

## LONDON NOTICE NO. 3727

Issue Date: 10 June 2013

Effective Date: 1 July 2013

### CHANGES TO LIFFE RULES, CONTRACT TERMS AND RELATED MATERIAL

#### Executive Summary

This Notice informs Members of changes in relation to the transfer of clearing to ICE Clear Europe Limited ("ICE Clear") to the following: (a) LIFFE Rules (Book II); (b) Contract Terms and Administrative Procedures; (c) Grading and Warehousekeeping Procedures in respect of Cocoa and Robusta Coffee Futures Contracts ("GWPs"); and (d) Grainstorekeeper Procedures in respect of the Wheat Futures Contract ("GSKs").

#### 1. Changes to the LIFFE Rules (Book II)

1.1 London Info-Flash No. [LO13/10](#), issued on 18 February 2013, invited Members to comment on proposed changes to the LIFFE Rules (Book II) to accommodate the new clearing arrangements and in particular to reflect the following:

- (a) the appointment of ICE Clear as clearing house for the LIFFE market;
- (b) the transfer of the role of Central Counterparty ("CCP") from the Exchange to ICE Clear, with consequential impact on the Rules relating to contract formation; and
- (c) cessation of the role of LCH.Clearnet Limited as Clearing Services Provider ("CSP") to LIFFE and the consequential deletion of the category of Special Member.

1.2 Further to the consultation, Members are asked to note that some additional changes are shown in Attachment 1 to this Notice.

1.3 Updated versions of the LIFFE Rules (Book II) can be found at [www.nyx.com/transfer\\_of\\_clearing](http://www.nyx.com/transfer_of_clearing), both with and without all of the changes tracked from the current version of the Rules.

#### 2. Changes to the Contract Terms and Administrative Procedures

2.1 Changes to the Contract Terms and Administrative Procedures for the transfer of clearing reflect:

- (a) the appointment of ICE Clear as clearing house for the LIFFE market and the transfer of the role of CCP from the Exchange to ICE Clear;

- (b) the services that the Exchange will provide to ICE Clear in respect of settlement and delivery of commodities and gilts, as described in section 3 below;
  - (c) some revised timings in the Administrative Procedures to align with the procedural timings of LIFFE and ICE Clear after the transfer of clearing, as described in section 4 below; and
  - (d) changes to the description of equity delivery arrangements to make references to settlement locations more generic and to put the applicable locations for each Contract in the relevant List of Contract Details. No changes are proposed to the applicable settlement locations.
- 2.2 We have also taken the opportunity to update certain references unrelated to the transfer of clearing to ICE Clear.
- 2.3 Except as stated in paragraph 2.4 below, the changes to the Contract Terms are summarised in Attachment 2 to this Notice.
- 2.4 The following Contract Terms and Administrative Procedures, provided as Attachments 3, 4 and 5 to this Notice, are attached for Members' information and the changes are not included in Attachment 2:
- (a) Exchange Contract No. 144: Short, Medium & Long Gilt Futures;
  - (b) Exchange Contract No. 66F: Universal Stock Futures Contracts (based on Company Shares, Depositary Receipts and Exchange Traded Fund Shares); and
  - (c) Exchange Contract No. 401: Cocoa Futures Contract.
- 2.5 Updated version of all LIFFE Contract Terms and Administrative Procedures and the relevant Lists of Contract Details can be found at [www.nyx.com/transfer\\_of\\_clearing](http://www.nyx.com/transfer_of_clearing), both with and without the changes tracked from the current versions of the Contract Terms.

### **3. Services from the Exchange to ICE Clear**

- 3.1 The Exchange's Universal Clearing Platform ("UCP") will continue to provide core member-facing functions relating to post-trade management such as position management, contract life-cycle events (for example, option exercises and expiries), variation margin, initial margin, option premiums and net liquidating value.
- 3.2 The post-trade function in respect of London-listed derivative products will continue to be managed by the Exchange using information from UCP, following the receipt of matched trade details from UTP and Bclear.
- 3.3 For Bond Futures Contracts, Seller's Delivery Notices specifying bonds to deliver will be entered into NYSE Liffe Guardian.

#### **4. Timings in the Administrative Procedures**

- 4.1 Some timings in the Administrative Procedures for the Commodity Futures Contracts have been updated to reflect changes which have been made in the handling of commodity deliveries whereby use of NYSE Liffe Guardian has replaced manual processing.
- 4.2 Under the current process using NYSE Liffe Guardian, goods are immobilised once a Seller's Delivery Notice is issued but there remains a lapse of some hours before payment is made (during which time manual checks used to be made). ICE Clear intends to bring forward the time for payment to remove the unnecessary waiting period between issue of the Seller's Delivery Notice and payment.

#### **5. Changes to the GWPs and GSKs**

- 5.1 The changes to the GWPs and GSKs are essentially to:
- (a) remove references to the CSP, replacing them with references to the Clearing Organisation, and
  - (b) remove references to NYSE Liffe Clearing, replacing them with references to the Exchange.
- 5.2 Updated versions of the GWPs and GSKs can be found at [www.nyx.com/transfer\\_of\\_clearing](http://www.nyx.com/transfer_of_clearing), with and without the changes tracked from the current versions.

#### **6. Effective date for the changes**

- 6.1 The changes referred to above will take effect on and from the transfer of clearing to ICE Clear, which is planned for Monday 1 July 2013.
- 6.2 Pursuant to LIFFE Rule 4.14.11, all open positions will be in the new Contract Terms from that date.

