

LONDON NOTICE No. 2697

ISSUE DATE: 20 October 2005
EFFECTIVE DATE: 24 October 2005

LAUNCH OF NEW CLEARED SERVICE FOR WHOLESALE EQUITY DERIVATIVES ("BCLEAR")

RULES AND OPERATING ARRANGEMENTS

Executive Summary

This Notice provides further information about the forthcoming introduction of Euronext.liffe's new cleared service for wholesale equity derivatives ("Bclear").

1. Introduction

- 1.1 London Circular No. 05/27 and London Notice No. 2695, issued on 19 September 2005 and 17 October 2005 respectively, advised members of the introduction of Euronext.liffe's new cleared service for wholesale equity derivatives ("Bclear") on 24 October 2005. In addition, the Exchange has issued the Bclear User Guide, the Bclear Live Preparation Guide and the Bclear Member Testing Guidelines which provide detailed descriptions of how Bclear will operate and how to gain access to and use the Service.
- 1.2 This Notice provides members with the following additional information with respect to the operation of Bclear:
- (a) the Rules governing the use of Bclear;
 - (b) minimum volume requirements;
 - (c) access and reporting rights;
 - (d) the role of the Responsible Person;
 - (e) business days and hours;
 - (f) invalidation of confirmed trades;
 - (g) strategy trades;

Web site: www.euronext.com/derivatives

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.

- (h) the arrangements for establishing Daily Settlement Prices;
- (i) fees;
- (j) Corporate Actions Policy;
- (k) central counterparty and settlement functions;
- (l) application of the options intermediary regime in respect of Stamp Duty/Stamp Duty Reserve Tax (“SDRT”);
- (m) the regulatory position in the United States;
- (n) an additional contract designation; and
- (o) implications for the existing OTC Facility and FLEX[®] Facility.

2. Rules

2.1 Attachment 1 to this Notice sets out the revisions to Section 12 of Book II of the Rules which are necessary to support the new Bclear Service. Members should familiarise themselves thoroughly with the Rules for the Bclear Service and, in particular, with the main features which are as follows:

- (a) to be eligible to be reported to the Exchange through the Bclear Service, trades must conform to the requirements of a designated Exchange Contract (London Notice No. 2695 refers) and must satisfy the applicable minimum volume threshold for such contracts (see section 3 of this Notice);
- (b) business will be bilaterally negotiated and, once a trade has been organised, it will be reported to the Exchange by a member holding the appropriate reporting rights (see section 4 of this Notice). This will be done electronically via a secure web link, which members will be able to access directly or through the pre-trade service, Cscreen. **Trade details must be submitted to the Exchange as soon as practicable and, in any event, within one hour of the time at which the trade was entered into or by the close of the Bclear Service, whichever is earlier.** (Section 6 of this Notice sets out the hours during which trades may be submitted via Bclear.) The relevant member will be free to agree with his counterparties whether or not they wish details of the trade to be published (the default setting is for trades to be published unless all parties to the trade agree otherwise);
- (c) if the Exchange is satisfied that the trade details are valid (i.e. that they conform to the requirements of a designated Exchange Contract), that the applicable minimum volume threshold has been satisfied and that the trade has been entered into at a fair value, it will confirm the trade;
- (d) upon confirmation of a trade by the Exchange, there shall arise:
 - (i) a contract in the terms of an Exchange Contract, on identical terms to the trade, that the reporting member shall be deemed to have entered into with himself as buyer and seller, which shall be treated as an original contract under the Rules; and
 - (ii) for each person other than the reporting member who is a counterparty to the trade, a client contract between the reporting member and such counterparty in the terms of an Exchange Contract on identical terms to the trade.

On the arising of the original contract and one or more client contracts under the Rules, the trade to which such contracts relate shall be discharged by novation by the original and client contracts. Thereafter, allocations and claims will operate in the usual manner;

- (e) where publication has been selected by the relevant member and his counterparties, trade details (price, volume, series/strategy and an indicator identifying the trade as having been confirmed via Bclear) will be published as soon as the trade has been confirmed by the Exchange. If the member and his counterparties have chosen not to publish, no details of the individual trade will be published; and
- (f) contracts that are confirmed through Bclear will be “market contracts” for the purposes of Part VII of the Companies Act 1989. As a result, LIFFE’s and LCH.Clearnet Ltd’s Default Rules will apply to such contracts in the same way that they apply in relation to all other LIFFE business. This means that LCH.Clearnet Ltd’s Default Rules will apply to contracts that have been registered by it, while LIFFE’s Default Rules will apply to all other confirmed contracts.

3. Minimum volume requirements

- 3.1 Minimum volume requirements apply to all trades submitted through Bclear. These are set out in Attachment 2 to this Notice.
- 3.2 In respect of futures contracts reported via Bclear, members must not aggregate separate orders to meet the relevant minimum volume requirement. In respect of options contracts, members must not aggregate an originating order with other orders to meet the relevant minimum volume requirement. However, where a member receives an options order which meets the relevant minimum volume requirement, he may aggregate orders on the matching side only as a means of facilitating the originating order.

