

## The NYSE Euronext Fund Service model creates a transparent and regulated market for open-ended investment funds

Around 200 open-ended investment funds, foreign as well as domestic, from 50 different issuers, are listed on NYSE Euronext in Europe, mainly in Amsterdam. The funds segment traded a daily average of some €75 million in 2008.

Amsterdam-listed open-ended funds are traded via the NYSE Euronext Fund Service. Closed-ended investment funds, and funds listed on markets other than NYSE Euronext in Amsterdam, are traded via the standard model, similar to the equity market model.

### Fund Service

The NYSE Euronext Fund Service market model creates a transparent and regulated market that is in line with other European market practices and regulatory recommendations (reducing the risks of market timing and late trading risks). The model gives investors the best price possible (no spreads for buying and selling).

#### The NYSE Euronext Fund Service market model offers:

- a clearly regulated market
- a transparent price based on the NAV (Net Asset Value)
- no spread between subscription and redemption
- a single forward execution moment to execute all accepted orders
- fixed cut-off time for orders
- a single price for all orders
- post-trade transparency
- NYSE Euronext's proven fast and reliable IT infrastructure.

A great benefit of the model is its one-stop shopping structure: fully automated straight-through processing (STP), from trading to clearing and settlement, making the system faster and more reliable and thus much more cost effective compared to other platforms. As a result of advanced processing, total operational costs are 30% lower.

The model is very flexible: daily, weekly, monthly and quarterly execution cycles are possible. The NYSE Euronext distribution platform can be used in addition to or together with existing internal matching systems of brokers, increasing the distribution possibilities for funds and giving more choice to end-investors.

#### Order execution against a single price

Orders are executed against the NAV, adjusted by a surcharge or discount covering the costs related to the net in- or out-flow of the fund (NAV +/-). All orders are executed simultaneously at this price at a fixed execution moment.

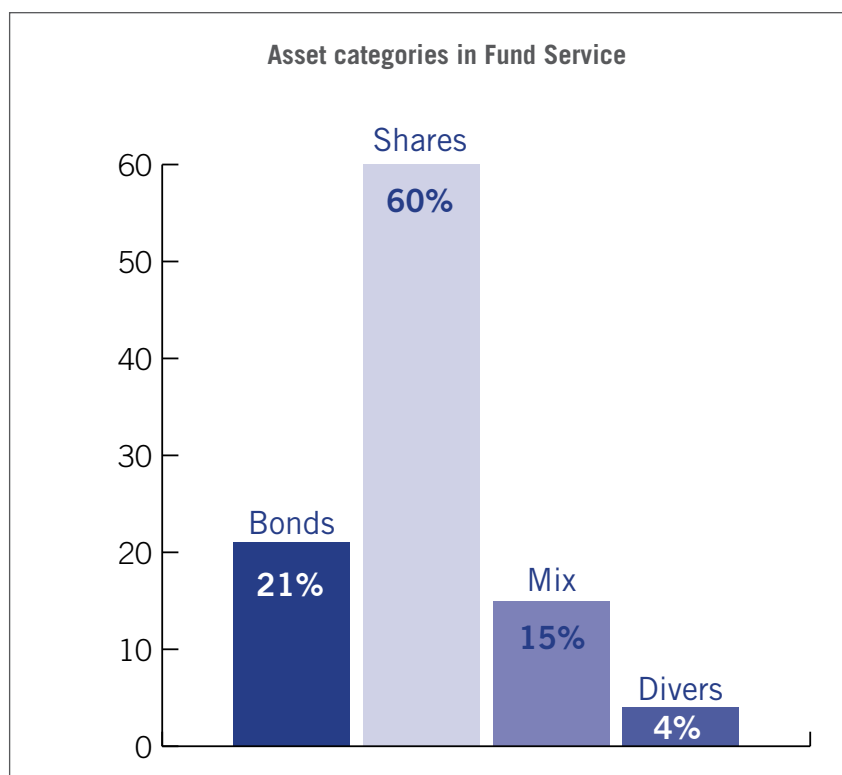
The net asset value is published on the fund's website, enabling investors to see exactly how the price they pay relates to the net asset value. There are no liquidity providers needed in this market since there is no price discovery mechanism.

**Regulated order flow**

In the Fund Service model, order flows are firmly regulated. A fixed cut-off time for order entry of 16:00 CET separates one trading day from the next. Confirmed orders are executed at 10:00 CET on the following trading day, at the NAV +/- . Orders entered after 16:00 CET will be executed two trading days later at 10:00 CET.

**Further information**

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**Other funds**

The market model for closed-end funds and funds listed on European NYSE Euronext markets other than Amsterdam, is similar to the equity market model, and is based on the following principles:

- Continuous order matching within a central order book
- Presence of liquidity providers (LPs) to permanently quote bid & ask orders
- Pre-trade transparency (5 best limit prices)
- Post-trade transparency (volumes and executed prices)
- Full straight-through processing (STP) service for clearing and settlement.

Liquidity providers quote prices and investors' orders are executed at the spread of the market.