

DEPARTMENT: Group Regulation
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EURONEXT NOTICE 1-02

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EXCLUSION OF LIABILITY ETC

INTRODUCTION

1. In order to facilitate the migration of the Dublin equity market to Optiq, a revised Rule Book and Trading Manual will come into effect on 4th February 2019. In preparing the changes necessary for the migration we took the opportunity of reviewing the Rule Book as a whole and identified one area where the Rules could be clarified and made more comprehensible. This restructuring/rewording is described below.

DETAILS

2. Like any long-standing document that is periodically updated and extended, readability and clarity occasionally get lost. Rule 1.6 (exclusion of liability) has been in the Rule Book from the start of Euronext but was augmented by Rule 1.5A at the time of the implementation of MIFID I. However, it is apparent that, from the viewpoint of logical structure, some aspects of Rule 1.6 should really be in Rule 1.5A – see in particular Rule 1601. It has therefore been decided to restructure the two Rules to give them a more logical flow; this means, in particular, moving the list of possible regulatory actions from Rule 1601 to Rule 1.5A.
3. The opportunity has been taken to amend the exclusion of liability provision to make it more legally sound while recognising that the Rule Book provisions cannot override applicable national law.
4. There should be no material impact for Members, but Members who wish to comment on the changes should contact regulation@euronext.com.

Terms beginning with a capital letter used in this Notice have the same meaning as defined in Book I, Chapter 1 of the Euronext Rule Book.

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5. The proposed new version of Rules 1.5A and 1.6 are shown in the attachment to this memo. It is intended that these new Rules would come into effect on 4th February 2019, subject to regulatory approval.

CONTACT

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

Attachment to Notice 1-02

Amended Rules

1.5A. OBLIGATIONS OF REGULATED MARKETS

1501A Euronext Market Undertakings are required, pursuant to National Regulations, to:

- (i) have clear and transparent Rules which (a) provide for fair and orderly trading and establish objective criteria for the efficient execution of orders; and (b) ensure that any Financial Instruments admitted to trading are capable of being traded in a fair, orderly and efficient manner;
- (ii) establish and maintain effective arrangements and procedures for the regular monitoring of the compliance with the Rules by Members and Issuers; and
- (iii) monitor the activity undertaken by Members in order to identify breaches of the Rules, disorderly trading conditions or conduct that may involve market abuse.

1502A The Relevant Euronext Market Undertaking may, if in its opinion any circumstances calling for emergency action have developed or are developing and, whenever possible, after consultation with the relevant Competent Authority (and, in any case, after notifying such Competent Authority), take any steps on a temporary basis to provide for, correct or check the further developments of those circumstances in order to preserve or restore conditions enabling the maintenance of fair and orderly trading and efficient execution of orders. Steps taken pursuant to this Rule 1502A shall be published by Notice or by such means as are considered appropriate and subsequently confirmed by Notice.

1503A For the purposes of Rule 1502A, “circumstances calling for emergency action” should be construed as being any unexpected circumstances which threaten, or potentially threaten, the ability of the Relevant Euronext Market Undertaking to meet its responsibilities as an operator of regulated markets to maintain the fair, orderly and efficient conduct of business on the markets and the due performance of contracts. Such circumstances include, but are not limited to, extreme asset price volatility, failure or compromise of critical IT systems and material systemic problems within financial markets.

1504A The steps taken pursuant to Rule 1502A may include, but would not be limited to, those actions listed below:

- (i) the suspension or restriction in some way of business on any of the Euronext Markets pursuant to Rule 4403 and/or Rule 5402;
- (ii) the closure for any period of any of the Euronext Markets pursuant to Rule 4403 and/or Rule 5401;
- (iii) the cancellation of trade(s) on any of the Euronext Markets pursuant to Rule 4403 and/or Rule 5403;

- (iv) the cancellation of trade(s) on the Euronext Derivatives Market which are not accepted by the Clearing Organisation;
- (v) any investigation, audit or check in respect of a Member or an Issuer to ensure compliance with the Rules pursuant to Rules 9.2, 6107 and/or 6901; and
- (vi) the suspension of membership rights and/or termination of membership pursuant to Rule 2.8 and/or Rule 9.3.

This may result in the inability of one or more Members and, through such Members, one or more Clients, to enter into Transactions.

1505A Rule 1502A is without prejudice to the powers of a Competent Authority to require a Euronext Market Undertaking to take, or cease taking, steps including those steps listed, without limitation, in Rule 1504A.

1506A Members are required to draw the statements in this Rule 1.5A to the attention of their Clients.

1.6. EXCLUSION OF LIABILITY

1601 Euronext wishes to draw the following statement to the attention of Members and Issuers.

1602 Unless otherwise expressly provided in the Rules or in any other agreement between Euronext and a Member or an Issuer, Euronext shall, to the fullest extent under applicable law, have no liability whatsoever to any Member, Issuer or to any other person (including, without limitation, any Client of a Member) in contract, tort (including, without limitation, negligence) or under any other cause of action in respect of any damage, loss, cost or expense of whatsoever nature (together "Losses") suffered or incurred by a Member, Issuer or any other person, as the case may be, as a result of their participation in Euronext Markets and including where relevant any Losses suffered as a result of Euronext taking any of the steps set out in Rule 1.5A.

Nothing in this Rule 1602 shall be construed as an attempt by Euronext to exclude liability for any matter for which liability cannot be excluded under applicable law including, where relevant, fraud, fraudulent misrepresentation or wilful default.

1603 Members are required to draw the statements in this Rule 1.6 to the attention of their Clients.

1604 For the purposes of this Rule 1.6, references to "Euronext" shall include any officers, employees, agents and representatives of Euronext.