



Rules for the XBear indexes

April 2008

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1. Composition of the XBear indexes

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| 1.0 | <i>General scope</i> | The rules that are laid down in this document apply for the CAC 40® XBear, AEX® XBear, BEL 20® XBear and PSI 20® XBear indexes. |
| 1.1 | <i>Definition of the XBear index</i> | The XBear index tracks the performance of a strategy that combines a double inverse exposure to an underlying index and the exposure to a risk-free money-market instrument (EONIA). |
| 1.2 | <i>Composition of the Euronext XBear indexes</i> | |
| 1.2.1 | <i>Composition of the CAC 40 XBear index</i> | The CAC 40 XBear index is made up of the combination of an investment aiming to replicate a XBear strategy as applied to the CAC 40 Total Return index ¹ (i.e. dividends reinvested). |
| 1.2.2 | <i>Composition of the AEX XBear index</i> | The AEX XBear index is made up of the combination of an investment aiming to replicate a XBear strategy as applied to the AEX Total Return index (dividends reinvested). |
| 1.2.3 | <i>Composition of the BEL 20 XBear index</i> | The BEL 20 XBear index is made up of the combination of an investment aiming to replicate a XBear strategy as applied to the BEL 20 Total Return (Institutional version). |
| 1.2.4 | <i>Composition of the PSI 20 XBear index</i> | The PSI 20 XBear index is made up of the combination of an investment aiming to replicate a XBear strategy as applied to the the PSI 20 Total Return index. |

¹ The CAC 40 Total Return index takes into account the reinvestment of gross dividends for French stocks and the reinvestment of net dividends (i.e. net of withholding tax) for foreign stocks included in the CAC 40 index.

2. Calculation of the XBear indexes

- 2.1 *General formula* The general formula of the XBear indexes is defined as follows:

$$XBI_t = XBI_T \left[1 - 2 \times \left(\frac{UI_t}{UI_T} - 1 \right) \right] + 3 \times XBI_T \left[\frac{EONIA_T}{360} \right] D_{t,T} - 2 \times a \times XBI_T \left[\frac{REPO_T}{360} \right] D_{t,T}$$

XBI_t = XBear index on day t

XBI_T = closing XBear index at the previous calculation date

UI_t = Total Return version of the underlying index level (Total Return version of CAC 40, AEX, BEL 20 or PSI 20) at time t

UI_T = Total Return version of the underlying index level at the previous calculation date

$D_{t,T}$ = is the number of days between the day of calculation and the previous calculation day T

$EONIA_T$ = Euro Overnight Index Average at the previous calculation date

$REPO_T$ = is the rate reflecting the repurchase agreement embedded in the strategy and specific to each underlying index

(a) = is a real number acting as adjustment factor for the REPO

in particular, when (a) takes on the value 0, the REPO impact is cancelled

- 2.1.1 *REPO activation* The REPOs relative to the XBear indexes were set to 0 at the launching date on December 21st 2007.

The Compiler of the indexes could deem appropriate to set the value of this parameter to a level that would be consistent with the real economic profit and loss profile of the strategy. In such a case, market participants will be informed of the changes at least two weeks before they become effective.

- 2.1.2 *Initial value of the indexes* The value of the XBear indexes was set to 1000 on December 31st 2002.

- 2.2 *Start of calculation* The calculation of the XBear indexes starts as soon as the first real time indexes levels of the underlying indexes are available.

- 2.3 *Calculation frequency* The XBear indexes are calculated at the same calculation frequencies as their respective underlying indexes..

As reminder the calculation frequencies are established as follows:

CAC 40 XBear index: every 30 s

AEX XBear index: every 15s

BEL 20 XBear index: every 15s

PSI 20 XBear index: every 15s

- 2.4 *Closing index Level* The calculation of the XBear closing index levels is based on the respective official Total Return underlying closing levels published by Euronext.

3. Special circumstances of trading

- 3.1 *Unavailability of the underlying index level* In case the underlying index level of the XBear index is not available during a time period outside the regular closing time of the Euronext markets, the level of the XBear index will not be calculated.

If the unavailability extends over the closing auction time of the Euronext markets, the closing value of the XBear index will be the last level known before the unavailability of the underlying.

- 3.2 *Suspension of the XBear index* The compiler of the XBear indexes will decide to suspend the calculation of the XBear index if at the time t the underlying Total Return index level gains more than 25% compared to its previous closing value.

That is, the XBear index will be suspended if :

$$\left(\frac{UI_t}{UI_T} - 1 \right) > 25\%$$

In this case, Euronext will confirm the index level to be considered as the closing index value at the market close.

4. Final provisions

- 4.1 *Liability* The Compiler will do everything within its power to ensure the accuracy of the composition, calculation, publication and adjustment of the XBear indexes in accordance with relevant rules. However, neither Euronext N.V., nor the Compiler of the XBEAR indexes is liable for any inaccuracy in the calculation of the underlying index levels, calculations and the publication of the XBear indexes.
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