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# 1 INTRODUCTION AND DEFINITIONS

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## 1.1 INTRODUCTION

This Trading Manual sets forth the rules for trading via the Euronext NAV Trading Facility, which is a forward-pricing market model specifically designed for collective investment schemes offering regular creation/redemption of shares/units, such as Exchange-Traded Funds (ETFs) and other Open-ended investment funds that are listed and traded on Euronext.

Unless specifically defined here below, terms beginning with a capital letter have the same meaning as defined in Book I, Chapter 1 of the Euronext Rulebook.

## 1.2 DEFINITIONS

**Confirmation-Only Phase:** The phase starting immediately after the Cut-Off Time, during which a Fund Agent can accept or reject pending orders.

**Confirmed Order:** An order accepted by the Fund Agent for execution.

**Cut-Off Day:** The day on which the Order Accumulation Phase ends.

**Cut-Off Time:** The time on the Cut-Off Day at which the Order Accumulation Phase ends.

**Euronext NAV Trading Facility:** A system 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.

**Euronext NAV Trading Facility Trading Manual:** The rules set forth in this Euronext NAV Trading Facility Trading Manual as interpreted or implemented by Notices or Investment Fund Notices.

**Execution Day:** The trading day on which the Confirmed Orders for each Open-Ended Investment Fund are executed at the Execution Time.

**Execution Price:** The price at which orders are executed and which is based on the Net Asset Value (NAV) of the Open-Ended Investment Fund. It may include a premium or discount which represents the direct costs related to the issue and redemption of shares, such as transaction fees, broker fees and possibly market impact costs. Market impact occurs when the execution of the order stream cannot take place without substantial impact on share prices. In the event of a net issue of shares a premium is applicable and in the event of a net redemption a discount may be applied. At any rate, and for the avoidance of any doubt, a Fund Agent must under no circumstance whatsoever modify the Execution Price so as to add or deduct its own margin.

In relation to ETFs subject to minimum amount subscription or redemption, the Execution Price may reflect the cost of inventory maintenance by the appointed Fund Agent if its own inventory of ETF shares has eventually to be used to satisfy the order stream. Such inventory maintenance cost must have been agreed in advance between the relevant ETF and its appointed Fund Agent and disclosed.

**Execution Price Entry Phase:** The phase during which the Fund Agent submits to the Euronext NAV Trading Facility the Execution Price of the Open-Ended Investment Funds for which it acts as a Fund Agent.

**Execution Time:** The time on the Execution Day at which the Confirmed Orders for each Open-Ended Investment Fund are executed at the Execution Price.

**Fund agent:** An Euronext Securities Market Member appointed by the Open-Ended Investment Fund to act on its behalf.

**Open-ended Investment Fund Notice:** Any written communication labelled 'Notice' issued by the Relevant Euronext Market Undertaking to Euronext Members or Open-Ended Investment Funds in general, or to any class of Members or Issuers for the purpose of interpreting or implementing the Euronext NAV Trading Facility Trading Manual or for any other purpose as envisaged in those rules.

**Order-Accumulation Phase:** The phase prior to the Cut-Off Time during which Members can send orders to the Euronext NAV Trading Facility for the current Trading Session.

**Trading Session:** The period covering the Order-Accumulation Phase, the Cut-Off Time, the Confirmation-Only Phase, the Execution-Price Entry Phase and the Execution Time.

## 2 SPECIFIC MEMBER CATEGORIES

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### 2.1 FUND AGENTS

Any Euronext Securities Member has access to the Euronext NAV Trading Facility with the capacity linked to its membership.

In accordance with the market model, a Fund Agent must be present during every Trading Session. The recognition of this additional profile is confirmed by Euronext through a specific process with its Membership department. Only one Fund Agent may be appointed for each Open-Ended Investment Fund.

### 2.2 FUND AGENTS' OBLIGATIONS

During the Order-Accumulation Phase and the Confirmation-Only Phase, the Fund Agent must accept or reject in a non-discriminatory fashion each order that is routed to it by the Euronext NAV Trading Facility.

