



## **Rules for the Leverage indexes**

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## Table of contents

1. Composition of the Leverage indexes .....	2
2. Calculation of the Leverage indexes .....	3
3. Special circumstances of trading .....	4
4. Final provisions.....	5

# 1. Composition of the Leverage indexes

- 1.0 *General scope* The rules that are laid down in this document apply for the CAC 40® Leverage, AEX® Leverage, BEL 20® Leverage and PSI 20® Leverage indexes.
- 1.1 *Definition of the Leverage index* The Leverage index tracks the performance of a strategy which doubles exposure to an underlying index with the support of a short-term financing.
- 1.2 *Composition of the Euronext Leverage indexes*
  - 1.2.1 *Composition of the CAC 40 Leverage index* The CAC 40 Leverage index is made up of the combination of an investment aiming to replicate a long position on the CAC 40 index with a double exposure and a borrowing at the EONIA interest rate.
  - 1.2.2 *Composition of the AEX Leverage index* The AEX Leverage index is made up of the combination of an investment aiming to replicate a long position on the AEX index with a double exposure, and a borrowing at the EONIA interest rate.
  - 1.2.3 *Composition of the BEL 20 Leverage index* The BEL 20 Leverage index is made up of the combination of an investment aiming to replicate a long position on the BEL 20 index with a double exposure, and a borrowing at the EONIA interest rate.
  - 1.2.4 *Composition of the PSI 20 Leverage index* The PSI 20 Leverage index is made up of the combination of an investment aiming to replicate a long position on the PSI 20 index with a double exposure, and a borrowing at the EONIA interest rate.

## 2. Calculation of the Leverage indexes

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

$$LI_t = LI_T \left[ 1 + 2 \times \left( \frac{UI_t}{UI_T} - 1 \right) \right] - LI_T \left[ \frac{EONIA_T}{360} \right] D_{t,T} - a \times LI_T \left[ \frac{SPR_T}{360} \right] D_{t,T}$$

$LI_t$  = Leverage index at time of calculation t

$LI_T$  = closing leverage index at the previous calculation date

$UI_t$  = underlying index level (CAC 40, AEX, BEL 20 or PSI 20) at time of calculation t

$UI_T$  = closing underlying index level at the previous calculation date

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

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

$SPR_T$  = is the spread reflecting the financing cost over EONIA at the previous calculation date

(a) = is a real number acting as adjustment factor for the spread in particular, when (a) takes the value 0, there is no spread.

- 2.1.1 *Spread activation* The spreads relative to the Leverage indexes were set to 0 at the launching date on December 21<sup>st</sup> 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 Leverage indexes was set to 1000 on December 31<sup>st</sup> 2002.
- 2.2 *Start of calculation* The calculation of the Leverage indexes starts as soon as the first real time indexes levels of the underlying indexes are available.
- 2.3 *Calculation frequency* The Leverage indexes are calculated at the same calculation frequencies as their respective underlying indexes.  
As reminder the calculation frequencies are established as follows:  
CAC 40 Leverage index: every 30 s  
AEX Leverage index: every 15s  
BEL 20 Leverage index: every 15s  
PSI 20 Leverage index: every 15s
- 2.4 *Closing index Level* The calculation of the Leverage closing index levels is based on the respective official 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 Leverage index is not available during a time period outside the regular closing time of the Euronext markets, the level of the Leverage index will not be calculated.

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

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

That is, the Leverage 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 Leverage indexes in accordance with relevant rules. However, neither Euronext N.V., nor the Compiler of the Leverage indexes is liable for any inaccuracy in the calculation of underlying index levels, calculations and the publication of the Leverage indexes.

Furthermore, Euronext NV., its subsidiaries, the Compiler of the Leverage indexes do not guarantee nor the continuity of the calculation of the Leverage indexes, nor the continuity of the dissemination of the Leverage index levels.

4.2 *Ownership and trademarks*       Euronext NV. owns all intellectual and other property rights to the CAC 40 Leverage index, AEX Leverage index, BEL 20 Leverage index and PSI 20 Leverage index, including the names and their calculation.