking by Notice from time to time and is contained in Annexe Two to these Trading Procedures.

3.6.2 A separate market will be created for each strategy where one or more RFQs have been submitted to the Trading Host. With the exception of stock contingent volatility trades, the traded price of each leg will be calculated by an Exchange maintained algorithm.

3.6.3 In addition, there will be certain strategies for which implied trading functionality applies as specified by the Relevant Euronext Market Undertaking from time to time.

3.6.4 For those explicit strategy markets where implied trading functionality applies, the relevant outright contract/expiry months will generate implied-in prices to the explicit strategy market. For outright contract/expiry month markets, the interaction of an explicit strategy order and a relevant outright contract month order(s) will generate an implied-out price in the other outright contract month.

3.6.5 Strategy trades must, for each side, comprise a single order or aggregate of orders, which result in the same Client or account trading each element of the relevant strategy.

3.6.6. A member may not execute a strategy order otherwise than in the relevant strategy market unless the member can demonstrate that doing so would be disadvantageous to the client.

### **3.7 Delta neutral strategy trades**

- 3.7.1 Members may execute delta neutral trades involving the simultaneous execution of financial or index options and an appropriate number of offsetting futures where the relevant futures and options are available for trading on the same Trading Host. A list of delta neutral trade types available for trading on UTP is specified by the Relevant Euronext Market Undertaking by Notice from time to time and is contained in Annexe Two to these Trading Procedures.
- 3.7.2 In order to execute delta neutral strategy trades on UTP, a Member must have appropriate trading rights for the trading of both the options and futures legs.
- 3.7.3 A separate market will be created for each delta neutral trade order submitted with different option price(s) or delta details. A Member is not permitted to create a new delta neutral strategy market unless there is a genuine need to do so. For the avoidance of doubt, a Member must not create a new delta neutral strategy market in order to avoid his order(s) being entered to, and thereby interacting with, a delta neutral strategy market with almost identical characteristics which has already been created.
- 3.7.4 Following submission of a delta neutral trade order, the Trading Host will validate both its option price(s) and delta and automatically assign offsetting futures to the counterparty(ies) to the resulting trade(s). Where a Member submits a delta neutral order to the Trading Host, the size of the order must be such as to be delta neutral in nature, as determined by the applicable delta (e.g. for a delta of 20%, orders being in multiples of 5 option lots). For the avoidance of doubt, a Member must not submit orders to the delta neutral market with the intention of securing a non delta neutral Transaction.
- 3.7.5 Delta neutral trades must, for each side, comprise a single order or aggregate of orders, which result in the same Client or account trading both the option and futures contracts.

### **3.8 Stock Contingent Trades**

- 3.8.1 Subject to the appropriate trading rights, Members may execute strategies in Individual Equity Option Contracts that are contingent upon the execution of a transaction in the underlying security using the Euronext UTP for Equity Options stock contingent trade facility. Both the Individual Equity Option Contracts ("options") and underlying company security components ("stock") of any order in respect of a stock contingent trade must be executed on behalf of the same Client or account, as the case may be.
- 3.8.2 For certain options designated by the Relevant Euronext Market Undertaking, the stock transaction shall automatically take place on the corresponding Euronext Securities Market. In this case, Members must hold appropriate trading rights in such market. Otherwise, the Member

must have in place arrangements for the execution of the stock via a Member holding a relevant trading right.

3.8.3 A list of stock contingent trades available for trading on Euronext UTP (“on order book transactions”) is contained in Annexe One to these Trading Procedures and may be varied from time to time by the Relevant Euronext Market Undertaking.

3.8.4 In order to execute a stock contingent trade a Member must specify, in addition to the order details required for options trades, the name, volume and price of the stock, as well as the delta in the case of volatility trades. Members are required to quote:

- (a) an options price consistent with the best bid and best offer available in the market at the time; and
- (b) a stock price consistent with prices prevailing in the equity market on that Trading Day. Where the stock transaction takes place on a Euronext Securities Market, as referred to in Trading Procedure 3.8.2, the stock price must meet the price conditions applicable in that market for the validation of such transactions.

In the case of volatility trades, the options and stock prices and the delta quoted in the order will be checked against an Exchange-maintained model in order to ensure the appropriateness of the stock price used.

3.8.5 In the case of conversions and reversals, the volume of stock transacted must be consistent with the net delta for that position.

3.8.6 A separate market will be created for each stock contingent trade order submitted with different option price or delta details. A Member is not permitted to create a new stock contingent trade market unless there is a genuine need to do so. For the avoidance of doubt, a Member must not create a new stock contingent trade market in order to avoid his order being entered to, and thereby interacting with, a stock contingent trade market with almost identical characteristics which has already been created.

3.8.7 Orders in respect of stock contingent trades will only trade if:

- (a) details of both the stock and the options components (and the delta in the case of volatility trades) match, albeit that an order may be accepted in part providing the ratio of stock to options contracts traded is the same for both the buying and selling sides; and
- (b) in the case of stock contingent volatility trades, the options and stock price and the delta quoted are consistent with a model maintained by the Relevant Euronext Market Undertaking used to ensure the appropriateness of the order details submitted.

3.8.8 Details of the options component of stock contingent trades will be posted to market participants and quote vendors, identified as part of a strategy. Details of the stock component will also be published.

### **3.9 Index Futures Exchange for Physical Facility**

3.9.1 For certain Index Futures contracts designated by the Relevant Euronext Market Undertaking and specified in Annexe One to these Trading Procedures, basis trades can take place on a dedicated index futures “Exchange for Physical (EFP)” Central Order Book, resulting in the simultaneous execution of the index futures and the relevant underlying stock on the corresponding markets operated by Euronext.

3.9.2 In order to execute trades on the EFP Facility on UTP, a Member must have appropriate trading rights for the execution of the index futures contract and the relevant stocks. Otherwise, the Member must have in place arrangements for the execution of the stocks via a Member holding a relevant trading right.

3.9.3 The use of the EFP Facility is subject to specific requirements in relation to minimum price movement and method of quotation differing from those normally applicable to the index futures contract, as specified in the contract specifications published on the Euronext website.

3.9.4 Following the execution of an EFP, the relevant prices and volumes shall be automatically allocated by the UTP system to the individual futures and stock components of the EFP, calculated using an Exchange-maintained algorithm. In the event the stock price algorithm generates an individual price failing to account for a recent corporate action on that stock:

- (i) the Relevant Euronext Market Undertaking may invalidate the trade as per section 3.5.; or
- (ii) Members having executed the EFP may request the invalidation of the original execution in accordance with section 3.5, with a view to resubmitting the EFP orders for execution with an adjusted individual stock price.

Any invalidation of an EFP determined by the Relevant Euronext Market Undertaking or conducted at a Members’ request will automatically entail the cancellation of both the index futures transaction and individual stock component transactions.

3.9.5 The following information with respect to the futures leg of a trade executed on the EFP Facility will be broadcast on UTP:

- (a) Futures Contract(s) and delivery month(s);
- (b) futures price(s); and
- (c) volume of futures traded.

Such details shall also be distributed to Quote Vendors.

In addition, details of the stock component leg of a trade executed on the EFP facility will be published pursuant to the rules of the corresponding Euronext Securities Markets.

## **SECTION 4 – OFF ORDER BOOK TRANSACTIONS**

### **4.1 Transactions negotiated outside the Central Order Book**

4.1.1 This Section 4 describes various trading facilities and associated requirements for executing Off Order Book Transactions. However, not all trading facilities apply to each Derivative which is an Admitted Financial Instrument. Members must refer to Annexe One to these Trading Procedures which details which functionality and/or which requirements apply to each such Derivative.

4.1.2 For the purposes of this Section 4, an Off Order Book Transaction is a Transaction which is:

- (i) negotiated outside the Central Order Book but subject to the Rules and these Trading Procedures; and
- (ii) reported to the Relevant Euronext Market Undertaking pursuant to the Rules and these Trading Procedures.

4.1.3 An Off Order Book Transaction is deemed to have been executed when the details are authorised by the Relevant Euronext Market Undertaking.

4.1.4 For Contracts other than Flex Contracts, where an Admitted Financial Instrument can either be traded through the Central Order Book or executed as an Off Order Book Transaction, a position arising from an Off Order Book Transaction is fungible with positions arising from Transactions entered via the Central Order Book. Once an Off Order Book Transaction has been accepted for clearing, the resulting position is settled and recorded in the same way as a position created in the Central Order Book. For Flex Contracts, Trading Procedure 4.7.2 applies.

4.1.5 For the avoidance of doubt, actions taken by the Relevant Euronext Market Undertaking pursuant to Rule 5402/1 shall apply to Off Order Book trading as well as to the Central Order Book. In particular, where a financial instrument underlying a Derivative admitted to trading on a Euronext Market Undertaking has been suspended at the request of the relevant competent authority or the issuer (as the case may be), Off Order Book Transactions in respect of such Derivative shall not be negotiated during the period of such suspension.

4.1.6 Trading Procedures 4.2 to 4.4 inclusive deal with Technical Trades (i.e. basis trades, asset allocations against actuals); Trading Procedure 4.5 deals with Large-in-Scale Trades and Trading Procedures 4.6 and 4.7 deal respectively with Guaranteed Cross Trades and Flex Contracts.

## TECHNICAL TRADES

### 4.2 Basis Trading

4.2.1 The Basis Trading Facility (“BTF”) allows Members to organise and execute, subject to this Trading Procedure 4.2, Transactions involving a combination of an approved basis trade instrument and an appropriate number of offsetting Futures Contracts or, in the case of an Exchange for Swap or Exchange of Options for Options, the appropriate number of related Futures or Options Contracts. For the purposes of these Trading Procedures such Transactions are called “basis trades”.

4.2.2 Any Member is permitted to arrange basis trades, subject only to the Member having in place arrangements for the execution of the futures or options leg of a basis trade via a Member holding a relevant trading right (“the basis trade executing Member”) to trade the basis trade Exchange Contract.

4.2.3 A basis trade may be negotiated only during the trading hours of the Futures or Options Contract concerned, as published by the Relevant Euronext Market Undertaking from time to time by Notice.

4.2.4 Basis trades may be transacted only in Exchange Contracts which have been designated by the Relevant Euronext Market Undertaking for that purpose. Such designations will be published, from time to time, by Notice and are detailed in Annexe One.

4.2.5 The basis trade executing Member is responsible for assigning the price of the futures or options leg(s) of a basis trade. For the futures or options leg(s) to be authorised, the price(s) assigned must be in accordance with the following :

in respect of equity index Contracts and Single Stock Futures, at or within the Contract high/low traded price of that Trading Day, at or within the Contract best bid and offer at the time the basis trade is negotiated, or at or within the high/low price calculated by the Exchange maintained algorithm (factoring in the cost of carry).

In exceptional circumstances, the Exchange may, at its absolute discretion, authorise a basis trade where the price of the futures or options leg(s) is outside of the parameters set out above. Prior to authorising such basis trade, the Exchange will require additional information from the basis trade executing Member, in relation to the organisation of the basis trade.

4.2.5A (a) Where the basis trade is an EFS in accordance with Trading Procedure 4.2.6(e), for the futures leg(s) to be authorised the price(s) assigned must be within the price range established to date in respect of the delivery month in the relevant Exchange Contract.

(b) Where the basis trade is an EOO in accordance with Trading Procedure 4.2.6(f), for the options leg(s) to be authorised the



price(s) assigned must be within the implied volatility range established to date in respect of the expiry month in the relevant Exchange Contract.

4.2.6 The following approaches to the construction of hedge ratios for basis trades are considered acceptable:

- (a) Equity securities against Single Stock Futures Contracts: A method based on the relative value of the equity security and the nominal underlying value of the Single Stock Futures Contracts;
- (b) Baskets of equity securities against equity index futures contracts: A method based on the relative value of the basket of equity securities and the nominal underlying value of the equity index futures contracts;
- (c) European or American style OTC equity options (stock and equity index options) against equity index futures contracts: A method based on the relative deltas of the OTC option and futures contracts in order to achieve a delta neutral position;
- (d) European or American style OTC or non-Euronext exchange traded equity options against Single Stock Futures Contracts: A method based on the relative deltas of the OTC or exchange traded option and Single Stock Futures Contracts in order to achieve a delta neutral position;
- (e) OTC swaps or options conforming to ISDA standards in relation to milling wheat, rapeseed, corn, malting barley and skimmed milk powder, or in relation to a direct product of such commodity, against the relevant Commodity Futures Contract, herein defined as an Exchange for Swap (“EFS”): A method which is based on the quantity of the commodity or a direct product of such commodity underlying the swap or options position relative to the quantity of the commodity underlying the Futures Contract.
- (f) OTC options conforming to ISDA standards in relation to milling wheat, rapeseed, corn, and malting barley, or in relation to a direct product of such commodity, against the relevant Commodity Options Contract, herein defined as an Exchange of Options for Options (“EOO”): A method which is based on the quantity of the commodity or a direct product of such commodity underlying the OTC option position relative to the quantity of the commodity underlying the Options Contract.

Where a hedge ratio differs from such methods, the Member who is submitting the trade for authorisation (see Trading Procedure 4.2.7) is required to justify the method employed in advance of such submission.

4.2.6A Members shall not submit or cause to be submitted to Euronext for authorisation any basis trade Exchange Contract unless there is a corresponding execution of an approved basis trade instrument. The

number of basis trade Exchange Contracts must be appropriate to the quantity of the approved basis trade instrument. Members shall satisfy themselves in advance of any such submission of basis trade Exchange Contracts to Euronext for authorisation, that the approved basis trade instrument has been executed in appropriate quantity.

4.2.7 When a Member accepts a basis trade order, he must record the order details set out in Trading Procedure 4.2.8 – 4.2.10D and, in addition, the details prescribed by (a) – (c) below, on an order slip. Where a Member employs an electronic system for order routing, such details must be recorded electronically:

- (a) time of order receipt;
- (b) identity of individual organising the basis trade; and
- (c) time stamp (at time of organisation).

All information required to be retained by the basis trade executing Member, pursuant to this Trading Procedure 4.2.7, must be retained by the Member for a minimum period of five years.

After a basis trade has been negotiated the Member, or where the basis trade has been negotiated between two Members, the Member who will be the seller of the futures or options leg of the basis trade, must execute the futures or options leg of the basis trade as a cross transaction, as specified in Trading Procedures 4.2.8 – 4.2.10D, or must procure that the futures or options leg of the basis trade is so executed by another appropriately authorised Member.

4.2.8 Where a basis trade involves equity index futures contracts against a basket of equity securities, or Single Stock Futures Contracts against equity securities, the following details must be submitted via UTP by the basis trade executing Member:

- (a) Futures Contract in which the BTF is being transacted;
- (b) delivery month;
- (c) agreed futures price;
- (d) number of Futures Contracts;
- (e) a unique identifier/reference number for the equity security or basket of equity securities transaction, as applicable;

In addition, the basis trade executing Member must retain, in an easily accessible form that can be audited by the Relevant Euronext Market Undertaking, documentary evidence of the following information:

- (f) the identity and volume traded of the equity security or each equity security comprising the basket, as applicable;

- (g) the price (including currency) at which each equity security was traded; and
- (h) any supplementary cash payment made in conjunction with the transaction.

All information required to be retained by the basis trade executing Member, pursuant to this Trading Procedure 4.2.8, must be retained by the Member for five years. If the basis trade executing Member is not directly responsible for the execution of the cash leg of the basis trade, he must have appropriate arrangements in place with the party organising/executing that leg such that the information in (f) - (h) above can be provided promptly to the Relevant Euronext Market Undertaking.

4.2.9 Where a basis trade involves Single Stock Futures Contracts, or equity index futures contracts against an OTC option/options strategy, the following details must be submitted via UTP by the basis trade executing Member:

- (a) Futures Contract(s) in which the BTF is being transacted;
- (b) delivery month(s);
- (c) agreed futures price(s);
- (d) number of Futures Contracts;
- (e) a unique identifier/reference number for the OTC options/options strategy transaction;

In addition, the basis trade executing Member must retain, in an easily accessible form that can be audited by the Relevant Euronext Market Undertaking, documentary evidence of the following information:

- (f) the price(s) (including currency) and nominal value of the OTC option/ options strategy;
- (g) the strike price(s) of the OTC option/options strategy;
- (h) class – call(s) and/or put(s);
- (i) the price(s) of the underlying instrument(s) for the OTC option/options strategy;
- (j) the time to expiration of the OTC option/options strategy; and
- (k) the delta of the OTC option/options strategy.

All information required to be retained by the basis trade executing Member, pursuant to this Trading Procedure 4.2.9, must be retained by the Member for five years. If the basis trade executing Member is not directly responsible for the execution of the cash leg of the basis trade, he must have appropriate arrangements in place with the party

organising/executing that leg such that the information in (f) - (k) above can be provided promptly to the Relevant Euronext Market Undertaking.

4.2.10 Where a basis trade involves Single Stock Futures Contracts against a non-Euronext exchange traded option/options strategy, the following details must be submitted via UTP by the basis trade executing Member:

- (a) Futures Contract(s) in which the BTF is being transacted;
- (b) delivery month(s);
- (c) agreed futures price(s);
- (d) number of Futures Contracts;
- (e) a unique identifier/reference number for the exchange traded option/options strategy transaction;

In addition, the basis trade executing Member must retain, in an easily accessible form that can be audited by the Relevant Euronext Market Undertaking, documentary evidence of the following information:

- (f) the exchange on which the option contract was executed;
- (g) the price(s) (including currency) and nominal value of the exchange traded option/ options strategy;
- (h) the strike price(s) of the exchange traded option/options strategy;
- (i) class – call(s) and/or put(s);
- (j) the price(s) of the underlying instrument(s) for the exchange traded option/options strategy;
- (k) the time to expiration of the exchange traded option/options strategy; and
- (l) the delta of the exchange traded option/options strategy.

All information required to be retained by the basis trade executing Member, pursuant to this Trading Procedure 4.2.10, must be retained by the Member for five years. If the basis trade executing Member is not directly responsible for the execution of the cash leg of the basis trade, he must have appropriate arrangements in place with the party organising/executing that leg such that the information in (f) - (l) above can be provided promptly to the Relevant Euronext Market Undertaking.

4.2.11 Where a basis trade is an EFS involving a Commodity Futures Contract against an OTC swap or option, the following details must be submitted via UTP by the basis trade executing Member:

- (a) Futures Contract in which the EFS is being transacted;
- (b) delivery month;
- (c) agreed futures price; and
- (d) number of lots of each Futures Contract.

In addition, the basis trade executing Member must retain, in an easily accessible form that can be audited by the Relevant Euronext Market Undertaking, a copy of the relevant ISDA agreement (the "ISDA Agreement") or the relevant confirmation which forms part of the ISDA Agreement.

The following information should be contained in the documentary evidence:

- (a) the price formulae of the swap or OTC option;
- (b) the termination/maturity date;
- (c) the effective (start) date of the swap or OTC option;
- (d) the quantity of the swap or OTC option position relating to the underlying commodity or the direct product of such commodity; and
- (e) the referenced futures delivery month.

All information required to be retained by the basis trade executing Member, pursuant to this Trading Procedure 4.2.11, must be retained by the Member for five years. If the basis trade executing Member is not directly responsible for the execution of the cash leg of the basis trade, he must have appropriate arrangements in place with the party organising/executing that leg such that the information above in (a) to (e) can be provided promptly to the Relevant Euronext Market Undertaking.

4.2.12 Where a basis trade is an EOO involving a Commodity Options Contract against an OTC option, the following details must be submitted via UTP by the basis trade executing Member:

- (a) Options Contract in which the EOO is being transacted;
- (b) Options Contract expiry month;
- (c) agreed strike price and premium; and

- (d) number of lots of each Option Contract.

In addition, the basis trade executing Member must retain, in an easily accessible form that can be audited by the Relevant Euronext Market Undertaking, a copy of the relevant ISDA Agreement or the relevant confirmation which forms part of the ISDA Agreement.

The following information should be contained in the documentary evidence:

- (a) the price formulae of the OTC option;
- (b) the termination date;
- (c) the start date;
- (d) the quantity of the position relating to the underlying commodity or the direct product of such commodity; and
- (e) the referenced options expiry month.

All information required to be retained by the basis trade executing Member, pursuant to this Trading Procedure 4.2.12, must be retained by the Member for five years. If the basis trade executing Member is not directly responsible for the execution of the cash leg of the basis trade, he must have appropriate arrangements in place with the party organising/executing that leg such that the information above in (a) to (e) can be provided promptly to the Relevant Euronext Market Undertaking.

- 4.2.13 The basis trade details must be submitted on UTP as soon as practicable. In any event, details of the basis trade must be submitted by the basis trade executing member within fifteen minutes of the time at which the basis trade was negotiated. Members must not delay submission of a basis trade. . The Relevant Euronext Market Undertaking will check the validity of the details submitted by the executing Member. If the Relevant Euronext Market Undertaking is satisfied that all such details are valid, it will authorise the futures or options leg of the basis trade. The executing Member will then receive confirmation of the details of the trade.
- 4.2.14 Details of the executed futures or options leg(s) of a basis trade will be submitted to Trade Registration by the Trading Host.
- 4.2.15 Authorisation by the Relevant Euronext Market Undertaking of a Transaction does not preclude the Relevant Euronext Market Undertaking from instigating disciplinary proceedings in the event that the Transaction is subsequently found to have been made other than in compliance with Rules and Trading Procedures.
- 4.2.16 With the exception of a basis trade which is an EFS or an EOO in accordance with Trading Procedure 4.2.6(e) or 4.2.6(f) respectively, the

following information with respect to the futures leg of a basis trade will be broadcast on UTP immediately upon authorisation:

- (a) Futures Contract(s) and delivery month(s);
- (b) futures price(s); and
- (c) volume of futures traded.

In addition, these details will be distributed to Quote Vendors, marked with a special trade type indicator.

For each Exchange Contract, the cumulative volume of futures traded as the futures leg of basis trades/asset allocations during the day will also be published.

4.2.17 Where the basis trade is an EFS or an EOO in accordance with Trading Procedure 4.2.6(e) or 4.2.6(f) respectively, the following information with respect to the futures or options leg of an EFS or EOO respectively will be broadcast on UTP immediately upon authorisation:

- Futures Contract(s) and delivery month(s) or Options Contract(s) and expiry month(s); and
- volume of futures or options traded.

In addition, these details will be distributed to Quote Vendors, marked with a special trade type indicator .

For each Exchange Contract, the cumulative volume of futures or options traded as the futures or options leg of basis trades/asset allocations during the day will also be published.

4.2.18 Both the long and short positions associated with the futures or options leg(s) of a basis trade will be passed to Trade Registration and matched under the basis trade executing Member's mnemonic.

4.2.19 Upon request by the Relevant Euronext Market Undertaking the basis trade executing Member must produce satisfactory evidence that the basis trades have been negotiated in accordance with the Rules and Trading Procedures. Basis trade executing Members must, therefore, be in a position to supply documentary evidence in connection with a basis trade, including, but not limited to, evidence confirming the cash leg of basis trades.

Basis trade executing Members may also be required from time to time by the Relevant Euronext Market Undertaking to request, and copy to it, confirmation of the details of the cash leg of a basis trade where another party was responsible for the execution of the cash leg.

### **4.3 Asset Allocations**

4.3.1 Euronext provides an Asset Allocation Facility which allows Members to negotiate and execute, subject to this Trading Procedure 4.3,

Transactions involving a specified combination of two Exchange Contracts in an appropriate ratio. For the purposes of these Trading Procedures such Transactions are called “asset allocations”.

- 4.3.2 Any Member is permitted to arrange asset allocations, subject only to the Member having in place arrangements for the execution of the individual legs of the asset allocation via a Member holding a relevant trading right (“the asset allocation executing Member”) to trade the asset allocation Exchange Contracts.
- 4.3.3 An asset allocation may be negotiated only during the trading hours of the Futures or Options Contracts concerned, as published by the Relevant Euronext Market Undertaking from time to time by Notice.
- 4.3.4 Asset allocations may be transacted only in Exchange Contracts which have been designated by the Relevant Euronext Market Undertaking for that purpose. Such designations are published, from time to time by Notice and are detailed in Annexe One. Asset allocations are not permitted in respect of a delivery month or an expiry month of a designated contract which has never traded. The Asset Allocation Facility can be used in respect of a delivery month for a Futures Contract, or an expiry month for an Options Contract on any Trading Day up to and including the business day preceding the Last Trading Day of that delivery month or expiry month.
- 4.3.5 The asset allocation executing Member is responsible for assigning the price of the individual legs of an asset allocation. For the individual legs to be authorised, the prices must be at the level trading on UTP at the time the asset allocation is submitted for execution, as specified in Trading Procedure 4.3.8A, or within the high/low traded price that occurred on UTP in the preceding thirty minutes. In the event that no trade has occurred in the relevant delivery month or expiry month on that day at the time the asset allocation is submitted for execution or in the preceding thirty minutes, the price of the individual legs of the asset allocation must be at or within the high/low traded price calculated by an Exchange maintained algorithm.
- 4.3.6 The hedge ratio considered acceptable will be nominal value for nominal value (currency converted if applicable) for contracts of the same duration or asset class or where no duration bias applies.
- 4.3.7 After an asset allocation has been negotiated, the asset allocation executing Member (or where the asset allocation has been negotiated between two Members, the Member agreed by mutual consent), must submit the asset allocation details via UTP, as specified in Trading Procedures 4.3.8A – 4.3.9, or must procure that the individual legs of the asset allocation are so executed by another appropriately authorised Member.
- 4.3.8A In respect of each asset allocation submitted, the Member accepting the asset allocation order must record the order details prescribed by (a) to (j) below, on an order slip. Where a Member employs an



electronic system for order routing, such details must be recorded electronically:

- (a) time of order receipt;
- (b) time of organisation;
- (c) executing Member mnemonic;
- (d) each Contract in which the asset allocation is being transacted;
- (e) delivery month(s) of the Futures Contracts or expiry month(s) of the Options Contracts;
- (f) agreed futures prices or options premia;
- (g) number of lots of each Futures or Options Contract;
- (h) put / call indicators and the exercise price of the Options Contracts (if applicable);
- (i) name and signature of individual presenting the trade; and
- (j) time-stamp on execution.

4.3.8B All information required to be retained by the asset allocation executing Member, pursuant to Trading Procedures 4.3.8A, must be retained by the Member for five years.

4.3.9 The asset allocation details set out in Trading Procedure 4.3.8A (c) – (h), must be submitted to the Relevant Euronext Market Undertaking as soon as practicable. In any event, details of the asset allocation must be submitted by the asset allocation Executing Member within fifteen minutes of the time at which the asset allocation was negotiated. Members must not delay submission of an asset allocation. No asset allocation can be submitted for execution later than five minutes prior to the close of trading of the contracts concerned. In the case of contracts with different closing times, no asset allocation can be submitted for execution later than five minutes prior to the earliest close of trading of the contracts concerned. The Relevant Euronext Market Undertaking will check the validity of the asset allocation details submitted. If the Relevant Euronext Market Undertaking is satisfied that all such details are valid, it will authorise execution of the asset allocation.

4.3.10 Authorisation of a Transaction does not preclude the Relevant Euronext Market Undertaking from instigating disciplinary proceedings in the event that the Transaction is subsequently found to have been made other than in compliance with the Rules and Trading Procedures.

