

## EURONEXT DERIVATIVES NOTICE

All Markets

No. NO181214DE1

Issue Date:

14 December 2018

Effective Date:

17 December 2018

### AMENDMENTS TO THE TRADING PROCEDURES – FULL CONSOLIDATED VERSION AVAILABLE

#### Executive Summary

Further to recent regulatory approvals already communicated via dedicated info-flashes, the Trading Procedures have been amended to reflect the possibility for Euronext respectively a) to allow trading at index close on certain contracts and b) to take into account central order book orders in the request for cross process on commodity options.

A consolidated version of the Trading Procedures is also made available to incorporate all procedural amendments brought since MIFID2 entry into force.

1. Following regulatory non-objection, the following new definition and related provisions have been introduced to accommodate the possibility of trading at index close. Contracts eligible to that facility are specified separately by dedicated announcements.

#### ***“Trading at index close (TAIC)”***

*A trade consisting of setting the futures contract price by reference to the prospective market closing conditions of the underlying instrument, i.e. by adding the basis level negotiated to the closing value of the underlying instrument when the latter is finally known;*

#### **3.10 Trading at Index Close Facility**

- 3.10.1 *For certain Futures contracts designated by the Relevant Euronext Market Undertaking and specified in Annexe One to these Trading Procedures, Trades at index close (“TAIC”) can take place on a dedicated Central Order Book.*
- 3.10.2 *Orders on the TAIC Central Order Book shall be expressed on the basis level, i.e. the difference to be agreed between the respective prices of the Futures contract and of its underlying instrument.*

The Euronext Markets comprise the markets operated by Euronext Amsterdam, Euronext Brussels, Euronext Dublin, Euronext Lisbon, Euronext London and Euronext Paris, referred to respectively as the Amsterdam, Brussels, Dublin, Lisbon, London and Paris markets, as relevant. Euronext refers to Euronext N.V. and its affiliates.

3.10.3 *Trades in Futures contracts shall be deemed firm as soon as they have been concluded on the TAIC Central Order Book with an agreed basis level and shall be assigned their final value after the market of the underlying instrument has closed.*

3.10.4 *The use of the TAIC Facility is subject to specific requirements differing from those normally applicable to the futures contract, notably in relation to minimum price movement and trading hours.*

2. Following regulatory non-objection, the following provision related to the request for cross on commodity options has been completed with the underlined wording amendments:

**3.4.5A Request for Cross Facility on Commodity Option Contracts**

*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, Central Order Book orders that can match with the RFC (subject to minimum size and excluding implied prices) are added to the response orders, and both orders are considered to be response orders. The buy and sell orders of the RFC initiating Member shall interact with such other orders as follows:*

- step 1, all response orders that improve the RFC intended execution price are matched against the RFC business according to an uncrossing process matching in price/time priority;

- step 2, the resulting RFC balance (including the consequential impact on the balance of the RFC's associated buy and sell orders), shall be executed against response orders that match the RFC execution price, ranked according to their time priority, up to a maximum sharing level which is calculated by multiplying the minimum RFC quantity left on the buy or sell side after step 1 by the set sharing percentage;

Following that, the rest of the RFC balance shall be executed as a cross by the RFC initiating Member.

Following that, the remaining RFC response orders are matched amongst themselves.

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. In addition to these recently announced changes, a fully consolidated version of the Trading Procedures document is made available to incorporate all changes resulting from MIFID2 and successively communicated to members over the year 2018, related notably to the applicable minimum volumes for wholesale facilities exempted from pre-trade transparency and the request for cross ("RFC") evolutions.

The consolidated version is available on the following webpage:

<https://www.euronext.com/en/regulation/organization-of-trading>

This includes successive changes provided by the following info-flashes or notices:

EURONEXT LARGE IN SCALE PRE-TRADE AND POST-TRADE THRESHOLDS UNDER MIFID II

[https://www.euronext.com/sites/www.euronext.com/files/if171206de\\_euronext\\_large\\_in\\_scale\\_pre-trade\\_and\\_post-trade\\_thresholds\\_under\\_mifid\\_ii.pdf](https://www.euronext.com/sites/www.euronext.com/files/if171206de_euronext_large_in_scale_pre-trade_and_post-trade_thresholds_under_mifid_ii.pdf)

ENHANCEMENTS TO THE REQUEST FOR CROSS FACILITY

[https://www.euronext.com/sites/www.euronext.com/files/if180116de\\_enhancements\\_to\\_the\\_request\\_for\\_cross\\_facility.pdf](https://www.euronext.com/sites/www.euronext.com/files/if180116de_enhancements_to_the_request_for_cross_facility.pdf)

BLOCK TRADES: EXTENSION OF LARGE-IN-SCALE TRADE FACILITY TO COMMODITY FUTURES AND INTRODUCTION OF BLOCK TRADE MINIMUM QUANTITIES

[https://www.euronext.com/sites/www.euronext.com/files/if20180130de\\_block\\_trades\\_for\\_euronext\\_commodity\\_futures.pdf](https://www.euronext.com/sites/www.euronext.com/files/if20180130de_block_trades_for_euronext_commodity_futures.pdf)

ENHANCEMENTS TO REQUEST FOR CROSS FACILITY NOW AVAILABLE

[https://www.euronext.com/sites/www.euronext.com/files/if180226de\\_request\\_for\\_cross\\_facility.pdf](https://www.euronext.com/sites/www.euronext.com/files/if180226de_request_for_cross_facility.pdf)

FURTHER ENHANCEMENTS TO REQUEST FOR CROSS FACILITY AND CHANGE OF DURATION OF RFC RESPONSE PERIOD

[https://www.euronext.com/sites/www.euronext.com/files/if180323de\\_request\\_for\\_cross\\_enhancements.pdf](https://www.euronext.com/sites/www.euronext.com/files/if180323de_request_for_cross_enhancements.pdf)

FURTHER REVISION TO THE REQUEST FOR CROSS FACILITY FOR COMMODITIES OPTIONS PRODUCTS  
[https://www.euronext.com/sites/www.euronext.com/files/if180509de\\_request\\_for\\_cross -  
\\_change\\_to\\_commodities\\_processing.pdf](https://www.euronext.com/sites/www.euronext.com/files/if180509de_request_for_cross_-_change_to_commodities_processing.pdf)

## CONTACT

For further information in relation to this Notice, contact [regulation@euronext.com](mailto:regulation@euronext.com)