



## AMSTERDAM NOTICE No. 06/005

### Amsterdam market

**ISSUE DATE:** 27 February 2006

### PROPOSED CHANGES TO THE RULES: MEMBER CONSULTATION

#### Executive Summary

This Circular invites Members to comment on proposed changes to provisions concerning membership and rules of conduct in the harmonised Euronext Rulebook.

1. As part of Euronext's continuing commitment to clarify, simplify and harmonise the rules of its markets, Euronext has determined to make changes to two parts of the harmonised Euronext Rulebook: membership (chapters 2 and 3) and rules of conduct (chapter 8).
2. The proposals are explained in Attachment 1 to this Notice and set out in full in Attachment 2. Attachment 3 provides a marked-up copy of the revised Chapter 8 with commentary.
3. Members are invited to send their comments in writing to:

Matthijs Snijder  
Regulations Department  
Euronext Amsterdam N.V.  
P.O. Box 19163  
1000 GD AMSTERDAM

Responses are requested by close of business on **31 March 2006**.

Web site: [www.euronext.com/derivatives](http://www.euronext.com/derivatives)

The **Euronext Derivatives Markets** ("Euronext.liffe") include the markets for derivatives operated by Euronext Amsterdam, Euronext Brussels, Euronext Lisbon, Euronext Paris and LIFFE Administration and Management, referred to respectively as the Amsterdam, Brussels, Lisbon, Paris and London markets.

**Euronext NV, PO Box 19163, 1000 GD Amsterdam, The Netherlands**

For further information in relation to this Notice, Members should contact:

Name or Department

E-mail

Matthijs Snijder  
Regulations Department

[m.snijder@euronext.com](mailto:m.snijder@euronext.com)

## **PROPOSED CHANGES TO THE HARMONISED EURONEXT RULEBOOK**

### **1. Introduction**

- 1.1 The purpose of this memo is to explain the changes Euronext wishes to make to two parts of the harmonised Euronext Rulebook – membership (chapters 2 and 3) and rules of conduct (chapter 8).
- 1.2 The next two sections of this memo describe – for each of those respective subjects - the rationale for the proposed changes and provide a commentary on the material changes being made.
- 1.3 It should be noted that the main purpose of these changes is to achieve greater clarity of the rights and obligations contained in the rules. Although a number of the changes will impact upon members' current arrangements, the proposals are designed primarily to achieve greater simplification, codification and certainty.
- 1.3 The full text of the proposed new Chapters 2, 3 and 8 and the consequential changes to other parts of the Euronext Rulebook are set out in Attachment 2. A “track-changes” version of Chapter 8 forms Attachment 3; given the merging of two chapters to create the new membership rules, this was not possible for Chapters 2 and 3, but the changes are explained in the next section of the memo.

### **2. Membership**

- 2.1 At present the rules relating to membership are contained in two chapters of the harmonised Euronext Rulebook – Chapter 2 (covering membership of the securities markets) and Chapter 3 (derivatives). These chapters were introduced at different times and, although similar in many respects, are by no means identical in either terminology or substance. Such differences reflect the origins of Euronext and, in particular, the differing experiences of cash and derivatives markets prior to the creation of Euronext.
- 2.2 Whilst such differences may be understandable from a historical perspective, they do not make sense if Euronext wishes to present itself as an integrated market. It is therefore proposed that the existing chapters be replaced with two new chapters:

