euronext GO FOR GROWTH
March 2004
Issue n° 31

Next Facts

>> Market activity

Cash and derivatives markets see volumes increase in February.

February was an excellent month for trading on Euronext's **cash market**, which encompasses shares, trackers, warrants and bonds. Some 12.7 million transactions were registered, up 22.6% on the same month last year. A total of 26.6 million transactions have been executed on Euronext's cash markets in the year to date, which translates into a daily average of 649,485 transactions, an increase of 20.4% compared with the same period in 2003 and the highest figure recorded for the first two months of the year since the Euronext merger in 2000.

A total of 12 million share transactions were executed in February, 24.3% higher than during the same month in 2003. This corresponds to a daily average of 601,274 transactions for the month. On a year-to-date basis, share transactions were up 21.6%.

On Euronext's international **derivatives market** Euronext.liffe some 71.3 million contracts were traded in February, an increase of over 38% on the same period last year. On average, 3.6 million contracts were traded each day, making it the busiest February on record and the second busiest month ever for Euronext.liffe.

While growth in trading volumes was seen across the whole derivatives product range, the highest increase was recorded in individual equity products (up 52% on the same month last year). A total of 44.2 million equity contracts were traded: more than 33.2 million individual equity derivatives, and 11 million equity index products.

In February, more than 25 million **short-term** interest rate contracts were traded, an increase of 21% year-on-year. Commodity products too showed a healthy growth, with an increase of 16% compared to February 2003.

>> Highlights

Euronext.liffe launches One Year Mid-Curve options on Eurodollar futures contracts

On Thursday 18 March 2004, Euronext.liffe introduced One Year Mid-Curve options on Eurodollar futures contracts. One Year Mid-Curve options give holders the right to buy or sell a futures contract with a delivery date one year after the option's expiry date (or later in the case of serial options). A December 2004 One Year Mid-Curve option contract, for instance, relates to the December 2005 futures contract. Quarterly options (ie with March, June, September and December expiry months) create futures positions in the delivery month one year after the option's expiry, while serial options result in positions in the delivery month one year after the next quarterly option's expiry.

The launch of the new contracts coincides with the introduction of three-month Eurodollar futures and options on LIFFE CONNECT® on 18 March (see February issue).

Mid-Curve options are the fastest growing interest rate products at Euronext.liffe. Turnover in Euribor Mid-Curve options grew by almost 250% in 2003.

Unit of trading	One three-month Eurodollar futures contract
Expiry months	Four quarterly months (March, June, September, December cycle) and two serial months. The nearest three consecutive calendar months are available for trading (a quarterly option relates to a futures contract with a delivery month one year after the option's expiry month, while a serial option relates to a futures contract with a delivery month one year after the next quarterly option's expiry).
Minimum price movement	0.005% for all expiry months
Value of minimum price movement	$12.50 for all expiry months
Last trading day	11:00 London time/05:00 Chicago time Two London business days prior to the third Wednesday of the expiry month.
Exercise day	Exercise by 20:00 London time on any business day prior to the last trading day. Exercise by 11:45 London time on the last trading day.
Delivery day	First business day following the day of exercise
Trading hours	07:02 - 20:00 London time 01:02 - 14:00 Chicago time

For more information, go to www.liffe.com/eurodollar.

Go to top

>> Highlights (contd.)

Introduction of LogicaCMG and Versatel options

On 12 March 2004, Euronext.liffe expanded its range of equity options to include option contracts on shares in LogicaCMG N.V. and Versatel Telecom International N.V. Both companies are listed on Euronext's cash market in Amsterdam. The new contracts are traded on Euronext.liffe's Amsterdam market under the trading symbols LC (LogicaCMG) and VRS (Versatel).

Euronext.liffe has selected Intal B.V., Madron B.V. and Optra v.o.f. as primary market makers (PMMs). Saen Options B.V. and Timber Hill (Europe) AG will act as competitive market makers (CMMs). They will maintain the market in these classes in accordance with the relevant conditions governing maximum spreads and the minimum size obligation until 18 June 2004.

Initially, only options with lifetimes of 3, 6 and 9 months are listed.