4. Access and reporting rights

- 4.1 Direct access to Bclear will be provided to LIFFE members, including those affiliates of members who have been approved by the Exchange pursuant to Rule 3601 (Rules, Book I). Other wholesale market participants who are clients of members will have indirect access to Bclear on an intermediated basis via such members, i.e. as is the case with LIFFE CONNECT[®] business, members will be required to perform appropriate risk management checks in relation to all client business before it is submitted to the Exchange via Bclear.
- 4.2 To submit trades via Bclear, members will need the appropriate reporting rights, those rights being the same as those for trading products on LIFFE CONNECT[®]:
 - (a) Equity Options Subscription (EOP) – all Individual Equity Options;
 - (b) Index Options Subscription (NDX) – all Index Options; and
 - (c) Futures Subscription (FUT) – all Index Futures.
- 4.3 To claim trades only, members will need to have the appropriate entitlement set up in the membership database.
- 4.4 To clear trades in Individual Equity Options and Index Options, members require the relevant clearing status (GCM or ICM) and access to the Equities Trade Registration System (“Equities TRS”).

4.5 To clear trades in Index Futures, members require the relevant clearing status (GCM or ICM) and access to the Financials Trade Registration System (“Financials TRS”).

4.6 Further details about how to access Bclear are contained in the Bclear Live Preparation Guide.

5. The Responsible Person

5.1 Bclear business may only be submitted to the Exchange via an Individual Trading Mnemonic (“ITM”) registered to a Responsible Person.

5.2 Members are reminded that the provisions in relation to Responsible Persons set out in Rule 3204 (Rules, Book I) apply in respect of Bclear business. In addition, the Responsible Person must:

- (a) have the authority to request the cancellation of a trade submitted under his ITM(s), where appropriate, pursuant to section 7.3 of this Notice;
- (b) satisfy himself of the competence and suitability of any person conducting business under his ITM(s), if applicable;
- (c) ensure, as far as possible, that all business conducted under his ITM(s) is conducted in accordance with the Rules; and
- (d) know, and be willing to disclose to the Exchange, the immediate source of all business submitted to Bclear under his ITM(s).

5.3 The Responsible Person must be contactable by the Exchange while his ITM(s) is/are in use. When a Responsible Person is absent and therefore not contactable, yet his ITM(s) is/are to continue to be used, the member must nominate a replacement Responsible Person to fulfil his role in respect of the relevant ITM(s).

6. Business days and hours

6.1 Transactions will be capable of being reported via Bclear on those market days on which the relevant underlying markets are open for business. A list of market days for 2005 on which transactions will **not** be capable of being reported via Bclear forms Attachment 3 to this Notice.

6.2 Members may report transactions to the Exchange via Bclear between 08:00 and 17:00 hours (London time), unless otherwise specified. Reporting hours on the Expiry Day of a series/delivery month will end at the time trading ceases in such series/delivery month, as set out in the relevant Contract Specification.

6.3 The reporting arrangements explained in paragraph 2.1(b) and section 6 of this Notice will, of necessity, determine the days and hours during which the relevant transactions may be undertaken.

7. Invalidation of confirmed trades

7.1 Notwithstanding the fact that a trade may have been confirmed as described in paragraph 2.1(c) of this Notice, the Exchange reserves the right to invalidate a confirmed trade if it subsequently determines that such trade has taken place at a manifestly unrepresentative price, pursuant to Rule 5403. The Exchange will effect any such invalidation as soon as practicable and, in determining whether or not to invalidate a confirmed trade, may take account of criteria including:

- (a) price levels of the contract, or similar contracts, in other venues (e.g. on LIFFE CONNECT[®]);
- (b) price movements in other delivery/expiry months or strike prices of such contracts;
- (c) current market conditions, including levels of activity and volatility;
- (d) information regarding price movements in related markets, the release of economic data or other relevant news;
- (e) manifest error; and
- (f) proximity of the trade to Market Close.

7.2 When a confirmed trade is declared invalid, the Exchange shall inform the Responsible Person through whose ITM such trade was reported.

7.3 Where an error has been made in the reporting of a contract via Bclear, the reporting member may request that the Exchange cancels the trade. This should be done by completing the form contained in Attachment 4 to this Notice and sending it to the Exchange by fax on the day of trade. Such trades will be cancelled by the Exchange at its absolute discretion.

8. Strategy trades

8.1 LIFFE CONNECT[®] recognised strategy trades, including delta neutral/Stock Contingent Trades, will be capable of being confirmed via Bclear. In addition, custom strategies will be available which may comprise a maximum of four option legs and four underlying stock/index futures legs. Members should note that strategy trades confirmed via Bclear will not have TRS strategy code identifiers.

9. Daily Settlement Prices

9.1 At the close of business, Daily Settlement Prices will be established for all open series and delivery months. Where contracts confirmed via Bclear have the same economic characteristics as those available for trading through the Euronext.liffe Central Order Book of the London market, Daily Settlement Prices for such Bclear contracts will be the same as the Daily Settlement Prices for the contracts in the London Central Order Book. Where contracts confirmed via Bclear have the same economic characteristics as those available for trading through the Euronext.liffe Central Order Book of the Amsterdam, Brussels, Lisbon or Paris markets, Daily Settlement Prices for such Bclear contracts will be derived, using a trinomial pricing model, from the daily settlement data of contracts available in the relevant Euronext.liffe Central Order Book.

9.2 Where contracts confirmed via Bclear are similar to contracts that are available in the Euronext.liffe Central Order Book of the Amsterdam, Brussels, Lisbon, London or Paris markets (i.e. where the underlying stock and exercise and settlement styles are the same, but the exercise price and/or the expiry date is different), the Daily Settlement Price for contracts confirmed via Bclear will also be derived, using a trinomial pricing model, from the daily settlement data of contracts available in the relevant Euronext.liffe Central Order Book.