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

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## ADDITIONAL CHANGES TO THE LIFFE RULES (BOOK II)

The following changes to the LIFFE Rules (Book II) are in addition those set out in London Info-Flash No. [LO13/10](#), issued on 18 February 2013. The additional changes are shown below with new wording underlined and deletions ~~struck through~~.

**Clearing Agreement**      **Membership** means the agreement so designated in these *LIFFE Rules* ~~and the LIFFE procedures~~; the expressions “*Clearing Member Agreement*” and “*Member Agreement*” shall have the same meaning;

**Contract in the ~~terms~~ Terms of a Linked LIFFE Contract** has the meaning attributed to it in LIFFE Rule 10.2;

**Contract in the Terms of an Exchange Contract** ~~Means~~ means a contract between the *Clearing Organisation* and the *Clearing Member* arising following a *Transaction* made or reported in accordance with these *LIFFE Rules* or another contract (not being a contract between the *Clearing Organisation* and the *Clearing Member*) falling in the definition of the term *Market Contract*, which is:

[...]

(ii) a contract containing the terms of an *Exchange Contract* with any one or more of such additions or variations thereto set out below:

(a) as permitted by or pursuant to such terms, the *LIFFE Rules* or the *Regulations* Rules of the Clearing Organisation,

[...]

**Market Contract** means:

(i) a *Contract in the Terms of an Exchange Contract*;

(ii) a contract arising as a result of one or more allocations of a ~~contract made in the~~ Contract Made in the Pit;

[...]

~~**Option Contract** means a contract for an option on the terms of an *Exchange Contract*;~~

**Parallel Contract** means a *Contract in the Terms of an Exchange Contract* and has the meaning attributed to it by LIFFE Rule 4.12.4;

**Transaction** for the purposes of the definition of a *Contract in the Terms of an Exchange Contract* and of *Rules* 4.12 and 12.3, means the result of the matching of a *Buyer* and a *Seller* ~~in pursuant to the *Exchange's* systems~~ LIFFE Rules, ~~subject to the application of the *Rules of the Clearing Organisation*.~~ For the purposes of this definition, a *Transaction* shall include business matching carried out away from the Central Order Book, as permitted by the Trading Procedures and arising in accordance with *Rule* 12.3;

3.19.1

A *Member* may:

- (a) cease to be a *Member* (pursuant to Euronext Rule 2801/1) by virtue of giving the *Exchange* written notice of his wish to resign from membership, or
- (b) if a *Clearing Member*, may cease its status as a *Clearing Member* by giving the *Exchange* and the *Clearing Organisation* notice of not less than three months ahead of its cessation date,

each a “*resignation notice*”. In the case of a *Clearing Member*, by the close of business on the cessation date such *Clearing Member* shall ensure that all *Contracts in the Terms of an Exchange Contract* in its name (whether or not it is held for its account by a *Clearing Member*) to which the *Clearing Organisation* is the counterparty have been closed-out or transferred.

3.22.1

A *Member* shall maintain accounting and other records sufficient to show and explain, inter alia, all of his contracts made on the *Market* or otherwise pursuant to the *LIFFE Rules*. The records shall, without prejudice to the generality of the foregoing, be such as:

- (a) to disclose the open trading positions at all times of the *Member* and of each of his clients; and
- (b) to show the *Margin* required to be transferred from time to time by the *Member* to the *Clearing Organisation* or to the *Clearing Member* with whom he is party to a *Clearing Agreement*, as the case may be, and the *Margin* required to be transferred from time to time ~~with~~by the *Member* to each of his clients; and

[...]

4.12.1

Contractual relationships arising pursuant to the effecting and clearing of contracts are set out in this LIFFE Rule 4.12, in LIFFE Rule 4.13 in relation to client business and in LIFFE Rule 12.3 in relation to the *Bclear Service*.

4.12.2

~~A *Transaction* shall be deemed where (i) two *Members* (or one *Member*, where a such *Member* is deemed to execute a *Cross Transaction* in circumstances specified by the *Board* by *Notice* or in any procedures under LIFFE Rule 4.14.7) receive confirmation that a *Transaction* has arise when (i) *Buyer* and *Seller* have been matched ~~on~~pursuant to the *Exchange*, *LIFFE Rules* or (ii) the *Exchange* or the *Clearing Organisation* requires a *Transaction* to come into existence as a result of an error trade, option exercise, invoicing back, under the *Default Rules* or the default rules of the *Clearing Organisation* or otherwise arise under the *LIFFE Rules* or the *Rules of the Clearing Organisation* respectively.~~

4.12.3

~~In accordance~~Simultaneously with and at the times specified in the *Rules* *Transaction*, and subject to any applicable rules of the *Clearing Organisation*, *Member* is party to a *Transaction*, there shall arise two *Contracts in the Terms of an Exchange Contract* shall immediately arise :

- (a) one between the *Clearing Organisation* and the *Buyer*, or its appointed *Clearing Member* if the *Buyer* is not a *Clearing Member*; and

~~(b) one between the Clearing Organisation. In addition an Exchange Contract shall arise in such other circumstances as may be specified elsewhere in or pursuant to these LIFFE Rules or the Rules of the Clearing Organisation and the Seller, or its appointed Clearing Member if the Seller is not a Clearing Member.~~

4.12.4 Where a *Non-Clearing Member* is party to an ~~Exchange Contract~~ Transaction, a *Parallel Contract* shall arise simultaneously between the *Non-Clearing Member* and its appointed *Clearing Member* pursuant to the relevant *Clearing Agreement* in respect of such contract. The terms of such *Parallel Contract* shall be identical to those of the ~~Exchange Contract~~, save that the ~~Clearing Member~~ shall be in the place of the opposite party thereto. Simultaneously with the arising of the said *Parallel Contract*, there shall by virtue of this LIFFE Rule, but subject to the *Rules of the Clearing Organisation*, arise an ~~Exchange Contract~~ between the ~~Clearing Member~~ and the ~~Clearing Organisation~~. Contracts in the Terms of an Exchange Contract referred to in LIFFE Rule 4.12.3, save as to parties.

