

LONDON NOTICE NO. 3652

Issue Date: 22 October 2012

Effective Date: 22 November 2012

OPTION CONTRACT ON EQUITY RELATED SECURITIES (INCLUDING COMPANY SHARES AND EXCHANGE TRADED FUND SHARES) (EXCHANGE CONTRACT NO. 201)

EQUITY RELATED SECURITY CONTRACT (INCLUDING COMPANY SHARES, DEPOSITARY RECEIPTS AND EXCHANGE TRADED FUND SHARES) (EXCHANGE CONTRACT NO. 211)

INTRODUCTION OF AN ADDITIONAL INDIVIDUAL EQUITY OPTION CONTRACT

Executive Summary

This Notice informs Members of the introduction of an additional Individual Equity Option Contract based on the company shares of Direct Line Insurance Group Plc (listed on the London Stock Exchange) which will be made available on LIFFE CONNECT® on and from 22 November 2012.

1. Introduction

- 1.1 On and from 22 November 2012, the Exchange will make available an additional Individual Equity Option Contract (the "Contract") based on the company shares of Direct Line Insurance Group Plc (listed on the London Stock Exchange ("the LSE")) via LIFFE CONNECT®.

2. Details of the Contract to be made available on LIFFE CONNECT®

- 2.1 On and from 22 November 2012, the Contract, and for the purpose of Stock Contingent Trades an Equity Shares Contract, will be made available for trading via LIFFE CONNECT® under the terms of Exchange Contracts No. 201 and No. 211 respectively, on Direct Line Insurance Group Plc Ordinary shares.
- 2.2 The first three quarterly expiry months from the March, June, September and December cycle will be made available for trading. The initial expiry months available will be **December 2012, March 2013 and June 2013**.
- 2.3 The Contract shall be included in the Exchange's Block Trade Facility with effect from 22 November 2012. The Block Trade minimum volume threshold for the Contract shall be **500 lots**.
- 2.4 The necessary additions to the List of Contract Details in respect of Exchange Contracts No. 201 and No. 211 are set out, respectively, in Attachments 1 and 2 to this Notice.

3. Liquidity Provider Programmes

- 3.1 Members who would like to apply for a Liquidity Provider role in respect of the Contract should complete the Application Form available on the NYSE Euronext website: www.nyx.com/elps (under the Stock Options and London headings). The Application Form should be sent to the Quality of Derivative Markets department via fax (+31 (0)20 550 5101) or email (ELPS@nyx.com) by no later than midday on **13 November 2012**.
- 3.2 The Contract will be part of the “Non-Target Group”. NYSE Liffe will select up to five Primary Liquidity Providers (“PLPs”) and up to five Competitive Market Makers (“CMMs”) for Non-Target Group option classes on the basis of applications received from Members.
- 3.3 The relevant Spread Group and Minimum Order Size will be as follows:

| Company | UCP Contract Code | Spread Group | Minimum Order Size |
|---------------------------------|-------------------|--------------|--------------------|
| Direct Line Insurance Group Plc | DLE | 1 | 10 |

- 3.4 Members will recall that the maximum spreads per group depend on the option bid price set out in the “Current Spreads and Size Obligations for Liquidity Providers” document in respect of market making programmes for the London market. A summary of maximum spreads per group is set out in the table below:

| Maximum Spreads per Group | | | | |
|---------------------------|---------|---------|---------|---------|
| Option Bid Price | Group 1 | Group 2 | Group 3 | Group 4 |
| ≤15p | 5p | 7p | 10p | 15p |
| ≤ 30p | 6p | 8p | 12p | 20p |
| ≤ 60p | 7p | 9p | 15p | 25p |
| ≤ 100p | 8p | 10p | 15p | 30p |
| ≤ 150p | 15p | 20p | 30p | 40p |
| ≤ 1000p | 15p | 40p | 60p | 60p |
| >1000p | 20p | 60p | 100p | 100p |

- 3.5 Members are reminded that the appointment of each PLP/CMM will be subject to a binding contract (“the Agreement”) between the successful applicant and the Exchange. A completed Application Form does not constitute such an Agreement. Furthermore, a successful applicant’s Liquidity Provider status, and therefore the period for which the Liquidity Provider may receive financial benefits, may not be deemed to have commenced until the Agreement is completed and signed by all parties.
- 3.6 For further information in respect of the PLP/CMM roles and the Liquidity Provider Programmes in general, Members should refer to London Info-Flash No. [LO12/39](#), issued on 15 June 2012.

4. U.S. Regulatory Position

- 4.1 The Contract will be an “Approved Option” (as defined in General Notice No. [436](#), issued on 16 June 1992) in respect of the transaction of business with certain U.S. entities. Members should also refer to London Notice No. [3254](#), issued on 24 February 2010, which explains the procedure for offering and selling Approved Options in the United States.
- 4.2 By extension, the arrangements set out in the aforementioned Notices also apply to the offer and sale in the U. S. of the corresponding Equity Shares Contract given that an Equity Shares Contract has to be executed as part of a Stock Contingent Trade.
- 4.3 The revised list of Approved Options will be available on the NYSE Euronext website (www.nyx.com/liffe) in due course.

5. Additional Information

- 5.1 Updated Lists of Contract Details in respect of Exchange Contracts No. 201 and No. 211 will be made available in the London Market Handbook and on the NYSE Euronext website (www.nyx.com/londonmarkethandbook) in due course.
- 5.2 A separate Notice will be issued shortly informing Members of the introduction of flexible contracts based on the company shares of Direct Line Insurance Group Plc within Bclear.

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

Equity Derivatives Product Management

+44 (0)20 7379 2200

equities@nyx.com

**List of Company Shares that may be the subject of a Lot Trade
in respect of Exchange Contract No. 201**

| Company | Share | Contract Code | Expiry months | Tick Size |
|---------------------------------|--------------|----------------------|------------------------------|------------------|
| Direct Line Insurance Group Plc | GB00B89W0M42 | DLE | 3, 6, 9 (Mar, Jun, Sep, Dec) | 0.25p |

**List of Company Shares that may be the subject of a Stock Contingent Trade
in respect of Exchange Contract No. 211**

| Company | Share | Settlement Day | Minimum Price Fluctuation |
|---------------------------------|--------------|-------------------------------------|--------------------------------------|
| Direct Line Insurance Group Plc | GB00B89W0M42 | Third business day after trade date | 0.01p |