



EURONEXT LONDON

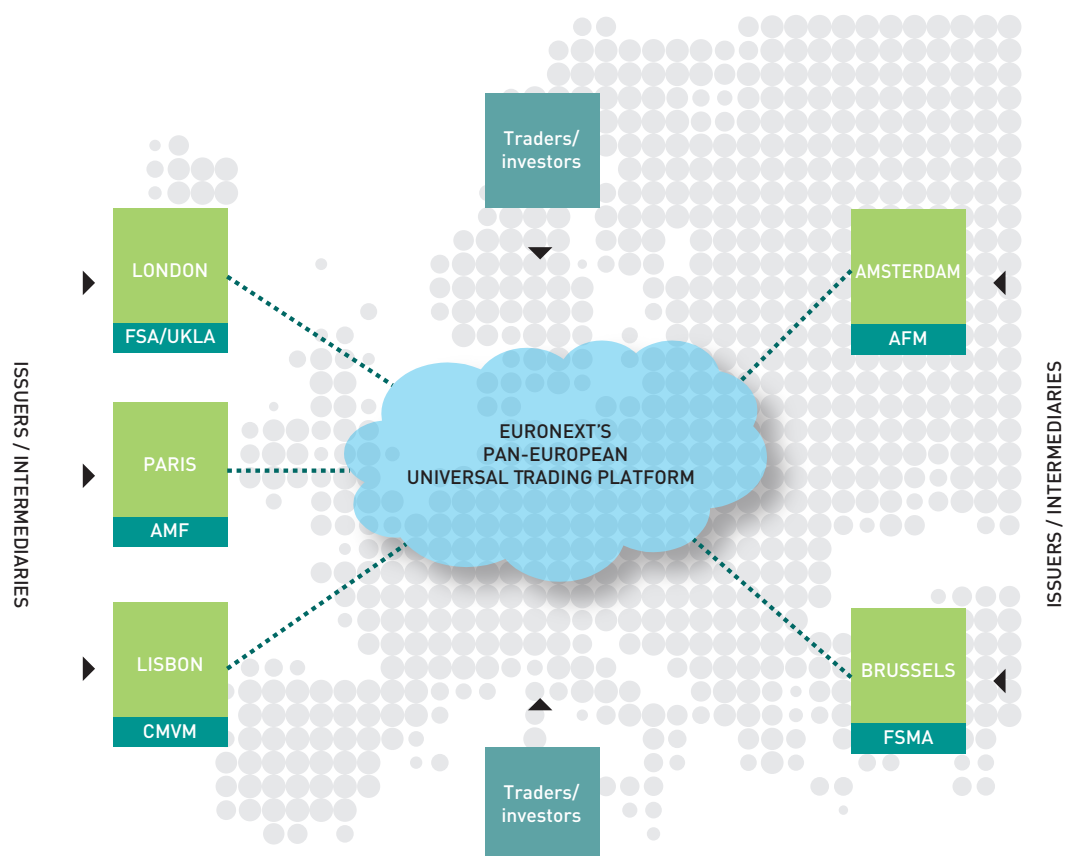
MARKET DESCRIPTION



EURONEXT

Euronext, the leading capital raising center in Europe, offers to international issuers, investors and its trading members the opportunity to raise capital, list and trade securities on a London market. Euronext London unites the strength and visibility of London, as one of the world's leading financial centres, with Euronext's foremost position in the European markets. This powerful combination provides a unique market attractive to international issuers, financial intermediaries and investors.

EURONEXT PAN-EUROPEAN MARKET



Market Description

The Service

Euronext London is:

- Operated by Euronext London Limited and regulated by the FCA.
- A market that offers international investors the benefit of trading in shares and depositary receipts in \$, € and £ that are listed on the Official List of the UK Listing Authority.
- Trading on Euronext's Universal Trading Platform (UTP), offering investors and members one single access point to Euronext, with ultra low microsecond latency and a high throughput capacity.
- Complementary to Euronext's other European securities markets in Paris, Amsterdam, Brussels and Lisbon and aimed at attracting international issuers.



