March 2007

Reduction of Minimum Price Movement of Equity Derivatives Contracts (London market)

From Monday 2 April 2007, Euronext.liffe will start to reduce the minimum price movement ("tick size") and the minimum Exchange Delivery Settlement Price ("EDSP") Price Increment of Equity Derivatives contracts available through Bclear and the central order book (LIFFE CONNECT®).

The changes will be implemented in stages, with the first tranche of 41 underlyings (282 contracts) being changed on and from Monday 2 April 2007. The remaining contracts will be converted on dates to be announced in due course.

The changes will affect the following equity derivatives contracts:

- flexible Individual Equity Option contracts available through Bclear;
- standard Universal Stock Futures ("USFs") contracts available through LIFFE CONNECT®;
- flexible and standard USF contracts available through Bclear;
- certain flexible and standard Index Option contracts available through Bclear; and
- certain standard Index Futures contracts available through Bclear.

There are no changes to standard UK Individual Equity Options, which remain with a tick size of 0.25 or 0.5 pence.

Trading tick size changes

Reducing the trading tick size will help to:

1. **Deliver more precise pricing** – by reducing the tick size and increasing the number of decimal places, contracts can be traded with increased granularity and therefore greater precision;
2. **Provide greater flexibility on flexible futures** – whilst the tick size for most standard USFs will be reduced by a factor of 10, for flexible USFs available through Bclear, the tick size will be divided by 100, providing even greater flexibility;
3. **Reduce corporate action rounding errors** - where USF contracts are adjusted as a result of a corporate action, the rounding error affecting variation margin flows will be reduced by rounding to the nearest tick.

EDSP changes

The minimum EDSP Price Increment and the trading tick size are currently the same, but from 2 April 2007, this will differ for **certain** contracts.

Standard and flexible contracts on the same underlying will have the same EDSP Price Increment, although the trading tick sizes may differ.

The minimum EDSP Price Increment will in theory determine the finest possible granularity for rounding. However, in practice some underlying securities currently settle at less fine granularity which will then be reflected in the EDSP itself.

Further information

- Details of the EDSP and tick size changes can be found overleaf.
- Further details of the changes, including a list of the contracts that will be part of the first tranche, are available in London Notice No. 2863.

Tel: +44 (0)7379 2200
Email: equities@liffe.com
Web: www.euronext.com/derivatives

Changes to Tick Size and minimum EDSP Price Increment of Equity Derivatives Contracts

