

## LONDON NOTICE NO. 3710

Issue Date: 8 April 2013

Effective Date: 8 April 2013

### CHANGES TO THE EXCHANGE DELIVERY SETTLEMENT PRICE CALCULATION FOR U.S. DOLLAR SWAPNOTE® FUTURES CONTRACTS

#### Executive Summary

This Notice informs Members of a change to the calculation of the Exchange Delivery Settlement Price for each of the Two Year, Five Year and Ten Year U.S. Dollar Swapnote® Futures Contracts.

#### 1. Introduction

- 1.1 The BBA-LIFFE U.S. Dollar Three Month and Six Month London Interbank fixings used in the settlement of the Two Year, Five Year and Ten Year U.S. Dollar Swapnote® Futures Contracts (the "Contracts") are being discontinued. Consequently, the Exchange Delivery Settlement Price ("EDSP") calculation of the Contracts will be amended from the June 2013 delivery month onwards.
- 1.2 The full updated legal contract specification for U.S. Dollar Swapnote® Contracts forms Attachment 1 to this Notice.

#### 2. Modifications

- 2.1 The First Cashflow Calculation Period Reference Rate, as referred to in the existing contract specification as the 'BBA-LIFFE New York Quarterly Dollar London Interbank Fixing' has been replaced with the Eurodollar Time Deposit rate, with a three month tenor established from the relevant Three Month Eurodollar futures contract price published on the NYSE Liffe U.S. market at 11:00 hours (New York time) on the Last Trading Day. Members should refer in particular, to section 6.01(c) of the attached contract specification.
- 2.2 The Revaluation Ratio, which adjusts for any difference between the 11:00am London Time three month Dollar Libor and the 11:00am New York Time BBA-LIFFE U.S. Dollar London Interbank Quarterly Fixing, has been removed from the contract specification.

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

Fixed Income Derivatives

+44 (0)20 7379 2222

[swapnote@nyx.com](mailto:swapnote@nyx.com)

EXCHANGE CONTRACT NO. 710

IN RESPECT OF

U.S. DOLLAR SWAPNOTE® CONTRACTS

CONTRACT TERMS

(Issue Date: 8 April 2013)

CONTRACT DETAILS SPECIFIED BY THE BOARD

(Issue Date: 8 April 2013)

ADMINISTRATIVE PROCEDURES

(Issue Date: 8 April 2013)

Delivery Months

Two Year U.S. Dollar Swapnote®:	June 2013 onwards
Five Year U.S. Dollar Swapnote®:	June 2013 onwards
Ten Year U.S. Dollar Swapnote®:	June 2013 onwards

Swapnote<sup>®</sup> is a registered trademark of ICAP plc.

## CONTENTS

### Contract Terms

1. Definitions
2. Contract Specification
3. List of Notional Cashflow
4. Price
5. Last Trading Day
6. Exchange Delivery Settlement Price (“EDSP”)
7. Payment
8. Default in Performance
9. Force Majeure
10. Articles, Rules and Regulations, etc
11. Arbitration
12. Governing Law
13. Non-registered Contracts

### Contract Details Specified By The Board

### Administrative Procedures

Price  
Last Trading Day  
Settlement Day

## THE LONDON INTERNATIONAL FINANCIAL FUTURES AND OPTIONS EXCHANGE

### Terms of Exchange Contract No. 710

#### 1. Definitions

1.01 Save as otherwise specified herein, words and phrases defined in the Rules shall have the same meanings in these terms and in the Administrative Procedures.

1.02 In these terms and the Administrative Procedures:

“Administrative Procedures” means all procedures from time to time implemented by the Board pursuant to the Rules for the purposes of this Exchange Contract;

“business day” means:

- (i) in relation to the determination of the dates of the Last Trading Day and the Settlement Day for a Contract, a day on which the market, the Clearing House and banks in London and New York are open for business; and
- (ii) in all other respects, any day on which banks in London and New York are open for business;

“Cashflow Calculation Period” means:

- (i) in respect of a Cashflow Payment Date other than the final Cashflow Payment Date, the period from, and including, the first business day comprised in the Standard Cashflow Calculation Period immediately preceding the Standard Cashflow Calculation Period in which such Cashflow Payment Date falls up to, but excluding, the Cashflow Payment Date; and
- (ii) for the final Cashflow Payment Date, the period from, and including, the first business day comprised in the final Standard Cashflow Calculation Period up to, but excluding, the final Cashflow Payment Date;

“Cashflow Payment Date” means, in respect of a Contract for a particular delivery month and the Set of Relevant Payments to which such Contract relates, the first business day following the last day of Standard Cashflow Calculation Period;

“Cashflow Payment Date Reference Period” means, in respect of a Contract for a particular delivery month and the Set of Relevant Payments to which such Contract relates, the period specified by the Board in relation to such Contract in Table 1;

“Contract” means a contract made expressly or impliedly in these terms, for the sale and purchase of one or more lots in respect of a Set of Relevant Payments specified by the

Board in Table 1, and “registered Contract” means a Contract registered by the Clearing House;

“Currency of the Contract” means, in respect of a Contract for a particular delivery month and the Set of Relevant Payments to which such Contract relates, the currency specified by the Board in relation to such Contract in Table 1;

“delivery month” means, in respect of a Set of Relevant Payments specified by the Board in Table 1, each month specified by the Board in relation to such Set of Relevant Payments in Table 1;

“EDSP” means the Exchange Delivery Settlement Price and has the meaning attributed to it in term 6;

“Eurodollar Rate” means the Eurodollar Time Deposit rate with a three month tenor established from the first listed quarterly Three Month Eurodollar Futures contract price on NYSE Liffe U.S. market at 11:00 AM NY time on the Last Trading Day (i.e. 100 – Eurodollar Futures Price)

“Effective Date” means, in respect of a Contract for a particular delivery month and the Set of Relevant Payments to which such Contract relates, the day which is specified as such by the Board in relation to such Contract in Table 1;

“First Cashflow Calculation Period Reference Rate” means a rate specified as such by the Board in Table 1 which is a benchmark rate for cash deposits or interest rate swaps, as the case may be, in the Currency of the Contract and for a tenor equal to the period commencing on the Effective Date and ending on the first Cashflow Payment Date;

“Gross” means, in respect of any payment, the gross amount of such payment free from any withholding or deduction for or on account of any present or future tax, levy, impost, duty, charge, assessment or fee of any nature (including interest, penalties and additions thereto) that is imposed by any government or other taxing or competent authority in respect of any such payment;

“interest rate basis” means, for the purposes of calculating the EDSP and the Relevant Day Count Fraction in respect of a Contract for a particular delivery month and a particular Set of Relevant Payments, the interest rate basis specified by the Board in relation to such Contract in Table 1;

“Last Trading Day” means, in respect of a Contract for a particular delivery month and the Set of Relevant Payments to which such Contract relates, the day specified by the Board in Table 1 (subject to term 5);

“List of Notional Cashflow” has the meaning attributed to it in term 3.01;

“lot” means, in respect of a Contract for a particular delivery month and the Set of Relevant Payments to which it relates, the unit of trading specified by the Board in relation to such Contract in Table 1;

“Net Present Value” has the meaning attributed to it in term 6.04;

“Notional Fixed Rate” means, in respect of a Contract for a particular delivery month and the Set of Relevant Payments to which such Contract relates, the fixed rate of interest (expressed as a percentage) specified by the Board in respect of such Contract in Table 1;

“quarterly delivery month” means March, June, September or December;

“Rate Source Page” means an electronic page which is customarily used for the purpose of displaying a particular Reference Rate and references to a “Rate Source Page” shall be construed so as to include any successor to such Rate Source Page from time to time determined by the Board;

“Reference Rates” has the meaning attributed to it in term 6.01;

“Reference Rate Contract” means the NYSE Liffe U.S. Three Month Eurodollar Futures Contract;

“Regulations” means the General Regulations, Procedures and Default Rules from time to time in force of the Clearing House;

“Relevant Day Count Fraction” in respect of the Cashflow Calculation Period for which the Board has specified an interest rate basis shall be calculated as follows:

- (i) where the numerator stated in the interest rate basis is:
  - (A) “Actual”, the numerator of the Relevant Day Count Fraction shall be the number of days comprised in the Cashflow Calculation Period in respect of which the relevant determination is to be made;
  - (B) “30”, the numerator of the Relevant Day Count Fraction shall be the number of days comprised in the Cashflow Calculation Period in respect of which the relevant determination is to be made, each period from a date in one month to the same date in the following month to be considered thirty days provided that (i) if the first day comprised in such period falls on the thirty-first day of a calendar month or the last day of February, such day shall be deemed to have fallen on the thirtieth day of that month; (ii) if the last day of the period in respect of which the relevant determination is to be made falls on the thirty-first day of a calendar month, the last day of the period in respect of which the determination falls to be made shall be treated as falling on the thirty-first day of that month unless the first day of such period falls on or is deemed to fall on the thirtieth day of a calendar month, in which case the last day of the period in respect of which the

determination is to be made shall be deemed to have fallen on the thirtieth day of the relevant calendar month and (iii) if the last day of the period in respect of which the relevant determination is to be made falls on the last day of February such day shall be deemed to have fallen on the deemed thirtieth day of that month;

- (C) "30E", the numerator of the Relevant Day Count Fraction shall be the number of days comprised in the Cashflow Calculation Period in respect of which the determination is to be made, each period from a date in one calendar month to the same date in the following calendar month to be considered thirty days provided that if the first day comprised in such period falls on the thirty-first day of a calendar month, such day shall be deemed to have fallen on the thirtieth day of that month and if the last day of the period in respect of which the determination is to be made falls on the thirty-first day of a calendar month, the last day of the period in respect of which the determination falls to be made shall be deemed to have fallen on the thirtieth day of that month;

(ii) where the denominator stated in the interest rate basis is:

- (A) "360", then the denominator of the Relevant Day Count Fraction shall be three hundred and sixty;
- (B) "365(F)", then the denominator of the Relevant Day Count Fraction shall be three hundred and sixty five;
- (C) "Actual", then the denominator of the Relevant Day Count Fraction shall be the number of days in the period starting on, and including, the first day of the Cashflow Calculation Period up to, but excluding, the first anniversary of the first day of the Cashflow Calculation Period; and

(iii) the Relevant Day Count Fraction shall be the numerator divided by the denominator and rounded to eight decimal places. Where the Relevant Day Count Fraction is not an exact multiple of 0.00000001, it will be rounded to the nearest 0.00000001 or, where the Relevant Day Count Fraction is an exact uneven multiple of 0.000000005, to the nearest higher 0.00000001;

"Relevant Floating Rate" means the floating interest rate specified by the Board in Table 1;

"Set of Relevant Payments" means the Buyer's right to receive and the Seller's obligation to pay a series of Gross payments in the Currency of the Contract which in aggregate are equal to payments:

- (a) on each Cashflow Payment Date of a Gross amount equal to the product of: (i) the notional principal amount of the unit of trading which constitutes one lot; (ii) the Notional Fixed Rate; and (iii) the Relevant Day Count Fraction for the Cashflow Calculation Period applicable to such Cashflow Payment Date; and

- (b) on the Termination Date of a Gross amount equal to the notional principal amount of the unit of trading which constitutes one lot except that where the Termination date is not a business day, the date for payment of the notional principal amount shall be deemed to be the next business day,

“Settlement Day” means, in respect of a Contract for a particular delivery month and the Set of Relevant Payments to which such Contract relates, the first business day after the Last Trading Day applicable to such Contract;

“Standard Cashflow Calculation Periods” means a series of time intervals established for the determination of the Cashflow Payment Dates in respect of a Contract and the Set of Relevant Payments to which such Contract relates, where the first such Standard Cashflow Calculation Period starts on, and includes, the Effective Date and ends on (and includes) the calendar day immediately preceding the day which is one Cashflow Payment Date Reference Period following the Effective Day, and subsequent Standard Cashflow Calculation Periods start on the day which is one Cashflow Payment Date Reference Period following the first day of the preceding Standard Cashflow Calculation Period and end on (and include) the calendar day immediately preceding the day which is one Cashflow Payment Date Reference Period following the first day of such Standard Cashflow Calculation Period;

