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CHANGES TO DAILY SETTLEMENT PRICES PROCESSES FOR CAC 40[®] AND AEX-INDEX[®] FUTURES AND OPTIONS CONTRACTS

Executive Summary

Euronext is aligning the Daily Settlement Prices for the CAC 40[®] and AEX-Index[®] futures and options contracts with the Euronext Cash Market closing auction prices. As of 2 November 2015, the processes used to calculate the Daily Settlement Prices on the front month will be changed to the official closing price method.

Euronext is pleased to announce that an enhancement will be implemented to the processes used to calculate the Daily Settlement Prices (DSPs) for the CAC 40[®] and AEX-Index[®] futures and options contracts. This enhancement will align the DSPs of the CAC 40 and AEX-Index futures and options contracts with the closing auction prices of the Euronext Cash Market by changing the method as well as the time at which the DSPs are calculated. Euronext is making these changes in response to requests from market participants to bring the processes for establishing DSPs into line with international standards.

The changes will come into effect on **Monday 2 November 2015**.

DETAILS OF THE CHANGE

The method used to calculate the DSPs for the CAC 40 and AEX-Index futures contracts will change from the current Central Order Book price method to the official closing price method. Details of the official closing price method can be found in the [Euronext Trading Procedures, Sections 2.2 and 2.3](#).

The front month DSPs of the CAC 40 and AEX-Index futures contracts calculated using the official closing price method will be used as the reference price for calculating the DSPs of the CAC 40 and AEX-Index options contracts. As a result, the DSPs of the AEX and CAC 40 Index futures and options contracts will be calculated immediately after the publication of the Euronext Cash Market closing auction prices.

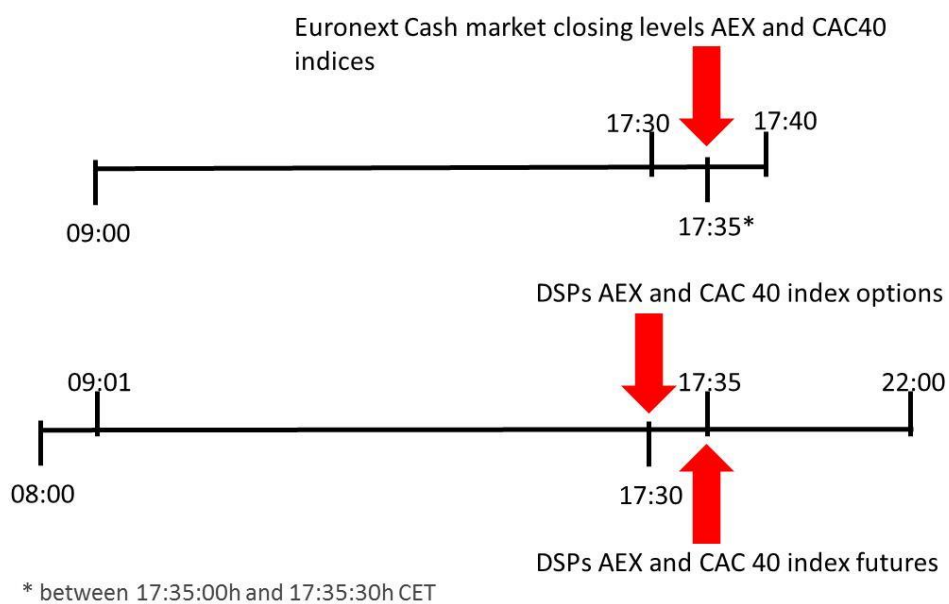
By applying the official closing price method to calculate the front month DSPs of the CAC 40 and AEX-Index futures contracts, Euronext will add an offset to the closing auction prices of the CAC 40 and AEX Indices. The offset is calculated during a trading day over a period of time as an average of the difference between the respective futures front month contract and the published index ticks.

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Current situation

- Currently, there is a difference between the closing time of the Euronext Cash Market and the time at which the DSPs of the index futures and options contracts are calculated
- The futures front month contract DSP is not used as a reference price to calculate the DSPs of the index options contracts.



In more detail:

- Continuous trading on the Euronext Cash Market ends at 17:30:00 CET. Uncrossing is performed randomly during the Cash Market closing auction between 17:35:00 and 17:35:30 CET, followed by the Trading-at-Last phase until 17:40:00 CET.
- The DSPs of the CAC 40 and AEX-Index futures front month contracts are based on a VWAP of futures trades from 17:33:00 to 17:35:00 CET.
- The DSPs of the CAC 40 and AEX-Index options contracts are calculated at 17:30:00 CET. These calculations are based on the last traded price of the related futures contracts at 17:30:00 CET.

Enhancements to the DSP processes for the CAC 40 and AEX-Index Futures contracts

- The officially published Euronext Cash Market index closing level (which is published as early as possible after 17:35 CET) is used as a reference price.
- An offset value is added to the index closing level to calculate the DSP of the index futures front month contracts.

The DSPs of the other index futures will continue to be calculated using the existing methods.

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Enhancement to the DSP process for the CAC 40 and AEX-Index Options contracts

- The DSPs of the index futures front month contracts will be used as a reference price to calculate the DSPs of the related index options contracts.

The changes to the DSP process for the CAC 40 and AEX-Index options contracts will harmonise the DSP processes for index options and Individual Equity Options contracts.

Contract	Type	Symbol	Trading Hours (CET)	Current		As from 2 November 2015	
				Daily settlement procedure	Timing (CET)	Daily settlement procedure	Timing (CET)
CAC40	Futures	FCE	08:00 - 22:00	VWAP futures trades	17:33 - 17:35	Offset calculation	17:35
AEX	Futures	FTI	08:00 - 22:00	VWAP futures trades	17:33 - 17:35	Offset calculation	17:35
CAC40	Option	PXA	09:01 - 17:30	Based on Last traded futures price	17:30	Based on DSP of the FCE	17:35
AEX	Option	AEX	09:01 - 17:30	Based on Last traded futures price	17:30	Based on DSP of the FTI	17:35

Please note that the trading hours of the CAC 40 and AEX-Index futures and options contracts will not change.

Annex 1 of the Trading Procedures will be updated accordingly in due course.

For further information in relation to this Info-Flash, contact your relationship manager at ccc@euronext.com or contact:

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