

LONDON NOTICE No. 3200

ISSUE DATE: 7 October 2009
EFFECTIVE DATE: 12 October 2009

THREE MONTH EUROYEN (TIBOR) INTEREST RATE CONTRACT**RESUMPTION OF TRADING****AMENDMENT TO LIFFE RULES****Executive Summary**

This Notice advises Members that the Three Month Euroyen (TIBOR) Interest Rate Contract will be made available for trading on and from 12 October 2009 and informs Members of associated Rules changes and the actions that Members must take in order to be able to trade the Contract.

1. London Notice No. 3173, issued on 9 July 2009, advised Members that, as a result of the introduction of NYSE Liffe Clearing and the consequential changes that were required to be made to the Link Agreement between LIFFE A&M, LCH.Clearnet Ltd (“LCH”) and the Tokyo Financial Exchange (“TFX”) (hereafter referred to as the “TFX Link Agreement”), trading in the Three Month Euroyen (TIBOR) Interest Rate Contract (the “Euroyen Contract”) would be suspended ahead of the Go-Live date for NYSE Liffe Clearing. The Go-Live date for NYSE Liffe Clearing was 30 July 2009.
2. This Notice informs Members that the TFX Link Agreement is being amended with the intention that the Euroyen Contract will be made available for trading on and from 12 October 2009.
3. Members are advised that as a result of the introduction of NYSE Liffe Clearing and a review of the link arrangements, amendments have been made to Section 10 of the LIFFE Rules (Book II). The revised Rules clarify how the TFX Link Agreement provisions would apply if a LIFFE Clearing Member was declared a defaulter. In this regard, LIFFE A&M has re-affirmed with LCH and TFX that the existing TFX Link Agreement provision will continue to apply such that the transfer of Euroyen Contracts to TFX will be suspended pending default management of the relevant Member positions by LCH in its capacity as LIFFE A&M’s Clearing Services Provider. To this end, the amendments to the Rules involve (i) removing those Rules (in particular Section 10.7.8 onwards) which are not necessary given the mechanism established by the TFX Link Agreement; and (ii) adding

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The **Euronext Derivatives Markets** comprise 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. Euronext is part of the NYSE Euronext group.

Rules which provide greater transparency of the established arrangements. The relevant parts of Section 10 of the LIFFE Rules (Book II), marked-up to show the changes, are attached to this Notice.

4. A LIFFE Clearing Member wishing to execute or clear the Euroyen Contract is required to have a Link Clearing Agreement (“LCA”) in place with, inter alia, a TFX member. Those Members who had an LCA in place prior to the introduction of NYSE Liffe Clearing are required to sign and return a Confirmation Letter before being able to trade the Euroyen Contract. Copies of the Confirmation Letter are available from Account Managers.
5. Members who have not previously traded the Euroyen Contract but wish to do so should contact their Account Manager to receive copies of the LCA and Confirmation Letter for completion.
6. In relation to Client Agreement clauses, Members should inform clients that in clauses relating to the TFX link, as set out in General Notices No. 807 and No. 880, issued on 29 March 1996 and 25 September 1996 respectively, where the clauses mention LCH being the party who transmits the details of the contracts in the terms of the Euroyen Contract, this should be read as LIFFE A&M doing so.
7. All other arrangements in relation to the Euroyen Contract remain as they were before its suspension.
8. The updated LIFFE Rules (Book II) will be made available on the NYSE Euronext website at www.nyx.com/liffe. As well as incorporating the changes to Section 10 which are described in paragraph 3 of this Notice, they also include one change to Section 11. This reflects the Board’s earlier approval of a change to Rule 11.3.2 in relation to complaints, whereby the test of “a lack of care or a mistake” has been amended to read “a lack of reasonable care”.

