

This version of the Trading Manual (off-order book facilities) is published for information purposes only.

It aims at replacing the current “TCS User Guide” to address MiFID II requirements.

This draft is subject to change and is in any case subject to regulatory approval.

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1 INTRODUCTION

This document provides customers with a description of the transactions benefiting from a pre-trade transparency waiver and executed outside the Euronext central order book, but in the Euronext Transaction Confirmation Service (TCS). It provides details that a customer requires in order to use the service.

This document should be read in conjunction with the following Euronext documents:

Euronext Rule Book One

These documents are available at:

www.euronext.com/landing/regulation-12602-EN.html

This Chapter is applicable to Equity, Equity-like, ETFs, Bonds , Warrants and Certificates Financial Instruments.

For each type of financial instrument and transaction, this chapter presents respectively the conditions and operating mode respectively applicable to the different types of trades.

1.2 General features of TCS

1.2.1 Opening hours

The opening and closing time of TCS are different from the OPTIQ® system. The TCS system is open from 07.15 to 19.00 (CET), every business day, according to the Euronext trading calendar.

1.2.2 “In-Session” and “Out-Session” status

For each trading group, two types of status are available on TCS, depending on the OPTIQ® system status:

In-Session: as soon as the OPTIQ® system opens (opening of the trading group), the session is opened on TCS under the status “In-Session”, which consequently corresponds to the matching period on the OPTIQ® trading system. This status remains in place until Euronext Market Services (EMS) intervenes on OPTIQ® .

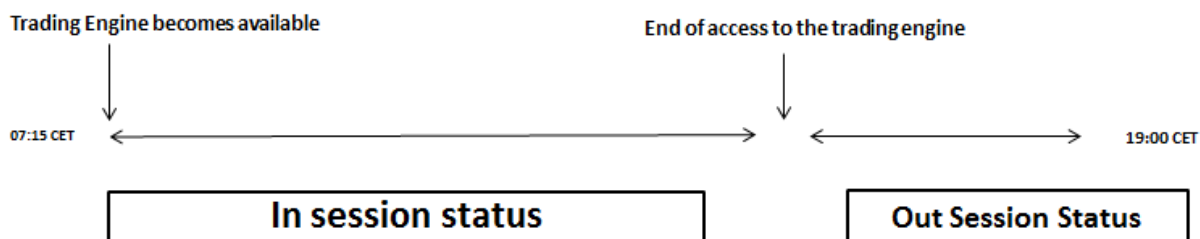
Out-Session: By default, when the TCS system is not “In-Session”. As soon as EMS activates the End of Day message.

The TCS status determines the types of operation that members can enter. The majority of transactions can be entered in the system whatever the TCS status. However, some operations are only authorized during the “Out-Session” phase. The different types of operations are described later in this chapter.

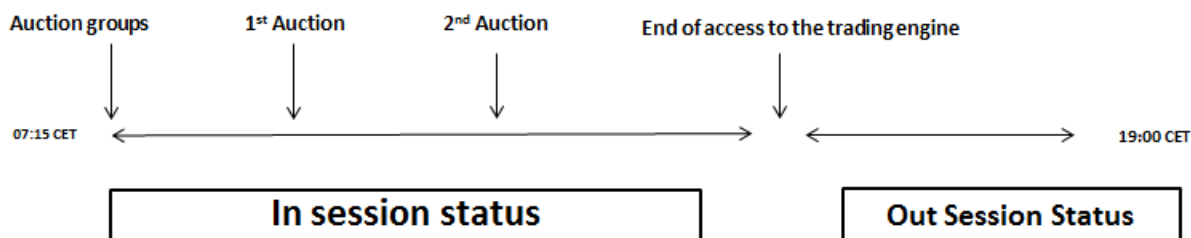
Note that the end of the day for a Euronext security is defined per instrument and triggered when the milestone of the EMS Intervention phase has been sent to the market. For European securities, the end of day means 17.40 CET.

The TCS platform is opened for trading from 7:15 to 19:00 CET on every business day, according to the Euronext trading calendar. However, depending on the type of instrument and operation, restrictions may apply on the trading hours. Restrictions are detailed further in this document on an operation type basis and summarized in Appendix to the Trading Manual.

In Session and Out Session Status



In Session and Out Session Status



Opening, closing and auction times depend on trading groups. Parameters per trading group are as set out in the Appendix to the Trading Manual.

