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#### **EURONEXT NOTICE 5-03**

#### Document subject

### **Order withdrawal and trade cancellation**

This Notice issued jointly by the Euronext Market Undertakings sets out the principles for order withdrawal and trade cancellation applicable on the securities and derivatives markets, including multilateral trading facilities, operated by Euronext Amsterdam, Euronext Brussels, Euronext Lisbon, Euronext London and Euronext Paris.

Terms beginning with a capital letter used in this Notice have the same meaning as defined in Book I, Chapter 1 of the Euronext Rule Book and “EMS” shall refer to Euronext Market Services.

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## **1. GENERAL PRINCIPLE**

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1. Requests for order deletion or trade cancellation have to be expressed by the relevant Responsible Person or any person conducting business under his authority. The Relevant Euronext Market Undertaking shall notify its decisions in return to the person having expressed the request and the relevant Responsible Person.

## **2. ORDER WITHDRAWAL BY EMS**

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2. Where a Member is experiencing technical difficulties in relation to UTP, the Relevant Euronext Market Undertaking may delete orders in the Central Order Book at the relevant Member's request, on a best endeavours basis and at the Relevant Euronext Market Undertaking's absolute discretion.

## **3. TRADE INVALIDATION**

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3. Pursuant to Euronext Rule 8106, Members are required to ensure that all business submitted to a Euronext Market is subject to appropriate pre-trade risk management controls. In addition, the Euronext Markets operate Automated Price Controls which guard against manifest errors in the submission of orders. Depending on the instruments concerned, Automated Price Controls may take the form of order rejection in full or in part without trading interruption or may lead to trading reservation after partial order execution. Together, these controls mean that it will not be necessary for the Relevant Euronext Market Undertaking to invalidate trades in the normal course of events. Notwithstanding this, in certain circumstances, the Relevant Euronext Market Undertaking may determine that a trade has taken place at an unrepresentative price and may, as soon as reasonably practicable, declare that trade invalid.
4. The Relevant Euronext Market Undertaking may determine that a trade has been executed at an unrepresentative price, when:
  - (i) In cases where the Automated Price Controls are not operational, if such price would have fallen outside of the thresholds for the Automated Controls had they been operational;
  - (ii) Due to exceptional circumstances, it determines that the Automated Price Controls have temporarily failed to reflect fair value for the relevant product. Such assessment of fair value for the relevant product may take into account one or both of the following:
    - a. Bids/offers and trades as applicable, which occurred prior to and following the trade in question in the product concerned. This activity can be in either the same or different contract/expiry or series as appropriate; and
    - b. Information regarding price movements in related products and/or markets; and
    - c. In relation to covered warrants and certificates, historical quotes of the Liquidity Provider and variations and volatility noticed on the underlying of such instruments; and
    - d. In relation to open-ended funds other than ETFs, the Net Asset Value provided by the fund or the management company; and

- e. In relation to ETFs, ETNs and ETVs, the correct indicative Net Asset Value or the contributed reference price for ETNs and ETVs; and
- f. In relation to bonds, historical quotes of the Liquidity Provider and contributors' quotes and trades in the OTC market.

Price intervals used for the purposes of such assessment are set out in the Annexe to this Procedure.

5. In addition, in accordance with Rule 4403 and/or Rule 5403, the Relevant Euronext Market Undertaking reserves the right to declare a trade invalid if it determines, in its absolute discretion, that such trade does not permit the fair, orderly and efficient operation of the market.
6. In particular, the Relevant Euronext Market Undertaking may cancel Transactions done under improper conditions if they are the cause of improper trading. Pursuant to its powers as an operator of regulated markets in accordance with Rule 1.6 of the Rulebook, Book I, improper conditions are qualified by the Relevant Euronext Market Undertaking in its sole discretion and include, without limitation:
  - (i) An event that should have modified the status of a security (opened, suspended, reserved, etc.) or its trading phase (pre-opening / continuous / TAL) has not been taken into account;
  - (ii) The status of the security or the trading phase has been unduly modified;
  - (iii) Stock events have not been carried out (e.g. stock split, detachment of dividend, etc);
  - (iv) The product characteristics officially published and affecting its price are erroneous;
  - (v) And, more generally, parameters applied to the Central Order Book are not consistent with the information available to market participants.
7. Invalidation of recognised strategy trades is possible only if the trade has taken place in the corresponding strategy Central Order Book (in which case the whole strategy trade may be declared invalid provided at least one of its constituent legs has been deemed to be executed at an unrepresentative price). Failing this, the resulting leg trades recorded in the Central Order Book for outright orders may be declared invalid separately under the general rules for outright trades, leaving all other constituent legs of the recognised strategy trade unaffected.
8. When a trade is declared invalid the parties or party to the trade will be informed, as soon as possible, by whatever means considered most appropriate by the Relevant Euronext Market Undertaking. In any event the parties or party to the trade will be informed, at the latest, before the close of trading (for invalidations which occur before trading ceases for the relevant product) or before the start of trading on the following business day (for invalidations which occur after the time at which trading ceases for the relevant product). A message concerning any volume correction will be notified to quote vendor services.

