

**SECTION 7M1 - CONTRACT RULES: ICE FUTURES TOTAL RETURN INDEX FUTURES CONTRACTS**

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**7M1.1 INTERPRETATION<sup>1</sup>**

(a) Save as otherwise specified herein, words and phrases defined in the Regulations shall have the same meanings in these Contract Rules and in the Administrative Procedures.

(b) In these Contract Rules and in the Administrative Procedures:

“Accrued Distributions” are calculated as specified for this purpose in Administrative Procedures.

“Accrued Funding” are calculated as specified for this purpose in Administrative Procedures.

“Administrative Procedures” means all administrative procedures contained in Rule 7M2 implemented for the purposes of these Contract Rules.

“business day” means a market day on which the Index Provider publishes the level of the Index and the Bank of England publishes a Funding Rate.

“Contract” means a contract made expressly or impliedly under these Contract Rules and Administrative Procedures for the sale and purchase of one or more lots in respect of the underlying Indices, and “registered Contract” means a Contract registered by the Clearing House.

“Distribution Index” means all dividend and stock distributions of the index constituent companies going ex-dividend to and including the current trading day expressed in index points. The Distribution Index is the daily level of the of the FTSE 100 Cumulative Dividend Points Index as calculated by Index Provider.

“delivery month” means each month specified in the Table.

“Delivery Disruption” means any expected business day in respect of which exchange officials have determined that:

(a) the Index Provider for any reason has not calculated or published, or will not calculate or publish, the value of the FTSE 100 Cumulative Dividend Points Index prior to the start of trading for the Contracts; and/or

(b) the Index Provider publishes the value of the FTSE 100 Cumulative Dividend Points Index prior to the start of trading for the Contracts but for any reason subsequently amends and republishes the value of the FTSE 100 Cumulative Dividend Points Index after the start of trading for the Contracts; and/or

(c) the Bank of England for any reason has not calculated or published, or will not calculate or publish the Funding Rate for the previous settlement

<sup>1</sup> Amended 13 April 2015, 10 December 2015, 22 June 2017, 29 May 2018, 08 May 2020

	day prior to the start of trading for the Contracts; and/or
	(d) the Bank of England publishes the Funding Rate for the previous settlement day prior to the start of trading for the Contracts but for any reason subsequently amends and republishes the Funding Rate after the start of trading for the Contracts; and/or
	(e) the Index Provider for any reason has not calculated or published, or will not calculate or publish, the value of the Index close; and/or
	(f) the Index Provider publishes the Index close but for any reason subsequently amends and republishes the Index close.
“EDSP”	means the Exchange Delivery Settlement Price and has the meaning attributed to it in Rule 7M1.5.
“EDSP Time”	means the period specified as such in the Administrative Procedures.
“EDSP Intra-day Auction”	means the auction for securities in the FTSE 100 Index operated by the London Stock Exchange from which the FTSE 100 Futures Exchange Delivery Settlement Price is determined in accordance with Rule CCCCCC.5.
“Exchange Disruption”	means any event where: <ul style="list-style-type: none"> <li>(a) the Contracts are not available for trading for all or part of the day;</li> <li>(b) the relevant stock exchange is not open for trading during the period between 15:30 - 16:30 London time.</li> </ul>
“Expiry Day”	means, in respect of a delivery month, the third Friday in that month provided that if that day is not a business day then the Expiry Day shall be the last business day preceding the third Friday. For the avoidance of doubt, the Last Trading Day will be the business day preceding the Expiry Day.
“expiry month”	means each month specified as such in respect of this Exchange Contract by the Board pursuant to the Rules.
“FTSE 100 Futures EDSP”	the ICE Futures FTSE 100 Index Futures Exchange Delivery Settlement Price determined in accordance with Rule CCCCCC.5.
“FTSE Russell”	means FTSE International Limited, or, its agents or successors in publishing the relevant Index.
“Funding Rate”	is the benchmark overnight funding rate over which the TRF Spread is quoted and traded. In the case of the FTSE 100 Total Return Index Futures contract, it is the Sterling Overnight Index Average (SONIA) as published by the Bank of England (as a percentage).