1.2.3 Exceptions linked to the status of the security in the OPTIQ® system

The status of a given security in the trading system determines whether or not it is authorized to enter an operation on TCS, as follows:

Trading Suspensions

When securities are suspended, transactions outside the central order book are not allowed.

Double Volume Cap Management

MiFID II imposes a cap on the usage of the Reference Price and Negotiated Transaction pre-trade transparency waivers. The caps reference total EU on venue volume and are calculated on a per symbol basis at 4% on any particular venue and 8% market-wide in any 12-month rolling period. If a waiver cap is reached, a suspension in the relevant security for the above mentioned ways of trading will be triggered. Should a security not be available for trading under a waiver, any orders or trade reports entered using such waivers will be rejected. The reject message will include a message indicating it was related to the double volume caps.

1.2.4 Trade rejection

Transactions not compliant with the format or the conditions are rejected by the system.

1.2.5 Trade cancellation

A trade can be cancelled according to the general rules and procedures applicable to trade cancellation as set out in the Euronext Notice 4-02 “Order withdrawal and trade cancellation”.

2 LARGE IN SCALE TRADES ON EQUITIES

Regulatory reference

Euronext Rule Book 1:4404/2 Large In Scale Trades

Eligible equities

All equities listed on Euronext regulated markets, except markets other than the market of reference for multi-listed equities, are eligible for Large In Scale trades.

Size requirements

For each stock category, the block amount (i.e. quantity of securities multiplied by the price) is compared to the Normal market size (NMS). The ADT used to determine the category of a given stock is accessible there at:

https://registers.esma.europa.eu/publication/searchRegister?core=esma_registers_mifid_sha

Orders large in scale compared with normal market size for shares and depositary receipts

Average daily turnover (ADT) in EUR	ADT < 50 000	50 000 ≤ ADT < 100 000	100 000 ≤ ADT < 500 000	500 000 ≤ ADT < 1 000 000	1 000 000 ≤ ADT < 5 000 000	5 000 000 ≤ ADT < 25 000 000	25 000 000 ≤ ADT < 50 000 000	50 000 000 ≤ ADT < 100 000 000	ADT ≥ 100 000 000
Minimum size of orders qualifying as large in scale compared with normal market size in EUR	15000	30000	60000	100000	200000	300000	400000	500000	650000

Price control:

For LIS trades on equities a price control will not be applicable.

3 LARGE IN SCALE TRADES ON CERTIFICATES AND OTHER SIMILAR FINANCIAL INSTRUMENTS

Average daily turnover (ADT) in EUR	ADT < 50 000	ADT ≥ 50 000
Minimum size of orders qualifying as large in scale compared with normal market size in EUR	15 000	30 000

Regulatory reference

Euronext Rule Book 1:4404/2 Large In Scale Trades

Eligible equities

All certificates and other similar financial instruments listed on Euronext regulated markets MTFs, except markets other than the market of reference for multi-listed equities, are eligible for Large In Scale trades.

Price control:

For LIS trades on certificates and other similar financial instruments, a price control will not be applicable.

4 LARGE IN SCALE TRADES ON BONDS:

Size requirements.

Asset class - Bonds (all bond types except ETCs and ETNs)				
Bond Type	Transactions to be considered for the calculation of the thresholds per bond type	Percentiles to be applied for the calculation of the pre-trade and post-trade LIS thresholds for each bond type		
		LIS pre-trade		LIS post-trade
		Trade - percentile	threshold floor	Trade - percentile
Sovereign Bond	transactions executed on Sovereign Bonds following the exclusion of transactions as specified in Article 13(10)	70	EUR 300,000	90
Other Public Bond	transactions executed on Other Public Bonds following the exclusion of transactions as specified in Article 13(10)	70	EUR 300,000	90
Convertible Bond	transactions executed on Convertible Bonds following the exclusion of transactions as specified in Article 13(10)	70	EUR 200,000	90
Covered Bond	transactions executed on Corporate Bonds following the exclusion of transactions as specified in Article 13(10)	70	EUR 300,000	90
Corporate Bond	transactions executed on Corporate Bonds following the exclusion of transactions as specified in Article 13(10)	70	EUR 200,000	90
Other Bonds	transactions executed on Other Bonds following the exclusion of transactions as specified in Article 13(10)	70	EUR 200,000	90

