

Euronext White Paper

How MiFID II, the Prospectus Regulation, and PRIIPs unduly restrict retail investors' access to corporate bonds

Table of contents

Abstract.....	3
The current situation under the existing framework	3
The Prospectus Regulation	5
MiFID II and the Target Market Requirement.....	5
The PRIIPs Regulation and the KIDs for Retail Bonds	5
The current proposal in the UK.....	6
Our recommendations in the context of the Retail Investment Strategy (RIS) proposal	6
Plain Vanilla Bonds Vs. Structured Bonds.....	7
Conclusion	10
Euronext recommendations. The RIS proposal, the future of SIU and the need to increase retail investors' participation in capital markets	10
Euronext.....	12
Annex	13

In the years following the introduction of the Prospectus Regulation, PRIIPs, and the MiFID II/MiFIR frameworks, it is evident that, despite the initial aim of safeguarding retail investors and restoring trust, the range of investment opportunities in corporate bonds accessible to retail investors has considerably dwindled, resulting in reduced portfolio diversification.

The Savings and Investments Union (SIU) aims to encourage and incentivise citizens to hold more of their savings in capital market instruments. In this context, it is crucial for the EU to make corporate bonds accessible to retail investors.

Abstract

This paper examines the unintended consequences of European regulations – specifically MiFID II (and its Target Market requirements), the Prospectus regulation (including its specific disclosure requirements for professional investors and prospectus exemption for bonds above 100k EUR denominations), and PRIIPs (requiring KIDs for retail bonds) – on the accessibility of corporate bonds for retail investors. Although these regulations were designed to enhance investor protection, they paradoxically restrict retail investors from purchasing certain corporate bonds that are often less risky than other products offered by the same issuers. This paper highlights how retail investors are effectively barred from investing in relatively safer instruments, while they remain free to invest in others that carry higher levels of financial risk.

The paper argues that the EU should follow the UK example and take decisive action by adopting a single disclosure standard based on the existing requirements for wholesale non-equity securities while, at the same time, adding exemptions for

all categories of ordinary bonds (excluding structured bonds) from the scope of PRIIPs and the product governance requirements within MiFID II. Additionally, given the European Commission's recent commitment in the Savings and Investments Union (SIU) announcement to simplify listing rules under the Listing Act, we argue that these efforts should be expanded to include broader initiatives that enhance liquidity and capital supply across corporate bond markets.

Expanding retail access to corporate bonds is more than just a technical regulatory issue – it's about driving financial inclusion, increasing retail investor participation in capital markets, and supporting the real economy. In a context where the EU is trying to simplify regulatory frameworks to increase competitiveness in the Union while promoting retail investors' participation in capital markets, it is more important than ever to tackle the challenges described in this paper and make corporate bonds accessible to retail investors.

As the Commission explains in its communication on the Savings and Investments Union (SIU), "it is imperative that retail investors are treated fairly and offered adequate choice when accessing investment products".

Thus, our paper and recommendations here, are consistent with the priorities and goals of the Commission and respond coherently with the needs of the EU and its citizens

The current situation under the existing framework

The post-2008 regulatory landscape in Europe has undergone significant changes intended to strengthen investor protection and market integrity. MiFID II, the Prospectus regulation, and the PRIIPs Regulation constitute pillars of this overhaul, aiming to standardise disclosure and reduce information asymmetry between investors and financial institutions. However, the interplay among these regulations has produced a paradox for retail investors: the regulations

limit access to certain senior bonds – often exhibiting comparatively lower risk profiles – while leaving open access to equities and structured products from the same issuer.

Equities, by definition, represent ownership stakes in a company and typically involve higher volatility and risk levels than senior corporate bonds. Senior corporate bonds carry less risk than structured products (including elements like the potential for total capital loss). Despite this, senior corporate bonds remain unavailable to retail investors. These senior corporate bonds are classified as a 'professional-only' target market under MiFID II, are often exempt from a retail prospectus, or become subject to stringent PRIIPs documentation requirements that discourage issuers from including retail investors.

The primary focus of the analysis conducted in this White Paper revolves around corporate bonds traded on the **Bond-X segment of the EuroTLX Market**, an MTF primarily oriented towards credit trading for retail investors.

The data in this White Paper demonstrates how we have now arrived at the paradoxical situation described above where senior bonds issued by corporations with shares listed on a European Regulated Market are almost always restricted to professional investors, while the shares remain accessible to retail investors.

