

LONDON NOTICE No. 2672

ISSUE DATE: 8 August 2005
EFFECTIVE DATE: 15 August 2005

**OPTION CONTRACT ON EQUITY SHARES
(DENOMINATED IN STERLING)
(EXCHANGE CONTRACT NO. 201)**

**EQUITY SHARES CONTRACT (DENOMINATED IN STERLING)
(EXCHANGE CONTRACT NO. 211)**

**FLEX[®] OPTION CONTRACT ON EQUITY SHARES
(DENOMINATED IN STERLING)
(EUROPEAN-STYLE EXERCISE)
(EXCHANGE CONTRACT NO. 201F)**

**UNIVERSAL STOCK FUTURES CONTRACT
(EXCHANGE CONTRACT NO. 56)**

**INTRODUCTION OF NEW EQUITY OPTION, FLEX[®] OPTION AND UNIVERSAL STOCK
FUTURES CONTRACTS**

Executive Summary

This Notice provides details of the introduction of Equity Option, Equity Shares, FLEX[®] Option and Universal Stock Futures Contracts on Royal Dutch Shell plc A shares.

1. Introduction

- 1.1 The Exchange has determined that Equity Option, Equity Shares, FLEX[®] Option and Universal Stock Futures Contracts shall be made available for trading on Royal Dutch Shell plc A shares on and from Monday 15 August 2005.
- 1.2 This Notice includes information in respect of:
 - (a) arrangements for the additions to the list of company shares in respect of Exchange Contract No. 201 (Option Contract on Equity Shares (Denominated in Sterling)), Exchange Contract No. 201F (FLEX[®] Option Contract on Equity Shares (Denominated in Sterling)) and Exchange Contract No. 211 (Equity Shares Contract (Denominated in Sterling)), and details of those contracts;

Web site: www.euronext.com/derivatives

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- (b) arrangements for the addition to the list of contract details in respect of Exchange Contract No. 56 (Universal Stock Futures Contract) and details of that contract;
- (c) proposed market making arrangements and an invitation for members to apply for Primary Market Maker (“PMM”) and Designated Market Maker (“DMM”) status in the new Equity Options; and
- (d) the procedure for offering and selling the new Equity Option, Equity Shares and FLEX[®] Equity Option contracts in the United States.

2. Addition to the List of Company Shares

- 2.1 On and from Monday 15 August 2005, Equity Option, Equity Shares and FLEX[®] Option Contracts will be made available for trading under the terms of Exchange Contracts No. 201, No. 211 and 201F, respectively, on the following share:

Stock	Share	Underlying Stock Exchange	Option lot size
Royal Dutch Shell plc	A share €0.07	London Stock Exchange	1,000

- 2.2 An updated list of those companies’ shares subject to Exchange Contracts No. 201, No. 201F, and No. 211 will be made available on the Euronext website (www.euronext.com) in due course.
- 2.3 The table below provides further details of the expiry months that will initially be made available for trading.

Stock	TRS Code	Expiry Cycle	Initial Expiry Months
Royal Dutch Shell plc A shares	SHA	Nearest four of March, June, September and December, plus two semi-annuals, plus an annual, plus two serials such that the nearest three months are always available for trading.	August 2005, September 2005, October 2005, December 2005, March 2006, June 2006, December 2006, June 2007 and December 2007

- 2.4 The TRS code for FLEX[®] Option Contracts on Royal Dutch Shell plc A Shares shall be “SX”.

3. Introduction of Further Universal Stock Futures Contracts

- 3.1 On and from Monday 15 August 2005, a Universal Stock Futures Contract based on the Royal Dutch Shell plc A shares, that are traded on the London Stock Exchange, shall be made available for trading through the MATCH facility (TRS code SDA) with summary contract details as follows:

Summary contract specification

Unit of trading:	1,000 shares
Delivery months:	Nearest 4 of March, June, September and December
Last trading day:	Third Friday of the delivery month
Settlement day:	First business day following the last trading day
Quotation:	Pence per share
Minimum price movement:	0.25 pence
Tick size and value:	£2.50
LIFFE CONNECT™ trading hours:	08:00 – 17:30 (London time) Last Trading Day 08:00 – 16:30 (London Time)
Contract settlement:	Cash settlement based on EDSP
Reference Price:	Official closing price on London Stock Exchange

- 3.3 Further details concerning the addition to the list of contract details are set out in Attachment 1 of this Notice.

