

Euronext Block Rule Book

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EURONEXT BLOCK RULE BOOK

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CHAPTER 1: GENERAL PROVISIONS

1.1. DEFINITIONS

For purposes of this Rule Book, the following capitalised terms shall, unless specifically provided otherwise, have the following meanings:

“Algorithmic Trading”	means trading as defined in article 4(1)(39) of MIFID;
“Board”	the board of directors of the Exchange, or the members thereof present at a duly convened meeting of the Board at which a quorum is present;
“Central Order Book”	the Euronext Block order book, in which all submitted orders and any modifications thereto are held until matched, expired or withdrawn;
“Clearing Facility”	the clearing house appointed by the Exchange to ensure position and risk management and netting of the commitments resulting from the Transactions conducted on Euronext Block prior to the settlement thereof. The Exchange may appoint one or more Clearing Facilities;
“Competent Authority”	the Financial Conduct Authority of the United Kingdom (“FCA” hereafter) or any other public authority or self-regulatory body having jurisdiction from time to time over the relevant matter, as the case may be;
“Cover for Margin”	cash or, with the approval of the Clearing Facility, securities in a currency and a form acceptable to the Clearing Facility as prescribed by the Clearing Facility;
“Credit Institution”	has the meaning attributed to it in article 4(1)(1) of the EU Regulation of the European Parliament and the Council on prudential requirements for credit institutions and investment firms (Regulation (EU) No 575/2013) and amending Regulation (EU) No 648/2012;
“Declared a Defaulter”	declared a Defaulter pursuant to Rule 7.2;
“Default Rules”	the rules set out in Chapter 7 of this Rule Book, as amended from time to time;
“Default Rules Committee”	has the meaning attributed to it by Rule 7602.
“Exchange”	Euronext London Limited;
“Euronext Block”	the multilateral trading facility operated by the Exchange;
“Event of Default”	shall have the meaning attributed to it by Rule 7301;

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“Long Code”	at the latest by the end of the day, Members are required to supply information mapping each Short Code to an LEI, National ID or Algorithm ID (so-called Long Code) to allow Euronext to complete its order records in the format required by MIFIR;
“Market Abuse”	any act or course of conduct prohibited by Part VIII of the UK's Financial Services and Markets Act 2000 or by the Market Abuse Regulation (Regulation 596/2014/EU);
“Market Contract”	for the purposes of the Rules, a Transaction made on Euronext Block pursuant to the Rules to which a Member is party as principal;
“Market Manipulation”	the activities specified in Article 12 (Market Manipulation) of the Market Abuse Regulation (Regulation 596/2014/EU);
“Market of Reference”	The market on which the Security is officially listed. For a Security listed on several trading venues, the Market of Reference is the most liquid one;
“Member”	any Person who has been admitted to membership and whose membership has not been terminated;
“Membership”	membership of Euronext Block as defined in Chapter 2 of this Rule Book;
“MIFID”	the Directive of the European Parliament and of the Council on markets in financial instruments (EP & Council Directive 2014/65/EC);
“MIFIR”	the Regulation of the European Parliament and of the Council on markets in financial instruments (EP & Council Regulation 600/2014/EU);
“National Regulations”	any and all laws and regulations applicable in the United Kingdom or, as the case may be, in the other jurisdiction competent over the relevant matter;
“Notice”	any written communication, labelled as such and issued by the Exchange to Members generally or to any class of Members for the purpose of interpreting, implementing or supplementing the Rules or any other purpose contemplated in this Rule Book;
“Person”	any individual, corporation, partnership, association, trust or entity as the context admits or requires;
“PTM levy”	the levy determined by and payable to the Panel on Takeovers and Mergers;

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“RTS”	shall mean a regulatory technical standard adopted by the European Commission in accordance with Articles 10 to 14 of EP & Council Regulation 1095/2010/EU;
“Relevant Office Holder”	shall have the meaning attributed to it in section 189 of the Companies Act 1989;
“Rules”	the rules set forth in this Rule Book, as interpreted or implemented by Notices;
“Security”	any transferable security;
“Short Code”	the code to be submitted by Members used on each order entry in order to minimise the information which has to circulate with the order and to ensure appropriate security standards of confidential information;
“Trading Day”	any day on which Euronext Block is open for trading, as determined by the Exchange;
“Transaction”	any purchase or sale of a Security on Euronext Block.

1.2. General

1201 Chapter 1 of the Euronext Rule Book is applicable by reference to business conducted on Euronext Block.

1.3. Specific provisions

1301 For the purposes of these Rules and in particular the determination of reference prices, the Exchange may obtain pricing information in respect of a Market of Reference from third parties (“Data Providers”). Any pricing information obtained from Data Providers by the Exchange is obtained, used and provided on an “as is” basis. The Exchange makes no representations or warranties of any kind, either express or implied, with respect to the pricing information (or the results to be obtained by the use thereof). Without limiting the generality of the foregoing, the Exchange expressly disclaims any and all warranties of originality, accuracy, timeliness, completeness, non-infringement, merchantability and fitness for any particular purpose. In the event that any trade is executed with reference to erroneous pricing information, the Exchange shall work with any and all affected Members to cancel any and all affected trades.

1.4. [deleted]

1.5. [deleted]

1.6. [deleted]

1.7. [deleted]

1.8. MARKET ABUSE MONITORING

1803 Where the Exchange has reasonable grounds for suspecting Market Abuse on its own trading facility (or on the Market of Reference), or in the case of investigation formally instigated by the Competent Authorities, Euronext Block shall cooperate with and report its suspicions and findings to any relevant Competent Authority and, where appropriate, require its Members to provide assistance in an open and cooperative manner.