As evidenced in the table below, the quantity of corporate bonds listed on the market experienced a decline from 2018 to 2024. This trend primarily stems from the EuroTLX Market's emphasis on retail investors, leading Market Makers to concentrate their activities on instruments more appealing to retail flows, such as government, emerging markets, banking and financial bonds, rather than corporate bonds. However, we have also witnessed an increase in **the number of professional-only bonds** to the detriment of those accessible to retail investors, further highlighting this shift.

	Listed	Prof Only	% of Prof
2018	639	46	7%
2019	637	99	16%
2020	645	135	21%
2021	613	152	25%
2022	568	151	27%
2023	539	150	28%
2024	570	204	36%

Despite considerable efforts by both the market and market makers to admit bonds accessible to retail investors, the percentage of corporate bonds dedicated to professional investors remains high and has continued to increase compared to the total number of instruments admitted to the EuroTLX Market.

The findings from this table are evident: there are fewer tradable corporate bonds on the market, and even fewer are accessible for trading by non-professional investors. Consequently, this dynamic leads to a gradual limitation of investment opportunities for retail investors.

The table below presents key figures regarding trading activity in corporate bonds from 2021 to 2024.

	Retail Eligible		Prof Only	
	n. trades	CTV m€	n. trades	CTV m€
2021	335	7,96	53	5,17
2022	448	9,57	53	4,68
2023	363	7,72	55	5,29
2024	361	7,24	26	2,36

The table above illustrates the average daily number of trades and turnover traded in corporate bond instruments from 2021 to 2024, comparing retail instruments to professional-only instruments.

The increase in number of trades from 2021 to 2024 shows the continuous interest from retail investors in these types of instruments.¹

These results can be attributed to the ongoing interest of non-professional investors in corporate bonds, indicating greater liquidity in bonds accessible to retail investors.

¹ 2022 was an outlier due to different factors that contributed to an increase in the number of corporate bonds

on the market, such as the war on Ukraine and the consequent increase in energy costs.

Consequently, there are limited benefits to the development of capital markets through instruments dedicated solely to professional investors, as the liquidity in such instruments is significantly lower compared to those open to retail investors.

The Prospectus Regulation

Under the Prospectus regulation, a public offering of securities generally requires a prospectus approved by the competent authority. However, two significant carve-outs lead to a discrepancy in retail access:

1. **Professional-Only Simplifications:** The regulation allows issuers to use simplified or less burdensome documentation when offering securities exclusively to professional or qualified investors.
2. **Exemption for Instruments with Denominations \geq 100k EUR:** Bonds with a minimum denomination of 100,000 EUR or more can be exempt from the retail prospectus requirement. This higher denomination dissuades retail participation by making the bonds significantly less affordable for smaller investors.

The result can be an issuer's strategic decision to float larger-denominated bonds in international markets where sophisticated and institutional investors are the primary participants, leaving no retail-friendly version of the same bond.

MiFID II and the Target Market Requirement

The Markets in Financial Instruments Directive II (MiFID II) introduced an array of reforms to improve investor protection. A key concept is the "target market," which obligates issuers and distributors to identify which category of investors (e.g., retail or professional) a product is suitable for. Although safeguarding less

sophisticated investors is a valid objective, this requirement has often led issuers to restrict corporate bonds to professional investors in an abundance of caution. These decisions can be driven by:

1. **Legal and Compliance Risk:** Issuers face potential liability if retail investors are found to be outside the target market but end up purchasing the product.
2. **Complexity and Costs:** Retail distribution typically requires more extensive documentation, ongoing disclosure, and compliance overheads.

For some senior corporate bonds, the outcome is that they are classified within a professional-only target market – even when the intrinsic risk of these bonds (potential default risk, credit risk, interest rate risk) is objectively lower than the inherent risk of the issuer's shares.

The PRIIPs Regulation and the KIDs for Retail Bonds

The Packaged Retail and Insurance-based Investment Products (PRIIPs) Regulation mandates a Key Information Document (KID) for retail-oriented financial products, including fixed-rate bonds classified as PRIIPS that might otherwise be considered relatively straightforward. Creating a KID entails:

- Additional documentation and compliance processes.
- Ongoing updates if the product risk or structure changes.
- Legal liability for the issuer or manufacturer if the KID is deemed inaccurate or misleading.