- (a) the first of these would cover general membership arrangements, including the application process and the continuing obligations of members;
  - (b) the second of these would cover arrangements in respect of market access which are contained in the present membership chapters but which are not strictly about membership per se.
- 2.3 The membership chapter covers, amongst other things, the requirements for membership, the application process and members' continuing obligations. There will remain two distinct categories of membership – Euronext Derivatives Membership and Euronext Securities Membership – but the arrangements and requirements for each category will be identical in almost all cases. There are however one or two exceptions. For example, entities eligible to become Euronext Members include Investment Firms, Credit Institutions and other fit and proper persons but, as a matter of policy, natural persons and sole proprietorships will not be eligible to become members of the Euronext Securities Markets – they would however be able to become members of the Euronext Derivatives Markets.
- 2.4 For Euronext Derivatives Membership, the proposed new Rules do not reflect any material changes to the present situation, though the “fast track” process to extend membership to other Euronext Derivatives Markets is now enshrined in Rules rather than (as now) operated as a procedure described in a Notice.
- 2.5 For Euronext Securities Membership, certain operational contact arrangements (e.g. the role of the Trading Manager) are being removed from the Rules and will be dealt with instead through Notices and internal procedures.
- 2.6 The other material change for Euronext Securities Membership is the termination of arrangements to give market access to Related Parties (the Affiliate arrangements for Euronext Derivatives Membership will continue).
- 2.7 There are also changes in respect of terminology used in the membership process. In particular:
  - (a) the terms “broker” and “dealer” are being retained but the Rules will make clear that membership capacities are determined by regulators and not by Euronext itself; and
  - (b) the concepts “Relevant Euronext Market Undertaking\*” and “Relevant Euronext Market Undertaking\*\*” – which have proved confusing to members and Euronext alike – are being abandoned, with the more general term “Relevant Euronext Market Undertaking” being retained. As the term

“Relevant Euronext Market Undertaking\*” has been used in certain agreements (e.g. the Admission Agreement) to determine governing law for certain aspects of the relationship between a member and Euronext, there are consequential changes to Rule 1.7 (“Governing Law”).

- 2.8 Finally, there is a new Rule concerning confidentiality of information provided to Euronext (new Rule 1.6A), augmenting and replacing the existing Rule 2304.

### **3. Rules of conduct**

- 3.1 Following several years of experience of operating under Chapter 8 it was felt necessary to review the existing wording in order to ensure that Members’ obligations under the various provisions of the Chapter are as clearly expressed as possible. In addition, the Rules were reviewed to ensure consistency with the Market Abuse Directive (“MAD”) and the Markets in Financial Instruments Directive (“MIFID”) and a couple of minor changes were identified.
- 3.2 Appendix 2 to this memo contains a marked-up version of Chapter 8 with a commentary describing the various changes. Most of these comments should be self-explanatory but it is worth describing in more detail the changes in respect of order filtering.
- 3.3 Euronext attaches the utmost importance to the need for Members to have effective methods of monitoring and controlling the business conducted in their name on the Euronext Markets, and it will continue to set and enforce compliance with rules requiring that such monitoring and control functions are in place and effective for all Members. Nonetheless, it accepts that the existing provision (Rule 8202) is difficult to interpret and implement. Accordingly, it has decided to simplify the wording and focus on the underlying requirements. The proposed new Rule does make provision for Euronext to issue guidance on the implementation of the Rule and it is envisaged that in due course such guidance will be issued, in the same way that LIFFE issued guidance in respect of its order filtering requirements (see LIFFE Circular No. 99/117).
- 3.4 In relation to the definition of market abuse in MAD, we believe that existing Rule 8104 needs only a minor change to ensure consistency between Euronext’s rules and MAD. We have resisted the temptation to reformulate that Rule to track more exactly the structure of the MAD definition and have not substituted MAD phrases such as “fictitious devices” for accepted market concepts such as “artificial orders”.

#### **4. Other changes**

4.1 Most of the additional amendments to the Rules should be self-explanatory but two deserve additional comment:

- (a) Member responsibility. New Rules 4106 and 5107 are derived from, and replace, existing Rule 3204/4. For derivatives, this amendment does not change the existing position whilst for securities it makes explicit what was already implicit in the Rulebook.
- (b) Liquidity Providers. New Rule 4107 replaces the existing Rule 2103 and deletes from that Rule provisions considered to be commercial decisions rather than regulatory aspects of such arrangements (e.g. how many Liquidity Providers to appoint for any particular Financial Instrument).

## PROPOSED CHANGES TO THE HARMONISED EURONEXT RULEBOOK

### 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 or encumbered by or on behalf of the Member.

##### 2102 Membership Capacities: Brokers and Dealers

2102/1 Membership capacities are determined by the scope of the Member's authorisation, licence or permission from the relevant competent authority though a Member may, if he so wishes, restrict such scope in respect of his activities on one or more of the Euronext Markets.

