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## Editorial

### Multi-asset class trading platform heralds greater cost and performance efficiency.

NYSE Euronext's Universal Trading Platform Programme to design, develop and deliver a multi-asset class trading platform to our customers is now well underway. Many of you will have attended the client roadshows that were organised in our Eurozone locations during May and learned of our plans for the platform in greater depth. If you were unable to attend one of the roadshows in person, you can download a copy of the presentation from <http://www.euronext.com/editorial/wide/editorial-3416-EN.html>. Market Data external specifications were also published in May and can be downloaded from <http://www.euronext.com/forourclient/mrdoc/general/wide/mrDoc-3480-EN.html>.

June saw the start of a series of one-to-one meetings arranged with your IT representatives in order to help you select the best connectivity solution for your firm, present pricing and answer any queries you might have about the programme. The migration strategy for the European cash market is an important consideration as the rolling out of the platform to the European cash markets will begin at the end of this year. Once the platform is in place, clients will be able to enjoy greater cost and performance efficiency, all thanks to SFTI.

SFTI (Secure Financial Transaction Infrastructure), the common global platform connecting members and quote vendors to all NYSE Euronext application services, is designed for reliability, resilience and low latency performance. Members can look forward to reduced operational complexity and will be able to access Cash, Derivatives and Market Data services through a secure single connection. We believe that we are developing a new industry standard in terms of electronic trading systems and would urge you to keep up to date with developments by reading our monthly newsletter dedicated to the programme Universal Trading Platform News. Communication is key and we hope that we are meeting your needs in terms of providing answers to your queries in a timely manner. Together we will breed success!

## Products

### ETFs based on bond indices and credit derivatives indices

Four exchange traded funds (ETFs) based on the sub-indices of JPMorgan's European Monetary Union Government Bond Index (GBI EMU) were listed in April on NYSE Euronext's European market. The new ETF series provides investors with direct access to the performance of the European fixed income bonds with specific maturities.

JPMorgan ETF GBI EMU 1-3 years is based on JPMorgan EMU Government Bond Index 1-3 years and, through a single transaction, provides investors with exposure to a basket of 50 European government bonds with a maturity comprised between 1 and 3 years. Similarly, JPMorgan ETF GBI EMU 3-5 years, JPMorgan ETF GBI EMU 5-7 years and JPMorgan ETF GBI EMU 7-10 years are based respectively on JPMorgan EMU Government Bond Index 3-5 years, JPMorgan EMU Government Bond Index 5-7 years

and JPMorgan EMU Government Bond Index 7-10 years and provide exposure to baskets of 44, 32 and 42 European government bonds, with a maturity comprised between 3 and 5 years, 5 and 7 years and 7 to 10 years respectively.

#### EasyETF listings

EasyETF introduced on 30 April two new ETFs of credit derivatives indices (EasyETF iTraxx® Europe HiVol and EasyETF iTraxx® Crossover) and two new infrastructure indices (EasyETF NMX30 Infrastructure Global and EasyETF NMX Infrastructure Europe).

EasyETF iTraxx® Europe HiVol and EasyETF iTraxx® Crossover provide simple and transparent access to the European credit derivatives market at minimal cost. The iTraxx® Europe HiVol index is constructed on the basis of a specific group of 30 of the most volatile credit derivatives among the 125 names covered by iTraxx® Europe. With a greater level of risk, iTraxx® Crossover offers higher yields and volatility than

iTraxx® Europe HiVol. It is made up of 50 credit derivatives in European companies actively managed at the frontiers of "investment grade" and high yield.

EasyETF NMX30 Infrastructure Global and EasyETF NMX Infrastructure Europe are the first ETFs in France to follow the NMX infrastructure indices.

#### For more information on ETFs see:

[www.euronext.com](http://www.euronext.com) > equities >

ETF/Trackers

**NYSE Euronext**

NYSE Euronext, Europe's leading ETF market, offers a wide and well-segmented range of funds.

Use them to gain exposure to the index of your choice:

- National, international and regional markets
- Industry sectors
- Fixed Income
- Commodities
- Emerging Markets

An ETF lets you invest simply, transparently and cost-effectively.