- 4.3.11 The following information with respect to the individual legs of the asset allocation will be published on UTP immediately upon authorisation:
- (a) Futures Contracts and delivery month(s) or Options Contracts and expiry month(s);
  - (b) futures prices or option premia; and
  - (c) volume of futures or options traded.

In addition, these details will be distributed to Quote Vendors, marked with a trade type indicator.

For each Exchange Contract, the cumulative volume of futures and options traded as asset allocations/basis trades during the day will also be published.

- 4.3.12 Both the long and short positions associated with the individual legs of the asset allocation will be entered to Trade Registration and matched under the asset allocation executing Member's mnemonic.

- 4.3.13 Upon request by the Relevant Euronext Market Undertaking the asset allocation executing Member must produce satisfactory evidence that the asset allocation has been negotiated in accordance with the Rules and Trading Procedures. Asset allocation executing Members must, therefore, be in a position to supply documentary evidence in connection with an asset allocation.

#### **4.4 Against Actuals**

- 4.4.1 Euronext provides an Against Actuals ("AA") Facility which allows Members to negotiate and execute, subject to this Trading Procedure 4.4, Transactions which relate directly to a specific identifiable underlying transaction in the same or similar physical commodity. Specifically, an AA is a Transaction between two parties involving the purchase or sale of a contract in the terms of an Exchange Contract and either:

- (a) the simultaneous price fixing of a directly related contract for sale or purchase, which expressly contemplated price fixing; or
- (b) the hedging of a directly related contemporaneous contract for sale or purchase.

- 4.4.2 AAs may be transacted only in respect of Exchange Contracts which have been designated by the Relevant Euronext Market Undertaking from time to time for that purpose and published from time to time by Notice. The Exchange Contracts designated for AAs are set out in Annexe One to these Trading Procedures.

- 4.4.3 Any Member is permitted to arrange AAs, subject only to the Member having in place arrangements for the execution of the futures leg of the

AA via a Member holding a relevant trading right (“the AA executing Member”) to trade contracts in terms of the AA Exchange Contract.

4.4.4 An AA may be negotiated only during the trading hours of the Exchange Contract concerned, as published by the Relevant Euronext Market Undertaking from time to time by Notice.

4.4.5 When a Member accepts an AA order, he must record the order details set out in Trading Procedure 4.4.7 and, in addition, the details prescribed by (a) – (c) below, on an order record. Where a Member employs an electronic system for order routing, such details must be recorded electronically:

- (a) time of order receipt;
- (b) identity of individual organising the AA; and
- (c) time stamp (at time of organisation).

All information required to be retained by the AA executing Member, pursuant to this Trading Procedure 4.4.5, must be retained by the Member for five years. After an AA has been negotiated the Member or, where the AA has been negotiated between two Members, the Member who will be the seller of the futures leg of the AA must submit details of the futures leg of the AA to the Relevant Euronext Market Undertaking via UTP, as specified in Trading Procedures 4.4.6 – 4.4.8, or must procure that the futures leg of the AA is so submitted by another appropriately authorised Member.

4.4.6 The AA executing Member is responsible for assigning the price of the futures leg(s) of the AA. For the futures leg(s) to be authorised, the price(s) must be transacted within the high low range of traded prices on that Trading Day or at or within the best bid and offer at the time at which the AA is negotiated.

4.4.7 The following details must be submitted via UTP by the AA executing Member:

- (a) Exchange Contract in which the AA is being transacted;
- (b) delivery month(s);
- (c) agreed futures price(s);
- (d) number of lots of each Exchange Contract; and
- (e) counterparty Member mnemonic.

In addition, and subject to Trading Procedure 4.4.15, the AA executing Member must retain, in an easily accessible form that can be audited by the Relevant Euronext Market Undertaking, documentary evidence of the following information:

either

- (i) a copy of the physical contract itself, if this was transacted at a specific outright price. The date of the physical contract must be the same as the date of registration of the futures leg;

or

- (ii) a copy of a price-fixation confirmation, together with a copy of the directly related contract which shows the price differential or ratio at which the contract was transacted. The date of the price-fixation confirmation must be the same as the date of registration of the futures leg;

and

- (iii) that the price (plus premium, less discount, or multiplied by ratio) equates to the price at which the AA was transacted;
- (iv) that the futures delivery month referred to in the physical contract or price-fixation confirmation is the same as that for which the AA was registered; and
- (v) that the physical contract or price-fixation confirmation relates to at least the equivalent amount of the underlying commodity or a related commodity.

4.4.8 Details of an AA Transaction must be submitted to the Relevant Euronext Market Undertaking by the AA executing Member as soon as practicable. In any event, details of the AA must be submitted by the AA executing Member within fifteen minutes of agreeing to execute the AA. Members must not delay submission of an AA. . If the Relevant Euronext Market Undertaking is satisfied that all such details are valid, it will authorise the futures leg of the AA. The executing Member will then receive confirmation of the details of the trade.

4.4.9 Details of the executed AA will be submitted to Trade Registration by the Trading Host.

4.4.10 The following information with respect to the futures leg of an AA will be broadcast on UTP immediately upon authorisation:

- Futures Contract(s) and delivery month(s); and
- Volume of futures traded.

In addition, these details will be distributed to Quote Vendors, marked with a special trade type indicator.

For each Exchange Contract, the cumulative volume of futures traded as the futures leg of AA's posted during the day will also be published.

4.4.11 Both the long and short positions associated with the futures leg(s) of

an AA will be submitted to Trade Registration and matched under the AA executing Member's mnemonic.

- 4.4.12 Authorisation by the Relevant Euronext Market Undertaking of a Transaction does not preclude the Relevant Euronext Market Undertaking from instigating disciplinary proceedings in the event that the Transaction is subsequently found to have been made other than in compliance with the Rules and Trading Procedures.
- 4.4.13 All information required to be retained by the AA executing Member, pursuant to Trading Procedure 4.4.7, must be retained by the Member for five years. If the AA executing Member is not directly responsible for the execution of the physical leg of the AA, he must have appropriate arrangements in place with the party organising/executing the physical leg such that the information in 4.4.7(i) – (v) above can be provided promptly to the Relevant Euronext Market Undertaking.
- 4.4.14 Upon request by the Relevant Euronext Market Undertaking, the AA executing Member must provide satisfactory evidence that the AA has been executed in accordance with the Rules and Trading Procedures.

## **LARGE-IN-SCALE TRADES**

### **4.5 Large-in-Scale Trades**

#### **Introduction**

- 4.5.1 The Large-in-Scale Trade Facility allows Members to negotiate and execute Transactions involving Large-in-Scale Trades in accordance with these Trading Procedures.
- 4.5.2 Large-in-Scale Trades may be transacted only in Exchange Contracts which have been designated by the Relevant Euronext Market Undertaking for that purpose, as set out in Annexe One to these Trading Procedures.
- 4.5.3 The Large-in-Scale Trade Facility allows Members to enter into Large-in-Scale Trades in any Exchange-recognised strategy (as set out in Annexe Two), including inter-contract spreads, through a single Transaction.
- 4.5.4 The Large-in-Scale Package is available to Members who wish to enter into Large-in-Scale Trades with one or more counterparties and/or in strategies involving combinations of Large-in Scale Trade Contracts (including, but not limited to, Exchange-recognised strategies). However, each leg of any order executed via a Large-in-Scale Package must relate to a single counterparty and meet the applicable minimum volume threshold condition and the Large-in-Scale Package is limited to the following combinations:

- (a) futures contracts with the same underlying;
- (b) option classes with the same underlying;
- (c) delta-neutral strategies, where trades may be in both an option and the related futures contract.

### **Large-in-Scale Trading Hours/Availability of the Facility**

- 4.5.5 A Large-in-Scale Trade may be negotiated and submitted during the hours published by Notice by the Relevant Euronext Market Undertaking.
- 4.5.6 Unless specified otherwise by Notice, on the Last Trading Day of a delivery/expiry month the latest time that a Large-in-Scale Trade in respect of such month may be submitted shall be the time at which trading in such month ceases in the Central Order Book.

### **Minimum Volume Thresholds**

- 4.5.7 For those Exchange Contracts designated pursuant to Trading Procedure 4.5.2 as Large-in-Scale Trade Contracts, Annexe One to these Trading Procedures shall specify the minimum volume thresholds applying to Large-in-Scale Trades.
- 4.5.8 In respect of strategies, minimum volume thresholds apply to each leg, except in the case of strategies covered by Trading Procedure 4.5.11. Where a strategy involves the trading of two or more different Exchange Contracts, the smaller of the minimum volume thresholds of the contracts comprising the Large-in-Scale Trade will be applied to each of these contracts. Where the strategy involves the trading of two or more different delivery/expiry months and/or exercise prices of the same contract, the minimum volume threshold will apply to the lot size of each leg of the trade. Members must not aggregate separate orders in order to meet the minimum volume thresholds.
- 4.5.9 In respect of futures contracts designated as Large-in-Scale Trade Contracts, Members must not aggregate separate orders in order to meet the minimum volume thresholds nor may they combine separate orders in respect of different contracts to generate an inter-contract spread trade.
- 4.5.10 In respect of options contracts designated as Large-in-Scale Trade Contracts, Members must not aggregate separate orders in order to meet the minimum volume threshold on both sides of a Large-in-Scale Trade. However, where a Member receives a Large-in-Scale Trade order which meets or exceeds the relevant minimum volume threshold, he may aggregate orders on the matching side only, in order to facilitate execution of the Large-in-Scale Trade.

- 4.5.11 In respect of delta neutral strategies, minimum volume thresholds apply to each options leg but not to the related futures leg. In respect of volatility strategies, it is permitted to execute such strategies even if one leg is less than the minimum volume threshold provided that each other leg meets the threshold.

### **Fair Value**

- 4.5.12 Members should ensure when negotiating Large-in-Scale Trades that their Clients and their potential counterparty(ies) are made aware that the price being quoted is a Large-in-Scale Trade price.

- 4.5.12A The Large-in-Scale Trade Executing Member is responsible for assigning the price of the Large-in-Scale Trade. For the Large-in-Scale Trade to be authorised by the relevant Euronext Market Undertaking, the price assigned must represent a fair value for that trade, as determined by the Relevant Euronext Market Undertaking.

### **Large-in-Scale Trade Execution**

- 4.5.13 Once a Large-in-Scale Trade has been negotiated, the Large-in-Scale Trade Executing Member(s) must submit the Large-in-Scale Trade details to the Relevant Euronext Market Undertaking, as specified in Trading Procedures 4.5.15 to 4.5.17. Where a Member is unable to execute the Large-in-Scale Trade himself, he must ensure that he has arrangements in place with another appropriately authorised Member to submit and execute Large-in-Scale Trades before he negotiates any such Large-in-Scale Trade.

Submission by Large-in-Scale Executing Members shall occur in one of two ways:

- (a) either one Member is authorised by his counterparties to enter all legs and/or sides of the Trade and see to it that other Members involved are properly allocated their respective side of the Trade; or
- (b) each Member involved enters the relevant details for his respective leg(s) and/or side(s) with a view to having such trade details matched within the Trading Host.

- 4.5.14 [Deleted]

- 4.5.15 In respect of each Large-in-Scale Trade order, the following details must be recorded on an order slip, or, where the Member employs an electronic system for order routing, must be recorded electronically, by the Large-in-Scale Trade Executing Member:

- (i) time of order receipt;
- (ii) an indication of “buy” or “sell”;

- (iii) Contract(s) in which the Large-in-Scale Trade is being transacted;
- (iv) strategy (as applicable)
- (v) delivery/expiry month(s);
- (vi) exercise price(s) (as applicable);
- (vii) price of each leg of the trade;
- (viii) number of lots of each leg of the trade
- (ix) an indication of “open” or “close” (customer account) where applicable;
- (x) the Package ID where applicable; and
- (xi) name of the individual authorised to submit Large-in-Scale Trades on behalf of the Member.

All information required to be retained by the Large-in-Scale Trade Executing Member, pursuant to this Trading Procedure, must be retained by the Member for five years.

4.5.16 The individual submitting the Large-in-Scale Trade for execution must, if the Member requires regulatory authorisation, be authorised in a capacity which permits him to commit the Member to an “investment agreement”. It is the Member’s responsibility to ensure that only staff he has authorised negotiate or enter into Large-in-Scale Trades on his behalf. Members must also ensure that only staff they have authorised submit details of Large-in-Scale Trades to the Relevant Euronext Market Undertaking.

4.5.17 Once the Large-in-Scale Trade has been negotiated, the Large-in-Scale Trade Executing Member must submit details, contained in Trading Procedure 4.5.15 (ii) to (x) inclusive, of the Large-in-Scale Trade to the Relevant Euronext Market Undertaking as soon as practicable. In any event, the details of the Large-in-Scale Trade must be submitted by the Large-in-Scale Trade Executing Member:

- (a) within fifteen minutes in the case of a Large-in-Scale Trade which does not involve the use of a Large-in-Scale Package
- or
- (b) within one hour in the case of a Large-in-Scale Trade involving the use of a Large-in-Scale Package.

4.5.18 Members must not delay submission of a Large-in-Scale Trade.

4.5.19 The time limit for the submission of a Large-in-Scale Trade commences as soon as verbal agreement on all the terms of the Large-in-Scale Trade is reached between the parties to the Large-in-Scale Trade.

4.5.20 For the purposes of Trading Procedure 4.5.17, a transaction in another



instrument shall include any such transaction executed in the OTC market or on-exchange, including a Transaction in another Exchange Contract or Security executed on a Euronext Derivatives Market or a Euronext Securities Market.

- 4.5.21 Market conditions shall be regarded as exceptional during periods of increased trading activity or volatility, whether predictable or not, or at times of significant directional price movement or re-pricing (for instance, following relevant economic announcements).
- 4.5.22 The Relevant Euronext Market Undertaking will check the validity of the Large-in-Scale Trade details submitted by the Large-in-Scale Trade Executing Member and assess whether the price represents fair value for that trade, taking into account, inter alia, the liquidity of the contract concerned. If the Relevant Euronext Market Undertaking (following consultation, where necessary, with the Clearing Organisation) is satisfied that all such details are valid, it will authorise execution of the Large-in-Scale Trade. The Large-in-Scale Trade volume will be shown as executed to the Large-in-Scale Executing Member via the ITM through which the Large-in-Scale Trade was submitted.
- 4.5.23 Authorisation by the Relevant Euronext Market Undertaking of a Transaction does not preclude the instigation of enforcement procedures in the event that the Transaction is subsequently found to have been made other than in compliance with the Rules and Trading Procedures.
- 4.5.24 Upon request by the Relevant Euronext Market Undertaking the Large-in-Scale Trade Executing Member must produce satisfactory evidence that the Large-in-Scale Trade(s) has been negotiated in accordance with the Rules and these Trading Procedures

#### **Publication of Large-in-Scale Trades**

- 4.5.25 Except in the cases specified in Trading Procedure 4.5.26, once the trade has been authorised, the following information with respect to the Large-in-Scale Trade will be published immediately by the Relevant Euronext Market Undertaking with a relevant trade type indicator:
- (i) Contract(s) and delivery/expiry month(s);
  - (ii) price of each delivery/expiry month(s) and exercise price(s) (as applicable); and
  - (iii) volume of each delivery/expiry month.

Details of the Large-in-Scale Trade will also be broadcast on UTP.

- 4.5.26 For those Exchange Contracts designated for such purposes in Annexe One to these Trading Procedures, Members may opt for deferred publication of a Large-in-Scale Trade. The period of deferral shall be:

- (i) For trades at or above the minimum volume threshold, at the end of that Trading Day; *and*
- (ii) *For trades twice the minimum volume threshold or above, either (a) at the end of that Trading Day or (b) the end of the Trading Day three Trading Days after acceptance of the trade by the Relevant Euronext Market Undertaking, as determined by the Member.*

[NB: Paragraph (ii) of this Trading Procedure is not yet in force; Members shall be informed by Notice when it becomes effective.]

The Member submitting the Large-in-Scale Trade for execution must ensure prior to submission that his counterparty to the trade (or all counterparties, as the case may be) agrees with the proposed period of deferral of publication.

For the avoidance of doubt, election of publication deferral is without effect on the timetables for trade detail submission to the Relevant Euronext Market Undertaking, as provided for by Trading Procedure 4.5.17, which have to be strictly observed irrespective of the contemplated publication mode.

4.5.27 For each Exchange Contract, the cumulative volume of Large-in-Scale Trades executed during the Trading Day will also be published at the end of that Trading Day, including those individual trades whose publication is deferred to a subsequent Trading Day pursuant to Trading Procedure 4.5.25 (ii).

## OTHER PRE-NEGOTIATED TRADES

### 4.6 Guaranteed Cross Trades

4.6.1 Where a matched trade (negotiated in accordance with Trading Procedures 3.4.2 to 3.4.6 inclusive) is to be submitted as a Guaranteed Cross Trade, the price of the trade must be:

- (a) within the prevailing best bid and offer price in the Central Order Book; or
- (b) for contracts designated in Annexe One, at the best bid or offer where the differential between such best bid and offer is the minimum price movement for the Contract concerned (such trade must also meet the applicable minimum volume set out in Annexe One); or
- (c) where a bid but no offer, or an offer but no bid, exists in the Central Order Book, better than such bid or offer; and
- (d) in any event, at a price which represents a fair value for the trade.

4.6.2 The Relevant Euronext Market Undertaking shall immediately publish (with a relevant trade type indicator) the volume and price associated with each Guaranteed Cross Transaction submitted to it.

### 4.7 Flex Contracts

4.7.1 The Relevant Euronext Market Undertaking may make Flex Contracts available for trading. Such Flex Contracts may only be executed as Off-Order Book Transactions pursuant to this section 4.7 of the Trading Procedures. Annexe One to these Trading Procedures specifies the minimum number of lots required to be executed in any such trade.

4.7.2 A Flex Contract can only be executed as such if at least one of the parameters which a Member is permitted to vary (excluding for the avoidance of doubt the tick size alone) has been varied, making the Flex Contract distinct from a standardised Contract with the same characteristics.

4.7.3 For the avoidance of doubt, a position arising following the execution of a Flex Contract shall become fungible with Contracts executed on the Central Order Book if the Relevant Euronext Market Undertaking subsequently introduces a standardised Contract with the same characteristics.

4.7.4 Members should ensure, when negotiating or executing Flex Transactions, that the price of any such Transaction being quoted represents a fair value for that trade. On each occasion of quoting a Flex Transaction price, the Member must, at the time, make it clear to

the potential counterparty(ies), whether a Member or a non-Member Client, that the price being quoted is a Flex Transaction price.

4.7.5 The following information must be submitted to the Relevant Euronext Market Undertaking by the Member:

- (a) the Flex Contract concerned;
- (b) Expiry Date or Delivery Date (as applicable);
- (c) Price and/or Exercise Price (as applicable);
- (d) class – call or put (where applicable);
- (e) number of lots;
- (f) exercise style; and
- (g) whether cash settled or physically delivered.

4.7.6 The Member must submit to the Relevant Euronext Market Undertaking the details of the Flex Contract as soon as practicable. In any event, details of the Flex Contract must be submitted by the Member within fifteen minutes of the time at which the Flex Contract was negotiated.

4.7.7 The Relevant Euronext Market Undertaking will check the validity of the details of the Flex Contract submitted by the Member. If the Relevant Euronext Market Undertaking is satisfied that all such details are valid and that the Flex Contract has been entered into at a fair value (to be determined by the Relevant Euronext Market Undertaking in its absolute discretion), it will authorise the Flex Contract and notify the Member accordingly.

4.7.8 Subject to Trading Procedure 4.7.9, once the Flex Contract has been authorised, the information specified in Trading Procedure 4.7.5 will be published immediately, with a relevant trade type indicator:

4.7.9 Members may opt for deferred publication of a Flex Contract for trades at or above the minimum volume thresholds specified in Annexe One to these Trading Procedures. The period of deferral shall be until the end of that Trading Day.

The Member submitting the Flex Contract for execution must ensure prior to submission that his counterparty to the trade agrees with the proposed period of deferral of publication.

For the avoidance of doubt, election of publication deferral is without effect on the timetables for trade detail submission to the Relevant Euronext Market Undertaking, as provided for by Trading Procedure 4.7.6, which have to be strictly observed irrespective of the contemplated publication mode.

- 4.7.10 For each Exchange Contract, the cumulative volume of Flex Contracts executed during the Trading Day will also be published at the end of that Trading Day, including those individual trades whose publication was deferred pursuant to Trading Procedures 4.7.9.
- 4.7.11 Members must not seek to negotiate a Flex Contract in order to circumvent any conditions concerning the execution of standardised Contracts, including minimum volume threshold conditions applying to the execution of Large-in-Scale Trades. Such action would be considered a violation of Rule 8104/1(v) and may lead to action against the member pursuant to Chapter 9 of the Rules.

## **PART TWO – NON-HARMONISED AND MARKET-SPECIFIC PROVISIONS**

### **SECTION 1 – TRADING PROCEDURES IN RELATION TO THE AMSTERDAM AND BRUSSELS MARKETS**

For convenience, each provision in this Section 1 in relation to the Euronext Derivatives Market organised by Euronext Amsterdam and Brussels is prefixed with the letters “AB”.

#### **General**

##### **AB.1 Application of Section 1**

AB.1.1 Provisions of this Section 1 of PART TWO apply (in addition to those contained in PART ONE) only to Derivatives admitted on the markets organised by Euronext Brussels or by Euronext Amsterdam.

#### **Trading on UTP**

##### **AB.2 Account type identifier and Order execution**

AB.2.1 When submitting order details to UTP, a Member must submit all material details (including the identifier required by Trading Procedure 3.2.11 and, if applicable, marking the order as a public order, and if so, whether the order is an opening or closing order and specifying the account of the Client).

##### **AB.3 Trade matching Primary Market Makers and/or Competitive Market Makers**

AB.3.1 Pursuant to Trading Procedure 3.3.1, PART ONE, in the case of two or more bids or offers of the same price, the Relevant Euronext Market Undertaking may determine and publish by Notice that the relevant bids or offers sent to the market by Primary Market Makers and/or Competitive Market Makers will in certain circumstances have priority up to a certain percentage of the trade to be determined at the discretion of the Relevant Euronext Market Undertaking.



# Clearing Rule Book

LCH.Clearnet SA

English version  
3<sup>rd</sup> February 2017

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# **TITLE I - GENERAL PROVISIONS & LEGAL FRAMEWORK**

## CHAPTER 1 - DEFINITIONS

For the purposes of this Clearing Rule Book, the following capitalised terms shall, unless specifically provided otherwise, have the respective meanings set out below:

**Account Structure:** The House Account Structure(s) and the Client Account Structure(s) registered in the Clearing System in the name of a Clearing.

**Admission Agreement:** The written agreement entered into between LCH.Clearnet SA and a Clearing Member pursuant to Chapters 1 and 2 of Title II of the Clearing Rule Book.

**Admission Fee:** The fee that is due once, upon its admission, by the Clearing Member to LCH.Clearnet SA, as communicated by LCH.Clearnet SA.

**Allied Clearing House:** A Participant, admitted as such by LCH.Clearnet SA under the conditions set forth in Chapters 1 and 2 of Title II and authorised to clear Transactions as described in Article 1.3.1.3.

**Ancillary System Interface:** The technical device allowing an ancillary system to TARGET2 to use a range of special, predefined services for the submission and settlement and ancillary systems payment instructions.

**Applicant:** A legal person that wishes to be admitted as a Clearing Member.

**Assignment:** The process, following an Exercise, by which a Clearing Member that holds a selling Open Position in an option contract is designated to fulfil its commitments resulting from the option contract.

**Associated Trading Member:** Any Person that:

- (i) trades Fixed Income Securities or Baskets directly on Trading & Matching Platforms and/or MTS Italy; and
- (ii) has entered into a Clearing Agreement with a General Clearing Member for the purpose of clearing such Fixed Income Securities or Baskets on the Clearing System.

**Authorised Clearing Operator:** Any individual authorised by the Clearing Member who represents the Clearing Member vis-à-vis LCH.Clearnet SA in respect of Transactions including organisation and control over the Systems and Operation and related clearing functions in respect of Financial Instruments.

**Basket:** A basket of securities eligible for Triparty Repo Transactions, as specified in a Notice.

**Börse Berlin:** Börse Berlin AG, a Market Undertaking founded as an exchange and incorporated under the laws of Germany by the Authorization of the Berlin Senate as State Supervisory Authority of 31 July 2000, with trading name "Börse Berlin Equiduct Trading", and to whom LCH.Clearnet SA provides Clearing Services for the Transactions in Securities

**Bourse de Luxembourg/BdL:** Société de la Bourse de Luxembourg SA, a Market Undertaking incorporated under the law of Luxemburg on April 5th, 1928 to whom LCH.Clearnet SA provides Clearing Services for the Transactions in Securities listed in a Notice.

**Business Combination:** A single separate legal entity combining one or more Persons that are jointly and severally liable, and form part of, and are generally considered to belong to, the same corporate group of businesses, including, but not limited to, European Economic Interest Groups.

**Capital:** Shareholders' equity determined by LCH.Clearnet SA on the basis of the Capital Adequacy Directive, comprised of core capital (tier 1) and supplementary capital (tier 2), and, as from 1 January 2014, core capital (Tier 1) and additional core capital (Tier 1) and Tier 2 capital as defined by the CRR and the amount of which is determined by LCH.Clearnet SA.

**Capital Adequacy Directive:** Directive 2006/49/EC of the European Parliament and of the Council of June 14, 2006 on the capital adequacy of investment firms and credit institutions.

**Cash and Derivatives Clearing System:** The Clearing System managed by LCH.Clearnet SA to clear Transactions in Securities and/or Derivatives Product Group

**Cash Borrower or Collateral Giver:** In the framework of a Triparty Repo, a Clearing Member that borrows cash against collateralising Basket eligible Securities.

**Cash Lender or Collateral Taker:** In the framework of a Triparty Repo, a Clearing Member that lends cash against collateralising Basket eligible Securities.

**Central Bank Guarantee:** First demand guarantee issued by a central bank in favour of LCH.Clearnet SA eligible as Collateral in accordance with the terms of an Instruction.

**Clearing Agreement:** (i) The agreement entered into between a Clearing Member and a Trading Member for the purpose of clearing eligible Transactions; and (ii) from the date of the entry into force of the Chapter 1 of the Instruction II.2-3 pursuant to a Notice issued following related amendments of the AMF General Regulations (*Règlement Général de l'AMF*), the agreement entered into between a Clearing Member and a Client for the purpose of clearing eligible Transactions.

**Clearing Day:** Any day indicated in a Notice published by LCH.Clearnet SA at least annually.

**Clearing Fee:** Such fee as is communicated by LCH.Clearnet SA from time to time.

**Clearing Member:** A Participant, either a General Clearing Member or an Individual Clearing Member admitted as such by LCH.Clearnet SA, under the conditions set forth in Chapters 1 and 2 of Title II.

**Clearing Rules:** The rules set forth in the Clearing Rule Book, including all Instructions and Notices thereto, as may be amended from time to time.