4.12.5 The economic terms of the Contracts in the Terms of an Exchange Contract referred to in LIFFE Rules 4.12.3 and 4.12.4 shall be identical to those of the relevant *Transaction*, save that the parties thereto shall be the ~~Clearing Member~~ and the ~~Clearing Organisation~~. Every such ~~Exchange Contract~~ shall be registered in the name of the ~~Clearing Member~~ as to parties.

4.12.7 ~~Following the arising of the said Parallel Contracts, the~~ The relevant *Members* shall effect *Allocations* and *Claims*, if any, in respect of such ~~business~~ the Contracts in the Terms of an Exchange Contract arising under LIFFE Rules 4.12.3 to 4.12.5.

4.12.8 In the event of an *Accepted Allocation*, there shall arise:

- (a) in the case of the allocating *Member*, an offsetting Contract in the Terms of an Exchange Contract for the Contract in the Terms of an Exchange Contract that is the subject of the *Accepted Allocation*;
- (b) a *Contract* between the *Clearing Member* that made the successful *Claim* leading to the *Accepted Allocation* and the *Clearing Organisation*; and
- (c) where the successful Claim is on behalf a Non-Clearing Member, a new *Parallel Contract* between the receiving *Clearing Member* and that Non-Clearing Member.

The terms of such contracts shall be identical to those of the ~~Parallel Contracts~~, if any, and ~~Contracts in the Terms of an Exchange Contract~~ referred to in LIFFE Rules ~~4.12.1 4.12.2~~ to 4.12.5, save as to the parties thereto.

4.12.9 Upon the arising of the contracts referred to in LIFFE Rule 4.12.8, the *Parallel Contracts*, if any, referred to in LIFFE Rules ~~4.12.3 to 4.12.5~~ Rule 4.12.4 shall be discharged by novation by the said contracts referred to in LIFFE Rule 4.12.8.

4.12.11 Where an *Allocation* is not the subject of a successful *Claim*, the existing *Parallel Contracts*, if any, and corresponding Contract in the Terms of an Exchange Contracts to which the *Clearing Organisation* is a party shall remain in force.

4.12.12 Should any *Transaction* be invalidated by the *Exchange* or the *Clearing Organisation* under any provision of the *Rules* or the *Rules of the Clearing Organisation* or procedures made thereunder, any Contract in the Terms of an Exchange Contract

(including, for the avoidance of doubt, any relevant *Parallel Contract* ~~(including as a result of any *Allocation*)~~) shall similarly be treated as having been invalidated.

9.3.1 In these *Default Rules*, the term “*Event of Default*” shall mean any event or circumstance which leads the *Exchange* to determine that a *Member* is, or appears to be, unable, or likely to become unable, to meet his obligations under one or more *Market Contracts*. Without prejudice to the generality of the foregoing, the *Exchange* may, in its absolute discretion, take the occurrence of any one or more of the following events or circumstances as sufficient grounds for determining that a *Member* is, or appears to be, or is likely to become, unable to meet his obligations under one or more *Market Contracts*:

[...]

(l) a *Member*, being a partnership, being dissolved; or

(m) a direction is made by the Financial Services Conduct Authority as contemplated in LIFFE Rule 9.2.2; ~~or~~

~~(n) any event which constitutes grounds for declaration of an event of default under the *Rules of Clearing Organisation* (regardless of whether a default is actually declared by the *Clearing Organisation*).~~

9.4.12 (a) If a dispute arises to which a *Defaulter* is party as to whether a *Market Contract* had been made or as to the terms of a *Market Contract*, or

(b) if a *Defaulter* has not taken all steps required of him by the *Rules* or any procedures made under the *Rules* to acknowledge all *Contracts* in the terms ~~of an~~ *in the Terms of an Exchange Contract* or to input details of such contracts into *TRS*,

[...]

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 this Section 12 of the *LIFFE Rules* and subject to any applicable rules of the *Clearing Organisation*, there shall arise:

(a) ~~automatically, in accordance with the *Rules of the Clearing Organisation*,~~ a *Contract in the Terms of an Exchange Contract* between the *Clearing Member* that clears for the *Buyer* and *Seller* respectively in accordance with the relevant *Clearing Agreement* (or the *Clearing Member* itself if the *Buyer* and/or *Seller* is a *Clearing Member* and will clear the transaction itself) (in either case, such person being an “*OTC Trade Reporting Member*”) and the *Clearing Organisation* on identical economic 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 economic terms (except as to the parties) as the equivalent element of the *OTC Trade* for each element of the *OTC Trade*;

(b) ~~For~~ for each person other than the *OTC Trade Reporting Member* who is a counterparty to the *OTC Trade*, an *OTC Client Contract* ~~shall arise under Rule 4.12~~ between the *OTC Trade Reporting Member* and the counterparty 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*."

