



## **EURONEXT NOTICE 9-01**

### **Specification of scales of liquidated damages pursuant to Rule 9301/1 (ii) (a) and (vii)**

**Department: Group Regulation**

**Issue Date: 13<sup>th</sup> June 2014**

**Effective Date: 16<sup>th</sup> June 2014**

This Notice, issued jointly by the Euronext Market Undertakings, specifies scales of liquidated damages (hereinafter referred to as “penalties”) pursuant to Book I of the Euronext Rule Book, Rule 9301/1. It shall enter into force on 16<sup>th</sup> June 2014 in respect of the markets operated by Euronext Amsterdam, Euronext Brussels, Euronext Lisbon and Euronext Paris.

Capitalised terms used in this Notice shall have the same meaning as set forth in Book I, Chapter 1 of the Euronext Rule Book.

The major changes in N9-01 compared to the previous version are:

- simplified scales of fixed financial penalties (Table 1)
- decrease in the level of the applicable scale for several violations (Table 2)
- offset by increases in penalties for multiple offences, and with escalation for repeated offences.

## **Article 1        Scope**

In accordance with Rule 9301/1 (ii) (a), the tables shown below shall be used to determine the amount of the penalties payable.

In accordance with Rule 9301/1 (vii), this Notice will specify how Euronext may publish all or part of the decisions taken under Rule 9301/1.

## **Article 2        General**

2.1 Euronext has determined a range of penalties (see Table 1) for violations of specific Rules, articles of Notices and provisions of the Trading Procedures and the Trading Manual (see Table 2).

2.2 If the violation relates to:

- an obligation laid down in an article in a Notice, but the article in question is not included in Table 2, or
- a Rule, but the Rule in question is not included in Table 2, then

the applicable scale of the financial penalty will be scale 1.

## **Article 3        Multiple violation**

A penalty will be imposed for each violation as established in the investigation of alleged violations, in accordance with the procedure referred to in Chapter 9.

Multiple violations of one or more Rules, articles or provisions may result in multiple penalties notwithstanding that multiple violations were established in a single investigation.

## **Article 4        Repeated violation**

If a Member is required to pay a penalty for the violation of a Rule, an article or provision and that Member has already been penalised for a previous violation of that Rule, article or provision within the previous two years as of the date of the most recent violation, the applicable penalty payable for the violation shall be multiplied by a factor which equates to how often the Member has violated that Rule, article or provision in the previous two years, up to a maximum of EUR 250,000. Article 3 and 4 can be applied together.

If a Member fails to comply with the violated Rule, article or provision after the end of the period as stipulated in the letter referred to in Rule 9301/2, the violation will be treated as a repeated violation.

## **Article 5        Publication and disclosure**

According to Rule 9301/1 (vii), Euronext will, in case of violations, publish all or part of the decisions taken under Rule 9301, with or without disclosing the identity of the Member involved, on a dedicated Extranet website reserved to Euronext Members and the Competent Authorities.

## **Article 6        Separate Agreements**

Violations of a Member's obligations under an agreement entered into by the Member pursuant to the Rules shall be dealt with in accordance with the provisions of such agreement.

**Table 1**

Scale	Fixed financial penalty
1	EUR 1,000
2	EUR 5,000
3	EUR 10,000
4	EUR 50,000

**Table 2**

Rule	Scale
<b>EURONEXT RULE BOOK, BOOK I</b>	
<b>Chapter 2 – Euronext Membership</b>	
2102 (trading within capacity)	3
2202/1 (sufficient number of Responsible Persons)	1
2202/2 (Responsible Person adequately trained)	2
2202/3 (trading conducted by suitable, adequately trained individuals)	3
2401 (iv) (authorisation to carry out on- site investigations)	4
2401 (vi) (notify of any material changes)	2
2401 (vii) (prior notice of changes in legal form or organisation)	2
2401 (viii) (notify of insolvency)	3
2401 (ix) (contact detail of representatives)	1
2401 (x) (not misrepresenting the scope of capacity)	2
2401 (xi) (notify suspension/termination Clearing Agreement)	2
2401 (xii) (notify non-compliance with 2501/2)	2
2401 (xiii) (adequate internal procedures/controls)	2
2501/2 (adequate collateral)	2
2501/3 (notify Euronext in case of non-compliance 2501/2)	2
2502/1 and 2502/2 (clearing agreement)	2
<b>Chapter 3 - Market Access Arrangements</b>	
3201/1 (adequate controls Automated Order Routing system)	3
3301/2 (a) (compliance with Rules and procedural or technical conditions)	3
3301/2 (b) (authorisation to carry out on-site investigations)	4
3301/2 (c) (agreements required by Euronext)	3
3301/2 (d) (contact details)	1
3301/3 (appropriate arrangements and ability to take measures)	3
<b>Chapter 4 - Trading Rules for Securities</b>	<b>See also N4-01 and N4-03 Trading Manuals</b>
4202/1 (orders minimum indications)	1
4202/3 (certain events)	1
4402 (guaranteed cross/principal trades)	2
4502/3 (reporting off-order book transactions)	1

