



## **EURONEXT EXPERT MARKET OVERVIEW**

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## 1. INTRODUCTION

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The Euronext Expert Market is a Belgian MTF that facilitates the trading of non-listed securities. These auctions take place once a week for securities, bonds and other fixed income instruments.

This market is also known as the “Public Auctions Market”, “Ventes Publiques” and “Openbare Veilingen”.

The market has been in existence in an open outcry format since 1873 and migrated to an electronically traded format, taking the new name Euronext Expert Market, on 9 December 2014.

The Euronext Expert Market is legally recognised as a Multilateral Trading Facility (MTF). It takes the form of an electronically traded market based on Euronext’s Universal Trading Platform (UTP), offering a transparent and secure platform for trading non-listed securities.

This migration coincided with the last phase of the dematerialisation process in Belgium, which will oblige the issuers of physical securities to sell any non-reconciled positions they may have in these securities.

For more information on the Euronext Expert Market, Euronext members can contact the dedicated team by email at [expert-market@euronext.com](mailto:expert-market@euronext.com).

### 1.1 RELATED DOCUMENTS AND WEBLINKS

#### Technical documents:

- Order Entry:
  - CCG Binary Interface Specifications – UTP for Cash Markets
  - CCG FIX 4.2 Interface Specifications – UTP for Cash Markets
  - UTP & TCS for Cash Markets - Error List
- Market data:
  - UTP for Euronext European Cash Markets - XDP Client Specifications

#### Weblinks:

- Euronext Expert Market: [www.euronext.com/expert-market](http://www.euronext.com/expert-market)
- Belgian Dematerialisation: [www.dmat.be](http://www.dmat.be)

### 1.2 DOCUMENT HISTORY

DOCUMENT VERSION	DATE	CHANGE DESCRIPTION
1.0	29/09/2014	Initial version
1.1	2/12/2014	Update ready for launch, name change from Public Auctions Market to Euronext Expert Market

## 2. MARKET MODEL OVERVIEW

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### 2.1 MAIN PRINCIPLES

The Euronext Expert Market is hosted on the Euronext Universal Trading Platform (UTP).

This market is managed by Euronext Brussels, and the Euronext Expert Market Commissioner remains the entry point for all market-related topics.

Trades carried out through a single weekly auction on this market integrate the counterpart member code in the trade confirmations and are not routed via Euronext for clearing or settlement.

It is the sole and entire responsibility of the member to ensure the post-trade handling of the executed transactions.

All Securities on the Euronext Expert Market on UTP must be identified with a 12-digit code (ISIN code or ISIN -like code).

This market supports the last phase of the dematerialisation process in Belgium throughout the year 2015.

### 2.2 TRADING ON THE EURONEXT EXPERT MARKET ON UTP

#### MEMBER ACCESS TO THE EURONEXT EXPERT MARKET ON UTP

- All Euronext Brussels Members, including current Public Auctions Market members, are able to access this market either via direct market access, or through access provided by another member.

In order to be able to connect to the Euronext Expert Market on UTP, including the EUA test platform, customers should complete the 'Request for Access to the Euronext Expert Market on UTP' form, available online at [www.euronext.com/expert-market](http://www.euronext.com/expert-market).

#### TRADING CYCLE

The former weekly open outcry auctions for non-listed securities have been replaced by weekly auctions for non-listed securities on UTP. These include:

- A call phase with pre-determined auction:
  - During the call phase and except during auctions, orders entered by members are automatically recorded in the Central Order Book without giving rise to trades.
  - Throughout the call phase, orders already entered may be cancelled or modified. The current Euronext cash market order types are available on this market (see Appendix 1 for more details).
- Matching following the weekly auction:
  - An auction is systematically triggered each Tuesday at 12:00 CET, for all the trading groups. *Note: Euronext Brussels may decide under given circumstances (eg, sufficient liquidity) to change the frequency of the auctions for certain instruments.*
  - In exceptional circumstances where the trading day 'Tuesday' is not considered as a Trading Day, the auction will be rescheduled for the following week.
  - During the matching period, orders may not be entered into the Euronext Universal Trading Platform, and orders already entered may not be cancelled or modified.
  - The current Euronext regulated market algorithm is used for this auction.
  - Price control is based on the instrument reference price:

- ◆ For equities, trades are performed with a 10% possible deviation around the reference price, inclusive of dynamic thresholds.
- ◆ For bonds, the possible deviation is set to 5%
- ◆ If during the auction the trade price exceeds the dynamic threshold, orders will remain in the orderbook. If their validity, as defined by members, permits, they will take part in the auction on the following Tuesday.
- After the price determination phase is concluded, members whose orders have been partially or fully executed are informed by a UTP message confirming each execution that has occurred and giving all relevant trade information.
- The UTP trade confirmation will systematically integrate the Euronext member code of the counterpart:
  - ◆ Binary message: Order Fill (2), field IMSCompID
  - ◆ FIX message: Execution Report (8), field ContraBroker
- The closing price for Securities shall be the price of the last auction:
  - ◆ In the event of no quotation at the last auction, the price of the previous auction shall be the closing price for the day.
  - ◆ In the event of no quotation during a Trading Day, the closing price is the last known traded price.

### PRE-TRADE TRANSPARENCY

All market data regarding the Euronext Expert Market on UTP are disseminated via the Euronext Trading Platform using the current channels and all the current cash XDP messages. *For an exhaustive list of messages please refer to the document “UTP for Euronext European Cash Markets - XDP Client Specifications”.*

More specifically regarding market activity, Euronext disseminates the following main messages:

- Market by limits: *“Quotes -140 message”*
  - The market by limits information disseminated is composed of the ten best limits of buy orders (listed high to low) and the ten best limits of sell orders (listed low to high).
- Market by orders: *“Order Update / market sheet – 230 message”*
  - Shows all buy orders (listed high to low) and sell orders (listed low to high).
- UTP Securities Referential: *“Reference Data – 553 message”*
  - The Euronext Expert Market securities referential file will be published every morning.
  - These securities will be identified with the Market Identifier Code (MIC) “VPXB”.

### POST-TRADE TRANSPARENCY

All the trades matched after the auction will be published immediately and without delay through the current *“Trade Full information – 240 message”* and the current market data channel.

## 2.3 POST-TRADE MANAGEMENT

As stipulated in the organisational rules (article 10), it will be the sole and entire responsibility of the member to ensure the post-trade handling of the executed transactions.

All the elements required to ensure the settlement of the trade will be available to both the member seller and the member buyer, being:

- all the security characteristics, including intended settlement date, settlement platform (except for registered shares), pricing type (e.g. clean/dirty), denominations, etc.
- the Euronext counterparty member code for the relevant transaction.

As the above elements will be provided in a structured electronic format, each member will be able to automate the back-office process to a large degree.

For registered shares, a dedicated trading group will be available regarding the specific settlement cycle applicable.

## 2.4 EURONEXT EXPERT MARKET ORGANISATION

### MARKET SURVEILLANCE

- The market surveillance of this market is assured by Euronext.
- The Commissioner of the Euronext Expert Market is in charge of the supervision of this market, and remains the entry point for member requests.

### TRADING GROUPS SET-UP

- The exhaustive list of the trading groups is included in the appendix of the Euronext Expert Market organisational rules.
- Different trading groups will be created based on different criteria, such as (not exhaustive):
  - Settlement solution (registered shares, Euroclear / BNB, Financial institutions acting as CSD, etc.)
  - Type of securities (equity types or bond types)
  - Currency (Euro or non-Euro).
- The list of trading groups as well as criteria could be extended by the Exchange, should this prove to be necessary.

