



UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

DIVISION OF  
MARKET REGULATION

July 13, 2006

Sebastian R. Sperber  
Cleary Gottlieb Steen & Hamilton LLP  
55 Basinghall St.  
London EC2V 5EH, England  
United Kingdom

Re: Offer by NYSE Euronext, Inc. for Shares of Euronext N.V.  
TP No.: 06-84

Dear Mr. Sperber:

We are responding to your July 13, 2006 letter to James A. Brigagliano. Our response is attached to the enclosed copy of your letter to avoid having to recite or summarize the facts set forth in your letter. Unless otherwise noted, capitalized terms in this letter have the same meaning as in your letter.

On the basis of your representations and the facts presented, but without necessarily concurring in your analysis, the United States Securities and Exchange Commission ("Commission") hereby grants an exemption from Rule 14e-5 under the Securities Act of 1934 ("Exchange Act") to permit the Financial Advisors to engage in the Trading Activities in the Euronext Securities through the expiration of the Offer, particularly in light of the following facts:

- The Offer is required to be conducted in accordance with French law, in particular the General Rules of the AMF;
- Euronext, N.V., a company organized under the laws of The Netherlands ("Euronext"), is a foreign private issuer as defined in Rule 3b-4(c) under the Exchange Act;
- All purchases of Euronext Securities by the Affiliates and Departments of the Financial Advisors will be subject to French laws and rules, including the General Rules of the AMF and other applicable regulatory requirements in the jurisdictions in which the Euronext Securities are listed;

- All purchases of the Euronext Securities by the Financial Advisors through their respective Affiliates and Departments during the Offer will be effected in the ordinary course of business and will not be undertaken for the purposes of promoting or otherwise facilitating the Offer, or for the purpose of creating actual, or apparent, active trading in, maintaining, or affecting the prices of the Euronext Securities;
- The respective Affiliates and Departments of the Financial Advisors will voluntarily comply with the United Kingdom's City Code on Takeovers and Mergers ("City Code") as described in your letter;
- UBS Securities LLC and Morgan Stanley & Co. Inc., each affiliates of the Financial Advisors, are registered under Section 15(a) of the Exchange Act;
- The Financial Advisors maintain and enforce written policies and procedures that are reasonably designed to prevent the flow of information to or from their respective Affiliates and Departments that might result in a violation of the federal securities laws through the establishment of information barriers;
- Each of the Affiliates and Departments of the Financial Advisors that conducts the Trading Activities has no officers (or persons performing similar functions) or employees (other than clerical, ministerial, or support personnel) who direct, effect, or recommend transactions in the Euronext Securities and who are also involved in providing Euronext, NYSE Group and/or NYSE Euronext with financial advisory services or dealer manager services in the future; and
- Purchases of Euronext Securities outside the Offer are permitted under applicable French rules.

The Commission grants this exemption from Rule 14e-5 under the Exchange Act to permit the Financial Advisors' respective Affiliates and Departments to purchase or arrange to purchase Euronext Securities otherwise than pursuant to the Offer, subject to the following conditions:

1. No purchases or arrangements to purchase Euronext Securities, otherwise than pursuant to the Offer, shall be made in the United States;
2. The formal tender offer documents shall disclose prominently the possibility of, or the intention to make, purchases of Euronext Securities by the Affiliates and/or Departments;
3. The Financial Advisors shall disclose in the United States information regarding purchases of Euronext Securities to the extent such information is made public in France;
4. The Financial Advisors and their respective Affiliates and Departments shall comply with any applicable requirements under French law, including the General Rules of the AMF and any other applicable rules or regulations;

5. The Financial Advisors shall provide to the Division of Market Regulation (“Division”) upon request, a daily time-sequenced schedule of all purchases of Euronext Securities made by the Financial Advisors’ Affiliates and/or Departments during the Offer, on a transaction-by-transaction basis, including:
  - a. size, broker (if any), time of execution, and price of purchase; and
  - b. the exchange, quotation system, or other facility through which the purchase occurred;
6. Upon the request of the Division, each of the Financial Advisors shall transmit the information specified in paragraphs 5(a) and 5(b) to the Division at its offices in Washington, D.C. within 30 days of its request;
7. The Financial Advisors shall retain all documents and other information required to be maintained pursuant to this exemption for a period of not less than two years from the date of the termination of the Offer;
8. Representatives of each of the Financial Advisors shall be made available (in person at the offices of the Division in Washington, D.C. or by telephone) to respond to inquiries of the Division relating to their records; and
9. Except as otherwise exempted herein, the Financial Advisors and their respective Affiliates and Departments shall comply with Rule 14e-5.

