

LONDON NOTICE No. 2897

ISSUE DATE: 31 May 2007

EFFECTIVE DATE: 15 June 2007

OPTION CONTRACT ON EQUITY SHARES (AMERICAN STYLE EXERCISE) (EXCHANGE CONTRACT NO. 201)

REDUCTION TO THE MINIMUM PRICE INCREMENT OF THE REFERENCE PRICE FOR AUTO EXERCISE OF STANDARD PHYSICALLY DELIVERED INDIVIDUAL EQUITY OPTION CONTRACTS BASED ON UK SHARES

Executive Summary

This Notice informs members of the reduction to the minimum price increment of the reference price for auto exercise ("reference price") of standard physically delivered Individual Equity Option Contracts based on UK shares ("standard UK Individual Equity Option Contracts").

1. London Notices No. 2863, No. 2879, No. 2889, No. 2894 and No. 2895, issued on 22 March 2007, 16 April 2007, 11 May 2007, 21 May 2007 and 25 May 2007 respectively, informed members of changes to the minimum price movement ("tick size") and the minimum Exchange Delivery Settlement Price ("EDSP") Price Increment of Equity Derivatives Contracts.
2. This Notice informs members that the Exchange has determined to reduce the minimum price increment of the reference price of standard UK Individual Equity Option Contracts from 0.5 or 0.25 (as the case may be) to 0.01 as of Friday 15 June 2007. **No change will be made to the minimum price movement ("trading tick size") of standard UK Individual Equity Option Contracts.**
3. This change will bring the minimum price increment of the reference price for standard UK Individual Equity Option Contracts into line with that of flexible physically delivered Individual Equity Option Contracts based on UK shares. A full list of all the new trading tick sizes, minimum EDSP Increments and reference prices for all Individual Equity Option Contracts can be found in the Attachment to this Notice.

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

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The Euronext Derivatives Markets ("Euronext.liffe") include the markets for derivatives operated by Euronext Amsterdam, Euronext Brussels, Euronext Lisbon, Euronext Paris and LIFFE Administration and Management, referred to respectively as the Amsterdam, Brussels, Lisbon, Paris and London markets.

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Changes to Tick Size, minimum EDSP Price Increment and reference price of Individual Equity Options Contracts

Individual Equity Options Contracts

Individual Equity Options	Currency of quotation	Current Trading/ Daily Settlement Tick Size	New Trading/ Daily Settlement Tick Size	Current minimum EDSP Price Increment/ Reference price increment	New minimum EDSP Price Increment ¹ / Reference price increment ²
Austria Flex (Bclear)	EUR	0.01	0.0001	0.01	0.0001
Belgium Flex (Bclear)	EUR	0.01	0.0001	0.01	0.0001
Denmark Flex (Bclear)	DKK	0.5 or 1	0.01	0.5 or 1	0.01
Finland Flex (Bclear)	EUR	0.01	0.0001	0.01	0.0001
France Flex (Bclear)	EUR	0.01	0.0001	0.01	0.0001
Germany Flex (Bclear)	EUR	0.01	0.0001	0.01	0.0001
Greece Flex (Bclear)	EUR	0.01	0.0001	0.01	0.0001
Ireland Flex (Bclear)	EUR	0.01	0.0001	0.01	0.0001
Italy Flex (Bclear)	EUR	0.001	0.0001	0.001	0.0001
Netherlands Flex (Bclear)	EUR	0.01	0.0001	0.01	0.0001
Norway Flex (Bclear)	NOK	0.5	0.01	0.5	0.01
Portugal Flex (Bclear)	EUR	0.01	0.0001	0.01	0.0001
Spain Flex (Bclear)	EUR	0.01	0.0001	0.01	0.0001
Sweden Flex (Bclear)	SEK	0.01	0.0001	0.01	0.0001
Switzerland Flex (Bclear)	CHF	0.05 or 0.1	0.001	0.05 or 0.1	0.001
UK Standard (CONNECT & Bclear)	GBX	0.25 or 0.5	no change	0.25 or 0.5	0.01
UK Flex (Bclear)	GBX	0.25 or 0.5	0.01	0.25 or 0.5	0.01

¹ The rounding convention for the EDSP of cash settled contracts is to round to the nearest tick size. Due to the tick size of the underlying security, the Official Closing Price of the underlying, and therefore the EDSP, may in fact be rounded to fewer decimal places than the maximum enabled for trading.

² The reference price used by the Exchange in relation to the auto exercise of physically delivered IEO contracts

The EDSP/ reference price is the Official Closing Price of the relevant underlying security, including physically settled Italian IEOs, except for cash settled Italian IEOs and where it is the Official Opening Price.