According to Alan van Griethuysen, Euronext.liffe's sales director, Euronext.liffe has decided to list options on Versatel and LogicaCMG because the underlying shares have grown in popularity over the past few years, as measured by value of turnover. Thanks to high share trading volumes, on 2 March 2004 Versatel joined the AEX index of the 25 most heavily traded shares in Amsterdam, while LogicaCMG joined the Amsterdam Midkap index (AMX) on the same day. The introduction of equity options on these companies' shares brings the total number of equity options available on Euronext.liffe to 289: 51 in Amsterdam, 17 in Brussels, 90 in London, 127 in Paris and 4 in Portugal.

	Versatel Telecom International	**LogicaCMG**
Symbol	VRS	LC
Contract size	100 shares	100 shares
Currency	Euro	Euro
Minimum price move	€0.05	€0.05
Trading hours	09:00 – 17:25 CET	09:00 – 17:25 CET
Option style	American	American
Contract months	Initial lifetime: 3, 6 and 9 months. Cycle: March, June, September, December.	Initial lifetime: 3, 6 and 9 months. Cycle: March, June, September, December.
Last day of trading	Until 17:25 CET on the third Friday of each contract month, provided this is a business day. If it is not, the last day of trading shall be the last business day preceding the third Friday in the contract month.	Until 17:25 CET on the third Friday of each contract month, provided this is a business day. If it is not, the last day of trading shall be the last business day preceding the third Friday in the contract month.
ISIN	NL0000391266	GB0005227086

For more information, visit www.euronext.com and www.liffe.com.

Go to top

The benefits of bond ETFs for institutional investors (EDHEC research)

Active strategies with trackers

A paper on a recent research project led by EDHEC Risk and Asset Management Research Centre has shown that institutional investors in general, and pension funds in particular, can use readily-available tools to implement effective structured-investment and risk-management processes. Specifically, the authors of the paper demonstrated that institutional investors can benefit from using dynamic trading in bond trackers (also known as ETFs) to implement active and passive asset allocation decisions.

This conclusion is in sharp contrast to the traditional, more restrictive view on the potential use of trackers, in which the instruments are usually viewed as the natural choice of investment product for those wanting to implement passive indexing strategies. The authors claim the benefits of trackers are actually much greater than usually reported, and that the ease of use and cost-efficiency associated with trackers enable institutional investors to implement state-of-the-art risk management practices for individual bond portfolios without forcing them to make the substantial investments in human resources and systems that would otherwise be required to achieve similar results.

The research paper's analysis is based on the example of the bond tracker on the EuroMTS index that was listed on Euronext on 22 January 2004 (see February issue).

If you want to receive a copy of the survey (available either as a PDF file or a hard copy), write to David Martinez at d.martinez@euronext.com. The survey is also available at www.euronext.com > trading > equities > trackers > highlights.

Go to top

>> Highlights (contd.)

Euronext's annual results

Euronext's full-year results for 2003 were published on 19 March 2004. Compared with 2002, Euronext saw EBITA improve by 15.1%, from €237.8 million to €273.7 million. Revenues consolidated at a high level compared to 2002, amounting to €991 million. Total costs were down 5.5%, from €758.8 million in 2002 to €717.4 million this year, while net profit increased 27.4% to €211.8 million (2002: €166.2 million).

The Supervisory Board of Euronext has recommended distributing a dividend of €0.50 per share for 2003. This dividend, which represents an increase of 11.1% on the dividend paid in 2002 (€0.45), is conditional upon the financial statements for 2003 being approved by the AGM on 26 May 2004.

Non-recurring items in 2003 were as follows.

- A one-off gain of €137.9 million (net of tax) relating to the LCH.Clearnet merger
- An impairment loss of €13.8 million (fully tax-exempt) on goodwill relating to the acquisition of Interbolsa
- An improved mark-to-market revaluation of Euronext's stake in Atos-Origin, amounting to €8.9 million (€7.1 million net of tax)
- A €47.1 million impairment loss relating to Euronext's investment in Euroclear (fully tax-exempt). This is due to increased competition in Europe's settlement and custody sector, leading to a lower discounted cash flow appraisal.