Universal Stock Futures Contracts

Universal Stock Futures	Currency of quotation	Current Trading/ Daily Settlement Tick Size	New Trading/Daily Settlement Tick Size	Current minimum EDSP Price Increment	New minimum EDSP Price Increment[1]
Austria Flex (Bclear)	EUR	0.01	**0.0001**	0.01	**0.0001**
Belgium Standard (LIFFE CONNECT® & Bclear)	EUR	0.01	**0.001**	0.01	**0.0001**
Belgium Flex (Bclear)	EUR	0.01	**0.0001**	0.01	**0.0001**
Denmark Standard (LIFFE CONNECT® & Bclear)	DKK	0.5	**0.1**	0.5	**0.01**
Denmark Flex (Bclear)	DKK	0.5 or 1	**0.01**	0.5 or 1	**0.01**
Finland Standard (LIFFE CONNECT® & Bclear)	EUR	0.01	**0.001**	0.01	**0.0001**
Finland Flex (Bclear)	EUR	0.01	**0.0001**	0.01	**0.0001**
France Standard (LIFFE CONNECT® & Bclear)	EUR	0.01	**0.001**	0.01	**0.0001**
France Flex (Bclear)	EUR	0.01	**0.0001**	0.01	**0.0001**
Germany Standard (LIFFE CONNECT® & Bclear)	EUR	0.01	**0.001**	0.01	**0.0001**
Germany Flex (Bclear)	EUR	0.01	**0.0001**	0.01	**0.0001**
Greece Flex (Bclear)	EUR	0.01	**0.0001**	0.01	**0.0001**
Ireland Flex (Bclear)	EUR	0.01	**0.0001**	0.01	**0.0001**
Italy Standard (LIFFE CONNECT® & Bclear)	EUR	0.001	**no change**	0.001	**0.0001**
Italy Flex (Bclear)	EUR	0.001	**0.0001**	0.001	**0.0001**
Netherlands Standard (LIFFE CONNECT® & Bclear)	EUR	0.01	**0.001**	0.01	**0.0001**
Netherlands Flex (Bclear)	EUR	0.01	**0.0001**	0.01	**0.0001**
Norway Standard (LIFFE CONNECT® & Bclear)	NOK	0.5	**0.1**	0.5	**0.01**
Norway Flex (Bclear)	NOK	0.5	**0.01**	0.5	**0.01**
Portugal Flex (Bclear)	EUR	0.01	**0.0001**	0.01	**0.0001**
Spain Standard (LIFFE CONNECT® & Bclear)	EUR	0.01	**0.001**	0.01	**0.0001**
Spain Flex (Bclear)	EUR	0.01	**0.0001**	0.01	**0.0001**
Sweden Standard (LIFFE CONNECT® & Bclear)	SEK	0.01	**0.001**	0.01	**0.0001**
Sweden Flex (Bclear)	SEK	0.01	**0.0001**	0.01	**0.0001**
Switzerland Standard (LIFFE CONNECT® & Bclear)	CHF	0.05 or 0.1	**0.01**	0.05 or 0.1	**0.001**
Switzerland Flex (Bclear)	CHF	0.05 or 0.1	**0.001**	0.05 or 0.1	**0.001**
UK Standard (MATCH Facility & Bclear)	GBP	0.25 or 0.5	**0.01**	0.25 or 0.5	**0.01**
UK Flex (Bclear)	GBP	0.25 or 0.5	**0.01**	0.25 or 0.5	**0.01**
US Standard (LIFFE CONNECT® & Bclear)	USD	0.01	**0.001**	0.01	**0.001**
US Flex (Bclear)	USD	0.01	**0.001**	0.01	**0.001**

1 The rounding convention for the EDSP of cash settled contracts is to round to the nearest tick size. Due to the tick size of the underlying security, the Official Closing Price of the underlying, and therefore the EDSP, may in fact be rounded to fewer decimal places than the maximum enabled for trading.

The EDSP is established by reference to the Official Closing Price of the relevant underlying security except for Italian USFs and U.S. USFs Contracts where the Official Opening Price is used for these purposes.

Individual Equity Options Contracts

Individual Equity Options	Currency of quotation	Current Trading/ Daily Settlement Tick Size	New Trading/Daily Settlement Tick Size	Current minimum EDSP Price Increment[1]	New minimum EDSP Price Increment[1]
Austria Flex (Bclear)	EUR	0.01	**0.0001**	0.01	**0.0001**
Belgium Flex (Bclear)	EUR	0.01	**0.0001**	0.01	**0.0001**
Denmark Flex (Bclear)	DKK	0.5 or 1	**0.01**	0.5 or 1	**0.01**
Finland Flex (Bclear)	EUR	0.01	**0.0001**	0.01	**0.0001**
France Flex (Bclear)	EUR	0.01	**0.0001**	0.01	**0.0001**
Germany Flex (Bclear)	EUR	0.01	**0.0001**	0.01	**0.0001**
Greece Flex (Bclear)	EUR	0.01	**0.0001**	0.01	**0.0001**
Ireland Flex (Bclear)	EUR	0.01	**0.0001**	0.01	**0.0001**
Italy Flex (Bclear)	EUR	0.001	**0.0001**	0.001	**0.0001**
Netherlands Flex (Bclear)	EUR	0.01	**0.0001**	0.01	**0.0001**
Norway Flex (Bclear)	NOK	0.5	**0.01**	0.5	**0.01**
Portugal Flex (Bclear)	EUR	0.01	**0.0001**	0.01	**0.0001**
Spain Flex (Bclear)	EUR	0.01	**0.0001**	0.01	**0.0001**
Sweden Flex (Bclear)	SEK	0.01	**0.0001**	0.01	**0.0001**
Switzerland Flex (Bclear)	CHF	0.05 or 0.1	**0.001**	0.05 or 0.1	**0.001**
UK Standard (LIFFE CONNECT® & Bclear)	GBP	0.25 or 0.5	**no change**	0.25 or 0.5	**no change**
UK Flex (Bclear)	GBP	0.25 or 0.5	0.01	0.25 or 0.5	**0.01**

