

## PARIS NOTICE NO. 14/004

Equivalent Notices are being issued to Members of all Euronext markets

Issue Date: 4 April 2014

Effective Date: 7 April 2014

### UPDATED VERSION OF NYSE LIFFE'S CORPORATE ACTIONS POLICY

#### Executive Summary

This Notice informs Members of changes to NYSE Liffe's Corporate Actions Policy which will come into effect on 7 April 2014.

#### 1. Introduction

- 1.1. The purpose of this Notice is to inform Members of changes to NYSE Liffe's Corporate Actions Policy ("the Policy") which will come into effect on 7 April 2014.

#### 2. Background

These changes are intended to cater for the corporate reconstruction as communicated in Notice 1-01, published on 4 April 2014, and to reflect the introduction of Single Stock Futures (SSF) contracts on the Amsterdam, Brussels and Paris Markets as communicated earlier in separate info flashes and Notices.

#### 3. Changes to the Policy.

- 3.1. The changes to the Policy related to the introduction of SSF contracts can be summarised as follows (additions shown underlined/deletions ~~strikethrough~~):

(i) **DEFINITIONS**

Amsterdam <del>Options</del> Contract	means <u>Options and Futures</u> Contracts that are listed on Euronext Amsterdam.
Brussels <del>Option</del> Contracts	means <u>Options and Futures</u> Contracts that are listed on Euronext Brussels.

(ii) Section 4.4 **O-CLASS ~~OPTION~~ CONTRACTS**

With respect to Amsterdam ~~Option~~ Contracts and Brussels ~~Option~~ Contracts, where application of the Ratio Method results in a Lot Size that is greater than the Standard Lot Size, Euronext will introduce an additional contract that will contain those shares which are in excess of the Standard Lot Size (the O-class). Apart from the different Lot Size, the O-class will have the same specifications as the adjusted original contract. Therefore, ~~option~~ holders of a position will still hold existing contracts with a Standard Lot Size and receive one additional contract for every existing contract held, that will contain shares in excess of the Standard Lot Size. The additional contracts introduced will be designated with a Trading Code that usually has an “O” placed at the end of the Trading Code (hence “O-class”), and where this is not possible, with another letter.

If application of the Ratio Method results in a Lot Size that is less than the Standard Lot Size, Euronext will change the Trading Code of the contract, to become an O-class. At Euronext’s discretion, contracts with the same expiry months as the affected contracts may be introduced at a Standard Lot Size, and will be designated with the original Trading Codes as the existing contract prior to adjustment.

No new strike prices, maturities and/or expiry months will only be introduced made available for O-class contracts ~~having a Standard Lot Size~~.

(iii) Section 5.1 **RATIO METHOD**

For **Amsterdam ~~Option~~ Contracts** and **Brussels ~~Option~~ Contracts** where application of the Ratio Method results in a Lot Size that is greater than the Standard Lot Size, an additional contract will be introduced which contains the shares which are in excess of the Standard Lot Size (the O-class, see section 4.4).

(iv) Section 5.2 **PACKAGE METHOD**

The Package Method entails substituting the underlying shares in a contract with a package of the ex-entitlement shares and the proportionate number of entitlements.

In the case of physical delivery Option Contracts, on exercise, Delivery Sellers are required to deliver the ex-entitlement shares and the proportionate number of entitlements in consideration for the exercise price multiplied by the Lot Size. Fractions of shares will be settled in cash. No adjustment will be made to the lot size or exercise prices. ~~Amsterdam Option Contracts and Brussels Option Contracts will be renamed to become an O-class.~~

3.2. The changes to the Policy related to the corporate reconstruction as communicated in Notice 1-01, published on 4 April 2014, result in separate Policies for Euronext and LIFFE.

An updated version of the **Euronext Derivatives Corporate Actions Policy** document will be made available on the Euronext website (<https://derivatives.euronext.com/en/trading/corporate-actions/corporate-action-policies>).

An updated version of the **LIFFE Corporate Actions Policy** document will be made available on the LIFFE website (<https://globalderivatives.nyx.com/en/nyse-liffe/corporate-action-policies>).

For further information in relation to this Notice, Members should contact:

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