**Clearing Rule Book:** This document as may be amended from time to time.

**Clearing Services:** Services provided by LCH.Clearnet SA pursuant to Article 1.3.1.5 in relation to Product Groups.

**Clearing System:** The relevant IT system managed by LCH.Clearnet SA and giving a technical access to clearing activities.

**Client:**

- (i) For Transactions in Securities and Derivatives Product Groups, a Non Trading Member or a Trading Member; and
- (ii) For Transactions in Fixed Income Securities Product Groups, an Associated Trading Member.

**Client Account(s):** A Client Collateral Account, a Client Margin Account and/or a Client Position Account.

**Client Account Structure:** The following complete set of Client Accounts, which may take the form of Individual Segregated Accounts or Omnibus Segregated Accounts and which are opened for administrative, risk management and Collateral purposes in the name of a Clearing Member for the account of the relevant Client(s) or, as applicable, Indirect Client(s) of such Clearing Member:

**(i) In the Cash and Derivatives Clearing System**

- one or several Client Position Account(s);
- one or several Client Margin Account(s);
- one or several Client Collateral Account(s).

**(ii) In the Fixed Income Clearing System:**

- one or several Client Position Account(s); and
- one or several Client Collateral Account(s).

**Client Collateral Account:** An account opened by LCH.Clearnet SA at the request and in the name of a Clearing Member in the books of LCH.Clearnet SA to record Collateral provided by such Clearing Member in respect of the relevant Client Open Positions of such Clearing Member.

**Client Margin Account:** (i) For the Cash and Derivatives Clearing System: an account opened by LCH.Clearnet SA at the request and in the name of a Clearing Member for risk management purposes, in which the relevant Client Open Positions of such Clearing Member (including relevant Net Fails if applicable) are registered in order to calculate the Margin requirements of such Clearing Member in respect of the relevant Client(s) or, as applicable, Indirect Client(s) of such Clearing Member; and (ii) for the Fixed Income Clearing System: each Position Account which is used for risk management purposes in accordance with Article 3.2.2.8.

**Client Open Position:** The net sum of the relevant Client Trade Legs determined in accordance with the Clearing Rules.

**Client Position Account:** An account opened by LCH.Clearnet SA at the request and in the name, of a Clearing Member in order to register all the relevant Client Trade Legs or, as applicable, Client Open Positions of such Clearing Member.

**Client Trade Leg:** Either a payment obligation or a delivery obligation in respect of Financial Instruments owed by or to LCH.Clearnet SA resulting from a Transaction registered by LCH.Clearnet SA, in the name of a Clearing Member, executed for the benefit of a Client or, as applicable, an Indirect Client of such Clearing Member.

**Collateral:** Any Security, cash, or Central Bank Guarantee, as specified in an Instruction, pledged, granted or transferred outright to LCH.Clearnet SA, in order to secure the performance of the Clearing Member's obligations. Any surplus of Security, cash or central bank guarantee registered in a Collateral Account is deemed to be Collateral.

**Collateral Account(s):** A House Collateral Account and/or a Client Collateral Account.

**Commodities Dealer:** Trading Member on a Derivative market which is authorised to trade commodities.

**Competent Authority:** Any authority recognised by its home member state as such under the terms of the Capital Adequacy Directive, and as from 1 January 2014 the CRR or of Emir.

**Contractual Event of Default:** The Clearing Member failing at any time to comply duly with any of its obligations under the Clearing Rules or being likely to become unable to meet any of its obligations under the Clearing Rules or in the case of an Allied Clearing House such Allied Clearing House failing to pay, when due, any Margin or any cash settlement Amount in case of service closure.

**Correction:** The modification of an original Posting within the Account Structure of the same Clearing Member or a modification of an original Posting to be registered within the Account Structure of another Clearing Member. This functionality is available to Clearing Members on Derivatives markets.

**Counter-guarantee Agreement:** An agreement concluded between the Central Bank of Belgium or the Central Bank of the Netherlands and the Clearing Member or a third party, duly authorised by the central bank, whereby, the Clearing Member or the third party provides the central bank with enough collateral security for the latter to issue a guarantee in favour of LCH.Clearnet SA under the terms of the relevant Guarantee Agreement for the fulfilment of the Clearing Member's obligations towards LCH.Clearnet SA regarding Margin and the Default Fund, in accordance with article 46(1) of Emir.

**Credit Institution:** Any credit institution as defined in Directive 2006/48/EC of the European Parliament and of the Council of June 14th, 2006 relating to the taking up and pursuit of the business of credit institutions, and as from 1 January 2014 by the CRR.

**CSD of Reference:** Central securities depository in which Securities are settled.

**CRR** : Regulation (UE) 575/2013 of the European Parliament and of the Council of 26 juin 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (UE) 648/2012.

**Debt Securities Intra-day Margin:** In the framework of Transactions in debt securities cleared on the Fixed Income, Clearing System, the required margin amount calculated by LCH.Clearnet SA, to cover risk on an intra-day basis and resulting from the revaluation of Clearing Members' Open Positions and Collateral as specified in an Instruction.

**Default Fund:** The collective system of collateralisation of commitments as set out in Chapter 3 of Title IV.

**Defaulting Clearing Member:** A Clearing Member that is subject to an Event of Default, and in respect of whom LCH.Clearnet SA has issued a notice of default, in accordance with Article 4.5.1.1.

**Delivery Account(s):** An account opened by LCH.Clearnet SA pursuant to Section 3.2.3 exclusively for settlement purposes. In relation to the Fixed Income Clearing System, Delivery Account means each Position Account used for settlement purposes only in accordance with Article 3.2.3.5.

**Derivative:** Any financial contract of one of the following categories:

- (i) options and futures contracts in respect of Securities or commodities, including equivalent cash-settled instruments,
- (ii) any other financial contract, the value of which is determined by reference to prices of Securities or commodities, interest rates or yields, foreign exchange rates or other indices or measures which, subject to relevant National Regulations, a Market Undertaking may determine to be eligible for trading on a Derivatives Market.

Credit default swaps are explicitly excluded from this definition. The clearing of such financial products by LCH.Clearnet SA is governed by a dedicated set of rules.

**Derivatives Market:** Any Regulated Market, for Derivatives

**EMIR:** Regulation (EU) No. 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories and all delegated regulatory and implementing technical standards adopted pursuant to Regulation (EU) No. 648/2012 and published in the Official Journal of the European Union from time to time.

**Euroclear Collateral Management System (CMS):** In the framework of a Triparty Repo, a tool named "Autoselect" operated by Euroclear France that automatically allocates, values and manages collateralising securities and sends delivery and settlement instructions to the CSD of Reference.

**Euroclear Inter-operability Agreement :** The standard service agreement (named "interoperability repurchase service agreement") to be entered into between the Triparty Repo Clearing Member and Euroclear France or Euroclear Bank.

**Euronext Amsterdam:** Euronext Amsterdam N.V., a Market Undertaking ("naamloze vennootschap") organised under the laws of the Netherlands, operating a Securities exchange and Derivatives exchange ("houder van een effectenbeurs") authorised pursuant to Article 22 of the Dutch Securities Markets Supervision Act of 1995 ("Wet toezicht effectenverkeer 1995").

**Euronext Brussels:** Euronext Brussels S.A./N.V., a corporation ("société anonyme"/"naamloze vennootschap") organised under the laws of Belgium and recognised as Market Undertaking in accordance with Article 16 of the Belgian Law of August 2, 2002 governing the supervision of the financial sector and the financial services ("Loi relative à la surveillance du secteur financier et aux services financiers / Wet betreffende het toezicht op de financiële sector en de financiële diensten").

**Euronext Lisbon:** Euronext Lisbon – Sociedade Gestora de Mercados Regulamentados, S.A ("sociedade anónima"), a Market Undertaking organised under the laws of Portugal, authorised pursuant to Article 19 of the Portuguese Decree-Law n°357-C/2007, of 31<sup>st</sup> October, as amended by the Decree-Law n.º 52/2010 of 26 May ("Regime jurídico das sociedades gestoras de mercado regulamentado, das sociedades gestoras de sistemas de negociação multilateral, das sociedades gestoras de câmara de compensação ou que actuem como contraparte central das sociedades

gestoras de sistema de liquidação e das sociedades gestoras de sistema centralizado de valores mobiliários”).

**Euronext London Limited:** a company incorporated in England and Wales (registered under number 8631662), having its registered office at Juxon House, 100 St Paul’s Churchyard, London EC4M 8BU, England, which has been recognised as an investment exchange pursuant to section 290 of the Financial Services and Markets Act 2000.

**Euronext Paris:** Euronext Paris S.A., a corporation (“société anonyme”) organised under the laws of France, authorised as a Market Undertaking (“Entreprise de Marché”) within the meaning of Article L. 421-1 of the French Monetary and Financial Code (Code Monétaire et Financier).

**Event of Default:** A Contractual Event of Default or an Insolvency Event of Default.

**Exercise:** The process by which a Clearing Member that holds a buying Open Position exercises its right resulting from the option contract.

**Financial Group:** Two companies belong to the same Financial Group where one exercises a “control” over the other. Such control exists when one such company:

- directly or indirectly holds a fraction of the share capital which confers it the majority of voting rights in the other company’s shareholders’ meetings;
- holds the majority of the voting rights in the other company, pursuant to an agreement with the other company’s other shareholders and partners;
- in practice takes the decisions of the other company in its shareholders’ meetings, by virtue of the voting rights which it holds.

The parent company is presumed to exercise control over the other when it directly or indirectly holds more than 40 % of the voting rights and no other shareholder holds more.

**Financial Instrument:** Any Security or Derivative.

**Fixed Income Securities:** Securities traded on Trading & Matching Platforms, and on MTS Italy.

**Fixed Income Clearing System:** The Clearing System managed by LCH Clearnet.SA to clear Transactions in Fixed Income Securities and Triparty Repos concluded on Trading & Matching Platforms, and MTS Italy.

**Forward Repo:** A Repo registered in the Clearing System but in respect of which the Initial Transaction intended Settlement Date has not occurred yet.

**General Clearing Member:** (i) For Securities and Derivative Products Groups, as set-out in an Instruction, a Clearing Member authorised to clear Transactions which have been dealt for its own account, or have been concluded for the account of its Non Trading Members and/or Trading Members; and (ii) for Fixed Income Securities and Basket Product Group, as set-out in an Instruction, a General Clearing Member is a Clearing Member authorised to clear the Transactions which have been dealt for its own account or for the account of its Associated Trading Members.

**Give-Up:** An intra day process by which a Trade Leg or a part of it is transferred:

- by a Clearing Member (“the allocator”) to another one (“the allocatee”) after the explicit agreement of the allocatee, or;
- by a Clearing Member within its Account Structure from a Position Account to another, the two relevant Position Accounts must belong to two different Trading Members (the Clearing Member possibly being a Trading Member itself).

This can be done upon the request of a Trading Member whose Transactions are cleared by a General Clearing Member.

**Guarantee Agreement:** An agreement between a central bank and LCH.Clearnet SA under which the central bank guarantees towards LCH.Clearnet SA the fulfilment of the Clearing Member’s obligations towards LCH.Clearnet SA under the Clearing Rules as regards the Margins and the Default Fund.



**Home State:** The State in which a Person has its registered office, if any or, its head office or, in the case of an individual, the State in which such individual has its principal place of business.

**House Account(s):** A House Collateral Account, a House Margin Account and/or a House Position Account.

**House Account Structure:** The following set of House Accounts opened in the name of a Clearing Member for administrative, risk management and Collateral purposes in the name of a Clearing Member for its own account:

**(i) In the Cash and Derivatives Clearing System**

- one or several House Position Account(s); and
- one or several House Margin Account(s); and
- one or several House Collateral Account(s);

**(ii) In the Fixed Income Clearing System:**

- one or several House Position Account(s); and
- one or several House Collateral Account(s).

**House Collateral Account:** An account opened by LCH.Clearnet SA in the name of a Clearing Member in the books of LCH.Clearnet SA to record (i) any Collateral provided by such Clearing Member in respect of the House Open Positions of such Clearing Member, and (ii) any contribution to the Default Fund of such Clearing Member.

**House Margin Account:** (i) For the Cash and Derivatives Clearing System, an account opened by LCH.Clearnet SA in the name of a Clearing Member in the Clearing System for risk management purposes, in which the House Open Positions of such Clearing Member (including relevant Net Fails if applicable) are registered, in order to calculate the relevant Margin requirements of such Clearing Member for its own account; and (ii) for the Fixed Income Clearing System: each Position Account which is used for risk management purposes in accordance with Article 3.2.2.8.

**House Open Position:** The net sum of the House Trade Legs determined in accordance with the Clearing Rules.

**House Position Account:** An account opened by LCH.Clearnet SA in the name, of a Clearing Member in order to register all House Trade Legs or, as applicable, House Open Positions of such Clearing Member.

**House Trade Leg:** Either a payment obligation or a delivery obligation in respect of Financial Instruments owed by or to LCH.Clearnet SA resulting from a Transaction registered by LCH.Clearnet SA in the name of a Clearing Member, executed for the latter's own account.

**ICSD :** international central securities depository.

**Indirect Client:** A client of a Client which has opted for an Individual Segregated Account Structure.

**Individual Clearing Member:** (i) For Securities and Derivative Product Groups or for Baskets, as set-out in an Instruction, a Clearing Member authorised to clear Transactions dealt for its own account, or allocated to it or which have been concluded for the account of its Non Trading Members; (ii) for Fixed Income Securities Product Group, as set-out in an Instruction, a Clearing Member authorised to clear Transactions dealt for its own account exclusively.

**Individual Segregated Account:** A Client Account which is subject to "individual client segregation" within the meaning of EMIR, and which has been designated as such by a Clearing Member in relation to any of its Known Clients.

**Individual Segregated Account Structure:** A Client Account Structure exclusively composed of Individual Segregated Accounts.

**Initial Leg:** In the framework of a Repo, the Initial Leg is a Trade Leg incorporating:

- for the seller of debt securities, an obligation to deliver securities to LCH.Clearnet SA
- for the buyer of securities, an obligation to pay the transactions amount to LCH.Clearnet SA.

**Initial Margin:** The amount calculated by LCH.Clearnet SA, as specified in an Instruction, to cover the liquidation risk and resulting from a Clearing Member's Open Positions in Financial Instruments as a result of Transactions registered with LCH.Clearnet SA in the name of such Clearing Member. For option contracts, the Initial Margin amount includes the variation of the Option Premium.

**Initial Transaction:** The Initial Transaction is composed of two Initial Legs.

**Insolvency Event of Default:** (i) The Clearing Member or Allied Clearing House being subject to an Insolvency Proceeding, or (ii) on the basis of publicly available information, the Clearing Member being likely to become subject to an Insolvency Proceeding.

**Insolvency Proceeding:** With respect to the head office or any of the branches of the Clearing Member:

- (i) a declaration of a governmental or judicial moratorium or any equivalent procedure;
- (ii) a cessation of business, commencement of a voluntary winding-up procedure or any other equivalent procedure;
- (iii) a commencement of a prevention procedure including (A) commencement of a scheme of arrangement ("*conciliation*"), (B) appointment of an administrator by the regulators or the courts, or any equivalent procedure; or
- (iv) measures for the treatment of business difficulties under French law, or any equivalent procedure governed by foreign law, including (A) commencement of a safeguard procedure, (B) appointment of an administrator by the regulators or the courts, (C) commencement of a reorganisation procedure, (D) commencement of a court-ordered winding-up procedure or any equivalent procedure to those referred to in (A) to (D).

**Instruction:** Any document issued as such by LCH.Clearnet SA, as amended from time to time, whereby the provisions of this Clearing Rule Book are interpreted or implemented and which is binding upon Clearing Members generally or upon any category of Clearing Members in particular.

**Intra-day Margins:** The amount calculated by LCH.Clearnet SA, as specified in an Instruction, to cover risk and resulting from the revaluation in real time of prices and Clearing Member Positions.

**Investment Firm:** Any investment firm as defined in MIFID.

**Known Client:** means a direct Client or (Associated) Trading Member of a Clearing Member, identified by the latter at Client Margin Account level, whose full identity has been notified in writing by the Clearing Member to LCH.Clearnet SA, together with:

- a copy of the registration certificate or certificate of incorporation or other equivalent document in the case of a legal entity or proof of identity in the case of a natural person;
- contact details of the authorised representatives of the Client (names of individuals, phone numbers, email addresses, postal address);
- any non public document which LCH.Clearnet SA may request to carry on anti money laundering checks in accordance with applicable laws, regulations and procedures."

**LCH.Clearnet SA:** The commercial name of "Banque Centrale de Compensation", a clearing house as defined by Article 440-1 of the French Monetary and Financial Code (Code Monétaire et Financier) complying with Title IV of Book V of the General Rules of the Autorité des Marchés Financiers. LCH.Clearnet SA is incorporated in France and may have branches in other countries in which it operates.

**LCH Insolvency Proceeding:** For the purpose of Title I Chapter 4, where a safeguard procedure (*procédure de sauvegarde*), accelerated financial safeguard proceeding (*procédure de sauvegarde financière accélérée*), judicial reorganisation procedure (*procédure de redressement judiciaire*) or winding-up procedure (*procédure de liquidation judiciaire*) is formally opened by a French court against LCH.Clearnet SA in accordance with French applicable law.

**Letter of Credit:** A letter of credit issued by a Credit Institution in the form of the model issued by LCH.Clearnet SA in an Instruction.

**Mandatory Client Clearing Provisions:** Provisions, as set out in an Instruction, which must be included in any Clearing Agreement.

**Margin:** Any margin, including Initial Margin, Variation Margin, Intraday Margins, Cash Interest and Loan Fee Margin calculated daily by LCH.Clearnet SA and any additional margin for each Clearing Member on the basis of this Clearing Rule Book.

**Margin Account(s):** A House Margin Account and/or a Client Margin Account.

**Market Maker:** A liquidity provider or a market maker, as defined in the appropriate Trading Rules, who has undertaken, and been authorised by the Market Undertaking, to enhance the market liquidity of a particular Financial Instrument in accordance with those rules.

**Market Member:** A Person (other than a Trading Member) that: (i) has been admitted to the membership in a market (other than those operated by a Market Undertaking) and (ii) that has signed an agreement with a Person that has been admitted to LCH.Clearnet SA membership for the clearing of the Transactions traded on markets operated by the relevant market and pursuant to the relevant market rules and (iii) that is defined as such in the appropriate legal documentation issued by LCH.Clearnet SA.

**Market Undertaking:** Any market undertaking duly authorised by its National Regulations or its Competent Authority, to operate Regulated Markets and/or MTFs, for which LCH.Clearnet SA provides Clearing Services.

**Member State:** Any of the Member States of the European Economic Area.

**MiFID:** Directive 2004/39/EC of the European Parliament and of the Council of April 21st, 2004 on markets in financial instruments, as amended.

**Minimum Deposit:** In the framework of a Triparty Repo, a Collateral deposit initially required by LCH.Clearnet SA from Clearing Members, as set out in an Instruction.

**MTS Italy:** MTS S.p.A, a Market Undertaking organised under the laws of Italy and responsible for the management of the Regulated wholesale Market for Italian and foreign government Securities, as per Article 66 of Italian legislative decree No. 58 dated 28th February 1998.

**Multilateral Trading Facility (MTF):** A multilateral trading facility which brings together multiple third-parties buying and selling interests in financial instruments – in the system and in accordance with non-discretionary rules – in a way that results in a contract, in accordance with Article 4 of MIFID.

**National Regulations:** Any and all laws and regulations applicable in the jurisdiction of the Market Undertaking

**National Treasury Agency:** A governmental entity which is tasked with carrying out Government's debt management and handling treasury management.

**Net Fail (“Suspens” “ Niet Vereffende Open Positie”):** Any net Open Position in respect of which a cash payment or delivery of Securities has failed to take place during the last settlement windows of the designated Settlement Date, as defined by the Securities settlement system and/or a central securities depository.

**Net Position Exposure:** In the framework of a Triparty Repo, a net position corresponding to an obligation for a Cash Borrower and/or Cash Lender to pay cash and/or to deliver collateralising securities. This Net Position Exposure is calculated by LCH.Clearnet SA per Clearing Member, per Basket, and per settlement window, as set out in Article 5.2.2.1

**Non Trading Member:** Any Person that:

- (i) has no direct access to trading and uses the services of a third party (i.e. Clearing Member or a Trading Member) to negotiate Transactions in Derivatives or Securities Product Groups ; and
- (ii) has entered into a Clearing Agreement with a Clearing Member for the purpose of clearing such Transactions.

**Notice:** Any document issued as such by LCH.Clearnet SA, as amended from time to time, informing Clearing Members generally, or a particular category of Clearing Members, of specific matters of relevance with respect to the proper functioning of the clearing of Transactions and which is binding upon such Clearing Members. Unless stated otherwise in the Clearing Rule Book, Notices may only cover issues of technical and operational nature, implementing the main principles laid down in the Clearing Rule Book or in an Instruction.

**Omnibus Segregated Account:** A Client Account which is subject to "omnibus client segregation" within the meaning of EMIR.

**Omnibus Segregated Account Structure:** A Client Account Structure which is composed of one or more Omnibus Segregated Account(s).

**Open Position:** A Client Open Position or a House Open Position, as the case may be.

**Option Premium:** Amount per option contract paid by the buying Clearing Member to LCH.Clearnet SA for the right to buy or sell the underlying Financial Instrument.

**Participant:** A legal person admitted, either as a Clearing Member or as an Allied Clearing House, by LCH.Clearnet SA in the framework of the Settlement Finality Directive and of the relevant articles of the French Monetary and Financial Code.

**Payment Agent:** A third party which holds a cash account with a central bank and/or a Credit Institution designated by LCH.Clearnet SA in an Instruction, and which a Clearing Member can use to fulfil some or all of its payment or Margin obligations towards LCH.Clearnet SA.

**Person:** Any individual, legal entity, corporation, partnership, association, fiduciary or entity as the context admits or requires.

**Position:** Obligations of a Clearing Member vis-à-vis its Client resulting from a Transaction, either to deliver Financial Instruments or pay.

**Position Account(s):** A House Position Account and/or a Client Position Account.

**Posting:** The process whereby a Clearing Member registers a Trade Leg or part of it on a Position Account within its Account Structure according to the parameterisation in the Clearing System or the clearing information entered in the trading system. A Posting can be modified until the end of the Clearing Day on which the Transaction has been registered.

**Power of Attorney:** Authority given by a Person to another to allow the latter to act in the name of the former.

**Product Group:** All products of a particular category of Financial Instruments, as specified in an Instruction, and in particular: Securities, Fixed Income Securities, Derivatives, and Baskets

**Regulated Market:** Any organised market for Financial Instruments specified as such in the list published by the European Commission in accordance with Article 4 of MiFID.

**Repo:** A repurchase transaction in respect of on debt Securities cleared in the Fixed Income; Clearing System and whereby the seller agrees to repurchase the securities at an agreed price and at a stated time. A Repo is set up by an Initial Transaction and closed by a Return Transaction.

**Return Transaction:**

In the framework of a Repo, a transaction in respect of registered in the Clearing System whereby:

- the buyer of Securities of the Initial Transaction returns debt securities; and
- the seller of Securities of the Initial Transaction returns a cash amount including, if appropriate, interest.

**Same-day Repo:** A Repo for which the Initial Transaction trade date corresponds to the Initial Transaction intended Settlement Date.

**Security:** Any financial instrument of one of the following categories:

- (i) shares or other equity securities,
- (ii) certificates,
- (iii) depositary receipts in respect of shares;
- (iv) bonds or other debt securities,
- (v) warrants or similar financial instruments entitling the holder to acquire any of the aforesaid securities or any basket of such securities or to receive a cash amount determined by reference to a future price or value of such security or basket,
- (vi) units in collective investment undertakings or participation units in other investment vehicles, and
- (vii) any other instruments which, subject to relevant National Regulations, the Market Undertakings may decide to be eligible for trading on a market for Securities which they operate.

**Settlement Address:** The identification of an account or sub-account in a securities settlement system and/or a central securities depository opened in the name of the Settlement Agent or of the Clearing Member or the identification of an account in a central bank/Credit Institution opened in the name of the Clearing Member or of the Payment Agent, as the case may be.

**Settlement Agent:** A third party which is admitted as a participant of a securities settlement system and/or a central securities depository designated by LCH.Clearnet SA in an Instruction and so holds a Securities account, which a Clearing Member can use to fulfil some or all of its Securities delivery obligations or Margin obligations towards LCH.Clearnet SA.

**Settlement Date:** The date on which delivery against payment takes place, which is:

- (i) for Transactions cleared on the Cash and Derivatives Clearing System, in principle the second Clearing Day following the Transaction day, unless otherwise set out in an Instruction
- (ii) for Transactions cleared on the Fixed Income Clearing System, the applicable date as agreed at the time of the Transaction as set out in an Instruction.

**Settlement Finality Directive:** Directive 98/26/EC of the European Parliament and of the Council of May 19, 1998, on settlement finality in payment and securities settlement systems.

**Settlement Price:** A benchmark price, used daily for the calculation of Variation Margin and for the valuation of Open Positions. In case the relevant Financial Instrument is traded on markets operated by several Market Undertakings, as a principle, the relevant price will be the one of the relevant Regulated Market, as defined in a Notice and the method of calculation of the Settlement Price is set out in the relevant Trading Rules.

For Trading & Matching Platforms specificities, the method of calculation of the Settlement Price is set out in a Notice.

**Systems and Operations:** All parts and components of the technical system of the Clearing Member, including hardware and software that is operated and maintained by or on behalf of a Clearing Member to clear Transactions together with the procedures that are in place to operate such system, including risk management provisions.

**TARGET2 Account:** An account held by a TARGET2 participant in TARGET2 payment module with a Eurosystem Central Bank which is necessary for such TARGET2 participant to: (a) submit payment

orders or receive payments via TARGET2; and (b) settle such payments with such Eurosystem Central Bank.

**TARGET Settlement Day:** means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System is open for the settlement of payments in Euro.

**Termination Amount:** For the purpose of Title I Chapter 4, the single, net positive or negative amount, denominated in Euro and determined pursuant to and in accordance with Article 1.4.1.9.

**Termination Date:** For the purpose of Title I Chapter 4, the date determined in accordance with the provisions of Article 1.4.1.2 or Article 1.4.1.3, as applicable, , upon which the Trade Legs or Open Positions in a Clearing Member's Account Structure, will be terminated and liquidated in accordance with Article 1.4.1.1 to 1.4.1.13.

**Trade Leg(s):** A House Trade Leg and/or a Client Trade Leg.

**Trade Repository:** A trade repository duly registered in accordance with EMIR, as appointed by LCH.Clearnet SA in a Notice, or if such trade repository is unavailable, the European Securities and Markets Authority.

**Trading Day:** Any day on which the relevant markets are open for trading.

**Trading Member:** Any Person which:

- (i) negotiates Transactions in Derivatives and/or Securities Product Groups directly on a Regulated Market and/or MTF in one or both capacity of broker/dealer; and
- (ii) has entered into a Clearing Agreement with a General Clearing Member for the purpose of clearing such Transactions.

**Trading Rules:** The rules set forth by the relevant Market Undertaking.

**Trading & Matching Platform:** Any platform, designated as such by a Notice, providing a service for the execution or matching of Transactions which are concluded neither on a Regulated Market nor on a MTF and which may be cleared by LCH.Clearnet SA.