The foregoing exemption is based solely on your representations and the facts presented in your letter dated July 13, 2006, and is strictly limited to the application of the rules and statutory provisions listed above to your proposed transactions. Such transactions should be discontinued, pending presentation of the facts for our consideration, in the event that any material change occurs with respect to any of those facts or representations.

In addition, we direct your attention to the anti-fraud and anti-manipulation provisions of the federal securities laws, including Sections 10(b) and 14(e) of the Exchange Act and Rule 10b-5 thereunder. The participants in the Offer must comply with these and any other applicable provisions of the federal securities laws. The Division expresses no view with respect to any other questions that the proposed transactions may raise, including, but not limited to, the

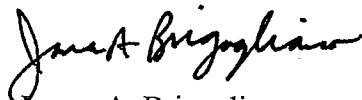
Sebastian R. Sperber

July 13, 2006

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adequacy of disclosure concerning, and the applicability of any other federal or state laws to, the proposed transactions.

For the Commission,  
by the Division of Market Regulation  
pursuant to delegated authority

A handwritten signature in black ink, appearing to read "James A. Brigagliano". The signature is written in a cursive style with a large initial "J".

James A. Brigagliano  
Acting Associate Director  
Division of Market Regulation

Attachment

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SECURITIES AND EXCHANGE COMMISSION  
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DIVISION OF MARKET REGULATION

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July 13, 2006

## VIA FACSIMILE

U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, D.C. 20549  
U.S.A.

Attention: Mr. James A. Brigagliano  
Acting Associate Director,  
Division of Market Regulation

Re: Offer by NYSE Euronext, Inc. for Shares of Euronext N.V.

Dear Mr. Brigagliano:

We are writing to you on behalf of UBS AG, a company organized under the laws of Switzerland, acting through UBS Limited, and Morgan Stanley & Co. Limited (collectively, the "Financial Advisors"), who, directly or through affiliates, are acting as financial advisors to Euronext N.V., a company organized under the laws of The Netherlands ("Euronext"). The advisory engagements relate to the agreement of Euronext and NYSE Group, Inc., a Delaware corporation ("NYSE Group") to combine their respective businesses in a merger of equals and become subsidiaries of a newly formed holding company, NYSE Euronext, Inc., a Delaware corporation ("NYSE Euronext"). In connection with the merger of equals, NYSE Euronext, or a subsidiary of NYSE Euronext, will launch an exchange offer (the "Offer") for all outstanding Euronext ordinary shares. We hereby request, on behalf of the Financial Advisors and their affiliates, exemptive relief from the provisions of Rule 14e-5 ("Rule 14e-5") under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), with respect to certain trading activities of the Financial Advisors and their affiliates during the pendency of the Offer, as

described below. Please also note that, although the Offer has been publicly announced, it will not formally commence until the requisite regulatory approvals are received and certain other conditions precedent are satisfied.

I. Background

A. Euronext

Euronext, a holding company incorporated under Dutch law that operates through local subsidiaries, was created on September 22, 2000 from the merger of the Amsterdam, Brussels and Paris stock exchanges. The Euronext group expanded at the beginning of 2002 with the acquisition of the London International Financial Futures and Options Exchange and the merger with the Portuguese exchange Bolsa de Valores de Lisboa e Porto. Euronext is a “foreign private issuer” (as defined in Rule 3b-4 under the Exchange Act) that is not subject to the reporting requirements of the Exchange Act.

Euronext provides financial market participants with a range of integrated services for regulated stock and derivatives markets in Belgium, France, The Netherlands and Portugal, in addition to derivatives services in the United Kingdom. These services range from facilitating public offerings and providing trading facilities for cash and derivatives products to supplying market data. Euronext also sells software and information technology solutions. Euronext is the leading stock exchange in Europe based on trading volumes on the central order book.