Bonds (ETC and ETN bond types) - pre-trade and post-trade LIS thresholds		
Asset class - Bonds (ETC and EIN bond types)		
Pre-trade and post-trade LIS thresholds for each individual instrument determined to have a liquid market		
Bond type	LIS pre-trade	LIS post-trade
	Threshold value	Threshold value
ETCs	EUR 1,000,000	EUR 50,000,000
EINs	EUR 1,000,000	EUR 50,000,000
Asset class - Bonds (ETC and EIN bond types)		
Pre-trade and post-trade LIS thresholds for each individual instrument determined not to have a liquid market		
Bond type	LIS pre-trade	LIS post-trade
	Threshold value	Threshold value
ETCs	EUR 900,000	EUR 45,000,000
EINs	EUR 900,000	EUR 45,000,000

Regulatory reference

Euronext Rule Book 1:4404/2: Block Trades

Eligible bonds

All bonds listed on Euronext regulated markets and MTFs are eligible for Large In Scale trades.

Price control:

For LIS trades on bonds, a price control will not be applicable.

5 LARGE IN SCALE TRADES ON SECURITISED DERIVATIVES

Regulatory reference

Euronext Rule Book 1:4404/2A Block Trades

Eligible Securitized derivatives

All securitized derivatives listed on Euronext regulated markets and MTFs are eligible for Large In Scale trades.

Size requirements

Securitised derivatives – pre-trade and post-trade LIS thresholds	
Asset class - Securitised Derivatives	
Pre-trade and post-trade LIS thresholds	
LIS pre-trade	LIS post-trade
Threshold value	Threshold value
EUR 60,000	EUR 100,000

Price criteria

For LIS trades on Securitized derivatives, a price control will not be applicable.

6 LARGE IN SCALE TRADES ON ETFs

Regulatory reference

Euronext Rule Book 1:4404/2A Block Trades

Eligible ETFs

All ETFs listed on Euronext regulated markets are eligible for Large In Scale trades.

Size requirements

An order in respect of an ETF shall be considered to be large in scale where the order is equal to or larger than EUR 1,000,000.

Price criteria:

For LIS trades on ETFs, a price control will not be applicable

7 NEGOTIATED DEALS

REGULATORY REFERENCE

Euronext Rule Book 1:4404/5 Negotiated transactions

ELIGIBLE EQUITIES

- All equities, ETFs and certificates and other similar financial instruments as set out by ESMA listed on Euronext regulated markets and MTFs are eligible for negotiated deals.
- Bonds and securitized derivatives are not eligible for negotiated deals.

PRICE REQUIREMENTS

Negotiated trades should be executed at a price at or within the current volume-weighted average spread reflected in the order book.

The transaction is executed in reference to a price that is calculated over multiple time instances according to a given benchmark, including transactions executed by reference to a volume-weighted average price.

8 AFTER HOURS TRADING

Regulatory reference

Euronext Rule Book 1: 4305/1 Out-of-hours trading

Eligible equities

All equities, ETFs, bonds and other equivalent securities listed on Euronext regulated markets are eligible.

Price requirements:

LIS TRADES

No price controls will apply for out of hours LIS trades.

NEGOTIATED DEALS

Out-of-hours trades shall be effected at a price within a price range of 1% around the last traded price.

Details for ETFs

Euronext will decide whether to allow out-of-hours trading for securities included in the NextTrack segment, depending on the availability of the Indicative Net Asset Value (iNAV) after the close of trading.

For ETFs the out-of-hours trades shall be effected at a price within a price range of 1% around the last disseminated Indicative Net Asset Value.

9 VWAP TRADES

Regulatory references

Euronext Rule Book 1: Rule 4404/3 Trading at or around the volume-weighted average price. Euronext Document VWAP transactions on Euronext European Cash Markets

Eligible securities

All continuously traded securities, with the exception of ETFs and Securitized Derivatives (Warrants and Certificates).

The following rules must be observed:

- . the start time cannot be earlier than the official opening time of the trading session;
- . the end time must have passed before the transaction is reported;
- . the end time must be earlier than the end of the trading session;
- . the VWAP period must respect the minimum time period of thirty minutes.