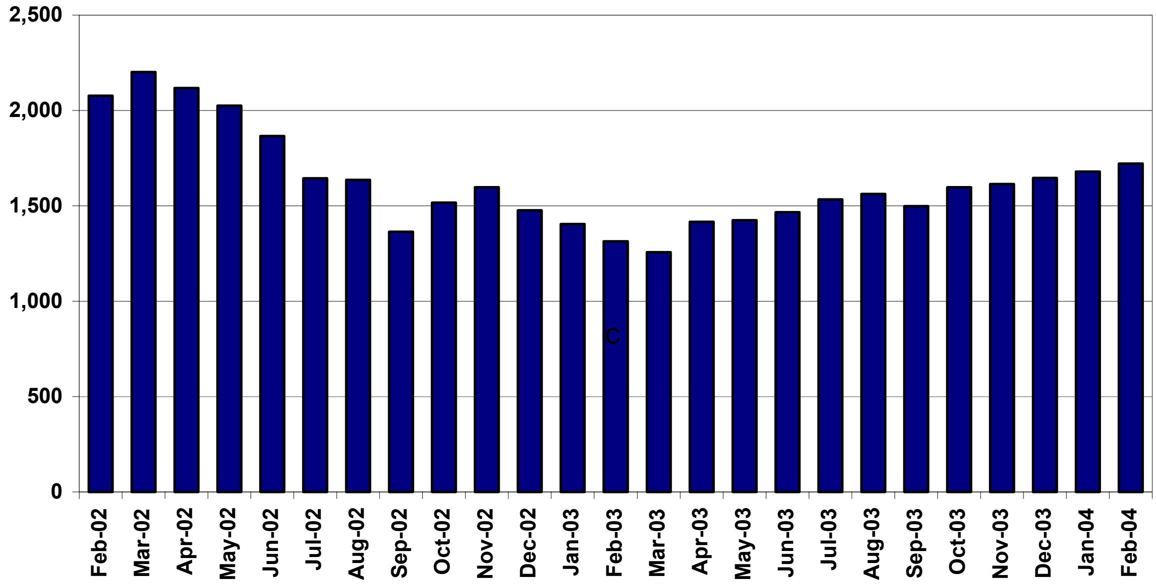
'*In 2003 Euronext made great progress towards becoming the world's leading single cross-border market. Our customers will benefit from reduced costs for cross-border trading, improved liquidity and more efficient clearing operations. We are determined to continue to improve our trading services and fee structure in 2004,*' said Jean-François Théodore, chairman of Euronext's Managing Board.

For further information go to: www.euronext.com > News and Events > Euronext news > Euronext Press releases.

Go to top

>> Cash market statistics

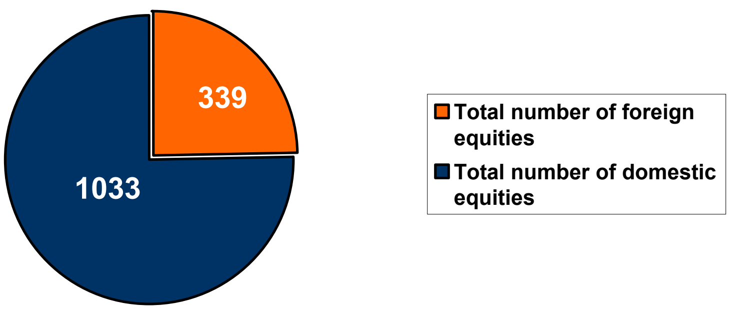
Market capitalization (€ billion)