Since its initial public offering on July 5, 2001, Euronext shares (the “Euronext Shares”) have been listed on Euronext’s Paris market, the Trading Facility segment of Euronext Brussels and the Traded-But-Not-Listed segment of Euronext Amsterdam. In addition, equity option contracts on Euronext Shares have traded on Liffe Connect® since November 23, 2003. We refer to the exchanges on which Euronext securities trade, Euronext Paris, Euronext Brussels, Euronext Amsterdam and Liffe Connect®, as the “Exchanges.” As of July 6, 2006, Euronext’s market capitalization amounted to approximately €8.2 billion, divided into approximately 112.6 million issued and outstanding shares. As of May 22, 2006, there were up to an additional 2.5 million shares reserved for issuance in connection with outstanding options over Euronext Shares. Euronext’s registered office is in Amsterdam.

To calculate the level of U.S. ownership in Euronext in accordance with the guidelines set forth in Rule 14d-1 under the Exchange Act would require Euronext to “look through” the record owners in France, The Netherlands and the United States and inquire of such record owners regarding beneficial U.S. ownership. As noted in prior no-action requests, to carry out this process in France in an uncontested transaction would normally take approximately two months, and the parties do not currently expect to conduct this process in advance of the commencement of the Offer.<sup>1</sup> We understand, however, that Euronext reviews the composition of

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<sup>1</sup> For a discussion of the general manner of calculating U.S. beneficial ownership of shares held through Euroclear France SA, see letter regarding the offer by Alcan Inc. for Common Shares, Bonus Allocation Rights, ADSs and OCEANEs of Pechiney (October 8, 2003) and letter regarding the offer by Serono S.A. for Genset (September 12, 2002).











Historically, the Financial Advisors or their Affiliates and Departments may have traded in the Euronext Shares or derivatives related to such securities (including futures, forwards, options, swaps or similar instruments) (collectively, the “Euronext Securities”) on the Exchanges, or otherwise. The Financial Advisors have imposed trading restrictions throughout their global operations to comply with all applicable restrictions. Prior to the imposition of the trading restrictions, the Financial Advisors or their Affiliates and Departments may have engaged in, among other things, the following trading activities in relation to the Euronext Securities (collectively referred to herein as the “Trading Activities”):<sup>5</sup>

- (1) market making activities in the Euronext Securities;
- (2) purchasing and selling the Euronext Securities as part of ordinary course portfolio and asset management activities (in which activities the Affiliates and Departments would generally have discretionary trading authority) and as principal for their own accounts;
- (3) principal facilitation to buy the Euronext Securities to facilitate client orders on the Exchanges;
- (4) creation of derivative products (including futures, forwards, options, swaps or similar instruments) and dynamic hedging and covering activities, short sales and other forms of hedging and covering, such as purchasing and selling the Euronext Securities with respect to positions in these newly created derivatives contracts that are in place after the announcement of the Offer on June 1, 2006, as well as such hedging and covering activities with respect to (a) derivatives contracts in place prior to the announcement and (b) any such trading and positions as would be permitted otherwise pursuant to this relief;
- (5) index arbitrage activities (other than risk arbitrage trading) that are not to facilitate the Offer and are limited in scope, so that such index arbitrage activities are consistent with such activities undertaken in the ordinary course of business prior to commencement of the Offer and which reflect the same balance and constituency as the index being hedged, and hedging and covering activities, including dynamic hedging, short sales and other forms of hedging, such as purchasing and selling Euronext Securities, with respect to such index related activities;
- (6) program trades on behalf of clients (other than Euronext) generally with respect to a basket of securities the composition of which has been proposed by the clients;
- (7) hedging activities, including dynamic hedging and other forms of hedging, such as purchasing and selling the Euronext Securities, with respect to

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<sup>5</sup> Certain activities that are clearly permitted under or exempted from Rule 14e-5 are not discussed below and exemptive relief is not being sought for any such activities.