13.8.1 The *Exchange* and the *Clearing Organisation* shall be entitled to rely and act upon any form of exercise made in accordance with the relevant *Contract Terms and Administrative Procedures* and the relevant *CPS* arrangements without making any enquiry, investigation or check as to whether it complies with the *LIFFE Rules* or as to the authority of any person purporting to exercise an *Option Contract* on behalf of a *Clearing Member* save that the *Exchange Clearing Organisation* may reject any notice of exercise (or exercise made in such other prescribed form, as the case may be) if it does not appear to comply with the *LIFFE Rules* notwithstanding that it may as *Buyer* have passed on such notice or other prescribed form of exercise to a *Seller*.

13.9.1 Notwithstanding the terms of any *Contract in the Terms of an Exchange Contract*, the *Exchange Clearing Organisation* may in their absolute discretion:

- (a) direct a *Clearing Member* who is a *Seller* under an *Exchange Contract* to deliver the subject matter of such contract to such *Clearing Member* as the *Exchange Clearing Organisation* may determine, being a *Buyer* under an *Exchange Contract*, as the *Exchange Clearing Organisation* may appoint; and
- (b) direct a *Clearing Member* who is a *Buyer* under an *Exchange Contract* to pay the *Price* and any other amounts payable pursuant to such contract to such *Clearing Member* as the *Exchange Clearing Organisation* may determine, being a *Seller* under an *Exchange Contract*, as the *Exchange Clearing Organisation* may appoint;

and delivery or payment in accordance with such direction shall constitute the due performance of such obligations of such *Buyer* or *Seller* as the case may be towards the *Exchange Clearing Organisation*. Each *Clearing Member* agrees that it will accept delivery of such subject matter or, as the case may be, payment of the *Price*, from a *Clearing Member* directed in accordance with *LIFFE Rules* 13.9.1(a) or 13.9.1(b) above, in satisfaction of the obligations owed to it by the *Exchange Clearing Organisation* to deliver such subject matter or make payment of the *Price* and such other amounts under the terms of an *Exchange Contract*.

13.9.3 If a *Buyer* where permitted by the *LIFFE Rules*, rejects delivery made to it in respect of an *Exchange Contract* pursuant to the *Contract Terms and Administrative Procedures*, the *Exchange Clearing Organisation* shall be entitled to reject the same as against the *Seller* from whom it took delivery of the same under the terms of an *Exchange Contract*, and the *Exchange Clearing Organisation* shall not be deemed to have accepted delivery by a *Seller* which it delivers on to a *Buyer* until such *Buyer* has accepted the delivery.

13.13.1 *Exchange Contracts* shall be fulfilled in accordance with the *LIFFE Rules*. No *Exchange Contract* shall be for a unit or quantity smaller than one *Lot* and the amount or quantity tendered shall be as specified in the relevant contract terms and administrative procedures. Where the contract terms of an *Exchange Contract* so permit, the *Exchange Clearing Organisation* may give directions to one or more *Clearing Members* concerning the performance of such contract and in such case each such *Clearing Member* shall be bound by and shall comply with any such direction.

- 13.13.2 *Clearing Members* shall fulfil their obligations to the Exchange Clearing Organisation under the terms of such contracts in the manner and by the time prescribed by the *LIFFE Rules* and the relevant *Contract Terms and Administrative Procedures*. The Exchange Clearing Organisation shall fulfil its obligations as *Seller* or *Buyer*, as the case may be, under the terms of such contracts in accordance with the *LIFFE Rules*.
- 13.14.2 A *Clearing Member*, as *Seller* in respect of an *Exchange Contract* shall give a *Tender* to the *Exchange*, together with such other documents as may be required by the *Contract Terms and Administrative Procedures* by the time specified in respect of an *Exchange Contract* for a particular *Delivery Month*, and in the form and manner prescribed by the *Contract Terms and Administrative Procedures*. The Exchange Clearing Organisation shall give a *Tender* to the *Buyer*, together with such other documents as may be required by the *Contract Terms and Administrative Procedures* by the time specified in respect of an *Exchange Contract* for a particular *Delivery Month*, and in the form and manner prescribed by the *Contract Terms and Administrative Procedures*.
- 13.14.3 A *Seller* or *Buyer* shall give to the Exchange Clearing Organisation such additional documents or information required by the *Contract Terms and Administrative Procedures* to be given in respect of an *Exchange Contract* by the time prescribed by the *Contract Terms and Administrative Procedures* and in the form and manner specified therein. The Exchange Clearing Organisation shall give such additional documents or information to the *Buyer* (or *Seller*) under the terms of such contract.
- 13.14.4 The Exchange Clearing Organisation shall be under no obligation to check a *Tender* or documents received from a *Clearing Member* pursuant to LIFFE Rules 13.14.2 or 13.14.3 above. The passing on by the Exchange Clearing Organisation of such *Tender* or such documents received from a *Seller* (or *Buyer* as the case may be) pursuant to the terms of an *Exchange Contract*, to a *Buyer* (or *Seller* as the case may be) pursuant to the terms of an *Exchange Contract*, shall not constitute acceptance by the Exchange Clearing Organisation of such *Tender* or such documents, and if the *Clearing Member* to whom it passed on such *Tender* or such documents rejects the same where permitted by contract terms and administrative procedures, the Exchange Clearing Organisation shall be entitled to reject the same as against the *Clearing Member* from whom it received such *Tender* or such documents.
- 13.14.5 Every *Buyer* who has an *Exchange Contract* in his name for the applicable or relevant *Delivery Month* shall be bound to accept any *Tender* or documents complying with the *Contract Terms and Administrative Procedures* which is given to him by the Exchange Clearing Organisation.
- 13.14.7 Without prejudice to the provisions of LIFFE Rule 13.15.1, under an *Exchange Contract*:
- (a) the *Buyer* shall be obliged to pay his buying *Price* to the *Seller* in the manner and by the time prescribed by the contract terms and administrative procedures;
  - (b) the *Buyer* shall be obliged to pay the *Seller* his selling *Price* in the manner and by the time prescribed by the contract terms and administrative procedures;
  - (c) subject to the *Contract Terms and Administrative Procedures* any compensation, adjusting payment, or other allowance payable by or to

