

NOTICE NO. AN 14/23

Issue Date: 10 December 2014

Effective Date: 11 December 2014

UPDATED VERSION OF EURONEXT'S CORPORATE ACTIONS POLICY

Executive Summary

This notice informs Members of changes to the Euronext's Corporate Actions Policy which will come into effect on 11 December 2014.

1. Introduction

The purpose of this Notice is to inform Members of changes to Euronext Corporate Actions Policy ("the Policy") which will come into effect on 11 December 2014.

2. Background

These changes are intended to provide additional clarification in the Policy and to reflect the introduction of options on EFTs as communicated in Amsterdam Notice 14-22 issued on 9 December 2014.

3. Changes to the Policy

3.1 The changes can be summarised as follows (additions shown underlined/deletions ~~strike through~~):

(i) DEFINITIONS

Option Contracts	means Option Contracts (cash settlement & physical delivery), listed on Euronext, on individual Shares <u>or Exchange Traded Funds ("ETF")</u>
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(ii) Art 6.3 Dividends

In the case of cash, Stock or Scrip Dividends, Option Contracts and Futures Contracts will only be adjusted if these dividends are special. Euronext will use the following criteria for deciding whether a dividend should be considered to be a special dividend:

- a. The declaration by a company or ETF-issuer of a dividend additional to those dividends declared as part of the company's or ETF's normal results and dividend reporting cycle; merely an adjustment to the timing of the declaration of a company's or ETF's expected dividend would not be considered as a special dividend circumstance; or

- b. The identification of an element of a dividend paid in line with a company's or ETF's normal results and dividend reporting cycle as an element that is unambiguously additional to the company's or ETF's normal payment.

For the purpose of clarification, Euronext will not make adjustment for the following situations:

1. **Payment of ordinary dividends, irrespective of how they are financed;**
2. **The issue of redeemable Shares or any other entitlement in lieu of an ordinary dividend; or**
3. **An unexpected increase or decrease, resumption or cessation, or change in frequency to an ordinary dividend.**

The Ratio Method will be used in making adjustments to Option Contracts and Futures Contracts to cater for special dividends, and shall be calculated as follows:

$$\text{Adjustment Ratio} = \frac{(P - Od - Ed)}{(P - Od)}$$

Where:

- P = The official closing price of the cum entitlement Shares on the Relevant Stock Exchange.
- Od = Any ordinary dividend amount per share, to be paid to the shareholders or ETF-holders as published by the issuer which has the same ex-date as Ed
- Ed = The special dividend amount per share to be paid to the shareholders or ETF-holders as published by the issuer

(iii) Art. 6.5 Liquidation

Where a company or ETF is delisted from its Relevant Stock Exchange as a consequence, amongst other things, of liquidation or bankruptcy Option Contracts and Futures Contracts will be settled according to their intrinsic value.

Where the underlying Shares in question are suspended from trading but still transferable through the relevant settlement system, trading, exercise and settlement in the Option Contracts may still be allowed.

(iv) Art. 6.8 Delisting

Where a company or ETF is delisted from its Relevant Stock Exchange on request of the relevant company or ETF-issuer and, as a consequence, the underlying Shares are no longer deliverable on an exchange designated by Euronext, Euronext shall use the Fair Value method to settle the open positions in the Option Contracts and Futures Contracts as described in Appendix 1, whereby the determination of the implied volatilities for the purpose of settlement of the Options at Fair Value shall be based on the settlement prices of the relevant Options series over a ten business day period preceding the delisting.