**Transaction(s):** Any purchase, sale or exchange of Financial Instruments, carried out on a market operated by a Market Undertaking, including a repurchase agreement or a Securities loan or a buy and sell back, and the terms "buyer" and "seller" used in this Clearing Rule Book shall be construed accordingly.

**Transfer of Open Positions:** The process available for Clearing Members on Derivatives Markets by which a Clearing Member transfers:

- either the Open Positions registered in one of its Position Accounts, to another Position Account within its own Account Structure,
- or the Open Positions registered in one or several Position Accounts to the Account Structure of another Clearing Member.

**Triparty Repo:** Repo Transaction secured by collateralising securities belonging to pre-defined Baskets, and governed by the provisions of Title V. The eligibility criteria for clearing of Triparty Repos are set out in a Notice.

**Triparty Repo Interest Margin:** In the framework of a Triparty Repo, this Margin is calculated and called daily from the novation date by LCH.Clearnet SA to cover the cash interest until the maturity date of the Triparty Repo, including forward positions.

**Variation Margin:** The amount calculated by LCH.Clearnet SA, as specified in an Instruction, to cover the negotiation risk and which is based on the daily revaluation of the Settlement Price of Clearing Member's Open Positions on futures contracts.

## **CHAPTER 2 - GENERAL PROVISIONS**

### **Section 1.2.1 General**

#### **Article 1.2.1.1**

This Clearing Rule Book sets out the principles and general conditions governing the organisation and operation of the clearing activities of LCH.Clearnet SA.

#### **Article 1.2.1.2**

General or specific decisions, which are provided by the Clearing Rule Book, to fall within the authority of LCH.Clearnet SA shall be adopted in accordance with the conditions established by the board of directors of LCH.Clearnet SA.

#### **Article 1.2.1.3**

Any general or specific decisions which LCH.Clearnet SA is required or permitted to take pursuant to the provisions of the Clearing Rules shall be taken in accordance with general principles of good faith and fair dealing, in a commercially reasonable manner, in accordance with high standards of integrity, and at an appropriate level of seniority.

### **Section 1.2.2 Interpretation and References**

#### **Article 1.2.2.1**

References to any law, regulation or European directive or regulation shall be construed as those in force from time to time.

#### **Article 1.2.2.2**

Chapter or Section headings in this Clearing Rule Book or in the Instructions are for ease of reference only; they are not part of the content of the relevant Chapter or Section and may not in any way affect the interpretation thereof.

#### **Article 1.2.2.3**

Capitalised terms used in this Clearing Rule Book shall be construed to be of such number as the context admits or requires.

#### **Article 1.2.2.4**

Capitalised terms used in this Clearing Rule Book and not defined in Instructions or in other communications of LCH.Clearnet SA shall have the meaning as set forth in this Clearing Rule Book.

#### **Article 1.2.2.5**

The specific provisions dedicated to a market apply in addition to, and not in lieu of, the general provisions.

#### **Article 1.2.2.6**

In case of any inconsistency between the specific provisions dedicated to a market and general provisions, the specific provisions will prevail.

#### **Article 1.2.2.7**

The Clearing Rule Book shall be implemented and interpreted through Instructions and by Notices, issued by LCH.Clearnet SA and published in accordance with Section 1.2.4. Instructions and Notices shall not be used to amend the principles and general conditions set out in the Clearing Rule Book.

### **Section 1.2.3 Clearing Rules Modifications**

#### **Article 1.2.3.1**

The Clearing Rule Book may be modified from time to time by decision adopted by LCH.Clearnet SA. Clearing Members will be informed with reasonable prior notice of each change in writing or by such other means as may be specified by LCH.Clearnet SA.

Prior to implementing any material changes, LCH.Clearnet SA shall consult with all affected Clearing Members, following the consultation process set-out in an Instruction.

#### **Article 1.2.3.2**

If any modification of the Clearing Rules, other than a modification required by European Union or national law, materially adversely affects the rights or obligations of the Clearing Members generally or of any category of Clearing Members, then any Clearing Member so affected may terminate its membership by notification in writing given to LCH.Clearnet SA within 10 Clearing Days from the date of publication of the relevant modification.

### **Section 1.2.4 Publication and Effectiveness**

#### **Article 1.2.4.1**

LCH.Clearnet SA shall ensure publication of the Clearing Rule Book, Instructions, Notices and other decisions of general application to its Clearing Members or to the relevant category of Clearing Members through dissemination via posting on its website, or individual notification as appropriate.

#### **Article 1.2.4.2**

Except cases of emergency, such provisions shall become effective and binding on all Clearing Members upon the Clearing Day following the day of publication or at a later date as specified in such publication.

### **Section 1.2.5 Fees**

#### **Article 1.2.5.1**

Clearing Members shall pay to LCH.Clearnet SA Admission Fees, Clearing Fees and any other fees pursuant to the fee grid available on LCH.Clearnet SA web site and as modified from time to time.

### **Section 1.2.6 Currency**

#### **Article 1.2.6.1**

If a specific currency is replaced by another currency, such as the euro for example, in pursuance of the amendment of existing legislation or the coming into effect of new legislation, the clearing of all the financial obligations of Clearing Members arising under this Clearing Rule Book and which are denominated in the currency that is replaced shall take place in the substitute currency as from the effective date of such replacement.

#### **Article 1.2.6.2**

If substitution of a specific currency involves a period of transition, clearing by Clearing Members during this period of transition will take place in the currency as specified by LCH.Clearnet SA by Notice.

#### **Article 1.2.6.3**

If necessary, LCH.Clearnet SA shall establish the conversion rate of the substitute currency and the currency due to be replaced as well as the applicable rounding rules, subject to the applicable laws and regulations.

#### **Article 1.2.6.4**

LCH.Clearnet SA shall determine in a Notice the currency of the Financial Instruments which are cleared in another currency than Euro.

### **Section 1.2.7 Time Reference**

#### **Article 1.2.7.1**

Where reference is made in the Clearing Rules to a time or deadline, it shall be understood to mean the Central European Time (CET).



## **CHAPTER 3- LEGAL FRAMEWORK**

### **Section 1.3.1 Status and Activity of LCH.Clearnet SA**

#### **A. Status**

##### **A.1.A Clearing House**

###### **Article 1.3.1.1**

LCH.Clearnet SA is a clearing house within the meaning of Article L.440-1 of the French Monetary and Financial Code and acts as a central counterparty, between the Clearing Member of the buyer or the borrower and the Clearing Member of the seller or of the lender in the conditions described in the Clearing Rules.

In this framework, LCH.Clearnet SA acts in accordance with applicable banking and financial regulations.

LCH.Clearnet SA is under the supervision of the Competent Authorities within the scope of their respective remit as granted by their national law.

LCH.Clearnet SA provides its services in accordance with recommendations from the ESCB (European System of Central Banks) and ESMA (the European Securities and Markets Authority) for central counterparties in the European Union and follows the best practices in Clearing Services.

###### **Article 1.3.1.2**

When a participant of an Allied Clearing House, or one of its clients, enters into a Transaction with a Clearing Member of LCH.Clearnet SA, or with one of its Clients:

- LCH.Clearnet SA acts as a central counterparty between its Clearing Member, pursuant to Chapter 3 of Title I on the one hand, and its Allied Clearing House, on the other hand, under the conditions defined by the Clearing Rules. The Open Positions of the Allied Clearing House in the books of LCH.Clearnet SA correspond to the Transactions carried out by its own participants, and;
- The Allied Clearing House acts as a central counterparty between its own participants and LCH.Clearnet SA, under the conditions defined by the Allied Clearing House's rules.

##### **A.2.A Securities Settlement System**

###### **Article 1.3.1.4**

LCH.Clearnet SA has been notified to the European Commission as a system pursuant to the Settlement Finality Directive. Thus, as described in a Notice, any person with a legitimate interest can obtain information on LCH.Clearnet SA and its rules from its participants, upon request.

#### **B. Scope of Activity**

###### **Article 1.3.1.5**

In accordance with this Clearing Rule Book, and for Transactions eligible to novation pursuant to Article 1.3.1.6 below, LCH.Clearnet SA registers Transactions, calculates Open Positions of its Clearing Members, and the associated risk, calls Margin to cover this risk, guarantees the proper settlement of positions as central counterparty, manages the default procedures, transmits settlement instructions to the settlement provider and performs all other functions specified by the Clearing Rules.

###### **Article 1.3.1.6**

Transactions executed on any Regulated Market or MTF, or executed or matched on any Trading & Matching Platform, may give rise to novation by LCH.Clearnet SA provided that the Financial Instruments-in question comply with the following criteria:

- LCH.Clearnet SA has entered into an agreement, for the provision of Clearing Services in respect of the relevant Financial Instruments, with the Market Undertaking operating the Regulated Market, or the MTF or the operator of the Trading and Matching Platform on which the Financial Instruments are negotiated;

- The Financial Instruments are admitted for clearing under the terms of the relevant risk policy of LCH.Clearnet SA;
- Unless otherwise agreed by LCH.Clearnet SA, accommodating such Financial Instruments in the Clearing System does not involve additional substantial development costs;
- When the Financial Instruments are Securities or their underlying is a Security, such Securities are admitted for settlement by at least one of the CSDs or ICSDs with which LCH.Clearnet SA has entered into an agreement;
- Corporate events are capable of being managed by LCH.Clearnet SA.

In addition to the above listed criteria the Regulated Market, the MTF or the Trading and Matching Platform may allow their members to opt for LCH.Clearnet SA novation or to exclude their Transactions from the Clearing Services.

The eligible novation criteria listed above also apply to rights attached to a Financial Instrument and deriving from corporate events in respect of such Financial Instruments.

#### **Article 1.3.1.7**

Where so specified in a Notice, LCH.Clearnet SA can also clear off-exchange Transactions that are not executed on a Trading & Matching Platform.

#### **Article 1.3.1.8**

Any Transaction that does not comply with all the criteria mentioned in Article 1.3.1.6 is excluded from novation by LCH.Clearnet SA and therefore excluded from the scope of the Clearing Services globally described under Article 1.3.1.5 of the Clearing Rule Book.

A Notice details the Financial Instruments or Transactions concerned per trading venue. Any such decision will come into effect at least one Clearing Day after communication thereof by LCH.Clearnet SA to the relevant Market Undertaking or operator and Clearing Members via a Notice .

#### **Article 1.3.1.9**

Without prejudice to Article 1.3.1.8 above, LCH.Clearnet SA may accept to register Transactions in Securities which do not comply with the criteria listed in Article 1.3.1.6 as long as they are admitted for settlement by at least one of the CSDs or ICSDs with which LCH.Clearnet SA has entered into an agreement. In such case, such Transactions do not give rise to novation and LCH.Clearnet SA may either send the relevant information for settlement to the relevant CSD or ICSD or make available to Clearing Members the relevant information in respect of such settlement.

#### **Article 1.3.1.10**

Notwithstanding Article 1.3.1.8, as a consequence of irrevocability, in the event that the risk policy is amended, any Transaction novated pursuant to Article 1.3.2.1 prior to the entry into force of the amended risk policy will remain within the scope of the Clearing Services provided by LCH.Clearnet SA until its expiry date.

### **Section 1.3.2 General Clearing Principles**

#### **A. General**

##### **A.1. Novation and Irrevocability**

#### **Article 1.3.2.1**

All Transactions complying with the criteria mentioned in Article 1.3.1.6 that are submitted to LCH.Clearnet SA, within the clearing hours as set out in a Notice are registered in the name of the Clearing Member. Upon registration, novation occurs. As a result of novation, LCH.Clearnet SA

becomes counterparty to the Clearing Member and becomes therefore subject to the rights and subject to the obligations arising from the Transaction registered in the name of such Clearing Member.

#### **Article 1.3.2.2**

Any Transaction<sub>7</sub> received by LCH.Clearnet SA<sub>7</sub> from a Clearing Member, pursuant to Article 1.3.2.1 is deemed irrevocable in the sense of Article L 330 1 § III of the Financial and Monetary Code as soon as it is registered in the Clearing System in accordance with Article 3.1.1.1 and within the clearing hours as set-out in a Notice, without prejudice to the exception foreseen in Article 3.3.1.3.

#### **Article 1.3.2.3**

Submission by Clearing Members of Transactions complying with the criteria mentioned in Article 1.3.1.6 signifies the acceptance by such Clearing Members of the novation.

#### **Article 1.3.2.4**

Novation takes place on a gross basis with respect to the original Transactions.

### **A.2. Scope of LCH.Clearnet SA's Obligations**

#### **Article 1.3.2.5**

In accordance with Article 3 of the Settlement Finality Directive, upon registration in the Clearing System, Trade Legs and netting shall be legally enforceable and shall be binding on third parties.

Upon registration and as a consequence of Article 3.1.1.1, LCH.Clearnet SA undertakes to fulfil its obligations to deliver or to pay each Clearing Member on the basis of Open Positions or Net Position Exposures, as applicable, registered in its name, per Financial Instrument or per Basket.

The fulfilment of such obligations is conditional upon the timely performance by such Clearing Member of its own obligations.

#### **Article 1.3.2.6**

Upon novation, the obligations that LCH.Clearnet SA undertakes to perform as counterparty to the relevant Clearing Members with respect to Transactions and as detailed in the relevant provisions of the Clearing Rules, cover:

- For Transactions in Securities: the payment of cash and the delivery of the Securities.
- For Transactions in option contracts:
  - payment of Option Premium pursuant to Transactions and of cash amounts resulting from exercise and assignment,
  - payment of cash and delivery pursuant to the settlement of positions in the underlying Financial Instruments or assets resulting from exercise and assignments.
- For Transactions in futures contracts (excluding commodities): payment of Variation Margin and, in the case of deliverable financial futures, delivery of Financial Instruments versus payment.
- For Transactions in commodities futures contracts :
  - payment of Variation Margin;
  - payment of the amount due to the selling Clearing Member; and
  - delivery of commodities to the buying Clearing Member.
- For Repos: For both Initial Transactions and Return Transactions, payment of cash and delivery of the debt Securities. For Return Transactions payment of cash includes applicable interest.
- For Triparty Repos:
  - to the Cash Lender, payment of the total interest amount corresponding (a) to the cash amount traded pursuant to the terms of the initially traded contract, irrespective of the

- cash amount effectively settled in the case of a securities allocation fail, and (b) to the cash amount effectively settled in the case of a cash settlement fail;
- to the Cash Borrower, receipt of a cash amount equivalent to the collateralising securities effectively settled;
- to the Cash Borrower and Lender, return of the amount of cash or collateralising securities effectively paid or settled.

The circumstances in which LCH.Clearnet SA performs its delivery obligation, including delivery at a later time than the time originally specified, are set out in the applicable Instructions.

#### **Article 1.3.2.7**

For Open Positions settled through payment of a price difference, the LCH.Clearnet SA obligations as described in Article 1.3.2.6 apply to such difference.

#### **Article 1.3.2.8**

For commodities future contracts, the performance of the obligations described in Article 1.3.2.6 will take the form of a cash compensation to be calculated and applied in accordance with an Instruction.

If the Clearing Members opt for the alternative delivery procedure, as described in Article 3.4.1.11, LCH.Clearnet SA is discharged from performing its obligations as described in Article 1.3.2.6.

#### **Article 1.3.2.9**

If LCH.Clearnet SA is unable to deliver a given Financial Instrument, as a result of the market conditions, LCH.Clearnet SA will notify the relevant Clearing Member accordingly. In such case, LCH.Clearnet SA will pay a cash amount in lieu of delivery of the Financial Instrument or the assets involved. The amount will be calculated on the basis of the market price of the Financial Instrument according to a formula and a method of calculation to be specified in an Instruction.

For the avoidance of doubt, this article shall not apply to Triparty Repos.

#### **Article 1.3.2.10**

Unless otherwise stated in the Clearing Rule book, the netting of Clearing Members' obligations with those of LCH.Clearnet SA is not permitted.

### **A.3. General Clearing Process**

#### **Article 1.3.2.11**

Unless otherwise specified in the Clearing Rule Book, at the end of the Clearing Day or at such other time as may be published in a Notice, LCH.Clearnet SA aggregates Transactions with respect to payment of cash or delivery of Securities, into Open Positions.

#### **Article 1.3.2.12**

Unless otherwise specified in the Clearing Rule Book, LCH.Clearnet SA sends the requisite delivery and payment instructions once calculated in accordance with Article 1.3.2.11 and per Financial Instrument, to the relevant central Securities depository or Securities settlement system.

The rules of the relevant central Securities depository or Securities settlement system apply with respect to transmission of such delivery and payment instructions to the central Securities depository or Securities settlement system.

In the event of settlement failure, the unsettled position is managed in accordance with the provisions on Net Fails in Chapter 4 of Title III of this Clearing Rule Book

A Notice will give details of the timeframe in which such delivery and payment instructions are sent to each central Securities depository or Securities settlement system. LCH.Clearnet SA is discharged of its obligations towards Clearing Members once payment and settlement have occurred.

The payment of funds and delivery of Securities are linked so as to occur on a simultaneous basis.

## **B. Provisions Related to Financial Products Traded on Markets Operated by Euronext Brussels**

### **Article 1.3.2.13**

The Belgian Common Civil Law Provisions are applicable for determining the moment of the transfer of ownership of Financial Instruments bought, sold or exchanged pursuant to as Transaction.

## **Section 1.3.3 Liability and Force Majeure**

### **A. Liability of Clearing Members**

#### **Article 1.3.3.1**

A Clearing Member shall be liable for any damages suffered by LCH.Clearnet SA as a direct consequence of the Clearing Member's default resulting in LCH.Clearnet SA having to satisfy its obligation under Article 1.3.2.6 and as provided for in the Clearing Rules, without any notice of default by LCH.Clearnet SA being required.

Such damages may include without limitation any one or more of the following: interest, exchange rate differences, purchase price.

#### **Article 1.3.3.2**

A Clearing Member will not be held liable for any detrimental consequences of abnormal or fraudulent use of the Clearing System or for any detrimental consequences of acts or omissions of third parties.

#### **Article 1.3.3.3**

The Clearing Member shall take all reasonable care in the selection and monitoring of any Person that is to act on its behalf.

### **B. Liability of LCH.Clearnet SA**

#### **Article 1.3.3.4**

LCH.Clearnet SA ensures the delivery of Securities or the payment of cash, in accordance with the Clearing Rule Book following the registration of Transactions provided in Article 1.3.2.2 and the clearing of obligations deriving thereto as provided in Article 1.3.2.6, save in the event of a force majeure or third party action.

#### **Article 1.3.3.5**

The buying Clearing Member can make no claim for compensation in respect of late delivery of Securities other than as provided for in the Clearing Rules or where such late delivery results from a failure on the part of LCH.Clearnet SA itself.

The buying Clearing Member's Open Positions are no longer admitted for clearing once it has taken delivery of the relevant Securities from either LCH.Clearnet SA or the selling Clearing Member.

#### **Article 1.3.3.6**

For obligations other than the obligation to deliver Securities or pay cash amounts as referred to in Article 1.3.3.4 above, LCH.Clearnet SA is only accountable for obligations of means ("*obligation de moyens*").

In particular, LCH.Clearnet SA may under no circumstances be held liable for the above mentioned damages, unless such damages are direct result of gross negligence or a deliberate act or omission on the part of LCH.Clearnet SA.

#### **Article 1.3.3.7**

LCH.Clearnet SA may under no circumstances be held liable for direct or consequential loss suffered by any Clearing Member including without limitation loss of business, profits or revenues believed by the

Clearing Member to be the consequence of a total or partial failure by LCH.Clearnet SA to perform, its obligations in accordance with the Clearing Rules or the Admission Agreement.

#### **Article 1.3.3.8**

If a Clearing Member does not comply with its obligations, as provided for in the Clearing Rule Book or in the Admission Agreement or in case of suspension of payments, scheme of arrangement, safeguard, or receivership of the Clearing Member, or any other equivalent amicable or legal procedure commenced pursuant to the law of jurisdictions other than France, LCH.Clearnet SA may cease to perform all its obligations with respect to the Clearing Member in question, notwithstanding implementation of the measures provided in Chapter 5 of Title IV of the Clearing Rule Book. In particular, following an Event of Default, LCH.Clearnet SA will act promptly in the manner LCH.Clearnet SA deems most appropriate to contain its exposure and mitigate consequences for market participants.

In such events, LCH.Clearnet SA may not be held liable for any detrimental consequence save in the case of gross negligence or deliberate act or omission. In particular, following an Event of Default, implementation of measures provided in Chapter 5 of Title IV cannot result in any liability for LCH.Clearnet SA (a) in respect of the failing Clearing Member, including in connection with (i) process and conditions for liquidating Trade legs or Open Positions or (ii) the selling or liquidation of Margins or any other Collateral and (b) in respect of the Defaulting Clearing Member and non-defaulting Clearing Members regarding the triggering of any call on the Default Fund.

#### **Article 1.3.3.9**

Furthermore, LCH.Clearnet SA may not be held liable for any breach by a Clearing Member of its obligations, to segregate client and house assets, notably in securities settlement systems or central securities depositories in accordance with applicable law and regulations. LCH.Clearnet SA only sends delivery and payment instructions to the account indicated by the Clearing Member irrespective of such account beneficiary.

#### **Article 1.3.3.10**

LCH.Clearnet SA may not be held liable for any detrimental consequences of abnormal or fraudulent use of the Clearing System or for any detrimental consequences of acts or omissions of third parties.

#### **Article 1.3.3.11**

LCH.Clearnet SA shall take reasonable care in the selection and monitoring of any third party which may act on its behalf.

### **C. Force Majeure**

#### **Article 1.3.3.12**

Force majeure is to be constructed in accordance with French law, meaning extraordinary events independent of the Parties' will, which cannot be foreseen or avoided even with due diligence, being beyond their control and preventing them from fulfilling their obligations pursuant to the Clearing Rules or the Admission Agreement.

Such events include inter alia, disasters, such as hurricane, earthquake, international conflicts, stroke of lightning and war.

If circumstances as referred to in the previous paragraph arise or are, likely to arise, LCH.Clearnet SA or Clearing Members, as the case may be, will take such measures as may be reasonably expected of them in order to limit as much as possible the detrimental consequences for the other party resulting from such circumstances.

### **Section 1.3.4 Confidentiality**

#### **Article 1.3.4.1**

LCH.Clearnet SA may in accordance with applicable statutory provisions provide any information it may have to Competent Authorities.

Where a Clearing Member is also a member of a Regulated Market, MTF, or clearing house with whom LCH.Clearnet SA has entered into an agreement to clear Transactions, or to grant mutual access, such as an Allied Clearing House, LCH.Clearnet SA may likewise, and under the same conditions, pass any such information to such Regulated Market, MTF or Allied Clearing House.

**Article 1.3.4.2**

Upon request, LCH.Clearnet SA may provide Competent Authorities or National Treasury Agencies with information related to Net Fails in respect of Clearing Members. Any such disclosure to the National Treasury Agencies may only take place if the National Treasury Agencies are able to justify that a valid authorisation has been given by the relevant Clearing Members to LCH.Clearnet SA.

**Article 1.3.4.3**

Without prejudice to any monitoring and auditing powers granted by law to other bodies, LCH.Clearnet SA has an obligation in accordance with applicable statutory or regulatory provisions, to prevent or limit any fraudulent, illicit or irregular acts.

**Article 1.3.4.4**

Notwithstanding any other provision to the contrary, LCH.Clearnet SA shall be authorised to supply any information whatsoever concerning a Clearing Member or its Clients or a Trading Member or Associated Trading Member and its or their trading activity to LCH.Clearnet Group Limited, LCH.Clearnet Ltd, LCH.Clearnet LLC or any other sub-contracting entity belonging to the same Financial Group.

**Section 1.3.5 Applicable Law**

**Article 1.3.5.1**

The Clearing Rules shall be governed by and construed in accordance with the laws of France unless explicitly stated otherwise.

**Section 1.3.6 Disputes**

**Article 1.3.6.1**

Any dispute between LCH.Clearnet SA and a Clearing Member that may arise under the Clearing Rules shall be finally settled through the French courts or arbitration centre referred to in the Admission Agreement, subject to the complaints resolution procedure as set out in an Instruction.

**Article 1.3.6.2**

A Clearing Member shall, in accordance with Article 1.3.3.4 *et seq.*, notify LCH.Clearnet SA of any claim within twelve (12) months from the Clearing Day on which the Clearing Member becomes aware, or should have become aware of the occurrence of any event that may result in loss or damages.

## CHAPTER 4 – LCH.CLEARNET SA DEFAULT

### Article 1.4.1.1

An LCH.Clearnet SA default shall occur if at any time:

- (i) except where such failure to pay is permitted or where LCH.Clearnet SA is acting in accordance with Title IV Chapter 5, LCH.Clearnet SA fails to make a payment due by LCH.Clearnet SA to a Clearing Member (other than to a Defaulting Clearing Member) under any novated Transaction, and such failure has not been cured within 30 days from the date when the obligation to pay falls due; or
- (ii) LCH.Clearnet SA becomes subject to LCH Insolvency Proceedings duly notified by the French prudential control authority (*Autorité de contrôle prudentiel*) pursuant to article R.613-18 of the Financial and Monetary Code.

### Article 1.4.1.2

In the event of an LCH.Clearnet SA default occurring pursuant to Article 1.4.1.1 (i) the relevant Clearing Member may notify LCH.Clearnet SA in writing specifying a Termination Date, which shall be the TARGET Settlement Day following the occurrence of such an LCH Clearnet SA default, for the termination and liquidation of all Trade Legs and/or Open Positions, as relevant, registered in its Account Structure.

### Article 1.4.1.3

In the event of an LCH.Clearnet SA default pursuant to Article 1.4.1.1 (ii), LCH.Clearnet SA will make available a notice on its Website specifying the Termination Date, which shall be the TARGET Settlement Day following the occurrence of such an LCH Clearnet SA default. Upon the occurrence of a Termination Date, a Clearing Member other than a Defaulting Clearing Member may exercise the right given to it under Article 1.4.1.4.*et seq.*

Where LCH.Clearnet SA fails to make available such notice on its Website:

- (i) by 19:00 on the Clearing Day following the Clearing Day on which LCH.Clearnet SA becomes subject to LCH Insolvency Proceedings pursuant to Article 1.4.1.1 (ii); or
- (ii) where LCH.Clearnet SA becomes subject to an LCH Insolvency Proceeding pursuant to Article 1.4.1.1 (ii) after 19:00 on a Clearing Day or on a day which is not a Clearing Day, by 19:00 on the second Clearing Day following that day,

then each individual Clearing Member shall be entitled, by notice in writing to LCH.Clearnet SA, to designate a Termination Date.

### Article 1.4.1.4

As from the Termination Date, neither LCH.Clearnet SA nor any Clearing Member (other than a Defaulting Clearing Member) having exercised its rights pursuant to Articles 1.4.1.2 or 1.4.1.3 shall be obliged to make any further payment or delivery under any Trade Leg or Open Position, as the case may be, between them which would, but for this Title I Chapter 4, have fallen due for performance on or after the Termination Date.

Such obligations shall be satisfied by settlement (whether by payment, set-off or otherwise) of the Termination Amount.

