

ETFs

Trading ETFs on NextTrack

Capture the trend



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The center of excellence for ETFs

Exchange Traded Funds (ETFs) are traded on NextTrack, which is a high-quality segment dedicated to ETFs. This unique ETF trading market is open to both issuers and investors.

ETFs are investment products that track the performance of indices. ETFs offer flexible, low-cost exposure to the performance of a whole market or sector in just one easy transaction. Technically, ETFs are tradable open-ended investment funds with passive fund management. ETFs can be bought and sold on the exchange at any time during trading hours.

NextTrack offers the following benefits:

- A wide, top-quality range of indices that replicate all kinds of asset classes
- Access to a vast professional and retail market
- Active, ongoing marketing and educational activities from Euronext, subsidiary of NYSE Euronext
- Designated liquidity providers that offer liquidity, reduced spreads and neutrality with respect to the ETFs traded on NextTrack
- Issuers that include established international players in the field of asset management as well as new players
- Off-exchange trade reporting facilities
- A full data dissemination service, including web pages and indicative Net Asset Value (iNAV)

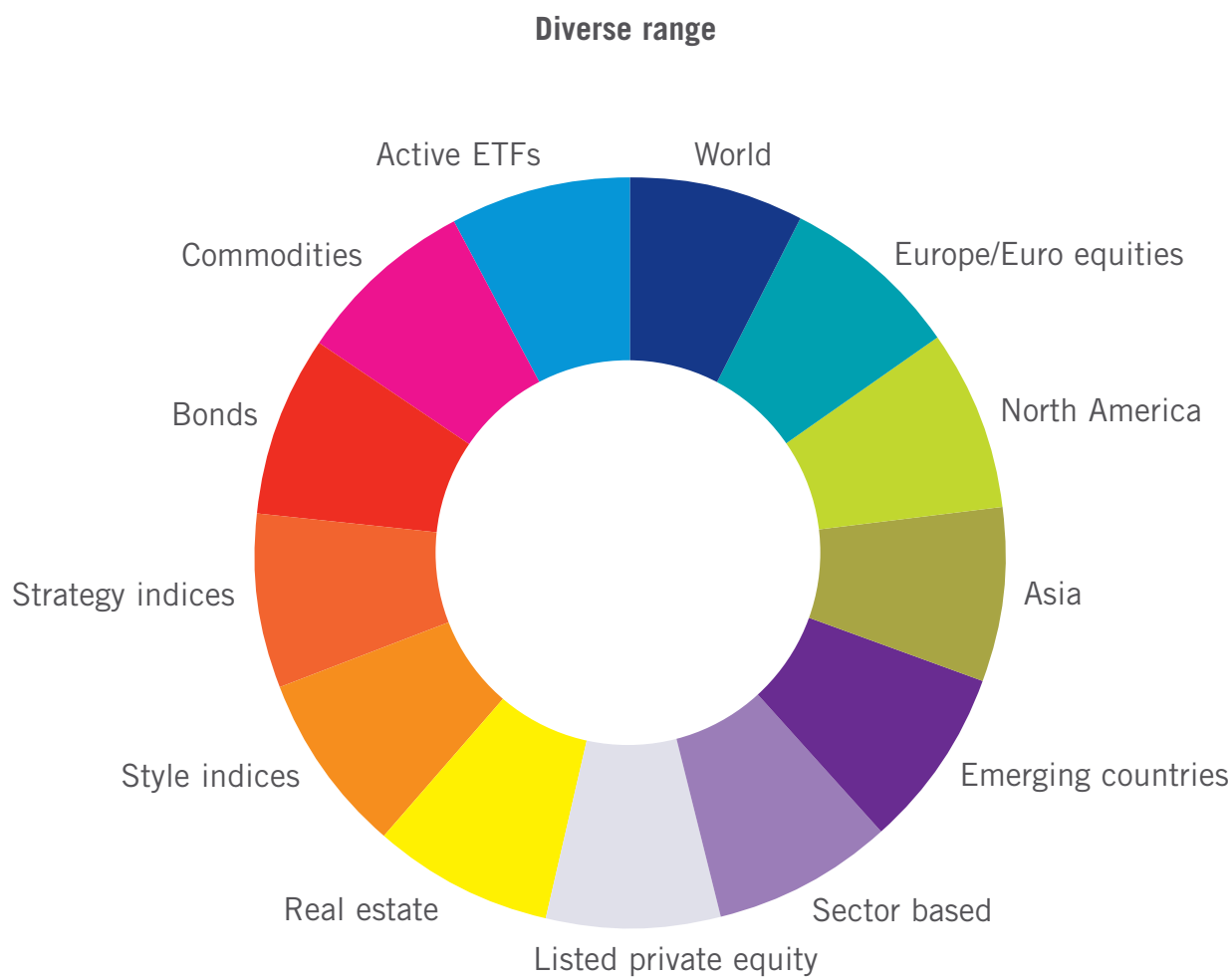
In order to be listed on NextTrack, ETFs have to fulfil the conditions for admission to trading.