2102/2 Members may, subject to the scope of their authorisation, licence or permission from the relevant competent authority, apply for designation as a Broker and/or a Dealer:

- (i) Brokers are entitled by their authorisation, licence or permission to trade for third parties; and
- (ii) Dealers are entitled by their authorisation, licence or permission to trade for their own account. In addition, where permitted by such authorisation, licence or permission, Euronext Derivatives Members who are Dealers are entitled to trade for other Members of any Euronext Derivatives Market of which they are a Member.

#### 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-ISD Firm:
    - (a) that it is authorised, or otherwise licensed or permitted by the Competent Authorities 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; and
  - (vi) any other criteria, including financial requirements, which the Relevant Euronext Market Undertaking may prescribe with regard to Membership and publish by Notice.
- 2203/2 Natural persons and sole proprietorships are not eligible to become Euronext Securities Members.
- 2203/3 Admission to Membership of any Euronext Market Undertaking shall not confer any right to attend or vote at meetings of, or right to share in or any liability in respect of debts of, any Euronext Market Undertaking.
- 2204 *Euronext Derivatives Members: Responsible Persons and Traders*
- 2204/1 A Euronext Derivatives 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 the Euronext Derivatives Markets under his ITM(s) and may be a trader himself and/or a trading supervisor.
- 2204/2 In order to comply with this Rule 2204, 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.
- 2204/3 Subject to any restrictions imposed by the Relevant Euronext Market Undertaking trading may be conducted by Responsible Persons or by other individuals within the Euronext Derivatives Member, at the discretion of the Euronext Derivatives 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 under the ITM(s) of a Responsible Person registered to the Member.

**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 the Relevant Euronext Market Undertaking 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 the Relevant Euronext Market Undertaking 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 the Relevant Euronext Market Undertaking, 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 House(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 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 Euronext 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 the Relevant Euronext Market Undertaking or its duly appointed agents to carry out on-site investigations, during normal business hours, in any place of business of the Member or, in the case of a Euronext Derivatives Market, its Affiliate, and submit as soon as possible any information or document which the Relevant Euronext Market Undertaking 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;
- (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;
- (i2) 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; and

- (2) 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.

## **2.5. Clearing Arrangements**

### *2501 General Clearing Arrangements*

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.

### *2502 Clearing Agreements*

2502/1 Any Member wishing to trade:

- (i) on the Euronext Securities Markets; or
- (i) on the Euronext Derivatives Markets other than those cleared by LCH.Clearnet Limited,

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 Clearing Rule Book issued by LCH.Clearnet S.A. from time to time in respect of those Financial Instruments which it is not authorised to clear.

2502/2 Any Member wishing to trade on the Euronext Derivatives Markets other than as a customer of another Member those Derivatives cleared by LCH.Clearnet Limited shall use the standard Clearing Agreement prescribed by LIFFE A&M in respect of those Derivatives which it is not authorised to clear.

## **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 to 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-ISD 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-ISD 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 to 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 Euronext 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 Euronext) 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 satisfy the Relevant Euronext Market Undertaking that it meets any financial requirement for Membership stipulated by the Relevant Euronext Market Undertaking from time to time; 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 may terminate the Euronext Securities Membership of any Member in the event of the Member:
- (i) not having commenced trading within three months following admission as a Euronext Securities 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 House(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 must be adequately controlled in accordance with such risk management requirements as may be determined by the Relevant Euronext Market Undertaking from time to time and published by Notice.
- 3201/2 All business undertaken by a Client via an Automated Order Routing System 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. Electronic Access Facilities for Affiliates on the Euronext Derivatives Markets

- 3301/1 The Relevant Euronext Market Undertaking may consider an application from a Member who wishes to obtain direct access to an Euronext Derivatives Market for his Affiliate(s).
- 3301/2 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.

3301/3

The Relevant Euronext Market Undertaking will only consider applications in respect of 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.

3301/4

All business undertaken by an Affiliate on the Euronext Derivatives Market will be done in the name of the Member and the Member retains full responsibility for the conduct of all such business.



## 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.

#### 8103 *Cooperation with Euronext*

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 and provide access to all relevant books, records, audio logs and other forms of documentation; and
- (ii) notify Euronext promptly of any matter which may reasonably be expected to be a matter of concern to Euronext 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 Fraudulent or Misleading Conduct*

8104/1 A Member must not engage in:

- (i) any action or any course of conduct that is aimed at 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;
- (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 other 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 Member.