9.3 For all other Bclear contracts, Daily Settlement Prices will be calculated using a trinomial pricing model, with volatilities derived from appropriate market data.

10. Fees

- 10.1 Fees will be charged on a per lot, per side basis, subject to a fee cap per transaction. Such fee caps shall apply to all products. The fee caps differ depending on whether business is allocated to the member's own/House account or to the member's client accounts. For trades with multiple legs, each leg is charged separately, up to the fee cap (i.e. for these purposes, each leg is treated as a separate transaction).
- 10.2 Members wishing to allocate proprietary business to their Non-segregated "N" account should register their N account if they would like such business to be charged on the same basis as business in a House account. This should be done using the form in Attachment 5 to this Notice.
- 10.3 Details of all fees, including LCH.Clearnet fees (specifically, clearing and exercise/cash settlement fees), applicable to contracts confirmed through Bclear can be found in Attachment 6 to this Notice.
- 10.4 Members should note that the existing transaction charges applicable to recognised strategy trades in respect of LIFFE CONNECT[®] business will not apply to recognised strategy trades reported through Bclear.

11. Corporate Actions Policy

- 11.1 Euronext.liffe's Corporate Actions Policy, issued under cover of General Notice No. 2540 on 22 October 2004, detailed the methods for contract adjustments to be employed by the Exchange to cater for Corporate Actions. This Policy, as it is applied in relation to contracts admitted to trading on the London market, shall apply to contracts that have been confirmed through Bclear.

12. Central counterparty and settlement functions

- 12.1 All contracts confirmed through Bclear will be cleared by LCH.Clearnet Ltd.
- 12.2 All physically-delivered contracts will settle through Euroclear, with the exception of contracts based on UK and Irish underlying shares which will settle through CREST.

13. Stamp Duty/SDRT: Options Intermediary Regime

- 13.1 Members are advised that Her Majesty's Revenue and Customs ("HMRC") has confirmed to the Exchange that the options intermediary regime will apply to individual equity options business that is confirmed through the Bclear Service. The treatment of such business for Stamp Duty/SDRT purposes will thus be similar to the treatment of business in individual equity options that is conducted through the Central Order Book and Block Trade Facility. Nonetheless, members are reminded that they remain responsible to the HMRC for their Stamp Duty/SDRT liabilities in relation to chargeable securities under UK law. Members are therefore encouraged to seek tax advice in relation to these matters.

14. U.S. regulatory position

- 14.1 Members should note that U.S. persons are not permitted to engage in transactions which are confirmed via Bclear pending approval by the relevant U.S. regulatory authorities. The Exchange will advise members in due course if and when such approval is granted.

15. Additional contract designation

- 15.1 London Notice No. 2695 advised members of the contract designations in relation to the Bclear Service. In addition to those designations, the FTSE 250 Index Contract (Exchange Contract No. 40) is hereby designated as an OTC Contract for the purposes of the Rules governing the Bclear Service. Accordingly, transactions in the FTSE 250 Index Contract may be reported to the Exchange via Bclear.

16. Implications for the existing OTC Facility and FLEX[®] Facility

- 16.1 As explained in London Circular No. 05/27, existing positions in current FLEX[®] products will be unaffected by the migration to Bclear as there will continue to be a single pool of Open Interest in relation to such products and members will be able to report trades in all such products using Bclear.
- 16.2 Bclear will replace the existing OTC Facility on and from 24 October 2005 and the Rules will be amended to reflect this change, as explained in section 2 of this Notice.
- 16.3 Bclear will also supersede the existing FLEX[®] Facility in relation to FLEX[®] Individual Equity Options on and from 24 October 2005. References to FLEX[®] Individual Equity Options will be removed from the Trading Procedures for the FLEX[®] Facility and a revised version of the Trading Procedures will be made available in the London Handbook in due course (www.euronext.com/londonhandbook).
- 16.4 Until further notice, the FLEX[®] Facility will continue to be available in relation to the flexible FTSE 100 Index Option (European-style Exercise) (Contract code FLX). This means that, on and from 24 October 2005, such options will be available within both the FLEX[®] Facility and Bclear.

For further information in relation to this Notice, please contact:

Equity Product Management

+44 (0)20 7379 2200

equities@liffe.com

RULES FOR THE BCLEAR SERVICE

(Additions are shown underlined and deletions shown ~~struck through~~)

THE LONDON INTERNATIONAL FINANCIAL FUTURES AND OPTIONS EXCHANGE RULES – BOOK II

SECTION 12 – Bclear Service ~~OTC-Facility~~

12.1 Definitions and interpretation

12.1.1 In this Section 12 of the LIFFE Rules, unless the context otherwise requires:

“Bclear Service”~~“OTC-Facility”~~ means a facility service operated by the Exchange which enables members to report OTC Trades to the Exchange for confirmation, administration and clearing;

“OTC Futures Contract” means an Exchange Contract in the form of a futures contract designated as an OTC Contract for the purposes of this Section 12 of the LIFFE Rules;

“OTC Trade” means an OTC transaction, consisting of one or more legs, which is eligible pursuant to the Rules in this Section 12 of the LIFFE Rules to be reported to the Exchange through the Bclear Service and which the parties thereto have determined should be so reported ~~OTC-Facility and which is made subject to the Rules in Section 12 and with the intent that such transaction be reported to the Exchange and, upon confirmation, will be discharged by novation by a contract in the terms of an Exchange Contract in accordance with the Rules in Section 12. (Such OTC transaction may comprise an outright trade, a strategy trade, a delta neutral trade or a stock contingent trade);~~