Benefits

Euronext London offers the benefits of trading shares and depositary receipts on our next generation Universal Trading Platform, providing the following benefits:

- A deeply liquid reference market facilitating auctions and continuous trading sessions in a transparent order book with liquidity provider schemes enhancing liquidity for less liquid shares and depositary receipts.
- Rapid order execution with our trading platform allowing for order round trip times of less than 0.2 milliseconds making it one of the leading platforms and offering unmatched order visibility in the order book.
- A secure market, with a dedicated Market Surveillance team working in close collaboration with the UK securities regulator, the Financial Services Authority (FCA).
- Members of Euronext to access Euronext London by extending their membership. Any member currently connected to the Universal Trading Platform will be able to use their existing connectivity and the full scope of available functionality to access the Euronext London market. The integration of Euronext London for members with existing technical infrastructure is therefore expected to be very simple.
- In view of the harmonisation of trading rules for all Euronext's European markets (Belgium, France, the Netherlands, Portugal and the UK), transactions are executed in accordance with a common regulatory framework.
- A dedicated team to facilitate proper handling of all corporate actions. Available in all of our European marketplaces, these experts ensure proper handling of all securities transactions and timely dissemination of information within the financial community.
- An established, cost effective, fully electronic clearance and settlement infrastructure. This proven infrastructure enhances the quality and reduces the systematic risk on our market through a system of counterparty acceptance criteria, risk measurement and management and collateralization.
- Clearing of equities on Euronext London is provided through LCH.Clearnet SA, a recognized overseas clearing house providing a central counterparty (CCP) service. The CCP service provides clearing members with the assurance of delivery and creates the possibility to trade anonymously, resulting in improved liquidity and transparency in the market. LCH.Clearnet SA also offers the option of netting transactions, reducing transaction management costs and investor's financial exposure at the settlement level. Settlement is provided through Euroclear for euro denominated products and Euroclear Bank for all currencies.
- A pricing structure based on a sliding fee scale with specific fee packages for different trading strategies.

Market Model

The market model adopted for Euronext London is the same as currently operated for existing Euronext securities markets, as is described below.

Market Attributes

MATCHING ALGORITHM:	Orders are displayed in the order book according to Price/Time priority.			
ORDERS DESCRIPTIONS	ORDER TYPES	ORDER PARAMETERS		
	<ul style="list-style-type: none">Limit OrderPure Market OrderMarket to Limit OrderOn-opening orderStop Limit OrderStop LossPegged Order	Validity <ul style="list-style-type: none">Good-till-time (Non persistent)Good-for-dayGood-till-specifiedGood-till-cancelledGood for auction	Execution <ul style="list-style-type: none">Immediate-or-cancelled (IOC)Minimum Quantity	Transparency <ul style="list-style-type: none">Reserve OrdersGuaranteed cross trades
TRADING SAFEGUARDS	REFERENCE PRICE	COLLARS LOGIC		
	<ul style="list-style-type: none">Last traded price (LTP)Continuously updated	Reservation with acceptance <ul style="list-style-type: none">Static collars at the auctionDynamic collars in continuous phaseReference price: last traded price/external reference priceMarket halt (120s)Order not rejected if trade possible outside the thresholds		
TRADING CALENDAR AND CYCLE	TRADING CALENDAR		TRADING CYCLE	
	<ul style="list-style-type: none">Euronext Cash BusinessDays for all markets		Single continuous trading session from 8.00am to 16.35pm London time.	

Operating Model

Trading on Euronext London runs from 08:00 hours to 16:40 hours (London time), starting with an Opening Auction at 08:00 hours and ending with a Closing Auction at 16:35 hours, followed by a 'Trading at Last' phase lasting for 5 minutes.



Some securities may be traded in an auction only market model. The allocation of securities between continuous and auction mode trading shall be determined by Euronext on the basis of objective criteria, including historical and expected trading volumes, inclusion in a Euronext or other internationally recognized index, and the presence of Liquidity Providers.

Order Accumulation Period (Pre-opening phase)

During the order accumulation period, orders entered by members and transmitted to the Universal Trading Platform are automatically recorded in the Central Order Book without giving rise to trades.