For more information, visit [www.nyseuronext.com](http://www.nyseuronext.com)

www | info | news | research | services | contact | careers | investors | partners | press | legal

### ETF options: extra trading opportunities

ISX options (on iShares DJ Euro STOXX 50 ETF), IFT options (on iShares FTSE 100 ETF), the CAC40 Master Unit option and the DJ Euro STOXX 50 Master Unit option provide investors with the possibility to enhance returns or buy protection as well as offering investors the ability to gain exposure to the performance of the underlying indices at a fraction of the cost of buying the ETFs.

All the advantages that options bring to a holder of securities also apply to the holders of ETFs. ETF options give the option holder the right, but not the obligation, to buy or sell ETFs at an agreed price. Thanks to the flexibility offered by options, they provide investors with additional trading opportunities beyond buying the underlying ETFs alone.

Investors can use put options to protect against a market decline. If the market falls, the portfolio's losses will be offset in whole or in part by the rise in value of the puts.

If the market does not fall, the portfolio will keep its value (or increase) and the loss is limited only to the premium paid for the put. Holders of ETFs can seek to enhance portfolio returns by writing covered call options against their holding. If the option expires out-of-the-money, then the option writer will have increased his portfolio performance by the amount of the premium that he has received. However, if the option is in-the-money and is exercised then the writer must deliver the ETFs to the option buyer at the exercise price.

As well as simple calls and puts, options offer the holder the opportunity to use a broad range of trading strategies depending on their market view, including spreads, straddles, strangles, etc.

#### Find more info on:

[www.euronext.com](http://www.euronext.com) <<http://www.euronext.com>> Futures/Options >> Products > ETF/Tracker options

## Trading Services

### Package Epsilon reduces fees

A customised and innovative fee package will reduce fees by up to 30% for high frequency trading on NYSE Euronext's European cash equity markets. This new fee package, known as Epsilon, is effective from 1 July 2008 for all stocks listed on Euronext Amsterdam, Brussels, Lisbon and Paris to address the growing demands of high frequency trading.

In order to address the unique characteristics of high frequency trading, the new fee package Epsilon's pricing allows eligible clients to increase their order flow in Euronext stocks while being charged for the first partial order execution only, rather than being charged for each partial execution linked to the same order. In addition, Euronext's order-to-trade ratio is set at 30 with any orders remaining above this ratio charged at €0.10, thus allowing eligible clients to significantly increase their order flow capacity. Three times more orders can be placed in the systems without incurring charges. The more high frequency traders commit themselves to a threshold of activity, the less expensive the fee per executed order will be.

With an order handling capacity per single trading day equal to 100 million and an instantaneous order handling capacity equal to 30 000, the NSC trading engine is fully able to sustain a new initiative like package Epsilon. Furthermore, since the beginning of the year several major initiatives like the 100Mbs service (MMBA) or co-location have been implemented in order to provide customers with ultra low latency for both order entry and market data. NSC internal order processing time is less than 2 milliseconds and customer order latency (order roundtrip time) less than 15 milliseconds.

The Epsilon fee package is only eligible to those high frequency traders classified by Euronext as carrying out own account trading and who comply with Euronext auditing rules.

Epsilon's innovative pricing has been designed to take into consideration the development of new business flows from high frequency trading that use automated or algorithmic strategies to benefit from market opportunities. This initiative reinforces the attractiveness of Euronext cash markets and enhances liquidity for the benefit of all our customers.

#### Pack Epsilon Trading Fees

##### Fixed fee per tier:

- **Tier 1:** €1.20 per executed order
- **Tier 2:** €1.00 per executed order with a Minimum Activity Charge ("MAC") at €250 000 per month
- **Tier 3:** €0.75 per executed order with a MAC at €400 000 per month
- **Tier 4:** €0.50 per executed order with a MAC at €600 000 per month

With the Epsilon fee package, NYSE Euronext wishes to reinforce the attractiveness of Euronext markets by offering different types of customer specific fee structures when it makes sense. The new package is really designed for a specific category of customers. It is the beginning of a move to adopt better customer segmentation in our pricing.

## Trading Services

### **Warrants and certificates reform: an opportunity to improve market quality**

The warrants and certificates market has seen a period of extensive growth over the last few years. NYSE Euronext has engaged in an in-depth reform of this market in order to help it to the next stage of maturity. Historically these portfolio diversifiers, mostly aimed at the retail investor, were placed on an open order book that is operated in the same way as the equity market. However, the warrants and certificates market is built upon the principles of a price-driven market and not an order-driven market. These price-driven principles will now be part of the new market model, ensuring an adapted trading environment for both issuers and investors.