“Ground Rules”	means in the case of FTSE Russell, the “Ground Rules for the UK Index Series” (or its successor).
“Index”	means the specification in accordance with the Ground Rules of: <ul style="list-style-type: none"><li>(i) a nominated sector of share issuance, as identified in the Table;</li><li>(ii) a list of shares in such sector (the “constituent shares”); and</li><li>(iii) the algorithm in accordance with which prices of such constituent shares are combined to generate a single figure which is calculated by the Index Provider or the Index calculator, as the case may be (an “Index figure”) and published from time to time.</li></ul>
“Index close”	means the official closing index value of the FTSE 100 Index as determined by the Index Provider
“Index Provider”	means FTSE Russell
“Last Trading Day”	has the meaning ascribed to it in the Table except that, if that day is not a business day then the Last Trading Day shall be the last business day preceding such day (subject in all cases to Rule 7M1.4).
“market day”	means a day on which the Market, the Clearing House and banks in London are open for business.
“Market Disruption”	includes but is not limited to an Exchange Disruption or a Delivery Disruption on an exchange business day. In addition, the Exchange may determine situations where orderly price or spread determination is not possible and a Market Disruption event has occurred.
“Member State”	means a member of the European Community.
“minimum price fluctuation”	has the meaning attributed to it in Rule 7M1.3(a).
“£”	denotes the lawful currency of the United Kingdom, known, at the date of issue of these Contract Rules, as “Sterling”.
“relevant stock exchanges”	means, in respect of an Index, the stock exchanges from which the Index Provider obtains prices of the relevant constituent stocks of the Index for the purpose of calculating the Index figure in respect of that Index, and a “relevant stock exchange” is any one of these.
“Settlement Day”	means, in respect of a delivery month, the first market day after the Expiry Day.
“Table”	means the table of Contract details specified by the Exchange for ICE Futures Total Return Futures Contracts in these Contract Rules.
“Trade at Index Close (TAC)”	means trades where the calculated Trade at Basis and TRF Traded Future price in index points is based on the Index close.

“Trade at Market (TAM)”	means trades where the calculated Trade at Basis and TRF Traded Future price in index points is based on an index level predetermined and entered by the user.
“Trade Basis”	is used in conjunction with Accrued Distributions and Accrued Funding to convert the TRF Spread into the TRF Traded Future price in Index points in accordance with Rule 7M1.3.
“Total Return Futures Spreads (“TRF Spread”)	is an annualised rate expressed in basis points and represents the spread financing rate leg (negative or positive) over a Funding Rate.
“Total Return Futures Traded Futures Price (“TRF Traded Futures price”)	Once a trade is matched the TRF Spread is converted into a Total Return Futures Traded Futures Price (“TRF Traded Futures price”) expressed in Index points in accordance with Rule 7M1.3
“Weighting”	means the factor which, when multiplied by the price of a constituent stock expressed in euro or dollars, as the case may be, determines the contribution to the Index figure made by that constituent stock.

### 7M1.2 CONTRACT SPECIFICATION

- (a) These Contract Rules shall apply to all Contracts.
- (b) Each Contract shall be for one or more lots for the delivery month specified.

### 7M1.3 PRICE

- (a) Bids, offers and transactions shall be quoted or made, as the case may be, in Total Return Futures Spreads (“TRF Spread”) and prices shall be a whole number multiple of the minimum price fluctuation, as specified in the Table.
- (b) The TRF spread is an annualized rate expressed in basis points (positive or negative). The TRF Spread represents the spread financing leg over a Funding Rate. Once the trade is matched the TRF Spread is converted into a Total Return Futures Traded Futures Price (“TRF Traded Futures price”) expressed in Index points. The TRF Traded Future price in Index points is calculated using the Trade Basis, Accrued Distributions and Accrued Funding.

#### a. Trade Basis calculation:

##### i. Trade at Index Close (TAC):

$$\text{Traded Basis}(t) = \text{Index Close}(t) * [\text{traded TRF Spread}(t) * 0.0001] * (\text{days to maturity}(t) / \text{Annualization Factor})$$

Where:

$t$  = current trading day

Index Close( $t$ ) = the closing level of the FTSE 100 Index

Annualization Factor = 365 (the day count convention is Actual/365)

##### ii. Trade at Market (TAM) - Block only:

*Traded Basis(t) = Custom Index(t) \* [traded TRF Spread(t)\*0.0001] \* (days to maturity(t) / Annualization Factor)*

*Where:*

*t = current trading day*

*Custom Index (t) = index level of the FTSE 100 Index as predetermined and entered by user (TAM trades only available as blocks)*