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

Fixed Income Derivatives

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The London International Financial Futures and Options Exchange Rules – Book II

Amendments to Section 10 – Link Rules
(Additions are underlined, deletions are ~~struck through~~)

10.3 Member participation in a Link

10.3.1 Subject to LIFFE Rule 10.5 and, as the case may require, to the terms of an applicable *Member Link Agreement* to which a *LIFFE Clearing Member* is party, no *Contract in the Terms of a Linked LIFFE Contract* shall be made by a *LIFFE Member* in the *Pit* or allocated to and accepted by the *LIFFE Member* unless:

- (a) the *LIFFE Member* ~~is~~:
 - (i) is a *LIFFE Clearing Member* party to a subsisting *Link Clearing Agreement* which applies to such *Linked LIFFE Contract*, and
 - (ii) complies with such additional criteria set out in or pursuant to Section 3 of the *LIFFE Rules* as the *Board* may from time to time prescribe; or
- (b) the *LIFFE Member* ~~is~~:
 - (i) is a *LIFFE Non-Clearing Member* party to a subsisting *Clearing Agreement* which applies to such *Linked LIFFE Contract* with a *LIFFE Clearing Member* party to a subsisting *Link Clearing Agreement* which applies to such *Linked LIFFE Contract*, and
 - (ii) complies with such additional criteria set out in or pursuant to Section 3 of the *LIFFE Rules* as the *Board* may from time to time prescribe.

10.3.2 (a) A *LIFFE Clearing Member* shall not at any time be party to more than one subsisting *Link Clearing Agreement* covering the same *Linked LIFFE Contract*.

- (b) A *Link* may make provision for a *LIFFE Clearing Member* to enter into one or more *Link Clearing Agreements* applying to one or more *Linked Participating Exchange Contracts*.

10.3.3 A *LIFFE Clearing Member* may enter into one or more *Trade Allocation Agreements* applying to one or more specified *Linked LIFFE Contracts*, provided that the *Link* established with the *Participating Exchange* so permits and the *LIFFE Clearing Member* is party to a subsisting *Link Clearing Agreement* which applies to each such *Linked LIFFE Contract*.

10.4 Transfer of Contracts in the Terms of Linked LIFFE Contracts

10.4.1 Details of all *Contracts in the Terms of Linked LIFFE Contracts*, which are registered with the *Exchange* acting as *CCP* in the name of a *LIFFE Clearing Member* and which are to be transferred under a *Member Link Agreement* pursuant to its terms and these *Link Rules*, shall be transmitted to the relevant *Participating Exchange* with a view to facilitating the transfer of those contracts. Subject to LIFFE Rule 10.67.1, such details shall be transmitted on such day and at or by such time or times as are referred to in one or more applicable *Member Link Agreements* to which the *LIFFE Clearing Member* is party and in accordance with procedures from time to time agreed between the *Exchange* and the *Participating Exchange*.

10.4.2 Subject to LIFFE Rules 10.67 and 10.78 and to the following sentence, *Contracts in the Terms of a Linked LIFFE Contract* of which details have been transmitted to the relevant *Participating Exchange* pursuant to LIFFE Rule 10.4.1 shall be transferred at or by the time or times and in the manner referred to in the applicable *Member Link Agreement* to which the *LIFFE Clearing Member* is party. Notwithstanding the preceding sentence, such *Contracts in the Terms of a Linked LIFFE Contract* may be transferred after such time or times if the *Exchange* and the relevant *Participating Exchange* so agree, including in accordance with LIFFE Rule 10.4.5.

10.4.3 Upon the transfer of a *Contract in the Terms of a Linked LIFFE Contract* pursuant to a *Member Link Agreement* and LIFFE Rule 10.4.2, the parties to such contract shall be released from their obligations to each other under such contract (except from those obligations which the *Member Link Agreement* expressly states shall survive) (a “*Discharged Contract*”) and without prejudice to the provisions of the *LIFFE Rules* their respective rights against each other shall be cancelled and the *Discharged Contract* shall be replaced simultaneously by a *Contract in the Terms of the relevant Participating Exchange Contract* between the persons specified in such *Member Link Agreement*.

10.4.4 Contracts in the terms of a *Linked LIFFE Contract* (other than contracts to which a *Defaulter* is party):

- (a) which are *Parallel Contracts*; or
- (b) to which a *LIFFE Member* is party with a client pursuant to LIFFE Rule 4.13.1; or
- (c) to which a *LIFFE Member* is party as a client with another *LIFFE Member* pursuant to LIFFE Rule 4.13.1,

shall, subject to LIFFE Rule 10.7.5 (c), be discharged (except in respect of such obligations as may be determined by the parties to such contracts and without prejudice to the claims arising out of or in relation to such contracts of any such party) upon the transfer in accordance with LIFFE Rule 10.4.2 of the relevant ~~contracts~~ *Contracts in the terms Terms of such Linked LIFFE Contracts* registered with the *Exchange* acting as *CCP*.

