

LONDON NOTICE NO. 3743

Issue Date: 24 September 2013

Effective Date: 7 October 2013

**UNIVERSAL STOCK FUTURES CONTRACT
(BASED ON COMPANY SHARES, DEPOSITARY RECEIPTS AND EXCHANGE TRADED FUND SHARES)
(EXCHANGE CONTRACT NO. 66F)**

**INTRODUCTION WITHIN BCLEAR OF CASH SETTLED FLEXIBLE UNIVERSAL STOCK FUTURES CONTRACTS
BASED ON CERTAIN COMPANY SHARES LISTED ON THE JOHANNESBURG STOCK EXCHANGE**

Executive Summary

This Notice informs Members of the introduction, within Bclear, of a number of cash settled flexible Universal Stock Futures Contracts, denominated in South African Rand cents, based on certain company shares listed on the Johannesburg Stock Exchange, with effect from 7 October 2013.

1. Introduction

1.1. This Notice informs Members of the introduction, within Bclear, of a number of cash settled flexible Universal Stock Futures Contracts (“USFs”), denominated in South African Rand cents, based on certain company shares listed on the Johannesburg Stock Exchange (the “JSE”) with effect from 7 October 2013 and provides Members with the following information:

- (a) additions to the List of Contract Details;
- (b) requirement for relevant Clearing Members to set-up APS Bank Accounts with ICE Clear Europe Ltd;
- (c) Trading licenses;
- (d) reporting days and hours;
- (e) fees;
- (f) statement in relation to EDSP Price Formation; and
- (g) the regulatory position in the United States.

2. Additions to the List of Contract Details

2.1 On and from 7 October 2013, additional flexible USFs will be made available under the terms of Exchange Contract No. 66F on the company shares set out in Attachment 1 to this Notice. The detailed contract specifications for cash settled USFs are attached to this Notice as Attachment 2.

3. Requirement for relevant Clearing Members to set up APS Bank Accounts with ICE Clear Europe Ltd

3.1 Clearing Members wishing to clear flexible USFs based on the company shares listed on the JSE need to ensure that they have set up an APS Bank Account in South African Rand prior to clearing the contracts. Clearing Members that have not set up relevant APS Bank Accounts will **not** be able to clear the flexible USFs based on the company shares listed in Attachment 1 to this Notice. Clearing Members should ensure that the appropriate accounts are in place to clear these contracts.

3.2 More information can be found on the ICE Clear Europe website at: https://www.theice.com/clear_europe_treasury.jhtml or contact ICE Clear Europe's Treasury Team at iceeutreasury@theice.com or +44 (0)20 7429 4580.

4. Trading licenses

4.1 In addition to the requirements outline in Section 3 above, Members wishing to submit trades in these Contracts via Bclear will need to have a valid South African Rand trading subscription (ZAE). Members wishing to obtain this subscription should contact the NYSE Liffe Membership Operations team on memberships@nyx.com.

4.2 To claim trades only in the Contract, Members will need to have the appropriate entitlement set up in the membership database and access to the Universal Clearing Platform ("UCP").

4.3 To clear trades in the Contract, Members will require the relevant clearing status (GCM or ICM) and access to UCP.

5. Reporting Days and Hours

5.1 Transactions in the Contracts will be capable of being reported via Bclear on those market days on which the JSE is open for business. A list of days in 2013 where transactions will **not** be capable of being reported via Bclear is set out in Attachment 3 to this Notice.

5.2 Members may report transactions to the Exchange via Bclear between 08:00 and 18:00 hours (London time). In respect of a contract on its Last Trading Day, reporting hours will end at the time trading ceases in such contract, as set out in Attachment 2.

5.3 The reporting arrangements explained in Section 12 of LIFFE Rules Book II and Section 5 of this Notice will, of necessity, determine the days and hours during which the relevant transactions may be undertaken.

6. Fees

- 6.1 Transactions reported via Bclear will be charged on a per lot, per side basis and are 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).
- 6.2 Details of all fees can be found in Attachment 3 to this Notice.

7. Statement in relation to EDSP Price Formation

- 7.1 The Exchange draws the following statement to the attention of potential users of USFs. Members should ensure that their clients are made aware of the statement:

“Statement in relation to EDSP Price Formation

Potential users of the USF contracts made available on The London International Financial Futures and Options Exchange should familiarise themselves with the relevant contract terms of those contracts. Potential users should also assess for themselves, or take professional advice in relation to, the risks inherent in any such investment, and in particular those having possible impact on a Contract’s pricing or value.