Many issuers simply avoid selling bonds to retail markets to circumvent these additional requirements, thereby defaulting to a "professional-only" approach.

The current proposal in the UK

In the UK, the FCA released a Consultation Paper and a proposal to address these challenges.

On one side, the FCA has proposed standardising prospectus requirements for non-equity securities by adopting a single framework based on the current disclosure rules for “wholesale” denominations, rather than maintaining separate standards for lower-denomination bonds.

In addition, they are introducing new guidance to clarify which non-complex, low-denomination corporate bonds issued by listed companies may be suitable for the mass market.

The FCA believes that adopting a single disclosure requirement would mainly eliminate unnecessary barriers and streamline regulations. Their goal is to lower costs for issuers and improve access for retail investors (including those investing through or advised by wealth managers) and smaller funds to corporate bonds that match their investment goals and risk preferences.

The proposals on low-denomination bonds could make it easier for retail investors to access relatively low-risk investments in UK-listed businesses. If this encourages greater retail participation in UK markets, it may enhance investment diversification and returns for UK investors while potentially contributing to a broader increase in the value of UK-listed securities.

Issuers may shift to issuing bonds to retail investors as the costs associated with doing so decrease. This would enable smaller investors to purchase more low-denomination bonds, improving their portfolio allocation. As a result, demand for low-denomination bonds would also rise.

Increased demand could also enable issuers to benefit from lower financing costs and raise a more optimal amount of capital, something that

is currently hindered by the existing regime. Additionally, issuers may gain access to a broader investor base.

Our recommendations in the context of the Retail Investment Strategy (RIS) proposal

The RIS proposal aims to enhance retail investors' involvement in capital markets. This initiative serves as another cornerstone of the CMU project and plays a vital role in fostering the dynamism of the European economy. However, to genuinely achieve this objective, EU regulation must facilitate retail investors' access to straightforward instruments like corporate bonds. In the context of RIS, we recommend that policymakers carefully consider implementing essential changes to advance these objectives.

The issuance of ordinary shares and bonds primarily serves the purpose of raising funds for an issuer. Therefore, they should not be perceived as investment products tailored to meet clients' expectations. Consequently, they should not be subject to **product governance rules**.

In practice, these rules are not well-suited for such instruments. Notably, as we saw before, the requirement to define a Target Market lacks added value in terms of investor protection, as these financial instruments are primarily distributed passively through execution services, which do not involve aligning clients' characteristics with the target market (aside from knowledge and experience when providing execution services with the appropriateness test).

This lack of added value does not justify the significant burden resulting from the requirement and the sheer volume of financial instruments involved (for instance, on a single trading day on Euronext, at least 150,000 different ISIN codes of ordinary shares and bonds are traded).

Other product governance rules are also irrelevant for these types of financial instruments, such as cost assessment (since there are no product costs associated with them), performance scenarios, regular review, or target market. The application of product governance rules thus poses practical challenges, discouraging distributors from offering these simple financial instruments on the secondary market.

Ordinary shares and bonds should be distributed without these inappropriate restrictions, operating under the safeguards provided by MiFID II distribution regimes.

On the contrary, the current scope of PRIIPs is defined in a manner that encompasses all types of bonds. Although the newly proposed exemption for bonds with make-whole clauses by the Commission in the RIS proposal is a positive step forward, it falls short of encompassing all ordinary bonds (excluding structured bonds) for which the application of PRIIPs is irrelevant and poses an obstacle to their distribution. This contradicts the objectives of the CMU.

Consequently, as we have seen, to avoid falling within the scope of PRIIPs, **issuers of ordinary bonds opt to exclude retail investors** from the distribution of these financial instruments through selling and/or transfer restriction clauses in the prospectus, even when there is no specific feature related to the financial instrument justifying the exclusion. As these financial instruments may qualify as PRIIPs even if they are ordinary, the absence of a KID presents a further obstacle to distribution to retail clients.

As a result, these bonds are typically unavailable to retail investors (as illustrated by the data shown in the sections below), thereby restricting retail access to the bond market. For these reasons, we recommend that all ordinary bonds (including those issued by financial issuers for funding purposes) should be exempted from the scope of the PRIIPs Regulation.