10.4.5 The *Exchange* shall be entitled to postpone indefinitely any or all transfers under this LIFFE Rule 10.4 of a class of *Contracts in the Terms of a Linked LIFFE Contract* where this is contemplated in any agreement between the *Exchange* and the relevant *Participating Exchange* in circumstances where, at the time at which such contracts would otherwise transfer, a relevant *Clearing Member* party to a *Member Link Agreement* has been *Declared a Defaulter* or a relevant *Participating Exchange*

Member party to a Link Clearing Agreement with a LIFFE Clearing Member is a defaulter and such default has not been resolved in accordance with the provisions agreed between LIFFE, the relevant Participating Exchange and, as relevant, the CSP. This LIFFE Rule 10.4.5 shall apply notwithstanding any novation of a defaulting LIFFE Clearing Member's Contracts in the Terms of a Linked LIFFE Contract to the CSP pursuant to Section 9 of these LIFFE Rules. The Exchange shall publish a Notice of any postponement under this LIFFE Rule 10.4.5 as soon as reasonably practicable in the circumstances.

10.4.6 Where a situation referred to in LIFFE Rule 10.4.5 is resolved to the satisfaction of the Exchange, the relevant Participating Exchange and, as relevant, the CSP, the relevant contracts shall transfer at a time specified by the Exchange via the publication of a Notice. Where a situation referred to in LIFFE Rule 10.4.5 cannot be resolved to the satisfaction of the Exchange, the relevant Participating Exchange and, as relevant, the CSP within a reasonable period of time, the provisions of LIFFE Rule 10.8 shall apply to any Contracts in the Terms of Linked LIFFE Contracts the transfer of which has been suspended.

10.5 Transfer of Contracts in the Terms of Linked Participating Exchange Contracts

10.5.1 Subject to LIFFE Rules 10.7 and 10.8 and to the following sentence, *Contracts in the Terms of Linked Participating Exchange Contracts*, which are registered with the Participating Exchange (solely in its capacity as a clearing house) in the name of a Participating Exchange Clearing Member, shall be transferred at the time or times and in the manner referred to in either or both of the Participating Exchange Rules of the relevant Participating Exchange and the applicable Member Link Agreement to which the Participating Exchange Clearing Member is party and in accordance with any other procedures from time to time agreed between the Exchange and the Participating Exchange. Notwithstanding the preceding sentence, such *Contracts in the Terms of Linked Participating Exchange Contracts* may be transferred after such time or times if the Exchange and the relevant Participating Exchange so agree.

10.5.2 Upon the transfer of a *Contract in the Terms of a Linked Participating Exchange Contract* pursuant to a *Member Link Agreement* and LIFFE Rule 10.5.1, that contract will be discharged and simultaneously, without prejudice to the provisions of the Participating Exchange Rules, there shall arise a relevant Contract in the Terms of a Participating Exchange Contract for the same number of *Lots* and the same *Delivery Month* or *Expiry Month* and *Exercise Price* (as applicable) between the Exchange acting as CCP and the LIFFE Clearing Member party to such *Member Link Agreement* as specified therein. Such contract shall, upon arising, be deemed to be a *Registered Exchange Contract* subject to the LIFFE Rules and shall not be subject to any *Participating Exchange Rules*.

10.5.3 (a) Subject to LIFFE Rule 10.5.3(c), upon the arising of a *Contract in the Terms of an Exchange Contract* pursuant to LIFFE Rule 10.5.2, if the *Discharged Contract* which it has replaced was made for the account of or for a direct client of the LIFFE Clearing Member (including, without limitation, the Participating Exchange Clearing Member party to that *Discharged Contract* or a LIFFE Non-Clearing Member who has a *Clearing Agreement* with the LIFFE Clearing Member which is in full force and effect and which relates to such Contracts in the Terms of such a Participating Exchange Contract), or for the account of or for a client of that direct client, there shall, by virtue of this LIFFE Rule 10.5.3, arise a *Contract in the Terms of the same Exchange Contract* for the same number of *Lots* and the same *Delivery*

Month or *Expiry Month* and *Exercise Price* (as applicable) between the *LIFFE Clearing Member* and the direct client under which:

- (i) the *LIFFE Clearing Member* shall be in the place of the *Exchange* acting as *CCP*; and
 - (ii) the direct client shall be in the place of the *LIFFE Clearing Member*.
- (b) Subject to LIFFE Rule 10.5.3(c), if the contract to which a *LIFFE Non-Clearing Member* has become a party pursuant to paragraph (a) of this LIFFE Rule 10.5.3 is for the account of or for a client of the *LIFFE Non-Clearing Member*, a further such contract shall arise pursuant to this paragraph(b) or pursuant to LIFFE Rule 9.4.3(i), as the case may require, in the terms of the same *Exchange Contract* for the same number of *Lots* and the same *Delivery Month* or *Expiry Month* and *Exercise Price* (as applicable) under which:
- (i) the *LIFFE Non-Clearing Member* shall be in the place of the *LIFFE Clearing Member*; and
 - (ii) the direct client of the *LIFFE Non-Clearing Member* shall be in the place of the *LIFFE Non-Clearing Member*.
- (c) A *Contract in the Terms of an Exchange Contract* shall not arise pursuant to LIFFE Rule 10.5.3(a) between a *LIFFE Clearing Member* and a direct client of the *LIFFE Clearing Member* referred to in such LIFFE Rule or, pursuant to LIFFE Rule 10.5.3(b), between a *LIFFE Non-Clearing Member* and a direct client of the *LIFFE Non-Clearing Member* referred to in such Rule, if the direct client is in default and the *LIFFE Clearing Member* or the *LIFFE Non-Clearing Member* (as applicable) has agreed with such client that in such event a contract will not arise between them pursuant to LIFFE Rule 10.5.3(a) or LIFFE Rule 10.5.3(b) (as applicable).

10.6 Transfer Prices

- 10.6.1 *Linked LIFFE Contracts* other than *Option Contracts* comprised in a *Clearing Member's Day Position Balances* shall be transferred at the *Daily Settlement Price* (or the equivalent for a *Participating Exchange*) for the *Delivery Month* of such *Linked LIFFE Contracts*. *Linked LIFFE Contracts* which do not form part of a *Clearing Member's Day Position Balances* shall, subject to LIFFE Rule 10.6.3 below, be transferred at the price at which they were entered into and, unless LIFFE Rule 10.6.3 applies, no *Daily Settlement Amounts* shall be payable in respect of such *Linked LIFFE Contracts* under the *LIFFE Rules*. *Option Contracts* comprised in a *Clearing Member's Day Position Balance* shall be transferred with effect that no *Premium* shall be payable under the *Contracts in the Terms of a Participating Exchange Contract* which arise pursuant to LIFFE Rule 10.4.3, but without prejudice to the obligation of the *Buyer* to pay the *Premium* due under each *Discharged Contract*.
- 10.6.2 If LIFFE Rule 10.8.1 applies ~~and the~~ or a transfer is otherwise delayed, all *Linked LIFFE Contracts* (other than *Option Contracts*) which are subsequently transferred pursuant to LIFFE Rule 10.6.1 above after the *Business Day* on which they were registered by the *Exchange* shall, subject to LIFFE Rule 10.6.3 below, be transferred at the price referred to in LIFFE Rule 10.6.1 above. *Option Contracts* which are subsequently transferred pursuant to LIFFE Rule 10.6.1 above after the *Business Day*

on which they were registered by the *Exchange* shall, subject to LIFFE Rule 10.6.3 below, be transferred with effect that no *Premium* shall be payable under LIFFE Rule 10.6.1 under the *Contracts in the Terms of a Participating Exchange Contract* which arise pursuant to LIFFE Rule 10.4.3, but without prejudice to the obligation of the *Buyer* to pay the *Premium* due under each *Discharged Contract*.

10.6.3 If *Contracts in the Terms of Linked LIFFE Contracts* are to be transferred pursuant to LIFFE Rules 10.4 and 10.5 above pursuant to LIFFE's trade correction procedures, such *Contracts* may be transferred at a different price to the price specified in LIFFE Rule 10.6.1 above.

10.7 Default affecting transfer

10.7.1 If a *LIFFE Clearing Member* party to a *Member Link Agreement* has been *Declared a Defaulter* pursuant to LIFFE Rule 9.2.1 or 9.2.2, or if any other event specified in the *Member Link Agreement* for this purpose occurs in relation to the *LIFFE Clearing Member* then, as the case may be:

- (a) any and all *Contracts in the Terms of Linked LIFFE Contracts* subject to that *Member Link Agreement* shall not be transferred in accordance with LIFFE Rule 10.4, but shall remain subject to the *LIFFE Rules*; and
- (b) any and all *Contracts in the Terms of Linked Participating Exchange Contracts* subject to that *Member Link Agreement* shall not be transferred in accordance with LIFFE Rule 10.5, but shall remain subject to the *Participating Exchange Rules* of the relevant *Participating Exchange*.

