

LONDON NOTICE No. 2847

The equivalent of this Notice will be distributed to members of the Amsterdam, Brussels, Lisbon and Paris markets.

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REFINEMENT OF THE CORPORATE ACTIONS POLICY

Executive Summary

On 19 December 2006 a consultation document was published with regard to the treatment under the Corporate Actions Policy of mergers and takeovers consisting of a combination of cash and shares. This Notice informs members of the outcome of the consultation and the resulting changes to the Corporate Actions Policy, which will come into force with immediate effect.

1. London Circular No. 06/45, issued on 19 December, 2006, invited members to give their views on an alternative way of calculating the ratio, whenever the ratio method is applied under the Corporate Actions Policy in the event of mergers or takeovers consisting of shares and cash. As part of the consultation, members were asked whether, in these cases, the ratio should be based on the share price of the company issuing the bid rather than the share price of the target company. In addition, Euronext.liffe was interested in ascertaining whether members felt that the share price of the company issuing the bid should only be used if its shares are tradable on the domestic market of the target company before the bid is declared unconditional.
2. The consultation produced a good response. The substantial majority of members who responded favour changing the Corporate Actions Policy so that the ratio is calculated on the basis of the share price of the company issuing the bid. In addition, the majority of respondents commented that this should apply regardless of whether or not the bidder's shares are tradable on the domestic market of the target company before the bid is declared unconditional.
3. The Corporate Actions Policy will be revised with immediate effect to reflect this change. This means that, when the ratio method is applied in accordance with paragraph 6.6 of the Corporate Actions Policy, the ratio will generally be calculated on the basis of the share price of the company issuing the bid. Generally, Euronext.liffe will seek to use the official closing price of these shares on the market where the company has its primary listing. However, in cases where the company issuing the bid has its primary listing in a different

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time zone to the target company, Euronext.liffe may use an official closing price established on a secondary venue or, alternatively, determine the price of the said shares by way of a volume weighted average price (“VWAP”) calculation over the last period of common trading between such shares and the shares of the target company. Lastly, if the price of the shares of the company issuing the bid is not available or cannot be determined at an appropriate time, Euronext.liffe reserves the right to calculate the ratio on the basis of the share price of the target company.

4. A revised version of the Corporate Actions Policy will appear on the Euronext website (www.euronext.com) in due course.
5. Please note that the revised approach as announced in this Notice will not apply to mergers and takeovers consisting of a combination of cash and shares that are subject to a Corporate Action Notice that has already been released.

For further information in relation to this Notice, please contact:

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