

LONDON NOTICE NO. 3744

Issue Date:

24 September 2013

Effective Date:

7 October 2013

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

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

Executive Summary

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

1. Introduction

1.1 This Notice informs Members of the introduction, within Bclear, of a number of cash settled flexible Universal Stock Futures Contracts ("USFs"), denominated in Canadian Dollar, based on certain company shares listed on the Toronto Stock Exchange (the "TSX") with effect from 7 October 2013 and provides Members with the following information:

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

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.

Euronext N.V., PO Box 19163, 1000 GD Amsterdam, The Netherlands

globalderivatives.nyx.com

2. Additions to the List of Contract Details

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

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

- 3.1 Clearing Members wishing to clear flexible USFs based on company shares listed on the TSX will need to ensure that they have set up an APS Bank Account in Canadian Dollar prior to clearing the contracts. Clearing Members that have not set up relevant APS Bank Accounts will **not** be able to clear the flexible USFs based on the company shares listed in Attachment 1 to this Notice. Clearing Members should ensure that the appropriate accounts are in place to clear these contracts.
- 3.2 More information can be found on the ICE Clear Europe website at: https://www.theice.com/clear_europe_treasury.jhtml or contact ICE Clear Europe's Treasury Team at iceeutreasury@theice.com or +44 (0)20 7429 4580.

4. Trading licences

- 4.1 In addition to the requirements outline in Section 3 above, Members wishing to submit trades in these Contracts via Bclear will need to have a valid Canadian Dollar subscription (CAE). Members wishing to obtain this subscription should contact the NYSE Liffe Membership Operations team on membershipops@nyx.com.
- 4.2 To claim trades only in the Contract, Members will need to have the appropriate entitlement set up in the membership database and access to the Universal Clearing Platform ("UCP").
- 4.3 To clear trades in the Contract, Members will require the relevant clearing status (GCM or ICM) and access to UCP.

5. Reporting Days and Hours

- 5.1 Transactions in the Contracts will be capable of being reported via Bclear on those market days on which the TSX is open for business. A list of days in 2013 where transactions will **not** be capable of being reported via Bclear is set out in Attachment 3 to this Notice.
- 5.2 Members may report transactions to the Exchange via Bclear between 08:00 and 18:00 hours (London time). In respect of a contract on its Last Trading Day, reporting hours will end at the time trading ceases in such contract, as set out in Attachment 2.
- 5.3 The reporting arrangements explained in Section 12 of LIFFE Rules Book II and Section 5 of this Notice will, of necessity, determine the days and hours during which the relevant transactions may be undertaken.

6. Fees

- 6.1 Transactions reported via Bclear will be charged on a per lot, per side basis and are subject to a fee cap per transaction. For trades with multiple legs, each leg is charged separately, up to the fee cap (i.e. for these purposes, each leg is treated as a separate transaction).
- 6.2 Details of all fees can be found in Attachment 3 to this Notice.

7. Statement in relation to EDSP Price Formation

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

“Statement in relation to EDSP Price Formation

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

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

Potential users should, therefore, consider the risks of holding positions into the expiry of the cash settled USF contracts. In particular, they should consider their exposure to potentially unfavourable price movements in the expiry and whether to take steps to neutralise such exposure; for example,

taking into account that there may be relatively limited liquidity provision, whether to “roll” or close positions prior to expiry.”

8. U.S. Regulatory Position

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

9. Additional Information

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

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

Equity Derivatives Product Management +44 (0) 20 7379 2200

equities@nyx.com

List of Company Shares listed on the Toronto Stock Exchange

Company Name	ISIN Code	Cash Settled Universal Stock Futures
Bank of Montreal	CA0636711016	ONF
Bank of Nova Scotia	CA0641491075	NZF
Barrick Gold Corp	CA0679011084	GXF
BCE Inc	CA05534B7604	BCF
Brookfield Asset Management Inc	CA1125851040	FZF
Canadian Imperial Bank of Commerce	CA1360691010	IPF
Canadian National Railway Co	CA1363751027	RLF
Canadian Natural Resources Ltd	CA1363851017	RXF
Cenovus Energy Inc	CA15135U1093	VUF
Enbridge Inc	CA29250N1050	RQF
Goldcorp Inc	CA3809564097	GHF
Husky Energy Inc	CA4480551031	HKF
Kinross Gold Corp	CA4969024047	KRF
Potash Corp of Saskatchewan Inc	CA73755L1076	PGF
Royal Bank of Canada	CA7800871021	RZF
Suncor Energy Inc	CA8672241079	UWF
Toronto-Dominion Bank/The	CA8911605092	TVF
TransCanada Corp	CA89353D1078	TFF
Yamana Gold Inc	CA98462Y1007	GLF

Flexible Universal Stock Futures Contracts on Canadian underlyings
Summary Contract Specification

Underlying Exchange	Toronto Stock Exchange (TSX)
Contract Size	100 shares
Expiry Months	Flexible expiries up to 5 years
Quotation	Canadian Dollar (CA\$)
Trading Tick Size	0.001
Trading Tick Value	0.1 CAD
EDSP Tick Size	0.001
Last Trading Day (“LTD”)	Flexible
Contract Standard	Cash settled
Trading Hours	08:00 – 18:00 hours (London time)
Time trading ceases on LTD	14:30 hours (London time) ¹
NYSE Liffe Market	London
Trading Platform	Bclear
Clearing	ICE Clear Europe Ltd

¹The EDSP of flexible USFs based on Canadian shares is determined on the basis of the Official Opening Price published by the Toronto Stock Exchange (Calculated Opening Price or “COP”). The COP is normally established at approximately 14:30 hours (London time).

For the period Monday 28 October 2013 to Friday 1 November 2013 inclusive, (i) the Official Opening Price to be used for EDSP purposes shall be established at approximately 13:30 hours (London Time) and, (ii) as a consequence, the time trading ceases on the Last Trading Day during the period Monday 28 October to Friday 1 November 2013 inclusive for such Contracts shall be 13:30 hours (London Time).

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

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

Dates unavailable for reporting via Bclear
Monday 14 October 2013
Wednesday 25 December 2013
Thursday 26 December 2013

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

Fee schedule for flexible Universal Stock Futures
Contracts based on Canadian underlyings

Per lot fee				Cap					
Exchange Fee		Clearing Fee	Cash Settlement	Published			Unpublished		
Published	Unpublished			Exchange Fee	Clearing Fee	Cash Settlement	Exchange Fee	Clearing Fee	Cash Settlement
£0.07	£0.09	£0.03	£0.20	£240	£60	£300	£300	£60	£300