*Annualization Factor = 365 (the day count convention is Actual/365)*

*Where:*

*Days to Maturity = actual number of days and based on the settlement days of the underlying equities (i.e. T+2 settlement basis).*

*Days to Maturity(t) = [Expiry Date + 2 settlement days] - [t + 2 settlement days]*

*Settlement days = any day on which CHAPS (Clearing House Automated Payment System) is open for the settlement of payments in Sterling*

**b. TRF Traded Future price:**

**i. Trade at Index Close (TAC)**

*TRF Traded Futures Price(t) = Index Close(t) + Accrued Distribution(t) - Accrued Funding(t) + Traded Basis(t)*

*Where:*

*t = current trading day*

*Index Close(t) = the closing level of the FTSE 100 Index*

**ii. Trade at Market (TAM) - Block only**

*TRF Traded Futures Price(t) = Custom Index(t) + Accrued Distribution(t) - Accrued Funding(t) + Traded Basis(t)*

*Where:*

*t = current trading day*

*Custom Index(t) = index level of the FTSE 100 as predetermined and entered by the user (TAM trades only available as blocks)*

c. The Accrued Distributions and Accrued Funding are calculated as specified for this purpose in Administrative Procedures.

(c) One Index point shall be 1.0 and shall have a value of £10.00 per lot.

(d) The daily settlement price is calculated in Index points using the same methodology for a Trade at Index Close (TAC) as specified in Rule 7M1.3(b). Instead of the traded TRF Spread a Daily Settlement TRF Spread will be calculated and used, in conjunction with index close and time to maturity, to calculate the daily settlement basis in index points. The daily settlement basis will be used, in conjunction with Accrued Distribution and Accrued Funding, to calculate the daily settlement price in index points.

**7M1.4 LAST TRADING DAY**

(a) On the Last Trading Day:

(i) trading in Contracts for the relevant delivery month shall cease at such time as may be specified in the Administrative Procedures;

- (ii) the Exchange will calculate the EDSP in accordance with Rule 7M1.5 on the market day following the Last Trading Day

#### **7M1.5 EXCHANGE DELIVERY SETTLEMENT PRICE (“EDSP”)**

- (a) The EDSP for the Contracts for a particular delivery month, subject as provided in Rule 7M1.5(c) and 7M1.6, shall be based on the FTSE 100 Futures EDSP, Accrued Distributions and Accrued Funding calculated as specified for this purpose in Administrative Procedures and rounded in accordance with the rounding convention specified in Table 1.
- (b) The Exchange shall publish a provisional EDSP and the final EDSP at or by such times as may be specified in the Administrative Procedures. The final EDSP shall be final and binding for all purposes.
- (c) The Exchange may from time to time amend the method for and timing of the calculation of the EDSP for any reason determined by the Exchange and any such changes shall have such effect with regard to existing and/or new Contracts as the Exchange may determine.

#### **7M1.6 ERRORS IN INDEX**

- (a) If not later than the market day following the Last Trading Day, specified for that purpose in the Administrative Procedures, any member of the Exchange notifies the Exchange of, or there otherwise comes to the attention of the Exchange, an alleged or apparent error in the Index due to any cause whatsoever, then the Exchange shall promptly request the Index Provider to investigate such alleged or apparent error. If in the Index Provider’s opinion an error has been made, the Index Provider shall correct any Index figures affected, and the Exchange shall as soon as reasonably practicable re-determine the EDSP in accordance therewith. No correction to the Index shall be made in respect of any error notified to the Exchange or coming to its attention after the time so specified in the Administrative Procedures.
- (b) No correction to an Index or an Index figure shall be accepted and no re-calculation of the EDSP shall be made other than as may be allowed for in Rules 7M1.6(a).
- (c) Neither the Exchange nor its officers, employees, agents or representatives shall have any liability whatsoever in respect of any decision as to whether or not to correct Index figures or as to the amount of any correction, or as to whether or not to re-calculate the EDSP.

#### **7M1.7 PAYMENT**

- (a) In respect of each lot comprised in a Contract the following payments shall be made by the time specified therefor in the Administrative Procedures:
  - (i) where the final EDSP exceeds the Contract price, payment by the Seller to the Clearing House and payment by the Clearing House to the Buyer of an amount calculated by multiplying the difference in Index points between the EDSP and the Contract price by £10 as specified in Rule 7M1.3(c); and
  - (ii) where the Contract price exceeds the final EDSP, payment by the Buyer to the Clearing House and payment by the Clearing House to the Seller of an amount calculated by multiplying the difference in Index points between the Contract price and the EDSP by £10 as specified in Rule 7M1.3(c).

