

MEMORANDUM OF UNDERSTANDING BETWEEN THE Commission Bancaire et Financière (Belgium), Conseil des Marchés Financiers (France), Commission des Opérations de Bourse (France,) Netherlands Authority for the Financial Markets (The Netherlands), Comissão do Mercado de Valores Mobiliários (Portugal) AND THE Financial Services Authority(UK)
REGARDING THE CO-ORDINATED REGULATION AND SUPERVISION OF THE DERIVATIVES MARKETS OPERATED BY THE EURONEXT GROUP AND OF EURONEXT N.V.

Preamble

1. Considering that Euronext aims at forming a single trading platform for its derivatives markets in Belgium, France, the Netherlands, Portugal and the U.K. using the same trading system (LIFFE CONNECT), and considering that the entities running these markets are held by the same holding company (EURONEXT N.V.), the regulatory authorities of these markets recognise that the supervision of the derivatives markets operated by the Euronext Group and of Euronext NV calls for more specific regulatory co-operation beyond the more general approach as members of CESR. Therefore they agree to co-operate¹ on matters of mutual interest, without prejudice to each other's domestic competencies and responsibilities and subject to any laws or regulatory requirements in force in, or applying to, their jurisdictions.

Objective/purpose and principles of the cooperation:

2. The authorities involved will co-operate in order to ensure adequate regulation and supervision of the derivatives markets operated by the Euronext Group as well as of Euronext NV in so far as this is relevant for the derivatives markets. The authorities will also co-operate in respect of any issues relating to the Euronext cash markets which have a material effect on the operation of the derivatives markets and have a bearing on the responsibilities of the FSA. This co-operation will also aim to implement a coherent efficient regulatory framework without prejudice to the

¹ co-operate implies also information sharing in a timely fashion

domestic legal obligations which each regulator has. This objective will be carried out through consultation and co-ordination and the exchange of information between the authorities.

3. The authorities intend to co-operate with one another within the terms of this Memorandum of Understanding (MOU). This MOU does not modify or supersede any laws or regulatory requirements in force in, or applying to Belgium, France, the Netherlands, Portugal or the United Kingdom. This MOU sets forth a statement of intent and accordingly does not create any enforceable rights.

Items of mutual interest

4. The authorities will consult each other in so far as the operation of their respective domestic derivatives markets operated by the Euronext Group or decisions taken by Euronext NV either affect the operation of other derivatives markets operated by the Euronext Group or the Euronext Group and will co-operate in order to agree on a common approach to issues of mutual interest, including the following:

- i. Initial rules and subsequent modification of a harmonised rulebook for the derivatives markets and notices for the purpose of interpreting or implementing those provisions of the Euronext Rulebook (trading procedures)
- ii. Alliances, mergers, major acquisitions, financial resources, cross membership agreements or other agreements regarding, or having an effect on, membership, at the level of Euronext N.V. or at the level of (one of) its subsidiaries that are relevant to the derivatives markets.
- iii. Other integration or restructuring steps like adjustments to the corporate governance or management structure of local derivative markets in so far as these steps have an effect on the other derivatives markets.
- iv. Outsourcing of activities related to trading, registration and publication of transactions, surveillance of members' activity, monitoring transactions.
- v. Creation or closing of a regulated derivatives market or other derivatives trading facilities.
- vi. Appointments to the Euronext N. V. Management and Supervisory Boards
- vii. Appointment of the key persons in charge of the Euronext derivatives business stream.

5. Cooperation in respect of issues relating to the Euronext cash markets which have a material effect on the operation of the derivatives markets and a bearing on the responsibilities of the FSA will include matters such as

i. a coherent approach to market surveillance where a derivative contract is listed on an exchange operated by the Euronext Group and the underlying instrument is listed on another market operated by the Euronext Group.

ii. initial rules for or subsequent modification to the harmonised rulebook of the cash markets which have or will have an effect on the operation of the derivatives markets

6. The authorities expect Euronext to submit to them key decisions taken on issues of mutual interest. Once the authorities have received complete information concerning those decisions, they will respond diligently.

Membership of the derivatives markets

7. Practical arrangements agreed among the authorities will determine authorisation and/or notification procedures to be followed by existing and future members of the derivatives markets operated by the Euronext Group, in particular remote members, and also specify the way in which the authorities involved in this notification mechanism will work together and the responsibilities allocated to each one.

8. The authorities will agree on the allocation of responsibility for the on-going supervision of members of the derivatives markets operated by the Euronext Group and will keep each other informed of any exclusions, suspensions and sanctions imposed on these members either by them or by the market operators in respect of matters covered by the MOU .

Supervision of the derivatives markets and of Euronext N.V.

9. The authorities will develop a common approach to areas of mutual interest concerning the derivatives markets including:

- financial resources, shareholders, suitability of the management, corporate governance of Euronext N.V.
- systems and controls of the trading system (IT systems, audit and controls, risk management, conflicts of interest),
- monitoring of, and reporting of transactions and dissemination of market data .
- management links between Euronext NV and its derivatives markets.

