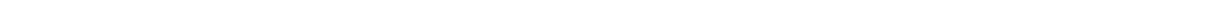




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## **MARKET MAKING OPERATING TERMS**



# **EURONEXT MARKET MAKING AGREEMENT**

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## 1 INTRODUCTION

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These Market Making Operating Terms (“**Operating Terms**”) form part of the Euronext Market Making Agreement (“**the Agreement**”). The Agreement comprises these Operating Terms, the Market Making General Terms and Conditions, any relevant Market Making Scheme and the applicable Registration Form (hereafter “**Registration Form**”).

Capitalised terms in these Operating Terms have the meaning ascribed to them in the Agreement or in the Euronext Rules (“**Market Rules**”) by which the Market Maker is bound. In the event of any conflict between these Operating Terms and the Market Making Terms and Conditions, these Operating Terms shall prevail. The terms of this Agreement are without prejudice to the Market Rules and in the event of any conflict between the terms of this Agreement and the Market Rules, the Market Rules shall prevail.

Under the Agreement, and in accordance with applicable law and regulation, including EU Directive 2014/65/EU in financial instruments (MiFID II), Euronext monitors Members who are trading on their own account and behaving in a manner akin to that of an algorithmic trader pursuing a market making strategy as described further below.

This Agreement is applicable to Members that are providing liquidity on the relevant Euronext market by posting and maintaining firm quotes complying with specific size, price and presence time requirements (as detailed herein), with the result of providing liquidity on a regular and ongoing basis to Euronext market participants.

## 2 INSTRUMENT SCOPE

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This Agreement applies to all instruments listed and/or admitted to trading on Euronext Markets. Market Makers are required to select the individual instrument(s) for which they shall act as a Market Maker on the Registration Form. Individual instruments may be added or removed from the Registration Form from time to time by amending the Registration Form in accordance with its terms or by any other method notified to the Member by Euronext from time to time.

## 3 REGISTRATION PROCESS

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Registration of Market Makers is effected via completion and execution of this Agreement, including the Registration Form.

Euronext will use reasonable endeavours to monitor the trading behaviour of Members to detect any undeclared market making activity that is within the scope of this Agreement but it remains the Member’s responsibility to ensure its trading behaviour remains compliant with all applicable law and regulation as well as this Agreement and the Market Rules.

The list of Members which have executed this Agreement will be published on the Euronext website and updated from time to time.

## 4 ELIGIBILITY CRITERIA

Members will only be accepted as Market Makers where they are trading solely on their own account.

## 5 REQUIREMENTS AND OBLIGATIONS

Market Making activity is based around three key requirements, adapted to the level of liquidity of the instrument as shown in Table1:

- i. **Presence:** the prospective Market Maker is required to post firm, simultaneous two-way quotes for at least 50% of the daily trading hours during which continuous trading takes place (excluding opening and closing auctions). For the avoidance of doubt, in respect of the resumption of trading after volatility interruptions, the Market Maker is responsible for ensuring it meets this minimum presence time.
- ii. **Spread:** the prospective Market Maker is required to post quotes of competitive prices.
- iii. **Size:** the prospective Market Maker is required to post quotes of comparable size (i.e. that should not diverge more than 50 %).

**Table 1: Requirements**

Instrument scope	Presence time	Maximum spread	Minimum size (this is a requirement supplemental to RTS 8 and not considered an eligibility criterion)
<b>Equities</b>			
<b>Liquid shares</b> <i>(as defined by MiFID II)</i>	50%	Max (€0.10, 2%)	€5,000
<b>Other shares</b>	50%	Max (€0.25, 5%)	€5,000
<b>Securitised Derivatives</b>			
<b>Warrants</b>	50%-80% <sup>1</sup>	Max (€0.15, 5%)	Min (50,000 shares, €10,000) <sup>2</sup>
<b>Knock-Out products</b>	50%-80% <sup>1</sup>	Max (€0.30, 15%)	Min (50,000 shares, €10,000) <sup>2</sup>
<b>Certificates</b>	50%-80% <sup>1</sup>	Max (€3, 5%)	€10,000 <sup>2</sup>
<b>Structured Notes</b>	50%-80% <sup>1</sup>	4%	€10,000 <sup>2</sup>

<sup>1</sup> As per RTS 8, article 1.1.b, dealing on their own account for at least 50% of the daily trading hours is one of the criteria Members should meet to qualify as a Market Maker. Further to this criterion, Euronext requires Market Makers on Securitised Derivatives to deal on their own account for at least 80% of the daily trading hours.