1 The rounding convention for the EDSP of cash settled contracts is to round to the nearest tick size. Due to the tick size of the underlying security, the Official Closing Price of the underlying, and therefore the EDSP, may in fact be rounded to fewer decimal places than the maximum enabled for trading.

The EDSP is the Official Closing Price of the relevant underlying security, including physically settled Italian IEOs, except for cash settled Italian IEOs and where it is the Official Opening Price.

Index Futures and Options Contracts

Index Futures and Options	Currency of quotation	Current Trading/Daily Settlement Tick Size	New Trading/ Daily Settlement Tick Size	Current minimum EDSP Price Increment	New minimum EDSP Price Increment[1]	Current EDSP rounding convention	New EDSP rounding convention
FTSE 100 Index futures & options (LIFFE CONNECT® & Bclear)	GBP	0.5	**no change**	0.5	**no change**	Rounded to nearest 0.5	**no change**
FTSE 250 Index futures (LIFFE CONNECT® & Bclear)	GBP	0.5	**no change**	0.5	**no change**	Rounded to nearest 0.5	**no change**
FTSE Eurotop Index 100 futures (LIFFE CONNECT® & Bclear)	EUR	0.5	**no change**	0.5	**no change**	Rounded to nearest 0.5	**no change**
FTSEurofirst 300 futures (Bclear)	EUR	0.1	**no change**	0.1	**no change**	Rounded to nearest 0.1	**no change**
FTSEurofirst 80 & 100 futures (Bclear)	EUR	0.5	**0.1**	0.5	**0.1**	Rounded to nearest 0.1	**no change**
FTSEurofirst 80 & 100 options (Bclear)	EUR	0.1	**0.01**	0.1	**0.01**	Rounded to nearest 0.1	**Rounded to nearest 0.01**
MSCI Pan-Euro futures (LIFFE CONNECT® & Bclear)	EUR	0.1	**no change**	0.1	**no change**	Rounded to nearest 0.1	**no change**
MSCI Euro futures (LIFFE CONNECT® & Bclear)	EUR	0.1	**no change**	0.1	**no change**	Rounded to nearest 0.1	**no change**
AEX Index futures & options (Bclear)	EUR	0.01	**0.001**	0.01	**0.001**	Rounded to nearest 0.01	**Rounded to nearest 0.001**
Bel 20 futures (Bclear)	EUR	0.1	**0.01**	0.1	**0.01**	Rounded to nearest 0.1	**Rounded to nearest 0.01**
Bel 20 options (Bclear)	EUR	0.01	**no change**	0.01	**no change**	Rounded to nearest 0.01	**no change**
CAC 40 futures (Bclear)	EUR	0.1	**0.01**	0.1	**0.01**	Rounded to nearest 0.1	**Rounded to nearest 0.01**
CAC 40 options (Bclear)	EUR	0.01	**no change**	0.01	**no change**	Rounded to nearest 0.01	**no change**
PSI 20 futures (Bclear)	EUR	1	**0.01**	1	**0.01**	Rounded to nearest 1.0	**Rounded to nearest 0.01**
All Index Variance futures (Bclear)	GBP/EUR	0.1	**no change**	0.01	**no change**	Rounded to nearest 0.01	**no change**

[1] The rounding convention for the EDSP of cash settled contracts is to round to the nearest tick size. Due to the tick size of the underlying Index, the Official Closing Price of the underlying, and therefore the EDSP, may in fact be rounded to fewer decimal places than the maximum enabled for trading.

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Euronext N.V. PO Box 19163 1000 GD Amsterdam The Netherlands Tel: +31 (0)20 550 4444