

LONDON NOTICE No. 2829

ISSUE DATE: 20 December 2006
EFFECTIVE DATE: 24 January 2007

EuroMTS GOVERNMENT BOND INDEX CONTRACTS (EXCHANGE CONTRACT NO. 802)

REVISED LAUNCH DATE

CONTRACT SPECIFICATIONS AND TRADING ARRANGEMENTS

Executive Summary

This Notice informs members of the revised launch date for EuroMTS Government Bond Index Contracts, provides members with the formal Contract Specifications and confirms the trading arrangements for such Contracts.

1. Introduction

- 1.1 London Circular No. 06/29, issued on 4 September 2006, informed members of the introduction of futures contracts based on four EuroMTS Government Bond Indices with an intended launch date of 13 November 2006. London Circular No. 06/42, issued on 10 November 2006, informed members of the delay to this launch date and advised members that a revised date would be published in due course.
- 1.2 This Notice informs members that, following the successful completion of the legal Contract Specifications and related operating arrangements, the EuroMTS Government Bond Index Contracts will now be made available for trading on and from Wednesday 24 January 2007. This Notice also provides members with the following additional information in respect of the EuroMTS Government Bond Index Contracts:
 - (a) Contract Specifications;
 - (b) trading licences and trading hours;
 - (c) contract codes and delivery months;
 - (d) transaction fees;
 - (e) wholesale trading arrangements;

Web site: www.euronext.com/derivatives

The **Euronext Derivatives Markets ("Euronext.liffe")** include the markets for derivatives operated by Euronext Amsterdam, Euronext Brussels, Euronext Lisbon, Euronext Paris and LIFFE Administration and Management, referred to respectively as the Amsterdam, Brussels, Lisbon, Paris and London markets.

Euronext NV, PO Box 19163, 1000 GD Amsterdam, The Netherlands

- (f) statement in relation to EDSP price formation; and
- (g) status of the contracts in the United States.

2. Contract Specifications

- 2.1 The Contract Specifications for the four EuroMTS Government Bond Index Contracts are contained in the Attachment to this Notice. The Exchange has determined that these Contract Specifications be, and hereby are, adopted.

3. Trading Licences and Trading Hours

- 3.1 Members wishing to execute trades in EuroMTS Government Bond Index Contracts on LIFFE CONNECT[®] must hold a valid LIFFE CONNECT[®] Futures trading subscription.
- 3.2 As detailed in the Attachment to London Circular No. 06/29, trading hours for the EuroMTS Government Bond Index Contracts shall be 08.00 hours to 16.30 hours (London time). The detailed session times are as follows (all times are London times):

Pre-Open	Open	Settlement	Pre Close	Close
06.01	08.00	16.15	16.28	16.30

4. Contract Codes and Delivery Months

- 4.1 The Trade Registration System (“TRS”) codes for the EuroMTS Government Bond Index Contracts are as follows:

Contract	TRS Code
EuroMTS Eurozone Government Broad Index (7-10 years) Contract	EMP
MTS Deutschland Government Index (7-10 years) Contract	EMD
MTS France Government Index (7-10 years) Contract	EMF
MTS Italy Government Index (7-10 years) Contract	EMI

- 4.2 The first delivery months to be made available for trading will be the March 2007, June 2007 and September 2007 delivery months.

5. Transaction Fees

- 5.1 Exchange transaction fees will be charged on a per lot, per side basis. These will be set at €0.20 per lot, per side.
- 5.2 LCH.Clearnet Ltd clearing fees will also be charged on a per lot, per side basis. These will be set at €0.05 per lot, per side.

6. Wholesale Trading Arrangements

- 6.1 The EuroMTS Government Bond Index Contracts shall be designated as Block Trade Contracts for the purposes of the Block Trade Facility.

- 6.2 The minimum volume threshold in respect of Block Trades in all outright delivery months shall be 100 lots. The minimum volume threshold regarding strategy Block Trades shall be 100 lots for each leg of the strategy for all months.
- 6.3 The EuroMTS Government Bond Index Contracts shall also be designated as Basis Trade Contracts and Asset Allocation Contracts.
- 6.4 The necessary amendments to the Euronext.liffe Trading Procedures will appear in the London Market Handbook and on the Euronext website (www.euronext.com) in due course.

7. Statement in relation to EDSP Price Formation

- 7.1 The Exchange draws the following statement to the attention of potential users of the EuroMTS Government Bond Index Contracts (“Bond Index Contracts”). Members should ensure that their clients are made aware of the statement.

