



Glossary

This glossary contains the main terms and abbreviations used in the 2004 annual report. For further definitions of technical financial terms, please see the glossary on www.euronext.com.

AEX (Amsterdam Exchanges)

AEX is the former Dutch exchange, which merged on 22 September 2000 with the Belgian exchange BXS and the French exchange SBF to create Euronext.

☞ BXS, SBF

AFM (Autoriteit Financiële Markten)

The Dutch financial authority.

Alternext

A structured, organized exchange-regulated market that offers simplified access to financial markets and streamlined listing requirements for small and mid-sized companies from every sector of the economy, while ensuring compliance with rules on investor disclosure and the control of financial information.

AMF

Autorité des Marchés Financiers, the French financial authority.

BCC

Banque centrale de compensation.

Block Trade Facility

Allows members of Euronext's markets and their wholesale clients to transact business of significant size as bilaterally agreed transactions on-exchange, without delay and with certainty of price and execution.

Bond

A certificate of debt, generally long term, under the terms of which an issuer contracts to pay the holder a fixed principal amount on a stated future date and, usually, a series of interest payments during its life.

Broker

A person or firm that acts on another's behalf.

BXS (Brussels Exchanges)

BXS is the commercial name of the former Belgian exchange, which merged on 22 September 2000 with the Dutch exchange AEX and the French exchange SBF to create Euronext.

☞ AEX, SBF

Cash markets

Market place where are listed and traded securities and other financial instruments (ETFs, warrants, bonds, etc.) which consist of regulated and not regulated segments.

CBFA (Commission Bancaire, Financière et des Assurances/Commissie voor het Bank, Financie en Assurantiewezen)

The Belgian financial authority.

CBOT®

Chicago Board of Trade, an American financial authority for both financial and commodity futures and options.

Central order book

The electronic representation of the market place, which lists all orders, including modifications to those orders.

CFTC

Commodity Futures Trading Commission, a financial authority which monitors commodity and financial futures and options markets and market participants in the United States. ss

CIK (Caisse Interprofessionnelle de dépôts et de virements de titres/Interprofessionele effecten deposito-en giro Kas)

CIK S.A. is the Belgian CSD, fully owned by Euronext Brussels, that offers custody and settlement service, settles the transactions executed on Euronext Brussels regulated markets and offers real-time gross settlement for OTC-trades.

☞ CSD

Clearing members

Members who ensure, through their membership of LCH.Clearnet, the process of registration, position maintenance, settlement and who guarantee the performance of contracts entered into by members for whom they clear.

CMVM (Comissão do Mercado de Valores Mobiliários)

The Portuguese financial authority.

Commodity derivatives

Futures or options on underlying commodities (e.g. Robusta coffee, cocoa, corn, potato, etc.).

Cross membership and cross-access agreements

Agreement between Euronext and other exchanges that enables members of both parties to trade securities listed on other markets.

CSD (Central Securities Depository)

A CSD ensures the settlement, custody and delivery of securities. Euroclear is the paneuropean CSD, CIK and Interbolsa, respectively the Belgian and the Portuguese ones.

Data Vendor

Refers to the companies who disseminate real-time price and volume data displays to customers.

Derivatives

A security (e.g. future, option) whose value is dependent on, or derived from, the value of some underlying asset.

ECB

European Central Bank.

Equity indices

Indices which represent the movements in the general level of prices of those equities in the index by an index number.

Euribor (Euro Interbank Offered Rate)

The benchmark rate of the euro money market.

Euribor contract

A three-month STIR product based on a euro deposit.

☞ STIR

Eurodollar contract

A three-month STIR product based on a dollar deposit.

☞ STIR

EuroSwiss Franc contract

A three-month STIR product based on a Swiss Franc deposit.

☞ STIR

Euroyen contract

A three-month STIR product based on a Yen deposit.

☞ STIR

Equity derivatives

Futures or options on underlying equity instruments, whether individual stocks or stock market indices.

Exercise

The process by which an option holder takes up his right to buy or sell, (as the case may be) the underlying product.

ETF (Exchange Traded Fund)

Open-ended mutual funds that seek to match returns of a market index. The funds usually invest in the securities that make up the corresponding index.

☞ Tracker

Eurolist by Euronext

The single list that comprises the shares, placed in alphabetical order, and assigned a capitalization indicator, of all companies listed in Belgium, France, the Netherlands and Portugal, and provides a harmonized market structure across Euronext's regulated markets.

FLEX® Facility

The FLEX® Facility gives members the freedom to customize trading in UK equity options by combining the advantages of on-exchange and off-exchange trading.

☞ Wholesale facility

FSA (Financial Services Authority)

The financial authority in the United Kingdom.

FTSE

The FTSE Group, originated as a joint venture between the Financial Times and the London Stock Exchange, is an independent UK company that manages indices and associated data services. FTSE also refers to the FTSE Global Classification Universe, an international classification system that places issuers with similar activities in the same sector (from top-level economic groups to over 100 industry sub-sectors) and contains data for over 30,000 companies from 59 countries.

Future

An agreement (obligation) to buy or sell a given quantity of a particular asset, at a specified future date, at a pre-agreed price. Futures contracts have standard delivery dates, trading units, terms and conditions.

Government bond

A bond issue by a government. For instance, the Gilt is the UK government debt denominated in Sterling.

☞ Bond

ICB (International Classification Benchmark)

The ICB refers to the international classification standard resulting from the combined efforts of FTSE and Dow Jones, which covers over 50,000 companies around the world.