1.9. GOVERNING LAW AND JURISDICTION

1901 All provisions of this Rule Book shall be construed in accordance with the laws of England and Wales.

1902 Save where an alternative dispute resolution mechanism is set out elsewhere in the Rules, the Exchange and every Member hereby irrevocably agree for the benefit of the Exchange that the courts of England shall have exclusive jurisdiction to hear and settle any claim or matter arising out of or in connection with these Rules (including a claim or matter relating to any non-contractual obligation arising out of or in connection with the Rules), and each Member irrevocably submits to such jurisdiction and agrees to waive any objection which it might otherwise have to such courts being a convenient and appropriate forum, save that (unless otherwise agreed by the Exchange in writing) this submission to the exclusive jurisdiction of the English courts shall not (and shall not be construed so as to) limit the right of the Exchange to take proceedings in any other court of competent jurisdiction, nor shall the taking of action in one or more jurisdictions preclude the taking of action in any other jurisdiction, whether concurrently or not.

1903 Each Member irrevocably waives, with respect to itself and its revenues and assets, all immunity on the grounds of sovereignty or other similar grounds from suit, jurisdiction of any court, relief by way of injunction, order for specific performance or for recovery of property, attachment of its assets (whether before or after judgment) and execution or enforcement of any judgment to which it or its revenues or assets might otherwise be entitled in any proceedings in the courts of any jurisdiction and irrevocably agrees that it will not claim any such immunity in any proceedings.

1.10. PTM LEVY

11001 A Member should ensure collection of the PTM levy from their customers on qualifying trades executed through the Euronext Block trading system in equity securities of companies which are incorporated in the United Kingdom, the Channel Islands or the Isle of Man. Information on the PTM levy is available on the Panel on Takeovers and Mergers' website (www.thetakeoverpanel.org.uk).

CHAPTER 2: EURONEXT BLOCK MEMBERSHIP

2.1. GENERAL

2101 HARMONISED RULES

Euronext Block Membership is governed by Chapter 2 of the Euronext Rule Book.

CHAPTER 3: TRADING RULES FOR SECURITIES

3.1. GENERAL

3101 SCOPE OF CHAPTER 3

This Chapter 3 sets out the rules governing trading on Euronext Block.

3102 TRADING DAYS

The Trading Days in any given calendar year shall be announced by the Exchange in a Notice published no later than the last Trading Day of the preceding year.

3103 CURRENCY OF TRADING

Orders for the purchase or sale of Securities shall be in the same currency as the currency on the Market of Reference (with a maximum of 4 decimal places).

3104 ADMISSION OF SECURITIES

The Exchange shall determine which Securities will be admitted to trading on Euronext Block and publish this list, as amended from time to time, together with the Market of Reference to be used to generate reference prices for trading purposes.

3105 SYSTEM RULES AND REQUIREMENTS

When trading on Euronext Block, Members shall comply with the operational, procedural and technical requirements of Euronext Block's systems and networks, as specified by the Exchange.

3106 MEMBER RESPONSIBILITY

In respect of business conducted on Euronext Block or business related thereto, a Member shall be responsible for the acts and conduct of all individuals trading under its general authority as if the acts and conduct of each of those Persons were the acts and conduct of the Member. In particular, a Member shall be held responsible for a violation of a relevant obligation committed by any such Person and the Exchange may take measures under the Rules and relevant agreements, including the suspension or termination of Membership.

3.2. ORDERS

3201 SCOPE OF RULE 3.2

This Rule 3.2 only concerns orders for the purchase or sale of Securities submitted by Members and shall not prevent specific arrangements regarding order specifications as between Members and their Clients.

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3202 GENERAL TERMS AND CONDITIONS

3202/1 MINIMUM INDICATIONS

Any order submitted to Euronext Block trading system shall indicate the following elements:

- (i) the identification mode of the Security to which the order relates, according to the identification standards accepted by the Exchange, or the specific trading symbol assigned by the Exchange to such Security;
- (ii) whether the order is for a purchase or a sale;
- (iii) the order quantity;
- (iv) the order type, according to possibilities provided for in Rule 3203;
- (v) whether the order is for:
 - (a) the Member's own account and risk, or
 - (b) the account of a third party, including an affiliated party.

Members may also specify where appropriate, and consistent with the other order specifications:

- (vi) a limit price;
- (vii) special validity and execution indications as per Rule 3203/5.

Members must include the following information:

- (viii) client identification Short Code;
- (ix) investment decision within firm identification Short Code; and
- (x) execution within firm identification Short Code.

For each firm order, as defined in Rule 3203, Members have to provide Euronext before the end of the trading day with all the data required by the Annex to Commission Delegated Regulation 2017/580/EU.

3202/2 MINIMUM AND MAXIMUM NOTIONAL VALUES

The minimum notional value of an order is set to the Large In Scale notional value for the Security in question and the maximum notional value of an order is determined by the Exchange. Both values are published.

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3202/3 DURATION

Orders entered into Euronext Block are only valid for that particular Trading Day, subject to special validity conditions permitted by Rule 3203/5.

3202/4 CORPORATE EVENTS

The Exchange will not mark a Security as “cum” or “ex” certain entitlements. Securities shall be traded and settled on the entitlement basis defined by the clearing and settlement facility rules in accordance with Market of Reference practices.

3202/5 MODIFICATION AND CANCELLATION

Any order entered into Euronext Block may be modified or cancelled prior to its execution. Order modifications may affect execution priority.