“OTC transaction” means a trade made bilaterally in the OTC market ~~and not on or under, which in its making was not subject to the Rules of the Exchange;~~

“OTC Contracts” means those Exchange Contracts designated by the Exchange in respect of which OTC transactions are eligible to be OTC Trades ~~may be reported to the Exchange through the OTC-Facility;~~

“OTC Trade Reporting Member” means a member holding the appropriate right(s) entitling him to report for confirmation each of the legs of an OTC Trades in respect of the relevant OTC Contract and, in the case of delta neutral trades and stock contingent trades respectively, the right to report in respect of the relevant futures contract and underlying company security (“stock”).

~~“Exchange-traded price” means a price generated through trading activity conducted on or under the Rules of the Exchange.~~

12.2 General

12.2.1 The Bclear Service ~~OTC-Facility~~ enables OTC Trade Reporting Members to report OTC Trades to the Exchange for confirmation, administration and clearing. ~~OTC Trades shall be reported to and confirmed by the Exchange pursuant to the Rules in this Section 12.~~ Pursuant to LIFFE Rule 12.7.6, the Exchange shall be entitled to decline to confirm an OTC Trade which is reported to it in accordance with LIFFE Rule 12.7.

12.2.2 In ~~determining that entering into, organising or submitting~~ OTC Trades transactions should ~~be or should become to the Exchange for confirmation~~ OTC Trades, in reporting such trades and/or by entering into contract(s) under LIFFE Rule 12.3.1, members shall be bound by the Rules in this Section 12 and the following Rules:

- (a) Chapters ~~1, and 3 and 8~~ of Book I of the Rules in their entirety;
- (b) Rules 5103, 5104, 5106/1(ii), and 5401 to 5403 ~~and 5701/4 and Rules 8.1 and 8204 to 8203~~ of Book I of the Rules;
- (c) Book II of the Rules in its entirety; ~~and~~
- (d) Notices issued pursuant to this Section 12 of the LIFFE Rules.

Upon agreeing the terms of an OTC Trade and/or in causing an OTC Trade to be reported to the Exchange. In entering into an OTC Trade and any contract pursuant to Rule 12.3 a non-member Client shall also be bound by the rules in this Section 12 of the LIFFE Rules (and by any applicable Rules referred to in this Section 12).

12.2.3 For the avoidance of doubt, and unless the context otherwise requires, references in the Rules to activity, functions or services pertaining to the market shall, in relation to the Bclear Service OTC Facility, be construed as references to activity, functions or services which may be conducted or provided in respect of OTC Trades.

12.3 Clearing and registration of contracts

12.3.1 Upon confirmation to an OTC Trade Reporting Member by the Exchange of an OTC Trade reported to it by such member pursuant to ~~these Rules in~~ this Section 12 of the LIFFE Rules, there shall arise:

- (a) a contract in the terms of an Exchange Contract on identical terms (except as to the parties) as the OTC Trade or, where the OTC Trade consists of a combination of OTC Contracts, which a contract in the terms of an Exchange Contract on identical terms (except as to the parties) as the equivalent element of the OTC Trade for each element of the OTC Trade. Each such contract in the terms of an Exchange Contract shall be treated as an original contract for the purposes of LIFFE Rule 4.12 and this Rule 12.3. LIFFE Rule 4.12 shall apply to such original contract, as modified by this Rule 12.3. The OTC Trade Reporting Member shall be deemed to have entered into the original contract with himself as buyer and seller; and
- (b) for each person other than the OTC Trade Reporting Member who is a counterparty to the OTC Trade, a contract ("the OTC Client Contract") between the OTC Trade Reporting Member and the counterparty in the terms of an Exchange Contract on identical terms (except as to the parties) as the OTC Trade or, where the OTC Trade consists of a combination of OTC Contracts, a contract in the terms of an Exchange Contract on identical terms (except as to the parties) as the equivalent element of the OTC Trade for each element of the OTC Trade.

12.3.2 On the arising of an original contract and one or more OTC Client Contracts pursuant to LIFFE Rule 12.3.1, the OTC Trade to which ~~it~~ such contracts relates shall be discharged, by novation, by the original contract and the OTC Client Contract(s).

12.3.3 If the Exchange declines to confirm an OTC Trade under LIFFE Rule 12.7.6 which has been reported to it through the Bclear Service OTC Facility, LIFFE Rules 12.3.1 and 12.3.2 shall not apply and such OTC Trade shall lapse unless the parties thereto agree to remain bound by the OTC transaction to which the OTC Trade relates. ~~For the avoidance of doubt, such OTC transaction may not be further presented to the Exchange for confirmation under the Rules in Section 12.~~

12.4 Designation of OTC Contracts

12.4.1 OTC Contracts and the permissible forms of OTC Trade which may be made in respect of such strategies comprising combinations of OTC Contracts which shall be eligible to be OTC Trades shall be designated by General Notice. Such designations may specify the minimum number of lots necessary for an OTC transaction to qualify as an OTC Trade ("minimum volume requirements"). Different minimum volume requirements may be specified for different OTC Contracts and for each of the permissible strategies.

