

LONDON NOTICE NO. 3637

Equivalent Notices are being issued to Members of all NYSE Liffe markets

Issue Date: 14 September 2012

Effective Date: 17 September 2012

UPDATED VERSION OF NYSE LIFFE'S CORPORATE ACTIONS POLICY

Executive Summary

This Notice informs Members of changes to NYSE Liffe's Corporate Actions Policy which will come into effect on 17 September 2012.

1. The purpose of this Notice is to inform Members of changes to NYSE Liffe's Corporate Actions Policy ("the Policy") which will come into effect on 17 September 2012. The changes can be summarised as follows:

(i) **Section 2 Definitions**

Change to the definition of London contract:

"means Options Contracts and Futures Contracts that are listed on [LIFFE, the London market of NYSE Liffe](#). ~~LIFFE Administration & Management~~"

(ii) **Section 4.5 Equalisation Payments and Section 5.1 Ratio method**

Change to the wording of the equalisation payment:

"....to neutralise the ~~error~~ [effect](#) observed due to rounding of the ~~contract~~ [Lot Size](#)"

(iii) **Section 6.4 Demergers and Section 6.6 Mergers and Takeovers**

The following phrases have been updated throughout both articles:

"...shares can be [delivered, settled and/or traded in the Relevant Euronext Market Undertaking where the Option Contracts and Futures Contracts are admitted to trading and/or listed and of which the underlying shares are subject to...](#) ~~delivered and settled in the domestic market of the shares of the original company; and those shares are either:~~

~~a. Traded on an exchange designated by NYSE Liffe; or~~

~~b. Included in the traded but not listed segment of NYSE Euronext Group."~~

(iv) **Section 6.6 Mergers and Takeovers**

The following wording has been added to cater for a possible change of the offer from stock to cash and/or to facilitate the Fair Value Method if the shares of the acquiring company cannot be delivered, settled and/or traded in the Relevant Euronext Market Undertaking. It should be noted that this additional measure in the Policy with regards to the calculation of implied volatilities will apply to all mergers and takeovers that are announced as from 17 September 2012:

“In general all Takeover offers shall lead to the calculation of implied volatilities for the purpose of (a possible) Fair Value settlement as described in Appendix 1, whether the offer is in stock, or in cash, or in a combination of both.”

(v) **Section 6.8 Delisting**

The following wording has been added:

“Where a company is delisted from its Relevant Stock Exchange on request of the relevant company and, as a consequence, the underlying Share is no longer deliverable on an exchange designated by NYSE Liffe, NYSE Liffe shall use the Fair Value method to settle Option Contracts and Futures Contracts as described in Appendix 1, whereby the determination of the implied volatilities for the purpose of settlement of the Options at Fair Value shall be based on the settlement prices of the relevant Options series over a ten business day period preceding the delisting.”

2. An updated version of the Policy document will be made available on the NYSE Euronext website (www.nyx.com/corporateactionpolicy) in due course.

For further information in relation to this Notice, Members should contact:

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