3203 ORDER TYPES AND PARAMETERS

3203/1 [deleted]

3203/2 LIMIT ORDERS

Limit orders are buy or sell orders that are priced at the specified price limit when the order is received by the system, as well as when the auction is performed. Limit orders can only be executed at the specified price limit or at a better price.

3203/3 PEGGED ORDERS

Pegged orders are buy or sell orders that are priced at a price determined by the Euronext Block trading system on the basis of the market conditions of the relevant Market of Reference for a given Security when the order is received by the system, as well as when the auction is performed (subject to different execution conditions permitted by Rule 3203/5). Members must specify to which of the following reference prices the order is to be pegged:

- (i) “peg primary”, i.e. the near side of the market;
- (ii) the mid-point; or
- (iii) “peg market”, i.e. the opposite side of the market.

In addition, Members may specify offsets to this peg instruction, which is expressed in the applicable tick size.

Limit Price

All pegged orders can include a limit price condition ensuring that they are priced at their specified price limit or at a better price.

Pegged orders can only be executed at this determined price, including specified offsets and price limit, or at a better price.

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3203/4 CONDITIONAL AND FIRM ORDERS

All orders can be either firm or conditional. A firm order is one which is available to participate in an auction. To be available for matching, a conditional order needs to be replaced by the Member once the Member has been notified that a potential match has been found in the Central Order Book.

3203/5 SPECIAL VALIDITY AND EXECUTION CONDITIONS

Certain types of orders may be made subject to the following validity and execution conditions in accordance with the combination possibilities of order types and validity and execution conditions as specified by the Exchange.

Time In Force

Only "GTD" orders are available; "GTD" ("Good Till Day") are orders which are good for the day.

Minimum Acceptable Quantity (MAQ)

Members have the option to enter an MAQ on a Euronext Block order. If executed the MAQ will be reassigned in tranches throughout the whole life of the order. MAQ means that orders are executed only if a specified minimum quantity is available in aggregate over any opposite orders for matching. If executed, the MAQ will be reassigned in tranches throughout the whole life of the order. When an MAQ order is partially filled, if the remaining quantity is lower than the initial MAQ, the MAQ will be reset to the remaining order quantity.

Minimum Execution Size (MES)

MES means that orders are only executed if at least one opposite order with the specified minimum quantity is available for matching. If executed, the MES will be reassigned in tranches throughout the whole life of the order. When a MES order is partially filled, if the remaining quantity is lower than the initial MES, the MES will be reset to the remaining order quantity.

3.3. TRADING CYCLE

3301 OVERVIEW

Trading is available on Euronext Block throughout the opening hours of the relevant Market of Reference. Euronext Block Securities shall be traded through matching of orders at opposite sides in randomised auctions.

3302 TRADING

3302/1 MAIN TRADING SESSION

The Euronext Block trading system runs a Central Order Book for each listed Security. Each Central Order Book is scanned for potential matches throughout the Trading Day.

If a potential match is found and includes one or more conditional orders, a firm up process is immediately started. New conditional orders received after the firm up process has started will not be able to participate in the upcoming auction process but will be held in the Central Order Book and are therefore taken into consideration for potential matches once the auction process has ended.

The relevant conditional order(s) will be cancelled by the Exchange and the Member(s) who submitted the conditional order(s) will be requested via an automated message from the Euronext Block trading system to submit a firm order within a specified period, the firm up period. After the firm up period has ended, or as soon as senders of conditional orders have responded with a firm order, an auction process is immediately started. All received and validated firm orders, including firm orders part of the original potential match, will participate in this auction process.

The auction will take place at a randomised moment during the auction process subject to a maximum allowable time as specified by the Exchange. Any new firm order that is received and validated before the auction has started can participate in the auction. Any received and validated firm order may also be cancelled or amended up until the moment the auction has started.

3.4. MARKET MECHANISMS

3401 ORDER MATCHING AND EXECUTION

3401/1 PRICE DETERMINATION

The auction starts by pricing all participating orders as described in section 3203.

The auction pricing model will subsequently calculate a crossing price that will maximize the number of Securities matched. If there is an overlap of such prices, the model will default to the price that is closest to, or including, the midpoint price from the Market of Reference.

Allocation of matched Securities is done on a size/time priority basis

Where the calculated allocation of matched Securities to one or more orders is less than the specified MAQ of those orders, the auction pricing model and allocation of matched Securities is re-run until an allocation is established that satisfies all MAQ or MES requirements.

3402 TRADING SAFEGUARDS

3402/1 TRADING SUSPENSIONS

The Exchange may suspend trading in any Security in order to prevent or halt disorderly market conditions, on its own initiative and at its sole discretion.

In particular, without prejudice to requests for suspension by the FCA, the Exchange may suspend trading when the Security is suspended for regulatory reasons on the Market of Reference.

The Exchange shall not exercise its power to suspend or remove from trading a Security which no longer complies with the Rules where such step would be likely to cause

significant damage to the interests of investors or the orderly functioning of the financial markets.

3402/2 TRADE CANCELLATION

The Exchange may cancel trades in the following circumstances:

- (i) At the request of a Member;
- (ii) At the request and authority of the FCA;
- (iii) Under the Exchange's authority and in relation to the requirements pursuant to National Regulations as detailed in Rule 1501.

Cancellations in respect of paragraphs (i) and (iii) shall be undertaken in accordance with the provisions of Euronext Notice 4-02 ("Order withdrawal and trade cancellation").

The Exchange may refer some trades to the FCA for further investigation if the Exchange is of the opinion that said trades were effectuated under improper conditions.

For the avoidance of doubt, the Exchange's actions are limited to the trades to be cancelled and shall not extend to the consequences of trade cancellations on any subsequent or preceding Transactions.