10.7.2 If a *Participating Exchange Clearing Member* party to a *Link Clearing Agreement* with a *LIFFE Clearing Member* is a ~~Defaulter~~ defaulter (as defined in such agreement), or if any other event specified in the *Link Clearing Agreement* for this purpose occurs in relation to the *Participating Exchange Clearing Member*, with the consequence that the terms of such agreement apply to prohibit the transfer under such agreement of all *Contracts in the Terms of Linked LIFFE Contracts* covered by such agreement or all *Contracts in the Terms of Linked Participating Exchange Contracts* covered thereby, or both, as the case may be, then, subject to the terms of the *Link Clearing Agreement*:

- (a) any and all *Contracts in the Terms of Linked LIFFE Contracts* subject thereto to which the *LIFFE Clearing Member* is party shall not be transferred under such agreement, but shall remain subject to the *LIFFE Rules*; and
- (b) any and all *Contracts in the Terms of Linked Participating Exchange Contracts* subject thereto to which the *Participating Exchange Clearing Member* is party shall not be transferred under such agreement, but shall remain subject to the *Participating Exchange Rules* of the relevant *Participating Exchange*.

10.7.3 Subject to LIFFE Rule 10.7.4, if a *Participating Exchange Clearing Member* party to a *Trade Allocation Agreement* with a *LIFFE Clearing Member* is a ~~Defaulter~~ defaulter (as defined in such agreement), with the consequence that the terms of such agreement apply to prohibit the transfer under the agreement of any and all contracts covered by such agreement upon the *Exchange* becoming aware that such *Participating Exchange Clearing Member* is a ~~defaulting~~ Defaulting *Participating Exchange Clearing Member*, all such contracts shall, subject to LIFFE Rules 10.7.1

and 10.7.2, nevertheless be transferred in accordance with the terms of the applicable *Link Clearing Agreement* to which the *LIFFE Clearing Member* is party.

- 10.7.4 If a *Participating Exchange Clearing Member* is party to a *Trade Allocation Agreement* with a *LIFFE Clearing Member* and a *Participating Exchange Non-Clearing Member* and such *Participating Exchange Clearing Member* is a ~~Defaulter~~ defaulter (as defined in such agreement), with the consequence that the terms of such agreement apply to prohibit the transfer of all contracts covered by such agreement upon the *Exchange* becoming aware that such *Participating Exchange Clearing Member* is a ~~defaulting-Defaulting~~ *Participating Exchange Clearing Member*, all contracts covered by the agreement shall, subject to LIFFE Rules 10.7.1 and 10.7.2, nevertheless be transferred to a *Participating Exchange Clearing Member* which is party to an applicable *Link Clearing Agreement* with the *LIFFE Clearing Member*.
- 10.7.5 (a) If a *Participating Exchange Non-Clearing Member* party to a *Link Clearing Agreement* with a *LIFFE Clearing Member* and a *Participating Exchange Clearing Member* is a ~~Defaulter~~ defaulter (as defined in such agreement) with the consequence that the terms of such agreement apply to prohibit the transfer in accordance with the agreement of some or all contracts covered by such agreement upon the *Exchange* becoming aware that such *Participating Exchange Non-Clearing Member* is a *Defaulting Participating Exchange Non-Clearing Member*, such contracts as are permitted to be transferred under the agreement shall be so transferred to the *Participating Exchange Clearing Member* for the account of the *LIFFE Clearing Member*. Those contracts which are prohibited by the terms of such agreement from being transferred under the agreement shall not be transferred and shall remain registered with the *Exchange* acting as *CCP* and subject to the *LIFFE Rules*.
- (b) If a *Participating Exchange Non-Clearing Member* party to a *Trade Allocation Agreement* with a *LIFFE Clearing Member* and a *Participating Exchange Clearing Member* is a ~~Defaulter~~ defaulter (as defined in such agreement) with the consequence that the terms of such agreement apply to prohibit the transfer in accordance with the agreement of some or all contracts covered by such agreement upon the *Exchange* becoming aware that such *Participating Exchange Non-Clearing Member* is a *Defaulting Participating Exchange Non-Clearing Member*, such contracts as are permitted to be transferred under the agreement shall be so transferred to the *Participating Exchange Clearing Member* for the account of the *LIFFE Clearing Member*. Those contracts which are prohibited by the terms of such agreement from being transferred under the agreement shall, subject to LIFFE Rules 10.7.1 and 10.7.2, be transferred to a *Participating Exchange Clearing Member* which is party to a *Link Clearing Agreement* with the *LIFFE Clearing Member*.
- (c) If *Contracts in the Terms of a Linked LIFFE Contract* are transferred under a *Member Link Agreement* pursuant to paragraph (a) or (b) of this LIFFE Rule 10.7.5 following a *Participating Exchange Non-Clearing Member* party to such agreement becoming a *Defaulting Participating Exchange Non-Clearing Member*, *Contracts in the Terms of such Linked LIFFE Contract* to which the *LIFFE Clearing Member* and the *Participating Exchange Non-Clearing Member* are party, which are on the same terms (except that such contracts may or may not be at the same price) as the relevant contracts transferred under the *Member Link Agreement*, shall not be discharged upon such transfer and shall remain *Contracts in the Terms of a Linked LIFFE Contract* and subject to the *LIFFE Rules*.

