

Frequently Asked Questions on Protective Put indices

Question	Answer
1 What is a protective put index?	A protective put index is an index that tracks the performance of a protective put strategy as applied to a share index, in which an investor combines a long position in that index with the purchase of a put option on the same index.
2 What are the names of Euronext's new protective put indices?	The new indices are the CAC 40 Protective Put and the AEX Protective Put, which are based on the CAC 40 and the AEX index, respectively.
3 When will Euronext launch its protective put indices?	The launch date for Euronext's protective put indices is 19 June 2007.
4 What is the index methodology for the CAC 40 Protective Put and AEX Protective Put indices?	The CAC 40 Protective Put index combines a long position on the CAC 40 with the purchase of a one-month 5% out-of-the-money (OTM) CAC 40 put option, as traded on Euronext.liffe. Similarly, the AEX Protective Put index combines a long position on the AEX index with the purchase of a one-month 5% OTM AEX put option, as traded on Euronext.liffe.
5 What type of indices are the CAC 40 Protective Put and AEX Protective Put indices?	The CAC 40 Protective Put and the AEX Protective Put indices are total return indices that take account of the reinvestment of dividends relating to the underlying indices.
6 Why has Euronext opted for a 5% out-of-the-money put option?	A protective put strategy provides downside protection while enabling investors to benefit from rises in the underlying index, and can therefore be regarded as a traditional insurance portfolio strategy. As with any insurance policy, the price to be paid depends on the risk run by the owner of the asset. The protective put indices have been designed to reflect the performance of an effective hedging strategy while minimizing the liquidity risk associated with the long put option position. This is the reasoning behind the decision to use 5% OTM put options.
7 How often will Euronext's protective put indices be disseminated?	The CAC 40 Protective Put and AEX Protective Put indices will be calculated with the same frequency as the indices on which they are based, except on expiry days (ie the third Friday of each month). The CAC 40 Protective Put index will be calculated every 30 seconds and the AEX Protective Put index every 15 seconds between 09:00 and 17:35 CET. For details of the frequency of calculation on expiry days, see below.
8 Why will Euronext suspend the calculation of its protective put indices on expiry days?	As the put options used to calculate the indices have a lifetime of one month, the option positions have to be rolled forward at every expiry. In connection with this, the calculation of the protective put indices will be suspended from 16:00 to 17:00 CET so that a new 5% OTM put option can be selected. At 17:00 CET, new index levels will be calculated using the new one-month put options.



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| 9 | What benefits do protective put indices offer? | In return for the premium paid for the put option, investors obtain protection against substantial losses on the underlying index, particularly in declining markets. |
| 10 | Are there any plans to launch financial products based on Euronext's protective put indices? | Investors are increasingly interested in financial instruments that protect portfolios against capital erosion without limiting upside potential. In view of this, the CAC 40 Protective Put and AEX Protective Put indices have been designed to be used as benchmarks for portfolio management purposes and as underlyings for exchange-traded funds (ETF) and structured products. |
| 11 | Does Euronext have any plans to launch protective put indices based on other blue chip indices? | The first protective put indices (CAC 40 Protective Put and AEX Protective Put) are being launched in response to growing investor demand for such products. Euronext is looking into the possibility of extending the range of protective put indices to embrace other blue chip indices, depending on demand from the market. |
| 12 | Is historical data available on Euronext's covered call indices? | Historical data is available for every trading day starting from 30 December 1999. |
| 13 | Where can I find more information about Euronext's protective put indices? | More information is available http://newindices.euronext.com |