10. Without prejudice to their domestic legal obligations, the authorities involved will consult before taking any individual decision that has a material effect on the derivatives markets.

11. In accordance with their supervisory obligations, the authorities will provide one another with any information necessary for the implementation of such a co-ordinated approach. The CESR MOU will be the basis for the exchange of information and surveillance of securities activities. Additional co-operative arrangements may be agreed in order to strengthen the enforcement of securities law and regulation across jurisdictions of the derivatives markets operated by the Euronext Group.

Institutional arrangements

12. In order to implement this MOU, to discuss, and agree on a common approach to issues of common interest, the authorities will hold joint meetings at Chairmen's level and Steering level on a periodic and as needed basis. The Chairmen's meetings will be prepared by a Steering Committee meeting consisting of a representative of each authority and meeting a few days before each meeting of the Chairmen's Committee (as described in the MOU between the Euronext regulators dated 22 March 2001, as amended on 26 March 2002.).

13. At the technical level, a Euronext LIFFE working group, will address and co-ordinate the work on the matters covered by this MOU and formulate proposals for analysis and approval by the Steering Committee and/or the Chairmen's Committee. The Euronext LIFFE working group will organise itself in the most efficient way and will either handle the issues itself or delegate them to existing working groups formed under the separate MOU between the Euronext regulators dated 22 March 2001, as

amended on 26 March 2002. In the latter case, the FSA will be invited to participate in the meetings of the working groups dealing with issues covered by this MOU and will receive agendas and relevant papers for such meetings.

14. The operation of these arrangements will be reviewed six months after the entry into force of this MOU.

Final Provisions

Confidentiality

15. Any information shared between the authorities is to be used solely for the discharge of the legal obligations of the authorities involved and will be subject to professional secrecy. Disclosure to third parties of any information will require the prior approval on a case by case basis of the authority originating the information.

Term

16. This MOU takes effect from the date of its signature by the authorities and will continue to have effect until terminated by any of the authorities with regard to its participation in the arrangements contemplated under this MOU by giving at least 30 days' advance written notice to each of the other authorities. Termination of this MOU does not affect obligations under the MOU relating to confidentiality of information which shall continue to have effect.

Language

17. This MOU is drawn up in English, French, Dutch and Portuguese. These language versions are equally authentic.

Additional Parties

18. Should the Euronext Group be extended to include other regulated derivatives markets, the signatory authorities agree that other regulatory authorities may become party to this MOU.

Signed this day on ^{6th} of March 2003

Signatory Authorities:

- Belgium
Commission Bancaire et Financière / Commissie voor het Bank- en
Financiewezen (CBF) /
- France
Commission des Opérations de Bourse (COB)
Conseil des Marchés Financiers (CMF)
- Netherlands
Netherlands Authority for the Financial Markets (NAFM)
- Portugal
Comissão do Mercado de Valores Mobiliários (CMVM)
- United Kingdom
Financial Services Authority (FSA)

Addenda to the Memorandum of Understanding

Part I - Co-ordinated Regulation and Supervision of EURONEXT N.V. and of the Regulated Markets operated by the EURONEXT Group

- Whereas Euronext N.V. has acquired all shares in BVLP-Sociedade Gestora de Mercados Regulamentados, SA, which was the market operator holding the license under the Portuguese law to operate the existent Portuguese exchanges and which has accordingly changed its name to Euronext Lisboa, Sociedade Gestora de Mercados Regulamentados, SA;
- Whereas the Portuguese Minister of Finance has granted his authorization of the aforementioned acquisition, as required under article 20(A) of Decree-Law Nº 394/99 of October 13th, amended by Decree-Law 9-D/2002 of January 15th;
- Whereas as a result of the aforementioned acquisition, Euronext Lisboa, Sociedade Gestora de Mercados Regulamentados, SA is now a subsidiary of the Euronext Group and is intended to be fully integrated in the latter's single trading platform operated under a harmonized regulatory framework;
- Whereas the competent authorities for supervision and regulation of either the Euronext Group or its local subsidiaries have signed a Memorandum of Understanding with a view to ensuring a co-ordinated approach to the exercise of their respective powers and responsibilities;
- Whereas under article 359 of the Portuguese Securities Code, the *Comissão do Mercado dos Valores Mobiliários* (CMVM) is the competent authority to supervise and regulate market operators such as Euronext Lisboa, Sociedade Gestora de Mercados Regulamentados, SA;
- Whereas the CMVM is legally authorized under article 376 of the aforementioned Code to establish co-operation with other national regulators whenever this is necessary for the provision of adequate supervision of cross-border transactions;
- Whereas co-operation between the CMVM and the other authorities which have signed the MoU is essential to maintain the high standards of supervision of both the Euronext Group and the markets operated by Euronext Lisboa, Sociedade Gestora de Mercados Regulamentados, SA, in order to foster market integrity and the confidence of investors;
- Whereas the name of the Securities Board of the Netherlands (STE) has been changed into the Netherlands Authority for the Financial Markets as of March 1, 2002;

The authorities mentioned below have signed this addenda.

