

A new way of connecting with the options market



● **A new trading system designed to serve you better**

On 29 November 2004 a new trading system will come into operation on Euronext.liffe Amsterdam's options and futures market. The new system is called LIFFE CONNECT[®], and it is already in operation on Euronext.liffe's markets in Brussels, Lisbon, London and Paris. This leaflet explains what implications the system has for private investors.

● **Full screens**

If you trade in Amsterdam, you will be used to seeing full screens displaying prices in all option series, as well as current bid and ask prices. The new system provides the same service. All buy and sell orders in options and futures within Euronext.liffe will now be brought together in a single trading system. The advantage of the combined system is that it is expected to lead to smaller differences between bid and ask prices so that you, the investor, can continue trading on the market you know best, and still obtain the best possible prices.

● **More products and markets**

Now that all options and futures trading at Euronext.liffe is routed through the same trading system, it is very easy to trade products from other countries as well. From a technical point of view, there is now no difference between buying an option on a Dutch share, and buying a French or Belgian equity option. As a result, the number of options and futures you can trade has increased enormously. Provided that your bank or broker is able to provide the necessary support, you can easily turn your investment activities into an international venture.

● **Good news for strategy enthusiasts**

The LIFFE CONNECT[®] system can accommodate a much wider range of derivatives strategies, and as a result Euronext.liffe has become a much more versatile market. However, to get the most out of the new opportunities that the market provides, you need the support of your own bank or broker. Ask your own investment advisor for help, or visit our website at www.euronext.com.

● **New market opening**

If you are used to placing market orders before the start of trading, there are a few changes that you need to take into account. For example, if you place a market order in the new trading system it will not necessarily be executed. In the LIFFE CONNECT[®] system, during the opening rotation, limit orders are traded first and then the market orders. This means that some market orders may be only partially filled, or not filled at all during the opening. The way partially filled or unfilled market orders are treated during the opening rotation can vary from one bank or broker to another. The order – or the unfilled part of it – can be cancelled or converted into a limit order. You should ask your bank or broker which policy it follows. Market orders placed after the opening rotation can also be left unfilled or only partially filled if there are no matching limit orders in the order book. The new LIFFE CONNECT[®] system automatically cancels the unfilled part of the order.

The same rules apply to strategy orders: limit orders take precedence over market orders. The new system includes strategy orders in the opening rotation, a great advantage over the old system, which did not try to match strategy orders during the opening.

● **Bandwidth**

To protect the market – and therefore to protect you – from unrealistic prices, each series has a specified bandwidth based on the current market price, as you are used to in the current system.

When you place a limit order, it is first checked against the bandwidth. If your limit is outside the bandwidth, the order will automatically be cancelled, even if there is sufficient liquidity within the bandwidth to fill all or part of the order.

When you place a market order, it is executed at the current market price as far as the bandwidth permits. Any remaining part of the order will be cancelled.

● **Euronext.liffe**

Euronext was created by the merger of the exchanges of Amsterdam, Brussels and Paris. The Portuguese exchange and Liffe – London's derivatives exchange – subsequently joined Euronext. The exchange's activities are divided up into business units, and Amsterdam's options and futures market is now part of Euronext.liffe, the derivatives business unit. This is still essentially the same options exchange you are used to, but it has expanded to include other options and futures markets, and many more new opportunities for investment.

● **You are important**

As you will have gathered from the information in this flyer, the LIFFE CONNECT® has many advantages. And that is our goal – to provide you with a trading system that benefits you, the investor. As part of our aim of developing facilities that serve our clients, we have introduced a new service – the EIP.

● **EIP**

The Euronext Information Point (EIP) is a new service designed especially for private investors. You can contact the EIP to request brochures or information about lectures, register for events, request general information about the market or contact an employee with a question. You can telephone the EIP on +31 20 5505555 or send an email to info@euronext.com.

We welcome any comments or suggestions you might have about improving our service. Please send them to info@euronext.com or call the EIP.

● **Lectures**

Euronext.liffe Amsterdam organizes lectures for groups of private investors throughout the country. To request a lecture call +31 20 5504546. You must arrange the location yourself, and the minimum number of participants is 35. There is no charge for the speaker provided by Euronext.liffe.

There are many lectures to choose from, such as options for beginners, follow-up lectures, and special talks on products and market segments of topical interest.

● **Lectures at Beursplein 5**

You can also attend a lecture on options in Amsterdam's historic exchange building. For further information, visit our website at www.euronext.com, or call the EIP for reservations.

Euronext.liffe

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the exchange you can trust

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