In line with the open-ended nature of the Funds and with a view to issuing or redeeming shares, i.e. accepting or rejecting orders, the Fund and the Fund Agent will ensure that sufficient guarantees are in place at all times so that the Fund's obligation to create or redeem can be fulfilled indiscriminately. The Fund Agent shall accept or reject orders without any qualitative judgment of the counterpart. Only under exceptional circumstances explicitly set forth in the Fund's prospectus may creation and/or redemption be temporarily suspended in the interest of the Fund and/or its shareholders. Consequently, a Fund Agent may only reserve the right to reject an order:

- If creation and redemption has been suspended in accordance with relevant statutory provisions in the prospectus;
- If, by accepting the order, the net issue or redemption of shares at the Execution Price on the following Execution Day were to be more than a certain percentage – as defined in the prospectus – of the Net Asset Value or of the total shares outstanding. Furthermore, procedures to manage such situations should be compliant with the relevant statutory provisions in the prospectus ;
- If, for a specific order, a settlement option is indicated other than the default clearing and settlement option described in article 5.2;
- If accepting such order would constitute a violation of any statutory provision or the interests of the existing shareholders.

Furthermore, prior to the Execution Time, the Fund Agent must provide the Euronext NAV Trading Facility with an Execution Price for the Open-Ended Investment Funds for which it acts as a Fund Agent.

## 3 ORDERS

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### 3.1 ORDERS

During the Order-Accumulation Phase, Members may send orders to the Euronext NAV Trading Facility for the current Trading Session. Prior to the Cut-Off Time, Members may cancel any pending orders that have not yet been accepted by the Fund Agent. Orders placed after the Cut-Off Time will be included in the next Trading Session.

### 3.2 ORDER TYPES

Two types of orders are accepted by the Euronext NAV Trading Facility:

- Orders indicating a quantity of securities in the Open-Ended Investment Fund; and
- Orders indicating a cash amount.

### 3.3 ORDER CHARACTERISTICS

- Order side: Members may send both buy and sell orders.
- Price: all orders are executed at the Execution Price.
- Quantity of securities and cash amounts:
  - orders indicating a quantity of securities:
    - the “quantity” field must contain a value;
    - the “amount” field must be left blank or contain the value “zero” (0).
  - orders indicating a cash amount:
    - the “quantity” field must be left blank or contain the value “zero” (0);
    - the “amount” field must contain an integer value greater than “zero” (0), i.e. no fractions / decimals.
- Order identification: all orders entered into the Euronext NAV Trading Facility must specify whether the order is:
  - a principal order;
  - a client order; or
  - a Fund Agent order.

### 3.4 PENDING ORDERS

Orders that have not been confirmed by the Fund Agent during the Order-Accumulation Phase and during the Confirmation-Only Phase are automatically removed after the Confirmation-Only Phase.

## 4 CONFIRMED ORDERS

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### 4.1 ORDER ENTRY CONFIRMATION BY FUND AGENT

Fund Agents receive real-time notification of orders submitted during the Order Accumulation Phase and must confirm or reject those orders by the end of the Confirmation-Only Phase. Orders in non-daily execution cycles will be confirmed or rejected by the Fund Agent during the confirmation-only phase on the Cut-Off Day.

The Member receives an initial message once the order notification has been sent to the Fund Agent and a second message once the Fund Agent has confirmed or rejected the order.

### 4.2 CONFIRMED ORDERS

All Confirmed Orders are accumulated and remain in the Euronext NAV Trading Facility Trading Engine for execution on the Execution Day at the Execution Time.

All Confirmed Orders are executed on the Execution Day at the Execution Time, using the Execution Price provided by the Fund Agent in accordance with Rule 2.2.

### 4.3 CANCELLATION OF CONFIRMED ORDERS

Members and Fund Agents are not permitted to cancel Confirmed Orders.

### 4.4 CANCELLATION OF PENDING AND CONFIRMED ORDERS BY EURONEXT

Confirmed Orders are not cancelled if the Fund Agent has to adjust the Execution Price as a result of a corporate event.