#### **7M1.8 DEFAULT IN PERFORMANCE**

- (a) A Buyer or a Seller shall be in default in performance where:

- (i) he fails to fulfil his obligations under a Contract by the time and in the manner prescribed and in accordance with these Contract Rules, the Regulations, the Administrative Procedures or the Clearing House Rules; or
  - (ii) he fails to pay any sum due to the Clearing House in respect of a registered Contract by the time specified in these Contract Rules, in the Administrative Procedures or under the Clearing House Rules; or
  - (iii) in the reasonable opinion of the Exchange and/or the Clearing House he is in default.
- (b) Subject to the default rules of the Clearing House, in the event of default in performance by a Buyer or a Seller in respect of a registered Contract, the Exchange shall, at the request of the Clearing House, forthwith fix a price for invoicing back and each lot at issue shall be invoiced back at that price. Such price may at the Exchange's absolute discretion take account of any compensation the Exchange may consider should be paid by either party to the other.

## **7M1.9 MARKET DISRUPTION**

- (a) Certain business days may be designated by the Exchange as Market Disruption days. In the event of a Market Disruptions the Exchange will do the following:
- i. to enable the calculation of the TRF Traded Futures price and the daily settlement price for the Contract, the Distribution Index and Funding Rate are required prior to the start of trading for the Contracts.
    - 1. In the event where the Index Provider does not publish the Distribution Index prior to the start of trading for the Contracts, the Exchange may at its discretion delay the start of trading until such time as the Index Provider publishes the Distribution Index.
    - 2. In the event where the Index Provider publishes the Distribution Index prior to the start of trading for the Contracts, but then subsequently republishes ("amended Distribution Index") after the start of trading for the Contracts, the Exchange will use the amended Distribution Index as the input into the calculation of the TRF Traded Futures price and the daily settlement price. In addition, the TRF Traded Futures price for all trades reported to the Exchange prior to the publication of the amended Distribution Index will be recalculated based on the amended Distribution Index and any adjustments shall be made on the next business day.
    - 3. In the event where the Bank of England does not publish the Funding Rate prior to the start of trading for the Contracts, the Exchange may at its discretion use the last Funding Rate available prior to the start of trading for the Contracts
    - 4. In the event where the Bank of England publishes the Funding Rate prior to the start of trading for the Contracts, but then subsequently republishes ("amended Funding Rate") after the start of trading for the Contracts, the Exchange will use the amended Funding Rate as the input into the calculation of the TRF Traded Futures price and the daily settlement price. In addition, the TRF Traded Futures price for all trades reported to the Exchange prior to the publication of the amended Funding Rate will be recalculated based on the amended Funding Rate and any adjustments shall be made on the next business day.

- ii. to enable the calculation of the TRF Traded Futures price and the daily settlement price for the Contract, the Index Close and the Daily Settlement TRF Spread are required at the end of day.
  - 1. In the event where the Index Provider does not publish an Index Close at the close of trading for the Contracts, then the Exchange may at its discretion delay the input of the Index Close for the Contracts until such time as the Index Provider publishes an Index Close. If the Index Close is not available by the close of business the last available Index level will be used.
  - 2. In the event where the Index Provider publishes the Index close but then subsequently amends and republishes the Index close (“amended Index close”) prior to the close of business the amended Index close will be used to calculate the daily settlement price. In addition, the TRF Traded Futures price for all trades reported to the Exchange prior to the publication of the amended Index close will be recalculated based on the amended Index close and any adjustments shall be made on the next business day.
  - 3. If the Contracts are not open for trading on a business day, for the whole day or part of the day, then the Exchange at its discretion will determine the Daily Settlement TRF Spread based upon either the previous business day Daily Settlement TRF Spread or at a level determined by the Exchange.
- (b) The Board may from time to time amend the definition of a Market Disruption and may amend how a Market Disruption is treated under term 7M1.9 to reflect or otherwise take into account any change or prospective change to market standard terms which are applicable to relevant contracts which are not contracts in the terms of an Exchange Contract and any such change shall have effect with regard to existing and/or new Contracts as the Board may determine.