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 by such Client, and is responsible for ensuring that such business complies with the provisions of Rule 8104/1.

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.

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); and
- (ii) to monitor the positional and financial risks inherent in the business it conducts.

8106/4 Euronext may publish by Notice formal guidance in relation to both pre- and post-trade controls pursuant to this Rule 8106.

8106/5 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.

**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 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 Automated Order Routing Systems 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 immediately on the day of the transaction and 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 an Automated Order Routing System 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*

- 8303/1
- (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.

## ADDITIONAL AMENDMENTS TO THE RULES (Additions underlined, deletions ~~struck through~~)

### CHAPTER 1

#### 1. New definitions in Rule 1.1:

**“Automated Order Routing System”**

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;

**“EEA Right”**

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.

#### 2. Amended definitions in Rule 1.1:

**“Broker”:**

has the meaning attributed to it in Rule 2102/2 ~~any Member admitted in the capacity of broker pursuant to Rule 2102/2 on the Euronext Securities Markets and to Rule 3102/2 on the Euronext Derivatives Markets;~~

**“Dealer”:**

has the meaning attributed to it in Rule 2102/2 ~~any Member admitted in the capacity of dealer pursuant to Rule 2102/3 on the Euronext Securities Markets and to Rule 3102/3 on the Euronext Derivatives Markets;~~

**“Relevant Euronext Market Undertaking”:**

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 (\*); ~~when it is intended to refer solely to a Euronext Market Undertaking in the second sense, it is marked with a double asterisk (\*\*);~~

3. New Rule 1.6A:

**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 House 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.

4. Amended Rule 1.7:

**1.7. Governing Law**

1701 This All provisions in this Rule Book in respect of orders and/or Transactions 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, subject 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, subject 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, subject 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, subject to any agreement to go to arbitration, shall be subject to the exclusive jurisdiction of the French courts;
- (v) in respect of LIFFE A&M, in accordance with the laws of England and Wales and, subject to any agreement to go to arbitration, shall be subject to the exclusive jurisdiction of the English courts.

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, Euronext 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.

## CHAPTER 4

5. New Rule 4106:

4106 *Member Responsibility*

A Euronext Securities Member shall be responsible for the acts and conduct of all individuals trading in its name as if the acts and conduct of each of those persons were the acts and conduct of the Euronext Securities Member. For the avoidance of doubt a Euronext Securities Member shall be held responsible for a violation of a relevant obligation committed by any such individual and sanctions may be imposed under the Rules.

6. New Rule 4107:

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.

## CHAPTER 5

7. New Rule 5107:

5107 *Member Responsibility*

A Euronext Derivatives Member shall be responsible for the acts and conduct of all Responsible Persons 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. For the avoidance of doubt 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.

8. Rules 5701 and 5702 shall be deleted.

## CHAPTER 6

9. New Rule 6105:

6105 For the avoidance of doubt, references to “the Relevant Euronext Market Undertaking” in this Chapter 6 shall be references to the Euronext Market Undertaking which has admitted the relevant Financial Instrument to listing or with which the relevant admission to listing is pending, as the context requires.

## CHAPTER 7

10. New Rule 7101/3:

7101/3 For the avoidance of doubt, references to “the Relevant Euronext Market Undertaking” in this Chapter 7 shall be references to the Euronext Market Undertaking which has admitted the relevant Financial Instrument to listing or with which the relevant admission to listing is pending, as the context requires.



**PROPOSED CHANGES TO CHAPTER 8: MARKED-UP VERSION**  
**(Additions underlined, deletions ~~struck through~~)**

Proposed text of Chapter 8		Comments
<b>8.1.</b>	<b>General</b>	Rule 8101/2 is unnecessary following the introduction of the current Rule 1702 (to be renumbered 1703).
<i>8101</i>	<i>Scope of Chapter 8</i>	
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.	
<del>8101/2</del>	<del>The Rules set forth in this Chapter 8 are without prejudice to applicable general rules of conduct imposed by the relevant regulatory body.</del>	
<i>8102</i>	<i>General Duties of Integrity, Fair Dealing and Care</i>	Rule 8102/2 added, and Rule 8105 amended accordingly, to distinguish technical issues from behavioural ones.
<u>8102/1</u>	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.	
<u>8102/2</u>	<u>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.</u>	

