

EURONEXT DERIVATIVES NOTICE

All Markets

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30 May 2016

NEW CROSSING PROCEDURES FOR COMMODITIES OPTIONS

Executive Summary

Euronext Derivatives Trading Procedures are amended to integrate the new request for cross facility applicable to commodities options.

1. Effective 30 May 2016, the Euronext Derivatives Trading Procedures are amended as follows to introduce the request for cross facility (see the related Info-Flash of 28 April 2016 for more operational details). This new crossing facility is applicable to commodities options: it will supersede the existing procedures and be mandatory for any pre-negotiated business.
2. Procedure 3.4.7 is renumbered 3.4.3 and now reads:
“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. Procedure 3.4.5A is fully amended as follows:
“3.4.5A Commodity Option Contracts:

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 accordance with this procedure.

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.

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 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, Members other than the RFC initiating Member may (subject to minimum size) respond and enter limit orders, which will not be published.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."

A consolidated version of the Trading Procedures and associated annexes will be made available in due time on Euronext website at <https://www.euronext.com/en/regulation/organization-of-trading>.

CONTACT

For further information in relation to this Notice, contact regulation@euronext.com