“Statement in relation to EDSP Price Formation

The Bond Index Contracts are each based on an Index operated and managed by EuroMTS Limited (“EuroMTS”) and published by MTSNext Limited, the Index Provider. The Index figures are calculated by EuroMTS on the basis of bid prices of constituent bonds of the Indices which are available for trading within the relevant MTS markets. Such bid prices are used by EuroMTS to calculate Index figures on the basis of its own procedures. Potential users of the Bond Index Contracts should familiarise themselves with the Index compilation and calculation procedures of EuroMTS, as well as the terms of the Bond Index Contracts themselves. Amongst other things, potential users should be aware that Index figures to be used in the calculation of a final EDSP will be amended only where EuroMTS indicates to the Exchange that there is an error in the Index, or in the calculation of a relevant Index figure, before the Exchange publishes that final EDSP. In that event, and subject to the terms of the Bond Index Contracts, the requisite corrections to all relevant Index figures will be made in order to calculate such final EDSP.

Price formation leading to the EDSP for a Bond Index Contract is subject to similar influences to those in the case of many other cash-settled contracts. Trading activity on the MTS markets 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 bond and futures positions. Such participants might typically seek to achieve this by unwinding their bond positions during the EDSP Period at prices which they anticipate will contribute to the calculation of Index figures 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 Index figure immediately prior to the commencement of the EDSP Period and from the Index figure immediately following that period. Potential users should, therefore, consider the risks of holding positions into the expiry of the Bond Index Contracts. In particular, they should consider their exposure to potentially unfavourable price movements and whether to “roll” or close positions prior to expiry.

Although the Exchange and the MTS group of companies (including EuroMTS and the Index Provider) are affiliated, they are managed and operated independently of each other.”

8. U.S. Regulatory Approval

- 8.1 Members should note that U.S. persons are not permitted to engage in transactions in EuroMTS Government Bond Index Contracts, pending approval by the relevant U.S. regulatory authorities. The Exchange will advise members in due course if and when such approval is granted.

For further information in relation to this Notice, members should contact their Account Manager or the following:

Interest Rate Product Management +44 (0) 20 7379 2222 bondindices@liffe.com

EXCHANGE CONTRACT NO. 802

IN RESPECT OF

EuroMTS GOVERNMENT BOND INDEX CONTRACTS

(A) CONTRACT TERMS

(Issue Date: 20 December 2006)

(B) CONTRACT DETAILS SPECIFIED BY THE BOARD

(Issue Date: 20 December 2006)

(C) ADMINISTRATIVE PROCEDURES

(Issue Date: 20 December 2006)

Delivery Months

EuroMTS Eurozone Government Broad Index (7-10 years) Contract	March 2007 onwards
MTS Deutschland Government Index (7-10 years) Contract	March 2007 onwards
MTS France Government Index (7-10 years) Contract	March 2007 onwards
MTS Italy Government Index (7-10 years) Contract	March 2007 onwards

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THE LONDON INTERNATIONAL FINANCIAL FUTURES AND OPTIONS
EXCHANGE

(A) CONTRACT TERMS

1. Interpretation

1.01 Save as otherwise specified herein, words and phrases defined in the Rules shall have the same meanings in these Contract Terms, Contract Details specified by the Board and Administrative Procedures for the EuroMTS Government Bond Index Contracts.

1.02 In these terms and in 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 a market day on which the MTS markets are open for business.

“Clearing House” means LCH.Clearnet Limited.

“Closing Index Value” means the Index figure as calculated by EuroMTS at the close of trading on the MTS markets and published by the Index Provider.

“Contract” means a contract made expressly or impliedly in the terms of this Exchange Contract for the sale and purchase of one or more lots in respect of an Index, and “registered Contract” means a Contract registered by the Clearing House.

“delivery month” means each month specified in Table 1.

“EDSP” means the Exchange Delivery Settlement Price and has the meaning attributed to it in term 5.

“EDSP Period” means the period specified as such in the Administrative Procedures.

“€” denotes the single currency of the European Union introduced in a Member State as the lawful currency of that Member State known, at the date of the issue of these terms, as “euro”.

“EuroMTS” means EuroMTS Limited.