either the *Buyer* or *Seller* under the terms of the *Exchange Contract* shall be paid to or by the *Exchange Clearing Organisation*.

13.14.8 Every *Tender* and accompanying documents (except documents which, in accordance with the *Contract Terms and Administrative Procedures* a *Buyer* is obliged to take up and pay for) given by the *Exchange Clearing Organisation* as *Seller* to a *Buyer* pursuant to LIFFE Rule 13.14.2 shall for the purposes of these *LIFFE Rules* be deemed to comply with the *Contract Terms and Administrative Procedures* unless the *Buyer* notifies the *Exchange Clearing Organisation*, by 10.00 hours on the *Business Day* following the day on which the *Tender* and accompanying documents were given to him by the *Exchange Clearing Organisation* in accordance with the *Contract Terms and Administrative Procedures* (and unless otherwise set out in such *Contract Terms and Administrative Procedures*), that the *Tender* and accompanying documents do not so comply, and the *Exchange Clearing Organisation* shall be entitled after receiving such notice, promptly thereafter and notwithstanding that it may do so after 10.00 hours on such *Business Day*, to notify the *Seller* from whom it received such *Tender* and accompanying documents that such *Tender* and accompanying documents do not so comply.

**13.16 Conditions relating to the *Exchange Clearing Organisation's* Obligations and Liability in Certain Delivery Contracts**

13.16.2 The *Exchange Clearing Organisation* shall not be liable in respect of a claim made against it in respect of an *Exchange Contract* concerning:

- (a) a *Tender* given by the *Exchange Clearing Organisation*; or
- (b) any documents accompanying a *Tender* as required by the contract terms and administrative procedures; or
- (c) the performance by the *Exchange Clearing Organisation* of its obligations under an *Exchange Contract* to make delivery or to pay the *Price*; or
- (d) any other dispute or matter arising under the terms of such contract;

unless the conditions set out in LIFFE Rules 13.16.3, 13.16.4, and 13.16.5 below are satisfied.

13.16.3 Save where otherwise set out in the applicable *Contract Terms and Administrative Procedures*, the relevant *Clearing Member* shall (without prejudice to his taking any other steps which may be required of or open to him under the *LIFFE Rules*) give written notice and particulars of his claim to the *Exchange Clearing Organisation* not later than 17:00 hours (such time to be of the essence) on the seventh *Business Day* following the day on which, in accordance with the relevant *LIFFE Rules*, documents must be taken up and paid for by the *Buyer* (whether or not a *Buyer* fulfils such obligation), or if there are no such documents, not later than 17.00 hours (such time to be of the essence) on the seventh *Business Day* following the last day on which the *Buyer*, in accordance with the *Contract Terms and Administrative Procedures*, must take delivery (whether or not the *Buyer* fulfils such obligation).

13.16.4 Where the relevant *Rules* provide for arbitration, the *Clearing Member* shall refer all disputes referred to in LIFFE Rule 13.16.2 above in respect of the contract to arbitration under the relevant *Rules*, shall give to the *Exchange Clearing Organisation* notice of such referral pursuant to the *Rules* and details of any award made.

13.16.5 The *Clearing Member* shall promptly provide the ~~Exchange~~ Clearing Organisation with such further particulars of his claim, as the ~~Exchange~~ Clearing Organisation may from time to time require in writing.

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In addition, references in Book II to the Financial Services Authority have been replaced with references to the Financial Conduct Authority.

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**CONTRACT TERM CHANGES****1. General changes**

The following general changes are common to all or most of the Contract Terms (with the numbering adjusted accordingly where the change applies to more than one of the Contract Terms):

#	Reference to	Change
1.1	"Regulations" definition	The definition is deleted.
1.2	"Regulations"	The term "Regulations" is replaced by Rules of the Clearing Organisation.
1.3	"Contract"	The wording is changed as follows:  "means a contract made expressly or impliedly in the terms of this Exchange Contract for the sale and purchase of one or more lots, and "registered Contract" means a Contract registered by the Exchange <u>Clearing Organisation</u> ."
1.4	"CSP" means the Clearing Service Provider	The definition of CSP and all references to the term are deleted.
1.5	<u>"Articles":</u>  <u>Articles, Rules, Regulations, etc</u>  [...]	References to the Articles are changed as follows (with the numbering adjusted as necessary) :  <u>"11. Articles, Rules, Regulations, etc</u>  11.01 Every Contract shall be subject to the <del>Articles and the Rules</del> and <u>to the Regulations Rules of the Clearing Organisation</u> in so far as applicable notwithstanding that either or both of the parties to it be not a member of the Exchange or of the Clearing <del>House</del> <u>Organisation</u> .  11.02 In 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.  <u>11.03 In case of any conflict between the Administrative Procedures and these terms or the Rules of the Clearing Organisation:</u>  • <u>the Rules of the Clearing Organisation shall prevail in respect of any matter relating to</u>