Go to top

Breakdown of foreign and domestic companies*

Euronext capitalization: €1,722 billion

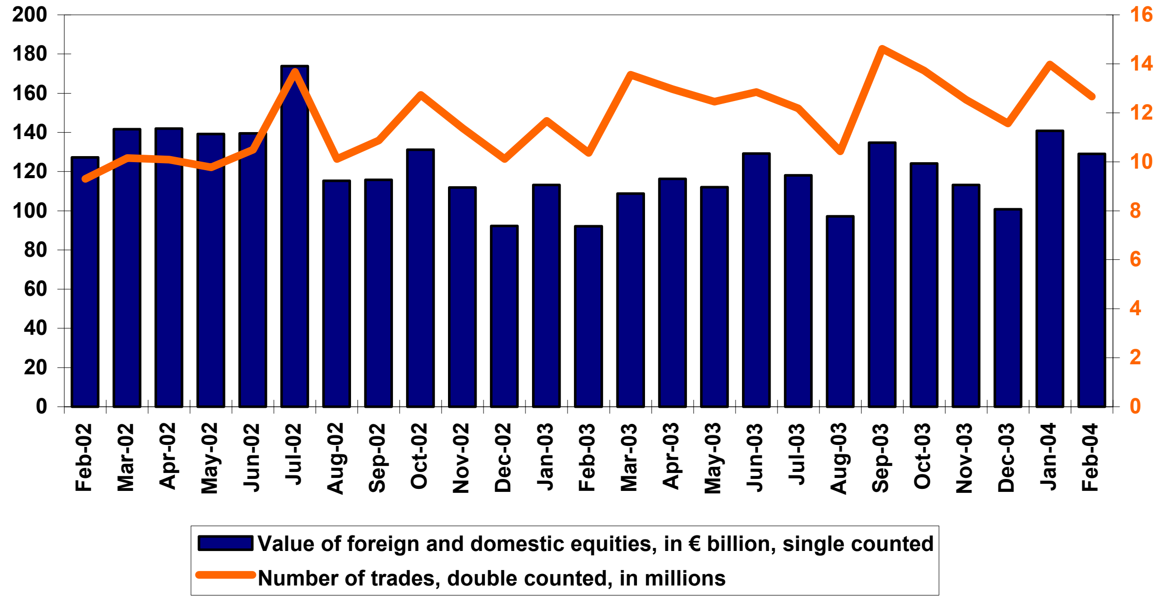


At 27 February 2004

Go to top

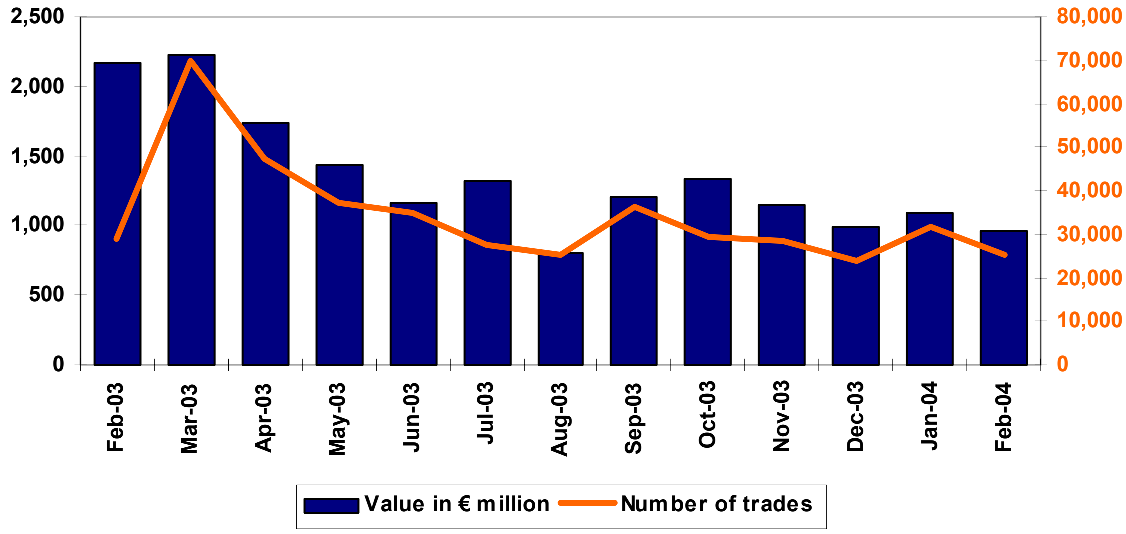
>> Cash market statistics (contd.)

Total trade value of equities (electronic orderbook transactions)