U.K. regulatory regime. In particular, it has included an exemption from Rule 14e-5(a) based on the applicability of the City Code in Rule 14e-5(b)(9), and has granted no-action relief under Rule 14e-5 (or Rule 10b-13) in numerous transactions where the City Code is applicable.<sup>8</sup> Although the Offer is not technically subject to the City Code because Euronext is not incorporated in England, the Financial Advisors will voluntarily comply with the City Code. The SEC has previously granted relief under Rule 14e-5 based on voluntary compliance with the City Code. *See, e.g.*, the letter regarding certain trading activities by UBS AG, London Branch and J.P. Morgan Securities Limited during the issuer tender offer of Dairy Farm International Holdings Limited (available February 21, 2003) (the “2003 UBS Letter”). In the 2003 UBS Letter, the City Code did not apply because the offer in that case was an issuer tender offer and because the issuer was not incorporated in England; the Commission nevertheless granted relief under Rule 14e-5, relying, in part, on representations that during the transaction, UBS would voluntarily comply with the City Code. The SEC has granted no-action relief in other similar situations. *See, e.g.*, the letter regarding the offer by Adecco S.A. for DIS Deutscher Industrie Service AG (January 9, 2006); the letter regarding the offer by Crucell N.V. for Berna Biotech AG (January 5, 2006); the letter regarding Gas Natural SDG S.A.’s proposed acquisition of Endesa S.A. (November 18, 2005); the letter regarding the proposed return of cash by National Grid Transco plc (available June 6, 2005); the letter regarding certain trading activities by J.P. Morgan Securities Limited during the issuer tender offer of Dairy Farm International Holdings Limited (available February 27, 2002); the letter regarding certain trading activities by UBS AG and UBS Warburg during the issuer tender offer of Hongkong Land Holdings Limited (available November 22, 2000); the letter regarding certain trading activities by UBS AG and UBS Warburg during the issuer tender offer of Allied Zurich (available September 13, 2000); the letter regarding certain trading activities by UBS AG and UBS Warburg during the issuer tender offer of Jardine Matheson Holdings Limited (available August 3, 2000); the letter regarding certain trading activities by Credit Suisse First Boston and Cazenove & Co. during the proposed recapitalization of BTR plc (available April 9, 1998); the letter regarding the proposed recapitalization by EMI Group plc (available July 17, 1997); and the letter regarding the proposed recapitalization by Thorn Plc (available June 18, 1997).

In the current transaction, each of the Financial Advisors will conduct itself as if it were a connected exempt principal trader, as defined in the City Code, during the Offer and voluntarily comply with the relevant requirements of the City Code with respect to Trading Activities permitted following the announcement of the Offer, including regulations with respect to the establishment and maintenance of Information Barriers, conflict of interest provisions and other requirements, except that trades will be reported to the AMF, in lieu of the Panel, as required by the General Rules of the AMF. The interests of Euronext Shareholders, which Rule 14e-5 seeks to safeguard, should not be prejudiced by the Trading Activities of the Financial Advisors after the announcement and during the pendency of the Offer. The services provided by the Financial Advisors will be effected in the ordinary course of business, and the Financial Advisors will voluntarily comply

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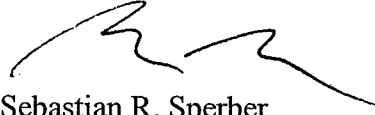
<sup>8</sup> The Rule 14e-5(b)(9) exemption is partly based on the status of “connected exempt principal trader” under U.K. law. Under U.K. law, there are two requirements for establishing such a status. First, a firm must either be (i) registered with the London Stock Exchange as a market maker or otherwise recognized as such by the Takeover Panel, or (ii) a London Stock Exchange member firm dealing as principal in order book securities. Second, the firm must obtain approval from the U.K. Takeover Panel for exempt status. Before granting exempt status, the Takeover Panel must be satisfied with the internal procedures and controls of the firm (including its information barriers).





If you need any further information or wish to discuss the foregoing matters, please do not hesitate to contact me in London on +44-20-7614-2237.

Sincerely,

A handwritten signature in black ink, consisting of a series of fluid, connected strokes that form a stylized representation of the name Sebastian R. Sperber.

Sebastian R. Sperber