

LONDON NOTICE NO. 3764

Issue Date: 20 November 2013

Effective Date: 22 November 2013

EQUITY SECTOR INDEX CONTRACTS (EXCHANGE CONTRACT NO. 307)

INTRODUCTION OF FUTURES CONTRACTS BASED ON MSCI EUROPE SECTOR NET TOTAL RETURN INDICES

Executive Summary

This Notice informs Members of the introduction within Bclear of ten MSCI Europe Sector Net Total Return Indices.

1. Introduction

- 1.1 This Notice informs Members that futures contracts based on ten MSCI Europe Sector indices, calculated on a "Net Total Return" basis ("the Contracts") will be made available via Bclear on and from 22 November 2013.
- 1.2 This Notice provides Members with the following information with respect to the introduction of the Contracts:
 - (a) list of the relevant MSCI indices;
 - (b) summary contract specification and contract terms;
 - (c) Bclear minimum volume requirements;
 - (d) access and reporting rights;
 - (e) reporting days, reporting hours and Last Trading Day;
 - (f) fees;
 - (g) statement in relation to the Exchange Delivery Settlement Price ("EDSP"); and
 - (h) the regulatory position in the United States.

2. MSCI Europe Sector Net Total Return Indices

- 2.1 The MSCI Europe Sector Indices are designed to capture the large and mid-cap segments across 15 Developed Markets (DM) countries in Europe. All securities in the index are classified in their MSCI Europe Sector index with regards to their relevant sector as defined by the Global Industry Classification Standard (GICS®).

- 2.2 The indices are calculated on a “Net Total Return” basis. They measure the market performance, including both price performance and income from dividend payments. The MSCI Net Daily Total Return (DTR) Methodology reinvests dividends in the indices on the day the security is quoted ex-dividend (xd-date). With effect from 1 December 2009, dividends have been reinvested after deduction of withholding tax, applying the rate to non-resident individuals who do not benefit from double taxation treaties.
- 2.3 For detailed information in respect of MSCI’s Index Calculation Methodology, please refer to the latest MSCI Index Calculation Methodology available on: www.msci.com
- 2.4 The 10 MSCI Indices on which the Contracts are based are listed below:
- (i) MSCI Europe Consumer Discretionary;
 - (ii) MSCI Europe Consumer Staples;
 - (iii) MSCI Europe Energy;
 - (iv) MSCI Europe Financials;
 - (v) MSCI Europe Health Care;
 - (vi) MSCI Europe Industrials;
 - (vii) MSCI Europe IT;
 - (viii) MSCI Europe Materials;
 - (ix) MSCI Europe Telecommunication Services; and
 - (x) MSCI Europe Utilities.

3. Summary Contract Specification and Contract Terms

- 3.1 On and from Friday 22 November 2013, the Contracts shall be made available through Bclear under the terms of Exchange Contract No. 307.
- 3.2 The summary Contract Specifications are set out in Attachment 1 to this Notice.
- 3.3 Exchange Contract No. 307 will be amended in order to reflect the inclusion of the Contracts and the additions to the table of Contract Details which is set out in Attachment 2 to this Notice.
- 3.4 The first delivery month to be made available shall be the December 2013 delivery month.

4. Bclear minimum volume requirements

- 4.1 There is no minimum volume requirement in respect of the Contracts.

5. Access and Reporting Rights

- 5.1 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 3401 (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. 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.
- 5.2 To submit trades in the Contracts via Bclear, Members will need a Futures subscription (FUT).
- 5.3 To claim trades only in the Contracts, Members will need to have the appropriate entitlement set up in the membership database and access to the Universal Clearing Platform ("UCP").
- 5.4 To clear trades in the Contracts, Members will require the relevant clearing status (GCM or ICM) and access to UCP.

6. Reporting Days, Reporting Hours and Last Trading Day

- 6.1 Transactions in respect of the Contracts will be capable of being reported via Bclear as specified in Attachment 3 to this Notice.
- 6.2 Members may report transactions in the Contracts to the Exchange via Bclear between 08:00 and 17:30 hours (London time), except on the Last Trading Day when transactions may be reported to the Exchange via Bclear between 08:00 and 16:00 hours (London time).
- 6.3 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.
- 6.4 The Last Trading Day for the Contracts shall normally be the third Friday of the delivery month. However, Members should refer to Term 4 in Exchange Contract No. 307 on the NYSE Euronext website (www.nyx.com/liffe) and the definition of "business day" in Term 1 which have the following effect in respect of the Last Trading Day: for the Contracts, the Last Trading Day will not ordinarily be moved unless all of the relevant stock exchanges are closed for business, subject to Term 4.03.