4. Market Making Arrangements

- 4.1 Members wishing to apply for Primary Market Maker (“PMM”) status in the new Equity Option contract should complete LIFFE Form 148 (for existing PMMs) or LIFFE Form 149 (for members who are not currently PMMs), both of which are available from Justin Matijasevich at Euronext.liffe. **Applications must be submitted in confidence to Justin Matijasevich as sealed bids no later than close of business on Thursday 11 August 2005.** Incomplete applications will not be valid or accepted. Similarly, applications submitted after the application deadline will be rejected.
- 4.2 Members should refer to Circular No. 05/04, issued on 8 March 2005, for a description of the operation of the PMM scheme.
- 4.3 Details of the applicable monthly base volume thresholds in respect of the calculation of compensation payments to PMMs are as follows:

Stock	TRS Code	Base Volume Threshold
Royal Dutch Shell plc A share	SHA	10,000

- 4.4 Members are reminded that, as detailed in London Circular 05/04, issued on 8 March 2005, the current PMM Scheme in respect of Individual Equity Option Contracts will be in place until the close of business on 31 March 2006.
- 4.5 Members may also apply to become a Designated Market Maker (“DMM”) in the new Equity Options contract by contacting Justin Matijasevich at Euronext.liffe.
- 4.6 Benchmark obligations of the DMM Scheme can be found in Attachment 2 to this Notice.
- 4.7 Further information including benefits to DMMs, bandwidth usage and use of Market Making (“M”) accounts can be found in London Circular No. 05/15, issued on 24 June 2005. The Exchange reserves the right to restrict the number of DMMs and the appointment of DMMs will be at the Exchange’s absolute discretion.

- 4.8 The daily message allocations available for price injection models for each of the Individual Equity Option Contracts to be included in the DMM and PMM Scheme are as follows:

LIFFE TRS Code	Allocation
SHA	9,000

Members are reminded that daily message allocations are subject to revision (i.e. allocations may increase or decrease) should the Exchange need to review the use of bandwidth capacity.

- 4.9 Further information on the use of Automated Price Injection Models and the daily message allocation for PMMs and DMMs is available in Circular No. 05/04 and No. 05/15, issued on 8 March 2005 and 24 June 2005 respectively.
- 4.10 Members are reminded that the appointment of a PMM and DMM will be subject to the binding contract (“the Agreement”) between the successful applicant(s) and the Exchange. A completed application does not constitute such an Agreement. Furthermore, a successful applicant’s PMM or DMM status, and therefore the period for which he may receive financial benefits, may not be deemed to have commenced until such Agreement is completed, signed and returned to the Exchange.

5. Offer and Sale in the United States

- 5.1 The new Equity Option contracts will be “Approved Options” (as defined in General Notice No. 436, issued on 16 June 1992) in respect of the transaction of business with certain US entities. Members should refer to General Notices No. 436 and No. 1754, issued on 16 June 1992 and 31 January 2001 respectively, which explain the procedure for offering and selling Approved Options in the United States. By extension, such arrangements also apply to the offer and sale in the United States of the corresponding Equity Shares contracts given that they have to be executed as part of a Stock Contingent Trade.
- 5.2 The full list of Approved Options on the Euronext website (www.euronext.com) will be updated in due course.

6. Block Trade Facility

- 6.1 The new Equity Option contract shall be included in the Exchange’s Block Trade Facility, with effect from 15 August 2005. The minimum size thresholds for the new Equity Option Contract is as follows:

Stock	TRS Code	Block Trade minimum size threshold
Royal Dutch Shell plc A shares	SHA	500 lots

7. Stock Contingent Trade Facility

- 7.1 Members are reminded that term 2 of Exchange Contract No. 211 limits the trading of Equity Shares contracts to being part of a Stock Contingent Trade, i.e. a transaction in conjunction with the related Equity Option contract.
- 7.2 An updated list of company shares that may be subject of a Stock Contingent Trade in respect of Exchange Contract No. 211 can be found on the Euronext website (www.euronext.com).

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

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**ADDITION TO THE LIST OF CONTRACT DETAILS IN RESPECT OF
EXCHANGE CONTRACT NO. 56**

Effective Date: 15 August 2005

MATCH UNIVERSAL STOCK FUTURES CONTRACT

Relevant Stock Exchange: **London Stock Exchange**

Company	Royal Dutch Shell plc A shares
Shares	€0.07
ISIN Code	GB00B03MLX29
TRS Code	SDA
Relevant Stock Exchange	London Stock Exchange
Underlying Currency	Pence
Relevant Currency	Pence
Minimum Price Fluctuation	0.25 pence
Lot size (number of shares)	1,000
Last Trading Day ("LTD")	Third Friday of the delivery month
Last Trading Day: time trading ceases	16:30 hours (London time)
Reference Day	LTD
Relevant Reference Price	Official Closing Price
Conversion Rate	n/a
Settlement Day	Market day immediately following LTD

Individual Equity Option Contracts: DMM Obligations

DMMs will be required to meet the following obligations:

Max Bid/Offer Spread	LIFFE TRS code: SHA
Option offer price (pence)	All listed expiry months
2.5p – 14.75p	3p
15p – 29.75p	4p
30p – 59.75p	5p
60p – 99.75p	6p
100p – 149.75p	7p
150p – 199.75p	8p
200p+	10p
Minimum Lot Size	40 lots
Proportion of Trading Day	90%
Continuous Quoting Strike Coverage	At-the-money series and two series either side

DMMs will be required to meet the above obligations in all expiry months listed. However, for those contracts where longer-dated expiry months are available, the DMMs will only be required to meet the obligations in respect of expiry months which have twelve months or less to expiry.

In addition, DMMs will be required to respond to 80% of Request for Quotes (“RFQs”) and 50% of Strategy RFQs in the above Equity Options.