The Central Order Book determines the theoretical opening price, and the components of the potentially executable volume at that price. The theoretical price is calculated each time a new order is entered into the Central Order Book, and continuously disseminated to all members, as well as to the broader market via data vendors.

There is no restriction on how many orders an individual trader or member firm can submit to the Central Order Book in a single security.

Opening Auction

At the opening, UTP seeks to match orders for each security (the "Opening Auction"). At the beginning of the price determination phase for a security the Central Order Book is frozen momentarily (orders may not be entered into UTP, and orders already entered may not be cancelled or modified) while the matching algorithm is running.

The opening price is the last theoretical opening price calculated before matching. If a match occurs within the price collars authorized by Euronext, an opening price is displayed and the

members, whose orders are, in part or in full, executed, are informed by a message confirming each execution that has occurred and giving all relevant trade information.

If no matching has occurred within the price collars authorized by Euronext at the opening, the price of the first trade occurring in the main trading session is designated as the opening price.

Main Trading Session

Once the Opening Auction is completed, trading takes place continuously until the pre-closing phase. Once the price determination phase for each security is completed, continuous trading in that security begins and orders can be entered, maintained, modified and deleted. All unexecuted orders of the Opening Auction are forwarded to the main trading session.

Once the Opening Auction is completed, the execution of orders during the main trading session is effected according to the execution priority principle. Each new order is immediately checked to see if it can be executed against orders on the other side of the Central Order Book; the limits of the orders sitting in the book determine the price.

Order Accumulation Period (Pre-closing phase)

The pre-closing phase starts after the main trading session phase. Orders entered by members and transmitted to the UTP are automatically recorded in the Central Order Book without giving rise to trades.



Closing Auction

The processes of the Closing Auction are the same as described for the Opening Auction above.

The closing price for securities which are traded continuously shall be the price defined by the Closing Auction. If no price is issued at the Closing Auction, the closing price shall be the last traded price during the main trading session. In the event of no quotation during a Trading Day, the closing price is the last known traded price.

Trading-at-last Phase

During the trading-at-last phase, orders can be entered and matched at the closing price and only at that price. For securities traded continuously, the trading-at-last phase will be available after the Closing Auction.

After Hours Trading

A trade after the Trading Hours (i.e. after the trading at last phase) can be effected at a price within a price range of 1% around the closing price or, for eligible securities included in the NextTrack Segment, the last disseminated indicative Net Asset Value.

Transparency

Euronext London offers the following types of transparency:

■ Pre-trade transparency

Euronext, in respect to securities subject to continuous trading, makes aggregated order information on "liquid shares" available at the five best price levels on the buy and sell side. For quote-driven markets, the best bids and offers of market makers must be made available.

■ Post-trade transparency

Euronext London publishes the price, volume and time of all trades in listed shares executed on its markets.

Transparency on Order Book Transactions

Transactions resulting from executed orders in continuous trading will be disseminated to the market with time, trade type, price and volume.

Transparency on Off-Order Book Transactions

Transactions by member firms executed by other means, e.g. telephone, are required to be reported to Euronext London. These transactions will be disseminated to the market in the same way, but may qualify for a publication delay.

The reporting of off-order book trades is effected via the Trade Confirmation System (TCS). The opening and closing times of TCS are different from the UTP trading engine. TCS is open from 06.15 hours to 18.00 hours (GMT), every business day, according to the Euronext trading calendar.

The publication is in real-time. However, a deferred publication of information for a period no longer than trade date plus 3 days is authorized provided that the following criteria are satisfied:

- the transaction is between an investment firm dealing on own account and a client of that firm; and
- the size of the transaction is equal to or exceeds the relevant minimum qualifying size based on the Average Daily Turnover of the instrument.

Post-Trade Processing

Post-trade activities for equities are carried out for clearing with LCH.Clearnet SA, and for settlement with Euroclear National CSDs for euro denominated products and Euroclear Bank for all currencies. Bilateral settlement for bilaterally negotiated transactions is available if the counterparties wish to do so.