3.5. CONFIRMATION AND PUBLICATION

3501 CONFIRMATION

Euronext Block shall acknowledge orders accepted in its system and reject those orders that are not eligible pursuant to these Rules.

Euronext Block shall send a confirmation of execution to the relevant counterparts upon full or partial execution of any order. This shall state the unfilled order quantity, if any, and also execution price details.

3502 PUBLICATION

3502/1 For the purposes of this Rule 3502, "publication" shall be construed as dissemination to Members only, without prejudice to any dissemination by the Exchange to other parties on a reasonable commercial basis.

3502/2 PRE-TRADE TRANSPARENCY

Euronext Block Pursuant to Rule 3202/2, the minimum notional order value shall be set at the Large in Scale level established pursuant to EU law. Accordingly, all orders accepted by Euronext Block shall qualify for the waiver of pre-trade transparency requirements in accordance with Article 29 of EU Directive 2004/39.

Accordingly, Euronext Block shall not display any characteristics of incoming or outstanding orders, neither for shares nor for other types of Securities.

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3502/3 POST-TRADE TRANSPARENCY

All Transactions are made public pursuant to EU delegated regulation 2017/587, except that deferred publication in T+1 is not possible.

3502/4 USE OF MARKET DATA BY EURONEXT BLOCK MEMBERS

The use of market data by a Member is governed by the market data distribution agreement to be entered into with the Exchange, where appropriate.

3.6. CLEARING AND SETTLEMENT

3601 Transactions executed on Euronext Block shall be cleared in accordance with the rules and procedures set by the relevant Clearing Facility and settlement shall be arranged pursuant to the same clearing rules and procedures.

CHAPTER 4: RULES OF CONDUCT

4.1. GENERAL

4101 HARMONISED RULES

Chapter 8 of the Euronext Rule Book, including its implementing Notices, is applicable by reference to business conducted on Euronext Block.

CHAPTER 5: MEASURES IN CASE OF VIOLATION OF THE RULES

5.1. GENERAL

5101 Chapter 9 of the Euronext Rule Book, including its implementing Notices, is applicable by reference to business conducted on Euronext Block.

5.2. SPECIFIC PROVISIONS

5201 Without prejudice to penalties applicable under chapter 9 of the Euronext Rule Book incorporated by reference, the following violations will be subject to specific penalties:

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
Chapter 3 – Trading Rules for Securities	
3105 (system rules and requirements)	3
3202/1 (order details)	1
3203/1 (Pegged orders)	1
3202/2 (minimum order size)	1

5.2. [deleted]

5.3. [deleted]

5.4. [deleted]

5.5. REPORTING AND PUBLICATION

5501 REPORTING

The Exchange shall:

- (i) report on the monitoring of Rule Book compliance and violations of the Rules to the FCA on the basis of arrangements between the Exchange and the FCA; and

- (ii) immediately notify the FCA of a decision to suspend or to terminate a Member's trading or Membership rights under this Chapter 5 of the Rules.

5502 INFRINGEMENT OF NATIONAL REGULATIONS

If the Exchange finds in the course of an examination of an alleged violation or on any other occasion serious indications of a possible infringement of National Regulations, it shall report the matter to the relevant FCA as soon as practicable .

5.6. APPEALS PROCEDURE

5601/1 Any suspension or termination of Membership or other sanction taken by the Exchange against a Member in violation of the rules may be appealed by the Member in accordance with the provisions of Chapter 6.

5.7. LIABILITY AFTER MEMBERSHIP TERMINATION OR RESIGNATION

5701 Termination or resignation of Membership is without prejudice to the right of the Exchange to ask for evidence and to require financial compensation pursuant to Rule 5301/1 (ii) for damages caused by any violations of the Rules by a Member.

CHAPTER 6: RECONSIDERATION AND APPEAL

6.1 RECONSIDERATION OF DECISIONS

- 6101 If the Exchange refuses an application for membership, approves an application subject to one or more condition(s), expels a Member, suspends some or all of a Member's rights for more than seven calendar days or declines to revoke a suspension it shall inform the Applicant or Member, as the case may be, and shall give reasons for its decision. The Applicant or Member may, within fourteen days of receiving notice of the reasons for the Exchange's decision, request the Exchange in writing to reconsider the decision and may make such written representations and supply such written information as he may consider relevant.
- 6102 The Exchange may allow such Applicant or Member to appear before it to make oral representations.
- 6103 Within twenty-eight calendar days of receiving the Applicant's or Member's written request for reconsideration or, if later, within twenty-eight days of receiving written representations or written information from the Applicant or Member (or a statement from the Applicant or Member that no such representation or information is to be made or supplied), the Exchange shall either confirm or amend its decision and shall promptly notify the Applicant or Member accordingly.

6.2 APPEALS

- 6201 Within fourteen days of receiving notification under Rule 6103, an Applicant or Member may serve notice on the Exchange of his intention to appeal against the Exchange's decision.
- 6202 The Exchange shall appoint an Appeal Panel to consider and determine any such appeal. The Appeal Panel shall comprise a chairman who is a suitably qualified lawyer and two persons who meet the requirements specified in Rule 6203.
- 6203 A person may serve as a member of an Appeal Panel (including as its chairman) if at the time of his appointment he has no material personal or financial interest in the proceedings and is not a director of the Exchange.
- 6204 The Appeal Panel may adopt such procedure as it deems appropriate in hearing the appeal. The Appeal Panel shall give both the appellant and the Exchange reasonable opportunity to make representation to it regarding the Exchange's decision.
- 6205 The Appeal Panel shall notify its award, with the reasons therefor, to the Exchange and to the appellant. The Exchange shall within twenty-eight calendar days serve notice on the appellant confirming or amending its decision.

