

EURONEXT DERIVATIVES NOTICE

All Markets

No. NO150923DE

Issue Date:

23 September 2015

Effective Date:

26 October 2015

ENTRY INTO EFFECT OF THE EURONEXT RULE BOOK – EURONEXT NOTICE 1-01

Executive Summary

1. The new Rule Book shall enter into force on and from 26th October 2015.
2. The present Notice supersedes and replaces Notice 1-01 as amended and issued on 9th March 2015.

3. In association with the launch of AtomX and in anticipation of MIFID II, Euronext has revamped its wholesale offering for derivatives products, combining the existing Block Trade and Prof Transaction facilities into a new Large-in-Scale Trade facility and reclassifying the other aspects of wholesale activity into more specific categories. Most of the substantive changes are contained in the Euronext Trading Procedures, issued and implemented simultaneously with the Rule Book, but changes have been made to the Rules to facilitate this new approach. The changes occur primarily in Chapter 5 (“Trading Rules for Derivatives”) and the related definitions in Rule 1.1
4. The ordering of Chapter 5 has been changed slightly, so that the section on pre-negotiation and pre-arrangement now precedes that on cross transactions and off order book transactions, giving a more logical sequence. The off order book section (now Rule 5602) identifies three categories of such Transactions:
 - Technical Trades;
 - Large-in-Scale Trades; and
 - Other pre-negotiated trades, namely Guaranteed Cross Trades and Flex Contracts.More detailed provisions relating to these Transactions are set out in the revised Trading Procedures (see paragraphs 6-9 below).
5. Some consequential changes have been made to Rule 5.7 (“Reporting and Publication”) and the existing Rule 5204 has been broadened in scope to include the Euronext Securities Markets and renumbered as Rule 8106/7.

6. Sections 3 and 4 of the current Trading Procedures deal, respectively, with “Trading on UTP” and “Common Trading Facilities”. In the revised Trading Procedures, and consistent with the changes being made to Chapter 5 of the Rules, a clear distinction has been made between on order book, including various forms of strategies, and off order book business (respectively new Sections 3 and 4). This has led to the re-ordering of some provisions – so that, for example, stock contingent trades and the EFP facility for Index Futures are now covered in Section 3 – and the creation of new provisions (respectively TP 4.5 and TP 4.7) dealing with Large-in-Scale Trades and Flex Contracts. The provisions relating to Large-in-Scale Trades replace the provisions currently dealing with Block Trades (old TP 4.5) and Prof Transactions (old TP AB.5). The Technical Trade section comprises the unchanged provisions related to respectively asset allocation, basis trading and against actuals procedures.
7. Publication of Large-in-Scale Trades may be deferred to the end of the Trading Day and in due course, when the technology to support this is available, deferral for three days will be permitted (new TP 4.5.26 refers).
8. The provisions relating to Automated Price Injection Models (TP 1.3.2) have been modified. These modifications are described and discussed in Notice 8-02 (“Additional clarification on the use of Automated Price Injection Models on the Euronext Markets”), issued simultaneously with this Notice.
9. The information currently spread across Annexes One and Three of the Trading Procedures have been consolidated into a single Annexe. No change has been made to the existing information in the two Annexes except that, on and from 26th October 2015, the minimum size for Large-in-Scale Trades in single stock dividend futures will be 10 lots (the existing Block/Prof Trade threshold for such products is currently 1 lot).
10. In consequence of the changes being made to the Rules and Trading Procedures, Notice 5-03 (“Prof Transactions on Euronext Amsterdam and Euronext Brussels”) ceases to have effect on and from 26th October 2015 and certain consequential changes have been made to the non-harmonised Rule Books (Book II) of Euronext Brussels and Euronext Paris.

CONTACT

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