The presence of the liquidity provider, generally the issuer, is compulsory in this segment. Nevertheless it may happen that the liquidity provider is not present in the order book for a short period of time, following a transaction for example, in which case the product is reserved. The liquidity provider will then receive a message requiring him to place a new quote in the book. This will ensure that reservation periods are limited. This mechanism ensures that investors do not engage in transactions at erroneous prices. Investors still benefit from the advantages of an open order book even though it will now be bound by the prices of the liquidity provider. Investors will be able to trade with other investors inside or at the liquidity provider quotes. Investors will also be able to leave resting orders in the book. Liquidity can continue to build up on the most active products.

In order to offer greater transparency to investors, quality indicators will be calculated and disseminated to the market via the NYSE Euronext website. These indicators will enable investors to judge for themselves the quality of market making. The indicators will cover presence time, average quantity and spread.

For products requiring extremely frequent order updates, a specific functionality has been developed. A message will be sent to issuers any time a transaction is executable. It contains no market sensitive information in relation to the incoming order, such as price, size and side. The liquidity provider will then be able to give priority to an update of the price and send the update to investors. This system ensures investors benefit from a correct and pertinent price.

This mechanism also offers issuers the opportunity to offer improved spreads to the market. How? For products that require extremely frequent order updates, a simple way to reduce the number of these updates is to widen the bid-offer spread; a wider spread requires less frequent updates. An issuer who is able to prioritise the computing of a fresh price need not post a wider spread to try and reduce the need for order updates. This very simple mechanism ensures that investors will always have access to an updated price, and under better spread conditions than until now.

#### **More info?**

**[Go to euronext.com > Equities > Warrants & certificates > Product information](https://www.euronext.com)**

## Trading Services

### SmartPool moves closer towards completion

NYSE Euronext, BNP Paribas and HSBC announced their partnership in October 2007 to create a Multilateral Trading Facility (MTF), SmartPool. Europe's first leading exchange-led electronic dark pool for block trading is now in an advanced state of readiness. Users are now able to start testing and the platform will be operationally ready as of the end of September.



Current market trends towards smaller execution sizes on central order books reinforce the need for new venues with alternative trading models. SmartPool will offer the industry a dark pool for trading block orders in European stocks, ensuring minimal market impact on a low latency-trading platform.

According to the TABB Group, an independent consultancy, in the US dark liquidity venues account for up to 12% of daily stock trading volume. They expect this share to grow to at least 15% by 2010. The TABB Group believes there is "pent-up demand" for such venues in Europe and Asia.

SmartPool's original and newly designed market model is the result of intense interaction with the industry. The end result is a model favouring larger sized orders, importing external prices from the primary markets for execution values and allowing continuous trading without disclosing size, identity or the nature of the order. The platform guarantees the complete integrity of the order information until order execution, complete with full post-trade reporting services according to MiFID requirements.

At launch, the platform aims to offer trading in the CSER liquid securities as well as Swiss stocks amounting to approximately 1,000 equities across 14 European countries : Austria; Belgium; Denmark; Finland; France; Germany; Ireland; Italy; The Netherlands; Norway; Portugal; Sweden; Switzerland, and the United Kingdom.

SmartPool's clearing and settlement partners are EuroCCP and LCH.Clearnet SA. They will act as Central Counterparties, enabling anonymous post-trade processing, providing netting and a full range of risk management services to

SmartPool. Citi's global transaction services business will act as EuroCCP's settlement agent and handle settlement in the respective Central Securities Depositories (CSDs). LCH.Clearnet SA, as Euronext's contracted central counterparty, will provide clearing services for stocks listed in the four Euronext markets: Amsterdam, Brussels, Lisbon and Paris. Settlement will be provided through the local CSDs. EuroCCP will provide services for the stocks traded in the other 10 European markets.

There are many advantages to SmartPool. Besides its unique market model, it will be linked and interact with the Euronext "light pool", taking advantage of the efficient pricing and liquidity of our existing central order book. In the future, it will also be connected to other pools of liquidity. Other benefits are access to the advanced technology developed by NYSE Euronext and the existing connectivity that links Euronext with its main European sell-side users, making connectivity very simple with no additional costs for Euronext clients.

