

INSTRUCTION N° 05-05 of April 11, 2005:  
CANCELS AND REPLACES INSTRUCTION N° 03-07 of April 10, 2003:

<b>TECHNICAL SPECIFICATIONS OF THE MILLING WHEAT N°2 FUTURES OPTION CONTRACT QUOTED IN EUROS</b>
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**Article 1      DEFINITION AND UNDERLYING INSTRUMENT**

These regulations apply to transactions made on the negotiable buy/sell option contract on the Milling wheat futures contract n°2 quoted in euros (EUR).

**Article 2      TRADING UNIT**

The option applies to one Milling wheat futures contract n°2 quoted in euros (EUR).

**Article 3      OPTION STYLE**

The option may be exercised at any time up to its date of expiration ( American-style option). The time limit for requests to exercise or to abandon is set up 30 minutes after the closing of the market each clearing day including the last trading day.  
An option exercised creates an open position on the underlying instrument at the strike price.

**Article 4      EXERCISE PRICE**

Options which have an exercise price the closest to the price of the Milling wheat futures contract are quoted at all times, as are (at a minimum) options on the five exercise prices immediately above that price and options on the five exercise prices immediately below that price.

The spread between two exercise prices is set at 1 euro per metric ton.

**Article 5      QUOTATION**

The option quotation refers to its premium, expressed in euro per metric ton, carried to one decimal point.

**Article 6      MINIMUM PRICE FLUCTUATION (TICK)**

The minimum price fluctuation is fixed at 0.1 euro per metric ton, or 5 euros per contract.

## **Article 7 CONTRACT CYCLES**

Transactions are made on the contract month cycles of the underlying futures contract which are open for trading. Eight maturities are quoted simultaneously among September, November, January, March, May and July.

## **Article 8 FIRST AND LAST TRADING DAYS**

The first trading day occurs on the first trading day of the underlying futures contract.

The last trading day occurs on the date fixed by the Exchange, in general the 15<sup>th</sup> of the month preceding the expiration month, at the end of the trading day. In case of the market being closed, the last trading day occurs on the next open trading day.

## **Article 9 TRADING SYSTEM AND TRADING HOURS**

The Milling wheat futures option contract is traded on the LIFFE CONNECT® electronic system during the following hours (Paris Time):

Pre-opening: 10:30 a.m. to 10:45 a.m. Trading session: 10:45 a.m. to 6:30 p.m.

## **Article 10 MARKET ANIMATORS**

The Exchange may designate Market Animators for this contract who are not necessarily members of the EURONEXT PARIS SA. Market Animators commit to respect the measures of the Terms and Conditions as defined by EURONEXT PARIS SA. The role of the Market Animators is to increase contract liquidity.

## **Article 11 SPECIFIC TRANSACTIONS**

Specific transactions authorized on the negotiable buy/sell option contract on the Milling wheat futures contract quoted in euros include:

Strategies available on the LIFFE CONNECT® system for options contracts on commodities in the attached appendix.

## **Article 12 SETTLEMENT**

### **12.1 principle of milling wheat futures option contract settlement**

At the expiration, after EURONEXT PARIS SA fixed a reference price, in-the-money options are subject to an automatic exercise procedure, unless requested otherwise by the buyer.

At the expiration of out-of-the-money options and at-the-money options, the options are subject to an automatic procedure of abandonment, unless requested otherwise.

The price that serves as a reference to determine an in-the-money option corresponds to the daily settlement price of the Milling Wheat futures contract fixed at the option expiry date. The settlement price determined by EURONEXT PARIS SA takes into account the last prices processed or quoted, or in absence of quotations, the trend of the other international markets and of any other assessment factors.

Requests for the exercise of at-the-money or out-of-the-money options give rise between Clearing Members to the assignment of sellers' positions on a pro rata basis. Requests to abandon in-the-money options give rise to close-out of sellers' positions.

For a buy option (call), the first exercise price is automatically exercised at least one tick below the closing settlement price, or 0.25 euro.

For a sell option (put), the first exercise price is automatically exercised at least one tick above the closing settlement price, or 0.25 euro

## **. 12.2 settlement procedure**

The expiry of a contract month is normally at 6:30 p.m. (\*) on the 15<sup>th</sup> of the month preceding the delivery month of the futures contract. In the event that the market is closed, the expiry will be the next open trading day.

The expiry procedure takes place as follows:

- 6:30 p.m. (\*) : close of trading,
- 6:45 p.m. (\*) : publication of the daily settlement price of the maturity of the relevant Milling Wheat futures option contract expiry,
- 7:00 p.m. (\*) : close of exercise requests and abandonment,
- 7:15 p.m. (\*) : publication of the list of exercises and out-trades on LIFFE CONNECT™,
- 8:00 p.m. (\*) : end of booking,
- next trading day (\*) : publication of open interest by level of strike price.

(\*) Hours are indicative only, and may vary according to market conditions.

These steps in the procedure enable EURONEXT PARIS SA to calculate and disseminate the following information:

### **1. – Reference prices**

The reference price corresponds to the daily settlement price fixed EURONEXT PARIS SA at 6:45 p.m. (\*), and indicates to market participants the exercise price at which options will be exercised automatically or abandoned.

### **2. Requests to exercise and to abandon**

Expiration (the closing for requests to exercise and to abandon) is effective at 7:00 p.m. (\*) the day of contract expiry, which allows for preparation of the list of non-automatic requests to exercise and to abandon by exercise price.

### **3. Calculation of open interest by exercise price**

The calculation of open interest by exercise price, on the exercised strike price or out-traded, is available the next trading day.

#### **Article 13 DAILY PRICE LIMIT**

There is no daily price limit fixed on the Milling Wheat futures option contract.

#### **Article 14 INITIAL MARGIN**

The Clearing House requires that the seller of an option to pay initial margin and adjust it daily to correspond to the maximum loss he might incur from the most unfavorable close-out price movement on his net global position of the option contract during a trading day. The open interests on the underlying instrument are taken into account to calculate this initial margin. The initial margin deposit is recalculated on a daily basis.

#### **Article 15 APPLICABLE REGULATIONS**

The trading of this contract is subject to the rules and regulations of the MATIF and the clearing is subject to the rules of LCH.Clearnet SA.