Hence, Euronext, while supportive of the Commission's exemption of bonds with a make-whole clause, advocates for additional

exemptions for all categories of ordinary bonds (excluding structured bonds) from the scope of PRIIPs and the product governance requirements within MiFID II.

Modifying the PRIIPs definition to exclude the make-whole call provision could potentially result in the lifting of restrictions for retail investors to access these instruments, thereby opening up a significant number of instruments to retail investors.

A cross-analysis conducted on corporate bonds lacking a call option demonstrates that when a call option is absent from the prospectus, these instruments become accessible to retail investors.

2023 - Corporate EuroTLX NO Call		
	Retails	Prof only
Fixed	159	15
Step Coupon	2	
Variable	5	2
TOTAL	166	17

This suggests that by removing the make-whole call provision from the PRIIPs definition, a substantial number of bonds currently restricted from retail access would become available.

2023 - Corporate EuroTLX Call (Prof Only)		
Coupon Type	Standard Call	Make-Whole
Fixed	17	120
Multi coupon	1	1
Variable	1	6
TOTAL	19	127

In the table above, examining the instruments listed on the Bond-X segment by the end of 2023, the data clearly indicates that the majority of call options included in corporate bonds' prospectuses are make-whole clauses.

Plain Vanilla Bonds Vs. Structured Bonds

For clarity purposes, we would like to illustrate clearly here which products we see from Euronext as structured bonds vis-a-vis plain vanilla bonds.

We include an Annex to this document with further details on this matter.

- 1) The following instruments are simple vanilla bonds and should always be considered accessible to retail investors without requiring a Key Information Document (KID):

- Fixed Coupon
- Zero Coupon
- Step-Up Coupon

These instruments qualify as plain vanilla because:

- Their structures are straightforward and easy to understand.
- They offer redemption or early redemption at least at par value, minimizing complexity and risk.

- 2) The following instruments should be classified as non-structured bonds for retail investors, provided certain conditions are met:

- Floater Coupon
- Fixed-Floater Coupon
- Inflation Linked
- SDG Linked
- Credit Protection

General condition for all the above:

- Negative performance of the underlying must not result in

potential early redemption or final redemption below par value.

Additional conditions applying to Floater, Fixed-Floater, and Inflation Linked bonds:

- The coupon rate is calculated as:
 - $Nominal\ Value \times Interest\ Rate$ OR
 - $Nominal\ Value \times (Interest\ Rate + Spread)$ where the Interest Rate should be based on recognized benchmarks such as Euribor, Libor, CMS, SOFR, SONIA, or government bond yields.
- Alternatively, for Inflation Linked bonds, the coupon rate can be:
 - $Nominal\ Value \times Inflation\ Rate$ OR
 - $Nominal\ Value \times (Inflation\ Rate + Spread)$ where the Inflation Rate is derived from an underlying inflation index (e.g., Euro Area or USA inflation-linked government bonds).

Rationale:

Retail investors should be allowed to trade these instruments without a KID because:

- The coupon structures remain simple and transparent despite referencing an underlying index.
- Redemption or early redemption occurs at or above par value, limiting downside risk.

- 3) The following instruments should always be classified as structured bonds and require a Key Information Document

(KID) before being accessible to retail investors:

- Equity/Index/Fund Linked
- Credit Linked
- Payment-in-Kind (PIK)
- Structured on Interest Rate or Inflation Rate
- Subordinated Bonds

Rationale:

These instruments have coupon, redemption, or early redemption structures that are complex and not straightforward for retail investors to understand. Therefore, a KID is necessary to ensure adequate investor protection.

Conclusion

In summary, the findings presented in this paper clearly illustrate that these regulations have significantly limited retail investor access to corporate bonds, regardless of their financial status. Consequently, retail investors have redirected a significant portion of their savings from traditional instruments, including the majority of existing corporate bonds, towards other instruments issued by the same entity but with more risk for retail investors, e.g., shares or certificates and covered warrants that replicate the performance of different underlyings.

Senior bonds offer more predictable returns and lower volatility than other instruments. Thus, they should be available to retail investors.

The EU should follow the UK example and take decisive action by adopting a single disclosure standard based on the existing requirements for wholesale non-equity securities while, at the same time, adding exemptions for all categories of ordinary bonds (excluding structured bonds) from the scope of PRIIPs and the product governance requirements within MiFID II. Furthermore, in light of the European Commission's commitment in the Savings and Investments Union (SIU) announcement to simplify listing rules under the Listing Act, we argue that these efforts should extend beyond equity markets to include measures that enhance liquidity and accessibility in corporate bond markets. A broader, more integrated approach to regulatory simplification can support deeper and more efficient capital markets.