10.7.6 LIFFE Rules 10.3.1, 10.7.1, 10.7.2, 10.7.4, and 10.7.5 shall not prevent:

- (a) a *Contract in the Terms of a Linked LIFFE Contract* from being entered into, or from having been deemed to have been entered into, by a *LIFFE Member* which ~~is~~ has been Declared a *Defaulter* or in relation to which there occurs any other event specified for this purpose in the *Member Link Agreement* to which it is party, or from being closed-out, transferred or otherwise discharged pursuant to a direction given by the *Exchange* under the *LIFFE Rules* following a *LIFFE Member* party thereto becoming a *Defaulter*; or
- (b) if a *Participating Exchange* member is a *Defaulting Participating Exchange Member*, a *LIFFE Member* from closing out, transferring to a *LIFFE Member* or otherwise achieving a discharge of one or more contracts in the terms of a *Linked LIFFE Contract* to which the *LIFFE Member* is party with the *Participating Exchange Member* or any other client or accepting an *Allocation of a Contract in the Terms of a Linked LIFFE Contract* for the purpose of closing out any contract to which it is party with the *Defaulting Participating Exchange Member* or any other client.

10.7.7 If a *LIFFE Clearing Member* party to a *Link Clearing Agreement* has been *Declared a Defaulter* pursuant to LIFFE Rules 9.2.1 or 9.2.2 or a *Participating Exchange Clearing Member* party to a *Link Clearing Agreement* is a *Defaulter* (as defined in such agreement), or if any other event specified in the relevant *Link Clearing Agreement* occurs in relation to either of them and as a consequence LIFFE Rule 10.7.1 or LIFFE Rule 10.7.2 applies so that *Contracts in the Terms of an Exchange Contract* which would have arisen pursuant to LIFFE Rule 10.5.2 and, as the case may be, LIFFE Rule 10.5.3 have not arisen as a consequence of such default, the *Exchange* may direct that contracts shall arise pursuant to this LIFFE Rule:

- (i) between a *LIFFE Clearing Member* (other than the *Defaulter*) and a direct client and, as the case may be, between a *LIFFE Non-Clearing Member* and a direct client;
- (ii) between a *LIFFE Clearing Member* party to a *Link Clearing Agreement* with the *Participating Exchange Clearing Member* who is in default and his direct client, as the case may be, and a *LIFFE Non-Clearing Member* and his direct client,

in the same terms, but at a price determined by the *Exchange*, as the contracts which would have arisen under LIFFE Rule 10.5.2 and, as the case may be, LIFFE Rule 10.5.3 but for such default.

