



7 March 2008

PROJECT: **ESES**

## Impact on TCS transactions following the introduction of the new order of dates and Record Date to the Euronext markets

Further to the info-flash of 23 November 2007 regarding the implementation of ESES Stream 1 by Euroclear and LCH.Clearnet, NYSE Euronext would like to remind clients that the **Record Date (RD) for cash distributions** now follows market practice in Paris and Amsterdam, as illustrated below:

Record Date = Ex-Date + Settlement Life Cycle - 1 Business Day  
and  
Payment Date (PD) as close as possible after RD (PD = RD + 1).

Please note that since the standard settlement life cycle on the Euronext regulated markets is T+3, the RD has been fixed at two business days after the Ex-Date. The Ex-Date is the date as from which trading takes place on the underlying security without the dividend/interest (distribution). The Ex-Date refers to the start of the business day.

Transactions with an atypical settlement delay (between T+2 and T+30) can be declared via the Euronext Trade Confirmation System (TCS) facility. TCS transactions can also (optional service) be guaranteed by LCH.Clearnet and netted with all other regular NYSE Euronext transactions.

It is therefore important to understand the consequences of the introduction of this Record Date with the possibility of using this guarantee and netting service option with a short settlement delay of T+2:

In the exceptional case of a TCS transaction occurring the same day as the Ex-Date of a cash distribution event<sup>1</sup>, (**Trade Date = Ex-Date**) and a short settlement cycle T+2 (**Settlement Date = Record Date**), the transaction will settle on Record Date in the buyer's account, and therefore the (I)CSD (International Central Security Depository) will distribute the cash dividend to the buyer whereas normally he would not receive it (see diagram on the following page). Such a typical reverse market claim (where the buyer reimburses the seller) will not be detected by the CCP (Central Counter Party). In addition, the (I)CSD has no means to detect it.

NYSE Euronext strongly recommends, therefore, that its clients apply the following principle:

the **negotiated price should retain the attached dividend**

If the trading price is reduced by the dividend, it is the responsibility of the trading parties to ensure correct settlement in terms of their respective delivery and payment.

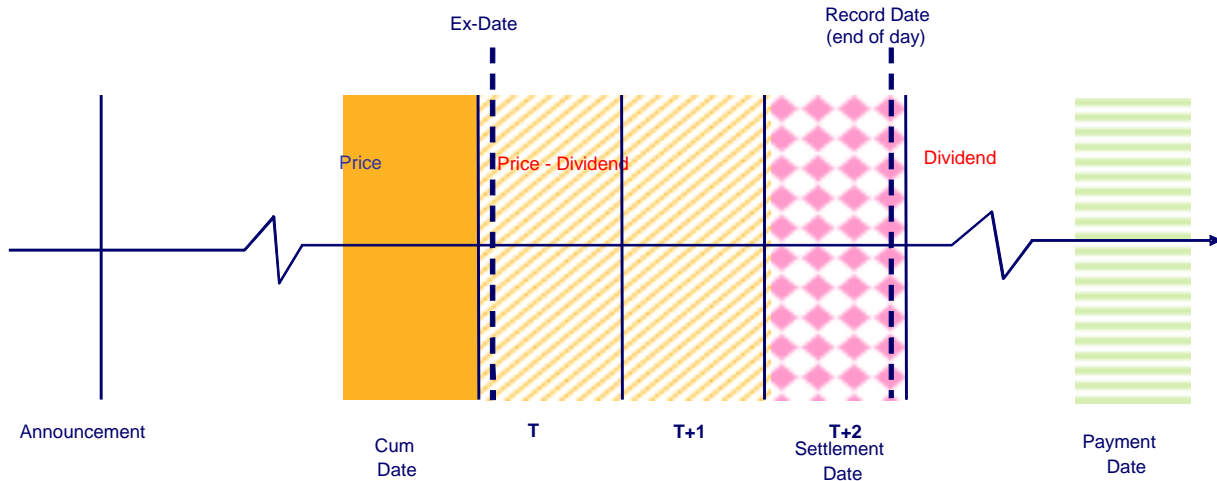
<sup>1</sup> Such cases occur very rarely (less than 5 transactions per year)

Website: [www.euronext.com](http://www.euronext.com)



If both trading parties agreed to adjust the price as described above, they must ensure that the revised price still adheres to the rules of a regulated market.

T+2 = Settlement Date  
T = on Ex-Date



For functional or technical issues regarding TCS, please contact Euronext:

Euronext Customer Technical Support (CTS)

Tel: +33 (0)1 4927 5050

Email: [cts@euronext.com](mailto:cts@euronext.com)

For functional issues concerning ESES in particular, please contact LCH.Clearnet or Euroclear, as follows:

**Clearing: LCH.Clearnet**

LCH.Clearnet Operations Department (DO)

Tel: +33 (0)1 7037 6627 / 6626 / 6576

Email: [lchclearnetsa\\_do\\_members\\_coe@lchclearnet.com](mailto:lchclearnetsa_do_members_coe@lchclearnet.com)

LCH.Clearnet Product Implementation

Tel: +33 (0)1 7037 6708

**Settlement: Euroclear**

Euroclear Operations Department –

Tests Platform service

Tel: +33 (0)1 5534 5626

Kind regards,

Euronext Cash Market

**CONTACTS:**

Email: [membersinfo@euronext.com](mailto:membersinfo@euronext.com); [cts@euronext.com](mailto:cts@euronext.com)

For more information and to view past info-flashes, visit: [www.euronext.com/cashmembers](http://www.euronext.com/cashmembers)

Website: [www.euronext.com](http://www.euronext.com)

The Euronext Securities Markets ("Euronext") comprise the markets for securities trading operated by Euronext Amsterdam, Euronext Brussels, Euronext Lisbon and Euronext Paris, referred to respectively as the Amsterdam, Brussels, Lisbon and Paris markets. Euronext is part of the NYSE Euronext group. Whilst all reasonable care has been taken to ensure that this Info-Flash is accurate and not misleading, neither Euronext N.V. nor any of its group companies shall be liable (except to the extent required by law) for the use of the information howsoever arising. EURONEXT N.V. EXPRESSLY DISCLAIMS ALL WARRANTIES, EXPRESSED OR IMPLIED, AS TO THE ACCURACY OF ANY OF THE CONTENT PROVIDED, OR AS TO THE FITNESS OF THE INFORMATION FOR ANY PURPOSE. The contents of this Info-Flash are for information only and shall not constitute investment advice. Neither Euronext N.V. nor any of its group companies, servants, or agents are responsible for any errors or omissions contained herein. None of the content of this Info-Flash will form any part of any contract between us.