Expanding retail access to corporate bonds is more than just a technical regulatory issue – it's about driving financial inclusion, increasing retail investor participation in capital markets, and supporting the real economy. Corporate bonds are not just financial instruments; they are a vital tool for directing savings toward businesses that power growth and innovation.

In a context where the EU is trying to simplify regulatory frameworks to increase competitiveness in the Union while promoting

retail investors' participation in capital markets, it is more important than ever to tackle the challenges described in this paper and make corporate bonds accessible to retail investors.

As the Commission explains in its communication on the Savings and Investments Union (SIU), "it is imperative that retail investors are treated fairly and offered adequate choice when accessing investment products".

Thus, our paper and recommendations here, are consistent with the priorities and goals of the Commission and respond coherently with the needs of the EU and its citizens.

As the Commission's rightly says in its SIU Communication, "EU citizens can greatly benefit from investing in capital markets, where they can get higher return from their savings as well as contribute directly to jobs creation, and economic growth". Corporate bonds, in this sense, can play a very important part.

Euronext recommendations. The RIS proposal, the future of SIU and the need to increase retail investors' participation in capital markets

1. Regarding prospectus requirements, adopt a single disclosure standard based on the existing requirements for wholesale non-equity securities.
2. Exemptions should be provided for all categories of ordinary bonds (excluding structured bonds) from the scope of PRIIPs and the product governance requirements within MiFID II.
3. Regarding the RIS proposal, if and once an agreement is reached in trilogues,

implementing the exemption on bonds with a make-whole call provision as soon as possible is extremely important (i.e., after the entry into force), rather than waiting for 14-28 months after the publication in the Official Journal of the EU. The risk is to unnecessarily delay an element of the RIS proposal that would significantly improve retail investors' access to this simple type of instruments.

4. Additional measures such as fiscal incentives may be needed to further underpin retail investors' access to these types of instruments once the other measures have been taken.
5. In line with the European Commission's commitment in the Savings and Investments Union (SIU) announcement to simplify listing rules under the Listing Act, the EU should extend this approach beyond equities to corporate bond markets. Ensuring that broader regulatory simplifications also enhance bond market liquidity and accessibility will support deeper capital markets and encourage retail investor participation.

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Annex: Bond classification

Coupon	Underlying	Call/Put/ Call Make Whole	Potential Early Redemption /Final Redemption Price below par	Amortising	Classified as Structured Bond	Details
FIXED	N	N	N	N	N	
FIXED	N	N	N	Y	N	
FIXED	N	Y	N	N	N	
FIXED	N	Y	N	Y	N	
ZERO COUPON	N	N	N	N	N	
ZERO COUPON	N	N	N	Y	N	
ZERO COUPON	N	Y	N	N	N	
ZERO COUPON	N	Y	N	Y	N	
STEP UP	N	N	N	N	N	
STEP UP	N	N	N	Y	N	
STEP UP	N	Y	N	N	N	
STEP UP	N	Y	N	Y	N	
FLOATER	Interest Rate	N	N	N	N	Examples: Coupon Rate = Nominal Value * Interest Rate or alternatively Nominal Value * [Interest Rate + Spread] Interest Rate should be Euribor, Libor, CMS, Sofr, Sonia, Government Bond Yield
FLOATER	Interest Rate	N	N	Y	N	
FLOATER	Interest Rate	Y	N	N	N	
FLOATER	Interest Rate	Y	N	Y	N	
FLOATER	Interest Rate	N	Y	N	Y	

