

Warrants & Certificates

New features on the European regulated market

More transparency in a steadily growing market

Thanks to a large and diversified range of products and a safe market environment, investor interest in the warrants and certificates market has been increasing for the past few years. In response, NYSE Euronext is offering investors new market features so as to provide the best trading conditions.

New benefits for investors

- Fluidity and trading at prices secured by the issuer
- No trade can be executed outside the issuer quotes
- The investor is reassured as to the issuer's constant presence
- New liquidity indicators are disseminated.

What are the new market model principles?

- The compulsory presence of the issuer¹
- Trading thresholds are replaced by the issuer quotes
- Management of one-sided quote situations
- The continuous refresh mechanism.

Issuer presence and quote boundary mechanism

- The issuer is in the order book on a continuous basis during normal market conditions, thus ensuring market fluidity
- The issuer prices represent the quote boundaries:
 - No trade can occur at a price lower than the issuer bid
 - No trade can occur at a price higher than the issuer offer.

Order book				Instrument: 9424X			
State: Authorized - Open							
			BUY	SELL			
Member	Order no.	Quantity	Price	Price	Quantity	Order no.	Member
Issuer	100102	1000	0,76	0,77	50	100082	inv B
inv A	100099	50	0,75	0,78	1000	100103	Issuer

In the order book example of instrument 9424X, the quote boundaries are 0.76/0.78

No trade can be executed on an instrument without the presence of the issuer managing the instrument, avoiding the occurrence of trades at unfavourable prices. Several liquidity indicators that enable investors to gauge the quality of the service offered by the issuer will be published on the NYSE Euronext website.

¹The presence of the issuer is defined as: the presence of a Bid and an Ask quote in the book, or a one-sided quote – a buy order in a bid-only situation or sell order in an offer-only situation. Under normal market conditions, if the underlying asset price is unavailable, this obligation is suspended.

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Flag for one-sided quote situations

- If an issuer is sold out he flags his instrument and limits the quotes he sends to bid orders only:
 - A theoretical sell quote is derived from the issuer bid price by the trading system. The price of this quote is the maximum price authorized for investor executions.
- If the price of an instrument is so low that the issuer is unable to provide a bid he flags his instrument and limits the quotes he sends to offer orders only:
 - A virtual minimum price is defined and set to the instrument's minimum tick size.

Trading can continue. Investors can exchange products amongst themselves within the boundaries that complete the issuer quote.

One-sided quote situations cease as soon as the issuer re-enters a complete quote (bid and offer quotes).

Smart refresh mechanism

This feature has been specifically developed for the products most sensitive to underlying asset market movements, requiring very frequent price updates.

- A dedicated message containing no market sensitive information such as price, size and side, is sent to the issuer who manages the instruments prior to any execution. This message prompts the issuer to provide the market with an updated quote:
 - If the issuer does not respond within a certain timeframe, the transaction is executed based on the last available issuer quote.
 - No trade can be executed without the confirmation of the issuer quote before the expiration of a refresh period.

Each transaction price is perfectly in phase with the most recent evolutions of all parameters that are taken into account for the valuation of the products.

Contacts

For further information, log on to www.nyseuronext.com > [equities](#) > [warrants & certificates](#)

If you have any question about warrants and certificates new market model, e-mail us at spring@euronext.com



The 'European regulated market new features' brochure is available on www.euronext.com <<http://www.euronext.com/>> [Equities](#) > [Warrants & certificates](#) > [Overview](#)