8103	<i>Cooperation with a Euronext <del>Market Undertaking</del></i>	Amendments to Rule 8103 should be self-explanatory.
8103/1	In dealing with Euronext a <del>Euronext Market Undertaking</del> , 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	<p>In particular, without limiting the generality of Rule 8103/1, a Member shall:</p> <ul style="list-style-type: none"> <li>(i) provide full and prompt responses to all requests for information by <u>Euronext a Euronext Market Undertaking</u> and provide access to all relevant books, records, audio logs and other forms of documentation; and</li> <li>(ii) notify <u>Euronext the Relevant Euronext Market Undertaking</u> promptly of any matter which may reasonably be expected to be a matter of concern to <u>Euronext the Euronext Market Undertaking</u> 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.</li> </ul>	

8104	<i>No Fraudulent or Misleading Conduct</i>	Amendment to paragraph (i) introduced to conform to the requirements of the Market Abuse Directive.
8104/1	<p>A Member must not engage in:</p> <ul style="list-style-type: none"> <li>(i) any action or any course of conduct that is aimed at artificially <u>and/or abnormally</u> 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;</li> <li>(ii) entering artificial orders or otherwise entering into or causing any artificial Transaction;</li> <li>(iii) reporting a fictitious Transaction or any other false data to Euronext or causing such data to be input into any Euronext system;</li> <li>(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;</li> <li>(v) <del>any action or any course of conduct that causes or contributes to a breach of any applicable law, regulation or Rule by any other Person (whether or not a Member);</del></li> <li>(vi) any other action or any other course of conduct that may damage the integrity and the transparency of any of the Euronext Markets; or</li> <li>(vii) agreeing or acting in concert with, or providing any assistance to, any <del>Person (whether or not a</del> other Member) with a view to or in connection with any action or course of conduct referred to</li> </ul>	<p>Paragraph (v) deleted and paragraph (vii) amended to make clear that the Rulebook addresses compliance with the Euronext requirements and not the more general issue of compliance with National Regulations, which remains the prerogative of the appropriate Competent Authority.</p>

	<p><del>in items (i) through (vi) above paragraphs (i) to (v) inclusive of this Rule 8104 or otherwise causing or contributing to a breach of any applicable Rule by such other Member.</del></p>	
8104/2	<p>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 by such Client, and is responsible for ensuring that such business complies with the provisions of Rule 8104/1.</p>	
8105	<p><i>Use of Euronext Trading Platforms</i></p>	See new Rule 8102/2
8105/1	<p><del>A Member must behave in a responsible manner when using a Euronext Trading Platform and must only use its facilities when there is a genuine need to do so. A</del>  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.</p>	
8106	<p><i>Internal Controls</i></p>	Rules 8106/3 and 8106/4 replace Rule 8202. This new order screening requirement (which was felt to fit more comfortably with the section on internal controls than that on order processing) is meant to represent a simplification but not a dilution of the existing requirements.
8106/1	<p>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.</p>	
8106/2	<p>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.</p>	
8106/3	<p>A Member's internal controls shall include pre- and post-</p>	

	<p><u>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:</u></p> <p>(i) <u>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); and</u></p> <p>(ii) <u>to monitor the positional and financial risks inherent in the business it conducts.</u></p>	
<u>8106/4</u>	<u>Euronext may publish by Notice formal guidance in relation to both pre- and post-trade controls pursuant to this Rule 8106.</u>	
<u>8106/5</u>	A Member shall have adequate arrangements to ensure that all staff involved in the conduct of business <u>on the Euronext Markets</u> are suitable, adequately trained and properly supervised.	