10.7.8 If a ~~*LIFFE Clearing Member* party to a *Link Clearing Agreement* has been *Declared a Defaulter* pursuant to LIFFE Rules 9.2.1 or 9.2.2 or a *Participating Exchange Clearing Member* party to a *Link Clearing Agreement* is a *Defaulter*~~ defaulter (as defined in such agreement), or if any other event specified in the relevant *Link Clearing Agreement* occurs in relation to ~~either of them~~ such *Participating Exchange Clearing Member* and as a consequence ~~LIFFE Rule 10.7.1 or LIFFE Rule 10.7.2~~ applies so that *Contracts in the Terms of a Linked LIFFE Contract* to which the *LIFFE Clearing Member* party to a *Link Clearing Agreement* with the *Participating Exchange Clearing Member* cannot be transferred and remain subject to the *LIFFE Rules*, the *Exchange* may ~~(i)~~ direct that such contracts be settled at the price at which a *Contract in the Terms of the relevant Participating Exchange Contract* for the same number of *Lots* and *Delivery Month* or *Expiry Month* and *Exercise Price* (as applicable) has been closed-out, transferred or otherwise settled, ~~or (ii) acting as CCP~~

and without prejudice to the *Default Rules* or any other powers in this Section 10, for the purposes of facilitating the transfer of *Linked LIFFE Contracts* under one or more *Links*, either enter into *Contracts on the Terms of Linked LIFFE Contracts* (“*Default Management Contracts*”) as principal with one or more *Members* who agrees to enter into such contracts (“*Nominated Members*”) on identical terms to those registered with the *Exchange* in the name of the *Defaulter*, or implement the provisions of LIFFE Rule 10.7.11.

~~10.7.9~~ — ~~*Default Management Contracts* with one or more *Nominated Members* shall (in aggregate) be for the same number of *Lots* as the number of *Lots* of those *Contracts on the terms of Linked LIFFE Contracts* which remain registered with the *Exchange* as *CCP* after taking steps pursuant to the *Default Rules* or these *Link Rules* (or the relevant *Participating Exchange* has taken steps (if any) under its rules) to achieve a discharge of the *Defaulter*’s rights and liabilities under or in respect of such contracts (or any *Registered Exchange Contract* with the *CSP* arising pursuant to the *Default Rules*), and shall be transferred to the relevant *Participating Exchange* pursuant to LIFFE Rule 10.4 and thereby discharged. Upon such transfer, the *Exchange* and the *Nominated Member* shall become party to new *Contracts in the Terms of Linked LIFFE Contracts* which shall be subject to the *LIFFE Rules* and in the same terms and for the same number of *Lots* as the *Default Management Contracts* save that the *Exchange*, where party to a *Default Management Contract* as a seller, shall be a buyer under the replacement contract and vice versa. Such new contracts shall not be transferred pursuant to LIFFE Rule 10.4, but shall be performed in accordance with the *LIFFE Rules* and the terms of any written agreement to which the *Exchange* and the *Nominated Member* is a party for the purposes of LIFFE Rule 10.7.8 and 10.7.9.~~

~~10.7.10~~ — ~~In addition to the powers set out in LIFFE Rules 10.7.8 and 10.7.9, but subject to the *Default Rules* and the provisions of the agreement with the applicable *Participating Exchange*, the *Exchange* shall have the right to take such action as it feels in its absolute discretion is appropriate in the interests of the *Market*.~~

~~10.7.11~~ — ~~If the terms of the agreement with the applicable *Participating Exchange* require it, the *Exchange* shall, following the occurrence of an event referred to LIFFE Rule 10.7.1(a) or 10.7.2(a) become party to one or more contracts (each a “*Default Contract*”) with the *Participating Exchange*, which shall be on the same terms and for the same number of *Lots* as the number of *Lots* of the affected *Contracts in the Terms of Linked LIFFE Contracts* which remain open after the *Exchange* has taken steps pursuant to the *Default Rules* or pursuant to these *Link Rules* with respect to such affected contracts (or any *Registered Exchange Contract* with the *CSP* arising pursuant to the *Default Rules*), except that each *Default Contract* shall be subject to the relevant *Participating Exchange Rules* and not subject to the *LIFFE Rules*. The *Exchange* shall have the right to take such action and by such means as the *Exchange* in its absolute discretion determines to close out, transfer or otherwise achieve the discharge of each *Default Contract* pursuant to the relevant *Participating Exchange Rules* or the terms of any agreement concluded between the *Exchange* and such *Participating Exchange* and to close out, transfer or otherwise achieve a discharge of the affected *Contracts in the Terms of Linked LIFFE Contracts* pursuant to the *Default Rules* or these *Link Rules*.~~