Clearing

Euronext London offers a central counterparty (CCP) clearing service for all securities admitted to trading through LCH.Clearnet SA, a recognized overseas clearing house. This aligns Euronext London with the existing Euronext European securities markets.

LCH.Clearnet SA operates as a central counterparty for transactions and ensures that transactions are cleared rapidly and cost effectively. This allows straight through processing (STP), increases operational efficiency and reduces manual intervention. The novation process consists of the interposition of the CCP between the respective clearing members of the buyers and sellers. This allows clearing members to profit from the advantages of a CCP system, such as post-trade anonymity, netting and counterparty risk protection, leading to improved liquidity and price formation.

LCH.Clearnet SA provides a netting of transactions, which enables firms to net same day, same-security trades at the CCP level for cleared trades. Thereby the risk-position is reduced and the number of settlement

instructions forwarded to the settlement location are minimized. This increases the efficiency of the post-trade process.

LCH.Clearnet SA carries out its activities via indirect and direct relationships with members of Euronext:

- Indirect Relationship: Members may choose to operate as a Non-Clearing Member (NCM) by signing a clearing agreement with a General Clearing Member (GCM). The GCM then clears trades on behalf of the NCM.
- Direct Relationship: Members may choose to become either a General Clearing Member (GCM) or an Individual Clearing Member (ICM). A GCM may clear its own trades and trades executed by NCMs, whilst an ICM may only clear its own trades.

Settlement

For all transactions executed in the Central Order Book and all negotiated transactions for which the parties agree CCP clearing, settlement of the net positions is automatically effected in the default settlement location of the financial instrument. This settlement location will be either Euroclear Bank

(e.g. for USD or GBP denominated shares and depositary receipts) or one of the Euroclear CSDs (one of the Euroclear CSDs having migrated onto the Euroclear Settlement of Euronext-zone Securities (ESES) platform meaning Euroclear France, Euroclear Belgium or Euroclear Netherlands) (e.g. for EUR denominated shares and depositary receipts).

For all negotiated transactions, the respective counterparties can choose to effect a straight through settlement process via Euroclear or to settle in any settlement location. The identity of the market counterparties is, however, only known to the two counterparties. As soon as a trade is cleared, LCH.Clearnet SA becomes the counterparty against the other parties allowing full anonymity. In general, settlement is agreed to take place in a default location, generally Euroclear, as specified and agreed upon between the counterparties, but all other CSDs or settlement locations can be chosen as well. The non-straight through settlement process is in line with the current market practice for negotiated, off-order book transactions. The standard settlement period is trade date plus 3 days.

Members

Similar to our other European securities markets, Euronext London provides access to three types of entities: credit institutions, investment firms and non-MIFID members.

Existing members of Euronext European securities markets can extend their membership in a straightforward manner, through the Euronext Membership Extension Form. Completed forms should be submitted to **euronextmembership@euronext.com**

Firms that are not members of one of Euronext's European securities markets that wish to trade on Euronext London need to complete the Euronext Member Application Form and submit it to Euronext for approval. Completed forms along with relevant documentation should be submitted to **euronextmembership@euronext.com**

Application forms are available on the website **www.euronext.com/membership**

All Euronext London cash market trading participants are required to have clearing arrangements, which can be by taking a clearing member role (direct) or by using an existing clearing member (indirect). The LCH.Clearnet SA Membership team can be contacted at +33 1 7037 6760 or **lchclearnetsa_membership@lchclearnet.com**

The membership process for new members is straightforward and divided into three main phases:

- Trading admission process, in parallel with the clearing Arrangement
- Set up of technical connectivity to the market

- Finalization of post-trade process and technical set up

The request for admission of new membership or extension of existing membership will be managed by the Onboarding and Client Administration team who are in charge of the global process from admission to start-up date on Euronext cash markets.