If no start time is indicated, the TCS system considers by default that the VWAP trade begins at the opening time of the session and includes the trades stemming from the opening auction in its price. If no end time is indicated, the TCS system considers by default that the VWAP trade ends after the closing auction or after the trading-at-last phase, depending on the session timetable to which the instrument belongs.

Price criteria:

Authorized margin: 1% on either side of the VWAP price. Minimum VWAP period: 30 minutes.

Size requirements.

No quantity requirements apply.

10 DEFERRED PUBLICATION THRESHOLDS FOR EQUITIES

Average daily turnover (ADT) in EUR	Minimum qualifying size of transaction for permitted delay in EUR	Timing of publication after the transaction
	10mn	60 minutes
> 100m	20mn	120 minutes
	30mn	End of the trading day
50m – 100m	7mn	60 minutes
	15mn	120 minutes
	25mn	End of the trading day

	5mn	60 minutes
25m – 50m	10mn	120 minutes
	12mn	End of the trading day
	2.5mn	60 minutes
5m – 25m	4mn	120 minutes
	5mn	End of the trading day
	450000	60 minutes
1m – 5m	750000	120 minutes
	1mn	End of the trading day
	75000	60 minutes
500,000 – 1m	150000	120 minutes
	225000	End of the trading day
	30000	60 minutes
100,000 – 500,000	80000	120 minutes
	120000	End of the trading day
	15000	60 minutes
50,000 – 100,000	30000	120 minutes
	50000	End of the trading day
	7500	60 minutes
< 50,000	15000	120 minutes
	25000	End of the trading day

11 DEFERRED PUBLICATION THRESHOLDS FOR VWAP TRADES

For VWAP transactions the same deferred publication thresholds as set-out for equities will apply.

12 DEFERRED PUBLICATION THRESHOLDS AND DELAYS FOR BONDS

The deferred publication of the details of transactions will take place no later than 19:00 local time on the second working day after the date of the transaction, provided that the transaction is large in scale compared with the normal market size. Publication delays will follow the LIS Post trade threshold parameters as set out per asset class in the table under chapter 3 of this document.

13 DEFERRED PUBLICATION THRESHOLDS AND DELAYS FOR ETFs

Deferred publication thresholds and delays for ETFs

Minimum qualifying size of transaction for permitted delay in EUR	Timing of publication after the transaction
10 000 000	60 minutes
50 000 000	End of the trading day

14 DEFERRED PUBLICATION THRESHOLDS AND DELAYS FOR CERTIFICATES AND OTHER SIMILAR FINANCIAL INSTRUMENTS

Average daily turnover (ADT) in EUR	Minimum qualifying size of transaction for permitted delay in EUR	Timing of publication after the transaction
ADT < 50 000	15 000	120 minutes
	30 000	End of the trading day
ADT ≥ 50 000	30 000	120 minutes
	60 000	End of the trading day

15 DEFERRED PUBLICATION THRESHOLDS FOR SECURITIZED DERIVATIVES

For securitized derivatives transactions, the same deferred publication thresholds as set-out for bonds will apply. Publication delays will follow the LIS Post trade threshold parameters as set out per asset class in the table under chapter 5 of this document.

16 DEFERRED PUBLICATION THRESHOLDS FOR TRADES PERFORMED AFTER THE TRADING SESSION

Note that the end of the day for a Euronext security is defined by groups and triggered when the milestone of the market surveillance intervention phase has been sent to the market. For European securities, the end of day means 17.40 CET.

For transactions for which deferred publication is permitted until the end of the trading day as specified in the chapter “Deferred publication thresholds for equities” Euronext shall make public the details of those transactions either:

- 1) as close to real-time as possible after the end of the trading day which includes the closing auction, where applicable, for transactions executed more than two hours before the end of the trading day following the parameters as set out in chapter 10.
- 2) No later than noon local time on the next trading day for transactions not covered in point 1.

17 OTHER MARKET(S) THAN THE MARKET OF REFERENCE FOR EQUITIES BONDS OTHER EQUIVALENT SECURITIES AND ETFs

Regulatory reference

Euronext Rule Book 1: 4404/5

Eligible securities

All multi-listed equities and bonds on Euronext regulated markets where a market of reference has been determined by Euronext are eligible.

Mandatory matching criteria:

- Price
- Quantity
- Counterparty
- Direction
- Settlement date
- Indicator of guarantee
- MIC code of the trading venue.

