



Liffe

NYSE Euronext

INFO-FLASH

EURONEXT DERIVATIVES MARKETS

> Amsterdam

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GUIDANCE NOTE FOR IMPLEMENTING FAST MARKET STATUS IN RESPECT TO LIFFE'S INDIVIDUAL EQUITY OPTION AND INDEX OPTION CONTRACTS ON THE AMSTERDAM MARKET

Executive Summary

This Info-Flash provides customers with guidance as to the process, and criteria used in determining whether or not to declare a Fast Market in respect to Liffe's Individual Equity Option and Index Option Contracts on the Amsterdam Market.

1. In response to requests from customers, the process by which a Fast Market is determined by Liffe is detailed below, together with the criteria used in these circumstances. Customers should note that this information is meant for guidance purposes only as Liffe will assess each request to implement Fast Market status in light of the then prevailing market conditions.
2. Liffe Trading Procedures defines Fast Market as follows:

"...in respect of a particular Exchange Contract, a period declared as such by Market Services during which price limits are widened or suspended and Liquidity Providers may be relieved of some or all of their obligations or be required to meet relaxed obligations, as the case may be..."
3. Whilst any market participant may contact Market Services to request a Fast Market, usual practice is that these requests are more typically made by Liquidity Providers in respect of Exchange Contracts for which they have obligations to submit prices. Any decision made in response to such a request from a market participant or Liquidity Provider is at the sole discretion of Market Services.

Web site: www.euronext.com/derivatives

The Euronext Derivatives Markets ("Liffe") comprise the markets for derivatives operated by Euronext Amsterdam, Euronext Brussels, Euronext Lisbon, Euronext Paris and LIFFE Administration and Management, referred to respectively as the Amsterdam, Brussels, Lisbon, Paris and London markets. Euronext is part of the NYSE Euronext group. Whilst all reasonable care has been taken to ensure that this Info-Flash is accurate and not misleading, neither Euronext N.V. nor any of its group companies shall be liable (except to the extent required by law) for the use of the information howsoever arising. EURONEXT N.V. EXPRESSLY DISCLAIMS ALL WARRANTIES, EXPRESSED OR IMPLIED, AS TO THE ACCURACY OF ANY OF THE CONTENT PROVIDED, OR AS TO THE FITNESS OF THE INFORMATION FOR ANY PURPOSE. The contents of this Info-Flash are for information only and shall not constitute investment advice. Neither Euronext N.V. nor any of its group companies, servants, or agents are responsible for any errors or omissions contained herein. None of the content of this Info-Flash will form any part of any contract between us.



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4. In determining whether or not to declare a Fast Market, Market Services may take into account the prevailing level of market volatility in the relevant Exchange Contract, giving consideration to any relevant news announcement. This may also include an assessment of the level of liquidity in the relevant underlying product.
5. Market Services will use as a reference the series that has a delta factor of 100 in the most liquid expiry month (“the Reference Series”). If the quoted market spread in the relevant underlying product is more than twice the allowed spread obligation to be maintained by a Liquidity Provider in the Reference Series, for a size equivalent or less in shares to that which the Liquidity Provider is obliged to maintain, then the level of liquidity in the relevant Exchange Contract would be deemed to be insufficient. In such cases Market Services would declare a Fast Market except where there were other factors which, if taken into consideration, would not require such declaration to be made.
6. Other factors which will be taken into account will include: whether or not there is uncertainty in the market concerning any forthcoming corporate action for the relevant product; uncertainty regarding a proposed dividend (either in timing or amount); and whether there are any perceived or actual difficulties in the securities lending market for the relevant Exchange Contract.
7. In the event that a Fast Market is declared then a message will be sent via the LIFFE CONNECT® to the market, and the Quote Spread Multiplier (“QSM”) status will change. As a result Liquidity Providers in the relevant Exchange Contracts will be permitted to widen their market making quotes.
8. Market Services will continue to review the situation, and when it has been determined that normal market conditions have been resumed, a further message will be sent to the market advising them of this fact. Liquidity Providers will then be required to maintain their original market making obligations in full.

For further information in relation to this Info-Flash, Members should contact:

Liffe Market Services

- For Individual Equity Options: +31-20-550 5050
- For Index, Currency and Commodity Options and Futures: +31-20-550 5060

Web site: www.euronext.com/derivatives

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