Details of these conditions can be downloaded from

www.nyseeuronext.com.



NextTrack: home to numerous asset classes



More than **180** underlying indices are available, representing a great variety of possible investment scenarios:

- **Country indices** (*CAC 40, AEX, ...*)
- **Europe/Euro equity indices** (*Euro STOXX 50, FTSEurofirst 80, ...*)
- **World indices** (*MSCI World, Global Titan, ...*)
- **Bonds indices** (*EuroMTS, iBoxx, ...*)
- **Sector-based indices** (*banks, energy, automobile, ...*)
- **Emerging countries indices** (*China, Russia, India, Brazil, ...*)
- **Commodities indices** (*precious metals, ferrous metals, agriculture-based, energy, ...*)
- **Style indices** (*Small, Mid, Value, Growth, ...*)
- **Strategy indices** (*Leveraged, Bear, Buy Write, ...*)
- **Fundamental strategy indices.**

Clear, unique segmentation

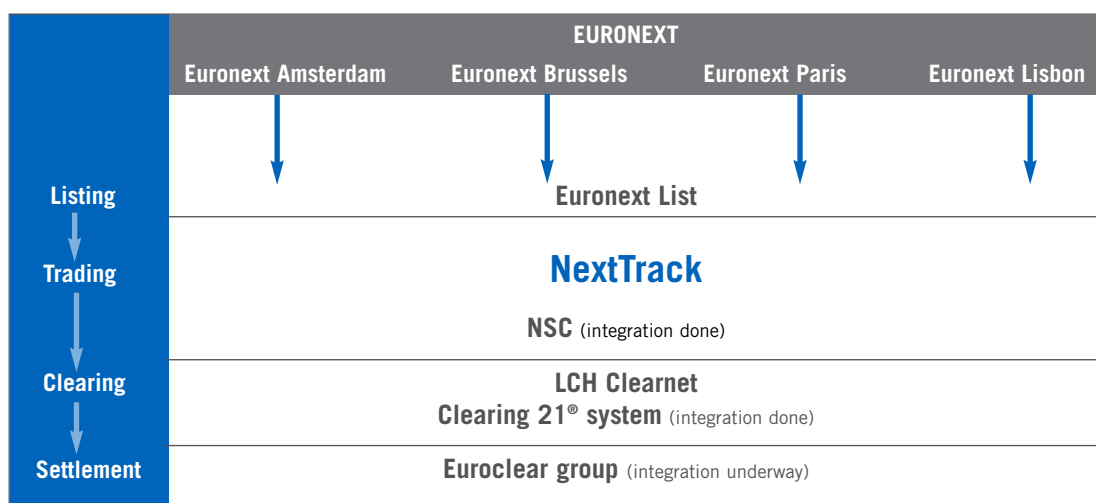
ETFs are classified into **4 different compartments**, to keep the various index types clear and distinct.