7. Fees

- 7.1 Transaction fees will be charged on a per lot, per side basis. These will be set at £0.47 per lot, per side for published trades and £0.57 per lot, per side for non-published trades.
- 7.2 Clearing fees will also be charged on a per lot, per side basis. These will be set at £0.03 per lot, per side.

8. Statement in relation to EDSP Price Formation

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

“Statement in relation to EDSP Price Formation

Potential users of the Contracts (“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 Equity Index Contract.

Price formation leading to the EDSP for the Contract is subject to similar influences to those in the case of many other cash-settled contracts. Trading activity on the relevant stock market(s) 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 futures positions. Such participants might typically seek to achieve this by unwinding their stock positions during the EDSP Period at prices which they anticipate will contribute to the calculation of the Index figure which will, in turn, be used to determine the final EDSP. A consequence of this concentrated activity might be that the Index figure used to calculate the final EDSP differs from the Index level(s) implicit (since the Index is not calculated on a real time basis) from the prices of relevant stocks during the immediately preceding period.

Potential users should, therefore, consider the risks of holding positions into the expiry of the Equity Index 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.

Potential users should also be aware that, in respect of Contracts based on Indices for which there is more than one relevant stock exchange, a “market day” will ordinarily be capable of being designated as a “business day”, and therefore a “Last Trading Day”, unless all relevant stock exchanges are closed for business.

Where the Last Trading Day occurs on a day where one or more of the relevant stock exchanges is closed for business, the EDSP will necessarily be derived from an Index figure containing some constituent stock prices which were determined on the most recent previous day on which each such stock exchange was open for business. In such circumstances, potential users should be aware that, as a consequence, the constituent stock prices contributing to the Index figure used to calculate the EDSP will not all have been determined on the same day. Potential users should be aware that, in such circumstances, although some constituent stocks will not be available for trading on the Last Trading Day of the Contract, the prices of those constituent stocks as included in the Index calculation may, as a result of movements in foreign exchange rates, still be subject to change which would be reflected in the EDSP in accordance with the relevant Index compilation and calculation procedures.”

9. U.S. Regulatory Position

- 9.1 Members should note that U.S. Persons are not currently permitted to engage in transactions in the Contracts.

10. Additional Information

- 10.1 The updated version of Exchange Contract No. 307 and the List of Contract Details will be made available in the London Market Handbook on the NYSE Euronext website (www.nyx.com/londonmarkethandbook) in due course.
- 10.2 Additional information, including business days and hours, Bclear fees and other information with respect to the operation of Bclear, can be found on the NYSE Euronext website (www.nyx.com/bclear).

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

Equity Product Management +44 (0)20 7379 2200 equities@nyx.com

Summary Contract Specifications

Contract	MSCI Europe Sector NTR EUR Index Futures
Contract Size	Valued at €100 per Index Point
Delivery Months	The first five quarterly months from the March/June/September/ December cycle
Quotation	EUR per index point
Trading Tick Size	0.001
Trading Tick Value	€0.10
EDSP Tick Size	0.001
Last Trading Day	Third Friday of the delivery month
Contract Standard	Cash settlement based on the EDSP
EDSP	Closing value of the Index on the Last Trading Day of the delivery month
EDSP Published	No later than 09:00 on the Business day following the Last Trading Day (London time)
Delivery Date	Second Business day after the Last Trading Day
Trading Hours	On Bclear from 08:00 to 17:30 hours (London time)
Time Trading Ceases on LTD	16:00 hours (London time)
Trading Platform	Bclear only
Clearing	ICE Clear Europe

Additions to Exchange Contract No. 307
Contract Details Specified By The Board For Equity Index Contracts (“Table 1”)