Coupon	Underlying	Call/Put/ Call Make Whole	Potential Early Redemption / Final Redemption Price below par	Amortising	Classified as Structured Bond	Details
FLOATER	Interest Rate	N	Y	Y	Y	Potential Early Redemption/Final Redemption Price below par due to negative performance of the underlying Examples: Coupon Rate = Nominal Value * Interest Rate or alternatively Nominal Value * [Interest Rate + Spread] Interest Rate should be Euribor, Libor, CMS, Sofr, Sonia, Government Bond Yield
FLOATER	Interest Rate	Y	Y	N	Y	
FLOATER	Interest Rate	Y	Y	Y	Y	
FIXED-FLOATER	Interest Rate	N	N	N	N	Examples: Coupon Rate = Nominal Value * Interest Rate or alternatively Nominal Value * [Interest Rate + Spread] Interest Rate should be Euribor, Libor, CMS, Sofr, Sonia, Government Bond Yield
FIXED-FLOATER	Interest Rate	N	N	Y	N	
FIXED-FLOATER	Interest Rate	Y	N	N	N	
FIXED-FLOATER	Interest Rate	Y	N	Y	N	
FIXED-FLOATER	Interest Rate	N	Y	N	Y	Potential Early Redemption/Final Redemption Price below par due to negative performance of the underlying Examples: Coupon Rate = Nominal Value * Interest Rate or alternatively Nominal Value * [Interest Rate + Spread] Interest Rate should be Euribor, Libor, CMS, Sofr, Sonia, Government Bond Yield
FIXED-FLOATER	Interest Rate	N	Y	Y	Y	
FIXED-FLOATER	Interest Rate	Y	Y	N	Y	
FIXED-FLOATER	Interest Rate	Y	Y	Y	Y	
INFLATION-LINKED	Inflation Index	N	N	N	N	Examples: Coupon Rate = Nominal Value * Inflation Rate or alternatively Nominal Value * [Inflation Rate + Spread] Inflation Rate should be Underlying Inflation Index of Euro Area / USA Inflation Linked Government Bond
INFLATION-LINKED	Inflation Index	N	N	Y	N	
INFLATION-LINKED	Inflation Index	Y	N	N	N	
INFLATION-LINKED	Inflation Index	Y	N	Y	N	
INFLATION-LINKED	Inflation Index	N	Y	N	Y	Potential Early Redemption/Final Redemption Price below par due to negative performance of the underlying Examples: Coupon Rate = Nominal Value * Inflation Rate or alternatively Nominal Value * [Inflation Rate + Spread] Inflation Rate should be Underlying Inflation Index of Euro Area / USA Inflation Linked Government Bond
INFLATION-LINKED	Inflation Index	N	Y	Y	Y	
INFLATION-LINKED	Inflation Index	Y	Y	N	Y	
INFLATION-LINKED	Inflation Index	Y	Y	Y	Y	
SDG LINKED	Sustainability Index	N	N	N	N	

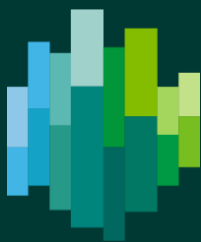
Coupon	Underlying	Call/Put/ Call Make Whole	Potential Early Redemption /Final Redemption Price below par	Amortising	Classified as Structured Bond	Details
SDG LINKED	Sustainability Index	N	N	Y	N	Coupon Rate increase upon failure by the Issuer to satisfy sustainability criteria
SDG LINKED	Sustainability Index	Y	N	N	N	
SDG LINKED	Sustainability Index	Y	N	Y	N	
SDG LINKED	Sustainability Index	N	Y	N	Y	Coupon Rate increase upon failure by the Issuer to satisfy sustainability criteria Potential Early Redemption/Final Redemption Price below par due to negative performance of the underlying
SDG LINKED	Sustainability Index	N	Y	Y	Y	
SDG LINKED	Sustainability Index	Y	Y	N	Y	
SDG LINKED	Sustainability Index	Y	Y	Y	Y	
CREDIT PROTECTION	Issuer Rating	N	N	N	N	Coupon Rate Increase upon Rating Downgrade of the Notes/Issuer
CREDIT PROTECTION	Issuer Rating	N	N	Y	N	
CREDIT PROTECTION	Issuer Rating	Y	N	N	N	
CREDIT PROTECTION	Issuer Rating	Y	N	Y	N	
CREDIT PROTECTION	Issuer Rating	N	Y	N	Y	Coupon Rate Increase upon Rating Downgrade of the Notes/Issuer Potential Early Redemption/Final Redemption Price below par due to negative performance of the underlying
CREDIT PROTECTION	Issuer Rating	N	Y	Y	Y	
CREDIT PROTECTION	Issuer Rating	Y	Y	N	Y	
CREDIT PROTECTION	Issuer Rating	Y	Y	Y	Y	
EQUITY/INDEX/FUND LINKED	Equity/Index/Fund Price	N	N	N	Y	
EQUITY/INDEX/FUND LINKED	Equity/Index/Fund Price	N	N	Y	Y	
EQUITY/INDEX/FUND LINKED	Equity/Index/Fund Price	Y	N	N	Y	
EQUITY/INDEX/FUND LINKED	Equity/Index/Fund Price	Y	N	Y	Y	