<sup>2</sup> As per RTS 8, article 1.1.a, posting simultaneous two-way quotes of comparable size is one of the criteria Members should meet to qualify as a Market Maker. Further to this criterion, Euronext requires Market Makers on Securitised Derivatives that their simultaneous two-way quotes of comparable size be for at least the minimum sizes published in Table 1.

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<b>Bonds</b>			
<b>Bonds</b>	50%	3%	
<b>ETFs, ETCs and ETNs</b>			
<b>Standard exposure European equity underlying</b>	50%	2%	€100,000
<b>Standard exposure government bond underlying</b>	50%	2%	€100,000
<b>All other underlying</b>	50%	3%	€100,000
<b>Financial Derivatives</b>			
<b>Index Futures</b>			
<b>AEX; AMX; BEL20; CAC40; FTSEurofirst 80 and 100; Morningstar® Eurozone 50 <sup>SM</sup> Index Futures</b>	50%	5 index points	1 contract
<b>PSI20 Index Futures</b>		40 index points	10 contracts
<b>EFP AEX and CAC40 Index Futures</b>		1.5 index points	50 contracts
<b>AEX and CAC40 Index Dividend Futures</b>		10 index points	50 contracts
<b>FTSE EPRA NAREIT Index Futures</b>		30 index points	25 contracts
<b>Total Return Futures on CAC40® Index</b>		40 basis points	5 contracts
<b>Equity Futures</b>			
<b>Single Stock Futures</b>	50%	Max 1.50	2 contracts
<b>Single Stock Dividend Futures</b>		Max 750%	1 contract
<b>Index Options</b>			
<b>AEX Index Options</b>	50%	€1.50; 20%	5 contracts
<b>BEL20 and PSI20 Index Options</b>		€2.00; 150%	
<b>CAC40 Index Options</b>		€3.00; 100%	

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Individual Equity Options			
IEOs Amsterdam market	50%	€1.25; 40%	2 contracts
IEOs Brussels market		€1.50; 50%	1 contract
IEOs Paris market		€1.75; 80%	5 contracts
Spotlight Options		€0.60; 40%	2 contracts
Options on other underlying values			
ETF Options	50%	€1.50; 90%	5 contracts
Currency Options		0.30; 15%	
Commodity derivatives			
Commodity derivatives	50%-75% <sup>3</sup>	€0.25	200 lots each side

## 6 FEES

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Except where otherwise specifically provided for by way of any relevant Market Making Scheme, no fee benefits will be linked to the Market Making activity governed by this Agreement (including but not limited to fees in respect of trading and connectivity).

## 7 ORDER TO TRADE RATIO

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As required under applicable law and regulation, including the Commission Delegated Regulation 18/05/2016 C(2016) 277, Euronext will calculate the number of unexecuted orders to transactions on a regular basis per member and per financial instrument (in case of no trades, the ratio will be considered equal to the numerator).

The applicable order to trade ratio for Market Makers is as follows:

- For Equities, ETFs, Bonds, and Securitized Derivatives, Euronext will apply an unexecuted order-to-trade ratio of 200:1 per second and a volume ratio of 20,000,000:1 per second
- For Derivatives, Euronext will apply an unexecuted order-to-trade ratio of 200:1 per second and 20,000:1 contracts per second.

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<sup>3</sup> As per RTS 8, article 1.1.b, dealing on their own account for at least 50% of the daily trading hours is one of the criteria Members should meet to qualify as a Market Maker. Further to this criterion, Euronext requires Market Makers on Commodities Derivatives to deal on their own account for at least 75% of the daily trading hours.

## **8 MONITORING, REPORTING AND PUBLICATIONS**

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The compliance of the Market Maker with its obligations under this Agreement will be monitored continuously by Euronext.

The Market Maker will be informed of its daily compliance with the above requirements on a daily basis via a dedicated report sent by Euronext outlining performance vs. criteria per instrument (reports will be made available on a T+1 basis)

## **9 MARKET MAKING AGREEMENT START AND DURATION**

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The requirements, rights and obligations set out in this Agreement will commence on Wednesday 3 January 2018 or on its execution, whichever is earlier. The Agreement has no set duration except for Securitised Derivatives for which the minimum duration of the Agreement for each instrument covered by the Agreement should be at least 3 months.

For the avoidance of doubt, the content herein is subject to the provisions of the Market Making General Terms and Conditions and Euronext may adjust the parameters and requirements of the Agreement (including these Operating Terms) at any time subject to providing reasonable advance notice to Market Makers in accordance with the Market Making General Terms and Conditions.