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*SmartPool will not provide any service or conduct any activity amounting to a regulated activity under the Financial Services and Markets Act 2000 prior to becoming authorized by the Financial Services Authority.*

*SmartPool is directing this document solely to: persons who have professional experience in matters relating to investments and fall within Article 19(1) of the FSMA 2000 (Financial Promotion) Order 2005; and, persons to whom it may otherwise lawfully be communicated (together "relevant persons"). Any investment or investment activity relating to this document should be regarded as available only to relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.*

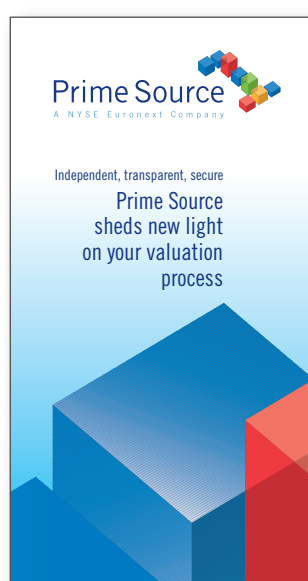
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## Trading Services

### Getting prime value from Prime Source

Prime Source is a new independent valuation service, powered by Euronext. It offers a single and completely independent process for addressing the valuation needs of financial instruments. And, most importantly, it allows customers to make an educated choice about pricing and valuation for each instrument within their portfolio.



Through a single point of access, customers can obtain:

- **Market prices for instruments** quoted on one of the many platforms managed by NYSE Euronext
- **Contributed prices** provided by a range of sell-side desks and brokers, with the possibility of choosing the contributor(s) of their choice
- **Modelled valuations and associated risk measures** obtained through advanced analytics and quantitative models.

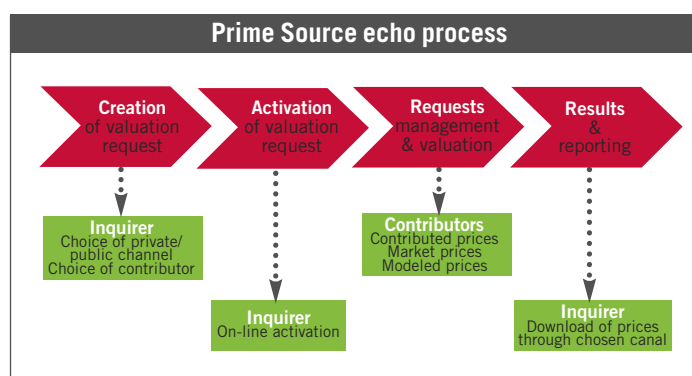
Designed for funds and fund administrators, portfolio managers, investors and issuers, Prime Source provides prices and valuations on a daily, weekly and monthly basis, as well as on a per request basis, and facilitates compliance with regulatory and accounting duties.

Prime Source is a unique, independent and comprehensive valuation solution providing customers with a true added-value service.

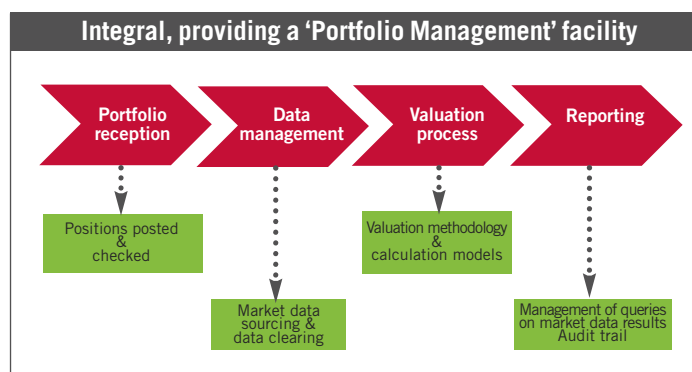
Prime Source is also part of the CrediNext project sponsored by the French global competitiveness group 'Finance Innovation' and will work with academics to develop research on credit instruments.

Customers have the choice between the two complementary Prime Source services that cover a wide range of financial asset classes and instruments and are operated with the highest degree of confidentiality:

- 1 **Echo**, offering a 'Request For Valuation' facility:



- 2 **Integral**, providing a 'Portfolio Management' facility:



Both services are supported by an efficient state-of-the-art, web-based infrastructure and a team of experts based in London and Paris. Their product coverage includes all major instruments within the cash, derivatives and structured products asset classes. Both services provide transparency in the valuation process through auditable prices, feeds, values, curves, algorithms and formulae.