CHAPTER 7: DEFAULT RULES

7.1 GENERAL

- 7101 These Default Rules are without prejudice to, but in the case of any conflict take precedence over, any other provision of the Rules or the contractual relationship made between a Member and the Exchange or a Member and a third party which applies to a Market Contract.
- 7102 Without prejudice to the generality of Rule 7101, the taking of any step by the Exchange under this Chapter of the Rules shall not preclude the implementation of any of the provisions of Rule 1.6 (Emergency Provisions).
- 7103 To the extent that the default of a Clearing Member is covered by the rules of the Clearing Facility (including, without limitation, its default rules), such rules shall apply to the exclusion of these Default Rules in respect of Market Contracts registered with the Clearing Facility.
- 7104 A Member shall forthwith give notice to the Exchange upon becoming aware of the occurrence of any event referred to in Rule 7301 in relation to the Member.

7.2 DECLARATION OF DEFAULT

GENERAL

- 7201 Upon the occurrence of an Event of Default in relation to a Member, or at any time thereafter if the Exchange in its absolute discretion considers that action should be taken under these Default Rules in the interests of the Market, the Exchange shall, subject to Rule 7102, and unless it receives directions not to take such action under these Default Rules from the FCA under Section 166 of the Companies Act 1989, declare such Member to be a Defaulter and shall publish such declaration by Notice, provided that the Exchange may make such a declaration without delay where the Event of Default results from the Clearing Facility declaring the Member to be a defaulter under its default rules.
- 7202 If the Exchange is directed by the FCA under Section 166 or Section 167 of the Companies Act 1989 to take action under these Default Rules or to take one or more of the steps referred to in Rule 7403 in relation to a Member, the Exchange shall (if it has not already done so under Rule 7201) declare the Member to be a Defaulter and shall publish such declaration by Notice.
- 7203 A declaration made pursuant to Rules 7201 or 7202 in respect of a Defaulter shall remain in full force and effect unless it is withdrawn by the Exchange pursuant to Rule 7416 or otherwise, or pursuant to any direction given by the FCA.
- 7204 The Exchange may consult with the Clearing Facility or any Recognised Investment Exchange or Recognised Clearing House, or any other exchange or clearing house approved under Section 170 of the Companies Act 1989 or the FCA, the Bank of England, the Prudential Regulation Authority or any other regulatory body or the Secretary of State or any Relevant Office-Holder or any other Relevant Person, before or any time after taking action under these Default Rules in relation to a Member.

7205 A Defaulter shall not enter into any Transaction with any person, and a Member shall not enter into any such contract with a Defaulter, after the time that the Defaulter has been declared as such (notwithstanding any order or instruction to do so given by a person other than the Exchange or Clearing Facility) save in accordance with any directions given by the Exchange under these Default Rules or Clearing Facility under its default rules. The Exchange or Clearing Facility (as applicable) may, in its absolute discretion, direct that a Transaction entered into by a Defaulter after such time shall be deemed to have been entered into pursuant to directions given by the Exchange or Clearing Facility (as applicable) under these Default Rules.

7206 A Member who is Declared a Defaulter shall remain a Member until the Board otherwise determines.

7207 For the avoidance of doubt, a Member acting as agent of another Member where the second Member is principal to a Market Contract will not be liable to any amounts due or from such second Member.

7.3 EVENTS OF DEFAULT

7301 In these Default Rules, the term “Event of Default” shall mean any event or circumstance which leads the Exchange to determine that a Member is, or appears to be, unable, or likely to become unable, to meet his obligations under one or more Market Contracts. Without prejudice to the generality of the foregoing, the Exchange may, in its absolute discretion, take the occurrence of any one or more of the following events or circumstances as being an Event of Default:

- (a) failure by a Member duly to perform or comply with any obligation to make payment or to make or accept delivery under the terms of a Transaction;
- (b) failure by a Member to comply with any other obligation under a Market Contract or the Rules including to satisfy any obligation to provide Cover for Margin;
- (c) a Member generally not paying his debts as such debts become due, or admitting his inability to pay his debts generally, or becoming, or being deemed to have become, unable to pay his debts within the meaning of Section 123 of the Insolvency Act 1986 or under the laws of any other applicable jurisdiction, or making a general assignment for the benefit of creditors, or any proceedings being instituted or steps taken by or against a Member seeking to adjudicate him insolvent, or seeking liquidation, winding-up, reorganisation, dissolution, administration, arrangement, adjustment, protection, relief or composition of him or his debts or seeking the entry of an order for relief or the appointment of a receiver, receiver and manager, liquidator, provisional liquidator, administrator, trustee or other similar official for him or for any substantial part of his revenues and assets (except, in each case, for the purpose of a reconstruction or amalgamation by a Member, the terms of which have previously been approved by the Board in writing) in each case whether under the laws relating to insolvency or reorganisation or relief of debtors of the country of incorporation or domicile of the Member or under the laws of any other jurisdiction or otherwise;

