



# MARCHÉ LIBRE

## *ORGANISATION MEMO*

**June 2001**

Non-regulated market operated by Euronext Paris SA

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## 1 - DEFINITION AND ROLE OF THE MARCHÉ LIBRE

The Marché Libre is a market operated by Euronext Paris SA.

It enables trading members of the regulated securities markets operated by Euronext Paris SA to disseminate and match buy and sell orders for Marché Libre financial instruments.

The Marché Libre is not a "regulated market" within the meaning of Article L 441-1 of the Financial and Monetary Code. Consequently, the issuers of the financial instruments that can be traded on the Marché Libre are not bound by the requirements that apply to companies listed on a regulated market. This means *inter alia* that:

- the accounting requirements are those determined by the company's legal form.
- there is no minimum public holding requirement regarding the issuer's securities.
- Euronext Paris SA does not receive specific information concerning events that might affect the company's net worth or legal situation, and consequently, Euronext Paris SA cannot necessarily inform market users of such events.

However, issuers who market their securities to the public are subject to the provisions of Regulation 98-07 of the Commission des Opérations de Bourse on disclosure requirements.

## 2 - CHARACTERISTICS

All transactions on the Marché Libre are cash-settled, i.e. the buyer must pay the funds and the seller must deliver the securities once an order has been executed.

Trading and data dissemination are handled by Euronext Paris SA's systems. Clearing and settlement are effected where appropriate through the systems of Clearnet SA.

Euronext Paris SA reserves the right to take any action necessary for the orderly operation of the market, including a modification of trading hours, or a temporary or permanent trading halt in any securities for which it deems such action to be necessary.

## 3 - FIRST TRADE IN A SECURITY

A security's first trade on the Marché Libre is taken at the initiative, and under the responsibility, of a member of the regulated securities markets operated by Euronext Paris SA (hereafter "Member"), subject to Euronext Paris SA's prerogative to oppose the trade and subject to payment of the fees mentioned in Article 9. The first trade in a security is announced by a market notice (*Avis*).

If the trade is a first sale, it can come from an investor or from the company itself, and the securities sold can arise from a capital increase.

The application filed in advance with Euronext Paris SA by the Member must include the following documents (drafted in French, although English is accepted in the case of non-French companies):

- the company's past two annual financial statements (if the company has been in existence for such a length of time),
- the company's articles/bylaws,
- a letter of intent from the Member filing the application, mentioning *inter alia* the quantity of securities offered and the minimum offer price and accompanied by a brief memo substantiating the price proposed,
- where applicable, a copy of the letter by which the selling shareholder(s) inform the issuer of the intention to sell and the issuer's observations concerning the offer to sell and its price,
- the planned settlement procedures ("pure registered", "administered registered" or bearer where appropriate, and specifying whether the instruments will be admitted to Euroclear France operations),
- the simplified prospectus prepared pursuant to Regulation 98-08 of the Commission des Opérations de Bourse (COB) on public offerings of securities, if the COB has so required and, any other document for which the COB might require publication,

- any document deemed necessary by Euronext Paris SA.

On the basis of these items, an initial memo is published, generally three (3) trading days before the planned date of initial quotation. The memo contains the information available to Euronext Paris SA, which shall not be held liable therefor, as well as dates, transaction specifications, and the technical indications required for trading.

Once the date for the security's initial trading is set, Euronext Paris SA proceeds with one of the following methods:

- In the general case, as a **direct quotation** through centralisation of orders submitted by trading members.
- If the transaction is large enough, as a **fixed-price offer**, a **minimum-price offer**, or an **open-price offer**.

The first trade can be preceded by a full or partial placement effected by one or more institutions authorised for the purpose.

The securities traded in the initial transactions can originate from a sale of shares or from a capital increase.

#### 4 - LIQUIDITY PROVIDER CONTRACT

A liquidity provider contract can be made between a trading member and Euronext Paris SA if Euronext Paris SA deems useful.

#### 5 - CESSATION OF TRADING

Without prejudice to the provisions of Article 2, Euronext Paris SA ceases to offer the services mentioned in Article 1 solely in the following cases:

- If all of the securities in question give rise either to redemption (for debt securities) or to extinction (for rights),
- At the request of the liquidator if he declares worthless the securities of a company subject to a liquidation procedure,
- If the securities are listed on a regulated market operated by one of the Euronext market undertakings,
- At the request of a person or jointly of a group of persons who hold 100% of the company's tradable equity securities.

The withdrawal of a security engenders the withdrawal of all securities that are defined by reference to the security withdrawn.

#### 6 - PRICE DETERMINATION

##### **6-1 General rules**

The rules for determining securities prices are as follows:

- Trades are executed per share or unit.
- Trades are executed in a single auction per session.
- Order matching takes place at 15:00 for the primary stocks (equities and bonds) and at 15:30 for secondary instruments (derivatives).
- Upon order matching, the reference price used for managing price variations is, barring exceptions, the last price recorded or the last price bid or asked for the primary stocks.