Price and size requirements

The price of the trade must lie:

- 1 Within the average bid-ask spread of the trading line of the market of reference calculated on the basis of the quantity to be reported at the time of the declaration; and
- 2 Between the High and the Low trading price during the day.

After the trading hours or if there are no buy and/or sell orders in the trading order book of the market of reference, the price has to be equal to the last adjusted closing price.

The same price and size requirements apply for multi-listed equities and bonds on Euronext regulated markets where an external market of reference has been determined (Non-Euronext) as for securities that do have Euronext as the Market of Reference.

For equity and certificates and other similar financial instruments, Large in Scale trades and Negotiated Deals are possible.

For bonds, only Large in Scale trades are possible. Price and size requirements that apply are as set out in chapters 2-4 and 7 of this document.

Post-trade transparency rules:

Trades are immediately disseminated.

18 EURONEXT PARIS SRD EQUITIES PROROGATION SELL/ PROROGATION BUY

Euronext Paris equities only

This operation is used only for transactions executed on Euronext Paris to defer settlement under the French SRD (deferred settlement service) system (buyer and seller position). Trades must be sent as cross-orders with a price of zero.

Regulatory references

Euronext Paris: *Instruction N4-02 art 11 &12*

ParisBourse SA Notice 2000-4064 21 September 2000

Eligible securities

Securities eligible for the SRD service on the Euronext Paris marketplace.

Euronext monitoring

– Price

The price must be equal to the compensation price defined in Instruction N4-07.

Members must enter “0” in the price field.

– Date

Prorogation trades must be reported once a month. The reporting date is defined in the SRD calendar, published by Euronext annually via a Euronext trading announcement (ETA).

Post-trade transparency rules: No dissemination.

19 DELTA NEUTRAL AND EFP TRANSACTIONS

This operation type is an automatic creation of the cash leg for a trade on a derivatives option or index futures contract.

Regulatory references

Euronext Rule book I: 4404/4

Euronext Paris: Instruction N04-04: Linked transactions between an option contract and its underlying security

Euronext Brussels: *Instruction NB2-02: Linked transactions between an option contract and its underlying security*

Eligible equities

The underlying security for the option or the index future must be admitted to trading on the Regulated Market of Euronext Amsterdam, Brussels or Paris.

The list of options on securities and index futures that are eligible for this procedure is determined by Euronext and forms part of the trading procedures on the derivatives trading system.

Participants

If the derivatives member that traded the contingent stock is also a member of the Euronext cash marketplace on which the underlying security is admitted, the transaction generated in TCS is under its own code. If the derivatives member that traded the contingent stock is not a member of the Euronext cash marketplace on which the underlying security is admitted, the derivatives member must pass through a cash market member, whose code will be used for the recording of the transaction in TCS. In both cases, the cash market member must authorize Euronext to automatically create the transactions in TCS.

20 EURONEXT PRICE MONITORING FOR DELTA NEUTRAL

Without prejudice to the monitoring of the trading conditions for the option, the price of the underlying security must be established in an interval (including limits) around a reference price fixed by Euronext.

In general, by applying the following differences, the interval is determined according to the level of the last traded price:

Last traded price (in Euro)	Difference price (in Euro)
$0 < LTP < 5$	Price Min = $LTP - 0.10$ Price Max = $LTP + 0.10$
$5 \leq LTP < 10$	Price Min = $LTP - 0.25$ Price Max = $LTP + 0.25$
$10 \leq LTP < 25$	Price Min = $LTP - 0.50$ Price Max = $LTP + 0.50$
$25 \leq LTP < 50$	Price Min = $LTP - 1.25$ Price Max = $LTP + 1.25$
$50 \leq LTP < 100$	Price Min = $LTP - 2.50$ Price Max = $LTP + 2.50$
$LTP \geq 100$	Price Min = $LTP - 5$ Price Max = $LTP + 5$

The reference price is the last traded price (LTP), which may have been adjusted by corporate actions on securities that had taken place since the last transaction.

Post-trade transparency rules

Disseminated information

For every transaction carried out on the underlying security following the recording of a contingent stock trade, Euronext shall publish the following information immediately:

- 1 The price, quantity and time of the transaction.
- 2 A specific indicator identifying the transaction.

Publication delays

There is no publication delay for delta-neutral operations.