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- (d) a Member taking any corporate action or other step to authorise, institute or commence any of the actions referred to in (c) above;
- (e) any execution, distress, sequestration, attachment or other process being levied or enforced against a Member or against any substantial part of his revenues and assets and not being discharged within seven days of being so levied or enforced;
- (f) a Member being refused an application for or being suspended or expelled from membership of a regulatory body or being in breach of the client money or client asset rules of or the rules as to the financial requirements of membership of a regulatory body to which he is subject or a regulatory body taking or minded to take any action in relation to the Member or taking or minded to exercise its powers to restrict or prohibit the Member from entering into transactions or carrying on its business or dealing with its assets;
- (g) any action being taken or minded to be taken against a Member (including without limitation, any notice, fine, censure, warning, default proceeding, disciplinary procedure, suspension or expulsion or any withdrawal, revocation or failure to renew of any permission, licence or authorisation) by any governmental authority, regulatory authority, exchange, or clearing house;
- (h) any licence, authorisation, consent or registration necessary to enable a Member to comply with his obligations to the Exchange or to carry on his business in the normal course being revoked, withheld or materially modified or failing to be granted or perfected or ceasing to remain in full force and effect;
- (i) a Member failing to satisfy the Exchange at any time that he meets any minimum financial resources or other financial requirement for membership from time to time stipulated by the Exchange;
- (j) a Member being or being Declared a Defaulter under the rules of the Clearing Facility, or a Recognised Investment Exchange or a Recognised Clearing Facility, or any other exchange or clearing house or body which provides settlement services, or being declared in breach of the rules as to the financial requirements of membership of, or being refused membership of, or suspended or expelled from membership of, a Recognised Investment Exchange, or a Recognised Clearing House.
- (k) a Member being in breach of any applicable law relevant to its business as a Member;
- (l) a Member, being a partnership, being dissolved; or
- (m) a direction made by the FCA as contemplated in Rule 7202.

7302 An event or circumstance referred to in Rule 7301 shall, without limitation, be deemed to have occurred in relation to a Member being an unincorporated association or partnership if it occurs in relation to a person comprised in such unincorporated association or partnership.

7303 A declaration of an Event of Default shall be deemed to be an Event of Default under these Default Rules.

7304 For the purposes of this Chapter 7, all Members are deemed to be acting as principal in respect of all Transactions effected on the Market.

7.4 DEFAULT PROCEEDINGS

7401 Subject to Rule 7402, immediately or at any time after a Member has been Declared a Defaulter, the Exchange shall, unless it receives a direction from the FCA requiring the Exchange not to take action or not to take certain steps under these Default Rules, take the steps referred to in Rule 7403 as it determines:

- (a) in order that all rights and liabilities under every Unsettled Market Contract to which the Defaulter and a Counterparty are party as principals are discharged in accordance with Rule 7404 and that a settlement amount is determined in respect of each such Market Contract in accordance with Rule 7405; and
- (b) pursuant to the steps taken to give effect to paragraph (a) of this Rule 7401, to certify, or for there to be certified on behalf of the Exchange, one or more net sums due to or from the Defaulter as determined in accordance with Rule 7407 or to certify that no net sum is payable.

7402 The Exchange shall not be obliged to take steps under Rule 7401:

- (a) to discharge all rights and liabilities referred to therein or to take steps to discharge all rights and liabilities under every Market Contract to which the Defaulter and a Counterparty are party as principals or to calculate the settlement amount referred to therein or to effect the certification required by such Rule, if it would be impracticable in the circumstances to do so. If it should become practicable to effect the discharge of such rights and liabilities or to calculate the settlement amount or to effect such certification, the Exchange shall, subject to Rule 7409, take any one or more of the steps required by Rule 7401 to effect this; or
- (b) to discharge rights and liabilities in respect of margin.

7403 The steps referred to in Rule 7401 are determining a settlement price for each Security which is the subject of an Unsettled Market Contract, such settlement price being, in the absence of manifest error, final, conclusive and binding upon the Defaulter and the Counterparty to each such Unsettled Market Contract, and it shall be deemed to be a term of every Transaction that, upon one of the parties being Declared a Defaulter, any unsettled obligation to pay or deliver shall be discharged and replaced by an obligation on the relevant party to pay the settlement amount. The Exchange will consult the Clearing Facility in calculating settlement prices to the extent deemed appropriate by the Exchange in its sole discretion.

7404 Without prejudice to Rules 7411 to 7414 inclusive, all rights and liabilities of the Defaulter and a Counterparty under an Unsettled Market Contract, other than those rights and liabilities referred to in Rule 7402 and the right and liability to pay or receive fees or commissions with respect thereto, shall be discharged on completion of the steps taken

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by the Exchange under Rule 7401 (a) with respect to such Market Contract. The Defaulter or (as the case may be) the Counterparty shall be liable to pay the settlement amount (if any) determined under Rule 7405 to be payable by one party to the other in respect of such Market Contract.

- 7405 The settlement amount (if any) shall be determined by reference to the difference (if any) between the Price for such Market Contract and the settlement price determined pursuant to Rule 7403, provided that if, pursuant to the terms of the Market Contract or the terms of any agreement between the parties to such Market Contract, the rights and obligations of the parties have become or been converted into an obligation to pay and a right to receive a single liquidated sum, the Exchange may determine that such sum shall be the settlement amount in respect of one or more Market Contracts.
- 7406 The settlement amount determined by the Exchange pursuant to Rule 7405 for each Market Contract in respect of which one or more steps have been taken under Rule 7401 shall, in the absence of manifest error, be final, conclusive and binding upon the Defaulter and the Counterparty to each such Market Contract.
- 7407 Subject to Rules 7408 and 7409, an account shall be drawn up by the Exchange between the Defaulter and each Counterparty to one or more Market Contracts discharged in accordance with Rule 7404, save that where the Defaulter or, as the case may be, the Counterparty is a Segregated Client with respect to some or all of such Market Contracts, separate accounts shall be drawn up by the Exchange between the Defaulter and the Counterparty relating to the Market Contracts in respect of which either party is a Segregated Client and relating to those in respect of which neither party is a Segregated Client. Each such account shall include the settlement amounts calculated in respect of each Unsettled Market Contract under Rule 7405, which amounts shall be credited or debited, as appropriate, to the relevant account. On each account, all credits and debits shall be aggregated and the aggregated amount of such credits and debits shall be set-off against each other, so as to produce a net sum payable by or to the Defaulter on each account as certified under Rule 7401.
- 7408 Where the Defaulter or the Counterparty has entered into one or more Market Contracts as trustee, a separate account shall be drawn up under Rule 7407 relating to Unsettled Market Contracts entered into by the Defaulter or the Counterparty, as the case may be, as trustee.
- 7409 [deleted]
- 7410 The Exchange shall be entitled, in its absolute discretion and without notice to the Defaulter or a Counterparty, to make any currency conversions which the Exchange considers necessary or desirable for the purposes of these Default Rules at such rate or rates as the Exchange may reasonably determine.
- 7411 Subject to Rule 7415, any step taken under these Default Rules with respect to one or more Market Contracts or to calculate the settlement amount in respect of a Market Contract or to determine and certify one or more net sums (if any) due to or from the Defaulter shall be without prejudice to the rights of either party to refer any dispute, claim or matter to arbitration under the Rules arising out of or in connection with a failure to perform one or more of such Market Contract in accordance with its terms or, where

