

## **LONDON NOTICE No. 3149**

ISSUE DATE: 8 May 2009  
EFFECTIVE DATE: 13 May 2009

### **INTRODUCTION OF FTSE 100 DIVIDEND INDEX FUTURES CONTRACT (EXCHANGE CONTRACT NO. 98)**

#### **Executive Summary**

This Notice informs Members of the introduction of a FTSE 100 Dividend Index Futures Contract on LIFFE CONNECT<sup>®</sup> and Bclear and provides the full legal Contract Specification and associated information.

#### **1. Introduction**

- 1.1 This Notice informs Members that a FTSE 100 Dividend Index Futures Contract (“the Contract”) will be made available for trading in the LIFFE CONNECT<sup>®</sup> Central Order Book, and for reporting to the Exchange via Bclear on and from Wednesday 13 May 2009.
- 1.2 This Notice provides Members with the following information with respect to the introduction of the Contract:
  - (a) background to the FTSE 100 Dividend Index;
  - (b) summary and full legal Contract Specifications;
  - (c) Trading licences, Bclear access and Bclear reporting rights;
  - (d) Bclear minimum volume requirements;
  - (e) Business Days, trading hours and reporting hours;
  - (f) fees;
  - (g) statement in relation to EDSP determination; and
  - (h) the regulatory position in the United States.

Web site: [www.nyx.com/liffe](http://www.nyx.com/liffe)

The **Euronext Derivatives Markets** comprise 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 is part of the NYSE Euronext group.

## 2. FTSE 100 Dividend Index

- 2.1 FTSE International Ltd (“FTSE”) has created a custom-made FTSE 100 Dividend Index for the Exchange in accordance with their standard index calculation procedures and methodology which will be based on the cumulative value of ordinary gross cash dividends declared by the individual constituents of the FTSE 100 Index over a one-year period. The period starts on the business day following the third Friday in December and ends on the third Friday in December one year later.
- 2.2 The Contract will enable investors to take a view on the value of the FTSE 100 Dividend Index over the aforementioned one-year period and will have a single delivery month in December. Amongst other things, the Contract will provide a means of hedging dividend exposure on FTSE 100 Index Option positions.
- 2.3 Further details of the Index methodology and calculation procedures used in relation to the Index are publicly available and can be found on the FTSE website ([www.ftse.com](http://www.ftse.com)).

## 3. Contract Details

- 3.1 On and from Wednesday 13 May 2009, the Contract shall be made available on LIFFE CONNECT<sup>®</sup> and Bclear under the terms of Exchange Contract No. 98, the full legal Contract Specification for which forms Attachment 1 to this Notice.
- 3.2 The Contract will be cash settled against the Exchange Delivery Settlement Price (“EDSP”). The Index figure, published by FTSE on the third Friday of the delivery month, and rounded to two decimal places, will be the basis for the EDSP. For the avoidance of doubt, the EDSP will be based on the cumulative Index figure for the aforementioned one-year period, i.e. reflecting dividend declarations up to and including the third Friday of the delivery month.
- 3.3 A summary Contract Specification is set out below:

Contract	FTSE 100 Dividend Index Future
Underlying Index	FTSE 100 Dividend
TRS Code	XZ
Unit of Trading	Contract valued at £10 per index point
Delivery Months	December, up to five years
Quotation	Index points
Trading Tick Size	0.1
Currency	Sterling £
Trading Tick Value	£1.00
EDSP Tick Size	0.01
Last Trading Day	Business day immediately preceding the third Friday in the delivery month
Contract Standard	Cash settlement based on the Exchange Delivery Settlement Price (“EDSP”)
EDSP	The Index figure on the third Friday of the delivery month, rounded to two decimal places.
Settlement Day	The market day following the day on which the EDSP is published
Trading Hours	08.00 – 16.30 hours (London time) on LIFFE CONNECT <sup>®</sup> 08.00 - 17.00 hours (London time) on Bclear
Time trading ceases on LTD	16.30 hours (London time)
Liffe market	London
Platforms	LIFFE CONNECT <sup>®</sup> & Bclear
Clearing	LCH.Clearnet Ltd
RIC for Underlying Index	.FTF1DIVS
RIC for Futures Contract	0#LXZ

4. **Trading licences, Bclear Access and Bclear Reporting Rights**

- 4.1 Members wishing to execute trades in the Contract on LIFFE CONNECT<sup>®</sup> must hold a valid LIFFE CONNECT<sup>®</sup> Futures trading subscription.
- 4.2 Direct access to Bclear is available to Members of the London market, including those affiliates of Members who have been approved by the Exchange pursuant to Rule 3601 (Rules, Book I). Other wholesale market participants who are clients of Members may have indirect access to Bclear on an intermediated basis via such Members, i.e. as is the case with their LIFFE CONNECT<sup>®</sup> business. Members will be required to perform appropriate risk management checks in relation to all client business before it is subjected to the Exchange's trade confirmation process.
- 4.3 To submit FTSE 100 Dividend Index Futures trades via Bclear, Members will need a Futures Subscription (FUT).
- 4.4 To claim trades only, Members will need to have the appropriate entitlement set up in the membership database.
- 4.5 To clear trades in the Contract, Members will require the relevant clearing status (GCM or ICM) and access to the Financials Trade Registration System ("Financials TRS").