Index	MSCI Europe Consumer Discretionary	MSCI Europe Consumer Staples	MSCI Europe Energy	MSCI Europe Financials	MSCI Europe Health Care
Exchange Contract Code	ME0	ME1	ME2	ME3	ME4
Known as Exchange Contract No.	430	431	432	433	434
Currency specified by the Board	euro €	euro €	euro €	euro €	euro €
Contract size	Valued at €100 per Index Point	Valued at €100 per Index Point	Valued at €100 per Index Point	Valued at €100 per Index Point	Valued at €100 per Index Point
Value of Value Point	€10 per lot	€10 per lot	€10 per lot	€10 per lot	€10 per lot
Minimum Price Fluctuation	0.01 of a Value Point	0.01 of a Value Point	0.01 of a Value Point	0.01 of a Value Point	0.01 of a Value Point
Delivery months	March, June, September, December	March, June, September, December	March, June, September, December	March, June, September, December	March, June, September, December
No. of delivery months available for trading	The first five quarterly months from the March/June/September/December cycle up to a maximum of fifteen months.	The first five quarterly months from the March/June/September/December cycle up to a maximum of fifteen months.	The first five quarterly months from the March/June/September/December cycle up to a maximum of fifteen months.	The first five quarterly months from the March/June/September/December cycle up to a maximum of fifteen months.	The first five quarterly months from the March/June/September/December cycle up to a maximum of fifteen months.
Quotation	Index Points (e.g. 1000.0)	Index Points (e.g. 1000.0)	Index Points (e.g. 1000.0)	Index Points (e.g. 1000.0)	Index Points (e.g. 1000.0)
Last Trading Day	Third Friday of the delivery month	Third Friday of the delivery month	Third Friday of the delivery month	Third Friday of the delivery month	Third Friday of the delivery month
EDSP: rounding convention	Rounded to the nearest 0.001 or, where such average is an exact uneven multiple of 0.0005, to the nearest higher 0.001	Rounded to the nearest 0.001 or, where such average is an exact uneven multiple of 0.0005, to the nearest higher 0.001	Rounded to the nearest 0.001 or, where such average is an exact uneven multiple of 0.0005, to the nearest higher 0.001	Rounded to the nearest 0.001 or, where such average is an exact uneven multiple of 0.0005, to the nearest higher 0.001	Rounded to the nearest 0.001 or, where such average is an exact uneven multiple of 0.0005, to the nearest higher 0.001

Additions to Exchange Contract No. 307
Contract Details Specified By The Board For Equity Index Contracts ("Table 1")

Index	MSCI Europe Industrials	MSCI Europe IT	MSCI Europe Materials	MSCI Europe Telecommunication Services	MSCI Europe Utilities
Exchange Contract Code	ME5	ME6	ME7	ME8	ME9
Known as Exchange Contract No.	435	436	437	438	439
Currency specified by the Board	euro €	euro €	euro €	euro €	euro €
Contract size	Valued at €100 per Index Point	Valued at €100 per Index Point	Valued at €100 per Index Point	Valued at €100 per Index Point	Valued at €100 per Index Point
Value of Value Point	€10 per lot	€10 per lot	€10 per lot	€10 per lot	€10 per lot
Minimum Price Fluctuation	0.01 of a Value Point	0.01 of a Value Point	0.01 of a Value Point	0.01 of a Value Point	0.01 of a Value Point
Delivery months	March, June, September, December	March, June, September, December	March, June, September, December	March, June, September, December	March, June, September, December
No. of delivery months available for trading	The first five quarterly months from the March/June/September/December cycle up to a maximum of fifteen months.	The first five quarterly months from the March/June/September/December cycle up to a maximum of fifteen months.	The first five quarterly months from the March/June/September/December cycle up to a maximum of fifteen months.	The first five quarterly months from the March/June/September/December cycle up to a maximum of fifteen months.	The first five quarterly months from the March/June/September/December cycle up to a maximum of fifteen months.
Quotation	Index Points (e.g. 1000.0)	Index Points (e.g. 1000.0)	Index Points (e.g. 1000.0)	Index Points (e.g. 1000.0)	Index Points (e.g. 1000.0)
Last Trading Day	Third Friday of the delivery month	Third Friday of the delivery month	Third Friday of the delivery month	Third Friday of the delivery month	Third Friday of the delivery month
EDSP: rounding convention	Rounded to the nearest 0.001 or, where such average is an exact uneven multiple of 0.0005, to the nearest higher 0.001	Rounded to the nearest 0.001 or, where such average is an exact uneven multiple of 0.0005, to the nearest higher 0.001	Rounded to the nearest 0.001 or, where such average is an exact uneven multiple of 0.0005, to the nearest higher 0.001	Rounded to the nearest 0.001 or, where such average is an exact uneven multiple of 0.0005, to the nearest higher 0.001	Rounded to the nearest 0.001 or, where such average is an exact uneven multiple of 0.0005, to the nearest higher 0.001

Availability of the Contracts via Bclear in 2013 and 2014

Transactions in respect of the Contracts will be capable of being reported via Bclear:

- in respect of those indices for which there is a single relevant stock exchange, on any market day on which the relevant stock exchange is open for business;
- and in respect of those indices for which there is more than one stock exchange, on any market day.

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

MSCI Europe Sector Indices – 2013 and 2014	
Christmas Day	Wednesday 25 December 2013
Boxing Day	Thursday 26 December 2013
New Year's Day	Wednesday 1 January 2014
Good Friday	Friday 18 April 2014
Easter Monday	Monday 21 April 2014
Christmas Day	Thursday 25 December 2014
Boxing Day	Friday 26 December 2014