“Index” means the specification in accordance with the Rules of the EuroMTS Indices or their successor of:

- (a) a nominated sector of bond issuance, as identified in Table 1;
- (b) a list of bonds in such sector (the “constituent bonds”); and

- (c) the algorithm in accordance with which prices of such constituent bonds are combined to generate a single figure which is calculated by EuroMTS (an “Index figure”) and published by the Index Provider from time to time.

“Index Provider” means MTSNext Limited.

“Last Trading Day” means, in respect of a delivery month, two TARGET business days prior to the tenth calendar day in that month.

“market day” means a day on which the market, the Clearing House and banks in London are open for business.

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

“MTS markets” means, in respect of an Index, the MTS markets from which EuroMTS obtains prices of the relevant constituent bonds of the Index for the purpose of calculating the Index figure in respect of that Index.

“Settlement Day” means, in respect of a delivery month, the first market day after the Last Trading Day.

“Table 1” means the Contract Details specified by the Board for EuroMTS Government Bond Index Contracts.

“TARGET” means the Trans-european Automated Real-time Gross settlement Express Transfer system.

“Weighting” means the factor which, when multiplied by the price of a constituent bond expressed in euro, determines the contribution to the Index figure made by that constituent bond.

1.03 Reference to a “term” refers to a term hereof and reference to a “Rule” and the “Articles” refer to the Exchange’s Rules and Articles respectively. Save where the context otherwise requires, references herein to the singular include the plural, and vice versa.

1.04 References to a person in these terms shall be construed to include references to its successors and its permitted assigns unless the Board otherwise notifies by Notice.

1.05 Unless stated otherwise, all times specified in these terms and Administrative Procedures are expressed in London time.

2. Contract Specification

2.01 These terms shall apply to all Contracts.

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

3. Price

- 3.01 Bids and offers shall be quoted in “Index Points” and prices shall be a whole number multiple of the minimum price fluctuation, as specified in Table 1.
- 3.02 One Index Point shall be 1.00 and shall have the value per lot specified in Table 1.

4. Last Trading Day

4.01 On the Last Trading Day:

- (a) trading in Contracts for the relevant delivery month shall cease at such time as may be specified in the Administrative Procedures; and
- (b) the Exchange will calculate the EDSP in accordance with term 5.

4.02 If, in respect of an Index, at any time after the close of trading two market 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 publish such arrangements as soon as it is reasonably practicable to do so.

4.03 If after the commencement of trading on the Last Trading Day in respect of a delivery month, the MTS markets close for business or EuroMTS for any reason does not calculate or the Index Provider does not publish or ceases to publish an Index figure, with the effect that trading in Contracts for that delivery month is, in the opinion of exchange officials, substantially prevented or hindered or that there are insufficient Index figures from which to calculate the EDSP in accordance with term 5.02 and the Administrative Procedures, then either:

- (a) cessation of trading in Contracts for the current delivery month shall be postponed until such later time on that day as exchange officials may in their absolute discretion specify by notice posted in the market, in which case the EDSP shall be calculated in accordance with term 5.02 but using the Index figures during a period so specified in their absolute discretion by exchange officials and the provisional and final EDSPs shall be published at such times as exchange officials shall in their discretion determine, always allowing for the thirty minute period referred to in term 6.02; or
- (b) if, in the opinion of exchange officials, the course described in paragraph (a) would be impossible, impracticable or for any reason undesirable, they may by notice posted in the market declare that day not to be the Last Trading Day and the next following business day, or any later business day chosen by them in their absolute discretion, to be the Last Trading Day in its place.