		<p><u>clearing, and</u></p> <ul style="list-style-type: none"> <li>• <u>the provisions of the Administrative Procedures and these terms shall prevail in respect of any other matter.”</u></li> </ul>
1.6	Arbitration clauses	<p>References to the Articles are changed as follows (with the numbering adjusted as necessary) :</p> <p>“11.01 Subject to terms <u>11.02 and 11.03</u>, 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.</p> <p>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.</p> <p><u>11.03 The Rules of the Clearing Organisation shall have priority over these terms in any dispute relating to clearing.”</u></p>
1.7	Clauses relating to Non-registered contracts	<p>The wording is changed as follows:</p> <p>“(b) if the <del>Exchange (acting as CCP)</del> <u>Clearing Organisation</u> is not a party to such contract, to facilitate the performance of such contract, and the performance of any intermediate, matching or related contract or contract to which the <del>Exchange (acting as CCP)</del> <u>Clearing Organisation</u> is party,</p> <p>and provided that the <i>Default Rules</i> shall form part of the terms of such contract and shall prevail, where such <i>Default Rules</i> apply, over any other terms which apply on the default of a party to such contract;</p> <p>[...]”</p>

1.8	“Clearing House”	References to the Clearing House are replaced by references to the Clearing Organisation.
1.9	“PPS”	References to PPS are replaced by references to APS.
1.10	“FTSE International”	References to FTSE International are replaced by references to FTSE Group.

## 2. Changes to specific Contract Terms

The following changes affect one or few of the Contract Terms, as shown below:

#	Contract Term(s)	Current text and amendment
2.1	29, 98, 98B, 129E, 203, 306	<del>The</del> <u>the</u> London Stock Exchange Limited <del>plc</del>
2.2	41	" 'Delivery month' means each month specified as such by the Board <del>pursuant to Rule 4.4.1.</del> "
2.3	41, 305	" 'Link Rules' means the rules set out in Section <del>11</del> <u>10</u> of the Rules as amended from time to time."
2.4	41, 56, 58, 203, 701S	<del>General</del> Notice"
2.5	201F, 351F	<p>"2.04 A Contract based on securities shall be replaced <del>by novation</del> by a contract based on the same securities, in the terms of Exchange Contract No. 56, between the same parties, if:</p> <p>(a) at any time after the making of such Contract, the Last Trading Day of such Contract is the Last Trading Day of a delivery month in respect of which a contract in the terms of Exchange Contract No. 56 based on such securities can be made; and</p> <p>(b) the Contract is a cash-settled contract.</p> <p>2.05 A Contract based on securities shall be replaced <del>by novation</del> by a contract based on the same securities, in the terms of Exchange Contract No. 58, between the same parties, if:</p> <p>(a) at any time after the making of such Contract, the Last Trading Day of such Contract is the Last Trading Day of a delivery month in respect of which a contract in the terms of Exchange Contract No. 58 based on such</p>

		<p>securities can be made; and</p> <p>(b) the Contract is a physical delivery contract.</p> <p>2.06 The <del>novation</del> <u>replacement</u> to which terms 2.04 and 2.05 refers shall take place at the time when Exchange Contract No. 56 or Exchange Contract No. 58 (as the case may be) for such delivery month based on such securities is first available for trading on the market.</p> <p>2.07 If Exchange Contract No. 56 or Exchange Contract No. 58 (as the case may be) is amended from time to time, a contract in the terms of Exchange Contract No. 56 or Exchange Contract No. 58 which replaces a Contract pursuant to term 2.04 or term 2.05 shall be subject to the terms of Exchange Contract No. 56 or Exchange Contract No. 58 (as the case may be) as amended from time to time. “</p>
2.6	58, 201F, 211	References to CREST and Euroclear are replaced with the term “Relevant Settlement System”. The Relevant Settlement System is now shown in the List of Contract Details.
2.7	58, 201, 201F, 203, 211	<p>“14.01 and 15.01:</p> <p>(b) The <del>Exchange</del> <u>Clearing Organisation</u> may from time to time restrict the persons or categories of persons which may be appointed as Settlement Agents or as Transferors or the types of Settlement Accounts to be used for making a transfer of securities and <del>shall publish the details of such restrictions by means of a Notice.”</del></p>
2.8	351F	<p>“ ‘<del>Exchange</del> Notice of Exercise’ means a notice from the <del>Exchange</del> <u>Clearing Organisation</u>, in a form from time to time prescribed by the <del>Exchange</del> <u>Clearing Organisation</u>, confirming to the Seller of an option that the <del>Exchange</del> <u>Clearing Organisation</u> has exercised an option against the Seller.”</p> <p>“ ‘Exercise Notice’ means a notice in the form prescribed by the <del>Exchange</del> <u>Clearing Organisation</u> from time to time notifying the <del>Exchange</del> <u>Clearing Organisation</u> that a Buyer of an option thereby wishes to exercises one or more options against the <del>Exchange</del> <u>Clearing Organisation</u>.”</p>
2.9	409	“1.04 In these terms and in the Administrative Procedures, references to the Exchange in the context