#### **4. TRADE CANCELLATION AT A MEMBER'S REQUEST**

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9. Where an error has been made by a Member in the trading of a product included within the List of Eligible Products, such Member may make a request to EMS that the relevant trade(s) be cancelled.

10. On receipt of such a request, subject to Article 12, EMS will, as appropriate, determine if the trade has been executed at an unrepresentative price or contact the other counterparty/ies to the trade(s) on an anonymous basis, and if such counterparty/ies agree to the trade(s) being cancelled, the Relevant Euronext Market Undertaking may cancel the trade(s) (which for these purposes includes reducing the size of a transaction). The Relevant Euronext Market Undertaking may notify the parties to the trade in particular and the market in general by whatever means available of the necessary amendments to the traded price and volume of the product concerned. All trade cancellations will be performed at the Relevant Euronext Market Undertaking's absolute discretion.
11. In relation to Securities markets, the Relevant Euronext Market Undertaking may cancel transactions executed further to a material error under the strict conditions set forth in this section. A manifest material error is qualified if both the order(s) and the trade(s) are aberrant i.e. if and only if:
  - (i) The order(s) at the origin of the Transaction(s) was (were) limited at a price exceeding twice the applicable thresholds around the reference price, and
  - (ii) The order(s) generated one or several Transactions for a total amount of more than the average daily volume of the last 20 trading days.

For the avoidance of doubt, trades executed further to the placing of (an) unlimited orders (i.e. Market orders, Market-to-limit, pegged orders and Stop loss orders) cannot benefit from this application of this rule.

When applying this rule, The Relevant Euronext Market Undertaking will pay a particular attention to the length of the time period over which order(s) has (have) been placed and Transactions(s) been executed. The Relevant Euronext Market Undertaking may refuse the application of this rule if the above-mentioned time period provides some evidence that some or all of the Transactions(s) were the result of a conscious will.

12. Requests for cancellation should be submitted to EMS no later than 30 minutes after execution of the relevant trade, except that, in relation to warrants and certificates traded on the LP quote-driven market, requests for cancellation may be submitted up to 120 minutes following execution. To be processed on the same day, requests need to have been completed no later than 18h45 CET in any event.
13. In the event that the Relevant Euronext Market Undertaking does cancel a trade for unrepresentative price or with the counterparty's/ies' agreement, in accordance with Article 10, then the Member party to the trade who had submitted the original request will be charged €250. The maximum amount charged to a single member will be €2,500,- per day.
14. In the event that the Relevant Euronext Market Undertaking does cancel a trade for manifest material error in the Securities markets, in accordance with Article 11, then the Member party to the trade who had submitted the request will be charged €5.000,-. The maximum amount charged to a single member will be €50,000,- per day.

**ANNEXE – PRICE INTERVALS FOR TRADE INVALIDATION**

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**Derivatives**

Value ranges for the operation of Price Limits shall be also used for the purposes of trade invalidation.

**Securities**

Covered warrants & certificates	Fair market value	Thresholds
	10 ≤ FMV	+/- 5 %
	5 ≤ FMV < 10	+/- 0,50 €
	2 ≤ FMV < 5	+/- 10 %
	1 ≤ FMV < 2	+/- 15%
	0,75 ≤ FMV < 1	+/- 25 %
	0,25 ≤ FMV < 0,75	+/- 35 %
	0,10 ≤ FMV < 0,25	+/- 50 %
FMV < 0,10	+/- 100 %	
Open-ended funds other than ETFs	3%	
ETFs, ETNs & ETVs	Relevant reservation threshold	
- Government bonds - Corporate bonds	<ul style="list-style-type: none"> <li>- 2 full price points</li> <li>- Twice the variation of the last 6 months or, absent variation, 5 full price points</li> </ul>	