5. Exchange Delivery Settlement Price (“EDSP”)
- 5.01 Exchange officials shall take the relevant Index figures calculated by EuroMTS and perform the EDSP calculation as specified in term 5.02 and the Administrative Procedures.
- 5.02 The EDSP for Contracts for a particular delivery month shall, subject to term 5.04, and term 6 concerning errors in the Index or an Index figure, be calculated by exchange officials as the average of such Index figures on the Last Trading Day as are specified for this purpose in the Administrative Procedures, rounded in accordance with the rounding convention specified in Table 1.
- 5.03 The Exchange shall publish a provisional EDSP and the final EDSP at or by such times as may be specified in the Administrative Procedures. The final EDSP shall be final and binding for all purposes, notwithstanding that EuroMTS may subsequently recalculate any relevant Index figures.
- 5.04 The Board may from time to time amend the method for and timing of the calculation of the EDSP for any reason determined by the Board and any such changes shall have such effect with regard to existing and/or new Contracts as the Board may determine.
6. Errors in the Index or an Index figure
- 6.01 If not later than the time on the Last Trading Day specified for that purpose in the Administrative Procedures, any member of the Exchange notifies exchange officials of, or there otherwise comes to the attention of exchange officials, an alleged or apparent error in the Index or an Index figure due to any alleged or apparent error in the weighting of the price for any constituent bond of the Index first made since the publication of the last Closing Index Value by the Index Provider prior to the Last Trading Day, then exchange officials shall promptly request EuroMTS to investigate such alleged or apparent error. If EuroMTS corrects any Index figures affected thereby, which have been or will be used to calculate the EDSP for that delivery month, exchange officials shall calculate or re-calculate (as the case may be) the EDSP in accordance therewith. Save as allowed by term 6.02, no correction to an Index figure shall be accepted and no re-calculation of the EDSP shall be made by exchange officials in respect of any error notified to exchange officials or coming to their attention after the time so specified in the Administrative Procedures.
- 6.02 If, in respect of an Index, not later than thirty minutes after the provisional EDSP for a particular delivery month is first published, any member of the Exchange notifies exchange officials of, or there otherwise comes to the attention of exchange officials, an alleged or apparent error in the Index or an Index figure due to any cause whatsoever other than an error in the weighting of the price for any constituent bond of the Index, then exchange officials shall request EuroMTS to investigate such alleged or apparent error. If EuroMTS corrects any Index figures affected thereby, which have been or will be used to calculate the EDSP for that delivery month, exchange officials shall calculate or re-calculate (as the case may be) the EDSP in accordance therewith. No

correction of Index figures shall be accepted and no re-calculation of the EDSP shall be made by exchange officials in respect of any error notified to exchange officials or coming to their attention after the expiry of such thirty minute period.

6.03 No correction to an Index or an Index figure shall be accepted and no re-calculation of the EDSP shall be made other than as may be allowed for in term 6.01 and term 6.02.

6.04 Neither the Exchange nor exchange officials shall have any liability whatsoever in respect of any decision as to whether or not to correct Index figures or as to the amount of any correction, or as to whether or not to re-calculate the EDSP.

7. Payment

7.01 In respect of each lot comprised in a Contract the following payments shall be made by the time specified therefore in the Administrative Procedures:

- (a) where the final EDSP exceeds the Contract price, payment by the Seller to the Clearing House and payment by the Clearing House to the Buyer of an amount calculated by multiplying the difference in Index Points between the Contract price and the EDSP by the value per lot of one Index Point as specified in term 3.02; and
- (b) where the Contract price exceeds the final EDSP, payment by the Buyer to the Clearing House and payment by the Clearing House to the Seller of an amount calculated by multiplying the difference in Index Points between the EDSP and the Contract price by the value per lot of one Index Point as specified in term 3.02.

8. Default in Performance

8.01 A Buyer or a Seller shall be in default in performance where:

- (a) he fails to fulfil his obligations under a Contract by the time and in the manner prescribed and in accordance with these terms, the Rules, the Administrative Procedures or the Regulations; 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 Clearing House he is in default.

8.02 Subject to the default rules of the Clearing House, in the event of default in performance 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 at issue shall be invoiced back at that price. Such price may at the Board's absolute discretion take account of any compensation the Board may consider should be paid by either party to the other.

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 therefore, 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, Regulations etc

- 10.01 Every Contract shall be subject to the Articles and the Rules and the Regulations in so far as applicable notwithstanding that one or more parties to any such Contract may not be members of the Exchange or of the Clearing House.
- 10.02 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.

11. Arbitration

- 11.01 Subject to term 11.02 and 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 performance of such registered Contract (and of any intermediate Contract) in accordance with these terms and the Administrative 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.

14. Statement in relation to EDSP Price Formation

- 14.01 The Exchange draws the following statement to the attention of potential users of the EuroMTS Government Bond Index Contracts (“Bond Index Contracts”). Members should ensure that their clients are made aware of the statement.