These include:

- (i) whether or not there is a relevant listing authority (UK or otherwise) which imposes obligations in relation to certain aspects of corporate behaviour or disclosure; and
- (ii)(a) where a Contract is cash settled, possible influences on price formation in the underlying cash market which might affect the reference price used for settling the Contract, as explained below.
- (ii)(b) Price formation leading to the EDSP for the cash settled USF contracts is subject to similar influences to those in the case of many other cash-settled contracts. Trading activity on the relevant stock market during the EDSP period is likely to be affected by the activity of particular market participants who are seeking to obtain price convergence at the EDSP between offsetting stock and derivatives positions. Such participants might typically seek to achieve this by unwinding their stock positions during the EDSP period at prices which will, in turn, be used to determine the final EDSP. A consequence of this concentrated activity might be that the final EDSP differs from the share price immediately prior to the commencement of the EDSP period and, if relevant, from the share price immediately following that period.
- (ii)(c) Potential users should familiarise themselves with the mechanism used by the Relevant Stock Exchange to determine the price which is used as the reference price to settle the Contract. Relevant Stock Exchanges may have alternative arrangements for determining such price in certain circumstances e.g. due to insufficient liquidity during a closing auction and these alternative arrangements may tend to be applied more frequently to certain securities than to others.

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

8. U.S. Regulatory Position

- 8.1. Members should note that, currently, U.S. persons are not permitted to engage in Universal Stock Futures transactions which are confirmed via Bclear.

9. Additional Information

- 9.1 An updated List of Contract Details in respect of Exchange Contract No. 66F will be made available in the London Market Handbook on the NYSE Euronext website (www.nyx.com/londonmarkethandbook) in due course.

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 listed on the Johannesburg Stock Exchange

Company Name	ISIN Code	Cash Settled Universal Stock Futures
African Bank Investments Ltd	ZAE000030060	8AB
Aspen Pharmacare Holdings Ltd	ZAE000066692	8AP
Barclays Africa Group Ltd	ZAE000174124	8AS
Exxaro Resources Ltd	ZAE000084992	8EX
FirstRand Ltd	ZAE000066304	8FS
Gold Fields Ltd	ZAE000018123	8GF
Growthpoint Properties Ltd	ZAE000179420 ¹	8GR
Harmony Gold Mining Co Ltd	ZAE000015228	8HA
Impala Platinum Holdings Ltd	ZAE000083648	8IM
Investec Ltd	ZAE000081949	8IN
MTN Group Ltd	ZAE000042164	8MT
Naspers Ltd	ZAE000015889	8NP
Nedbank Group Ltd	ZAE000004875	8NE
RMB Holdings Ltd	ZAE000024501	8RM
Sasol Ltd	ZAE000006896	8SO
Shoprite Holdings Ltd	ZAE000012084	8SH
Standard Bank Group Ltd/South Africa	ZAE000109815	8SB
Steinhoff International Holdings Ltd	ZAE000016176	8SI
Truworths International Ltd	ZAE000028296	8TR
Woolworths Holdings Ltd/South Africa	ZAE000063863	8WH

¹ Correction made to ISIN code.

Flexible Universal Stock Futures Contracts on South African underlyings
Summary Contract Specification

Underlying Exchange	Johannesburg Stock Exchange
Contract Size	100 shares
Expiry Months	Flexible expiries up to 5 years
Quotation	ZAr (South African Rand cents)
Trading Tick Size	1
Trading Tick Value	1 ZAr
EDSP Tick Size	1
Last Trading Day (“LTD”)	Flexible
Contract Standard	Cash settled
Trading Hours	08:00 – 18:00 hours (London time)
Time trading ceases on LTD	15:00 hours (London time) ²
NYSE Liffe Market	London
Trading Platform	Bclear
Clearing	ICE Clear Europe Ltd

² The EDSP of flexible USFs based on South African shares is determined on the basis of the Official Closing Price of the underlying shares on the Johannesburg Stock Exchange on the Last Trading Day of the flexible series. The Official Closing Price is normally established at approximately 15:00 hours (London time). Furthermore, the List of Contract Details in respect of flexible USFs based on South African shares states that trading in a series shall cease at 15:00 hours (London time) on its Last Trading Day.

During British Summer Time, that is, up until Friday 25 October 2013 inclusive, (i) the Official Closing Price to be used for EDSP purposes shall be established at approximately 16:00 hours (London time) and, (ii) as a consequence, the time trading ceases on the Last Trading Day up until Friday 25 October 2013 inclusive for such Contracts shall be 16:00 hours (London time).

**Availability of flexible Universal Stock Futures Contracts
based on South African underlyings via Bclear in 2013**

Transactions will **not** be capable of being reported via Bclear on the following days*:

Dates unavailable for reporting via Bclear
Monday 16 December 2013
Wednesday 25 December 2013
Thursday 26 December 2013

*Details of the trading availability of the Contracts on 24 and 31 December 2013 will be published nearer to the time.

Fee schedule for flexible Universal Stock Futures
Contracts based on South African underlyings

Per lot fee				Cap					
Exchange Fee		Clearing Fee	Cash Settlement	Published			Unpublished		
Published	Unpublished			Exchange Fee	Clearing Fee	Cash Settlement	Exchange Fee	Clearing Fee	Cash Settlement
£0.37	£0.45	£0.03	£0.20	£600	£150	£750	£750	£150	£750