“Swap Rate” means, in respect of a notional fixed-floating interest rate swap contract denominated in a particular currency with a particular tenor, an interest rate expressed as a percentage which when multiplied by the notional principal amount in respect of which such swap contract is notionally made and by the fixed rate day count fraction calculated in the manner specified therein represents the amount that a fixed rate payer would have to pay on each of the dates specified therein for fixed rate payments, against receiving floating rate amounts on the dates specified therein for floating-rate payments equal to the product of (i) the floating rate specified therein; (ii) the notional principal amount of the swap specified therein; and (iii) the floating rate day count fraction calculated in the manner specified therein;

“Termination Date” means, in respect of a Contract for a particular delivery month and the Set of Relevant Payments to which such Contract relates, the anniversary of the Effective Date specified by the Board in relation to such Contract in Table 1; and

“U.S. Dollar” and “\$” mean the lawful currency of the United States of America.

1.03

References to a “term” refer to terms hereof, references to “the Rules” and “the Articles” refer to the Exchange’s Rules and Articles respectively and references to “specified by the Board in Table 1” means as specified in the column in Table 1 applicable to the relevant currency and period. Save where the context otherwise requires references herein to the singular include the plural, and vice versa. The Tables attached hereto form part of these terms. Footnotes do not form part of this Exchange Contract and do not have legal effect except where the context otherwise allows.

2. Contract Specification

2.01 Each Contract shall be for one or more lots for the delivery month specified.

3. List of Notional Cashflow

3.01 In respect of each delivery month for a Contract the Board shall publish prior to making such delivery month available for trading, by General Notice, a "List of Notional Cashflow" which shall specify the Cashflow Payment Dates, Relevant Day Count Fractions and the notional cashflow for such delivery month.

4. Price

4.01 The Contract price shall be expressed in Price Points per \$100 nominal.

4.02 The value per lot of one Price Point shall be as specified by the Board in Table 1.

4.03 The minimum price movement shall be 0.005 Price Points or 0.01 Price Points as specified by the Board in Table 1.

5. Last Trading Day

5.01 In respect of Contracts for a particular delivery month and for a particular Set of Relevant Payments, on the Last Trading Day:

(a) trading in such Contracts shall cease at such time as may be specified in the Administrative Procedures; and

(b) the Exchange will calculate the EDSP for such Contracts in accordance with term 6.

5.02 If, at any time after the close of trading two business days prior to the day which would have been the Last Trading Day in respect of a delivery month, it becomes known to the Exchange that the day which would have been the Last Trading Day will not be a business day, then the business day next following such day shall become the Last Trading Day in respect of that delivery month and the Exchange shall post a notice to that effect in the market.

5.03 If, at any time after the close of trading two business days prior to the day which is scheduled to be the Last Trading Day in respect of a delivery month, it becomes known to the Exchange that the day which would have been the business day immediately preceding the third Wednesday in that month will not be a business day, then this shall not affect the Last Trading Day which shall (subject to term 5.02) remain the day it was scheduled to be.

6. Exchange Delivery Settlement Price (“EDSP”)

6.01 The EDSP shall be calculated by reference to the Reference Rates. Subject to any provisions to the contrary contained in these terms or the Rules, the Reference Rates in respect of a Contract and the Set of Relevant Payments to which it relates shall be:

- (a) the Swap Rates appearing on the Rate Source Page in respect of Swap Rates specified by the Board in Table 1 and applicable to the Relevant Floating Rate specified by the Board in Table 1, so that in respect of the second Cashflow Payment Date and subsequent even-numbered Cashflow Payments Dates the applicable Reference Rate shall be the relevant Swap Rate established on such Rate Source Page at the time specified by the Board in Table 1 from time to time on the Last Trading Day in respect of the Currency of the Contract and a tenor equal to the period commencing on the Effective Date and ending on such Cashflow Payment Date;
- (b) the Swap Rates determined by the Exchange by interpolation from the Swap Rates appearing on the Rate Source Page by reference to Swap Rates specified by the Board in Table 1 and applicable to the Relevant Floating Rate specified by the Board in Table 1, so that in respect of the third Cashflow Payment Date and subsequent odd-numbered Cashflow Payment Dates the Reference Rate shall be determined as:

$$C_r = \frac{(A_r C_{r+1} + A_{r+1} C_{r-1})}{(A_r + A_{r+1})}$$

and rounded to five decimal places, where

$C_r$  = the Swap Rate for  $r^{\text{th}}$  Cashflow Payment Date; and

$A_r$  = the Relevant Day Count Fraction for the Cashflow Calculation Period applicable to the  $r^{\text{th}}$  Cashflow Payment Date, where ‘ $r$ ’ is an odd-numbered integer.

Where the Swap Rate determined by this method is not an exact multiple of 0.00001, it will be rounded to the nearest 0.00001 or, where the Swap Rate determined by this method is an exact uneven multiple of 0.000005, to the nearest higher 0.00001;

- (c) the First Cashflow Calculation Period Reference Rate as specified in Table 1 established as follows on the Last Trading Day:
  - (i) If (as far as reasonably ascertainable) one or more Reference Rate Contracts have been made in the Order Book on such day during the last five minutes of trading of the expiring Contract, then:

- if only one Reference Rate Contract has been so made, the Reference Rate Contract price shall be the price (as far as reasonably ascertainable) at which that Reference Rate Contract was made, or
  - if more than one Reference Rate Contract has been so made, the price of the Reference Rate Contract shall be the average of the prices (as far as reasonably ascertainable) at which such Reference Rate Contracts were made, weighted by reference to the number of lots (as far as reasonably ascertainable) comprised in each such contract and rounded to eight decimal places.
- (ii) If (as far as reasonably ascertainable) on the Last Trading Day, during the specified period, no Reference Rate Contract for the specified delivery month has been made in the order book but both an offer (or offers) and a bid (or bids) have been made in the Order Book in respect of a Reference Rate Contract (or Contracts) for the specified delivery month, then the Reference Rate Contract price shall be the average of the lowest price (as far as reasonably ascertainable) at which such an offer was made and the highest price (as far as reasonably ascertainable) at which such a bid was made during the last minute of trading of the expiring Contract and rounded to eight decimal places.
- (iii) If (as far as reasonably ascertainable) on such day, during the specified period, no Reference Rate Contract for the specified delivery month has been made in the Order Book and either no offer or bid or neither an offer nor a bid has been made in the Order Book in respect of a Reference Rate Contract for the specified delivery month, then exchange officials shall determine the Reference Rate with respect to the related markets.
- (d) the Relevant Floating Rate established at the time specified by the Board in Table 1 from time to time on the Last Trading Day on the Rate Source Page specified by the Board in Table 1 in respect of the Relevant Floating Rate and the Currency of the Contract.

6.02 In the event that a Swap Rate in the relevant currency, and for the relevant period, appearing on the Rate Source Page specified by the Board in Table 1 in respect of Swap Rates used for the purposes of calculating the Reference Rates is expressed other than on the relevant interest rate basis specified by the Board in Table 1, then such interest rate shall be adjusted to be on such basis for the purposes of determining the Net Present Value.

6.03 The Board may at its discretion resolve, prior to the commencement of the calendar month in which the Last Trading Day falls, that the Reference Rates shall be determined by means other than that specified in term 6.01. Any such determination by the Board shall be the subject of a General Notice.

6.04 The Net Present Value (“NPV”) shall be a figure calculated in accordance with the formula:

$$NPV = 100 \times \left( d_{2m} + F \times \sum_{r=1}^{2m} A_r d_r \right)$$

where, in respect of a Contract for a particular delivery month, and the Set of Relevant Payments to which it relates:

F = the Notional Fixed Rate expressed in such a way that, for a Notional Fixed Rate of 6%, F = 0.06;

m = the number of years between the Contract's Effective Date and the Contract's Termination Date, such that there are 2m Cashflow Payment Date Reference Periods from the Effective Date to the Termination Date, where '2m' is an integer;