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permitted under the Rules, to commence any court proceedings in respect of such dispute, claim or matter.

- 7412 If a dispute arises to which a Defaulter is party as to whether a Market Contract had been made or as to the terms of a Market Contract, then the Exchange may direct that any such Market Contract shall be deemed to have been validly made on such terms as the Exchange thinks fit and such Market Contract shall, subject to Rule 7402, be subject to one or more steps taken under Rule 7401. Subject to Rule 7415, any steps taken under this Rule shall be without prejudice to the right of the Defaulter or any other person to refer a dispute, including a dispute referred to in paragraph (a) above, to arbitration or, where permitted under the Rules, to commence court proceedings in respect of the same.
- 7413 Without prejudice to Rule 7412, and subject to Rule 7414, if a dispute arises to which the Defaulter is party as to whether a Market Contract has been made or as to the terms of such Market Contract, the Exchange may direct that the parties to the dispute refer the dispute to arbitration or appeal against any award made in relation thereto or, if the Rules do not prohibit it, commence court proceedings or otherwise apply to the court in respect thereof, within such time limit as the Exchange may direct for the purpose (but without prejudice to any shorter limitation period applicable by virtue of the terms of the Market Contract, the Rules or otherwise) and promptly send to the Exchange a copy of any document commencing arbitration proceedings or other process or appeal. Any party failing to comply with any such direction shall be deemed to have waived his rights to refer any dispute to arbitration or to commence court proceedings or appeal against an award in relation to such right or liability (subject to any contrary provision of the Companies Act 1989) whereupon the Board shall determine the issue as it thinks fit taking into account such evidence (if any) as it thinks fit. The Exchange may make such further procedural directions as it thinks fit for the purposes of this Rule 7413.
- 7414 (a) Subject to paragraph (b) below, in the event that any dispute arises as to whether a Market Contract to which a Defaulter is party is a Transaction or as to whether a Market Contract is an Unsettled Market Contract, the Board shall determine the issue as it thinks fit taking into account such evidence (if any) as it thinks fit. The decision of the Board shall be final and binding on all parties to such Market Contract.
- (b) The Board may in its absolute discretion direct that any dispute referred to in paragraph (a) of this Rule 7414 shall be referred to arbitration under the Rules and the parties to such dispute shall be bound to comply with such direction.
- 7415 No person may refer to arbitration under the Rules any dispute, claim or matter arising out of or in connection with any step taken under these Default Rules, including without prejudice to the generality of the foregoing, any step taken to settle a Market Contract or to determine the settlement amount payable in respect of such Market Contract or to certify one or more net sums under Rule 7401(b).
- 7416 On completion of the certification under Rule 7407 of one or more net sums payable by or to a Defaulter, the Exchange shall, subject to Rule 7202, withdraw the declaration made pursuant to Rules 7201 or 7202 in respect of such Defaulter.

DELIVERY

7417 Rule 7.4 shall not apply to Securities which have been delivered and paid for under any Market Contract prior to the Member being Declared a Defaulter.

7.5 NOTIFICATION

7501 The Exchange shall, as soon as reasonably practicable after a Member has been Declared a Defaulter, take such steps as it may in its absolute discretion consider appropriate to ensure that:

- (a) Counterparties to Unsettled Market Contracts with a Defaulter, Members, persons party to a Market Contract as agent for the Counterparty, the persons referred to in Rule 7204 and such other persons as it thinks fit, are notified that the Member has been Declared a Defaulter;
- (b) Counterparties to Unsettled Market Contracts with the Defaulter are notified of any decision taken under the Default Rules with respect to such Market Contracts to which they are party;
- (c) if the Defaulter is party to a Market Contract as agent, his principal is notified that a default has occurred and the identity of the other person party as principal to such Market Contract, and, in the case of (a) above, such steps shall include, without prejudice to the generality of the foregoing, publishing a Notice;
- (d) the operator of any settlement system is notified of any decision taken under the Default Rules and is requested to suspend settlement of all Transactions to which the Defaulter is a party.

7502 The Defaulter, and where applicable a Member party to an Unsettled Market Contract with a Defaulter, shall give notice forthwith to the Exchange of any dispute, claim or matter arising out of or in respect of such Market Contract which it is proposed will be referred to arbitration or be the subject of court proceedings.

