

FESE UCITS Survey 2009

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Objective

- To provide a clear overview of UCITS trading by FESE members.
- Add to / enhance the previous study completed

Responses

- 18 exchanges responded:
 - Athens Exchange
 - BME Spanish Exchanges
 - Bratislava Stock Exchange
 - Bucharest Stock Exchange
 - Budapest Stock Exchange
 - Bulgarian Stock Exchange - Sofia
 - Cyprus Stock Exchange
 - Deutsche Börse AG
 - Irish Stock Exchange
 - Ljubljana Stock exchange
 - Luxembourg Stock Exchange
 - Malta Stock Exchange#
 - NYSE Euronext
 - NASDAQ OMX Copenhagen
 - Oslo Stock Exchange#
 - SIX Swiss Exchange
 - Wiener Börse AG
 - Warsaw Stock Exchange

Results - Summary

- 14 have a traded market in UCITS
- 12 have the same settlement and clearing facilities as for equities
- 13 use the same platform as for equities
- 7 trade in currencies other than Euro
- 7 trade in only domestic funds
- Of the 4 without a UCITS market 3 have no plans to establish one
- 11 use trading systems accessed by members, some of these have market makers
- 2 offer direct connectivity to the fund providers/managers
- All with a UCITS market offer trading at various time periods throughout the day

Source: FESE Member exchanges

*Open End Securities Investment Companies in Spain may decide whether to list on the main market or in the alternative market (MAB segment) **See special rules

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Results - 1

Exchange	Does your exchange trade UCITS?	If so, in which table(s)?	How do the market operators interact?	Do post trading services differ to the Equity market post trading services?	Electronic trading platform. Is it the same as the equity trading platform?	Price formation rules	Currencies traded	Domestic / Foreign based funds?	Plans to establish an Exchange traded market in UCITS?
Athens Exchange	Yes	9	UCITS form a separate sector in the market but there is no difference in trading with the rest of the listed shares	No Difference	Common trading platform with the rest of the shares traded in Athex (OASIS)	Market Makers valuation rules apply	No	N/a	N/a
BME Spanish Exchanges	Yes	4 and 9	Open auction and direct connectivity to fund managers	Mostly the same. Settlement period may vary	SIBE. Yes	Open market. Book value must be communicated to the market	No	100% Domestic	N/a
Bratislava Stock Exchange	Yes	9	N/a	No Difference	It is the same as the equity trading platform	N/a	No	100% Domestic	N/a
Bucharest Stock Exchange	Yes	9a	Open auction, continuous trading, deal market	No difference in post-trading services (de-materialised and enlisted into the CSD accounts)	Same as equity: ARENA Platform	Open auction; based on the opening algorithm, price and volume, the possible transactions are identified, the volumes are allocated and transactions concluded; the algorithm is included in the Rulebook	RON denominated	100% Domestic	N/a
Budapest Stock Exchange	No	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	No
Bulgarian Stock Exchange - Sofia	Yes	9a and 9b	UCITs are traded only in auctions according to the market model of Xetra	No Difference	Yes, the same trading platform, Xetra, is used both for equities and UCITs	UCITs are traded with a static price range of 30% of the price achieved at the previous auction. If the potential execution price exceeds this range, a volatility interruption is triggered	UCITs are traded in euro, US dollars and Bulgarian leva	100% Domestic	N/a
Cyprus Stock Exchange	Yes	9	Orders entered into the Trading System only from the authorised CSE Members	No Difference	Same trading platform as equities (OASIS)	Order Driven Market	No	N/a	N/a

Results - 2

Exchange	Does your exchange trade UCITS?	If so, in which table(s)?	How do the market operators interact?	Do post trading services differ to the Equity market post trading services?	Electronic trading platform. Is it the same as the equity trading platform?	Price formation rules	Currencies traded	Domestic / Foreign based funds?	Plans to establish an Exchange traded market in UCITS?
Deutsche Börse AG	Yes	9a and 9b	Continuous auction trading model. Dedicated Specialist per fund provides indicative quotes and additional liquidity to the market	Unlike equities, trades not cleared via Eurex Clearing AG CCP. Like equities, trades settled via Clearstream Banking Frankfurt (Collective Safe Custody) or Clearstream Banking Luxembourg (Non Collective Safe Custody)	Xetra, yes	Prices are determined by the electronic trading system in line with the modified principle of highest execution volume on basis of the current order book situation and on basis of the fund price calculated by the Specialist	No	Approx 50/50	N/a
Irish Stock Exchange	No	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	We are currently investigating the possibility
Ljubljana Stock exchange	Yes	9a	Same as equity market	Same as equity market	BTS, the same as Equity market	Same as equity market	No	100% Domestic	N/a
Luxembourg Stock Exchange	Yes	9a and 9b	3 auctions per day	Same as equity market	Same trading platform as for all other instruments	A 2.5 % variation to prior price, or 7.5% variation to the last closing price	AUD, CAD, CHF, DKK, GBP, HKD, ISK, JPY, NOK, SEK, SGD, TRY, USD, ZAR	98% domestic & 2% foreign	N/a
Malta Stock Exchange#	No	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	No
NYSE Euronext	Yes	9a	Since beginning 2007, Euronext has developed a new market model for the trading of investment funds. For most of open-ended investment funds, price is determined by a Fund Agent and is based on the NAV. Orders are executed at a fixed time (10:00)	N/a	Most open-ended fund are traded on a specific trading platform. Some are still traded on the equity trading platform	A charge or a discount is added to the NAV by the Fund Agent according to the in or outflow of the fund	Currencies are Euro and US Dollar	3% in number	N/a

Results - 3

Exchange	Does your exchange trade UCITS?	If so, in which table(s)?	How do the market operators interact?	Do post trading services differ to the Equity market post trading services?	Electronic trading platform. Is it the same as the equity trading platform?	Price formation rules	Currencies traded	Domestic / Foreign based funds?	Plans to establish an Exchange traded market in UCITS?
NASDAQ OMX Copenhagen	Yes	9	Investment funds have full access to a very competitive STP infrastructure where NASDAQ OMX and VP handle all services demanded by the investment funds. All funds have Market Makers. End-investors trade through AOR systems	Same as equity market	It is the same as the equity trading platform	They are traded closely to NAV. NAV is disclosed three times a day to the investor (minimum)	Yes, some are traded in NOR	430 - 5	N/a
Oslo Stock Exchange#	No	N/a	N/a	N/a	N/a	N/a	N/a	N/a	No
SIX Swiss Exchange	Yes	9a and 9b	Central Limit Order Book	Same as equity market	It is the same as the equity trading platform - CLOB (Central Limit Order Book)	Please look at http://www.six-swiss-exchange.com/download/about/publications/guide_funds_en.pdf	Only in CHF	N/a	N/a
Wiener Börse AG	Yes	9a and 9b	Market Making by Stock Exchange Members	Same as equity market	Xetra, yes	Continuous Trading (in combination with several auctions. Orders are executed according to price/time priority. Auction (single intraday auction):- The auction price is the price at which there is the largest volume of executable orders and the smallest order surplus per limit in the order book. Currently all UCITS are traded Continuous Trading	No	100% Domestic	N/a
Warsaw Stock Exchange	Yes	9a and 9b	Market Makers	Same as equity market	It is the same as the equity trading platform	Same as equity market	Domestic in PLN	100% Domestic	N/a

Conclusions

- In most cases , cleared and settled in the same way as equities
- More domestic funds are traded than foreign
- No significant changes planned for the trading of UCITS in the future