A<sub>r</sub> = the Relevant Day Count Fraction for the Cashflow Calculation Period applicable to the r<sup>th</sup> Cashflow Payment Date where 'r' is an integer.

d<sub>r</sub> = the Discount Factor for the Cashflow Calculation Period applicable to the r<sup>th</sup> (i<sup>th</sup>) Cashflow Payment Date, where 'r' ('i') is an integer. The Discount Factor d<sub>r</sub> shall be established as follows:

The Discount Factor for the Cashflow Calculation Period applicable to the first Cashflow Payment Date d<sub>1</sub> is defined as:

$$d_1 = \frac{1}{(1 + a_1 I_1)}$$

rounded to eight decimal places. Where the Discount Factor is not an exact multiple of 0.00000001, it will be rounded to the nearest 0.00000001 or, where the Discount Factor is an exact uneven multiple of 0.000000005, to the nearest higher 0.00000001.

In relation to the calculation set out above,

I<sub>1</sub> = the First Cashflow Calculation Period Reference Rate (expressed in such a way that for a rate of 5%, I<sub>1</sub> = 0.05); and

a<sub>1</sub> = the Relevant Day Count Fraction based upon the Interest Rate basis applicable to the First Cashflow Calculation Period Reference Rate.

The Discount Factor for each subsequent Cashflow Calculation Period shall be calculated as follows:

$$d_r = \frac{1 - C_r \sum_{i=1}^{r-1} A_i d_i}{1 + A_r C_r}$$

rounded to eight decimal places. Where the Discount Factor is not an exact multiple of 0.00000001, it will be rounded to the nearest 0.00000001 or, where the Discount Factor is an exact uneven multiple of 0.000000005, to the nearest higher 0.00000001.

In relation to the calculation set out above,

$C_r$  = the Swap Rate applicable to the  $r^{\text{th}}$  Cashflow Payment Date (expressed in such a way that for a Swap Rate of 5%,  $C_r = 0.05$ ) determined in accordance with term 6.01(i) or term 6.01(ii) as the case may be;

$A_r$  = the Relevant Day Count Fraction based upon the Interest  
 ( $A_i$ ) Rate basis in respect to Swap Rates for the Cashflow Calculation Period applicable to the  $r^{\text{th}}$  ( $i^{\text{th}}$ ) Cashflow Payment Date, where ' $r$ ' (' $i$ ') is an integer;

- 6.05 (a) In respect of Contracts for which the minimum price movement specified by the Board in Table 1 is two Basis Points, the EDSP shall be the figure calculated by rounding the Net Present Value to two decimal places. Where the Net Present Value is not an exact multiple of 0.01, it will be rounded to the nearest 0.01 or, where the Net Present Value is an exact uneven multiple of 0.005, to the nearest higher 0.01.
- (b) In respect of Contracts for which the minimum price movement specified by the Board in Table 1 is one Basis Point, the EDSP shall be expressed on the same basis as the contract price and shall be the figure calculated by rounding the Net Present Value to two decimal places. Where the Net Present Value is not an exact multiple of 0.01, it will be rounded to the nearest 0.01 or, where the Net Present Value is an exact uneven multiple of 0.005, to the nearest higher 0.01.
- (c) In respect of Contracts for which the minimum price movement specified by the Board in Table 1 is one half Basis Point, the EDSP shall be expressed on the same basis as the contract price and shall be the figure calculated by rounding the Net Present Value to three decimal places. Where the Net Present Value is not an exact multiple of 0.005, it will be rounded to the nearest 0.005 or, where the Net Present Value is an exact uneven multiple of 0.0025, to the nearest higher 0.005.
- 6.06 If a Rate Source Page specified by the Board in Table 1 is not available for any reason whatsoever or the relevant Reference Rates referred to in term 6.01 have not been published by the time referred to in such term, exchange officials shall determine the relevant Reference Rates by such means other than that specified in term 6.01 as they think fit.

6.07 If, in the opinion of exchange officials, the EDSP which would result from a calculation made in accordance with term 6.04 and term 6.05 would not be consistent with the prevailing Swap Rates in the relevant currency and for the relevant period (as determined by exchange officials) at the time referred to in term 5.01, then exchange officials may in their absolute discretion set the EDSP at a price determined by them by reference to such prevailing Swap Rates.

