



## **Rules for the Double Short indices**

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# 1. Definition of the Double Short indices

- 1.1 *General scope* The rules that are laid down in this document apply to the CAC 40® Double Short, AEX® Double Short, BEL 20® Double Short and PSI 20® Double Short indices.
- 1.2 *Definition of the Double Short index* The Double Short index tracks the performance of a strategy that combines a double inverse exposure to an underlying index with the exposure to a risk-free money-market instrument (EONIA). Thus, the Double Short index reflects purely a strategy that aims at producing the double inverse performance of an underlying index with an additional monetary gain.
- 1.3 *The Double Short indices*
- 1.3.1 *The CAC 40 Double Short index* The CAC 40 Double Short index aims at replicating a Double Short strategy as applied to the CAC 40 Net Total Return index<sup>1</sup>
- 1.3.2 *The AEX Double Short index* The AEX Double Short index aims at replicating a Double Short strategy as applied to the AEX Total Return index.
- 1.3.3 *The BEL 20 Double Short index* The BEL 20 Double Short index aims at replicating a Double Short strategy as applied to the BEL 20 Total Return index (Institutional version).
- 1.3.4 *The PSI 20 Double Short index* The PSI 20 Double Short index aims at replicating a Double Short strategy as applied to the PSI 20 Total Return index.

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<sup>1</sup> 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 Double Short indices

- 2.1 *General formula* The general formula of the Double Short indices is defined as follows:

$$DSH_t = DSH_T \left[ 1 - 2 \times \left( \frac{UI_t}{UI_T} - 1 \right) \right] + 3 \times DSH_T \left[ \frac{EONIA_T}{360} \right] D_{t,T} - 2 \times DSH_T \left[ \frac{REPO}{360} \right] D_{t,T}$$

$DSH_t$  = Double Short index on day t

$DSH_T$  = closing Double Short index at the previous calculation date

$UI_t$  = Total Return version of the underlying index level (Total Return version of the CAC 40, the AEX, the BEL 20 or the 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

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

- 2.1.1 *REPO activation* The REPOs relative to the Double Short indices were set at 0 at the launching date on February 4th 2009.

The REPOs would be activated in case the Compiler of the Double Short indices decides that the cost of borrowing the underlying index portfolio should be reflected in the economic profit and loss profile of the strategy. In such a case, a notification period of one week should pass before this change becomes effective.

In case the activation is carried out in accordance with the conditions laid down above, a monthly reassessment of this parameter will be implemented on the third Friday of each month.

- 2.1.2 *Initial value of the indices* The value of the Double Short indices was set at 1000 on December 31<sup>st</sup> 2002.

- 2.2 *Start of calculation* The calculation of the Double Short indices starts as soon as the first real time indices levels of the underlying indices are available.

- 2.3 *Calculation frequency* The Double Short indices are calculated at the same calculation frequencies as their respective underlying indices, that is every 15s.

- 2.4 *Closing index Level* The calculation of the Double Short closing index levels are based on the respective official closing levels of the Total Returns indices published by Euronext.

### 3. Special circumstances of trading

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

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

- 3.2 *Suspension of the Double Short index* The compiler of the Double Short indices will decide to suspend the calculation of the Double Short 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 Double Short 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 Double Short indices in accordance with relevant rules. However, neither Euronext N.V., nor the Compiler of the Double Short indices is liable for any inaccuracy in the calculation of the underlying index levels, calculations and the publication of the Double Short indices.
- Furthermore, Euronext NV., its subsidiaries, the Compiler of the Double Short indices do not guarantee nor the continuity of the calculation of the Double Short indices, nor the continuity of the dissemination of the Double Short index levels.
- 4.2 *Ownership and trademarks* Euronext NV. owns all intellectual and other property rights to the CAC 40 Double Short, AEX Double Short, BEL 20 Double Short and PSI 20 Double Short indices including the names and their calculation.