<b>Chapter 5 – Trading Rules for Derivatives</b>	<b>See N5-01 Trading Procedures</b>
<b>Chapter 8 - Rules of Conduct</b>	
8102/1 (general duties of fair dealing and care)	4
8102/2 (behave in a responsible manner)	1
8103/1 (cooperation with Euronext)	4
8103/2 (i) (provide full and prompt responses)	1
8103/2 (ii) (notify Euronext)	1
8104/1 (no fraudulent or misleading conduct)	4
8105 (use of Euronext Trading Platforms)	4
8106/1 (appropriate system of internal controls)	4
8106/2 (specific internal procedures)	2
8106/3 (pre- and post-trade risk management controls)	2
8106/4 (demonstrate monitoring requirements)	2
8106/6 (suitable personnel)	2
8301 (recording of orders details)	1
8302 (retention of information)	1
8303 (voice recording)	2
<b>N4-01 Euronext Cash Market Trading Manual</b>	
2.9.3 (filtering orders)	2
4.3.3.1 (valuation transaction)	1
<b>N4-03 Trading Manual for the NAV trading facility</b>	
2.1 (presence Fund Agent)	2
2.2 (confirmation/rejection orders)	2
3.3 (order identification)	1
4.3 (cancellation of confirmed orders)	2
5.1 (dissemination of execution price)	2

<b>N5-01 Trading Procedures PART ONE</b>	
<b>Section 1 – General</b>	
1.3.1 (a) (implement suitable security measures)	2
1.3.1 (b) (trading access adequately controlled)	2
1.3.1 (c) (Automated Price Injection Model)	1
<b>Section 3 – Trading on UTP</b>	
3.1.2 (Responsible Person)	1
3.3.5 (availability personnel)	1
3.4.3 (complying with Rules of Conduct)	2
3.4.5 (request for quote)	1
3.4.6 (circumvent request for quote)	1
3.4.8 (guaranteed cross)	1
3.9.3 (separate market delta neutral order)	1
<b>Section 4 – Common Trading facilities</b>	
<b>4.1 Stock Contingent Trades</b>	
4.1.4 (appropriateness of stock price used)	1
4.1.6 (separate market stock contingent trade order)	1
<b>4.2 Basis Trading</b>	2
<b>4.3 Asset Allocation</b>	2
<b>4.4 Against Actuals</b>	2
<b>4.5 Block Trades</b>	2
<b>N5-01 Trading Procedures PART TWO (Euronext Paris derivatives market)</b>	
P.5.1 (identify order origin)	1
P.13.2 (price within high/low of UTP trading)	1
<b>N5-01 Trading Procedures PART TWO (Euronext Lisbon derivatives market)</b>	
Li.2.1 (identify order origin)	1
<b>N5-01 Trading Procedures PART TWO in relation to Amsterdam and Brussels derivatives markets</b>	
A.B.2.1. (identify order origin)	1
<b>AB.5 Prof Transactions</b>	
AB5.3 (minimal Prof Transaction volume)	1
AB5.7 (Prof Transaction reporting time)	1

<b>LOCAL RULE BOOKS (BOOK II)</b>	
<b>EURONEXT AMSTERDAM</b>	
<b>General Rules for the Euronext Amsterdam Stock Market</b>	
A-2301 (list of lost and stolen securities)	2
A-2406/7 (traded-but-not-listed category)	1
A-2601/2 (notify Euronext Amsterdam)	2
A-2601/3 (requirements of agreements)	1
A-2601/4 (put agreement before Euronext on request)	1
A-2601/5 (benefit of LP-profit)	2
A-2601/6 (no compensation of losses)	2
A-2601/7 (agreement on fees)	1
A-2601/8 (no sharing of position risk)	2
A-2601/9 (research reports)	1
A-2601/10 (no pre-publishing of trades)	2
A-2601/11 (no information on buyers/sellers)	2
<b>EURONEXT LISBON</b>	
<b>Specific Rules for Euronext Lisbon</b>	
n/a	-
<b>EURONEXT PARIS</b>	
<b>Specific Rules for Euronext Paris</b>	
P 1.2.8 (margining of IPO orders)	2
P 1.2.16 (new listing trading procedures)	1
P 2.2.1 (present DSO order to market immediately)	1
P 2.2.4 (position information)	1
P 2.2.5 (initial margin DSO orders)	2
P 2.2.6 (Liquidation of non provisioned trades)	1
P 2.4.3 (Restrictions on DSO orders)	1
<b>PART II Rules applicable to MATIF and MONEP</b>	
P/M 2.1.2 (recording telephone conversations)	2
P/M 2.3.3 (covered trading)	2
<b>N4-02 Linked transactions and orders for DSO</b>	
Article 13 (recording roll-overs)	1