- *Management of price variations*

Unless an exception is announced to trading members, Euronext Paris SA applies the following price deviation rules:

- For an equity security, the price recorded cannot breach a threshold of plus or minus 10% of the last known price or last indicative price.
- For secondary lines, the authorised threshold is either plus or minus 10% of the last known price or last indicative price, or is defined with reference to the last known price or last indicative price.
- For a bond, the recorded price cannot exceed a threshold of 2% above or below the reference price,
- If the state of bids and offers could breach the authorised threshold, the security is "reserved" until the next matching of orders.
- If Euronext Paris SA considers, market conditions so warrant, Euronext Paris SA can, after informing trading members, set wider variation margins than those mentioned above.

At the end of the trading session, based on the state of the market, Euronext Paris SA determines, whether an indicative bid or asks should be recognised.

#### *- Suspension of trading*

Euronext Paris SA can suspend trading in a security in the interest of the market.

### **6-2 Order details**

Each order must indicate the side (buy or sell), the security's name or identifying characteristics, the quantity to be traded and, all details necessary for proper execution of the order.

Orders can be stipulated as "limit", "market-to-limit", "must be filled", "stop-loss", "stop-limit", or "all or none". Orders can also stipulate special execution terms, as permitted by the trading system.

### **6-3 Duration of orders in the central orderbook**

These provisions apply solely to the production of orders in the central orderbook, without prejudice to the conditions established between intermediaries and their clients.

A "good till cancelled" order is valid for 365 calendar days.

A fixed-duration order expires at the end of the stipulated period, which cannot exceed the duration of a good till cancelled order submitted on the same day. If not executed within the stipulated period, the order is automatically purged from the trading system.

If no duration is specified, an order is deemed to be a day order.

### **6-4 Cancellation of transactions**

In cases such as obvious error, Euronext Paris SA can cancel a price, thereby cancelling all transactions made at that price on the day in question. The cancellation is brought to the attention of trading members.

### **6-5 Declaration of trades off the central orderbook**

Any transaction made off the central orderbook can be declared to Euronext Paris SA.

Trading members can declare such transactions via the declaration and matching system at any time after the quotation of the session's auction and until the next auction in the following session. Declarations do not carry price conditions and are published on the following day.

Declarations of transactions off the central orderbook are not accepted in two cases:

- securities for which trading is reserved or suspended
- securities for which orders have been scaled back.

## **6-6 Corporate events**

Without warranty on its part, Euronext Paris SA publishes notices on the financial transactions and the information brought to its attention (corporate events, etc.) which concern the securities traded on the Marché Libre.

## **7 - SETTLEMENT**

For Marché Libre securities admitted to Euroclear France operations, settlement occurs automatically three days after the trade in the Relit+ system. The trades are cleared and guaranteed by Clearnet, under its own terms and conditions.

For Marché Libre securities that are not admitted to Euroclear France operations, the formalities of bearer registration and deletion with the issuer or delegated transfer agent are accomplished by transfer order initiated by the trading member involved in the trade.

For securities that are not cleared by Clearnet, Euronext Paris SA can, without warranty on its part and in conformity with securities market practices, put in place at the request of a party affected by defective settlement, a buy-in procedure or indemnity against the defaulting party after the 21st trading day after the theoretical delivery date.

Exceptionally, Euronext Paris SA can modify the timeframes mentioned above for a particular security. In all cases, beyond a period of three months following the trade date, Euronext Paris SA will no longer accept a buy-in request.

## **8 - COMPLIANCE WITH AND MODIFICATION OF THESE RULES**

**8-1** A trading member who trades on the Marché Libre must strictly abide by the legal and regulatory provisions that apply to transactions on this market, including the rules for public offerings of securities and the rules on solicitation. Euronext Paris SA is not liable in any case whatsoever for a trading member's non-compliance with these provisions.

**8-2** Trading on the Marché Libre implies full and complete compliance with these rules, which have contractual value and which apply to the various trading parties.

This memorandum must be sent by each trading member responsible for trading to any investor who so requests.

The rules contained in this memorandum can be changed at any time by Euronext Paris SA with a view to ensuring the orderly operation of the market.

In this case, Euronext Paris SA will inform trading members of the modifications made. Trading members must abide by the modifications and bring them to the attention of their clients.

However, a trading member who no longer wishes to continue trading on the Marché Libre under the new terms and conditions announced by Euronext Paris SA can cease trading on the Marché Libre, in which case, no indemnity is owed by either party.

## **9 - FEES**

(Fee scale, before taxes)

- a) Application fee, charged regardless of outcome: €3,800
- b) Fee for first trade: 0.1% of market capitalisation

c) Customary fees of Euronext Paris SA are assessed on trades.

10 - SUBSCRIPTION TO *NOTES DU MARCHÉ LIBRE*

Annual subscription: € 692.37 (excl VAT).



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