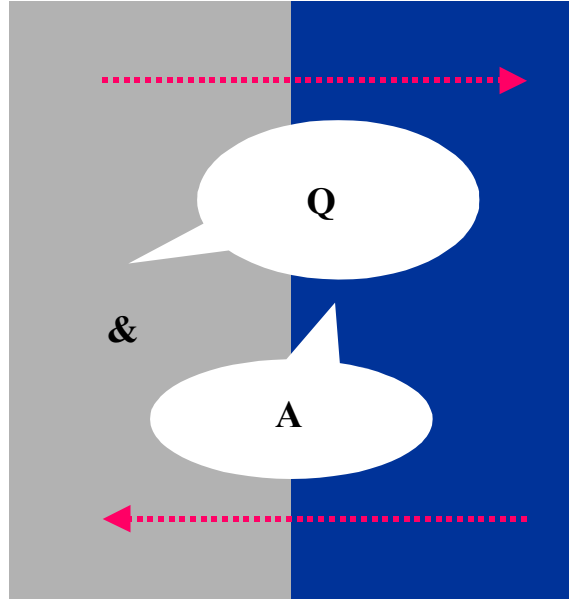




LCH.CLEARNET

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## CORPORATE EVENTS

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### QUESTION 1

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Q: Would the Corporate events changes be applied to the OTC market?

A: Yes, the same principles would be applied on the OTC market.

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### QUESTION 2

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Q: Could the Payment Date be different from the Record Date + 1?

A: Yes, in case of market claim, the Payment Date can be different from the Record Date +1:

E.g.: A market claim with RD = 28/09, PD = 7/10 and with ISD= 7/10

In the SIF file the information for this market claim will be:

- A record 25 will be sent on 28/09 only,
- A record 20 + a record 30 will be sent from 28/9 to 6/10.

In addition, if there is a position on underlying security linked to this market claim with ISD= 7/10, therefore this position will be netted and a record 60 with the net position will be sent to the CSD the 6/10 for settlement.

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### QUESTION 3

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Q: Will mandatory distributions on Belgium securities be included in the liquidation amount starting from ESES phase 1 implementation?

A: Yes, the new COE management, at the CCP level, will be applied within the three market places from November 2007.

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### QUESTION 4

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Q: Is the 5011 message linked to the corporate application (NT/RT type) will be sent to members in real time?

A: Yes, this kind of trade creation will be sent as soon as they will be created in the system.

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### QUESTION 5

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Q: Why is there a reverse trade creation instead of using a cancellation message?

A: The principle chosen aims to be compliant with accounting rules and Euroland COE harmonization. Trade type will be added for new trade (NT) and reverse trade (RT), this will allow members to identify trades issued from market claims and transformation application.

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### QUESTION 6

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Q: How the corporate event will be processed on VVPR strip?

A: A trade leg will be created as well as a "coupon" at the Record Date.

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### QUESTION 7

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Q: With ESES, which rule will be applied to determine the Intended Settlement Date (ISD) & Payment Date (PD) for COE (DVOP - (detachment of option right)?

A: In case of stock distribution, the rule will be the following one:

#### FOR A TRADE WITH STANDARD SETTLEMENT (T+3)

- If  $PD > ISD$  of original trade  $\Rightarrow$  PD will be selected
- If  $PD < ISD$  of original trade  $\Rightarrow$  ISD of original trade will be selected

#### FOR A TRADE ON SRD

- If  $PD < ISD$  of original trade  $\Rightarrow$  PD will be selected
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### QUESTION 8

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Q: Will the record date concern the French market only?

A: Yes, for ESES phase 1, the Dutch segment does is already using the record date and for the Belgium segment, this will be implemented within ESES stream 3 (phase 2).

### FILES & MESSAGES

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### QUESTION 9

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Q: Why the CESF file will be removed?

A: Due to the changes in COE application, and mainly, the new order of dates, the number of market claims on position to settle will decrease drastically, so the CESF will often be empty. The PR3 is updated to provide members with all necessary data in a single file.

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#### **QUESTION 10**

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Q: In the message 5011, what are the data allowing the identification of securities traded in non- Euro currencies?