Finally, in addition to the automated services, tailor-made consulting services are also available for one-offs or highly complex instruments.

**See [www.nyxprimesource.com](http://www.nyxprimesource.com) for more information.**

## Listing

**ALPTC**  
**LISTED**  
**NYSE**  
**ALTERNEXT**

### Proventec, first UK Firm to Dual List on AIM and Alternext

Proventec, a UK company which provides specialist steam-cleaning technologies, was listed and opened for trading on 22 May on Alternext Paris under the ticker symbol "ALPTC". Proventec is the fifth LSE-listed company to seek a listing on Euronext markets in recent months and the first of these companies to be listed on NYSE Euronext's European market Alternext. The UK company manages a complementary portfolio of integrated businesses that specialise in hygienic solutions and preventative coatings technologies.

Headquartered in Liverpool, the company operates in global markets, pioneering developments within the healthcare, food manufacturing, hospitality industries, transportation, construction and other sectors.

Proventec is the third international company to list on Alternext, NYSE Euronext's specialist market for small and midsized companies, this year and follows the listing of two Chinese companies.

### Cross listing Anheuser-Busch

NYSE-listed Anheuser-Busch was also listed and opened for trading on NYSE Euronext's Paris market on 28 April under the ticker symbol "BUD". The stock continues to be listed and traded in New York, where it already trades under the ticker symbol "BUD". Anheuser-Busch is the third major international NYSE-listed company to cross-list on NYSE Euronext markets since the beginning of the year. This demonstrates the increasing attractiveness and benefits of cross listing on NYSE Euronext's US and European markets.

NYSE Euronext is the first and only exchange group to offer a truly global cross-market listing, trading and visibility platform, providing cost-effective, convenient access to liquidity and investors in the US and in Europe. NYSE Euronext is the first exchange group to offer companies the ability to trade and raise capital in \$ and €, and reach investors and constituents directly across continents and multiple time zones, regions and countries.

### Next BioTech Index, biotech companies only

In order to increase the visibility and to support the development of the biotech sector in Europe, Euronext launched a biotech index on 7 April 2008: Next Biotech. Next Biotech is the first Eurozone biotech index and, as it is composed solely of biotech companies, the only true biotech index in the world.

The Next Biotech Index launched with the 25 biotech companies listed on NYSE Euronext's European markets: Euronext and Alternext, representing € 4.7 billion in market capitalisation (as per 26 May 2008), making Euronext the Eurozone leading exchange in terms of the number of biotech companies listed and market capitalisation. This number increased to 26 on 10 June with the IPO and listing on Alternext Paris of Ipsogen, a pioneering biotechnology

company specialising in the development and marketing of molecular diagnostic tests for cancer.

The "Next Biotech Index" enables investors, fund managers and issuers to track the performance of the fast-growing and innovative biotech sector at a European level.

The Next Biotech Index is a true benchmark for the performance of the European biotech sector. The base level and base date are 1000 at 30/12/2005; since that date historic data are available.