6.08 The Exchange shall publish a provisional EDSP and the final EDSP at such times as are specified in the Administrative Procedures. The final EDSP shall be final and binding for all purposes.

## 7. Payment

7.01 In respect of each lot comprised in a Contract the following payments shall be made in the Currency of Contract by the time on the Settlement Day specified by the Board in the Administrative Procedures:

- (a) where the EDSP exceeds the Contract price, payment by the Seller to the Clearing House or payment by the Clearing House to the Buyer, or both (as the case may require), and
- (b) where the Contract price exceeds the EDSP, payment by the Buyer to the Clearing House or payment by the Clearing House to the Seller, or both (as the case may require),

of an amount calculated by multiplying the difference in Basis Points between the EDSP and the Contract price by the value per lot of one Basis Point as specified in term 4.02.

## 8. Default in Performance

8.01 A Buyer or Seller other than the Clearing House shall be in default where:

- (a) he fails to fulfil in accordance with these terms, the Rules and the Administrative Procedures and the Regulations his obligations under a Contract by the time and in the manner prescribed; or
- (b) he fails to pay any sum due to the Clearing House in respect of a registered Contract by the time specified in these terms or in the Administrative Procedures or under the Regulations; or
- (c) in the reasonable opinion of the Exchange or the Clearing House he is otherwise in default.

8.02 Subject to the Default Rules of the Exchange and/Clearing House, in the event of a default by a Buyer or a Seller in respect of a registered Contract, the Board shall, at the request of

the Clearing House, forthwith fix a price for invoicing back and each lot in issue shall be invoiced back at that price. No dispute as to such price may be referred to arbitration. Such price may at the Board's absolute discretion take account of any compensation that the Board may consider should be paid by or to the Buyer or Seller, as applicable.

9. Force Majeure

9.01 Subject to any steps taken at any time by the Board under emergency powers in the Rules and subject to the default rules of 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.

10. Articles, Rules and Regulations, etc.

10.01 Every Contract shall be subject to the Articles and the Rules and Regulations in so far as applicable notwithstanding that either or both of the parties to it be not a member of the market administered by the Exchange or of the Clearing House.

10.02 In the case of any conflict between the Administrative Procedures and these terms or the Rules, the provisions of these terms and the Rules shall prevail and, in the event of any conflict between these terms and the Rules, the Rules shall prevail.

11. Arbitration

11.01 Subject to term 11.02 and to the Rules, any dispute arising from or in relation to a Contract shall be referred to arbitration under the Rules relating to arbitration and arbitration shall be held in accordance with the Rules in force at the time of such reference.

11.02 No dispute arising from or in relation to any invoicing back price fixed by the Board under these terms shall be referred to arbitration under the Rules.

12. Governing Law

12.01 Every Contract shall be governed by and construed in accordance with English Law.

13. Non-registered Contracts

13.01 In respect of a Contract which is not a registered Contract (“non-registered Contract”) these terms shall be modified by the parties thereto so as to require and allow that a Contract to be registered with the Clearing House under the Rules and the Regulations is capable of being so registered, and to facilitate the performance of such registered Contract (and of any intermediate Contract) in accordance with these terms and the Administration Procedures. Modifications may also be made to the terms of a non-registered Contract to permit performance of such non-registered contract if, without such modifications, it may not be possible to perform such Contract by the applicable times specified in these terms and the Administrative Procedures. Without prejudice to the generality of the foregoing, all references in these terms to payment or dealing between the Buyer or the Seller and the Clearing House shall be modified so as to require a similar payment or dealing directly between the Buyer and the Seller party to such non-registered Contract.