Coupon	Underlying	Call/Put/ Call Make Whole	Potential Early Redemption / Final Redemption Price below par	Amortising	Classified as Structured Bond	Details
EQUITY/INDEX/FUND LINKED	Equity/Index/Fund Price	N	Y	N	Y	Potential Early Redemption/Final Redemption Price below par due to negative performance of the underlying
EQUITY/INDEX/FUND LINKED	Equity/Index/Fund Price	N	Y	Y	Y	
EQUITY/INDEX/FUND LINKED	Equity/Index/Fund Price	Y	Y	N	Y	
EQUITY/INDEX/FUND LINKED	Equity/Index/Fund Price	Y	Y	Y	Y	
CREDIT LINKED	Default Event of a Third Party	N	N	N	Y	
CREDIT LINKED	Default Event of a Third Party	N	N	Y	Y	
CREDIT LINKED	Default Event of a Third Party	Y	N	N	Y	
CREDIT LINKED	Default Event of a Third Party	Y	N	Y	Y	
CREDIT LINKED	Default Event of a Third Party	N	Y	N	Y	Potential Early Redemption/Final Redemption Price below par due to negative performance of the underlying
CREDIT LINKED	Default Event of a Third Party	N	Y	Y	Y	
CREDIT LINKED	Default Event of a Third Party	Y	Y	N	Y	
CREDIT LINKED	Default Event of a Third Party	Y	Y	Y	Y	
PAYMENT IN KIND (PIK)	No matter what	N	N	N	Y	
PAYMENT IN KIND (PIK)	No matter what	N	N	Y	Y	

Coupon	Underlying	Call/Put/ Call Make Whole	Potential Early Redemption /Final Redemption Price below par	Amortising	Classified as Structured Bond	Details
PAYMENT IN KIND (PIK)	No matter what	Y	N	N	Y	
PAYMENT IN KIND (PIK)	No matter what	Y	N	Y	Y	
PAYMENT IN KIND (PIK)	No matter what	N	Y	N	Y	Potential Early Redemption/Final Redemption Price below par due to negative performance of the underlying
PAYMENT IN KIND (PIK)	No matter what	N	Y	Y	Y	
PAYMENT IN KIND (PIK)	No matter what	Y	Y	N	Y	
PAYMENT IN KIND (PIK)	No matter what	Y	Y	Y	Y	
STRUCTURED ON INTEREST RATE/INFLATION RATE	All type of Interest Rate/Inflation Index	N	N	N	Y	Coupon Structures different to structures detailed above (Floater, Fixed Floater, Inflation-Linked)
STRUCTURED ON INTEREST RATE/INFLATION RATE	All type of Interest Rate/Inflation Index	N	N	Y	Y	
STRUCTURED ON INTEREST RATE/INFLATION RATE	All type of Interest Rate/Inflation Index	Y	N	N	Y	
STRUCTURED ON INTEREST RATE/INFLATION RATE	All type of Interest Rate/Inflation Index	Y	N	Y	Y	

Coupon	Underlying	Call/Put/ Call Make Whole	Potential Early Redemption /Final Redemption Price below par	Amortising	Classified as Structured Bond	Details
STRUCTURED ON INTEREST RATE/INFLATION RATE	All type of Interest Rate/Inflation Index	N	Y	N	Y	Potential Early Redemption/Final Redemption Price below par due to negative performance of the underlying Coupon Structures different to structures detailed above (Floater, Fixed Floater, Inflation-Linked)
STRUCTURED ON INTEREST RATE/INFLATION RATE	All type of Interest Rate/Inflation Index	N	Y	Y	Y	
STRUCTURED ON INTEREST RATE/INFLATION RATE	All type of Interest Rate/Inflation Index	Y	Y	N	Y	
STRUCTURED ON INTEREST RATE/INFLATION RATE	All type of Interest Rate/Inflation Index	Y	Y	Y	Y	

Note: All Subordinated Bonds are classified as Structured Bonds



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