		of delivery rights and obligations shall be read as reference to the <u>CSP Clearing Organisation</u> where the context so dictates, including, without limitation, where there is reference to situations where the <u>CSP Clearing Organisation</u> becomes counterparty to delivery rights and obligations pursuant to <u>the Tripartite Clearing Membership Agreements</u> and/or the Rules (be this due to a LIFFE Clearing Member being declared a defaulter; or following the expiry of an open contract on the market; or otherwise). For the avoidance of doubt these terms and the Administrative Procedures are not intended to vary the terms of any <del>Tripartite</del> Clearing Membership Agreement and, in the event of conflict between the terms of such documents/agreements the terms of the <del>Tripartite</del> -Clearing Membership Agreement shall prevail over these terms and the Administrative Procedures.”
2.10	409	<p>“3.09 Without prejudice to any exclusion of liability provision in the Rules, <del>neither</del> <u>none</u> of the Exchange, <del>nor</del> <u>the Board or the Clearing Organisation</u> shall be liable for any loss or damage whatsoever, whether for negligence, breach of contract, misrepresentation or otherwise (other than for fraud or wilful default) in respect of:</p> <p>[...]</p> <p>(i) the performance or non-performance by any Supervision Company of his obligations <del>which are carried out on behalf of the Exchange;</del> or</p> <p>[...]”</p>
2.11	409	<p>“12.01 A Seller <del>in whose name are registered by the Exchange, or who intends to submit or has submitted to the Exchange for registration, one or more Contracts</del> shall <del>have given to the Exchange</del> <u>Clearing Organisation</u> a Seller’s Delivery Notice in respect of each Lot <del>comprised in such Contracts</del> not later than the time on the Notice Day specified for that purpose in the Administrative Procedures.”</p>

2.12	405, 407	“ ‘ECS’ means ICE Clear Europe Limited’s Extensible Clearing System.”
2.13	405, 407	“1.05 In these terms and in the Administrative Procedures, references to the Exchange in the context of delivery rights and obligations shall be read as reference to the <u>CSP Clearing Organisation</u> where the context so dictates, including, without limitation, where there is <del>reference to situations where the CSP becomes counterparty to delivery rights and obligations pursuant to Tripartite Clearing Membership Agreements and/or the Rules (be this due to a LIFFE Clearing Member being declared a defaulter, or following the expiry of an open contract on the market, or otherwise).</del> For the avoidance of doubt these terms and the Administrative Procedures are not intended to vary the terms of any <del>Tripartite</del> Clearing Membership Agreement and, in the event of conflict between the terms of such documents/agreements the terms of the <del>Tripartite</del> Clearing Membership Agreement shall prevail over these terms and the Administrative Procedures.”
2.14	405	“12.01 <u>Without prejudice to any exclusion of liability provision in the Rules, neither none of the Exchange, nor the Board or the Clearing Organisation</u> shall have any liability whatsoever for the performance by a Grainstorekeeper of his responsibilities under these terms and Administrative Procedures or of any responsibilities he may assume towards members or other parties pursuant to an E Warrant or Contract nor for the condition of a Store or its suitability for the storage of Wheat. Parties placing Wheat into a Store or taking delivery of Wheat in or from the same shall accordingly have no claim against the Exchange, <del>or</del> Board or the <u>CSP Clearing Organisation</u> , for any loss or damage thereby incurred however such loss or damage may be caused.”
2.15	501	References to Exchange Contract No 406 are deleted.

2.16	502	<p>“5.02 A registered Contract shall be performed by:</p> <ul style="list-style-type: none"> <li>(i) transfer pursuant to the Link Rules; or</li> <li>(ii) in the circumstances outlined in term 5.04, cash-settlement by the <del>Exchange</del><u>Clearing Organisation</u>.”</li> </ul>
2.17	73, 98, 98B, 301, 307, 351F, 701S, 801 and 901	<p>“8. Default in Performance</p> <p>8.01 A Buyer or Seller other than the <del>Exchange or CSP</del> <u>Clearing Organisation</u> shall be in default where:</p> <ul style="list-style-type: none"> <li>(a) he fails to fulfil in accordance with these terms, the Rules and the Administrative Procedures and the <del>Regulations</del><u>Rules of the Clearing Organisation</u> his obligations under a Contract by the time and in the manner prescribed; or</li> <li>(b) he fails to pay any sum due to the <del>CSP</del> <u>Clearing Organisation</u> in respect of a registered Contract by the time specified in these terms or in the Administrative Procedures or under the <del>Regulations</del><u>Rules of the Clearing Organisation</u>; or</li> <li>(c) in the reasonable opinion of the Exchange or <del>CSP</del> <u>Clearing Organisation</u> he is otherwise in default.</li> </ul> <p>8.02 Subject to the Default Rules of the <del>Exchange and CSP</del> <u>Clearing Organisation</u>, in the event of a default by a Buyer or a Seller in respect of a registered Contract, the Board shall, 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.”</p>