### Article 1.4.1.5

Following an LCH.Clearnet SA default pursuant to the conditions of Article 1.4.1.1, the Clearing Member other than a Defaulting Clearing Member, having exercised its rights pursuant to Article 1.4.1.2 or 1.4.1.3, determines on the Termination Date or as soon as possible after such date (discounting if appropriate):

- (i) its total loss or total gain, as the case may be, in respect of each Trade Leg or Open Position, as relevant, (in each case expressed in Euro); and
- (ii) the value of all other amounts which it owes to LCH.Clearnet SA and which LCH.Clearnet SA owes to it, in each case whether future, liquidated or unliquidated, actual or contingent.



Pursuant to Article 1.4.1.9 below, such calculation shall be undertaken separately in respect of the Trade Legs, or Open Positions as applicable, and all other amounts owed in relation to Trade Legs, or Open Positions registered in (i) the House Account Structure or (ii) an Individual Segregated Account Structure or (iii) an Omnibus Segregated Account Structure of the Clearing Member.

#### **Article 1.4.1.6**

For the purposes of Article 1.4.1.5 (i), the Clearing Member calculates (in a commercially reasonable manner) its total loss or its total gain, as the case may be, in respect of each Trade Leg or Open Position, as relevant, as a result of the termination of each payment or delivery which would otherwise have been required to be made under the relevant Trade Leg or Open Position, as relevant and including, if appropriate, any loss of bargain, any cost of funding, and/or without duplication, any loss or, as the case may be, gain as a result of the termination, liquidation, obtaining, performing or re-establishing of any hedge or related trading position.

#### **Article 1.4.1.7**

For the purpose of the calculation to be made pursuant to Article 1.4.1.5 (ii), the Clearing Member will determine the value of all Collateral that, as of the Termination Date, LCH.Clearnet SA is due to return to it in accordance with the Clearing Rules without applying any haircuts to such valuation. In making such determination, the Clearing Member will not separately value and will not take into account, as an amount due to it, any Collateral:

- (i) in respect of which the value has been accounted for in determining of any profit or loss on any Trade Leg or Open Position, as-applicable;
- (ii) which the Clearing Member has transferred to LCH.Clearnet SA other than on a full title transfer basis and which the Clearing Member will receive back in accordance with the Clearing Rules; or
- (iii) which, if the Clearing Member is a Defaulting Clearing Member, has been deposited by a Defaulting Clearing Member to meet (a) its Margin requirement (other than Variation Margin) calculated in respect of its House Margin Account(s) or as a contribution to the Default Fund(s) and which LCH.Clearnet SA has applied or will be required to apply in order to reduce its loss in accordance with Article 4.5.2.7 or (b) its Margin requirement (other than Variation Margin) calculated in respect of its Client Margin Account(s) which will be transferred to a new Clearing Member as provided in an Instruction, or, in case of liquidation, returned to the Client or Indirect Client, when applicable, as provided in an Instruction.

#### **Article 1.4.1.8**

Pursuant to the determination made under Article 1.4.1.5:

- (i) each gain by the Clearing Member and each amount which LCH.Clearnet SA owes to it, shall be treated as a positive amount; and
- (ii) each loss suffered by the Clearing Member and amounts which it owes to LCH.Clearnet SA shall be treated as a negative amount.

#### **Article 1.4.1.9**

The Clearing Member shall :

- (i) aggregate all positive and negative amounts-related to House Trade Legs or House Open Positions to produce one net termination amount (the "**House Termination Amount**"), and
- (ii) aggregate: (a) all positive and negative amounts related to Client Trade Legs or Client Open Position registered in an Individual Segregated Account Structure to produce one net termination amount for such Individual Segregated Account Structure; and (b) all positive and negative amounts related to Client Trade Legs or Client Open Positions registered in an Omnibus Segregated Account Structure to produce one net termination amount for such Omnibus Segregated Account Structure (each a "**Client Termination Amount**").

To the extent a Clearing Member is also a member of the CDSClear service(s) provided by LCH.Clearnet SA, such Clearing Member shall aggregate the House Termination Amount and the house termination amount calculated in respect of a house account structure held in connection with such CDSClear service(s) where LCH.Clearnet SA is subject to a default in accordance with the Clearing Rules and the rules applicable to CDSClear, in order to produce one net termination amount

owed in relation to the Clearing Service and such CDSClear service(s) provided by LCH.Clearnet SA (the “**Global House Termination Amount**”).

The Clearing Member shall notify LCH.Clearnet SA of the House Termination Amount and the Client Termination Amount(s), by which party each such amount is payable, and showing in reasonable detail how they have been calculated, immediately after the calculation thereof. The Global House Termination Amount shall be notified in accordance with the clearing rules governing the service(s) provided by LCH.Clearnet SA in respect of CDSClear.

If any of the House Termination Amount or Global House Termination Amount if applicable, or the Client Termination Amount(s) calculated pursuant to this Chapter 4 is a positive amount, LCH.Clearnet SA shall pay it to the Clearing Member and, if any of the House Termination Amount or Global House Termination Amount if applicable, or the Client Termination Amount(s) is a negative amount, the Clearing Member shall pay it to LCH.Clearnet SA, in accordance with Article 1.4.1.10 below.

**Article 1.4.1.10**

The House Termination Amount (to the extent not aggregated into the Global House Termination Amount) or Client Termination Amount(s) in respect of each Clearing Member shall be paid by either LCH.Clearnet SA or the Clearing Member, as the case may be, in Euro by 17:00 on the Clearing Day following notification pursuant to Article 1.4.1.9 above (converted as required by Applicable Law into any other currency, any costs of such conversion to be borne by, and (if applicable) deducted from any payment to, LCH.Clearnet SA). Neither LCH.Clearnet SA nor a Clearing Member, as the case may be, shall be permitted to effect payment netting between the House Termination Amount or Global House Termination Amount if applicable, on the one hand and the Client Termination Amounts on the other hand.

The Global House Termination Amount shall be paid in accordance with the clearing rules governing the service(s) provided by LCH.Clearnet SA in respect of CDSClear.

**Article 1.4.1.11**

For the purposes of any calculation required to be made under this Chapter 4, the Clearing Member may convert amounts denominated in any other currency into Euro at such rate prevailing at the time of the calculation as it shall reasonably select.

**Article 1.4.1.12**

The Clearing Member's rights under this Chapter 4 shall be in addition to, and not in limitation or exclusion of, any other rights which the Clearing Member may have.

**Article 1.4.1.13**

This Chapter 4 shall be without prejudice to the rights that LCH.Clearnet SA may have pursuant to the Clearing Rules against any Clearing Member prior to the occurrence of the LCH.Clearnet SA default.

## CHAPTER 5 – WINDING DOWN

### Article 1.5.1.1

LCH.Clearnet SA shall be entitled to cease all its activities with immediate effect, following the occurrence of:

- a closing down of all of its Clearing Services, following one or several Event(s) of Default,
- a decision by the Autorité de Contrôle et de Résolution or a court decision which forces LCH.Clearnet to cease its activities (in this latter case, LCH.Clearnet SA may apply close out all its clearing services pursuant to the service closure process applicable to each service and as describe in an Instruction).

## **TITLE II – MEMBERSHIP**

#### **Article 2.0.0.1**

Clearing Members shall at all time comply with the requirements set out in this Chapter and any additional conditions and limitations imposed upon admission and with any provision of the Clearing Rules.

#### **Article 2.0.0.2**

The provisions of this Title which are applicable to the Clearing Members' clearing Transactions carried out either on a Regulated Market or on a MTF may be extended by LCH.Clearnet SA to the Clearing Members' clearing Transactions in Financial Instruments executed on a market which has neither the status of a Regulated Market, nor an MTF, if all Financial Instruments that may be traded on such market are traded elsewhere on a Regulated Market.

### **CHAPTER 1- GENERAL PROVISIONS**

#### **Section 2.1.1 Participants**

##### **Article 2.1.1.1**

As a securities settlement system within the meaning of the Settlement Finality Directive, LCH.Clearnet SA has only direct participants which are its Clearing Members and its Allied Clearing Houses. It does not have indirect participants.

#### **A. Clearing Members**

##### **Article 2.1.1.2**

The following entities are eligible to become a Clearing Member, pursuant to Article L 440-2 of the French Monetary and Financial Code:

1. Credit Institutions, which have their head office in a European Community (EC) Member State or in another State party to the agreement on the European economic area (EEA).
2. Investment firms, having their head office in a European Community (EC) Member State or in another State party to the agreement on the European economic area (EEA).
3. Legal persons whose members or shareholders have unlimited joint and several liability for their debts and obligations, provided that such members or shareholders are institutions or firms mentioned under 1 and/or 2 above,
4. Legal persons having their head office in metropolitan France or in French overseas departments and whose principal or sole object is the clearing of Financial Instruments,
5. In the circumstances set out in the general regulations of the Autorité des Marchés Financiers (AMF), Credit Institutions and investment firms which do not have their head office neither in a European Community Member State, nor in a State party to the Agreement on the European economic area, and legal persons whose principal or sole object is the clearing of Financial Instruments, that are not established in metropolitan France or in French overseas departments, under prior approval of the Autorité des Marchés Financiers. An agreement between the Autorité des Marchés Financiers and (an) other Competent Authority(ies) may provide for an exemption from prior authorisation for a category of entities.

##### **Article 2.1.1.3**

A Clearing Member is a legal person admitted as such by LCH.Clearnet SA and authorised, subject to the Clearing Rules, to submit Transactions for registration, pursuant to an Admission Agreement between LCH.Clearnet SA and itself.

##### **Article 2.1.1.4**

A Clearing Member can operate as:

- (i) an Individual Clearing Member; or
- (ii) a General Clearing Member.

## **B. Allied Clearing Houses**

### **Article 2.1.1.5**

An Allied Clearing House is a legal person, incorporated in a Member State, which is a Credit Institution or an investment firm or whose principal or sole object is the clearing of Financial Instruments, which is recognised and supervised/overseen as a central counterparty clearing house by its Competent Authorities and which has signed an agreement with LCH.Clearnet SA for this purpose. An Allied Clearing House is a Participant, authorised by LCH.Clearnet SA to submit Transactions for registration under the conditions set-out below.

The admission of an Allied Clearing House is subject to the prior approval of Autorité des Marchés Financiers.

### **Article 2.1.1.6**

Vis-à-vis LCH.Clearnet SA, an Allied Clearing House is subject, at all times, to the same rights and obligations as a General Clearing Member on the same market.

In the conditions set out in Article 2.1.1.7, on a case-by-case basis, this Clearing Rule Book or an Instruction can depart from such principle and set out specific provisions applicable to an Allied Clearing House with respect to the following subjects:

- (i) Information with the exception of financial reporting;
- (ii) On-site inspections/audit obligations;
- (iii) Authorised Clearing Operators' obligations;
- (iv) Default Fund contribution obligations as well as Collateral to fulfil them;
- (v) Consequences of Events of Default of Clearing Members for Allied Clearing Houses;
- (vi) Definition and management of Events of Default of an Allied Clearing House and their impact on Clearing Members;
- (vii) Buy-in and sell-out procedures;
- (viii) Payment of fees ; and
- (ix) Debt Securities Intra-day Margin.

### **Article 2.1.1.7**

LCH.Clearnet SA can only apply specific conditions to an Allied Clearing House after having assessed that, and subject to verifying on a continuous basis that:

- (i) Adequate resources and risk management measures, and international recommendations and standards applicable to a central counterparty, are implemented, if need be, so that LCH.Clearnet SA's operational, credit or liquidity risks are not increased compared to the risks stemming from the participation of a General Clearing Member having the same Open Positions;
- (ii) LCH.Clearnet SA maintains adequate and sufficiently liquid financial resources to ensure a timely discharge of its obligations vis-à-vis its Participants;
- (iii) The Allied Clearing House's financial resources are adequate and sufficiently liquid to ensure a timely discharge of its obligations vis-à-vis LCH.Clearnet SA.

## **Section 2.1.2 Application Procedure**

### **Article 2.1.2.1**

Subject to the completion of the procedure published on LCH.Clearnet SA's website, the Applicant shall complete LCH.Clearnet SA's application file which is available on LCH.Clearnet SA's website and shall provide all documents listed in the application file as well as other documentation or information required by LCH.Clearnet SA.

In the event that incomplete or unsatisfactory information is contained in the application file, additional information and/or documents may be requested by LCH.Clearnet SA from the Applicant.

The application file specifies, *inter alia*, the Product Group, as set-out in an Instruction, and the membership category (ICM or GCM) the Applicant is applying for.

Whilst the application is pending, the Applicant must notify LCH.Clearnet SA in writing of any changes relating to:

- (i) the items to be included in the admission application form application file;
- (ii) information contained in the application file ; and
- (iii) any facts and circumstances concerning the Applicant which may be relevant in the context of its ability to perform its obligations under the Clearing Rules.

#### **Article 2.1.2.2**

LCH.Clearnet SA shall examine the information in the application file within two months from the date of receipt of the complete application file, including any additional information required by LCH.Clearnet SA.

LCH.Clearnet SA shall notify the Applicant of its admission decision by registered letter with an acknowledgment of receipt.

#### **Article 2.1.2.3**

In approving an application, LCH.Clearnet SA may impose additional conditions and/or limitations on the exercise of certain rights under the Clearing Rules provided that such conditions and/or limitations are imposed without discrimination and only to the extent that its objective is to control the risk for the clearing house.

Membership approval is granted for a Product Group and a membership category (ICM or GCM).

#### **Article 2.1.2.4**

LCH.Clearnet SA may refuse an admission to membership, if it considers that such admission may adversely affect the operation of the clearing and settlement system, or where the Applicant does not comply with its obligations resulting from its admission to another clearing house or central securities depository or where the Applicant does not satisfy a minimum internal credit score which is determined by LCH.Clearnet SA as set out in Article 2.3.1.1 below.

LCH.Clearnet SA shall provide justification for its decision not to admit an Applicant to membership within one month following receipt of a request for justification from the relevant Applicant.

#### **Article 2.1.2.5**

If an Applicant has been approved as a Clearing Member, it shall before commencing operations (i) provide LCH.Clearnet SA with any outstanding documents and/or information as notified in the approval letter (ii) and comply with the specific requirements, as set-out in this Title II and in an Instruction.

#### **Article 2.1.2.6**

Upon approval and execution of the Admission Agreement the Clearing Member shall at all times comply with the provisions of the Clearing Rules.

In particular, the Clearing Member shall,inter alia :

- (i) pay any fees due;
- (ii) contribute to the Default Fund as set-out in Chapter 3 of Title IV;
- (iii) bear the risk of any instructions which are incorrect or provided late to LCH.Clearnet SA;
- (iv) comply with the continuing obligations described hereunder;
- (v) be liable for the accuracy of all information provided to LCH.Clearnet SA, especially information relating to the Clearing member's Account Structure as described in Chapter 2 of Title III of the Clearing Rule Book.

#### **Article 2.1.2.7**

The Applicant shall confirm its acceptance of the Clearing Rules by returning the Admission Agreement executed by a duly authorised signatory.

The Admission Agreement is concluded on the basis of the identity of the relevant Clearing Member and cannot therefore be assigned or transferred without LCH.Clearnet SA's prior written approval.

Clearing Members shall not transfer or pledge their rights vis-à-vis LCH.Clearnet SA to third parties unless expressly provided otherwise in the Clearing Rules.

**Article 2.1.2.8**

A Clearing Member must commence operations within six months after LCH.Clearnet SA notifies its admission, unless LCH.Clearnet SA accepts an extension to such time limit. Failing this, the admission decision shall be automatically revoked and any new admission will require compliance with the provisions of this Section Chapters 1 and 2 of Title II.

The six months time limit does not apply where a Clearing Member, which is already active on one or several markets, applies to extend its activities to (an) other market(s) or Product Group(s).

**Article 2.1.2.9**

LCH.Clearnet SA may organise training sessions, on request of Clearing Members, dedicated to individuals that are under the Clearing Member's authority or acting on behalf of the Clearing Member who perform, or wish to perform, clearing functions on all Financial Instruments, as accepted by LCH.Clearnet SA pursuant to article 1.3.1.6. Such training sessions may be organised as from the notification of membership admission decision and at any time provided that Clearing Member's membership remains valid.



## **CHAPTER 2 - LEGAL OBLIGATIONS**

### **Section 2.2.1 Regulatory Framework**

#### **Article 2.2.1.1**

Any Applicant wishing to be admitted as a Clearing Member by LCH.Clearnet SA should satisfy the following conditions:

- a) be validly incorporated;
- b) undertake to accept the Clearing Rules by executing the Admission Agreement;
- c) be supervised by its Competent Authorities, or other comparable supervision in its home jurisdiction;
- d) undertake to execute the agreement governing technical access to LCH.Clearnet SA's Clearing System;
- e) meet the financial requirements as determined by LCH.Clearnet SA from time to time and as specified in Chapter 3 of this Title and in addition meet any further requirements with respect to liquidity and/or solvency as may be set-out by LCH.Clearnet SA;
- f) meet the quality requirements as specified in an Instruction;
- g) satisfy LCH.Clearnet SA that it has sufficient expertise in relation to clearing activities, that its technical systems and related organisational structure are operationally reliable and that its risk management policy is adequate;
- h) ensure that the persons who represent the Applicant fulfill the requirements of expertise and capability as determined by LCH.Clearnet SA pursuant to Articles 2.2.2.5 to 2.2.2.7 and ensure that the persons competent to take decisions will be accessible to LCH.Clearnet SA during working hours of every Clearing Day;
- i) submit details accounts for the purposes of cash payments and delivery of Financial Instruments, as well as evidence that a Power of Attorney has been issued in favour of LCH.Clearnet SA to allow the debiting or crediting of such accounts for the settlement of Open Positions registered by LCH.Clearnet SA;
- j) irrevocably authorise such persons as may be specified by LCH.Clearnet SA pursuant to the conditions set out in Article 2.4.2.2 to inspect its facilities, interview its staff, audit its Systems and Operations, check the proposed procedures (as recorded in writing) and inspect its books, papers and other data, for the purpose of determining whether the Clearing Rules are being properly complied with;
- k) have at its disposal the technical environment to be connected to the relevant Clearing System managed by LCH.Clearnet SA depending on the market concerned;
- l) where it is incorporated outside the EEA, satisfy LCH.Clearnet SA, by providing a legal opinion from local counsel, that its domestic legal system will not hinder the ability of LCH.Clearnet SA to act effectively under these Clearing Rules; LCH.Clearnet SA can request the same legal opinion from any Applicant which is incorporated inside the EEA but outside countries where market operators are established; and
- m) satisfy such other requirements as may be imposed by LCH.Clearnet SA generally or with respect to a category of Clearing Members.

#### **Article 2.2.1.2**

Applicants that are not established under the laws of the countries where market operators are established, or any other country that may be specified by LCH.Clearnet SA, are obliged to provide

LCH.Clearnet SA, as soon as possible, with all relevant information on rules and regulations that are in force in their Home State, which deal with clearing activities, and especially those rules and regulations that concern the registration of Transactions and the resolution of delivery fails between Clearing Members and their Clients.

## **Section 2.2.2 Corporate Organisation**

### **A. Location of Offices**

#### **Article 2.2.2.1**

A Clearing Member may locate the necessary human and technical resources required to carry on its clearing and back office activities wherever it chooses, provided that it can satisfy LCH.Clearnet SA that such activities are carried out in a country in which on-site inspections by, or on behalf of LCH.Clearnet SA, are practicable and permitted by applicable laws and regulations. In any case, the head office and the registered office of the Clearing Member must be located in the same State as provided in Directive 95/26/EC which applies to all financial undertakings.

#### **Article 2.2.2.2**

A Clearing Member may subcontract all or part of its clearing activities to another Clearing Member or to a company in the same group with the prior authorisation of LCH.Clearnet SA, provided that such arrangements shall not relieve the subcontracting Clearing Member of any of its obligations under these Clearing Rules. The request for authorisation must give all appropriate details as to the organisation, structure and procedures of the subcontractor and as to the means of control and supervision available to the subcontracting Clearing Member.

#### **Article 2.2.2.3**

LCH.Clearnet SA may require from a subcontractor the same information as may be required from a Clearing Member pursuant to the Clearing Rules. To that effect, LCH.Clearnet SA may require in advance a written undertaking by the subcontractor, which will include a provision authorising LCH.Clearnet SA and any Person acting on its behalf to perform inspections at the premises in which the clearing activities actually take place.

#### **Article 2.2.2.4**

A Clearing Member that relies on an outside contractor to operate its information systems hereby undertakes to inform LCH.Clearnet SA of the control mechanisms pertaining to the hardware and software used or made available by the contractor. Such communications do not constitute approval by LCH.Clearnet SA; nor do they relieve the Clearing Member of any of its obligations under these Clearing Rules. The Clearing Member alone is answerable to LCH.Clearnet SA for the proper execution of its operations.

### **B. Authorised Clearing Operators**

#### **Article 2.2.2.5**

Individuals that are under the Clearing Member's authority or acting on behalf of the Clearing Member who perform, or who wish to perform, clearing functions on Financial Instruments traded on Regulated Markets ( with the exception of MTS ITALY) or MTFs shall have the Authorised Clearing Operator status provided by the relevant Clearing Member, under the terms and subject to the conditions specified in an Instruction.

#### **Article 2.2.2.6**

Before granting the authorisation, the Clearing Member may assess the applicant's professional knowledge and ability, if necessary by means of an examination.

#### **Article 2.2.2.7**

A Clearing Member cannot disclaim responsibility for the acts or omissions of any person acting on its behalf on the basis that such person was not duly authorised.

## **Section 2.2.3 Third Contractual Obligations**

### **A. Relationship with Settlement Agents and Payment Agents**

#### **A.1. Common Provisions**

##### **Article 2.2.3.1**

A Clearing Member that wishes to use a Settlement Agent and/or a Payment Agent must guarantee that the agreement(s) by which the Settlement Agent and/or the Payment Agent agrees to deliver Securities or to pay cash amounts, as the case may be, to LCH.Clearnet SA on behalf of the Clearing Member complies with the LCH.Clearnet SA-requirements.

The provisions which are required to be included in such agreement(s) are outlined in a declaration of compliance, the template of which is provided by LCH.Clearnet SA upon request of the Clearing Member. Such declaration of compliance must be duly completed and signed by the Clearing Member (and, if applicable, the relevant Settlement Agent and/or Payment Agent) and returned to LCH.Clearnet SA.

Any amendment made to the agreement entered into between the Clearing Member and a Settlement Agent or a Payment Agent shall be in accordance with the principles set-out in the declaration of compliance.

Notwithstanding the above, such an agreement(s) shall not relieve the Clearing Member from its obligations under the Clearing Rules.

##### **Article 2.2.3.2**

With respect to execution of the obligations set-out in Articles 2.2.3.3 and 2.2.3.5, LCH.Clearnet SA must be provided with the relevant Powers of Attorney enabling it to debit directly the account(s) of the Clearing Member or the Settlement Agent as referred to in Article 2.2.3.6, or of the Payment Agent as referred to in Article 2.2.3.4, to meet the Clearing Member's payment or delivery obligations vis-à-vis LCH.Clearnet SA.

#### **A.2. Provisions Related to Payment Agents**

##### **Article 2.2.3.3**

Clearing Members must ensure that they are able to:

- (i) comply with cash payments obligations;
- (ii) and, if relevant, provide Collateral in cash.

To that end, each Clearing Member shall have entered into appropriate arrangements with the relevant central banks and/or commercial banks as the case may be, as described in an Instruction.

##### **Article 2.2.3.4**

When the obligations set-out in Articles 2.2.3.3 regarding the obligations to comply with cash payments are performed indirectly through a Payment Agent, the Clearing Member shall have entered into an appropriate agreement with the Payment Agent.

#### **A.3. Provisions Related to Settlement Agents**

##### **Article 2.2.3.5**

Clearing Members must ensure that they are able to:

- (i) perform the settlement of all their Transactions irrespective of the currency in which they are settled, as described in an Instruction;
- (ii) and, if relevant, provide Securities as Collateral.

To that end, each Clearing Member shall have entered into appropriate arrangements with the relevant CSD of Reference or securities settlement system, as described in an Instruction.

#### **Article 2.2.3.6**

When the obligations set-out in Articles 2.2.3.5 regarding the settlement and the provision of Securities as Collateral are performed indirectly through a Settlement Agent, the Clearing Member shall sign an agreement with the Settlement Agent.

#### **Article 2.2.3.7**

A Clearing Member may use the services of one or several Settlement Agent(s) per Securities settlement system or per central Securities depository and of one or several Payment Agent(s) per central bank or Credit Institution.

#### **Article 2.2.3.8**

The Clearing Member shall require the Settlement Agent to open in its books (an) account(s) to be used for the settlement of the Clearing Members' Transactions, in the applicable Securities settlement system or central Securities depository, in compliance with applicable segregation regulations.

### **B. Relationship with Clients**

#### **Article 2.2.3.9**

A Clearing Member that wishes to clear Transactions for one or more Client(s) must have entered into a Clearing Agreement containing the Mandatory Client Clearing Provisions with each of such Client(s).

LCH.Clearnet SA shall not be liable for any damages arising from any Clearing Agreement, whether sustained by the Clearing Member or by a third party. The Clearing Member shall comply with the Clearing Agreement.

Any amendment made to the Clearing Agreement shall be in accordance with the principles set out in an Instruction.

### **C. « del credere » Agents**

#### **Article 2.2.3.10**

Clearing Members act as *del credere* agents for the Clients-whose accounts they administer when the Transactions are executed on any French Regulated Market. They guarantee to their Clients that all such Transactions will be settled.

#### **Article 2.2.3.11**

Clearing Members guarantee their Clients the fulfillment of all obligations arising from their Transactions on Euronext Lisbon Derivatives Market.both for their own account and/or on behalf of third parties.

### **C.1 Authority to-Cancel Settlement Instructions**

#### **Article 2.2.3.12**

Each Clearing Member active in Transactions carried out on Trading & Matching Platforms and MTS Italy or wishing to become active in such Transactions grants LCH.Clearnet SA the irrevocable authority (but not the obligation) to cancel settlement instructions concerning Transactions and associated Trade Legs and Open Positions of such Clearing Member carried out on Trading & Matching Platforms and MTS Italy which have not yet settled and to instruct any CSD of Reference or International CSD and securities settlement system, directly or indirectly, to cancel any such pending instructions and to stop issuing any new instructions, following an Event of Default of an Allied Clearing House or service closure initiated by LCH.Clearnet SA or an Allied Clearing House. LCH.Clearnet SA may request each such Clearing Member to confirm such irrevocable authority in writing at any time.

LCH.Clearnet SA shall have no liability to any Clearing Member for any actions taken by LCH.Clearnet SA in connection with the above mentioned authority.

### **Section 2.2.4 Record Keeping**

**Article 2.2.4.1**

Clearing Members must keep accurate and complete accounting records of all Transactions they have entered into for the account of the (Associated) Trading Member or the Clients. Such accounting records should, where applicable, disclose at least the following particulars:

- (i) the (Associated) Trading Member on the relevant market with which a Clearing Agreement has been entered into;
- (ii) in respect of each (Associated) Trading Member on the relevant market with which a Clearing Agreement has been entered into, all rights and obligations arising from the Transactions entered into by a General Clearing Member for the account of the (Associated) Trading Member concerned; and
- (iii) any further requirements as may be specified by LCH.Clearnet SA.

