



## **Rules for the X3 Leverage indices**

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# 1. Composition of the X3 Leverage indices

- 1.1 *General scope* The rules that are laid down in this document apply for the CAC 40® X3 Leverage, AEX® X3 Leverage, BEL 20® X3 Leverage and PSI 20® X3 Leverage indices.
- 1.2 *Definition of the X3 Leverage index* The X3 Leverage index tracks the performance of a strategy that trebles the exposure to an underlying index with the support of short-term financing. Thus, the X3 Leverage index yields a daily return that trebles that of the underlying index minus the financing cost embedded in the strategy.
- 1.3 *The X3 Leverage indices*
  - 1.3.1 *Composition of the CAC 40 X3 Leverage index* The CAC 40 X3 Leverage index aims to replicate a triple leverage strategy as applied to the CAC 40 index..
  - 1.3.2 *Composition of the AEX X3 Leverage index* The AEX X3 Leverage index aims to replicate a triple leverage strategy as applied to the on the AEX index..
  - 1.3.3 *Composition of the BEL 20 X3 Leverage index* The BEL 20 X3 Leverage index aims to replicate a triple leverage strategy as applied to the BEL 20 index.
  - 1.3.4 *Composition of the PSI 20 X3 Leverage index* The PSI 20 X3 Leverage index aims to replicate a triple leverage strategy as applied to the PSI 20 index.

## 2. Calculation of the X3 Leverage indices

- 2.1 *General formula* The general formula of the X3 Leverage indices is defined as follows:

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

$TL_t$  = X3 Leverage index at time of calculation t

$TL_T$  = closing X3 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

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

- 2.1.1 *Spread activation* The spreads relative to the X3 Leverage indices were set to 0 at the launching date on December 21<sup>st</sup> 2007.

The Compiler of the indices 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 indices* The value of the X3 Leverage indices was set to 10 000 on December 31<sup>st</sup> 2002.

- 2.2 *Start of calculation* The calculation of the X3 Leverage indices starts as soon as the first real time indices levels of the underlying indices are available.

- 2.3 *Calculation frequency* The X3 Leverage 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 X3 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 X3 Leverage index is not available during a time period outside the regular closing time of the Euronext markets, the level of the X3 Leverage index will not be calculated.

If the unavailability extends over the closing auction time of the Euronext markets, the closing value of the X3 Leverage index will be the last level known before the unavailability of the underlying.

- 3.2 *Suspension of the X3 Leverage index* The compiler of the X3 Leverage indices will decide to suspend the calculation of the X3 Leverage index if at the time t the underlying index level sheds more than 15% of its previous closing value.

That is, the X3 Leverage index will be suspended if :

$$\left( \frac{UI_t}{UI_T} - 1 \right) < -15\%$$

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 X3 Leverage indices in accordance with relevant rules. However, neither Euronext N.V., nor the Compiler of the X3 Leverage indices is liable for any inaccuracy in the calculation of underlying index levels, calculations and the publication of the X3 Leverage indices.

Furthermore, Euronext NV., its subsidiaries, the Compiler of the X3 Leverage indices do not guarantee nor the continuity of the calculation of the X3 Leverage indices, nor the continuity of the dissemination of the X3 Leverage index levels.

4.2 *Ownership and trademarks*   Euronext NV. owns all intellectual and other property rights to the CAC 40 X3 Leverage index, AEX X3 Leverage index, BEL 20 X3 Leverage index and PSI 20 X3 Leverage index, including the names and their calculation.