For assistance, please contact the Onboarding and Client Administration team at +31 20 550 4425 or euronextmembership@euronext.com

Administrative Application Process

Documents should be completed and submitted to euronextmembership@euronext.com

- Membership Application Forms, which are different for new members (Euronext Membership Application Form) and existing members (Euronext Membership Extension Form).
- Forms for authorized representatives and responsible persons, if specific key contact(s) are to be identified for the Euronext London cash market.

At the same time, applicants will receive information on the rules and regulations for Euronext London, as well as all other information related to trading, such as the trading manual and the TCS user guide.

Technical Access to Markets Process

The access to markets process can be broadly divided into two main steps:

- Configuration and authorizations on trading and clearing/settlement systems
- Testing period (1. end to end tests possible; 2. conformance tests for new members only)

As Euronext London is hosted on the UTP platform together with all other Euronext's European cash markets, the technical set up (configuration and authorizations to allow applicant to carry out end-to-end tests from trading to settlement and to be validated through conformance tests) will involve coordination between the applicant and Euronext.

This coordination from the admission to the start-up date is managed by the Onboarding and Client Administration team.

Existing members of any Euronext European cash markets are, by default, connected from a technology perspective to Euronext London, therefore this request is considered as an extension of activity. The authorizations are carried

out after receipt of the appropriate inputs in clearing and trading systems.

If the applicant uses an Application Service Provider (ASP), the ASP will coordinate the access to market process with Euronext on behalf of the applicant. However, the administrative application process continues to be managed directly by the applicant with the Onboarding and Client Administration team.

Documents to be completed for the access to markets process are:

- CCG Configuration Form, where necessary, which gives details on CCG configuration
- Notification of Use if the new member has chosen an ASP solution
- The Onboarding and Client Administration team will provide the Support team with the inputs relative to the authorizations for Euronext London through the standard internal process (Test Configuration Form for EUA/Test environment and Announcement for Production/Live environment).

Completed forms should be submitted to CAS@euronext.com. For assistance, please contact the Support Team at + 33 (0)1 49 27 50

The Post-Trade Process

The post-trade process for equities will involve LCH.Clearnet SA for clearing and Euroclear for settlement. Members can have their trades cleared through LCH.Clearnet SA by taking a clearing member role (direct) or by using an existing clearing member (indirect).

LCH.Clearnet SA transfers settlement instructions for securities towards the settlement accounts held at one of the Euroclear CSDs or Euroclear Bank. Related cash settlement is performed through cash accounts held at either Euroclear Bank or one of the applicable National Central Banks.

The Euronext Onboarding and Client Administration team will coordinate with LCH.Clearnet SA and Euroclear to ensure availability and consistency of all relevant reference data.

Technical Connectivity

Members may connect directly or opt to use an ASP approved by Euronext's European cash markets.

Euronext London is hosted on specific segments (instrument class/trading groups) of UTP, which enables the use of the same technical access as that used for access to the other cash markets of Euronext.



Pricing Structure

There is no application fee to join Euronext's European Cash Markets and no ongoing annual membership fee.

Members are invoiced for services as follows:

- SLEs (Order Entry Sessions) and Network fees
- Trading fees

SLEs (Order Entry Sessions) and Network Fees

The price for the SLE connection is a combination of a fixed cost and a variable cost based on the order entry capacity (in messages per second). This translates into:

- A flat fee of €1000 per SLE session
- An order entry capacity charge of €10/message/second

All prices are per month and per member code. If a member has only a single SLE sized at 25 messages per second, this is available free of charge.

The order entry capacity per SLE session available are:

- 25 messages per second (limited to 2 sessions)
- 50 messages per second
- 100 messages per second
- 200 messages per second

A member may take any combination of SLE sessions with the configuration detailed above, provided that the overall capacity of its SLEs does not exceed 5000 messages per second or the total capacity available on its network infrastructures, whichever is the smallest.

SLEs will be charged by Euronext directly to the members and independently from any network connectivity charges. Network charges will depend on the market architecture for members with direct access.

Trading Fees

Trading fees are harmonized across all our markets.

Details of trading fees are available at:

<http://www.euronext.com/editorial/wide/editorial-8510-EN.html>

Further information

For more information about Euronext London please contact your local Cash or Listings Relationship Manager.