<p>Market indices ETFs</p> <p>1</p>	<ul style="list-style-type: none"> • Geographic equity ETFs (<i>Europe equity indices, Eurozone equity indices, North America equity indices, emerging markets equity indices...</i>) • Sector-based equity ETFs (<i>energy, industry...</i>) • Bonds ETFs (<i>State, corporate...</i>).
<p>Commodity indices ETFs</p> <p>2</p>	<p>ETFs indexed on baskets of commodities (<i>agriculture-based products, ferrous/precious metal, energy...</i>). These are based on future contracts.</p>
<p>Strategy indices ETFs</p> <p>3</p>	<p>These include various types of investment strategies such as:</p> <ul style="list-style-type: none"> • Style indices ETFs (<i>small /mid-growth value / select dividend...</i>) • Strategy indices ETFs (<i>leveraged, bear, options strategies...</i>) • Fundamental Strategy indices ETFs.
<p>Active ETFs</p> <p>4</p>	<p>Funds based on an index which includes a structured offer (<i>leveraged, capital protection, bear...</i>).</p>

A one-stop counter for continuous trading

Continuous trading on NextTrack is based on centralised matching of buy and sell orders. Euronext's objective is to offer a one-stop trading service, with a single, integrated platform for trading through the NSC system; clearing, through LCH.Clearnet's Clearing 21 system; and settlement, through the Euroclear group.

Euronext model: one-stop trading



The trading characteristics as set out below apply to ETF trading on NextTrack

Market price	Centralised matching of buy and sell orders
Trading hours	09:05 - 17:40 CET
Trading lot	One share
Order type	Orders available on NSC
Trading fees	Same as for shares
Tick size	€0.01
Dynamic trading halts	+/- 1.5% of the indicative Net Asset Value (iNAV) except for ETFs based on international or global indices, to which a +/- 3% range applies
Liquidity providers	1 LP is compulsory, 2 LPs are usual, per ETF
Block trades	Eligible*
Out-of-hours trading	Eligible*
Clearing	LCH.Clearnet
Settlement	Euroclear group

* See conditions and practical aspects in 'Trading facilities' section

Trading facilities offered by NextTrack

Euronext provides special trading facilities for trading ETFs via NextTrack.

Block trades

Block trades are large-scale transactions of at least €1,500,000 in the NextTrack segment. Without prejudice to the rules applicable to block trades, fees for transactions made inside and outside the trading session on ETFs will be charged as follows:

(As described in the Euronext Cash Market Trading Manual)

Off market rules for block trades

	Block size	During session (09:05 - 17:40 CET)	Outside session (07:15 - 09:00 & 17:40 - 19:00 CET)
Continuous (normal block size: €1,500,000)	Under €1,500,000	Forbidden	+/- 1% of last NAV
	Over €1,500,000	+/- 1.5% of last traded NAV (EU basket only)	+/- 1.5% of last NAV (EU basket only)
	Non-European basket	+/- 3% of last traded NAV	+/- 3% of last NAV

All ETFs are eligible for block trades. Block trades on ETFs made outside the order book must be reported to Euronext via the Euronext Transaction Confirmation System (TCS).

Trade Publication and Transaction Reporting

The entry into force of MiFID will have no impact on the post-trade transparency and reporting services which are already available today on ETF trades carried out on NYSE Euronext Markets.

NextTrack now enables fulfilment of post-trade obligations for OTC trades, as required by MiFID, via TCS (this service includes in and out-of-hours trading).

Under MiFID, investment firms have to meet post-trade transparency requirements on OTC-transactions, notably by publishing their trades to the market in real time.

Euronext offers real-time dissemination of data on trades done outside the regulated market in European equities and ETFs.

Investment firms are also required to report all transactions to their competent authorities.

Euronext offers a service to enable them to meet this obligation in respect of four competent authorities for all securities listed on regulated markets, including ETFs.