A: In the message 5011, a couple of data will allow the identification:

- Trade unit price = trading currency
  - Valued price = settlement currency (in Euro).
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#### **QUESTION 11**

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Q: Why the additional data provided in the PR3 file are not included in the 5011 message?

A: Due to the new management of the corporate event, the PR3 file has to be modified; LCH.Clearnet has taken this opportunity to update and complete the PR3 and to provide also additional data. Updating the full range of C21 messages would have occurred too many impacts at LCH.Clearnet's and member's sides and this would have added some more risk on the ESES planning. These data can be found in "referential public file".

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#### **QUESTION 12**

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Q: Will members receive the PR3, SIF, & BIF as well as it is done today? or will the CMF receive only one file grouping all clearing segments?

A: The files will be sent as today by the CCP system.

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#### **QUESTION 13**

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Q: In the PR3 file, is the Trade date format CCYYMMDD?

A: Yes, it is right.

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#### **QUESTION 14**

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Q: In the 5011 message is the depository code present within this message?

A: No, the information is provided in the file entitled "cash data referential" that describes the referential information currently used by members who want to find this information.

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### QUESTION 15

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Q: With ESES, in case of partial settlement, is it true that in the SIF file, the reference will be the Euroclear one instead of the LCH.Clearnet reference?

A: With ESES, the rule applied for the reference remains unchanged, members could find these data in the LCH.Clearnet & the Euroclear references fields as well as today.

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### QUESTION 16

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Q: Will the 5013 message (trade leg cancellation) be cancelled and be replaced by the 5011 message with the "RT" operation type?

A: The 5013 message remains in the private messages because they are sent when a trade leg is cancelled by the market. Nevertheless the 5011 message with the new NT & RT operation types will be provided after a corporate event application.

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### QUESTION 17

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Q: When will the CESF be stopped?

A: As from ESES phase 1 (23 November)

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### ACCOUNT STRUCTURES

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### QUESTION 18

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Q: For a TMF, is it possible to have a dedicated CMF for each clearing segment?

A: Yes it is

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### QUESTION 19

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Q: Due to the implementation of the Single Order Book project, is it mandatory to have an account in BNB when member is active on a Belgium segment?

A: For members active on the X/N products, it will be necessary to maintain their account in BNB as today.

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### QUESTION 20

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**Q:** Is it possible to have one single account structure for all clearing segments?

**A:** No, member should have at least 1 Delivery Account (DA) per clearing segment.

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**QUESTION 21**

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**Q:** What time the changes of the account structure will be set up in the CCP system, and more precisely, do you have any idea on the launch strategy retained by LCH.Clearnet?

**A:** At this stage, we are investigating on the detailed process that will be applied; more information will be provided on the next GMM in June.

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**QUESTION 22**

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**Q:** Is it right that the new structure in ESES for phase 1 have to be implemented before the 23 April?

**A:** 1°) in the respect of the black window periods, any changes in production before the go live of ESES phase 1, has to be done before the 23/04/07. However exceptional situation will be managed case by case.  
2°) for ESES phase 1, the targeted Account structure has to be set up in the EUA platform before the first cycle (dead line was 23/3).

**Q:** When will you ensure yourself of the settlement solutions for stream 3 (phase 2)?

**A:** We will ask you to tell us what your settlement solution between mid November is and December end.

**MISCELLANEOUS**

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**QUESTION 23**

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**Q:** Are there any black window periods scheduled during the ESES project phases?

**A:** 2 black window periods were published:

ESES phase 1: Launch date: 26 November 2007

START DATE	END DATE	PLATFORM	DESCRIPTION FOR ALL SEGMENTS
12 November 2007	10 December 2007	PRODUCTION	CREATION OF NEW TMF MEMBERSHIP EXTENSION FOR CMF / TMF TMF SPONSORING LINK CHANGES
1 May 2007	10 December 2007	PRODUCTION	CREATION OF NEW CMF* MODIFICATION OF SETTLEMENT AGENT* CREATION OF NEW SETTLEMENT AGENT*

\* Members' tests should be finished before: 23 April 2007



ESES phase 2: Launch date: 5 May 2008

START DATE	END DATE	PLATFORM	DESCRIPTION FOR ALL SEGMENTS
2 weeks before the launch date: 21/04/2008	2 weeks after the launch date: 19/05/2008	PRODUCTION	MEMBERSHIP EXTENSION FOR CMF / TMF TMF SPONSORING LINK CHANGES  CREATION OF NEW CMF / TMF MODIFICATION OF SETTLEMENT AGENT CREATION OF NEW SETTLEMENT AGENT

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## QUESTION 24

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Q: How to transfer the risk of change to customers for Non-Euro securities?