2.18	901	<p>“<u>Exchange Clearing Organisation</u> Notice of Exercise” means a notice from the Exchange, in a form from time to time prescribed by the Exchange, confirming to the Seller of an option that the <del>Exchange</del> <u>Clearing Organisation</u> has exercised an option against the Seller.”</p>
2.19	901	<p>“<u>4. Exercise of an Option by a Buyer against the Exchange and Confirmation of Exercise</u></p> <p>4.01 A Buyer may exercise an option for an expiry month on any business day up to and including the Last Trading Day for the expiry month by the exercise deadline for such business day and shall do so by giving to the <u>Exchange Clearing Organisation</u> an Exercise Notice, in respect of a registered Contract for such expiry month <del>or a Contract for such expiry month submitted to the Exchange Clearing Organisation for registration</del>, in a manner from time to time prescribed by the Exchange. An Exercise Notice received on a business day at or after the exercise deadline for such business day will be invalid.</p> <p>4.02 The <u>Exchange Clearing Organisation</u> shall give to the Buyer, by the time specified by the Exchange from time to time in the Procedures, a notice in a form from time to time prescribed by the Exchange confirming which options specified in an Exercise Notice given by such Buyer to the <u>Exchange Clearing Organisation</u> have been validly exercised by the Buyer in accordance with these terms.</p> <p>4.03 On the day on which the Buyer has validly exercised an option and immediately upon such exercise, a contract for one lot in the terms of the relevant Underlying Futures Contract shall arise:</p> <ul style="list-style-type: none"> <li>(a) in the case of a call option, between the <u>Exchange Clearing Organisation</u> and the Buyer as seller and the buyer respectively;</li> <li>(b) in the case of a put option, between the <u>Exchange Clearing Organisation</u> and the Buyer as buyer and seller respectively,</li> </ul> <p>for the associated delivery month and at a price being the exercise price of the option.</p>

		<p><u>5. Exercise by the Exchange Clearing Organisation against a Seller and Confirmation of Exercise</u></p> <p>5.01 As soon as is practicable after an option referred to in an Exercise Notice is exercised by a Buyer in accordance with term 4.01, the <u>Exchange Clearing Organisation</u> shall select a Seller of an option of the same type and at the same exercise price and for the same expiry month and shall exercise such option in a form and manner from time to time prescribed by the Exchange. The Seller against which the <u>Exchange Clearing Organisation</u> exercises an option under this term 5.01 shall be selected by such method as the Exchange may specify from time to time in the Procedures. A valid exercise of such option by the <u>Exchange Clearing Organisation</u>, as described herein, shall be deemed to have taken place on the day on which the option was exercised by the Buyer in accordance with term 4.01 and such day shall be referred to in these terms as the day of exercise.</p> <p>5.02 In respect of each option exercised by the <u>Exchange Clearing Organisation</u> against a Seller under term 5.01, the <u>Exchange Clearing Organisation</u> shall give to the Seller <del>an</del> <u>Exchange a</u> Notice of Exercise by the time specified by the Exchange for this purpose and in a manner from time to time prescribed by the Exchange in the Procedures.</p> <p>5.03 On the day of exercise of an option by the <u>Exchange Clearing Organisation</u> and immediately upon such exercise, a contract for one lot in the terms of the relevant Underlying Futures Contract shall arise:</p> <p>(a) in the case of a call option, between the <u>Exchange Clearing Organisation</u> and the Seller as buyer and seller respectively;</p> <p>(b) in the case of a put option, between the <u>Exchange Clearing Organisation</u> and the Seller as seller and buyer respectively,</p> <p>for the associated delivery month and at a price being the exercise price of the option.</p> <p><u>6. Expiry</u></p> <p>6.01 Subject to terms 10.01(b) and 12, an option in</p>
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2.20	901	<p>“12.01 (b)</p> <p>(i) if the Board is satisfied that the Buyer took all possible steps in the circumstances prevailing to exercise an option, the Board shall request the <del>Exchange</del> <u>Clearing Organisation</u> to consider details of one or more Contracts between a Seller and the <del>Exchange</del> <u>Clearing Organisation</u> which are on the same terms (except as to the parties or the option price) as, and have been matched by the <del>Exchange</del> <u>Clearing Organisation</u> with, the Contract or Contracts specified in the Buyer’s notice and shall fix a price for invoicing back. Each Contract the subject of the Buyer’s notice and each Contract between the <del>Exchange</del> <u>Clearing Organisation</u> and a Seller notified to the Board hereunder shall be invoiced back at such price. Such price may at the Board’s absolute discretion take into account the Board’s assessment of the intrinsic value of the options at the expiry thereof. “</p>
2.21	351F AP	<p>“A Buyer may give to the <del>Exchange</del><u>Clearing Organisation</u> an Exercise Notice for any option in respect of the current Expiry Day, being an option comprised in a registered Contract <del>or a Contract submitted to the Exchange for registration.</del>”</p>

2.22	351F AP	“The <u>ExchangeClearing Organisation</u> shall select a Seller against whom to exercise options in accordance with term 6 and shall do so on a random basis and against Sellers' gross sold positions as at the close of business on the market on the day on which one or more Buyers have exercised options in accordance with term 5 against the <u>ExchangeClearing Organisation</u> .”
2.23	405, 407, 409	Except in respect of the EDSP, references to the Exchange are changed to references to the Clearing Organisation.
2.24	405, 407, 409	The timings are amended as shown in each of the Contract Terms.
2.25	901 AP	“An option to which the <u>ExchangeClearing Organisation</u> is party as Buyer and which has not been exercised shall expire at 07:00 hrs on the business day following the Last Trading Day.”

### 3. Examples of physically delivered Contracts

The Contract Terms and Administrative Procedures for the following Contracts are attached for Members' information and the changes are **not** included in section 2 above:

- (d) Exchange Contract No. 144: Short, Medium & Long Gilt Futures
- (e) Exchange Contract No. 66F: Universal Stock Futures Contracts (based on Company Shares, Depositary Receipts and Exchange Traded Fund Shares), and
- (f) Exchange Contract No. 401: Cocoa Futures Contract.

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