However, they are cancelled if the corporate event has an impact on the number of securities issued by the relevant Open-Ended Investment Fund.

#### Corporate event:

Corporate event	Impact on order book
Share split	Orders cancelled
Dividend	No impact
Detachment of rights	No impact
Merger	Orders cancelled
Spin-off	Orders cancelled
Reverse split	Orders cancelled
Delisting	Orders cancelled

#### Administrative operations:

Administrative operations	Impact on order book
Change of company name	No impact
Change of trading code	Orders cancelled
Change of trading currency	Orders cancelled
Change of trading group	Orders cancelled

## 5 TRADES

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### 5.1 EXECUTION

On the Execution Day, the Fund Agent must enter the Execution Price into the Euronext NAV Trading Facility Trading Engine during the Execution-Price Entry Phase.

At the Execution Time, all Confirmed Orders are matched at the Execution Price.

Confirmed Orders indicating a cash amount are converted into Confirmed Orders indicating a quantity of securities in the Open-Ended Investment Fund by dividing the amount entered by the Execution Price and rounding the result down to the nearest integer. If the outcome is 0, the Confirmed Order is rejected.

Confirmation of orders that are matched at the Execution Price is disseminated via the Euronext market data feed.

### 5.2 CLEARING AND SETTLEMENT

Transactions executed via the Euronext NAV Trading Facility may be cleared and settled automatically by way of a Straight-Through-Processing (STP) procedure that sends clearing instructions to a designated Central Counter Party (CCP), which subsequently sends Delivery versus Payment (DVP) settlement instructions to a designated Central Securities Depository (CSD).

The following options for clearing and settlement are available and may be selected by the Member at the time of order entry:

- **Default clearing and settlement option:** in this case, Transactions executed via the Euronext NAV Trading Facility are automatically processed by way of STP and cleared with a guarantee from the clearing house in accordance with the rules and procedures set out in the designated CCP's Clearing Rule Book, and settlement is arranged through the settlement organizations designated by Euronext in the standard agreed and implemented delay;
  
- **Extraordinary settlement cycle option:** in this case, Transactions executed via the Euronext NAV Trading Facility are automatically processed by way of STP and cleared with a guarantee from the clearing house in accordance with the rules and procedures set out in the designated CCP's Clearing Rule Book, and settlement is arranged through the settlement organizations designated by Euronext in a delay different than the standard delay, to be indicated by the Member at the time of order entry and which may range up until thirty business days after the Trading Date (T+30).

### 5.3 TRADE CANCELLATIONS

As a rule, Euronext does not cancel Confirmed Orders and/or trades except in the exceptional circumstances described below.



All requests for the cancellations of Confirmed Orders and/or trades must be made in writing and Euronext will notify the relevant counterparts of the cancellation of one or several Confirmed Orders and/or trades.

### **5.3.1 Trading and Regulation violations**

In case of Confirmed Orders and/or transactions effected in such a way as to constitute a violation of regulations by one or more of the Members, including, but not limited to, illegal cross-transactions that have a significant impact on turnover, or in case of an unequal dissemination of price sensitive information by an Issuer, Euronext may cancel all Confirmed Orders and/or trades involved.

Euronext may also cancel Confirmed Orders and/or trades at the request of a competent authority where such Confirmed Orders and/or trades are in violation of National Regulations (as defined in the Rule Book), provided that such competent authority has the legal power to request such cancellation.

### **5.3.2 Trading in improper conditions**

Euronext may cancel Confirmed Orders and/or Transactions done under improper conditions if they are the cause of improper trading. Pursuant to its rights and duties as an operator of regulated markets in accordance with Rule 1.6 of the Rulebook, Book I, improper conditions are qualified by Euronext at its sole discretion and include, without limitation, the following cases:

- an event that should have modified the status of a security or its trading phase has not been taken into account;
- the status of the security or the trading phase has been unduly modified;
- stock events have not been carried out (e.g. stock split, detachment of dividend, etc);
- the product characteristics officially published and affecting its price are erroneous;
- and, more generally, parameters applied to the Trading Platform are not consistent with the information available to market participants.