Availability of Trading Data Offered by Data Vendors

Block trades are available and published just like any other trades on all major data vendors, i.e. Bloomberg, Reuters...

Deferred Settlement Service

In Paris, all ETFs listed on Euronext are eligible for the Deferred Settlement Service (known in French as *Service de Règlement Différé*) that enables investors to sell short under their portfolio hedging strategy.

Centralised Lending & Borrowing

ETFs are also eligible for the centralised lending & borrowing market in Paris.



NextTrack: the transparent, liquid market

Transparency

Intra-day data

iNAV

Euronext disseminates the indicative Net Asset Value (iNAV) on an intra-day basis for all ETFs listed on NextTrack. The calculation of the iNAVs is based on the previous day's NAV provided by the fund. The iNAV is refreshed at regular intervals to reflect intra-day variations of the underlying indices.

Publication of the limit order book

Investors have real-time access to orders and trades for every ETF.

Daily data

NAV

The Net Asset Value (NAV) reflects the value of the capital managed by an ETF's fund manager. The NAV equals the assets of the fund, less its liabilities, divided by the number of shares issued in respect of that fund. The assets of the fund are calculated on the basis of the share prices of the underlying basket at closing, opening, or 16:00 CET (depending on fund policy).

Daily Statistics

Euronext publishes daily statistics for each of the ETFs, such as:

- Opening price
- Closing price
- Highest price
- Lowest price
- Assets under management
- Number of outstanding shares

All these data are available on www.nyseeuronext.com.

Liquidity

ETFs may be bought and sold all day during trading hours since liquidity providers ensure high market quality (bid & ask spreads, volumes) under the contract they have with Euronext.

This LP policy helps creating a specific environment for ETFs where:

- LPs are linked to Euronext by a contract and have commitments they must fulfil,
- Usually 2 or more LPs per ETF,
- Issuers have access to the primary market funds.

Liquidity providers

Major professional market makers* provide liquidity to the ETFs listed on the NextTrack segment

ABN AMRO BANK N.Y.
BNP PARIBAS EQUITIES FRANCE
CREDIT AGRICOLE CHEUVREUX S.A.
EXANE
FLOW TRADERS
GOLDMAN SACHS Intl
HYPOVEREINSBANK A.G.
IMC SECURITIES B.V.
J.P. MORGAN Securities Ltd
MERRILL LYNCH INT. Ltd
MORGAN STANLEY & Co Inter. Ltd
NYENBURGH BEHEER B.V.
OPTIVER VOF
SAEN OPTIONS B.V.
SG SECURITIES PARIS SAS
SUSQUEHANNA INTL SEC. Ltd
TIMBER HILL EUROPE A.G.
Van Der MOOLEN EFFECTEN SP. B.V.

* January 2008

Contacts

For further information, log on to
www.nyseeuronext.com

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questions about NextTrack, e-mail us at:
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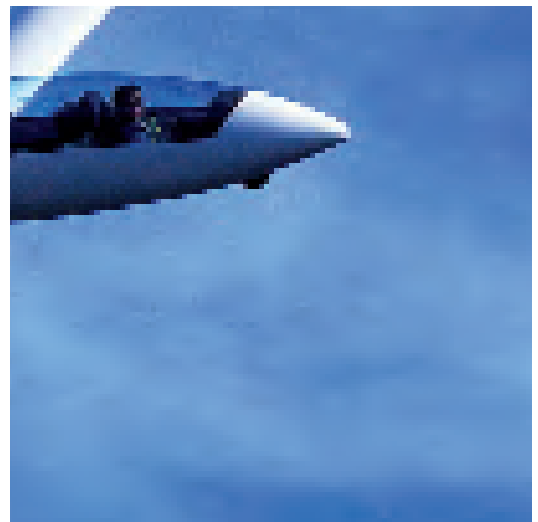
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 BONDS  EQUITIES  MARKET DATA  OPTIONS/FUTURES

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