12.5 Reporting rights

12.5.1 The Exchange shall stipulate by General Notice which members, or class or classes of members, shall have the right to report their own and other parties' OTC trades in specified OTC Contracts through the OTC Facility.

12.5.2 Each OTC Trade confirmed through the Bclear Service OTC Facility and the consequent original contract shall be binding on the OTC Trade Reporting Member through whose ITM such trade was reported and such member shall be responsible for the trade and the contract under the Rules.

12.6 Business days and hours

12.6.1 An OTC Trade may only be reported on the business days and during the business hours specified by General Notice. Different business days and business hours may be specified for different OTC Contracts.

12.7 Reporting procedures

12.7.1 Only an OTC Trade Reporting Member may report OTC Trades to the Exchange for confirmation. Where a member is not permitted by the Rules or is unable to report an OTC Trade, he must ensure that he has arrangements in place with another appropriately authorised member to report OTC Trades before he becomes party to or organises any such OTC Trade. Where an OTC Trade has been entered into between or organised by two members, the trade shall be reported by the OTC Trade Reporting Member agreed by such members.

12.7.2 Members should ensure that the price of any OTC Trade that is reported to the Exchange represents a fair value for that trade. ~~On each occasion of quoting an OTC Trade price, the member must, at the time, make it clear to the potential counterparty(ies), whether a member or a non-member Client, that the price being quoted is not an Exchange-traded price.~~

12.7.3 The Exchange requires members to maintain a robust audit trail in relation to OTC Trades to which they are party, or which they have organised or which they have reported or are due to report through the Bclear Service OTC Facility. When a member accepts an OTC Trade order he must record its details on an order slip. Where a member employs an electronic system for order routing through which it receives an OTC Trade order, such details must be recorded electronically. The following details, as applicable, in respect of an OTC Trade order must be recorded and such order slip must be time stamped on receipt and again on organisation:

- (a) identity of individual submitting the OTC Trade to the Exchange;
- (b) OTC Contract concerned;
- (c) expiry month(s)/date(s) or delivery month(s);
- (d) exercise price(s);
- (e) class – call(s) and/or put(s);
- (f) price for each element of the trade;

(g) number of lots for each element;

(h) strategy trade code

and, in addition, for delta neutral/stock contingent OTC Trade orders, as applicable:

(i) OTC ~~F~~utures ~~C~~ontract/underlying stock concerned;

(j) ~~futures~~ delivery month of the OTC Futures Contract;

(k) price of the OTC Futures Contract or the /underlying stock price shares (as the case may be);

(l) number of lots of the OTC Futures Contracts/~~underlying stock~~ or number of shares (as the case may be); and

(m) delta.

All information recorded by a member pursuant to this LIFFE Rule 12.7.3 must be retained by the member for not less than five years.

12.7.4 ~~For an OTC Trade to be capable of being confirmed by the Exchange, a~~ An OTC Trade Reporting Member must submit to the Exchange the details of the OTC Trade described in LIFFE Rule 12.7.3(b) to (m), as applicable, as soon as practicable, and in any event, the details of the OTC Trade must be submitted by the OTC Trade Reporting Member within one hour fifteen minutes of the time at which the OTC Trade was entered into. OTC Trades shall be reported by the electronic means or by fax, as specified by General Notice. Members must not delay the reporting of OTC Trades.

12.7.5 The time limit for the submission of OTC Trades commences as soon as there is verbal agreement on the terms of the OTC Trade.

12.7.6 The Exchange will check the validity of the details of an OTC Trade submitted by the OTC Trade Reporting Member. If the Exchange, following consultation where it deems necessary with the Clearing House, is satisfied that all such details are valid and that the OTC Trade has been entered into at a fair value (to be determined by the Exchange at its absolute discretion), it will confirm the OTC Trade to the OTC Trade Reporting Member via the ITM through which it was submitted, ~~or by fax, in line with the mode of submission used.~~ If the details of an OTC Trade are not valid or the Exchange determines that it has not been entered into at a fair value, the Exchange shall decline to confirm the trade and shall notify the OTC Trade Reporting Member accordingly.

12.7.7 Details of both the buying and the selling sides of the trade will be submitted to Trade Registration and matched under the OTC Trade Reporting Member's mnemonic.

12.7.8 Confirmation of an OTC Trade does not preclude the Exchange from instigating ~~disciplinary proceedings in the event that the OTC Trade and/or the reporting of such transaction is subsequently found to have been contrary to~~ action pursuant to Section 5 of the LIFFE Rules.

12.8 Publication arrangements

12.8.1 ~~Following the close of the OTC Facility on each business day, the Exchange will publish the aggregate volume in number of lots of OTC Trades confirmed on that business day in respect of each OTC Contract. The price and volume of individual OTC Trades will not be published.~~ Publication arrangements in respect of OTC Trades shall be specified by Notice.

Minimum volume requirements for transactions submitted through the Bclear Service

Country of Origin	Standard Individual Equity Options¹	Flexible Individual Equity Options
Austria	100	100
Belgium	500	100
Denmark	250	100
Finland	250	100
France	500	100
Germany	100	100
Greece	100	100
Ireland	100	100
Italy	100	100
Norway	250	100
Portugal	100	100
Spain	100	100
Sweden	500	100
Switzerland	100	100
The Netherlands	250	100
UK	250	100

¹ In this context, Standard Individual Equity Options are those which have the same economic characteristics (i.e. underlying share, exercise price, expiry date, exercise style and settlement style) as those available on LIFFE CONNECT[®]. In addition, with regard to Individual Equity Options based on Danish, Finish, Norwegian and Swedish stocks, all American-style Physically-settled Individual Equity Options will be classified as Standard Individual Equity Options regardless of whether there is a contract with the same economic characteristics on LIFFE CONNECT[®].