**7M1.10****FORCE MAJEURE**

- (a) Subject to any steps taken at any time by the Exchange under emergency powers in the Regulations and subject to the default rules of the Exchange and the Clearing House, a Seller or a Buyer shall be liable to perform his obligations in respect of a lot comprised in a Contract by the due time therefor, notwithstanding that he may be or is likely to be prevented from so doing by any event beyond his reasonable control including, without limitation, any act of God, strike, lockout, war, armed conflict, use of force by authority of the United Nations, fire, riot or civil commotion, combination of workmen, act of terrorism, breakdown of machinery, unavailability or restriction of computer or data processing facilities or energy supplies or bank transfer systems.

**7M1.11****STATEMENT IN RELATION TO THE CONTRACT**

- (a) The Exchange draws the following statement to the attention of potential users of the Contract. Members should ensure that their clients are made aware of the statement.

“Potential users of the ICE Futures Total Return Index Futures Contract (the “Contract”) made available on ICE Futures Europe should familiarise themselves with the relevant “Index” (as defined in the relevant Contract Rule) rules, construction, calculation and dissemination procedures (together the “Index rules and procedures”) and the relevant Contract Rules. The various Indices underlying the Contract made available under Rule 7M1 are calculated and managed by the “Index Provider” (as defined in the relevant Contract Rule), each Index has its own Index rules and procedures. Furthermore, Index construction methodologies vary from Index to Index. Therefore, potential users should ensure that they familiarise themselves with all relevant Index rules and procedures for the Contracts.

Price formation during the “EDSP Intra-day Auction” (as defined in the relevant Contract Rule) is subject to similar influences to those in the case of many other cash-settled contracts. Trading activity on the relevant stock market(s) during the EDSP Intra-day Auction is likely to be affected by the activity of particular market participants who are seeking to obtain price convergence at the FTSE 100 Futures EDSP between offsetting stock and futures positions. Such participants might typically seek to achieve this by unwinding their stock positions during the EDSP Intra-day Auction at prices which they anticipate will contribute to the calculation of the Index figure(s) which will, in turn, be used to determine the final FTSE 100 Futures EDSP. A consequence of this concentrated activity might be that the final FTSE 100 Futures EDSP differs from the FTSE 100 Index figure immediately prior to the commencement of the EDSP Intra-day Auction and, if relevant, from the FTSE 100 Index figure immediately following that period.

Potential users should, therefore, consider the risks of holding positions into the expiry of the Contracts. In particular, they should consider their exposure to potentially unfavourable price movements in the expiry and whether to take steps to neutralise such exposure; for example, taking into account that there may be relatively limited liquidity provision, whether to “roll” or close positions prior to expiry.

See Rule I.25 of the ICE Futures Europe Regulations for additional risk disclosures.”

**TABLE**

**CONTRACT DETAILS SPECIFIED BY THE EXCHANGE FOR ICE FUTURES TOTAL RETURN INDEX FUTURES CONTRACTS**

<b>Underlying</b>	<b>Index - FTSE 100 Index Index - FTSE 100 Cumulative Dividend Points Index Funding Rate - Sterling Overnight Index Average (SONIA)</b>
<b>Currency specified by the Board</b>	GBP
<b>Contract size</b>	Valued at £10 per Index point
<b>Quotation (TRF Spread)</b>	annualized rate expressed in basis points (+/-)
<b>TRF Spread Minimum price fluctuation</b>	+/- 0.5 basis points
<b>TRF Traded Futures Price Minimum price fluctuation (tick size/tick value)</b>	0.01 index points (£0.10)
<b>Trade Types</b>	Trade at Close ("TAC") using Index close Trade at Market ("TAM") using customised index level - block only
<b>Delivery months</b>	March, June, September and December
<b>No. of delivery months available for trading</b>	Out to nine years and eleven months: Nearest 12 quarterly months of the March, June, September and December cycle, and subsequent 7 annual December expiries March, June, September, December
<b>Last Trading Day</b>	16:30 London time on the trading day immediately preceding the Expiration Day
<b>Expiry Day</b>	Third Friday in expiry month. In the event of the third Friday not being a business day, the Expiration Day shall normally be the last business day preceding the third Friday.
<b>Settlement</b>	Cash settlement, payable on the first exchange day following the Expiry Day
<b>EDSP: rounding convention</b>	Rounded to the nearest 0.01 or, where such average is an exact uneven multiple of 0.005, to the nearest higher 0.01