**Article 2.2.4.2**

The Clearing Member is required to keep all data relating to its clearing activity for at least five years and must make the data available to LCH.Clearnet SA upon request throughout that period.

**Section 2.2.5 Test Processing****Article 2.2.5.1**

Clearing Members must comply with LCH.Clearnet SA's request for technical and operational tests. Such tests may be required either prior to the implementation of a project or prior to the execution of specific and individual operations.

## **CHAPTER 3 - CAPITAL REQUIREMENTS**

### **Section 2.3.1 Common General Provisions**

#### **Article 2.3.1.1**

The Clearing Member must satisfy the credit risk assessment minimum requirements. LCH.Clearnet SA assesses the credit risk of the Clearing Member in accordance with its internal credit score based on a range of quantitative and qualitative data. These include financial analysis, external market data as well as consideration of any implicit or explicit support available to the Clearing Member. The analysis is performed on a predetermined methodology applicable to any Clearing Member.

#### **Article 2.3.1.2**

Any Letters of Credit that have been issued by a Clearing Member in favour of LCH.Clearnet SA to cover the obligations of another Clearing Member, pursuant to Articles 2.3.2.3 and 2.3.2.5, shall reduce the issuer's Capital pro tanto.

#### **Article 2.3.1.3**

In the case of Business Combinations, the minimum Capital shall be determined by aggregating the Capital of each Person in such combination which is jointly and severally liable, and subtracting any cross-shareholdings between such Persons. The total Capital must at all times be at least equivalent to the minimum amounts set forth in these Clearing Rules.

#### **Article 2.3.1.4**

A Clearing Member whose Capital at any point falls below the required amount is obliged to immediately ensure it is brought back up to the minimum requirement, without prejudice to the powers of LCH.Clearnet SA specified in Chapter 5 of this Title.

#### **Article 2.3.1.5**

LCH.Clearnet SA shall, on a daily basis, compare the market risk associated with each Clearing Member's level of business with their level of Capital as reported to LCH.Clearnet SA in order to ascertain whether, in LCH.Clearnet SA's opinion, such Clearing Member is sufficiently capitalised to support the level of risk associated with such Clearing Member. In determining whether a Clearing Member is sufficiently capitalised, LCH.Clearnet SA may also consider:

- (i) the Clearing Member's aggregate exposure to other clearing houses and other entities; and/or
- (ii) the total amount of Collateral deposited with, transferred to or otherwise delivered to LCH.Clearnet SA by the Clearing Member.

In the event that LCH.Clearnet SA considers that a Clearing Member is not sufficiently capitalised to support the level of risk associated with its Open Position, LCH.Clearnet SA may take any measures it considers necessary to contain its exposure, including, inter alia, a request for additional margin, reduction in exposures, and/or increase in net capital.

### **Section 2.3.2 Provisions Related to Securities and Derivatives Product Groups**

#### **Article 2.3.2.1**

LCH.Clearnet SA may apply the provisions of this Section to the Clearing Members' clearing Transactions in Financial Instruments executed on a market which has neither the status of Regulated Market nor MTF, if all Financial Instruments that may be traded on such market are traded elsewhere on a Regulated Market.

#### **Article 2.3.2.2**

An Individual Clearing Member must at all times maintain Capital of at least EUR 10 million.

If the Clearing Member is not able to fulfil this requirement, a Letter of Credit may be accepted subject to the conditions set forth below to cover the shortfall.

**Article 2.3.2.3**

An Individual Clearing Member with Capital between EUR 5 and EUR 10 million must provide a Letter of Credit in favour of LCH.Clearnet SA to cover the shortfall.

In such case, the identity of the issuer must be satisfactory to LCH.Clearnet SA.

**Article 2.3.2.4**

A General Clearing Member must at all times maintain Capital of at least EUR 25 million. The required Capital depends on the number of Trading Members/Market Members cleared by the General Clearing Member, and is determined as follows:

- EUR 30 million from the tenth Trading Member/ Market Members cleared;
- EUR 33.75 million from the fifteenth Trading Member/ Market Members cleared;
- EUR 37.5 million from the twentieth Trading Member/ Market Members cleared and above.

If the Clearing Member is not able to fulfil such requirement, a Letter of Credit may be accepted subject to the conditions set forth below, to cover the shortfall.

**Article 2.3.2.5**

A General Clearing Member with Capital below the amounts stipulated in Article 2.3.2.3, but in excess of EUR 15 million, must provide a Letter of Credit in favour of LCH.Clearnet SA to cover the shortfall.

In such case, the identity of the issuer must be satisfactory to LCH.Clearnet SA.

**Article 2.3.2.6**

If LCH.Clearnet SA considers a Regulated Market as insufficiently liquid, it may by a Notice apply the provisions of Section 2.3.3 to the clearing of Transactions executed on that market.

**Section 2.3.3 Provisions Related to Trading & Matching Platforms and MTS Italy****Article 2.3.3.1**

An Individual Clearing Member wishing to clear Transactions traded or matched via a Trading & Matching Platform and/or via MTS Italy must, unless otherwise permitted by the provisions of this Section, at all times maintain a capital of at least EUR 100 million.

If the Clearing Member is not able to fulfil the financial requirement, a Letter of Credit may be accepted up to a maximum of 50% of the minimum requirement subject to the condition set forth below to cover the shortfall.

**Article 2.3.3.2**

A General Clearing Member wishing to clear Transactions traded or matched via a Trading & Matching Platform and/or via MTS Italy must at all times maintain Capital of at least EUR 400 million.

If the Clearing Member is not able to fulfil such financial requirement, a Letter of Credit may be accepted up to a maximum of 50% of the minimum requirement subject to the condition set forth below to cover the shortfall.

**Article 2.3.3.3**

LCH.Clearnet SA may, but is not obliged to, adjust any of the requirements specified in Articles 2.3.3.1 and 2.3.3.2 to take into account a Clearing Member's consolidated financial situation, the quality of its shareholders, members or associates, and its legal structure.

**Article 2.3.3.4**

If a Letter of Credit has to be issued by a Clearing Member pursuant to Articles 2.3.3.1 and 2.3.3.2, the identity of the issuer must be satisfactory to LCH.Clearnet SA.

Any Letters of Credit that have been issued by a Clearing Member in favour of LCH.Clearnet SA to cover the obligations of another Clearing Member, pursuant to Articles 2.3.3.1 and 2.3.3.2, shall reduce the issuer's Capital pro -tanto.

## **CHAPTER 4- INFORMATION OBLIGATIONS AND AUDIT**

### **Section 2.4.1 Information**

#### **Article 2.4.1.1**

The obligation of Clearing Members to provide information also covers information about their Clients (including physical persons), concerning the identity, trading activities and Positions of Clients. LCH.Clearnet SA shall have the right to furnish this information to the same persons as mentioned in Article 1.3.4.1 and on the same terms. LCH.Clearnet SA may give further details as to the application of these provisions in an Instruction.

#### **A. Information upon Request**

#### **Article 2.4.1.2**

The Clearing Member shall respond to all requests for information from LCH.Clearnet SA concerning its clearing activities and exposure to general and financial risks (Transactions, Open Positions, fails, Clients, etc.) under the terms and conditions set out in an Instruction.

#### **B. Mandatory Information**

#### **Article 2.4.1.3**

Clearing Members must send the following information to LCH.Clearnet SA:

(i) Annually:

- audited financial statements – balance sheet, profit and loss accounts, and notes to the annual financial statements;
- audited consolidated financial statements – balance sheet, profit and loss accounts, and notes to the financial statements;
- in addition, LCH.Clearnet SA may at its discretion require the provision of financial accounts and reports for any company belonging to the same Financial Group as the Clearing Member.

(ii) At the intervals required by the Competent Authority or by the regulations of the Home State or at other less frequent intervals accepted by LCH.Clearnet SA:

- interim balance sheet;
- profit and loss account;
- documents concerning prudential supervision of market risks, prepared on a consolidated or unconsolidated basis; and
- statements concerning core capital (tier 1) and supplementary capital (tier 2) as defined by the said authority or regulations.

#### **Article 2.4.1.4**

Clearing Members shall provide LCH.Clearnet SA with an update of the following documentation at least on an annual basis:

- (i) the ownership of the Clearing Member's Capital, and a group organisation chart;
- (ii) an updated description of the technical resources and personnel that are assigned to clearing functions;
- (iii) a description of the structure and procedures in place, particularly with respect to the audit and back office functions;
- (iv) Questionnaire dealing with prevention of money laundering and terrorist financing
- (v) Member organisation questionnaire
- (vi) List of authorised signatories

#### **Article 2.4.1.5**

A Clearing Member must notify LCH.Clearnet SA in advance in writing of every change in the data supplied in its application for admission and of any facts and circumstances concerning the Clearing



Member which may significantly affect the exercise of its duties or the orderly conduct of its activities as a Clearing Member. Such developments include in particular without limitation:

- (i) developments which could, or are likely to, result in the Clearing Member no longer being able to comply with its obligations under the Clearing Rules ;
- (ii) any significant change in its financial situation, in particular where shareholders' equity or Letters of Credit have declined by more than 10% compared with the amounts previously reported or if shareholders' equity and Letters of Credit fall below the amount specified in Chapter 3 of Title II of these Rules;
- (iii) any other change which has, or could have, a significant impact on its financial position, reliability or operations ;
- (iv) any change in its legal status or structure, including change of address, office or object under its Articles of Association ;
- (v) changes in the power of control (shareholders) over its business with respect to the appointment and dismissal of its personnel, changes in the composition of its management or executive bodies, in its accounting system or organisation, in the holders of a qualified participating interest in its business, in the participating interests it holds or the joint ventures or alliances it has entered into ; and/or
- (vi) any event occurring between the reporting dates set out in Article 2.4.1.3 that would significantly reduce the Clearing Members' Capital.

The obligation to notify becomes effective at the time the Clearing Member anticipates or becomes aware of the events, or, if earlier, at the time at which the Clearing Member ought reasonably to have anticipated or become so aware.

#### **Article 2.4.1.6**

Clearing Members shall send LCH.Clearnet SA a copy of all injunctions, formal notifications or sanctions imposed on them by any Competent Authority in respect of any event that could be relevant for LCH.Clearnet SA.

#### **Article 2.4.1.7**

Clearing Members must inform LCH.Clearnet SA of any instances of default they detect among their Clients and/or Indirect Clients.

### **Section 2.4.2 Audit and Inspection**

#### **Article 2.4.2.1**

The Clearing Member authorises LCH.Clearnet SA to request all relevant information regarding its payment-delivery commitments in the payment and settlement systems used by LCH.Clearnet SA, either directly or through another organisation.

#### **Article 2.4.2.2**

The Clearing Member agrees to submit its clearing activity to inspections by LCH.Clearnet SA, whether on the latter's initiative or at the request of a national Competent Authority, and to respond to all requests by LCH.Clearnet SA for information on a regular or exceptional basis.

It will only decline to provide the required information where it is prevented from doing so by a mandatory provision of law or national regulation.

#### **Article 2.4.2.3**

The Clearing Member authorises LCH.Clearnet SA, or any person or entity that has been duly designated, to carry-out an audit of its Systems and Operations. Further, it undertakes to provide all information needed to complete such an audit. LCH.Clearnet SA reserves the right, upon completion of

the audit, to require any changes that may prove necessary. The Clearing Member hereby agrees to implement such modifications as soon as possible.

**Article 2.4.2.4**

For the purpose of this Clearing Rule Book, LCH.Clearnet SA may delegate its investigation powers to any appropriate and professional body which it considers fit.

Where there is any such delegation, LCH.Clearnet SA will ensure the confidentiality of any information provided by the Clearing Member.

The Clearing Member shall have the possibility to deny the attendance of certain LCH.Clearnet SA representatives, experts or other persons, if the Clearing Member is able to prove that they are affected by conflicts of interest.

**Article 2.4.2.5**

The Clearing Member shall be available during clearing hours.

## **CHAPTER 5- SUSPENSION AND TERMINATION OF MEMBERSHIP**

### **Section 2.5.1 Common and General Provisions**

#### **Article 2.5.1.1**

Without prejudice to the possible applicability of the provisions set out in Chapter 5 of Title IV, if LCH.Clearnet SA is of the opinion that some events could, or are likely to, result in a situation in which a Clearing Member is no longer able to satisfy one or more of the requirements set in Chapters 2 and 3 of Title II or endangers the proper functioning of the Clearing System, or can no longer comply with its obligations under these Clearing Rules, LCH.Clearnet SA may:

- (i) suspend its membership;
- (ii) terminate its membership as stated in the Admission Agreement;
- (iii) refuse to register Transactions; and/or
- (iv) subject registration of Transactions to specific conditions, or impose additional conditions which LCH.Clearnet SA deems appropriate in the circumstances and notifies in writing to the Clearing Member.

#### **Article 2.5.1.2**

Before exercising any such power, however, LCH.Clearnet SA may, enter into consultations with the Clearing Member, which may result in LCH.Clearnet SA specifying the latest date and time limit within which the Clearing Member must have remedied the situation.

#### **Article 2.5.1.3**

In the event a Clearing Member breaches or no longer complies with any of the requirements set out in this Title II, LCH.Clearnet SA shall consult with the relevant Competent Authority to determine whether such breach shall be publicly disclosed in accordance with EMIR, in which case the suspension or revocation of such membership shall be promptly notified to: (i) the Clearing Members by means of publication in a Notice ; and (ii) the relevant Market Undertaking(s).

### **Section 2.5.2 Suspension**

#### **Article 2.5.2.1**

In any event and at any time, LCH.Clearnet SA may decide to temporarily suspend a Clearing Member's activities or terminate its membership as a Clearing Member subject to the conditions set out in the Admission Agreement. The Clearing Member shall inform its Clients accordingly.

Such Clearing Member is informed in writing of the reasons for termination or suspension.

The termination is subject to a period of notice set out in the Admission Agreement.

#### **Article 2.5.2.2**

When a Clearing Member's membership is suspended, LCH.Clearnet SA shall suspend the registration of any new Transactions in the Clearing Member's name. However, LCH.Clearnet SA may decide, in view of the particular circumstances to only suspend the registration of a new Transaction increasing the Clearing Member's Open Position. The Clearing Member will continue to be required to provide Collateral and settle Open Positions as they fall due.

### **Section 2.5.3 Termination**

#### **Article 2.5.3.1**

A Clearing Member shall have the right at all times to terminate its membership as a Clearing Member, as specified in the Admission Agreement.

**Article 2.5.3.2**

When a Clearing Member's membership is terminated, LCH.Clearnet SA shall discontinue registration of any new Transactions in the Clearing Member's name and transfer to another Clearing Member or liquidate the Clearing Member's Open Position(s).

# **TITLE III – CLEARING OPERATIONS**

## **CHAPTER 1- REGISTRATION**

### **Section 3.1.1 Registration of Transactions**

#### **Article 3.1.1.1**

From the matching of the Transaction, LCH.Clearnet SA guarantees that the Transaction will be registered in the Clearing System forthwith, unless otherwise provided in a Notice.

LCH.Clearnet SA will not be held liable if a Transaction is not registered or is improperly registered in the Clearing System because of a third party's fault or Force Majeure.

#### **Article 3.1.1.2**

LCH.Clearnet SA shall keep accounting records of the Trade Legs of all Clearing Members concerning the Financial Instruments they are due to receive and deliver and of the related rights and obligations, by means of an account which LCH.Clearnet SA opens in its books in the name of each Clearing Member.

#### **A. Registration of Transactions Registered in the Cash & Derivatives Clearing System**

##### **Article 3.1.1.3**

The Cash & Derivatives Clearing System, monitors Transactions on real time basis, and is a single system for processing Transactions carried out on markets operated by a Market Undertaking, in respect of both Securities and Derivatives Product Groups.

##### **Article 3.1.1.4**

Each Clearing Day, LCH.Clearnet SA registers in real time Transactions carried out in Securities & Derivatives Product Groups except for certain categories of Transactions set out in an Instruction.

LCH.Clearnet SA informs each Clearing Member of the Trade Legs registered in its name.

##### **Article 3.1.1.5**

LCH.Clearnet SA also registers Transactions resulting from the exercise or assignment of options on Securities.

#### **B. Registration of Transactions Registered in the Fixed Income Clearing System**

##### **Article 3.1.1.6**

The Fixed Income Clearing System is a real-time system for the monitoring of Transactions in respect of debt securities (including sell & purchase transactions as well as Repos) carried out on Trading & Matching Platforms or MTS Italy.

##### **Article 3.1.1.7**

Each Clearing Day, upon reception and/or acceptance of Transactions, LCH.Clearnet SA registers Transactions, within the clearing hours, as set-out in a Notice.

##### **Article 3.1.1.8**

LCH.Clearnet SA may prescribe the criteria which Transactions executed on or reported by Trading & Matching Platforms or MTS Italy must meet in order for them to be registered.

##### **Article 3.1.1.9**

Upon registration by LCH.Clearnet SA, Transactions governed by a national or international master agreement become immediately subject to the Clearing Rules, which override the provisions of such master agreement.

## **Section 3.1.2 Registration of Open Positions in the Cash & Derivatives Clearing System**

### **Article 3.1.2.1**

On the basis of the registered Transactions, LCH.Clearnet SA calculates an Open Position per Clearing Member per Delivery Account, per Financial Instrument and per Settlement Date.

### **Article 3.1.2.2**

LCH.Clearnet SA may perform adjustments, on Open Positions reflecting corporate events on flows at the record date in compliance with market practices and/or the information of the relevant Market Undertaking or the relevant CSD of Reference or the Securities settlement system and in the currencies listed in a Notice.

## **CHAPTER 2 - ACCOUNT STRUCTURE**

### **Article 3.2.0.1**

LCH.Clearnet SA opens in the Clearing System an Account Structure in the name of each Clearing Member.

The said Account Structure is created by LCH.Clearnet SA in accordance with the Clearing Member's instructions pursuant to this Chapter 2 and provided it does not adversely affect, or is not likely to adversely affect, the proper functioning of the Clearing System.

### **Article 3.2.0.2**

The Clearing Member may request the opening of several Individual Segregated Account Structure(s) and Omnibus Segregated Account Structure(s) for the account of its Clients or Indirect Clients provided that the opening of such Client Account Structure(s) does not adversely affect, or is not likely to adversely affect, the proper functioning of the Clearing System.

## **Section 3.2.1 Trade Legs Registration**

### **A. Trade Legs Registration in the Cash & Derivatives Clearing System**

#### **A.1. Position Accounts**

##### **Article 3.2.1.1**

Registration of Trade Legs in the Clearing Member's books shall be identical to the Posting performed in its Position Accounts in the Clearing System, as described in an Instruction.

##### **Article 3.2.1.2**

For each Clearing Member, LCH.Clearnet SA opens at least:

- (i) one House Position Account in the House Account Structure of such Clearing Member; and
- (ii) one Client Position Account in each Client Account Structure of such Clearing Member.

Without prejudice to the above principles, the General Clearing Member can request to open as many additional Position Accounts as needed. Such additional Position Account(s) is (are) opened at the Clearing Member's sole discretion.

The Clearing Member registers each Trade Leg in the relevant Position Account, such registration being the sole responsibility of the Clearing Member.

##### **Article 3.2.1.3**

Without prejudice to the above principles, the Clearing Member can request to open as many Position Accounts as it needs. Such additional Position Accounts are opened at the Clearing Member's sole discretion.

All the Trade Legs registered in the Position Accounts of a Clearing Member are deemed to have been posted in the correct Position Accounts.

Such correct Posting is the sole responsibility of each Clearing Member.

#### **A.2. Market Maker's Position Accounts**

##### **Article 3.2.1.4**

In addition to the Position Accounts mentioned in Article 3.2.1.1, LCH.Clearnet SA will open one or more Market Maker Position Accounts for Clearing Members that act as Market Makers.

Such Position Accounts are exclusively opened upon request of such-Clearing Members to register the Trade Legs related to:

- (i) its own trading activity as Market Maker; and/or



- (ii) for its Trading Members which carry out an activity as Market Maker in accordance with a Market Maker agreement entered into with the relevant Market Undertaking.

Checking the existence of such Market Maker agreement is the sole responsibility of the Clearing Member.

Such Market Maker's Position Accounts are managed on a net basis.

#### **Article 3.2.1.5**

The Market Maker's Position Account registers exclusively all Transactions executed by (i) the Clearing Member in its capacity as a Market Maker or, as applicable, (ii) by a Trading Member in its capacity as Market Maker.

### **B. Trade Legs Registration in the Fixed Income Clearing System**

#### **Article 3.2.1.6**

For each General Clearing Member, LCH.Clearnet SA opens at least:

- (i) one House Position Account in the House Account Structure of such General Clearing Member; and
- (ii) one Client Position Account in each Client Account Structure of such General Clearing Member.

Without prejudice to the above principles, the General Clearing Member can request to open as many additional Position Accounts as needed. Such additional Position Account(s) is (are) opened at the Clearing Member's sole discretion.

#### **Article 3.2.1.7**

For each Individual Clearing Member, LCH.Clearnet SA opens at least one House Position Account in the House Account Structure of such Individual Clearing Member.

Without prejudice to the above principle, the Individual Clearing Member can request to open as many additional House Position Accounts as needed. Such additional House Position Account(s) is (are) opened at the Clearing Member's sole discretion.

#### **Article 3.2.1.8**

LCH.Clearnet SA informs each Clearing Member both on real-time basis and, on a daily consolidated basis, of the Trade Legs registered in its name.

#### **Article-3.2.1.9**

Corporate events on Transactions in respect of debt Securities shall be managed as set out in an Instruction.

### **Section 3.2.2 Risk management**

#### **A. For Transactions Registered in the Cash & Derivatives Clearing System**

##### **A.1. Margin Accounts**

#### **Article 3.2.2.1**

Within each Margin Account of each Clearing Member, for the purpose of risk calculation, as described in Title IV "Risk Management", LCH.Clearnet SA nets, per Financial Instrument, the Trade Legs registered in the Position Account(s) which are attached to such Margin Account.

#### **Article 3.2.2.2**

For each Product Group in which the Clearing Member is active, LCH.Clearnet SA shall open at least:

- (i) one House Margin Account in the House Account Structure of such Clearing Member; and

- (ii) one Client Margin Account in each Client Account Structure of such Clearing Member.

Without prejudice to the above principles, the Clearing Member can request to open as many additional Margin Accounts as needed. Such additional Margin Account(s) is (are) opened at the Clearing Member's sole discretion.

#### **Article 3.2.2.3**

A Client Margin Account may be linked to one or more Client Position Account(s) depending on the level of segregation requested by the relevant Client(s).

### **A.2. Market Makers Margin Accounts**

#### **Article 3.2.2.4**

Upon request of a Clearing Member, in addition to the Margin Accounts mentioned in Article 3.2.2.1, LCH.Clearnet SA will open, one or more:

- (i) House Margin Accounts for the registration of its House Open Positions resulting from Transactions negotiated by such Clearing Member in its capacity as Market Maker;
- (ii) Client Margin Accounts for the registration of Client Open Positions resulting from Transactions negotiated by their Trading Members which have entered into a Market Maker agreement with the relevant Market Undertaking. Checking the existence of such Market Maker agreement is the sole responsibility of the Clearing Member.

#### **Article 3.2.2.5**

The Market Maker's Margin Account registers exclusively all Transactions executed for the Clearing Member's own account in its capacity as Market Maker or, as applicable, for the account of a Trading Member in its capacity as a Market Maker.

## **B. For Transactions Registered in the Fixed Income Clearing System**

### **B.1. Margin Accounts**

#### **Article 3.2.2.6.**

Pursuant to the risk calculation described in Title IV, LCH.Clearnet SA carries-out daily or several times a day, a Margin calculation on the basis of Open Positions corresponding to the Trade Legs registered in the Clearing Member's Position Accounts.

For the purpose of risk calculation, the off-setting is performed by origin (Client Account or House Account) and by Financial Instrument.

## **C. Collateral Accounts**

#### **Article 3.2.2.7**

For each Clearing Member, LCH.Clearnet SA shall open at least:

- (i) one House Collateral Account in the House Account Structure of such Clearing Member; and
- (ii) one Client Collateral Account in each Client Account Structure of such Clearing Member.

Without prejudice to the above principles, the Clearing Member can request to open as many Collateral Accounts as it needs. Such additional Collateral Account(s) is (are) opened at the Clearing Member's sole discretion.

#### **Article 3.2.2.8**

A Client Collateral Account may be linked to one or more Client Margin Account(s) depending on the level of segregation requested by the relevant Clearing Member.

### **Section 3.2.3 Settlement**

#### **A. For Transactions Registered in the Cash & Derivatives Clearing System**

##### **Article 3.2.3.1**

For each Clearing Member, LCH.Clearnet SA opens at least one Delivery Account. Without prejudice to the above principles, the Clearing Member can request LCH.Clearnet SA to open as many Delivery Accounts as it needs. Such additional Delivery Account(s) is (are) opened at the Clearing Member's sole discretion.

##### **Article 3.2.3.2**

At the Clearing Member's request and at its sole responsibility, Open Positions contained in one or several Position Account(s) are registered in one or several Delivery Account(s), according to criteria set out in an Instruction.

##### **Article 3.2.3.3**

Each Delivery Account is linked to one Settlement Address for the delivery of Securities and to one Settlement Address per currency, for payment of cash.

##### **Article 3.2.3.4**

The organisation of the Delivery Accounts reflects the Clearing Member's use of the Settlement Agent(s)/Payment Agent(s) facility. For delivery versus payment purposes, a Clearing Member can use the services of one or several Payment Agent(s) per central bank and per Credit Institution, accepted by LCH.Clearnet SA, and/or one or several Settlement Agent(s) per securities settlement system and/or per central securities depository.

The Clearing Member notifies to LCH.Clearnet SA, the complete settlement address details so that LCH.Clearnet SA can parameterise the roll up from the relevant Position Accounts of such Clearing Member to its Delivery Accounts according to the conditions set out in an Instruction.

#### **B. For Transactions Registered in the Fixed Income Clearing System**

##### **Article 3.2.3.5**

On the basis of Trade Legs registered in the Position Accounts, LCH.Clearnet SA calculates Open Positions by ISIN code and by intended Settlement Date at the end of the Clearing Day before the intended Settlement Date.

##### **Article 3.2.3.6**

As an exception to the above Article, LCH.Clearnet SA does not calculate Open Positions for settlement purpose on the basis of Trade Legs resulting from:

- (i) Same-day Repos Initial Transactions; and
- (ii) Transactions in Fixed Income Securities received on D after the cut off time set-out in a Notice and whose intended Settlement Date occurs on D+1 ("late trades" as set-out in a Notice).

Such Trade Legs are settled on a gross basis.

### **Section 3.2.4 Client Account Structure of Indirect Clients**

#### **Article 3.2.4.1**

A Clearing Member shall open, in respect of each of its Indirect Clients, a Client Account Structure which will be composed of Client Accounts pursuant to Sections 3.2.1 to 3.2.3.