A: LCH.Clearnet will update its rulebook in order to allow members to refer to this last and justify the new process.

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## QUESTION 25

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Q: What will be the fees linked to the membership extension?

A: This point is under investigation, and should be provided by the end of June 2007.

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## CONVERSION OF TRADES IN NON EURO CURRENCIES

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## QUESTION 26

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Q: When will the Non-Euro securities conversion be applicable?

A: The conversion on Non-Euro securities will be applicable:

- For the French market, from ESES phase 1 (November 2007)
- For the Belgian & Dutch market, from ESES phase 2 (end of April 2008)

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## QUESTION 27

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Q: In case of trade carried out within a non euro currency, how will it be reported in the 5011 message?

A: It is linked to the trade type:

- For a trade leg coming from trading: the field "trade unit price" is valorized in trading currency and the field "value of position" is valorized in €
  - For a message coming from COE regularization, both fields are valorized in €.
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### QUESTION 28

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**Q:** Is the currency code, especially for the payment currency field, the ISO code? If so, could you specify what the length is?

**A:** Yes it is, and it is a 5 digits length.

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### TESTING

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### QUESTION 29

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**Q:** Will the ESES tests be carried out on the current test platform?

**A:** Yes, the testing will be carried out on the User External Platform as usual. Members will be able to use the usual connectivity means already connected to the LCH.Clearnet EUA platform.

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### QUESTION 30

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**Q:** With ESES, members are able to connect to the LCH.Clearnet homologation platform, could you precise if it will be possible, to be connected to the Euroclear platform (Y) in the same time?

**A:** When the homologation platform will be connected to ESES, it will not be possible to be connected to the previous Euroclear platform (Y) on the French segment.

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### QUESTION 31

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**Q:** What kind of testing will be managed with the launch rehearsal?

**A:** The launch rehearsal period is mandatory for members and it will be in free testing mode.

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### QUESTION 32

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**Q:** Will ENL and EBE be present on the test run cycle 1 & 2?

**A:** Yes it will for EBE. Concerning ENL they will be present during the cycle 1, and probably for the cycle 2 if we take account of the strong pressure of the CCP customers. The subject is being analysed at ENL.

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### QUESTION 33

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**Q:** Will the "end to end" testing run carry out until the payment system?

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**A:** LCH.Clearnet has not planned to apply this kind of test. Nevertheless we study the possibility to produce margins call reports for a few days.

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#### **QUESTION 34**

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**Q:** If the members have no direct link with the settlement can they delegate the validation to their third party?

**A:** Yes they can, nevertheless they have to precise to LCH.Clearnet that they delegate the validation to the third party and have an agreement with these last.

### **1. SINGLE ORDER BOOK**

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#### **QUESTION 35**

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**Q:** If a trade is done on a dedicated market place, this negotiation will be subjected to the tax of the place, will exceptions there?

**A:** No, the rule will be applied in any cases.

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#### **QUESTION 36**

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**Q:** Is it a risk for the ESES project if the Single Order Book is delayed?

**A:** Euronext do not expect any delay, because this project has no IT development in Euronext.

### **LAUNCH REHEARSAL ESES PHASE 1**

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#### **QUESTION 37**

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**Q:** Do members not active on the French segment should be present during the launch rehearsal week end?

**A:** Yes, because LCH.Clearnet will implement its corporate events new management as from ESES phase 1, and the new reports will be sent within the switch over.

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#### **QUESTION 38**

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**Q:** Is it possible to send you our readiness in the morning?

**A:** Yes, as soon as you will verify that files are correctly integrated in your system.

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#### **QUESTION 39**

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**Q:** Will the timing remain the same after the Monday?

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A: Yes it will.

## 2. ESES STREAM 3 LAUNCH STRATEGY

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### QUESTION 40

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Q: Will the fails positions management Book entry comments be enough in case of change currencies?

A: Yes, this will be detailed in the book entry caption.