7.6 PROCEDURES

7601 The Exchange may from time to time prescribe procedures for the purposes of these Default Rules and to provide for the manner in which its rights or obligations under the Companies Act 1989 or the Financial Services and Markets Act 2000 in relation to such Rules or proceedings may be exercised by or on behalf of the Exchange.

7602 The Board shall appoint a committee (the "Default Rules Committee") for the purposes of implementing the obligations of the Exchange under these Default Rules or exercising the rights or fulfilling the obligations of the Exchange under the Companies Act 1989 or the Financial Services and Markets Act 2000 in relation to such rules. The membership of the Default Rules Committee shall be determined from time to time by the Board and details of such membership and any regulations imposed on the committee by the Board shall be notified by means of a Notice.

7603 For the purposes of implementing these Default Rules, or exercising its rights or fulfilling its obligations under the Companies Act 1989 or the Financial Services and Markets Act 2000 in relation to such rules, the Exchange shall have the right to obtain from the Defaulter copies of books, records and other documents and information necessary for the purpose of obtaining the names and addresses of all clients, details of all Unsettled Market Contracts entered into by the Defaulter, details of money and other property held for the account of Segregated Clients and any other information which the Exchange considers to be necessary or desirable for the purpose of implementing these Default Rules.

7604 The Defaulter and all Members shall co-operate fully at all times with the Exchange and shall promptly provide such information as the Exchange or its employees or agents may request in connection with the implementation by the Exchange of these Default Rules or the exercise by it of its rights or the fulfilment by it of its obligations under the Companies Act 1989 or the Financial Services and Markets Act 2000 in respect of such Rules including, without prejudice to the generality of the foregoing, information regarding Market Contracts entered into by the Defaulter.

7605 In taking any step under these Default Rules, the Exchange shall take no account of any right or interest which any person other than the Defaulter or the Counterparty may have in any Unsettled Market Contract entered into between them.

7.7 DELEGATION OF FUNCTIONS

7701 The Exchange may from time to time appoint one or more persons to perform on its behalf any of the functions, save those referred to in Rule 7301, which it may or may be required to exercise under these Default Rules and may appoint any professional adviser to advise or assist the Exchange with respect to the carrying out of its functions hereunder.

7.8 COSTS

7801 The Defaulter shall be liable to indemnify the Exchange in respect of any costs, charges and expenses which the Exchange may incur or suffer in taking any action under the Default Rules, including the costs of any person appointed pursuant to Rule 7701 to perform any function on behalf of the Exchange or to advise or assist with respect thereto.

7.9 CO-OPERATION WITH OTHER BODIES

7901 The Exchange may pass on any details of or other information in its possession relating to a Defaulter or his Market Contracts or relating to a Member in respect of whom action has been taken under the Default Rules of a Recognised Investment Exchange or a Recognised Clearing House to any of the persons referred to in Rule 7204 or to any other body or authority having responsibility for any matter arising out of or in connection with the default and otherwise co-operate with any such persons in connection with such default. For the avoidance of doubt, the Exchange may pass on such details or other information under this Rule 7901 to any person, body or authority referred to in this Rule 7901 who has responsibility for the supervision or regulation of a company which is in the same group of companies (howsoever defined under applicable law) as, or which is

otherwise connected to, such Defaulter or such Member or of whom a company in the same group of companies (howsoever defined under applicable law) as, or which is otherwise connected with, such Defaulter or such Member is a Member, whether or not such company is itself in default under the rules of such person, body or authority.

7.10 AMENDMENTS

71001 Any amendment, revocation or addition to these Default Rules may take effect so as to affect default proceedings in progress at such time as the Board may determine.

CHAPTER 8: COMPLAINTS

8.1 DEFINITIONS AND INTERPRETATION

8101 In this Chapter 8 of the Rules, unless the context otherwise requires:

Complaint means, subject to Rule 8102, a complaint arising in connection with the Exchange's performance of, or failure to perform, any of its regulatory functions in respect of Euronext Block or in connection with the conduct of a Member in its use of the Exchange's facilities;

Regulatory Functions has the meaning attributed to it in section 291(3) of the Financial Services and Markets Act 2000 as amended from time to time.

8102 For the purposes of this Chapter 8 of the Rules, the following do not constitute complaints:

- (a) complaints about the contents of any Rules or any procedures made by the Exchange pursuant to the Rules;
- (b) decisions against which the complainant has a right to appeal to a Disciplinary Panel or an Appeal Panel and complaints about a decision of such Panels;
- (c) complaints about a decision of the Board or a commissioner made pursuant to Chapter 6 of the Rules;
- (d) complaints covered by specific contractual agreements between the Exchange and third parties in which alternative dispute resolution arrangements are provided; or
- (e) complaints in connection with the conduct of a Member where the matter is within the remit of the relevant Competent Authority or another organisation.

8.2 COMPLAINTS PROCEDURE

8201 Any complaint must be submitted to the Exchange in accordance with procedures (the "Complaints Procedures") prescribed by the Board from time to time.

8202 Where the complainant is not a Member, the Exchange shall communicate with the complainant through the complainant's Member unless the complainant specifically requests otherwise in writing to the Exchange.

8203 The complaint shall be considered by or on behalf of the Exchange. If the complaint cannot be resolved to the mutual satisfaction of the Exchange and the complainant, the complainant may request in writing that the Board refer the matter to arbitration pursuant to the Complaints Procedures.

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8204 In agreeing that the complaint be referred to arbitration, the complainant agrees that any recommendation made by the arbitrator to the Exchange shall, if adopted by the Exchange, be a full and final resolution of the complaint and all associated rights and claims.

8.3 DISCLOSURE OF INFORMATION

8301 All information provided to the arbitrator in respect of a complaint shall be confidential, unless otherwise agreed.