EURONEXT DERIVATIVES NOTICE

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SINGLE STOCK DIVIDEND FUTURE CURRENCY CONVERSION RULE AMENDMENT

Executive Summary

This Notice informs Members about an amendment of the currency conversion rules of single stock dividend futures.

1. Introduction

1.1 A part of the dividend rules applicable to single stock dividend futures (SSDFs) explains how currencies are converted when a dividend is declared in another currency than the futures contract currency. This notice informs Members about an amendment of this currency conversion rule.

2. Current dividend currency conversion rule

2.1 SSDFs take into account the declared dividends when their ex-dates fall in the one-year reference period of the relevant expiry. Every dividend is processed on its ex-date. Dividends are not always paid in the same currency as the SSDF trading currency; in that case the dividend needs to be converted into the SSDF trading currency. The conversion rate, or equivalent dividend amount, as announced by the company is used if this is known before the ex-date of the dividend. When the equivalent dividend amount is not known before the ex-date, Euronext converts the declared dividend amount by using the reference rate on the ex-date. There is therefore a possibility that the final settlement value of the SSDF deviates from the cumulative dividend amount that is actually received.

3. Adjustment dividend currency conversion rule

3.1 In order to minimize the deviation explained in section 2.1 Euronext will use the equivalent dividend amount as published by the company, as long as the equivalent dividend amount is known before the expiry date of the SSDF. In case the dividend ex-date is before the SSDF expiry date but the equivalent dividend amount is not known before the SSDF expiry date, Euronext will convert the dividend amount on the expiry date by using the reference rate of the previous business day.

3.2 The amended dividend rule will first be applied to the SSDF contracts that expire in December 2017.

3.3 The amended complete dividend rules are shown in section 4, the added text is underlined; the contract specifications of SSDFs are set out in annex 1.

4.   Complete dividend rules, the amendment explained in section 3 is shown underlined

4.1   For the purpose of determination of the final settlement value (EDSP) of SSDFs, the declared ordinary dividends are taken into account if their ex-date falls on or between the start and end date of the reference period of the relevant expiry. The dividend amount taken into account will be the amount as declared by the issuer without an adjustment for withholding taxes, tax credits or tax repayments.

4.2   Dividends that are declared special or extraordinary by the issuer are normally excluded.

4.3   If a dividend is distributed in the form of shares only and if this is regarded as ordinary dividend, the cash equivalent is taken into account. If no cash value is declared by the issuer, the cash value will be determined based on the official closing price of the share on the relevant cash market on the cum-day (the business day prior to the ex-dividend date).

4.4   If shareholders may choose between cash or shares, the cash option is chosen.

4.5   A dividend future refers to a dividend that is paid in the same currency as the trading currency of the dividend future. If a dividend is declared in another currency than the futures contract currency, the published equivalent amount in the futures contract currency will be used ("equivalent dividend amount"); for clarification, the published equivalent amount should not be a converted value that is shown for informational purposes.
If on the ex-date the published dividend amount is only available in a currency that deviates from the futures contract currency, the dividend amount will be converted ("converted dividend amount") using the reference rate for the cum-day (the business day prior to the ex-date). In principle the reference rate will be based on the foreign exchange reference rates as published daily by the ECB.
When on or after the ex-date, but before the SSDF expiry date, the equivalent dividend amount is known (the amount is published by the company) the SSDF dividend amount is adjusted by replacing the converted dividend amount by the equivalent dividend amount.
When the ex-date is before the SSDF expiry date but the equivalent dividend amount is not known before the SSDF expiry date, the converted dividend amount will be recalculated on the expiry date by using the reference rate of the previous business day.

4.6   For cases not covered by these rules, Euronext will determine an appropriate adjustment or repayment to be made.

For further information in relation to this Notice, contact your relationship manager at ccc@euronext.com

Annex 1

The contract specifications for Single Stock Dividend Futures are as follows:

Contract size	Dividend payments in relation to a contract size of 10,000 shares
Unit of trading	10,000
Pricing unit/quotation	EUR/USD/CHF/GBX/SEK per share
Minimum price movement (tick size and value)	EUR/USD/CHF/SEK 0.0001 (EUR/USD/CHF/SEK 1.00 per contract) GBX 0.01 (GBX 100.00 per contract)
Expiry months	12, 24, 36, 48 and 60 months (of the December cycle)
Introduction of new expiry months	New expiry months are available for trading on the first business day after the expiry of a maturity
Wholesale services	Large-in-Scale Facility, AtomX (minimum size 10 contract)
Trading hours	Central Order Book 09:00 – 17:30 CET Large-in-Scale Facility 07:00 – 18:30 CET
Trading platform	UTP
Algorithm	Central order book applies a price-time trading algorithm with priority given to the first order at the best price
Last trading day	Trading ceases at 12:00 CET on the third Friday of the expiry month. In the event that the third Friday is not a business day, the Last Trading Day shall normally be the last business day preceding the third Friday
Settlement	Cash settlement based on the EDSP
Settlement day	First business day after the day on which the EDSP is published
Exchange Delivery Settlement Price (EDSP)	The final settlement value as established by Euronext at 12:00 (CET) on the third Friday of the expiry month, determined to four decimal places. The final settlement value is equal to the cumulative value of ordinary dividends declared by the relevant company without an adjustment for withholding taxes, tax credits or tax repayments. Declared ordinary dividends are taken into account if their ex-date falls on or between, the start and end date of the one-year reference period of the relevant expiry. The reference period starts on the day following the third Friday in December and ends on the third Friday in December (the expiry date) one year later.
Clearing organization	LCH S.A.