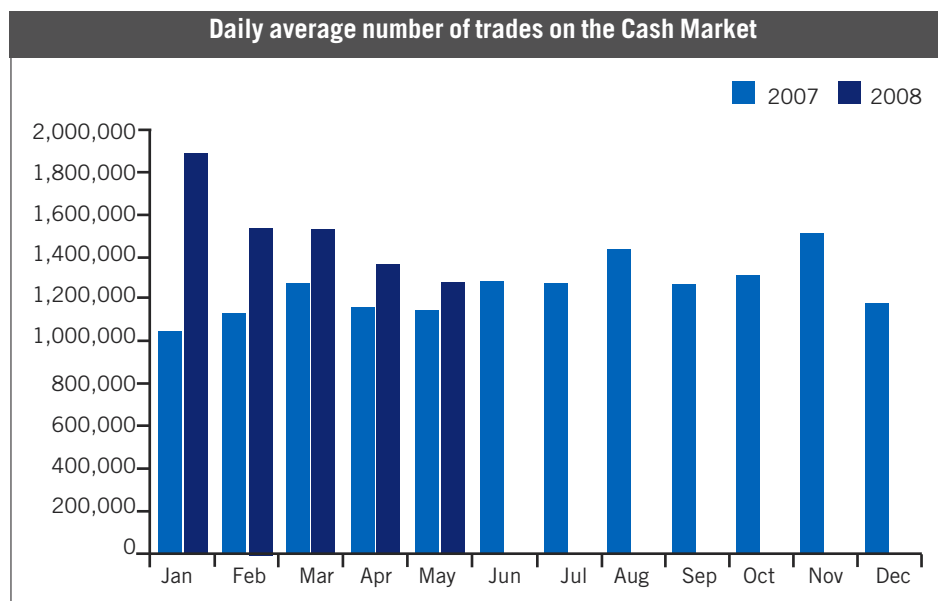
Go to

<http://www.euronext.com>>Market information>Indices>National>Indices

## Market Info

### Cash markets at a glance

Please find below a quick overview of half year figures for NYSE Euronext's European Cash markets



**Daily average number of trades (electronic order book, double counted)**

	May-08	May-07	Apr-08	YTD 2008
Euronext	1,284,999	1,155,226	1,367,818	1,523,516
Amsterdam	279,428	270,749	314,934	342,368
Brussels	98,971	75,590	98,263	105,943
Lisbon	36,959	36,108	48,415	47,202
Paris	869,640	772,779	906,206	1,028,004

**Total number of trades (electronic order book, double counted)**

	May-08	May-07	Change	YTD 2008	YTD 2007	Change
Euronext	26,984,974	25,414,962	6.2%	159,969,226	121,362,288	31.8%
Amsterdam	5,867,996	5,956,476	-1.5%	35,948,640	29,277,188	22.8%
Brussels	2,078,400	1,662,980	25.0%	11,123,980	7,697,566	44.5%
Lisbon	776,132	794,378	-2.3%	4,956,238	3,485,162	42.2%
Paris	18,262,446	17,001,128	7.4%	107,940,368	80,902,372	33.4%

## Membership

### New members

#### ADM Investor Services International Limited

Trading code **10123**

Active on the Amsterdam, Brussels and Paris Cash Markets.

#### ABN AMRO Asset Management (Netherlands) B.V.

**Fund Agent** under Trading code **04084**

Active on the Amsterdam Cash Market.

### Extension of trading activities

**Optiver V.O.F.**, Trading code 00677, active on the Amsterdam, Brussels and Paris Cash Markets, extended its trading activities to the **Lisbon** Cash Market.

**Goldman Sachs International**, Trading code 00648, active on the Amsterdam, Brussels and Paris Cash Markets, extended its trading activities to the **Lisbon** Cash Market.

### Resignation of membership

**Pire & Cie S.A. (01672)**

**Puilaetco Dewaay S.A. (01281 inactive)**

**Lombard Odier Darier Hentsch & Cie SCS (00452)**

### Change of name

As a result of the legal merger between Puilaetco Dewaay, Trading code 01281 (inactive) and Puilaetco Private Bankers, Trading code 01667, Puilaetco Dewaay resigned its membership and Puilaetco Private Bankers changed its name to **Puilaetco Dewaay Private Bankers S.A.**

### Change of status

**Binck Securities B.V.**, Trading code 29132, changed its status from Broker-Dealer to **Dealer** only

### Termination of trading activities

**Fortis Bank (Nederland) N.V.** terminated its additional Trading code 29445 that was active on the Amsterdam Cash Market only. Please note that Fortis Bank (Nederland) N.V. will remain active under Trading code 29101.

## Info flashes

### Info flashes May and June

<b>22 May</b>	Specifications now available for UTP Market Data Feed
<b>23 May</b>	Extending the pilot for multi-decimal trading to three decimal places
<b>28 May</b>	Bond Liquidity Provider is announced in Portugal
<b>30 May</b>	Harmonised trading hours for fixed income products
<b>10 June</b>	Possible need for extension of membership as part of Single Order Book implementation
<b>17 June</b>	10 best limits message replaces 5 best limits message
<b>18 June</b>	ESES Stream 3 and SOB testing and launch plan
<b>18 June</b>	Extending the pilot for multi-decimal trading at 3 decimal places to ETFs

## Website

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

To subscribe or unsubscribe from this newsletter, please email us at [membersinfo@euronext.com](mailto:membersinfo@euronext.com)

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