<p><b>8.2. Order Processing</b></p> <p>8201 <i>No Offsetting or Grouping of Orders</i></p> <p>8201/1 <del>Except as specifically authorised by a Relevant Euronext Market Undertaking** in one or more Notices and subject to National Regulations, a A Member may not 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.</del></p> <p>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.</p>	<p>Rewording designed to make the Rule more understandable rather than to change the requirement.</p>
<p>8202 <i>Order screening</i></p> <p>8202/1 <del>Screening. prior to submitting an order to the Central Order Book, a Member shall screen such order through a set of registration and control procedures which enable such Member to ascertain that such order:</del></p> <p><del>(i) in case of a Client order, conforms to the specifications given by such Client;</del></p> <p><del>(ii) can reasonably be expected to be accommodated by the relevant Central Order Book in terms of absorption capacity and price movement;</del></p> <p><del>(iii) is not liable to compromise the financial soundness of such Member and does not</del></p>	<p>See new Rules 8106/3 and 8106/4.</p>

<p>exceed any limits to which such Member may be subject under its Clearing Agreement; and</p> <p>(iv) <del>presents no risk for market integrity or the orderly nature of the relevant Euronext Market.</del></p>	
<p><del>8202/2</del> <del>Electronically routed orders. A Member shall put in place automated recording and control procedures in order to screen, in accordance with Rule 8202/1, electronic orders routed to such Member or originating from program trading and intended to be transmitted directly to a Euronext Market without human intervention, as well as implement such other procedures and safeguards as the Euronext Market Undertakings may require by Notice. A Member shall maintain, for a period of five years, a record of automatic screening parameters and modifications thereof as well as of rejected orders.</del></p>	

<p><b>8.3. Audit Trail</b></p> <p><u>8301 Recording of Order Details</u></p> <p><u>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.</u></p> <p><u>8301/2 Order records may be maintained on order slips or by Automated Order Routing Systems, 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.</u></p> <p><u>8301/3 Order records must contain the following information and any additional information required by the Relevant Euronext Market Undertaking:</u></p> <p><u>(i) the identity of the individual submitting the order to the Trading Host and, where applicable, the ITM under which it is submitted;</u></p> <p><u>(ii) the identity of the individual completing the order record;</u></p> <p><u>(iii) Client identification;</u></p> <p><u>(iv) buy/sell;</u></p> <p><u>(v) volume;</u></p> <p><u>(vi) Admitted Financial Instrument;</u></p> <p><u>(vii) put/call and exercise price (if applicable);</u></p>	<p>At present, Rule 5.7 sets out which order details need to be recorded and retained by members in respect of derivatives business; no such requirement exists for cash business.</p> <p>New Rule 8.3 (which is effectively existing Rule 5.7) would set requirements for all business done on Euronext markets and would replace Rules 5701 and 5702.</p>
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	<p><u>(viii) delivery/expiry month (if applicable);</u></p> <p><u>(ix) price or price limit, price range or strategy price;</u></p> <p><u>(x) order type and execution conditions/order designations; and</u></p> <p><u>(xi) strategy type indicator (if applicable).</u></p>	
<u>8301/4</u>	<p>All order records, of whatever kind, must be:</p> <p><u>(i) robust, secure and not prone to alteration;</u></p> <p><u>(ii) made available immediately on the day of the transaction and within a reasonable period of time thereafter, where required by the Relevant Euronext Market Undertaking; and</u></p> <p><u>(iii) presented in a manner which is easily decipherable by the Relevant Euronext Market Undertaking.</u></p>	
<u>8301/5</u>	<p><u>Members who employ an Automated Order Routing System 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.</u></p>	
<u>8302</u>	<p><u>Retention of Information</u></p>	
<u>8302/1</u>	<p>A Member shall maintain for a period of five years records of:</p> <p><u>(i) automatic screening parameters and modifications thereof as well as rejected orders, pursuant to Rule 8106/3;</u></p> <p><u>(ii) orders, arranged chronologically, pursuant to</u></p>	

<p style="text-align: center;"><u>Rule 8301/1; and</u></p> <p>(iii) <u>Transactions and, if applicable, the settlement thereof and the custody of Securities traded on the Euronext Markets.</u></p> <p><u>All records maintained pursuant to this Rule 8302 shall be available for inspection by Euronext.</u></p>	
<p><del>8203/3</del> <del><i>Records of Transactions.</i> A Member shall maintain for a period of five years adequate accounting and other records to document all of its Transactions and, if applicable, the settlement thereof and the custody of Securities traded on the Euronext Markets.</del></p>	<p>Deleted because of the introduction of Rule 8302.</p>
<p>8303 <i>Voice recording.</i></p> <p>8303/1</p> <p>(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.</p> <p>(ii) In respect of Euronext Derivatives Markets, the Relevant Euronext Market Undertaking <del>shall</del> <u>may</u> 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.</p>	