Go to top

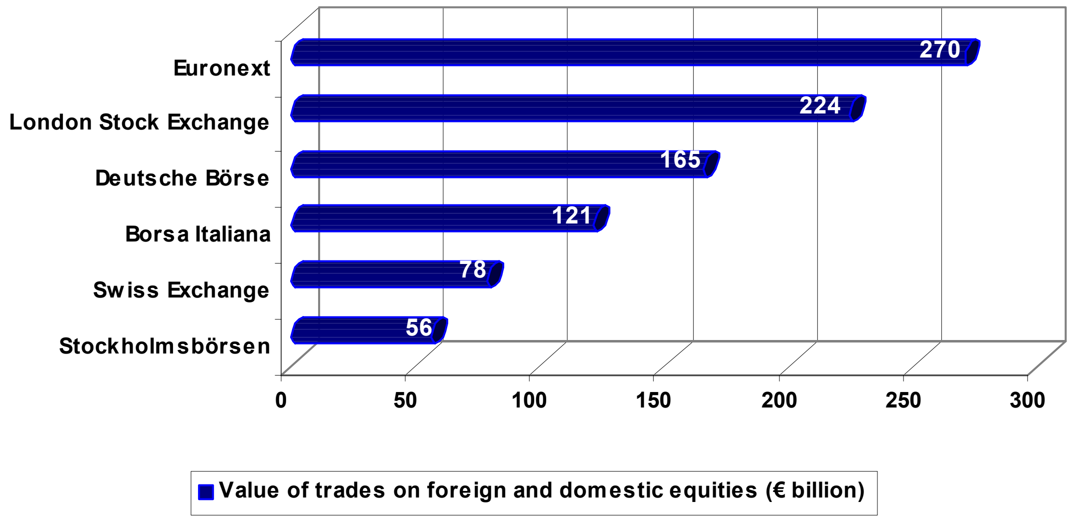
Total trade value of trackers



Go to top

>> This month's statistical comparisons

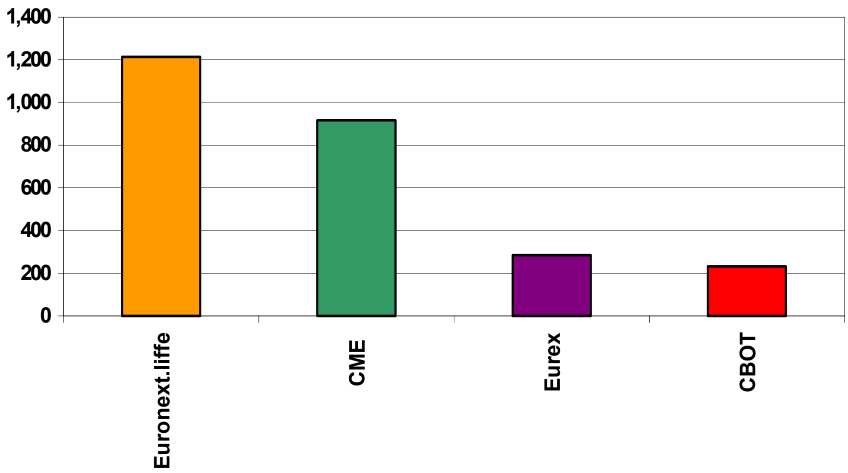
Central orderbook volumes of European exchanges*



For February 2004

Go to top

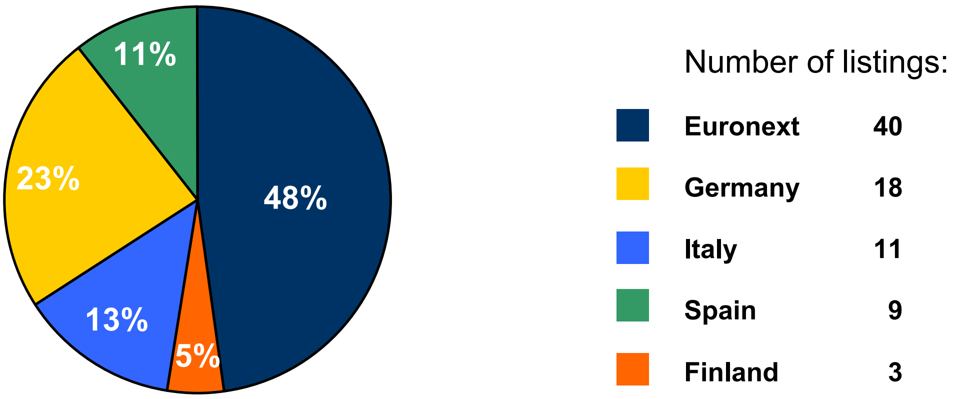
Top derivative exchanges by value of traded contracts
(in February – average daily contract value in billion euros)