1 – The Portuguese Securities Commission (Comissão do Mercado de Valores Mobiliários) adheres, and the other parties accept this adhesion, to the Memorandum of Understanding Part I - Co-ordinated Regulation and Supervision of EURONEXT N.V. and of the Regulated Markets operated by the EURONEXT Group, as of the date set out below.

2 – In accordance with the provided for in number 11.3 of the Memorandum, the signatories establish that the above-mentioned MoU is also written in Portuguese. The Portuguese version is deemed to have equal legal value to the French, English and Dutch versions.

Done on 28/3, 2002

Full signatory authorities

- - **Belgium**

- • Commission Bancaire et Financière / Commissie voor het Bank - en Financiewezen (CBF)

Mr. E. Wymeersch

- - **France**

- • Commission des Opérations de Bourse (COB)

M. M. Prada

- • Conseil des Marchés Financiers (CMF)

M. J.-F. Lepetit

- - **The Netherlands**

- • Netherlands Authority for the Financial Markets (Authority-FM)

Mr/A. W. H. Docters Van Leeuwen

Mr. J. W. F. Kaptein

- - **Portugal**

- • Comissão do Mercado de Valores Mobiliários (CMVM)

Mr. F. Teixeira dos Santos

Associated signatory authorities

- • Euronext Brussels Market Authority (Associated signatory authority as independent administrative market authority in Belgium)

Mr. V. Van Dessel

- • Euronext Amsterdam N.V. (Associated signatory authority/in its capacity as competent authority under the Act on the Supervision of the Securities Trade 1995 in the Netherlands).

Mr. G.A. Möller

**Addendum to the Memorandum of Understanding on the co-ordination
of the regulation, supervision and oversight of the Euronext Group**

**Part II - Co-ordinated supervision and oversight
of the clearing activities of the Euronext group**

Whereas Euronext N.V. has acquired all shares in BVLP-Sociedade Gestora de Mercados Regulamentados, SA, which was the market operator holding the license under the Portuguese law to operate the current Portuguese exchanges and which has accordingly changed its name to Euronext Lisbon, Sociedade Gestora de Mercados Regulamentados, SA ;

Whereas the Portuguese Minister of Finance has granted his authorization of the aforementioned acquisition, as required under article 20(A) of Decree-Law N° 394/99 of October 13th, amended by Decree-Law 8-D/2002 of January 15th ;

Whereas as a result of the aforementioned acquisition, Euronext Lisbon, Sociedade Gestora de Mercados Regulamentados, SA is now a subsidiary of the Euronext Group;

Whereas the competent authorities for supervision, oversight, and regulation of the Euronext Group and/or its local entities have signed a Memorandum of Understanding with a view to ensuring a co-ordinated approach to the exercise of their respective powers and responsibilities ;

Whereas article 3.4 of Part II of this Memorandum stipulates that the signatory authorities unanimously agree that other supervisory/oversight authorities may become party to this Part of the Memorandum, should the clearing systems of the Euronext Group be extended to include other market transactions;

Whereas clearing and central counterparty functions are to be performed by Banque Centrale de Compensation (Clearnet), a French law subsidiary of the Euronext Group, for the clearing of transactions on the Euronext Lisbon markets ;

Whereas under Articles 92, 93, 99 and 197 of the Portuguese Banking Law, the Banco de Portugal is the competent authority for the prudential regulation and supervision of credit institutions and investment firms, as well as for the oversight of payment systems ;

Whereas under article 359 of the Portuguese Securities Code, the Comissão do Mercado de Valores Mobiliários (CMVM) is the competent authority for the oversight of clearing activities carried out by clearing members, clearing systems and central counterparties ;

Whereas the Banco de Portugal and the Comissão do Mercado de Valores Mobiliários are legally authorized to establish co-operation with other national and foreign regulators whenever this is necessary for the provision of adequate supervision and oversight of cross-border transactions ;

Whereas the name of the Stichting Toezicht Effectenverkeer (STE) has been changed into the Stichting Autoriteit Financiële Markten (AFM) as of March 1, 2002 ;

The authorities mentioned below have signed this addendum to the above-mentioned Memorandum of Understanding:

1 – The Comissão do Mercado de Valores Mobiliários and the Banco de Portugal adhere, and the other parties accept this adhesion, to the Memorandum of Understanding Part II - Co-ordinated supervision and oversight of the clearing activities of the Euronext group, as of the date set out below.

2 – In accordance with Section 3.2 of the Memorandum, the signatories establish that the above-mentioned MoU is also written in Portuguese. The attached Portuguese version is deemed to have the same legal value as the French, English and Dutch versions.

Done on 8/9/03

Signatory authorities:

Portugal

- Comissão do Mercado de Valores Mobiliários
- Banco de Portugal

Belgium

- Commission Bancaire et Financière/Commissie voor het Bank- en Financiewezen
- Banque Nationale de Belgique/Nationale Bank van België

France

- Conseil des Marchés Financiers
- Commission bancaire/Comité des établissements de crédit et des entreprises d'investissement
- Banque de France

The Netherlands

- Stichting Autoriteit Financiële Markten
- De Nederlandsche Bank