5. **Bclear Minimum Volume Requirement**

- 5.1 The minimum volume requirement for Contracts reported via Bclear will be 500 lots.

6. **Business days, Trading Hours and Reporting Hours**

- 6.1 A list of market days for 2009 on which the Contract will not be available for trading/reporting forms Attachment 2 to this Notice.
- 6.2 Detailed session times for the trading of the Contract on LIFFE CONNECT<sup>®</sup> are as follows (all times are London time):

Session Start	Pre-Open	Open	Settlement	Pre-Close	Close	Session Close
00:30	06:03	08:00	16:30	16:28	16:30	22:00

- 6.3 Members may report transactions in the Contract to the Exchange via Bclear between 08:00 and 17:00 hours (London time).
- 6.4 The reporting arrangements explained in Section 12 of Book II of the Rules and section 6 of this Notice will, of necessity, determine the days and hours during which the relevant transactions may be undertaken.

7. **Fees**

- 7.1 Transaction fees will be charged on a per lot, per side basis. These will be set at £0.25 in respect of trades on LIFFE CONNECT<sup>®</sup>. In respect of transactions reported via Bclear, the fee will be £0.25 per lot, per side for published trades and £0.30 per lot, per side for non-published trades, subject to the following fee caps:

Fee Caps on Bclear	Exchange Fee	Clearing Fee	Cash Settlement Fee
Cap – Published	£2,000	£200	£1,000
Cap – Non-Published	£2,300	£200	£1,000

- 7.2 LCH.Clearnet Ltd clearing fees will be set at £0.03 per lot, per side. Cash Settlement fees will be charged at £0.20 per lot, per side, subject to the fee caps on Bclear above.

**8. Statement in relation to EDSP Determination**

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

“Statement in relation to EDSP Determination

Potential users of the Contract made available on The London International Financial Futures and Options Exchange should familiarise themselves with the relevant Index compilation and calculation procedures, as well as the contract terms of the Contract.

**9. U.S. Regulatory Position**

- 9.1 Members should note that U.S. Persons are not permitted to engage transactions in the FTSE 100 Dividend Index Futures 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:

Equity Product Management

+44 (0)20 7379 2200

equities@liffe.com

EXCHANGE CONTRACT NO. 98  
FTSE 100 DIVIDEND INDEX CONTRACT

CONTRACT TERMS - Issue Date: 8 May 2009<sup>1</sup>

ADMINISTRATIVE PROCEDURES - Issue Date: 8 May 2009<sup>1</sup>

Delivery months: December 2009 onwards

---

<sup>1</sup> Please refer to London Notice No. 3149 issued on 8 May 2009.

## FTSE 100 DIVIDEND INDEX CONTRACT

### THE LONDON INTERNATIONAL FINANCIAL FUTURES AND OPTIONS EXCHANGE

#### Terms of Exchange Contract No.98

#### 1. Interpretation

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 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 day on which the market and the Stock Exchange are open for business.

“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, and “registered Contract” means a Contract registered by the Clearing House.

“Conversion Date” means the date on which pursuant to the third stage of Economic and Monetary Union in the European Union the conversion rate for Sterling against the euro is “irrevocably fixed” in accordance with Article 109(4) of the EC treaty.

“delivery month” means each month specified as such by the Board pursuant to the Rules.

“EC Treaty” means the treaty establishing the European Community.

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

“euro” means the single currency of the European Union introduced in the relevant Member State pursuant to its participation in Economic and Monetary Union pursuant to EMU legislation.

“FTSE International” means FTSE International Limited.

“Index” means the specification in accordance with the Ground Rules of:

- (a) a nominated sector of share issuance;
- (b) a list of shares in such sector (the “constituent shares”); and
- (c) the algorithm in accordance with which the amounts of ordinary dividends declared in respect of such constituent shares are combined to generate a single figure which is calculated by FTSE International (an “Index figure”) and published from time to time.

“Last Trading Day” means in respect of any delivery month the business day immediately preceding the third Friday in that month (subject in all cases to term 4).

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

“£” denotes the lawful currency of the United Kingdom, known, at the date of issues of these contract terms, as “Sterling”.

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

“Settlement Day” means in respect of a delivery month the market day immediately following the day on which the EDSP is published.

“Stock Exchange” means The London Stock Exchange Limited.

