

NAV TRADING FACILITY

NAV-Based Trading, Simplified

The NAV Trading Facility is a regulated on-exchange forward pricing solution for order execution at NAV*, streamlined from trading to clearing and settlement. It provides a fair and transparent framework to access ETFs at their NAV.



The service, formerly known as the Euronext Fund Service (EFS), runs on the Trade Confirmation System (TCS) trading platform infrastructure, and can be used for trading as a broker/dealer or fund agent. The service is open to members of NYSE Euronext's European Cash Markets and available for all NYSE Euronext-listed open-end funds, including ETFs.

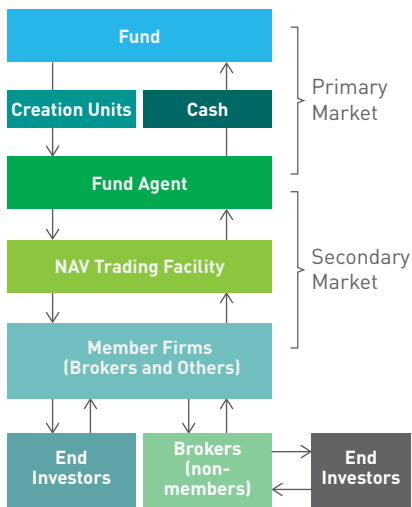
Under the NAV Trading model, each fund issuer is required to appoint a single Fund Agent to act on its behalf. The Fund Agent is entrusted with assuring creation or redemption activity on the fund, and will have specific obligations to fulfill, as set out in the NYSE Euronext NAV Trading Facility Trading Manual, the NYSE Euronext Rule Book, and the prospectus of the fund(s) for which he acts as an agent.

Key benefits to market participants

- **Greater accessibility:** As trading occurs centrally through the exchange, investors do not have to deal with different on-boarding and operational practices to interact with the multiple funds. Similarly, issuers incur efficiencies as they expose their funds to a greater audience in one place.
- **Increased efficiency:** Order entry, accumulation, execution, clearing and settlement are managed electronically in a robust STP framework as with on-book services. On-book, block and NAV trades are aggregated to create a single clearing and settlement position.
- **Transparency:** Because ALL the trades are published through on-book data feeds greater transparency is brought to the market.
- **Better prices:** As the Fund Agent interacts with the fund, and nets the positions of the buyers and sellers, there is an aggregate saving for investors.
- **Complementary:** Facility complements the existing trading service offer available for ETFs listed on NYSE Euronext, which following the implementation, will encompass solutions for on-book, off-book and NAV trading.

* The NAV is the Net Asset Value of the fund, representing the value of a fund's assets less the value of its liabilities. When dividing this by the number of shares outstanding the per-share NAV is obtained. This value is published each business day or on a frequency otherwise specified in the prospectus of the fund. The NAV (+/-) is the per-share NAV adjusted by a premium or a discount corresponding to the direct costs relating to the issuance or redemption of fund shares. If:

- Volume of buyers > volume of sellers → Surcharge (+)
- Volume of buyers < volume of sellers → Discount (-).



How does it work?

In accordance with applicable regulations, each issuer independently determines which entity will be responsible for the NAV calculation for the fund.

Orders submitted by member firms in quantity (ex. 500 shares) or in cash (ex. 1,500€).

Fixed cut-off time set per product. Orders submitted after the cut-off time are eligible for the next execution cycle.

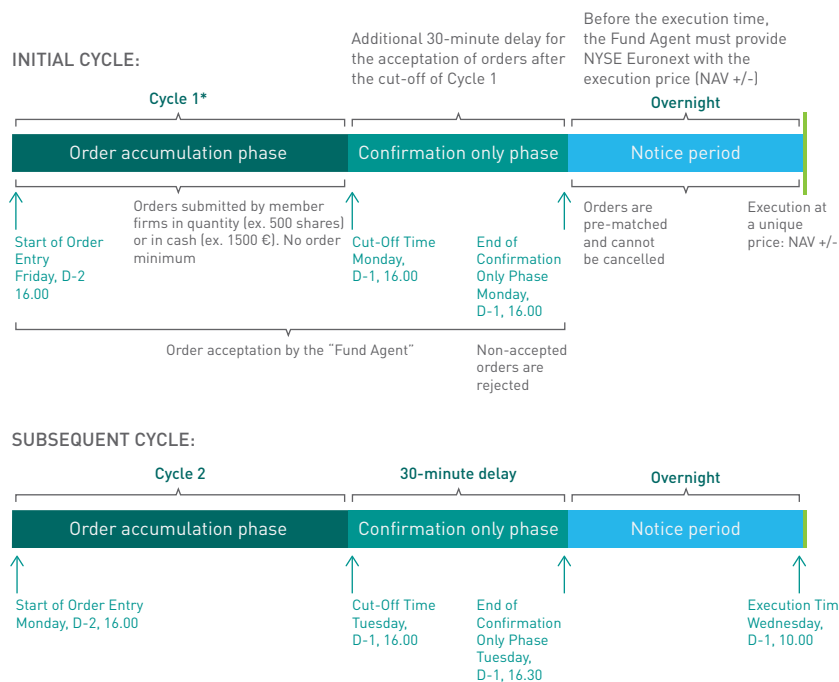
Based on the net position at the cut-off time, the Fund Agent will either:

- Go to the fund provider for fund creation (if the net position is positive)
- Go to the fund provider for fund redemption (if the net position is negative)
- Not create or redeem (if the net position is neutral).

Execution cycle

The NAV trading model offers flexibility in the configuration of order cycles and the timing of cycle phases (ex. intraday, D+1, D+2, D+3 notice periods, execution time, cut-off time). The available order cycles are: intra-day, daily, weekly, monthly or quarterly.

EXAMPLE OF DAILY EXECUTION CYCLE



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