

EURONEXT DERIVATIVES NOTICE

Amsterdam and Brussels Market

No. NO171117DE

Issue Date:

17 November 2017

CONSULTATION IN RELATION TO A PROPOSAL TO APPLY EQUALISATION PAYMENT INSTEAD OF O-CLASSES WITH SMALL LOT SIZES AS A RESULT OF THE RATIO METHOD

Executive Summary

This Notice seeks feedback from Members in relation to a proposal to amend the Euronext Derivatives Corporate Actions Policy where we propose to use the equalisation payment method for O-class contracts with small Lot Sizes.

1. Background

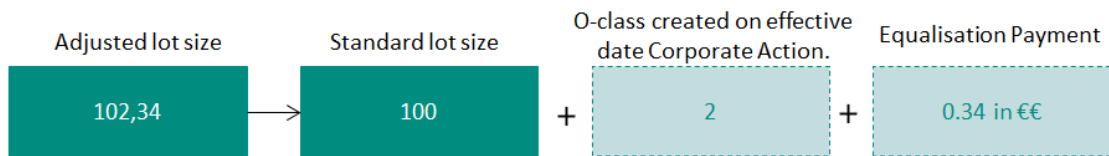
As Members are aware, Euronext provides for the adjustment of equity derivatives in the event of a corporate action affecting the relevant underlying stock, in accordance with the Euronext Derivatives Corporate Actions Policy. With respect to Amsterdam and Brussels contracts, where application of the Ratio Method results in a Lot Size greater than the Standard Lot Size, Euronext introduces an additional contract containing the shares which are in excess of the Standard Lot Size, called an O-class contract.

In recent years we have noticed that for an increasing number of corporate actions, the application of the Ratio Method results in an O-class contract with a Lot Size of one or two. In response to this, we have received requests from the market to investigate whether we can apply an equalisation payment instead of introducing an O-class that would result in a small Lot Size.

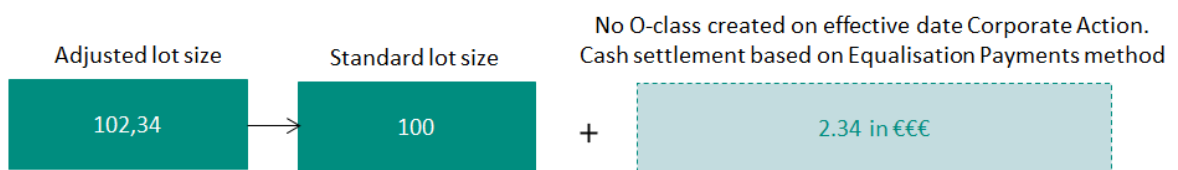
2. Proposal

As part of its ongoing efforts to enhance and improve the Euronext Derivatives Corporate Actions Policy, Euronext proposes to use the equalisation payment method to cash-settle the positions which would be created in the O-class after applying the Ratio Method. This proposal only refers to situations where the creation of the O-class results in a small Lot Size.

Current process after a Corporate Action



Proposed process after a Corporate Action



3. Consultation

Members are invited to comment on the above proposal, and are kindly requested to complete and submit the response form below by 29 December 2017 by email to CorporateActionsTeam@euronext.com

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

Euronext Market Services +31 (0)20 721 9588 CorporateActionsTeam@euronext.com

RESPONSE FORM

NOTICE NO171117DE - Consultation in relation to a proposal to amend the Euronext Derivatives Corporate Actions Policy where Euronext proposes to use the equalisation payment method for O-class contracts with small lot sizes. Please note that this only refers to the Amsterdam and Brussels Market.

Member:	
Representative:	
Email address:	
Response:	<p><input type="checkbox"/> Yes, I agree with the proposal.</p> <p>What should be the maximum lot size of the O-class for which we would use the equalisation payment?</p> <p><input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5</p> <p><input type="checkbox"/> No, I don't agree to the proposal.</p>
Comments: <i>(Optional)</i>	