~~10.7.12~~ — ~~If the terms of the applicable agreement with a *Participating Exchange* require it, following the occurrence of an event referred to LIFFE Rule 10.7.1(a) or 10.7.2(a), *Contracts on the Terms of Participating Exchange Contracts* registered with the relevant *Participating Exchange* in the name of the relevant *Participating Exchange Member* or a member of the *Participating Exchange* party to a *Member Link Agreement* with the *LIFFE Member* and which form part of such member of the~~

~~*Participating Exchange's Day Position Balances* shall not be transferred pursuant to LIFFE Rule 10.7.2 and the *Participating Exchange* (as a *Member* of the *Exchange*) shall become party to one or more *Contracts in the Terms of Participating Exchange Contracts* (each a "*Default Contract*") with the *Exchange*. Each such *Default Contract* shall be on the same terms and for the same number of *Lots* as such *Contracts on the Terms Participating Exchange Contracts*, except that each *Default Contract* shall be subject to the *LIFFE Rules* and not subject to the relevant *Participating Exchange Rules*. The *Participating Exchange* shall have the right to take such action and by such means as the *Participating Exchange* in its absolute discretion determines to close out, transfer or otherwise achieve the discharge of each *Default Contract* pursuant to the *LIFFE Rules* or the terms of any agreement concluded between the *Exchange* and the relevant *Participating Exchange*, provided that, without prejudice to the *Default Rules*, the *Exchange* shall also have the right to take such action and by such means as the *Exchange* in its absolute discretion determines to close out, transfer to another *Member*, or (if they cannot be so transferred) otherwise achieve a discharge of each such *Default Contract*, and may take such action whether or not the *Participating Exchange* is a *Defaulter*.~~

10.8 Impossibility of transfer

- 10.8.1 (a) If it is impossible for any reason (other than for a reason referred to in LIFFE Rule 10.7), including, without limitation, as a result of any applicable legal or regulatory prohibition or restriction or any action taken by the *Exchange* pursuant to LIFFE Rule 4.16 or by a *Participating Exchange*:
- (i) for *Contracts in the Terms of a Linked LIFFE Contract* registered with the *Exchange* acting as *CCP* to be transferred in accordance with LIFFE Rule 10.4; or
 - (ii) for *Contracts in the Terms of a Linked Participating Exchange Contract* registered with a *Participating Exchange* (solely in its capacity as a clearing house) to be transferred in accordance with LIFFE Rule 10.5,

in each case, in accordance with any procedures from time to time agreed between the *Exchange* and (where applicable) the *Participating Exchange* and by such time or times on such day referred to in the applicable *Member Link Agreements*, then (as the case may be) details of such *Contracts in the Terms of such Linked LIFFE Contracts* will not be transmitted, or such contracts will not be transferred, pursuant to LIFFE Rule 10.4, or such contracts in the terms of such *Linked Participating Exchange Contracts* will not be transferred pursuant to LIFFE Rule 10.5, until the next day on which it is possible for such transmission or transfer to occur under the relevant *Link*.

- (b) *Contracts in the Terms of a Linked LIFFE Contract* to which paragraph (a) of this LIFFE Rule 10.8.1 applies shall remain registered with the *Exchange* and subject to the *LIFFE Rules*.
 - (c) *Contracts in the Terms of a Linked Participating Exchange Contract* to which paragraph (a) of this LIFFE Rule 10.8.1 applies shall remain subject to the *Participating Exchange Rules* of the relevant *Participating Exchange*.
- 10.8.2 If, in the circumstances referred to in LIFFE Rule 10.8.1 (and without prejudice thereto), *Contracts in the Terms of Linked LIFFE Contracts* or *Contracts in the Terms of Linked Participating Exchange Contracts* cannot or may not be transferred

in accordance with LIFFE Rule 10.4 or LIFFE Rule 10.5, as the case may be, and the circumstances preventing such transfer continue so that the relevant *Link* is suspended for an indefinite period or terminated:

- (a) each such *Contract in the Terms of Linked LIFFE Contracts* which cannot or may not be transferred shall remain registered with the *Exchange* acting as *CCP* and subject to the *LIFFE Rules* and shall be performed in accordance with its terms or may be closed-out or otherwise discharged, in accordance with the *LIFFE Rules*; and
- (b) each such *Contract in the Terms of Linked Participating Exchange Contracts* which cannot or may not be transferred shall remain subject to the *Participating Exchange Rules* of the relevant *Participating Exchange*.