

**LINKED TRANSACTIONS BETWEEN AN OPTION CONTRACT AND ITS UNDERLYING SECURITY**

**FIELD OF COVERAGE:**

In general, the automatic recording assumes that the underlying Security of the option is admitted to trading on the Eurolist market managed by Euronext.

The list of the options on Securities which can benefit from this procedure is determined by Euronext and attached to the Trading Procedures on LIFFE CONNECT™.

**CARRYING OUT OF THE TRANSACTION IN LIFFE CONNECT™ :**

Without prejudice to the control of the trading conditions for the option, the price of the underlying Security must be established in an interval (including limits) around a reference price fixed by Euronext.

1. In general, by applying the following differences, the interval is determined according to the level of the last traded price:

<b>Last traded price (in Euro)</b>	<b>Differences (in Euro)</b>
0 < DCC < 5	+/- 0.10
5 ≤ DCC < 10	+/- 0.25
10 ≤ DCC < 25	+/- 0.50
25 ≤ DCC < 50	+/- 1.25
50 ≤ DCC < 100	+/- 2.50
DCC ≥ 100	+/- 5

The reference price is the last traded price that might have been adjusted by corporate actions on Securities that have taken place since the last Transaction.

2. As an exception, for the Securities included in the NextTrack segment, the trading interval is 1.5 % around the indicative net asset value.

In the event that these control rules are not adhered to :

- the order is rejected by LIFFE CONNECT™ if it would lead to the creation of an order book,
- the corresponding book is frozen if the evolution of the market of the underlying Security no longer permits the control rules to be adhered to. The book becomes available for trading once again as soon as the market conditions of the underlying Security allow it.

**COUNTERPARTIES IN THE TRANSACTION ON THE UNDERLYING SECURITY:**

When the Derivatives Member who made the stock contingent trade is also a Member of the Securities market on which the underlying Security is admitted, the Transaction is generated in TCS under its own code.

When the Member of the derivatives market who traded the stock contingent trade is not a Member of the Securities market on which the underlying Security is admitted, the Member of the derivatives market pass through a Member of the Securities market whose code will be used for the recording of the Transaction in TCS.

In both cases, the Member of the Securities market must authorise Euronext to automatically create the transactions in TCS. The Member shall use the model attached to the present notice.

The source of Transactions generated in TCS is identified through the application of the following rules:

If the Member of the Derivatives Market is also a Member of the Securities Market :

<b>The order on the option is identified...</b>	<b>... the Transaction on the underlying Security is then identified...</b>
House	House
Client	Client
Liquidity Provider	House

If the Member of the Derivatives Market passes through the intermediary of a Member of the Securities Market :

<b>The order on the option is identified...</b>	<b>... the Transaction on the underlying Security is then identified...</b>
House	Client
Client	Client
Liquidity Provider	Client

**LEGAL SYSTEM OF THE TRANSACTIONS GENERATED IN TCS :**

Transactions generated in TCS following the execution of a stock contingent trade are considered to be carried out, through a Member who may be appointed, on the regulated market on which the underlying Security is admitted.

**POST-TRADING TRANSPARENCY :**

For every Transaction carried out on the underlying Security following the recording of a stock contingent trade, Euronext shall publish the following information immediately :

- The price,
- The quantity,
- The time of the Transaction.

The Transaction is identified by a special indicator.

**CANCELLATION OF TRADING :**

As Transactions on the option and the underlying Security are linked, the cancellation of one Transaction leads to the cancellation of the other.

To be created on the company's letterhead

**Authorisation granted to Euronext Paris for the automated processing of stock contingent trades between an option and its underlying share**

XXXXXXXXXX, \_\_\_\_\_ company registered under the laws of \_\_\_\_\_, having its registered office at \_\_\_\_\_, acting as a third-party trader, Member of the Euronext Securities Markets declares to have acknowledged and accepted the technical and regulatory requirements in which certain transactions called "stock contingent trades" carried out on the LIFFE CONNECT™ system by the Member of a Euronext Derivatives Market \_\_\_\_\_ give rise to the automatic recording of a transaction on the underlying Security.

In order to allow the automation of the execution of these transactions, the company XXXXXXXXXX gives special and exclusive authorisation to Euronext Paris to generate in its name and

Option 1 :

on its behalf

Option 2 :

on behalf of company YYYYYYYYYY, a Member of the Euronext Derivatives Market \_\_\_\_\_,

the transactions involved in the trading of the stock contingent trade in LIFFE CONNECT™.

As a consequence, the transactions on the underlying Security to the option contract will automatically be generated in TCS under the code \_\_\_\_\_.

The TCS instructions will be matched with no other monitoring than that of the price level of the underlying Security, the status of the Security, and trading rights.

If Option 2, then :

The company XXXXXXXXXX carries out, in particular, its monitoring business regarding the credit of the accounts of company YYYYYYYYYY.

Transactions which are generated will be processed and settled according to the technical procedures usually used by TCS.

The present authorisation may be revoked by means of an announcement sent to the Relevant Euronext Market Undertaking\*. As soon as this announcement is received, Euronext will proceed to the deactivation of the code as soon as possible. It is understood that the revocation in itself does not obstruct the settlement of Transactions that are in the process of being paid - delivered.

Done in \_\_\_\_\_, on \_\_\_\_\_

Name :

Title :

Signature :

Company stamp :