**Article 3.2.4.2**

A Clearing Member may request the opening of a Client Account Structure for an Indirect Client provided that:

- (i) the relevant Client has opted for an Individual Segregated Account Structure; and
- (ii) for the Fixed Income Clearing System: the Indirect Client can trade Fixed Income Securities directly on Trading & Matching Platforms and/or MTS Italy.

## **CHAPTER 3 - OPERATIONAL MANAGEMENT**

### **Section 3.3.1 General Provisions for Transactions Registered in the Cash & Derivatives Clearing System**

#### **A. Give-up**

##### **Article 3.3.1.1**

Give-Up is performed by use of the specific functions available to Clearing Members in the Clearing System.

Terms and conditions for Give-Up are set out in an Instruction.

##### **Article 3.3.1.2**

A Give-Up function may involve a sending Clearing Member ("the allocator") and a receiving Clearing Member ("the allocatee").

In such case, the receiving Clearing Member must accept, by a take-up, the Give-Up. It must confirm the recording of the Transaction in its books by the appropriate Posting.

#### **B. Transaction Cancellation**

##### **Article 3.3.1.3**

The cancellation of a Transaction is possible only upon the request of the relevant Market Undertaking, as specified in its Trading Rules.

Such request results in LCH.Clearnet SA cancelling the two corresponding Trade Legs. Therefore, the obligation of delivery and the corresponding obligation of payment are revoked, and parties are put back in the situation as if the relevant Clearing Members obligations had never existed.

The conditions under which such cancellation may occur are set out in an Instruction.

#### **C. Correction**

##### **Article 3.3.1.4**

Terms and conditions for Corrections are set out in an Instruction

#### **D. Transfer of Open Positions**

##### **Article 3.3.1.5**

The Transfer of Open Positions shall have no consequences on the segregation principles set out in Title III Chapter 2.

Transfers of Open Positions may be carried out till the expiry of the relevant Open Positions.

The Transfer of an Open Position is performed by LCH.Clearnet SA upon the explicit request of the Clearing Members pursuant to the conditions set out in an Instruction.

#### **E. Exercise and Assignment (for Derivatives)**

##### **Article 3.3.1.6**

An Instruction specifies how Assignment takes place for each option contract upon Exercise.

When exercised, an option on underlying Financial Instruments is either converted on the Exercise date into a Transaction in such underlying Financial Instruments at the exercise price or cash settled. The trades thus generated are registered and settled under the terms and conditions set out in an Instruction.

## **Section 3.3.2 Functionalities Available in the Fixed Income Clearing System**

### **Article 3.3.2.1**

A reverse Transaction, having the same intended Settlement Date as the initial Transaction may, following to the netting process, limit or cancel the effects of the initial Transaction provided that such reverse Transaction is registered in the Clearing System at the latest on the Clearing Day before the intended Settlement Date of the initial Transaction and within the clearing hours, as set-out in a Notice. Such process is initiated by the related Clearing Member(s).

## **CHAPTER 4 - SETTLEMENT AND DELIVERY**

### **Section 3.4.1 Settlement and Delivery of Transactions Registered on the Cash & Derivatives Clearing System**

#### **A. Common Provisions**

##### **A.1. General**

###### **Article 3.4.1.1**

For Transactions registered in the Cash & Derivatives Clearing System carried out on markets operated by a Market Undertaking, giving rise to delivery of Financial Instruments, payment and delivery of Financial Instruments, are made, except as otherwise stipulated in an Instruction, through a system called "settlement connect", which is managed by LCH.Clearnet SA.

###### **Article 3.4.1.2**

Without prejudice to Article 1.3.2.5, which defines legal enforceability of netting, the Clearing Day before the Settlement Date, after having processed the corporate events, LCH.Clearnet SA operationally nets all the Open Positions having the same Settlement Date which are registered in one Delivery Account and sends the settlement instructions to the corresponding Settlement Addresses. Delivery and payment instructions may give rise to partial payments and deliveries.

###### **Article 3.4.1.3**

Following the operational netting of Open Positions within the Delivery Account, LCH.Clearnet SA will apply Net Fails' management process set out in an Instruction.

###### **Article 3.4.1.4**

Following a continuous net settlement process, if an Open Position is not settled, an adjustment will take place upon the terms specified in an Instruction.

###### **Article 3.4.1.5**

A Clearing Member can choose to have Securities delivered/debited either at the relevant central securities depository or at a securities settlement system, pursuant to the conditions set out in an Instruction.

##### **A.2. Provisions Relating to Derivatives (excluding commodities)**

###### **Article 3.4.1.6**

When clearing Derivatives, the underlying of which are Securities, a Clearing Member, which is not itself a Trading Member or a Clearing Member on the corresponding Securities markets must designate one Trading Member or Clearing Member active on the market where the underlying is traded and having the appropriate settlement solutions to perform all its Exercises or Assignments of option contracts.

###### **Article 3.4.1.7**

The delivery of the underlying Financial Instruments of Derivatives is performed on outstanding Open Positions at the maturity date and under the conditions set out in an Instruction. The delivery gives rise either to the exchange of underlying asset against cash payment, or to a cash settlement. Upon expiry of a Derivative, either the delivery of the underlying Securities, or a cash settlement occur pursuant to the conditions set out in an Instruction.

##### **A.3. Provisions Related to Commodities**

###### **Article 3.4.1.8**

Clearing Members must, on a daily basis, net their Open Positions registered in their Position Account. In case of failure to perform such obligation, LCH.Clearnet SA will charge a penalty fee for late netting as set out in the fee grid published on the LCH.Clearnet SA web-site.

###### **Article 3.4.1.9**

At expiry, any Open Position gives rise to the payment or delivery of a lot of goods, pursuant to an Instruction, within the limits of Article 1.3.2.9.

#### **Article 3.4.1.10**

For the delivery of commodities, a buying Clearing Member and a selling Clearing Member are placed in contact with each other.

The delivery requirements for commodities' contracts take account of customary practices in the relevant physical market, as specified in a Notice.

#### **Article 3.4.1.11**

Clearing Members can opt between the two following delivery procedures:

- LCH.Clearnet SA delivery procedure (also known as "MATIF guarantee") whereby LCH.Clearnet SA's obligations, as set out in Article 1.3.2.6 and 1.3.2.9 of the Clearing Rule Book, apply ;
- An alternative delivery procedure, consisting in an amicable agreement between the selling Clearing Member and the buying Clearing Member on the delivery terms. In such case, LCH.Clearnet SA's obligations, as set out in Article 1.3.2.6 of the Rule Book, will not apply.

Unless otherwise stated by the Clearing Members on the third Clearing Day following the contract expiry, according to a process defined in an Instruction, the LCH.Clearnet SA delivery procedure applies.

#### **Article 3.4.1.12**

The delivery requirements for commodities contracts are detailed in an Instruction.

### **Section 3.4.2 Settlement and Delivery of Transactions Registered in the Fixed Income Clearing System.**

#### **Article 3.4.2.1**

For Transactions carried out on Trading & Matching Platforms or MTS Italy, payment and delivery thereof are made pursuant to an Instruction.

#### **Article 3.4.2.2**

As far as Transactions executed on and reported on Trading & Matching Platforms or on MTS Italy are concerned, and without prejudice to provisions regarding calculation of Margin, LCH.Clearnet SA sends on the Clearing Day before the intended Settlement Date of the relevant Transaction, settlement instructions, on the basis of Open Positions as described in Article 3.2.3.5 or Trade Legs as described in Article 3.2.3.6, registered in each Delivery Account to the relevant central Securities depository or Securities settlement system.

#### **Article 3.4.2.3**

For Transactions in debt Securities listed in a Notice, settlement instructions are divided in regular parcels equal to a pre-defined amount (i.e. shape size), in order to reduce the size of each instruction pursuant to the conditions specified in a Notice. The residual balance will constitute an additional instruction.

Notwithstanding the above, if instructions remain unsettled and are lower than the regular parcels referred to above, LCH.Clearnet SA may request the buying Clearing Member to accept the partial delivery of Securities under the conditions set out in an Instruction. If the latter refuses to do so, LCH.Clearnet SA may charge the buyer for the cost of capital of cash employed as a result of its refusal to do so.

#### **Article 3.4.2.4**

Each Delivery Account is linked to one Settlement Address.

The organisation of the Delivery Accounts reflects the Clearing Member's use of the Settlement Agent(s)/Payment Agent(s) facility. A Clearing Member can use the services of one or several Payment Agent(s) per central bank and per Credit Institution, accepted by LCH.Clearnet SA, and/or one or several Settlement Agent(s) per Securities settlement system and/or per central Securities depository.

### **Section 3.4.3 Settlement Failure**



## **A. Net Fails**

### **Article 3.4.3.1**

Net Fails may at any time be subject to repurchase or resale at the initiative of LCH.Clearnet SA. Such repurchase or resale is to be made in accordance with buy in or sell out procedures specified in an Instruction, at the risk and expense of the defaulting Clearing Member.

### **Article 3.4.3.2**

Net Fails are subject to an indemnity for late delivery or payment, charged to the defaulting Clearing Member by LCH.Clearnet SA pursuant to the fee grid.

### **Article 3.4.3.3**

In case of Net Fails corresponding to Transactions registered in the Cash and Derivatives Clearing System, LCH.Clearnet SA continues to call Variation Margin for the failed Open Positions. No additional Initial Margin is required for such Open Positions.

In case of Net Fails corresponding to Transactions registered in the Fixed Income Clearing System, LCH.Clearnet SA will call dedicated Margin (negotiation risks on Net-Fails) as stated in an Instruction.

## **B. Management of Settlement Failure for Futures Contracts on Commodities**

### **Article 3.4.3.4**

Settlement failures in respect of commodities futures contracts are subject to an indemnity for late delivery or late payment, charged to the defaulting Clearing Member by LCH.Clearnet SA, pursuant to an Instruction.

### **Article 3.4.3.5**

In case of payment or delivery failure corresponding to Transactions in futures contracts in respect of commodities, LCH.Clearnet SA continues to call Variation Margin for the failed Open Positions, until receipt of the notice of performance fully fulfilled and signed by the buying Clearing Member and the selling Clearing Member. No additional Initial Margin is required for these Open Positions.

### **Article 3.4.3.6**

The delivery failure procedure is defined in an Instruction.

## **CHAPTER 5 - REGISTRATION IN A TRADE REPOSITORY**

### **Article 3.5.1**

LCH.Clearnet SA shall report for itself, and on behalf of Clearing Members, the details of each Trade Leg resulting from Transactions in Derivatives Markets and any modification or termination of such Trade Leg to a Trade Repository no later than the working day following the conclusion, modification or termination of such Trade Leg, in accordance with the requirements of EMIR.

For the avoidance of doubt, LCH.Clearnet SA does not report to the Trade Repository any Transaction entered into between a Clearing Member and/or any of its Clients.

The reporting service to a Trade Repository will be implemented by LCH.Clearnet SA at a date to be specified in a Notice.

## **TITLE IV – RISK MANAGEMENT**

## **CHAPTER 1 - GENERAL PROVISIONS**

### **Article 4.1.0.1**

The risk calculations described in this Title are based on the Open Positions registered in the Clearing Members' Margin Accounts as described in Section 3.2.2.

### **Article 4.1.0.2**

At LCH.Clearnet SA's request, Clearing Members shall communicate to LCH.Clearnet SA all information concerning the identity, the Positions, and the solvency of their Clients.

They will only decline to provide the required information where they are prevented from doing so by a mandatory provision of law or national regulation.

### **Article 4.1.0.3**

LCH.Clearnet SA can request information daily from the Clearing Member in order to continuously monitor the risk management as performed by the Clearing Member.

### **Article 4.1.0.4**

LCH.Clearnet SA requires Clearing Members to open Position Accounts, in order to record separately the Positions of the Clearing Member's Clients under the conditions set out in an Instruction.

### **Article 4.1.0.5**

LCH.Clearnet SA may define Open Position limits and limits on risk exposure applicable to Clearing Members. Such limits are set out in an Instruction.

### **Article 4.1.0.6**

When these limits are reached, LCH.Clearnet SA can increase the Margin requirements in respect of a Clearing Member's Open Positions after having informed the operators of the relevant market or Trading & Matching Platforms.

### **Article 4.1.0.7**

In addition, LCH.Clearnet SA may order a Clearing Member to reduce its Open Positions within a stipulated time limit. If the size of the Open Positions is not reduced within the time limit, LCH.Clearnet SA can automatically liquidate the Open Positions that exceed the authorised limits. Moreover, LCH.Clearnet SA can also establish a market position limit and may require that, from a specified date onwards, only closing orders will be accepted.

## **CHAPTER 2 - MARGIN REQUIREMENTS**

### **Article 4.2.0.1**

Variation Margin and Initial Margin are debited or credited by LCH.Clearnet SA on a daily basis.

### **Article 4.2.0.2**

Intra-day Margin is called and debited in case of exceptional circumstances pursuant to the terms and conditions described in an Instruction and in a Notice.

### **Article 4.2.0.3**

In addition to Margin LCH.Clearnet SA shall, in its sole discretion, at all times and at any time during the day, be entitled to impose upon a Clearing Member additional margin requirements as it reasonably deems useful or necessary.

This can be done either on an individual basis or based on the nature of the Financial Instruments to which the relevant Open Positions relate. Any decision made on the basis of these provisions will be duly notified to the Clearing Members.

### **Article 4.2.0.4**

Unless otherwise indicated by LCH.Clearnet SA, the Clearing Member(s) in question shall be obliged to ensure that the amount of Collateral corresponding to the additional margin requirement is transferred or, as the case may be, guaranteed, at the latest within one hour of it having been informed thereof.

### **Article 4.2.0.5**

LCH.Clearnet SA shall publish in an Instruction:

- (i) the method used to calculate Margin requirements;
- (ii) the type of Securities, assets or bank guarantees to be accepted as Collateral to meet Margin calls by LCH.Clearnet SA and by Clearing Members; or
- (iii) Margin requirements.

LCH.Clearnet SA shall publish in a Notice:

- (i) parameters used to calculate Initial Margin;
- (ii) any discount ("haircut") to be applied to the market value of Collateral, depending on its nature and maturity;
- (iii) price fluctuation limits; and
- (iv) Intra-day Margin detailed terms and conditions and notably thresholds and frequency.

### **Article 4.2.0.6**

Clearing Members shall call initial margin and variation margin from their Clients having Positions in Securities or Derivatives traded on Market Undertakings in an amount based on the same parameters and methodology as the LCH.Clearnet SA Initial Margin and Variation Margin requirements.

LCH.Clearnet SA may authorise the use of other methods and parameters after having checked that they are adequate and that they offer the same level of security in relation to the risks it assumes. To this end, the Clearing Member must submit the details of the method it proposes to LCH.Clearnet SA for prior approval. Submitted methods will be assessed by LCH.Clearnet SA on a case by case basis.

As far as Intra-day Margin is concerned, the Clearing Members have no obligation to call for Intra-day Margins from their Clients having Positions in Derivatives traded on Market Undertakings in an amount based on the same parameters and methodology as the LCH.Clearnet SA Intra-day Margin.

### **Article 4.2.0.7**

Clearing Members clearing Securities shall ensure that their Clients provide them with such collateral as the Clearing member considers from time to time necessary for the proper completion of the Client's Positions.

**Article 4.2.0.8**

No Margin will have to be charged if the settlement obligation of the Client is covered by the cash equivalent in case of purchase, or the Securities equivalent in case of a sale. The amount in cash or the number of Securities is blocked by the Clearing Member from the execution up until the Transaction is settled.

**Article 4.2.0.9**

Once the Settlement Price has been communicated, the Variation Margin and Initial Margin amounts become immediately payable without further notice. An Instruction specifies the maximum time limit for payment of the Variation Margin and Initial Margin amount.

**Article 4.2.0.10**

LCH.Clearnet SA shall calculate and call Margin on Transactions executed on Trading & Matching Platforms, as specified in an Instruction.

## CHAPTER 3 - DEFAULT FUND

### Article 4.3.0.1

Three separate Default Funds are established by LCH.Clearnet SA pursuant to this Clearing Rule Book:

- (i) one for Clearing Members complying with the financial requirements set-out in Section 2.3.2 and authorised to clear Transactions in Securities and/or Derivatives Product Groups (excluding MTS Italy); (the “**cash and derivatives Default Fund**”);
- (ii) one for Clearing Members complying with the financial requirements set-out in Section 2.3.3 and authorised to clear Transactions executed on, or reported by, Trading & Matching Platforms and the MTS Italy Regulated Market; (the “**fixed income Default Fund**”); and
- (iii) one for Clearing Members complying with the financial requirements set-out in Section 2.3.3 and authorised to clear Triparty Repos; called the “Triparty Repo Default Fund”.

The purposes of the Default Fund are the same in each case.

However, each of the cash and derivatives Default Fund, fixed income Default Fund and Triparty Repo Default Fund may only be used to cover losses resulting from an Event of Default relating to a Clearing Member’s cash and derivatives business, and fixed income business or Triparty Repo business respectively.

### Section 4.3.1 Contribution to the Default Funds

#### Article 4.3.1.1

A Clearing Member is obliged to contribute to the relevant Default Fund(s) mentioned in Article 4.3.0.1 according to the terms and conditions set-out in an Instruction. Such contribution will depend on the Product Group(s) that it is authorised to clear and it will be delivered by:

- (i) transferring Collateral outright to LCH.Clearnet SA; or
- (ii) by transferring, directly or indirectly, to a central bank, assets accepted as Collateral by such central bank under the conditions defined by the central bank for the issuance by it of a guarantee in favour of LCH.Clearnet SA.

In the second case, the Clearing Member must ensure the performance of the central bank’s obligations by entering into arrangements acceptable to LCH.Clearnet SA for the issuance of such guarantees.

Thus, the Clearing Member must fulfil its obligation to provide eligible Collateral to the central bank within the time stipulated in the relevant Counter-guarantee Agreement so that the central bank can issue its guarantee to LCH.Clearnet SA within the time and under the conditions specified in a Notice.

#### Article 4.3.1.2

The amount to be contributed by a Clearing Member to the relevant Default Fund shall be determined taking into account the risk associated with the Open Positions of such Clearing Member in respect of the relevant Product Group(s).

#### Article 4.3.1.3

Once a month, LCH.Clearnet SA shall determine the size of each Default Fund and the level of each individual Clearing Member’s contribution. The method of calculation of such contribution together with the level of any applicable minimum contribution is specified in an Instruction. Upon being authorised to clear a new Product Group, and before starting their activities in relation thereto, Clearing Members shall be required to pay the minimum contribution to the relevant Default Fund, where applicable.

### Section 4.3.2 Calls on the Default Funds

#### Article 4.3.2.1

Calls may be made on the relevant Default Fund following an Event of Default, in accordance with the provisions of Article 4.5.2.7 (for the avoidance of doubt, following an Event of Default, LCH.Clearnet SA

is allowed to draw partial amounts from the relevant Default Fund as many times as needed to cover the estimated losses incurred as a result of, following, or in connection with, an Event of Default).

#### **Article 4.3.2.2**

Following a call, funds received from a central bank pursuant to any guarantees issued in favour of LCH.Clearnet SA as provided in Article 4.3.1.1 shall provide a valid discharge of the amount owed by the respective Clearing Members.

#### **Article 4.3.2.3**

If LCH.Clearnet SA calls upon one of the Default Funds, it shall use the sums provided to perform its obligations under Section 1.3.2 and to cover the repayment of any related loans, expenses, damages, interest charges and/or other expenditure.

#### **Article 4.3.2.4**

Should there be any surplus after such performance, or profits earned from the performance of its obligations, then such amounts shall be repaid by LCH.Clearnet SA to the contributors in proportion to their respective contributions either directly, or where applicable, via the central bank.

### **Section 4.3.3 Refilling of the Default Funds and Service Continuity**

#### **A. Refill Contributions to the Default Funds**

##### **Article 4.3.3.1**

If an Event of Default in relation to a Clearing Member is declared under the Clearing Rules and a call has been made on the fixed income Default Fund, the cash and derivatives Default Fund or the Triparty Repo Default Fund, as relevant, and LCH.Clearnet SA determines that a certain percentage thereof (to be set out in an Instruction) has been used, LCH.Clearnet SA may, by notice in writing, require each non-Defaulting Clearing Member contributing to the relevant Default Fund to deposit and maintain with LCH.Clearnet SA an additional contribution amount (each a “**Refill Contribution**”) in accordance with the provisions set out in an Instruction (for the avoidance of doubt, Refill Contributions will be considered unfunded as long as LCH.Clearnet SA has not issued such a notice).

#### **B. Service Continuity**

##### **Article 4.3.3.2**

In relation to losses attributable to the fixed income, the cash and derivatives or the Triparty Repo activity of a Defaulting Clearing Member, where, after an Event of Default, LCH.Clearnet SA determines that the losses resulting from such Event of Default will exceed the amounts to be applied to it under Article 4.5.2.7 (1) to (5) (a), LCH.Clearnet SA may implement the relevant loss distribution process (the “**Fixed Income Loss Distribution Process**”, and the “**Cash and Derivatives Loss Distribution Process**”, and the “**Triparty Repo Loss Distribution Process**” respectively) to be set-out in an Instruction (the “**Fixed Income Service Continuity and Service Closure Instruction**”, the “**Cash and Derivatives Service Continuity and Service Closure Instruction**”, and the “**Triparty Repo Service Continuity and Service Closure Instruction**” respectively), pursuant to which the non-Defaulting Clearing Members will be required to contribute individually to such losses in an amount which may not exceed 100% of each non-Defaulting Clearing Member’s contribution to the relevant Default Fund immediately prior to the occurrence of such Event of Default (the “**Service Continuity Contribution**”). The Service Continuity Contribution shall be in addition to the contributions and Refill Contributions of each non-Defaulting Clearing Member to the relevant Default Fund.

#### **C. Service Closure**

##### **Article 4.3.3.3**

Where, following the conclusion of the Fixed Income Loss Distribution Process, the Cash and Derivatives Loss Distribution Process, or the Triparty Repo Loss Distribution Process, LCH.Clearnet SA determines that it would not in future have sufficient resources to meet its contractual obligations towards non-defaulting Clearing Members in connection with the Fixed Income Clearing Service, the Cash and Derivatives Clearing Service, or the Triparty Repo Clearing Service respectively, LCH.Clearnet SA shall



first invite non-defaulting Clearing Members to make voluntary payments and, if such voluntary payments are not sufficient, may then implement the relevant service closure process set out in the relevant Instruction.

#### **D. Effect on Termination of Clearing Members' Membership**

##### **Article 4.3.3.4**

As long as there remains a default management process (as contemplated by Article 4.5.2.6) outstanding in relation to any Event of Default and until the expiry of the Cash and Derivatives Default Period of the Fixed Income Default Period, or of the Triparty Repo Default Period, as set-out in the above mentioned relevant Instruction, no resignation or termination of a Clearing Member's LCH.Clearnet SA membership will become effective and all non-Defaulting Clearing Members (including resigning Clearing Members and Clearing Members whose Clearing Member status is to be terminated for whatever reason) shall remain liable for all the obligations contained in Articles 4.3.3.1 and 4.3.3.2 above and in the relevant Instructions, in relation to any Event of Default which has occurred in relation to the relevant Product Group before the expiry of such Fixed Income Default Period, Cash and Derivatives Default Period, or Triparty Repo Default Period, as applicable.

#### **Section 4.3.4 Other Provisions**

##### **Article 4.3.4.1**

Payment of any amount referred to in this Chapter shall not discharge the Defaulting Clearing Member from its obligation to perform properly its obligations and pay compensation for any damage caused by its Event of Default.

##### **Article 4.3.4.2**

LCH.Clearnet SA will promptly report to the Clearing Members on, and account for, any withdrawals made from the Default Funds.

Upon the effective day of termination of the membership, and subject to the relevant Clearing Member having fully discharged all its obligations vis-à-vis LCH.Clearnet SA pursuant to the Clearing Rules or the Admission Agreement, LCH.Clearnet SA shall repay to such ex-Clearing Member any of its contributions which have not been used.

## CHAPTER 4 - COLLATERAL

### Article 4.4.0.1

When the amount of Collateral deposited by a Clearing Member to cover its Margin and Default Fund contribution obligations is more than needed to cover such obligations, LCH.Clearnet SA will deem the surplus of assets governed by the same legal provisions as Collateral.

### A. Principles

#### Article 4.4.0.2

A Clearing Member shall provide sufficient Collateral to LCH.Clearnet SA as necessary for the performance of the obligations of the Clearing Member. The amount of Collateral is determined by LCH.Clearnet SA.

#### Article 4.4.0.3

Any Collateral required to be provided by a Clearing Member must be provided not later than the time set by LCH.Clearnet SA in an Instruction.

Where the Clearing Member is to provide Collateral in the form of the issuance of a guarantee by a central bank, it must fulfil its obligation to provide eligible collateral to the central bank by the time stipulated in the relevant guarantee agreement so that the central bank can issue its guarantee to LCH.Clearnet SA by not later than the time set by LCH.Clearnet SA in an Instruction.

#### Article 4.4.0.4

Where Collateral is due to LCH.Clearnet SA, LCH.Clearnet SA reserves the right to exclude certain types of collateral on the grounds, *inter alia*, of illiquidity or insufficient outstandings, and may accept other assets on the terms specified by LCH.Clearnet SA in a Notice.

#### Article 4.4.0.5

Collateral posted with LCH.Clearnet SA in a Client Collateral Account to cover Client Open Positions registered in one or several Client Margin Account(s) linked to the said Client Collateral Account shall not be used to cover:

- (i) the House Open Positions; or
- (ii) any Client Open Positions registered in other Client Account Structures of such Clearing Member.

#### Article 4.4.0.6

The registration of Collateral in the Clearing Members' books must be established in such a way as to make possible at any moment the distinction between, on the one hand, the assets deposited as a guarantee and the movements related to its House Open Positions and, on the other hand, the assets deposited as a guarantee and the movements related to the Client Open Positions registered in each of its Client Margin Accounts.

The Clearing Member must indicate to LCH.Clearnet SA to which Collateral Account the Collateral must be allocated, within the conditions specified in a Notice.

### B. Specificities

#### B.1. Trading & Matching Platforms

#### Article 4.4.0.7

For Transactions on Trading & Matching Platforms, LCH.Clearnet SA may take Collateral in advance, as provided in a Notice, for "value-today Transactions" or for any other Transactions as may be specified in the Notice.

## **CHAPTER 5 - EVENT OF DEFAULT**

### **Section 4.5.1 Notification of an Event of Default**

#### **Article 4.5.1.1**

The occurrence of an Event of Default shall be notified by any means by LCH.Clearnet SA to the Defaulting Clearing Member.

#### **Article 4.5.1.2**

If an event or circumstance which would otherwise constitute or give rise to a Contractual Event of Default also constitutes an Insolvency Event of Default, it will be treated as an Insolvency Event of Default.

### **Section 4.5.2 Measures in case of an Event of Default**

#### **Article 4.5.2.1**

Upon the occurrence of an Event of Default, LCH.Clearnet SA may, in co-ordination with the relevant Competent Authority as the case may be, take any measure it deems necessary in order to contain its exposure and to mitigate overall market effects, whether or not these measures are set out in the Clearing Rules.