Index	Standard Index Futures	Standard Index Options²	Flexible Index Options
AEX	500	500	100
BEL 20	500	500	100
CAC 40	500	500	100
FTSE 100	500	500	100
FTSE 250	250	N/A	N/A
FTSEurofirst 80	500	500	100
FTSEurofirst 100	500	500	100
FTSEurofirst 300	250	N/A	N/A
FTSE Eurotop 100	250	N/A	N/A
MSCI Euro	250	N/A	N/A
MSCI Pan-Euro	250	N/A	N/A
PSI 20	100	N/A	N/A

² In this context, Standard Index Options are those which have the same economic characteristics (i.e. underlying index, exercise price, expiry date, exercise style and settlement style) as those available on LIFFE CONNECT®.

Availability of Bclear in 2005

Market days in 2005 on which transactions will not be capable of being reported via Bclear:

Individual Equity Options

Relevant Stock Exchange	Dates unavailable for reporting via Bclear
Athens Stock Exchange	Friday 28 October 2005 Monday 26 December 2005
Bolsa de Madrid	Monday 26 December 2005
Borsa Italiana	Monday 26 December 2005
Copenhagen Stock Exchange	Monday 26 December 2005
Deutsche Börse	Monday 26 December 2005
Euronext Amsterdam	Monday 26 December 2005
Euronext Brussels	Monday 26 December 2005
Euronext Lisbon	Monday 26 December 2005
Euronext Paris	Monday 26 December 2005
Helsinki Exchanges	Tuesday 6 December 2005 Monday 26 December 2005
Irish Stock Exchange	Monday 26 December 2005 Tuesday 27 December 2005
London Stock Exchange	Monday 26 December 2005 Tuesday 27 December 2005
Oslo Stock Exchange	Monday 26 December 2005
Stockholmbörsen	Monday 26 December 2005
Virt-X	Monday 26 December 2005
Wiener Börse	Wednesday 26 October 2005 Tuesday 1 November 2005 Thursday 8 December 2005 Monday 26 December 2005 Friday 30 December 2005

Index Futures & Options

Index	Dates unavailable for reporting via Bclear
AEX	Monday 26 December 2005
BEL 20	Monday 26 December 2005
CAC 40	Monday 26 December 2005
FTSE 100	Monday 26 December 2005 Tuesday 27 December 2005
FTSE 250	Monday 26 December 2005 Tuesday 27 December 2005
FTSEurofirst 80	Monday 26 December 2005
FTSEurofirst 100	Monday 26 December 2005
FTSEurofirst 300	Monday 26 December 2005
FTSE Eurotop 100	Monday 26 December 2005
MSCI Euro	Monday 26 December 2005
MSCI Pan-Euro	Monday 26 December 2005
PSI 20	Monday 26 December 2005

Bclear Trade Error Declaration Form



Bclear Contact Tel – +44 (0) 20 7379 2969
 Bclear Fax - + 44 (0) 20 7929 3554

Trade Date		Trade Time	
Member Mnemonic		Trader Mnemonic	
Reason for Error			

Trade Details

	Client Order Details	Trade Reported to Client	Trade Details
Trade Type Strategy			
Buy/Sell			
Contract			
Expiry Date (DDMMYY)			
Volume			
Price			

Type of Correction Required (please tick the appropriate box)

Deletion	Amendment	Publication
		Yes / No

Amendment Details

Trade Type Strategy		
Trader Mnemonic		
Contract		
Expiry Date (mmddyy)		
Volume		
Price		
Vol Trades (Stock/Futures) Delta and Volume		
Account (H,N,S,A)		
Allocation		
Order Reference		
Account Reference		

Trader Signature		Print Name	
Trader Contact Number			
Trader email			

To be completed by Exchange Official

Exchange Official Name		TRS Buy Slip Number	
Exchange Official Sig.		TRS Sell Slip Number	



LIFFE ADMINISTRATION & MANAGEMENT

LIFFE FORM 160

**APPLICATION TO REGISTER NON-SEGREGATED
ACCOUNT REFERENCE NUMBERS TO PARTICIPATE
IN THE “HOUSE” PRICING STRUCTURE FOR ALL
TRANSACTIONS SUBMITTED THROUGH THE
BCLEAR SERVICE**

**APPLICATION TO REGISTER NON-SEGREGATED ACCOUNT
REFERENCE NUMBERS TO PARTICIPATE IN THE “HOUSE” PRICING
STRUCTURE FOR ALL TRANSACTIONS SUBMITTED THROUGH THE
BCLEAR SERVICE**

EXPLANATORY NOTES

- (a) A member wishing to register a Non-Segregated Account Reference number in order to participate in the “House” pricing structure in respect of transactions reported via the Bclear Service should complete and submit Form 160 to Market Operations at Euronext.liffe at the address below:

Market Operations
Euronext.liffe
Cannon Bridge House
1 Cousin Lane
London
EC4R 3XX