Go to top

>> Index performance

Breakdown of FTSEurofirst 80 by market capitalization



At 27 February 2004

Go to top

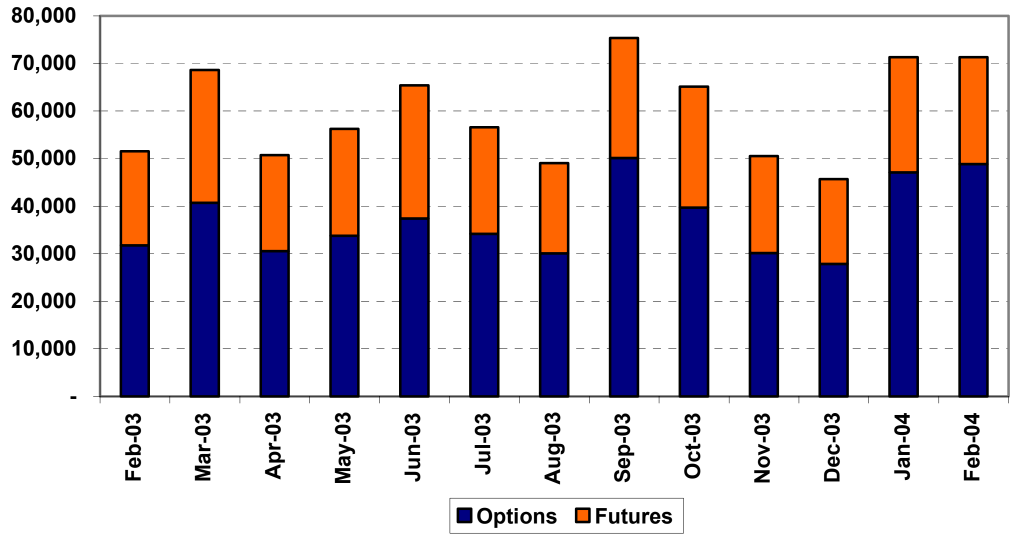
Euronext monthly indices

Index	Value at 27 February 2004	% change on previous month	% change since 31/12/2003
Euronext 100 (base 1,000 at 31/12/99)	640.16	2.63%	5.12%
Next 150 (base 1,000 at 31/12/99)	963.78	3.70%	12.23%
FTSEurofirst 80 (base 3,000 at 31/12/02)	3589.41	1.52%	4.34%
FTSEurofirst 100 (base 3,000 at 31/12/02)	3422.49	2.67%	4.16%
AEX (base 45.38 at 02/01/83)	356.59	0.93%	5.61%
BEL 20 (base 1,000 at 31/12/90)	2483.16	4.17%	10.65%
CAC 40 (base 1,000 at 31/12/87)	3725.44	2.39%	4.71%
PSI 20 (base 3,000 at 31/12/92)	7630.46	8.82%	13.09%

Go to top

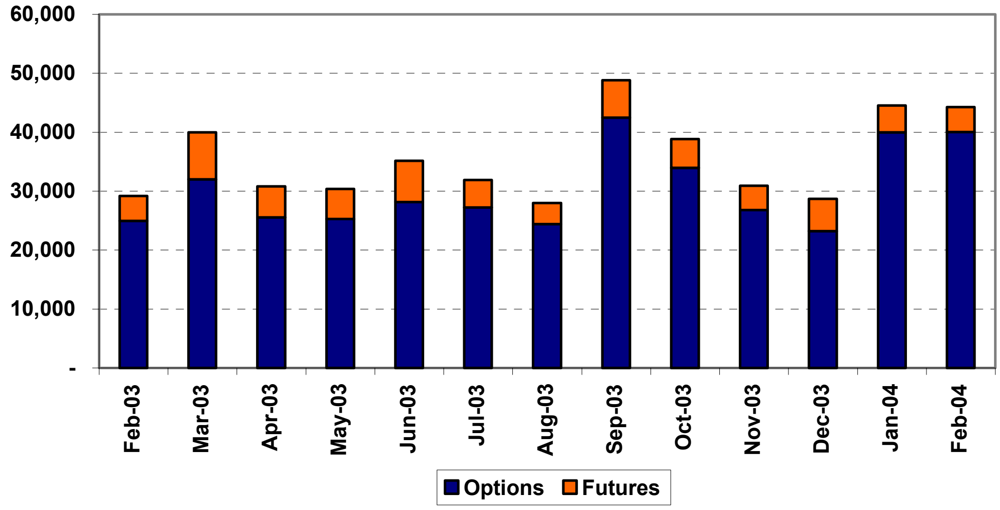
>> Derivatives market statistics

Total derivative products (in thousands of contracts)



