

EURONEXT NOTICE 8-02

Additional clarification on the use of Automated Price Injection Models on the Euronext Markets

Department: Group Regulation

Issue Date: 22 September 2015

Effective Date: 26 October 2015

This Notice, issued jointly by the Euronext Market Undertakings, provides additional clarification on the use of Automated Price Injection Models on the Euronext Markets.

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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1. Notice 1-01, issued on 22 September 2015 2015, confirmed the implementation of a number of changes to the Euronext Rule Book and the Trading Procedures including a change to Trading Procedure 1.3 relating to the use of Automated Price Injection Models (“APIMs”). The purpose of this Notice 8-02 is to inform Euronext Members of the implication of this change.
2. Members are reminded that Rule 8105 makes clear that Members must ensure that their actions do not disrupt the Euronext Markets or cause disorderly trading:

8105 Use of Euronext Trading Platform

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.

3. This Rule has been augmented by a revision to Trading Procedure 1.3, which now reads:

1.3 Compliance with the Rules and conduct

1.3.1 A Member must, in respect of business conducted on, or submitted through, UTP:

(a) implement suitable security measures such that only those individuals explicitly authorised to trade by the Member may gain access to passwords and security keys; and

(b) ensure that any trading access granted to individuals (whether staff of the Member or otherwise), for example by way of order routing systems, is adequately controlled and supervised including appropriate checks before orders are submitted to the Trading Host.

1.3.2 A Member is responsible for the use of any Automated Price Injection Model in respect of business conducted on, or submitted through, UTP. In particular, notwithstanding the Relevant Euronext Market Undertaking’s own obligations (as described in Rule 1.5A), any adverse effect on the fair, orderly and efficient operation of the market arising from the use of such a Model shall be the responsibility of the Member and sanctions may be imposed under the Rules.

4. Pursuant to Trading Procedure 1.3, Euronext requires each Member to ensure that, before any use of a customer application designed to interact with the Euronext Trading Platform through the CCG, this application has passed Euronext’s conformance tests.

5. Conformance tests are one of the existing mechanisms Euronext has put in place in order to keep its trading environment safe and stable. They are part of the proactive approach Euronext has undertaken to prevent unacceptable market behaviour and technical or functional problems to occur in the production environments. Conformance tests ensure that Members:
 - have understood how the Euronext Trading Platform behaves and interacts with their software; and
 - are able to use the services and functionalities offered by the Euronext Trading Platform without disrupting the trading environment.
6. It is the Member's responsibility to schedule a conformance test. To be certified or conformed to the rules and behaviours expected by Euronext, the Member's software undergoes a series of tests on a production-like environment called End User Acceptance (EUA) environment. In this environment the Member is asked to follow a script, to inject some orders, to listen to market data, etc... whilst maintaining a dialogue with a Euronext Analyst. If at some point a result is wrong or an unexpected event occurs, the test is stopped and is postponed until the resolution of the problem. If the test is successful, it is considered as passed, a certificate is provided to the Member to confirm he is allowed to use the application (NB: the same process applies equally to software developers). Euronext's internal tracker list of conformance tests is then updated.
7. It is the Member's responsibility to implement a new version of his software or an existing version that has been modified only after having conducted a proper series of tests in EUA environment and having passed a conformance test with Euronext Analysts. Members are accountable under Trading Procedure 1.3 if they run software which has not been tested in EUA. In such a situation, Euronext can take any action permitted by the Rules in order to ensure that the production environment remains orderly and impose such sanctions on the Member as it considers appropriate.
8. For further information about conformance testing, Members should contact:

Customer Technical Support Group (CTSG): +33 (0)1 49 27 5092 ctsg@euronext.com