- (b) Form 160 and these Explanatory Notes should be read in conjunction with London Notice No. 2697, issued on 19 October 2005, which sets out the framework and other relevant details of the transaction, clearing, exercise and cash settlement fees in respect of all transactions reported via the Bclear Service.
- (c) The completed Form 160 should be signed by either a Director or the LIFFE Management Contact of the member firm.
- (d) The transaction and clearing fee structure will only be available to members in respect of their own business or that of their affiliates. For this purpose “affiliate” means a company which:
- (i) owns 95 per cent or more of the member; or
 - (ii) is owned 95 per cent or more by the member; or
 - (iii) is owned 95 per cent or more by a third party who also owns 95 per cent or more of the member.
- (e) Approval of Non-Segregated Account Reference numbers for participation in the “House” pricing structure in respect of transactions reported via the Bclear Service will be subject to, inter alia, a review by LIFFE of the information supplied by the member. **Members must confirm that business held in their Non-Segregated Accounts in respect of which an application has been made to qualify for the pricing structure relates only to those trades that are made by or on behalf of an internal trading desk of the member or its affiliate whose trading activity is of a proprietary nature and is not external client business.**
- (f) Member should note that the “House” business pricing structure will only apply to the precise Account Reference number(s) identified on the application forms. Consequently, members should take care to use the correct character displays, taking account of spaces and capitals.

APPLICATION FORM

To: Market Operations
 Euronext.liffe
 Cannon Bridge House
 1 Cousin Lane
 London EC4R 3XX

Please find below an application to register the following Non-Segregated Account Reference number(s):

Member Mnemonic	"N" Account Reference number (<i>one character per box</i>)									

On behalf of the member whose details are set out below:

I confirm that business held in the member's Non-Segregated Account(s), the reference numbers of which are listed above and in respect of which I have made an application to qualify for the "House" business pricing structure in respect of transactions reported via the Bclear Service, shall relate only to trades that are made by, or on behalf of, an internal trading desk of the member or an affiliate of the member if such has been approved by the Exchange for these purposes, whose trading activity is of a proprietary nature and is not external client business.

I certify that the information supplied in this Form 160 is true and complete and I understand that I must notify LIFFE promptly and in writing of any change to the information provided in this Form that occurs after the date of the submission of this Form.

I agree to notify the General Clearing Member (where the member is a Non-Clearing Member) in the event that LIFFE grants its approval in relation to such Non-Segregated Accounts for the purpose of this pricing structure, and to inform the General Clearing Member of any suspension or revocation of such approval.

I acknowledge that this application is governed by the Rules of LIFFE in force from time to time.

Signed _____

Name _____

Position _____

for Member _____

Address _____

Date _____

Fees Applicable to Contracts Confirmed via Bclear¹**Individual Equity Options****Austrian Individual Equity Options**

Exchange fee	Clearing fee	Exercise fee	Cap					
			Proprietary Business			Client Business		
			Exchange fee	Clearing fee	Exercise fee	Exchange fee	Clearing fee	Exercise fee
€0.15	€0.05	€0.20	€80	€20	€100	€160	€40	€200

Belgian Individual Equity Options

Exchange fee	Clearing fee	Exercise fee	Cap					
			Proprietary Business			Client Business		
			Exchange fee	Clearing fee	Exercise fee	Exchange fee	Clearing fee	Exercise fee
€0.15	€0.05	€0.20	€80	€20	€100	€160	€40	€200

Danish Individual Equity Options

Exchange fee	Clearing fee	Exercise fee	Cap					
			Proprietary Business			Client Business		
			Exchange fee	Clearing fee	Exercise fee	Exchange fee	Clearing fee	Exercise fee
€0.15	€0.05	€0.20	€80	€20	€100	€320	€80	€400

Dutch Individual Equity Options

Exchange fee	Clearing fee	Exercise fee	Cap					
			Proprietary Business			Client Business		
			Exchange fee	Clearing fee	Exercise fee	Exchange fee	Clearing fee	Exercise fee
€0.15	€0.05	€0.20	€80	€20	€100	€160	€40	€200

Finnish Individual Equity Options

Exchange fee	Clearing fee	Exercise fee	Cap					
			Proprietary Business			Client Business		
			Exchange fee	Clearing fee	Exercise fee	Exchange fee	Clearing fee	Exercise fee
€0.15	€0.05	€0.20	€80	€20	€100	€320	€80	€400

French Individual Equity Options

Exchange fee	Clearing fee	Exercise fee	Cap					
			Proprietary Business			Client Business		
			Exchange fee	Clearing fee	Exercise fee	Exchange fee	Clearing fee	Exercise fee
€0.15	€0.05	€0.20	€80	€20	€100	€160	€40	€200

¹ Fees will be charged on a per lot, per side basis, subject to a fee cap per transaction. For trades with multiple legs, each leg is charged separately, up to the fee cap (i.e. for these purposes, each leg is treated as a separate transaction).