Initial Public Offering (IPO)

The first time a company makes its shares available for sale to the public.





Glossary

ISIN (International Standards Identification Number)

The ISIN code is a combination of twelve alphanumeric characters, which applies to all securities on the cash market including equities, bonds and structured products (warrants and trackers). The ISIN code system is an international standard on many financial markets including the Euronext markets, and facilitates the identification of securities, particularly in cross-border transactions.

ISV

Independent Software Vendor.

LCH.Cleernet

LCH.Cleernet is the independent clearing and central counterparty (CCP) resulting from the merger of the London Clearing House (LCH) and Cleernet S.A. in December 2003, which clears and guarantees all the trades on Euronext markets.

☞ Clearing member

LIBOR (London Interbank Offered Rate)

LIFFE

London International Finance Futures and Options Exchange

LIFFE CONNECT®

Euronext derivatives markets's central electronic trading platform.

Liquidity

The ability to buy or sell a large number of units of an asset in a short period without significantly affecting the price of the instruments.

Lot

A lot is one contract, the standard unit of trading.

Market maker

Recognised financial institution or individual making buy and sell quotations in the secondary market.

MATCH® Facility

Provides a wholesale market for Universal Stock Futures (USFs). It allows customers to combine the advantages of on-exchange and off-exchange trading by pre-negotiating bilateral trades.

☞ Wholesale facility, USF

Maturity

The date on which the principal or nominal value of a bond becomes due and payable in full to the holder.

MTS

Marchés de titres, refers to bond and government markets which are managed all over Europe by MTS Group.

Necigef (Nederlands Centraal Instituut voor Giraal Effectenverkeer/ the Netherlands Central Securities Giro Insitute)

Necigef is the former Dutch central depository and operator of the settlement system, that was merged into Euroclear Bank S.A./N.V. to create Euroclear Netherland in February 2002.

NextWarrant

The dedicated products segment where Euronext warrants are traded on.

☞ Warrants

NextTrack

The dedicated products segment where Euronext trackers (ETFs) are traded on.

☞ ETF

NIEC (Nederlands Interprofessioneel Effecten Centrum)

☞ Necigef

NSC (Nouveau système de cotation)

Euronext cash markets's central electronic trading platform.

☞ Cash markets

Open interest

The number of contracts that have not been offset by close of business.

Option

A contract giving the holder the right, but not the obligation, to buy (call), or sell (put), a specified underlying asset at a pre-agreed price, at either a fixed point in the future (European-style), or at a time chosen by the holder up to maturity (American-style). The seller of the option must meet the obligations placed upon him/her by the buyer, i.e. to deliver (call) or receive (put) the underlying product at the buyer's instruction.

OTC (Over-The-Counter)

The market where off-exchange instruments are traded.

OTC Facility

The OTC Facility provides trade administration and clearing of European equity derivatives business. The OTC Facility combines the traditional OTC benefits of flexibility without publication of trade price and size, with the exchange benefits of ease of trade administration, access to a central counterparty, efficient use of capital and freeing up of credit lines.

☞ Wholesale facility

Rule Book

Euronext Rule Book comprises the harmonized market rules which apply either to Euronext cash or derivatives markets.

☞ Cash markets

SBF (Société des Bourses Françaises)

SBF is the former French exchange, which merged on 22 September 2000 with the Belgian exchange BXS and the Dutch exchange AEX to create Euronext.

☞ BXS

SEC

Securities and Exchange Commission, the American financial authority.

SICOVAM (Société Interprofessionnelle pour la Compensation des Valeurs Mobilières)

Sicovam S.A. is the former French CSD that was merged into Euroclear Bank S.A./N.V. to create Euroclear France on January 2001.

SME

Small and midcap expert, a status for intermediaries specialized in listing small and midcap companies.

Spread

The purchase of one futures contract and the simultaneous sale of another in order to take advantage of relative price changes.

STIR

Short Term Interest Rate. Euronext.liffe lists a range of futures and options contracts covering STIRs for the euro, the dollar, sterling, the Swiss franc and the Japanese yen.

STP (Straight-through processing)

The STP refers to the fast and simplified process which goes from the listing and the trading to the settlement of an order.

Tracker

☞ ETF (Exchange Traded Fund).

Transparency

The degree to which a market is characterised by prompt availability of accurate price and volume information which gives participants comfort that the market is fair.

Underlying

The asset, future, interest rate or index upon which a futures or options contract is based.

Universal Stock Futures (USF)

A standardised futures contract based on the shares of an individual company.

Volatility

The tendency of security returns or prices to fluctuate in a random, unpredictable manner (called historical volatility when derived from past movements; called implied volatility when estimated from the market price of options).

Volume

The total number of financial instruments (securities, derivative contract lots, etc.) traded in a designated period of time.

Warrants

A warrant is a financial product which conveys to its holder the right, but not the obligation, to buy (in the case of a call warrant) or sell (in the case of a put warrant) shares of the underlying security at a specified price (the strike price) on or before a given date (expiration day). After this given date, the right ceases to exist.

Wholesale facility

Trading facilities designed to meet the needs of our wholesale customers by providing guaranteed execution to support defined trading strategies. Euronext.liffe provides a variety of state-of-the-art wholesale facilities which includes the MATCH facility, the FLEX® facility, the OTC facility and various block trading services.



* all over Europe by MTS group