1.03 In these terms references to “lawful currency” shall be construed to include units of value of a Single Currency which may be used validly to discharge payment obligations pursuant to the law of the United Kingdom upon introduction of such Single Currency and notwithstanding that such units of value of such Single Currency may not at all material times following the Conversion Date constitute legal tender in the United Kingdom.

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

## 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 “Value Points” and prices shall be a whole number multiple of the minimum price fluctuation, as specified in the Administrative Procedures.
- 3.02 One Value Point shall be 0.1 and shall have a value of £1.00 per lot.
4. Last Trading Day
- 4.01 On the Last Trading Day, trading in Contracts for the relevant delivery month shall cease at such time as may be specified in the Administrative Procedures.
- 4.02 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 on the day which would have been the Last Trading Day either or both of the market and the Stock Exchange will not be open for business, 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.
- 4.03 If, after the commencement of trading on the Last Trading Day in respect of a delivery month, either or both of the market and the Stock Exchange closes for business or FTSE International for any reason does not calculate or does not publish or ceases to publish the Index, 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 is no Index figure from which to calculate the EDSP in accordance with term 5.01, 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 determined in accordance with term 5.01 or such method determined by the Board; 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 The EDSP shall be the Index figure rounded in accordance with the Administrative Procedures (but subject to any corrections in accordance with term 6) on the third Friday of the delivery month, as specified for this purpose in the Administrative Procedures.
- 5.02 The Exchange shall publish a provisional EDSP and the final EDSP on the business day immediately following the Last Trading Day 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 the fact that FTSE International may subsequently recalculate any relevant Index figure.
- 5.03 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 Index

- 6.01 If, 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 come to the attention of exchange officials, an alleged or apparent error in the Index due to any cause whatsoever, then exchange officials shall promptly request FTSE International to investigate such alleged or apparent error. If in their opinion an error has been made, they shall correct any Index figure affected thereby which has been or will be used to determine the EDSP for that delivery month and shall re-determine the EDSP in accordance therewith. No correction of an Index figure or recalculation of the EDSP shall be made in respect of any error notified to exchange officials or coming to their attention after the expiry of such thirty minute period.
- 6.02 No correction to an Index figure or the EDSP shall be made other than as may be allowed for in term 6.01.
- 6.03 Neither the Exchange nor exchange officials shall have any liability whatsoever in respect of any decision as to whether or not to correct an Index figure or as to the amount of any correction, or as to whether or not to recalculate 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 therefor 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; 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 Value Points between the EDSP and the Contract price by the value per lot of one Value Point as specified in term 3.02.

8. Default in Performance

8.01 A Buyer or a Seller shall be in default 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 and the Administrative Procedures and 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 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. 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, 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, 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 either or both of the parties to it be not a member 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, 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. Economic and Monetary Union

- 14.01 The Board in its absolute discretion may from time to time vary, substitute or remove any of, or add to, the terms of this Exchange Contract in order to reflect the existence of, or to permit, require or facilitate payment in the euro or to reflect changes to the Index made pursuant to the participation of the United Kingdom in Economic and Monetary Union in the European Union.
- 14.02 Any variation, substitution or removal of, or addition to, the terms of this Exchange Contract made pursuant to term 14.01 shall have such effect with regard to existing and/or new Contracts as the Board may determine.
- 14.03 Any determination by the Board to vary, substitute or remove any of, or add to, the terms of this Exchange Contract pursuant to terms 14.01 and 14.02 shall be the subject of a Notice.

15. Statement in relation to EDSP Determination

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

“Statement in relation to EDSP Determination

Potential users of the Contract made available on The London International Financial Futures and Options Exchange should familiarise themselves with the relevant Index compilation and calculation procedures, as well as the contract terms of the Contract.”

----- 0 -----

Issue Date: 8 May 2009

## FTSE 100 DIVIDEND INDEX CONTRACT

Exchange Contract No.98

Administrative Procedures

### Price

The minimum price fluctuation shall be one Value Point.

### Last Trading Day

16.30 hours

Trading in Contracts for the relevant delivery month shall cease

### Business day immediately following the Last Trading Day

As soon as reasonably practicable after publication by FTSE International of the Index figure

The Exchange will publish a provisional EDSP.

The EDSP shall be the Index figure on the third Friday of the delivery month rounded to the nearest Value Point (0.01).

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 pursuant to term 6.01.

In any investigation into an alleged or apparent error in the Index in accordance with term 6.01, exchange officials shall have regard, in reaching an opinion as to whether an error has been made, to the Ground Rules in force at the time.

As soon as reasonably practical after the expiry of the 30 minute period referred to above

The Exchange will 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.

Issue Date: 8 May 2009

----- 0 -----

**Availability of FTSE 100 Dividend Index Contracts in 2009**

Market days in 2009 on which the Contract will **not** be available for trading (LIFFE CONNECT<sup>®</sup> Central Order Book) or reporting (Bclear):

25 May 2009 31 August 2009 28 December 2009
---