German Individual Equity Options

Exchange fee	Clearing fee	Exercise fee	Cap					
			Proprietary Business			Client Business		
			Exchange fee	Clearing fee	Exercise fee	Exchange fee	Clearing fee	Exercise fee
€0.05	€0.05	€0.10	€80	€20	€100	€160	€40	€200

Greek Individual Equity Options

Exchange fee	Clearing fee	Exercise fee	Cap					
			Proprietary Business			Client Business		
			Exchange fee	Clearing fee	Exercise fee	Exchange fee	Clearing fee	Exercise fee
€0.15	€0.05	€0.20	€80	€20	€100	€320	€80	€400

Irish Individual Equity Options

Exchange fee	Clearing fee	Exercise fee	Cap					
			Proprietary Business			Client Business		
			Exchange fee	Clearing fee	Exercise fee	Exchange fee	Clearing fee	Exercise fee
€0.15	€0.05	€0.20	€80	€20	€100	€160	€40	€200

Italian Individual Equity Options

Exchange fee	Clearing fee	Exercise fee	Cap					
			Proprietary Business			Client Business		
			Exchange fee	Clearing fee	Exercise fee	Exchange fee	Clearing fee	Exercise fee
€0.10	€0.05	€0.15	€80	€20	€100	€160	€40	€200

Norwegian Individual Equity Options

Exchange fee	Clearing fee	Exercise fee	Cap					
			Proprietary Business			Client Business		
			Exchange fee	Clearing fee	Exercise fee	Exchange fee	Clearing fee	Exercise fee
€0.15	€0.05	€0.20	€80	€20	€100	€320	€80	€400

Portuguese Individual Equity Options

Exchange fee	Clearing fee	Exercise fee	Cap					
			Proprietary Business			Client Business		
			Exchange fee	Clearing fee	Exercise fee	Exchange fee	Clearing fee	Exercise fee
€0.15	€0.05	€0.20	€80	€20	€100	€160	€40	€200

Spanish Individual Equity Options

Exchange fee	Clearing fee	Exercise fee	Cap					
			Proprietary Business			Client Business		
			Exchange fee	Clearing fee	Exercise fee	Exchange fee	Clearing fee	Exercise fee
€0.05	€0.05	€0.10	€80	€20	€100	€320	€80	€400

Swedish Individual Equity Options

Exchange fee	Clearing fee	Exercise fee	Cap					
			Proprietary Business			Client Business		
			Exchange fee	Clearing fee	Exercise fee	Exchange fee	Clearing fee	Exercise fee
€0.15	€0.05	€0.20	€80	€20	€100	€320	€80	€400

Swiss Individual Equity Options

Exchange fee	Clearing fee	Exercise fee	Cap					
			Proprietary Business			Client Business		
			Exchange fee	Clearing fee	Exercise fee	Exchange fee	Clearing fee	Exercise fee
€0.15	€0.05	€0.20	€80	€20	€100	€320	€80	€400

UK Individual Equity Options

Exchange fee	Clearing fee	Exercise fee	Cap					
			Proprietary Business			Client Business		
			Exchange fee	Clearing fee	Exercise fee	Exchange fee	Clearing fee	Exercise fee
£ 0.25	£ 0.03	£ 0.28	£ 60	£ 15	£ 75	£ 120	£ 30	£ 150

Index Futures & Options

FTSE 100 Index Futures & Options

Exchange fee	Clearing fee	Exercise fee*	Cap					
			Proprietary Business			Client Business		
			Exchange fee	Clearing fee	Exercise fee*	Exchange fee	Clearing fee	Exercise fee*
£ 0.22	£ 0.03	£ 0.25	£ 600	£ 150	£ 750	£ 1,200	£ 300	£ 1,500

CAC 40 Index Futures & Options

Exchange fee	Clearing fee	Exercise fee*	Cap					
			Proprietary Business			Client Business		
			Exchange fee	Clearing fee	Exercise fee*	Exchange fee	Clearing fee	Exercise fee*
€0.30	€0.05	€0.35	€800	€200	€1,000	€1,600	€400	€2,000

AEX Index Futures & Options

Exchange fee	Clearing fee	Exercise fee*	Cap					
			Proprietary Business			Client Business		
			Exchange fee	Clearing fee	Exercise fee*	Exchange fee	Clearing fee	Exercise fee*
€0.70	€0.05	€0.75	€800	€200	€1,000	€1,600	€400	€2,000

BEL 20 Index Futures & Options

Exchange fee	Clearing fee	Exercise fee*	Cap					
			Proprietary Business			Client Business		
			Exchange fee	Clearing fee	Exercise fee*	Exchange fee	Clearing fee	Exercise fee*
€0.30	€0.05	€0.35	€800	€200	€1,000	€1,600	€400	€2,000

PSI 20 Index Futures

Exchange fee	Clearing fee	Cash Settlement fee	Cap					
			Proprietary Business			Client Business		
			Exchange fee	Clearing fee	Cash Settlement fee	Exchange fee	Clearing fee	Cash Settlement fee
€0.30	€0.05	€0.35	€800	€200	€1,000	€1,600	€400	€2,000

FTSEurofirst 80 & FTSEurofirst 100 Index Futures & Options

Exchange fee	Clearing fee	Exercise fee*	Cap					
			Proprietary Business			Client Business		
			Exchange fee	Clearing fee	Exercise fee*	Exchange fee	Clearing fee	Exercise fee*
£ 0.15	£ 0.03	£ 0.18	£ 600	£ 150	£ 750	£ 1,200	£ 300	£ 1,500

FTSE 250, FTSE Eurotop 100, FTSEurofirst 300, MSCI Euro, MSCI Pan-Euro Index Futures

Exchange fee	Clearing fee	Cash Settlement fee	Cap					
			Proprietary Business			Client Business		
			Exchange fee	Clearing fee	Cash Settlement fee	Exchange fee	Clearing fee	Cash Settlement fee
£ 0.22	£ 0.03	£ 0.25	£ 600	£ 150	£ 750	£ 1,200	£ 300	£ 1,500

* LCH.Clearnet Ltd cash settlement fees for Index Futures are charged at the same rate as Index Options exercise fees on the same underlying index.