“Statement in relation to EDSP Price Formation

The Bond Index Contracts are each based on an Index operated and managed by EuroMTS Limited (“EuroMTS”) and published by MTSNext Limited, the Index Provider. The Index figures are calculated by EuroMTS on the basis of bid prices of constituent bonds of the Indices which are available for trading within the relevant MTS markets. Such bid prices are used by EuroMTS to calculate Index figures on the basis of its own procedures. Potential users of the Bond Index Contracts should familiarise themselves with the Index compilation and calculation procedures of EuroMTS, as well as the terms of the Bond Index Contracts themselves. Amongst other things, potential users should be aware that Index figures to be used in the calculation of a final EDSP will be amended only where EuroMTS indicates to the Exchange that there is an error in the Index, or in the calculation of a relevant Index figure, before the Exchange publishes that final EDSP. In that event, and subject to the terms of the Bond Index Contracts, the requisite corrections to all relevant Index figures will be made in order to calculate such final EDSP.

Price formation leading to the EDSP for a Bond Index Contract is subject to similar influences to those in the case of many other cash-settled contracts. Trading activity on the MTS markets 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 bond and futures positions. Such participants might typically seek to achieve this by unwinding their bond positions during the EDSP Period at prices which they anticipate will contribute to the calculation of Index figures 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 Index figure immediately prior to the commencement of the EDSP Period and from the Index figure immediately following that period. Potential users should, therefore, consider the risks of holding positions into the expiry of the Bond Index Contracts. In particular, they should consider their exposure to potentially unfavourable price movements and whether to “roll” or close positions prior to expiry.

Although the Exchange and the MTS group of companies (including EuroMTS and the Index Provider) are affiliated, they are managed and operated independently of each other.”

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Issue Date: 20 December 2006

(B) CONTRACT DETAILS SPECIFIED BY THE BOARD FOR EuroMTS GOVERNMENT BOND INDEX CONTRACTS (“TABLE 1”)

	EuroMTS Eurozone Government Broad Index (7-10 years)	MTS Deutschland Government Index (7- 10 years)	MTS France Government Index (7- 10 years)	MTS Italy Government Index (7- 10 years)
Known as Exchange Contract No.	70	71	72	73
Currency specified by the Board	euro €	euro €	euro €	euro €
Value of Index Point	€1,000 per lot	€1,000 per lot	€1,000 per lot	€1,000 per lot
Minimum Price Fluctuation	0.01 Index Points	0.01 Index Points	0.01 Index Points	0.01 Index Points
Delivery months	March, June, September, December	March, June, September, December	March, June, September, December	March, June, September, December
No. of delivery months available for trading	Nearest three	Nearest three	Nearest three	Nearest three
Quotation	Index Points (e.g. 145.47)	Index Points (e.g. 142.35)	Index Points (e.g. 145.45)	Index Points (e.g. 147.85)
EDSP: rounding convention	Rounded to the nearest 0.01 or, where such average is an exact uneven multiple of 0.005, the nearest higher 0.01	Rounded to the nearest 0.01 or, where such average is an exact uneven multiple of 0.005, the nearest higher 0.01	Rounded to the nearest 0.01 or, where such average is an exact uneven multiple of 0.005, the nearest higher 0.01	Rounded to the nearest 0.01 or, where such average is an exact uneven multiple of 0.005, the nearest higher 0.01

Issue Date: 20 December 2006

(C) ADMINISTRATIVE PROCEDURES FOR
EuroMTS GOVERNMENT BOND INDEX CONTRACTS

EDSP Period	From and including 9.40 hours to and including 10:00 hours on the Last Trading Day.
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Last Trading Day

8.45 hours	The last time for notification to exchange officials under term 6.01 of any error or alleged error in the Index or an Index figure due to any error or alleged error in the weighting of the price for any constituent bond of the Index.
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10.00 hours	Trading in Contracts for the relevant delivery month shall cease.
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as soon as reasonably practicable after cessation of trading	<p>The Exchange shall publish a provisional EDSP.</p> <p>Before calculating the provisional EDSP, exchange officials shall take the last forty-one Index figures calculated, the last of such figures being the calculation made at 10.00 hours and the first being a calculation made not earlier than 9.40 hours, and shall exclude the five highest (or, in the event of equality, five of the highest) and the five lowest (or, in the event of equality, five of the lowest) of those forty-one figures.</p> <p>The remaining thirty-one shall be the Index figures used to calculate the EDSP in accordance with term 5.02.</p>
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30 minutes after the publication of the provisional EDSP	The last time for notification to exchange officials of an error or alleged error in the Index or an Index figure of a kind falling to be dealt with under term 6.02.
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as soon as reasonably
practicable after the expiry of
the 30 minute period referred
to above

The Exchange shall publish the final EDSP.

Settlement Day

By 10.00 hours

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

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