### SECURITIES ELIGIBLE FOR THE EURONEXT EXPERT MARKET

- Eligible securities should:
  - not be listed on a regulated market or on another Euronext MTF (Alternext, Free Market)
  - fall into one of the accepted categories (shares, bonds, funds, etc)
  - have an accepted settlement solution (Euroclear, BNB, Belgian financial institution acting as CSD, Company Register)
  - have a unique instrument identifier (either ISIN or ISIN-like)

### ACTIVATION PROCESS FOR SECURITIES IN ORDER TO BE TRADED ON UTP

- The member representing the seller of a security that is not yet available on the Euronext Expert Market on UTP sends an activation request to the Euronext Expert Market Commissioner.
- The request should be accompanied by all the required information as described in the relevant procedure.
- Cut-off times as mentioned in said procedure are to be respected in order for the instrument to be created for the upcoming auction, otherwise the instrument will be made available for the next auction date.
- Based on the elements provided by the member representing the seller, the Euronext Expert Market Commissioner will establish a reference price for the instrument to be activated.
  - The procedure to do this will be compliant with the relevant law if it concerns securities offered under the dematerialisation process.
  - Based on the reference price, the price bands for trading will then be established.
- Once created, these new securities will be published in the current referential data messages.
- Note that new securities will be published each Friday and that order entry will be available at 09:00 CET.

### 3. MESSAGE IMPACT FOR THIS MIGRATION

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#### 3.1 ORDER ENTRY

There is no impact on the CCG Binary and FIX 4.2 protocol as a result of the migration, and no new dedicated error code.

For all transactions performed on this market, the counterpart field will be automatically filled in the execution trade report with the Euronext trading code:

- Binary message: **Order Fill (2), field IMSCompID**
- FIX message: **Execution Report (8), field ContraBroker**

#### 3.2 MARKET DATA

Market data from this market will be broadcast through the existing equities channels:

- Service ID 101 Euronext Equities Reference Data
- Service ID 102 Euronext Equities Trades
- Service ID 103 Euronext Equities Quotes
- Service ID 104 Euronext Equities Orders

No new message or fields will be added or modified for this migration;

The Market Identifier Code (“MIC” field) for this market is: VPXB.

The Stock Exchange Code (“StockExchangeCode” field) for these securities is “006 – Bruxelles”.

## A: ORDER TYPES AVAILABLE ON EURONEXT EXPERT MARKET

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All the order types described below are currently available on UTP for shares, bonds and ETFs.

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### A.1 PURE MARKET ORDERS

- An order to buy or to sell a stated amount of a security that is to be executed at the best price(s) obtainable when the order reaches the Central Order Book.
- Market orders are entered in the Euronext trading platform with no price stipulation.
- Market orders can be placed during the order accumulation periods and during the main trading session. They can be used for securities traded continuously and for securities traded by auction.

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### A.2 LIMIT ORDERS

- A limit order stipulates a maximum purchase price or minimum selling price.
- A limit order can be placed during the order accumulation period and during the main trading session. A limit order entered during the trading session is executed either fully or partially, as market conditions permit. Failing this, it is logged in the order book in descending buy-price order or ascending sell-price order (the price-priority principle) and joins the queue of orders having the same price (the time-priority principle).

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### A.3 MARKET TO LIMIT ORDERS

- Market to Limit orders allow an order to be placed in the market as soon as an auction price is set, or to generate trades as soon as they are recorded on a continuously traded market.
- Market to Limit orders do not allow investors to control the execution price.
- When placed in the pre-opening phase, they are called Market-on-Opening orders.

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### A.4 STOP ORDERS

- A stop order is an instruction to buy or sell a quantity of securities at the prevailing market price once the security has reached a “stop price” specified by the client.
- There are two types of stop orders:
  - A stop-loss order is an instruction to buy or sell the full specified quantity of a financial instrument at the prevailing market price once the instrument has reached the triggered price specified by the client. Once triggered, a stop-loss order becomes a must-be-filled or a market order, depending on the trading group.
  - A stop-limit order is an instruction to buy or sell a quantity of financial instruments at the prevailing market price once the instrument has reached a trigger price specified by the client, but not below the sell limit or above the buy limit specified in the order. Once triggered, a stop limit order becomes a limit order.