#### **Article 4.5.2.2**

Upon the occurrence of an Event of Default, LCH.Clearnet SA may discretionary take any of the following measures or any other measures that it deems necessary or useful taking into account the need to act promptly in the manner LCH.Clearnet SA thinks best to contain its exposure and to mitigate resulting effects over market participants:

- (i) to request the relevant Market Undertaking to suspend any trading activity of the Defaulting Clearing Member ;
- (ii) to terminate or suspend the Admission Agreement entered into between LCH.Clearnet SA and the Defaulting Clearing Member ;
- (iii) to obtain any advice or assistance from the Defaulting Clearing Member and/or any third party, as LCH.Clearnet SA may deem necessary for any matter arising out of or in connection with an Event of Default and at the expense of the Defaulting Clearing Member;
- (iv) to impose further Margins requirements and corresponding Collateral deposits to secure the performance by the Defaulting Clearing Member of its obligations under the Clearing Rules;
- (v) to sell off the Collateral posted by the Defaulting Clearing Member or to call on the Central Bank Guarantee, if applicable, to ensure the performance by the Defaulting Clearing Member of its obligations under the Clearing Rules ;
- (vi) to act in lieu of the Defaulting Clearing Member for performing its payment and/or delivery obligations;
- (vii) to impose upon the Defaulting Clearing Member a penalty for late delivery or payment, in the circumstances and at a rate set out in an Instruction ; and/or
- (viii) to claim from the Defaulting Clearing Member damages and costs incurred in relation to the occurrence of an Event of Default or the processing of the Event of Default.

For the avoidance of doubt, termination or suspension of the Admission Agreement entered into between LCH.Clearnet SA and the Defaulting Clearing Member shall not release the Defaulting Clearing Member from any of its obligations under the Clearing Rules.

#### **Article 4.5.2.3**

The Defaulting Clearing Member shall respond to any requests as LCH.Clearnet SA may deem necessary for any matter arising out of, or in connection with, an Event of Default, and shall cooperate with LCH.Clearnet SA in order to process the Event of Default.

#### **Article 4.5.2.4**

If the Clearing Member appears to LCH.Clearnet SA to be unable, or to be likely to become unable, to meet its obligations in respect of one or more Transactions or otherwise under the Clearing Rules, LCH.Clearnet SA may, within its reasonable judgement, declare such event as a Contractual Event of Default.

LCH.Clearnet SA may take the view that a Contractual Event of Default has happened in light of the occurrence of, *inter alia*, any of the following events:

- (i) Failure to pay or deliver any or all balances, Financial Instruments, or assets owed to LCH.Clearnet SA in respect of Open Positions registered in the name of the Defaulting Clearing Member with LCH.Clearnet SA, within the stipulated deadlines ;
- (i) Failure to pay Initial Margin, Variation Margin, Intra-day Margin or any additional Margin amounts as indicated in Article 4.2.0.4, imposed by LCH.Clearnet SA or failure to make a required contribution to the Default Fund, within the stipulated time limits ;
- (iii) Non successful settling of Net Fails via a buy in or a sell-out procedure.

Upon the occurrence of a Contractual Event of Default, and without prejudice to the provisions of Article 4.5.2.2, LCH.Clearnet SA and the Defaulting Clearing Member shall cooperate to try to reach a mutually satisfactory agreement in order to resolve the Contractual Event of Default.

If such an agreement is not reached or the Contractual Event of Default has not been resolved before the date and time limit set by LCH.Clearnet SA, LCH.Clearnet SA may, in its sole discretion, if it estimates that such measures are necessary as regard to the need to act promptly, LCH.Clearnet SA may, in accordance with French law and the provisions of an Instruction :

- (i) transfer to another Clearing Member the Client Open Positions registered in the name of the Defaulting Clearing Member, and/or
- (ii) liquidate the Open Positions registered in the name of the Defaulting Clearing Member.

#### **Article 4.5.2.5**

Upon the occurrence of an Insolvency Event of Default, and without prejudice to the provisions of Article 4.5.2.2, LCH.Clearnet SA may in accordance with French law and the provisions of an Instruction:

- (i) transfer to another Clearing Member the Client Open Positions registered in the name of the Defaulting Clearing Member ; and/or
- (ii) liquidate the Open Positions registered in the name of the Defaulting Clearing Member.

Upon the occurrence of an Insolvency Event of Default, the rights and obligations of the Defaulting Clearing Member arising from or in connection with its participation to the clearing system operated by LCH.Clearnet SA shall be governed exclusively by French law, and the law of the State where insolvency proceedings are initiated against the Defaulting Clearing Member will not interfere in this respect.

#### **Article 4.5.2.6**

The default management process applicable to Transactions executed on, or reported by, Trading & Matching Platforms and the MTS Italy Regulated Market shall be set out in a default management process Instruction and the default management process applicable to Transactions in Securities and/or Derivatives Product Groups shall be set out in a transfer and liquidation Instruction.

Transfer and liquidation of Open Positions, as the case may be, shall be performed under conditions set out in an Instruction, taking into account on the one hand the need to act promptly in the manner LCH.Clearnet SA thinks best to contain its exposure and to mitigate overall market effects and on the other hand, the Account Structure of the Defaulting Clearing Member.

Clearing Members are required to provide their Clients, at the beginning of their relationship, with information regarding (i) their Account Structure and (ii) the consequences of such Account Structure in case of an Event of Default as described in an Instruction.

#### Article 4.5.2.7

In order to perform its obligations pursuant to the Clearing Rules, LCH.Clearnet SA will make use of the resources available to it in the following order:

- (i)
  - (a) any Collateral deposited by the Defaulting Clearing Member to meet its Margin requirements, including any additional Margin requirement, in respect of the Clearing Service concerned;
  - (b) any Collateral, transferred or granted by the Defaulting Clearing Member to LCH.Clearnet SA as margin cover in connection with (an)other clearing service(s) provided by LCH.Clearnet SA (to the extent such Collateral is not applied in the context of such other clearing service(s) in accordance with the rules applicable to such other clearing service(s));

provided in each case that in no circumstances will collateral transferred by the Defaulting Clearing Member in respect of obligations arising in a Client Account Structure be applied by LCH.Clearnet SA pursuant to this stage (i) in respect of any loss attributable to any other Account Structure of the Defaulting Clearing Member;
- (ii) if applicable any other Collateral or any surplus assets deposited by the Defaulting Clearing Member or Letter of Credit issued by, or with regard to, the Defaulting Clearing Member in favour of LCH.Clearnet SA. Such surplus assets will be allocated to cover the losses on (a) Transactions on Fixed Income Securities, (b) Transactions relating to Securities and/or Derivatives Product Groups (excluding MTS Italy), and (c) Triparty Repo Transactions, on a pro rata basis, based on the excess losses (losses not covered by (i)(a) and (i)(b) incurred respectively in these Clearing Services, provided in each case that in no circumstances will collateral or surplus assets transferred by the Defaulting Clearing Member, or Letters of Credit issued by or with regard to the Defaulting Clearing Member, in respect of obligations arising in a Client Account Structure be applied by LCH.Clearnet SA pursuant to this stage (ii) in respect of any loss attributable to any other Account Structure of the Defaulting Clearing Member;
- (iii) the individual contribution to the relevant Default Fund of the Defaulting Clearing Member (where applicable, any excess will be used to cover losses resulting from other clearing services, prorata to the amount of the losses resulting respectively from such other clearing services), and, if applicable any Collateral transferred or granted by the Defaulting Clearing Member to LCH.Clearnet SA as a contribution to the Default Fund relating to (an)other clearing service(s) (including for the avoidance of doubt the CDS clearing service) (to the extent such Collateral is not applied in the context of such other clearing service(s) in accordance with the rules applicable to such other clearing service(s));
- (iv) payment from LCH.Clearnet SA's dedicated own resources in accordance with article 45.4 of EMIR and article 35 of Commission Delegated Regulation (EU) N° 152/2013 with regard to regulatory technical standards on requirements for central counterparties, as determined from time to time in a Notice, of an amount up to the amount of such dedicated own resources allocated to the relevant default fund (including each of the Default Funds and any other default fund set- up by LCH.Clearnet in relation any other clearing activity) in proportion to the size of such default fund (the "**Capped Amount**"). In the case of an Event of Default occurring after a previous Event of Default but before LCH.Clearnet SA has reinstated such dedicated own resources in accordance with article 35 of Commission Delegated Regulation (EU) N° 152/2013, an amount up to the residual amount of such dedicated own resources in the relevant Default Fund,
- (v)
  - (a) the available contributions to the relevant Default Fund made by the other Clearing Members—as per Article 4.3.1.1 including any replenishment contributions deposited as per Article 4.3.3.1 and any Refill Contributions deposited as per Article 4.3.3.1, prorata to such other Clearing Member's share in the contributions of non-Defaulting Clearing Members to the relevant Default Fund immediately prior to the Event of Default;
  - (b) the Service Continuity Contributions made by non-defaulting Clearing Members in respect of the Clearing Service concerned pursuant to Article 4.3.3.2 ;
  - (c) any voluntary payments made by non-Defaulting Clearing Members in respect of the Clearing Service concerned; and

(d) the Service Closure Payments to be made in respect of the Clearing Service concerned pursuant to Article 4.3.3.3 and to the Instruction mentioned therein (as defined by such Instruction);

If some Collateral deposited by other Clearing Members to contribute to the relevant Default Fund is used, or if a payment is made pursuant to item 4 above, the amount of this Collateral or payment will represent a claim of LCH.Clearnet SA against the Defaulting Clearing Member.

#### **Article 4.5.2.8**

Following the liquidation of Client Open Positions at Margin Account level and of Client Collateral at Collateral Account level, as a result of the Event of Default of a Clearing Member, LCH.Clearnet SA shall deduct from the proceeds resulting from the liquidation of such Client Collateral any losses realised following such liquidation, and shall determine a final net balance in relation to each Client or Client Account Structure, as applicable.

Such Client final net balance shall be deemed positive where LCH.Clearnet SA owes monies to the Defaulting Clearing Member and negative where the Defaulting Clearing Member owes monies to LCH.Clearnet SA.

Any positive Client net balance calculated by LCH.Clearnet SA in accordance with the above provisions shall be remitted to the Client if such Client is a KnownClient, is the sole holder of the relevant Position Account(s), and if such Position Account(s) is/are the sole Position Account(s) linked to the relevant Margin Account and in all other cases, to the Defaulting Clearing Member for the account of such Client(s). Any negative Client net balance calculated by LCH.Clearnet SA in accordance with the above provisions shall be considered a debt of the Defaulting Clearing Member towards LCH.Clearnet SA and shall be discharged using the resources available pursuant to Article 4.5.2.7, in the order mentioned therein.

Following (i) completion of the default management process and (ii) the extinction of any exposures relating to the Defaulting Clearing Member, and taking into account:

- (a) any monies that may be owed by the Defaulting Clearing Member to LCH.Clearnet SA pursuant to the Clearing Rules and the Admission Agreement (including for the avoidance of doubt, any losses, costs and expenses of whatsoever nature incurred by LCH.Clearnet SA in connection with the Event of Default and any Client negative net balance determined pursuant to the provisions above) and
- (b) any monies that may be owed by LCH.Clearnet SA to the Defaulting Clearing Member pursuant to said Clearing Rules and Admission Agreement (with the exception of any Client positive net balance owed by LCH.Clearnet SA to the Defaulting Clearing Member pursuant to the provisions above)

LCH.Clearnet SA shall determine a Defaulting Clearing Member final net balance, which shall be deemed positive where LCH.Clearnet SA owes monies to the Defaulting Clearing Member and negative where the Defaulting Clearing Member owes monies to LCH.Clearnet SA.

If positive, such Defaulting Clearing Member final net balance shall be remitted to the Defaulting Clearing Member and, if negative, shall be claimed by LCH.Clearnet SA from the Defaulting Clearing Member (subject to the application of any time bar requiring the filing of a provisional claim in the case of an Insolvency Event of Default). Any amounts finally recovered by LCH.Clearnet SA following such claim will be refunded to the non defaulting Clearing Members prorata to their respective contribution to the losses incurred in connection with the default management process, and if there is any surplus following such refund, will be applied towards the reimbursement or discharge of any monies paid or costs incurred by LCH.Clearnet SA in connection with the Event of Default.

#### **Article 4.5.2.9**

In case of an Event of Default, LCH.Clearnet SA is not bound by the buy-in procedure timeframe as set out in an Instruction.

#### **Article 4.5.2.10**

When the Defaulting Clearing Member is a seller in a Forward Repo transaction, the non-Defaulting Clearing Member does not receive the Securities, does not pay the related cash amount and only receives the payment of the interest amount related to the Forward Repo for which the intended Settlement Date of the Return Transaction does not exceed four (4) Clearing Days after the declaration of the default. However, LCH.Clearnet SA can extend this timeframe as it deems necessary until the liquidation process is settled.

#### **Article 4.5.2.11**

Measures taken by LCH.Clearnet SA upon the occurrence of an Event of Default shall be notified by LCH.Clearnet SA to the Defaulting Clearing Member and to any appropriate third parties as LCH.Clearnet SA may deem necessary.

### **Section 4.5.3 Provisions Applicable on Euronext Paris**

#### **Article 4.5.3.1**

A Client-acting on Derivative Markets fails when it does not pay Initial Margin, debit Variation Margin, or premiums within the stipulated deadlines.

In such case, the Clearing Member automatically liquidates all or part of the failing Client's Positions.

#### **Article 4.5.3.2**

In the event that a Client fails on deliverable Financial Instruments at settlement, the Clearing Member which manages the Client's Positions ensures execution under the guarantee of final settlement under the conditions specified in an Instruction.

The Clearing Member shall retain the failing Client's collateral. All expenses incurred by the Clearing Member to process the failed Transaction are charged against the failing Client's collateral. The remaining balance of the Initial Margin is refunded after the Clearing Member has discharged its obligations.

### **Section 4.5.4 Events of Default of an Allied Clearing House and Consequences on Clearing Members**

#### **Article 4.5.4.0**

For the purpose of this Section, Allied Clearing House shall mean Cassa di Compensazione e Garanzia.

#### **Article 4.5.4.1**

Upon the occurrence of an Event of Default of the Allied Clearing House (an "**Allied Clearing House Event of Default**"), LCH.Clearnet SA will promptly notify the Clearing Members active in fixed income Transactions in Italian government securities ("**Italian Fixed Income Transactions**") and will, with immediate effect, stop accepting from the Allied Clearing House and from any Clearing Member, directly or indirectly, and will no longer novate, any new Italian Fixed Income Transactions for clearing or registration in its Fixed Income Clearing System, and may, in co-ordination with the relevant Competent Authority as the case may be, take any measure it deems necessary concerning the interoperability link with the Allied Clearing House in order to contain its exposure and to mitigate overall market effects (including selling any Securities purchased from Clearing Members and which cannot be delivered to the Allied Clearing House due to the Event of Default), whether or not these measures are set out in the Clearing Rules.

#### **Article 4.5.4.2**

LCH.Clearnet SA may, in particular, in its sole discretion, take any of the following measures or any other measures that it deems necessary or useful taking into account the need to act promptly in the manner LCH.Clearnet SA thinks best to contain its exposure and to mitigate resulting effects over market participants:

- (i) obtain any advice or assistance from any third party, as LCH.Clearnet SA may deem necessary for any matter arising out of or in connection with the Allied Clearing House Event of Default,

- (ii) sell any Securities delivered by Clearing Members to LCH.Clearnet SA in connection with Italian Fixed Income Transactions and associated Trade Legs and Open Positions involving the Allied Clearing House and which have not been delivered to the Allied Clearing House due to the Allied Clearing House Event of Default,
- (iii) cancel, to the extent possible, any settlement instructions in relation to Italian Fixed Income Transactions and associated Trade Legs and Open Positions which have not yet settled and instruct any CSD of Reference or International CSD and securities settlement system, directly or indirectly to cancel such pending instructions and to stop issuing any new instructions in relation thereto.

#### **Article 4.5.4.3**

All outstanding Trade Legs and Open Positions of the Allied Clearing House and Clearing Members resulting from Italian Fixed Income Transactions already executed or registered shall be closed out as of the date of notification of an Allied Clearing House Event of Default. Neither LCH.Clearnet SA nor any non-defaulting Clearing Member shall be obliged to make any further payments or deliveries under any Trade Leg or Open Position between them which would, but for this Article 4.5.4.3, have fallen due for performance on or after notification of the Allied Clearing House Event of Default, and any obligations to make further payments or deliveries which would otherwise have fallen due with respect to such Trade Legs or Open Positions, shall be satisfied by settlement (whether by payment, set-off or otherwise) of the Clearing Member Positive Amount, or the Clearing Member Negative Amount, as the case may be, as set out in Articles 4.5.4.4 and 4.5.4.5 below.

#### **Article 4.5.4.4**

On the basis of the close out values established for each outstanding Trade Leg and Open Position mentioned in Article 4.5.4.3 above by LCH.Clearnet SA acting in a commercially reasonable manner, an account shall be taken at the date of notification of the Allied Clearing House Event of Default of what is due in respect of each Clearing Member active in Italian Fixed Income Transactions, from that Clearing Member to LCH.Clearnet SA and from LCH.Clearnet SA to that Clearing Member in respect of such Trade Legs and Open Positions, and the sums due from the Clearing Member to LCH.Clearnet SA shall be set off against the sums due from LCH.Clearnet SA to the Clearing Member in respect such Trade Legs and Open Positions (excluding any Initial Margin or additional Margin provided by each Clearing Member) (the result shall be referred to as a “**Clearing Member Positive Amount**” if the sums due by the Clearing Member to LCH.Clearnet SA are higher than the sums due by LCH.Clearnet SA to the Clearing Member and a “**Clearing Member Negative Amount**” if the sums due by LCH.Clearnet SA to the Clearing Member are higher than the sums due by the Clearing Member to LCH.Clearnet SA). Any Clearing Member Positive Amount shall be paid immediately to LCH.Clearnet SA by the relevant Clearing Members.

#### **Article 4.5.4.5**

LCH.Clearnet SA will determine the amount resulting from (A) the sum of (i) the available Initial Margin and additional Margin provided by the Allied Clearing House and (ii) all Clearing Member Positive Amounts, less (B) the sum of (i) any losses arising from the sale by LCH.Clearnet SA of any Securities delivered by Clearing Members to LCH.Clearnet SA in connection with Italian Fixed Income Transactions involving the Allied Clearing House and which have not been delivered to the Allied Clearing House due to the Allied Clearing House Event of Default and (ii) any Margin due by the Allied Clearing House which remains unpaid on its due date, and (iii) any reasonable costs resulting from the management by LCH.Clearnet SA of the Allied Clearing House Event of Default (the result will be the “**Allied Clearing House Default Balance Amount**”), and

- (i) if the Allied Clearing House Default Balance Amount is positive and is sufficient to cover payment by LCH.Clearnet SA of the Clearing Member Negative Amounts in full, such payment will be made by LCH.Clearnet SA in full,
- (ii) if the Allied Clearing House Default Balance Amount is positive but is not sufficient to cover payment by LCH.Clearnet SA of the Clearing Member Negative Amounts in full, such payment will be made by LCH.Clearnet SA partially only, prorata to the proportion which, for each Clearing Member, (i) the Allied Clearing House Default Balance Amount multiplied by the relevant Clearing Member Negative Amount bears to (ii) the sum of all Clearing Member Negative Amounts,



- (iii) if the Allied Clearing House Default Balance Amount is negative, no payment of Clearing Member Negative Amount will be made by LCH.Clearnet SA, and the remaining loss will be allocated between all fixed income Clearing Members, prorata to their respective participation in the fixed income - Default Fund prior to the occurrence of the Allied Clearing House Event of Default, and such amount will be payable immediately by the fixed income Clearing Members to LCH.Clearnet SA.

**Article 4.5.4.6**

For the avoidance of doubt, the management by LCH.Clearnet SA of the Allied Clearing House Event of Default as set out above shall not impact the continuing operation of the Fixed Income Clearing System otherwise than in relation to Italian Fixed Income Transactions.

# **TITLE V – TRIPARTY REPO CLEARING SERVICES**

The provisions below set out the specific rules applying to the Clearing Services provided by LCH.Clearnet SA in relation to Triparty Repos through the Triparty Repo Clearing System. As a consequence, in the case of any discrepancy between those specific provisions and any other provision in the Clearing Rule Book, the former will prevail regarding Triparty Repo Transactions. For the avoidance of doubt, provisions of this Clearing Rule Book applying specifically to the Securities and Derivatives Product Group shall not apply to the Baskets Product Group.

## **CHAPTER 1 – GENERAL PROVISIONS AND LEGAL FRAMEWORK**

### **Article 5.1.1.1**

In addition to the obligations set out in Title II, Chapter 2, Section 2.2.3, Clearing Members wishing to clear Triparty Repo Transactions are required to comply with the following obligations:

### **Article 5.1.1.2**

Each Clearing Member must:

- (i) Identify Euroclear Bank or the relevant ESES CSD as the triparty agent for its Triparty Repos;
- (ii) Comply with the LCH.Clearnet SA Minimum Deposit requirement and the Triparty Repo Default Fund contribution requirement prior to submitting a Triparty Repo Transaction for clearing, as set out in an Instruction;
- (iii) Have previously entered into appropriate arrangements with respect to the Euroclear Collateral Management System and the relevant Euroclear Interoperability Agreements and comply with them at all times.
- (iv) Have entered into appropriate arrangements with Euroclear Bank to set up a credit line in order to secure Triparty Repo linked payments in Euroclear Bank securities settlement system and to allow self collateralisation;
- (v) Have obtained an authorisation to enter into auto-collateralisation operations with the Banque de France in order to secure Triparty Repo linked payments in Euroclear France securities settlement system ;
- (vi) Have granted LCH.Clearnet SA a power of attorney entitling LCH.Clearnet SA to generate collateral management instructions in Euroclear Collateral Management System (CMS) on behalf of the Clearing Member ;
- (vii) Have expressly authorised in writing Euroclear Bank and Euroclear France to inform LCH.Clearnet SA of any withdrawal, transfer or assignment by itself in any way whatsoever (as security or otherwise) outside the Euroclear Collateral Management System of any Securities which have been allocated as collateral to a Triparty Repo Transaction.

## **CHAPTER 2 – CLEARING OPERATIONS**

### **Section 5.2.1 Registration**

#### **Article 5.2.1.1**

Upon registration by LCH.Clearnet SA, Triparty Repo Transactions governed by a national or international master agreement become immediately subject to the Clearing Rules, which override the provisions of such master agreement.

#### **Article 5.2.1.2**

On the basis of the registered Transactions, LCH.Clearnet SA calculates an Open Position per Clearing Member per Delivery Account, per Basket and per Settlement Date.

### **Section 5.2.2 Account Structure**

#### **Article 5.2.2.1.**

The Triparty Repo Transactions registered by LCH.Clearnet SA are aggregated into one Net Position Exposure per Clearing Member and per Basket, in accordance with the appropriate settlement window (same Clearing Day settlement or following Clearing Day settlement).

The Net Position Exposure for same Clearing Day settlement is calculated as follows:

Triparty Repo Transactions already initiated and not yet returned + Triparty Repo Transactions with initiation date S (where S is the current Clearing Day).

The Net Position Exposure for following Clearing Day settlement is calculated as follows:

Triparty Repo Transactions already initiated and not yet returned + Triparty Repo Transactions with initiation date S+1 (where S is the current Clearing Day) – Triparty Repo Transactions with return date S+1.

### **Section 5.2.3 Settlement and Delivery**

#### **Article 5.2.3.1**

Contrary to the general clearing rules stated in Article 1.3.1.5, LCH.Clearnet does not transmit settlement instructions regarding Triparty Repos to the CSD of Reference.

LCH.Clearnet SA sends the Net Position Exposure of each Clearing Member when modified, twice a day, to Euroclear Collateral Management System for automatic allocation of collateralising securities.

#### **Article 5.2.3.2**

Euroclear Collateral Management System is responsible for sending the appropriate settlement Instructions to the CSD of Reference, pursuant to its rules.

Under no circumstances may LCH.Clearnet SA be held liable for any direct or consequential loss suffered by a Clearing Member and due to Euroclear Collateral Management System allocation and settlement procedures.

#### **Article 5.2.3.3**

The provisions of Section 3.4.3 do not apply to Triparty Repos.

In the event that CMS cannot allocate sufficient eligible Securities to settle a Triparty Repo Transaction in whole (an “allocation fail”), such Triparty Repo Transaction shall be settled partially only prorata to the amount of eligible Securities available in the Collateral Giver’s account. The Collateral Taker’s account shall be debited by a cash amount corresponding to the reduced securities amount, but the Collateral

Giver shall pay interest to the Collateral Giver on the full amount of the Triparty Repo Transaction as initially traded, as if the Triparty Repo Transaction had been settled in full.

#### **Article 5.2.3.4**

In any of the following events:

- (i) the Net Position Exposure of a Clearing Member is such that Securities allocated as collateral to Triparty Repo Transactions need to be returned to the Cash Borrower ;
- (ii) the value of Securities allocated as collateral to Triparty Repo Transactions has increased such that some of these Securities need to be returned to the Cash Borrower ;
- (iii) a Cash Borrower wishes to substitute Securities allocated as collateral to Triparty Repo Transactions ;
- (iv) Euroclear Collateral Management System needs to proceed with a substitution of Securities allocated as collateral to Triparty Repo Transactions pursuant to the Clearing Rules (eligibility criteria for Triparty Repos); or
- (v) Securities allocated as collateral to Triparty Repo Transactions need to be returned to the Cash Borrower at the maturity of a Triparty Repo Transaction ;

if on the the second Clearing Day following the day on which the Securities concerned must be returned or substituted, such return or substitution has not taken place due to the fact that the Securities to be so returned or substituted are no longer available in the Euroclear Collateral Management System environment, LCH.Clearnet SA will apply cash settlement in order to debit the Cash Lender's account and credit the Cash Borrower's account by an amount calculated on such second Clearing Day :

pursuant to a formula to be set out in a Notice.

### **Section 5.2.4 Corporate Events**

#### **Article 5.2.4.1**

Corporate events occurring on the collateralising securities follow Euroclear Collateral Management System's rules and are managed by the CMS accordingly.

#### **Article 5.2.4.2**

In the specific case of an Event of Default, corporate events are managed as set out in an Instruction.

## **CHAPTER 3 – RISK MANAGEMENT**

### **Section 5.3.1 Margin Requirements**

#### **Article 5.3.1.1**

Article 4.2.0.8 shall not apply to Triparty Repos.

#### **Article 5.3.1.2**

LCH.Clearnet SA shall calculate and call Triparty Repo Interest Margin on Transactions executed on Trading & Matching Platforms, and on the Net Position Exposure and collateralising Securities portfolio for other Margin obligations, as specified in an Instruction.

### **Section 5.3.2 Event of Default**

#### **Article 5.3.2.1**

Where eligible Securities have been allocated as collateral to Triparty Repo Transactions, the withdrawal, transfer or assignment by a Clearing Member in any way whatsoever (as security or otherwise) of such Securities outside the Euroclear Collateral Management System may, at LCH.Clearnet SA's sole discretion, constitute a Contractual Event of Default in accordance with article 4.5.2.4.