Go to top

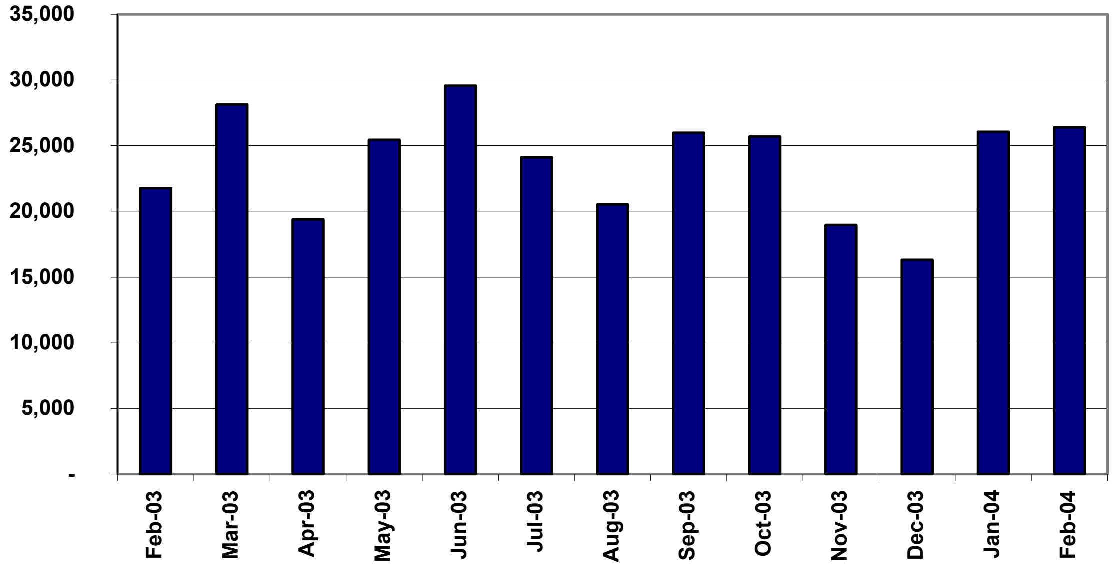
Equity/index derivatives (in thousands of contracts)



Go to top

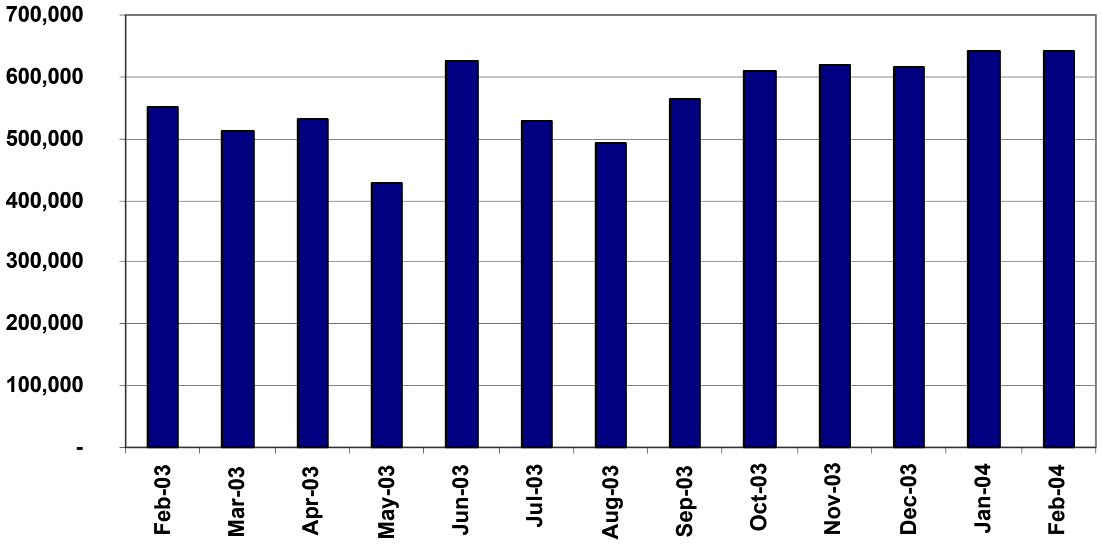
>> Derivatives market statistics (contd.)

Interest rate derivatives (in thousands of contracts)



Go to top

Commodity derivatives (in number of contracts)



Go to top