### **5.3.3 Counterpart agreement**

Euronext will cancel outright Confirmed Orders and/or (cross-) transactions with the explicit prior agreement of the counterpart(s) (where relevant).

In all cases, requests for cancellations with counterpart agreement must be submitted within one hour after the execution time, with the exception of requests for cancellation of cross-trades with non-compliant posting; these may be submitted at any time before the close of the trading session.

Requests for cancellations on this ground, provided that the Confirmed Order(s) and/or trade(s) is (are) actually cancelled, will be charged 5,000 Euros per order, except for the aforementioned cross-trades. The maximum amount charged per Member will be equal to 50,000 Euros per day.

#### 5.3.4 Erroneous Execution Price

In the case that there have been transactions at Execution Prices that after execution are determined to be erroneous, Euronext will cancel all respective transactions at the request of the Fund Agent provided that:

- A written request is made by the Fund Agent to Euronext Cash Market Operations (CMO) within one hour after the execution time;
- An official letter of justification is submitted by the Fund Agent, signed by a compliance officer or a legal representative of the Fund Agent, containing the following elements:
  - A clear statement that the Execution Price was erroneous;
  - An explanation of the cause of this error;
  - The correct Execution Price;
  - Any additional element necessary to justify the correct Execution Price (including, but not limited to, fund composition and relevant pricing).

The complete file, containing all the aforementioned elements, must be received before 14:00 CET (strict cut-off time beyond which no trade shall be cancelled on the grounds of erroneous Execution Price).

With a view to avoiding basic errors on Execution Prices, Fund Agents are advised to:

- Activate the built-in safeguard on the TCS Price Input messages to monitor the deviation of Execution Price compared to the last disseminated price;
- Contact Euronext (Cash Market Operations) as soon as doubts may arise about the possibility of being able to enter a correct Execution Price in a timely fashion, i.e. before the execution time.

## 6 TRADING SESSION

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The standard trading phases and cycles are explained in the appendix.

### 6.1 CALENDAR AND TRADING HOURS

Details of exchange holidays and trading hours will be announced in a Euronext trading announcement (ETA) and an Investment Fund Notice.

### 6.2 ORDER ENTRY

Orders may be entered at any time during the Order-Accumulation Phase.

### 6.3 END OF TRADING SESSION: CUT-OFF TIME

The Cut-Off Time at the end of the Cut-Off Day marks the end of one Trading Session and the start of the next. The Cut-Off Day and Cut-Off Times for each securities trading group are shown in the appendix to the Euronext NAV Trading Facility Trading Manual.

### 6.4 CONFIRMATION BY FUND AGENT

All orders entered before the Cut-Off Time and confirmed by the Fund Agent are executed on the Execution Day. All orders entered after the Cut-Off Time and confirmed by the Fund Agent will be executed on the next execution day.

### 6.5 ENTRY OF EXECUTION PRICE BY FUND AGENT

The Fund Agent determines a new Execution Price every Execution Day and enters it into the Euronext NAV Trading Facility Trading Engine prior to the Execution Time.

### 6.6 EXECUTION

Orders entered before the Cut-Off Time that are confirmed by the Fund Agent before the end of the Confirmation-Only Phase are executed at the Execution Time on the Execution Day.

All Confirmed Orders are executed and settled at the Execution Price.

Confirmed orders that indicate a quantity of shares are executed in full.

Those indicating a cash amount are converted into orders indicating a quantity of shares by dividing the amount entered by the Execution Price and rounding the result down to the nearest integer. If the outcome is 0, the Confirmed Order is rejected.

### 6.7 INITIAL TRADING SESSION FOR OPEN-ENDED INVESTMENT FUNDS

- The initial Execution Price is published at the Execution Time on the day that the Open-Ended Investment Fund is listed.
- Orders may be entered during the Order-Accumulation Phase and confirmed by the Fund Agent.
- The Execution Price is entered before the Execution Time on the Execution Day. Initial trades are executed at this Execution Price.

## 7 TRADING DATA

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Information on the price of a trade and the traded quantity is disseminated immediately each time a trade is executed.