

Warrants & Certificates

Warrants and Certificates offer a straightforward and cost effective way to turn market opportunities into investments or to hedge your portfolio

Listed on NYSE Euronext and traded like shares, warrants and certificates provide significant profit potential and the benefit of knowing the maximum loss potential in advance.

These instruments are extremely attractive to the financial community. More than 20 institutions are active in this market, which currently accounts for an annual average daily volume of over \$149 million* and offers a choice of over 15,000* products.

*as at 31/12/08

What is a warrant?

Warrants give the holder the right, but not the obligation, to buy (call warrant) or to sell (put warrant) an underlying asset at a predetermined price (strike price or exercise price) up to a given termination date (expiry). The price for this right is less than that of the underlying asset.

What is a certificate?

Certificates are listed securities with the legal character of a complex debt instrument. They are issued by banks and have settlement terms on expiry that are known and guaranteed at the time of issue. There are several types of products, each with a specific investment and risk profile.

Key advantages

Price quality is a key objective of this new market model. It provides accurate and fresh information on product characteristics and trading conditions and offers maximum transparency while minimizing the risk of inadequate execution as a result of the absence of the liquidity provider.

- **Liquidity ensured.** The issuer undertakes to provide a buy price and a sell price at all times*.
- **Transparency.** Detailed information about each product is available on the issuer's website and from NYSE Euronext.
- **Security.** Issuance is controlled and approved by the financial market regulator of any EU member state.
- **Easier access.** All asset classes, sectors and geographical regions are available including foreign equities and indices on the same pricing tiers as apply to domestic equities.
- **Hedging.** Ability to hedge against the risk of a fall in the market or to take advantage of a decline in the price of the underlying securities.

*Except during one-sided situations: bid only (the issuer is sold out), offer only (the fair value of the product tends to zero)

Trading

Warrants and certificates are traded on NYSE Euronext's regulated market in the same way as shares. Warrants and certificates can be bought and resold continuously between 09.05 and 17.30 CET on every market trading day. The electronic order book executes orders automatically. The financial intermediary is free to set the trading fees. In early 2009, NYSE Euronext is launching a new market model for warrants and certificates to give you easy access to the market and offer better liquidity (see the 'Warrants & Certificates - The European Regulated Market' factsheet.)

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Segmentation by exposure and product behavior

NYSE Euronext has segmented warrants and certificates in two levels according to an objective assessment of the potential gains and losses they represent. This helps to select the instruments best suited to your risk profile.

Level I: Assessing risk exposure

This level of segmentation distinguishes investment products and leverage products.

- **Investment products:** Products with a risk profile close to that of the underlying asset, but which offer certain benefits in terms of performance or protection.
- **Leverage products:** Products designed either to amplify or to invert the performance of the underlying asset. Investors can lose their entire investment.

Level II: Assessing the behavior of the product

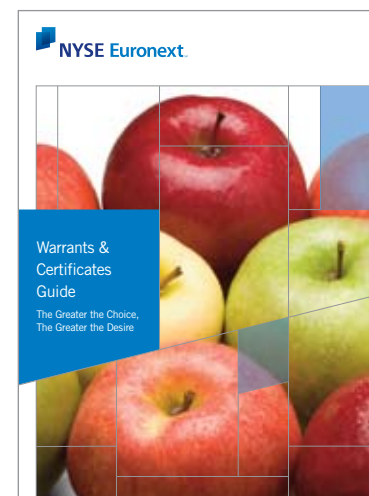
This level of segmentation groups products that behave in a similar way.

- **Investment product family:**
 - Pure indexation products precisely track the performance of the underlying asset.
 - Upon maturity, yield enhancement products are valued at no less than the underlying asset price while improving on its performance, in certain market conditions or between certain predetermined limits.
 - Capital protection products reproduce some or all of the upside performance of the underlying asset, while guaranteeing some or all of the initial capital if the value of the underlying falls.
- **Leverage product family:**
 - Plain vanilla warrants are basic call or put option products.
 - Bear indexation products generate the opposite performance to the underlying asset. They mature prematurely if a predetermined level is reached during the product's life.
 - Spread products combine the purchase and sale of options.
 - Digital knock-out products are valued on expiry at a sum determined in advance, provided the underlying asset stays between two predetermined levels. The product matures prematurely if either of these two levels is reached during its life.
 - Leverage knock-out products offer leveraged tracking of the performance of the underlying asset if the latter is above (call) or below (put) a predetermined level. They mature prematurely if that level is reached during the product's life.

Contacts

For further information, log on to www.nyseuronext.com >equities > warrants & certificates

If you have any question about warrants and certificates, e-mail us at warrants.news@euronext.com



The 'Warrants & Certificates' guide is available on www.euronext.com <<http://www.euronext.com/>> Equities > Warrants & certificates > Overview