----- 0 -----

Issue Date: 8 April 2013

CONTRACT DETAILS SPECIFIED BY THE BOARD  
FOR U.S. DOLLAR SWAPNOTE® CONTRACTS

TABLE 1

Contract	Two Year U.S. Dollar Swapnote®	Five Year U.S. Dollar Swapnote®	Ten Year U.S. Dollar Swapnote®
Known as Exchange Contract No.	711	712	713
Set of Relevant Payments	2 Year U.S. Dollar	5 Year U.S. Dollar	10 Year U.S. Dollar
Effective Date	Third Wednesday of delivery month	Third Wednesday of delivery month	Third Wednesday of delivery month
Currency of the Contract	U.S. Dollar	U.S. Dollar	U.S. Dollar
Termination Date	Second anniversary of the Effective Date	Fifth anniversary of the Effective Date	Tenth anniversary of the Effective Date
Cashflow Payment Date Reference Period	Six Calendar Months	Six Calendar Months	Six Calendar Months
Unit of trading	\$200,000	\$100,000	\$100,000
Notional Fixed Rate	6.00%	6.00%	6.00%
Delivery months	Mar, Jun, Sep, Dec	Mar, Jun, Sep, Dec	Mar, Jun, Sep, Dec
No. of delivery months available for trading <sup>1</sup>	2 Quarterly	2 Quarterly	2 Quarterly
Quotation	Price Points per \$100 nominal	Price Points per \$100 nominal	Price Points per \$100 nominal
Value of One Price Point	\$2,000 per lot	\$1,000 per lot	\$1,000 per lot
Basis Point Value	\$20.00 per lot	\$10.00 per lot	\$10.00 per lot
Minimum price movement (Value)	Half of One Basis Point (\$10)	One Basis Point (\$10)	Two Basis Points (\$20)
Last Trading Day <sup>2</sup>	Two business days prior to the Effective Date	Two business days prior to the Effective Date	Two business days prior to the Effective Date
Last Trading Time (New York time)	11:00 AM	11:00 AM	11:00 AM
Relevant Swap Floating Rate	3 Month U.S. Dollar BBA Libor	3 Month U.S. Dollar BBA Libor	3 Month U.S. Dollar BBA Libor
Swap Rate Source Page (New York time)	Reuters: Page: ISDAFIX1 11:00 AM Fixing	Reuters: Page: ISDAFIX1 11:00 AM Fixing	Reuters: Page: ISDAFIX1 11:00 AM Fixing
Interest Rate Basis in respect of Swap Rates	30/360	30/360	30/360
First Cashflow Calculation Period Reference Rate (New York time)	Eurodollar Time Deposit rate with a three month tenor established from the first listed quarterly Three Month Eurodollar Futures contract price on NYSE Liffe U.S. market at 11:00 AM NY time on the Last Trading Day (i.e. 100 – Eurodollar Futures Price)	Eurodollar Time Deposit rate with a three month tenor established from the first listed quarterly Three Month Eurodollar Futures contract price on NYSE Liffe U.S. market at 11:00 AM NY time on the Last Trading Day (i.e. 100 – Eurodollar Futures Price)	Eurodollar Time Deposit rate with a three month tenor established from the first listed quarterly Three Month Eurodollar Futures contract price on NYSE Liffe U.S. market at 11:00 AM NY time on the Last Trading Day (i.e. 100 – Eurodollar Futures Price)
Interest rate basis in respect of First Cashflow Calculation Period Reference Rate	Actual/360	Actual/360	Actual/360

1 The delivery months available for trading will normally be the relevant number of nearest quarterly delivery months. A new delivery month will be made available for trading on, or shortly before, the Last Trading Day of the current delivery month.

2 If such a day is not a business day, "Last Trading Day" shall mean the business day following such day.

ADMINISTRATIVE PROCEDURES  
FOR U.S. DOLLAR SWAPNOTE<sup>®</sup> CONTRACTS

Price

The minimum price fluctuation shall be one Basis Point or one half Basis Point, as specified by the Board in Table 1

Last Trading Day

At the time specified in Table 1

Trading for Contracts in the current delivery month will cease.

As soon as reasonably practicable after cessation of trading

The Exchange will publish a provisional EDSP.

Within 60 minutes after publication of a provisional EDSP or as soon as reasonably practicable thereafter

The Exchange will publish the final EDSP.

Settlement Day

By 10.00 hours  
(London time)

All payments required by term 7.01 to be made by the Buyer and the Seller shall have been completed.

Issue Date: 8 April 2013