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### QUESTION 41

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Q: Will fails switch over with the same settlement dates?

A: Yes.

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### QUESTION 42

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Q: What securities will be quoted under this model, and what will be their codes?

A: The securities list will be provided soon by Euronext.

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### QUESTION 43

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Q: Will the market reference designation be in line with those of the market authorities and the Mifid?

A: yes of course.

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### QUESTION 44

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Q: How will you go from FMT to UMT?

A: At this stage we have not enough information from the changes that will be decided ( to day, at the trading level: no change, but we don't know what will be the changes on the settlement side) nevertheless this point is under study and we will keep member informed in the launch strategy description.

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### QUESTION 45

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Q: What is the reason you change it on Friday and not before? (Eg: Air France / KLM)

A: This will happen on the Friday, because all positions not already settled should be sent to the CSD of reference before ESES and to the new

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designated CSD of reference after the switch over. (There will be a possibility that the CSD of reference changes).

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#### **QUESTION 46**

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Q: Should position accounts be activated on new segments? (Before Wednesday)

A: Yes, this will be possible, but the routing rules will be activated by the Friday end.

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#### **QUESTION 47**

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Q: What kind of message will be sent during the switch over?

A: During the switch over, LCH.Clearnet will send some files (PR3 & SIF) including the dedicated records and the book entries.

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#### **QUESTION 48**

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Q: For a TMF, will it be possible to keep one CMF per different segment?

A: Yes it will, but because LCH.Clearnet offers to all its members to extend its membership to all segments, this would be better for the CMF to offer a full clearing service.

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#### **QUESTION 49**

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Q: Will it be possible to combine Euroclear and LCH.Clearnet documentation for account structures?

A: Euroclear did already send the account structure request to its participants, and LCH.Clearnet is waiting for those new account structures definitions, in order to get the right settlement address.

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#### **QUESTION 50**

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Q: Is the end to end free testing for stream 3 (phase 2) includes the derivatives market as well?

A: Yes, we will include in the referential data some derivatives instruments related to multi-listed cash products. Members will be able to perform tests on these instruments.

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**QUESTION 51**

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Q: Will LCH.Clearnet enter trades for clients?

A: CMFs will have to tell LCH.Clearnet their intentions to work with TMFs or if they need LCH.Clearnet to enter trades, but this is strongly limiting the test relevance.

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**QUESTION 52**

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Q: Have you got a list of Euronext securities by market? If not, when do you expect to get it?

A: LCH.Clearnet and its partners expect to provide you with this list by January 2008.

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**QUESTION 53**

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Q: Will there be a reset of the order book?

A: Yes.

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**QUESTION 54**

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Q: Could you give some more information regarding the first launch rehearsal? Referential before and after the week end?

A: LCH.Clearnet will provide you with all these details within the testing guide to be published by December.

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**QUESTION 55**

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Q: Will you organize next meeting dedicated to the tests, with Euronext and Euroclear? (Only in Amsterdam)

A: We could organize such a meeting.

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**FOREIGN CURRENCIES SETTLEMENT**

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**QUESTION 1**

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Q: When will you verify CMFs settlement solutions and TMF clearing solutions?

A: Euronext & LCH.Clearnet will verify CMFs settlement solutions and TMF clearing solutions before authorizing TMFs to trade on those securities.

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## QUESTION 2

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Q: How many currencies do you expect to move with Stream 3?

A: By now, this is not fixed yet by Euronext, but they will inform you in due time.

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## QUESTION 3

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Q: Will you provide us with the expected list for June?

A: Such a list will be provided by Euronext as soon as possible.

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## QUESTION 4

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Q: Will it be a separated delivery account?

A: Yes, if you don't have any settlement solution in Euroclear Bank. This kind of security will be mandatory settled via Euroclear Bank. Moreover, this kind of security could be settled via Kas Bank for the Dutch segment until ESES stream 3 (phase 2).

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## QUESTION 5

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Q: Why doesn't maintaining the euro conversion?

A: Euronext answering the issuers demand to quote and settled within foreign currencies.

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## QUESTION 6

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Q: For a new security, will the cash settlement be made in Kas Bank?

A: Yes, until ESES stream 3 (phase 2), only for the Dutch segment.

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