

**SECTION 7D1 CONTRACT RULES: ICE FUTURES MSCI INDEX  
(EUROPEAN-STYLE EXERCISE) OPTIONS CONTRACTS**

7D1.1	Interpretation
7D1.2	Contract Specification
7D1.3	Price
7D1.4	Premium
7D1.5	Exercise of an Option by a Buyer against the Clearing House and Confirmation of Exercise
7D1.6	Exercise by the Clearing House against a Seller and Confirmation of Exercise
7D1.7	Expiry
7D1.8	Last Trading Day
7D1.9	Exchange Delivery Settlement Price (“EDSP”)
7D1.10	Errors in Index
7D1.11	Emergency Provisions
7D1.12	Settlement Amount and Payment
7D1.13	Default
7D1.14	Force Majeure
7D1.15	MSCI Unexpected Market Closure Events
7D1.16	Statement in relation to EDSP Price Formation

Members should familiarise themselves with the trademark ownership and licensing information applicable to terms used in these Contract Rules and other relevant information such as licensors' disclaimers, which can be found at [www.theice.com](http://www.theice.com). Members should be mindful of such information and disclaimers when marketing to clients.

**7D1.1      INTERPRETATION**

(a) Save as otherwise specified herein, words and phrases defined in the Regulations shall have the same meanings in these Contract Rules and in the Administrative Procedures.

(b) In these Contract Rules and the Administrative Procedures:

“Administrative Procedures” means the administrative procedures at Rule 7D2 implemented by the Exchange for the purposes of these Contract Rules.

“business day” means a market day as defined in 7D1.1(b)

“call option” means an option specified as such in the Contract.

“Clearing House Notice of Exercise” means a notice from the Clearing House, in a form from time to time prescribed by the Clearing House, confirming to the Seller of an option that the Clearing House has exercised an option against the Seller.

“Contract” means a contract made expressly or impliedly under these Contract Rules for the sale and purchase of one or more put options or one or more call options, and “registered Contract” means a contract registered by the Clearing House.

“EDSP” means the Exchange Delivery Settlement Price and has the meaning attributed to it in Rule 7D1.9.

“Exercise Notice” means a notice in the form prescribed by the Clearing House from time to time notifying the Clearing House that a Buyer of an option wishes to exercise the option against the Clearing House.

“expiry month” means each month specified as such in respect of these Contract Rules by the Exchange pursuant to the Regulations.

“Ground Rules” means the “MSCI Global Investable Market Indexes methodology” or its successor.

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

(i) a nominated sector of share issuance, as identified in the Table;

(ii) a list of shares in such sector (the “constituent shares”); and

(iii) the algorithm in accordance with which prices of such constituent shares are combined to generate a single figure which is calculated by the Index Provider or the Index calculator, as the case may be (an “Index figure”) and published from time to time.

“Index Provider”	means MSCI Inc.
“Last Trading Day”	means in respect of an expiry month the third Friday in that month provided that if it is not a business day then the Last Trading Day shall be the last business day preceding the third Friday (subject in all cases to Rule 7D1.11).
“List of Contract Details”	means the list of contract details published by the Exchange from time to time.
“market day”	means a day on which the Market, the Clearing House and banks in London are open for business.
“MSCI Inc.”	means Morgan Stanley Capital International Inc., or, its agents or successors in publishing the relevant Index.
“Premium”	in respect of an option means the amount determined in accordance with Rule 7D1.4(a) to be payable by the Buyer to the Seller as the consideration for the purchase of the option.
“put option”	means an option specified as such in the Contract.
“relevant stock exchanges”	means, in respect of an Index, the stock exchanges from which the Index Provider obtains prices of the relevant constituent stocks of the Index for the purpose of calculating the Index figure in respect of that Index, and a “relevant stock exchange” is any one of these.
“Settlement Amount”	has the meaning given to it in Rule 7D1.12(a).
“Settlement Day”	in respect of an option means the day specified as such in the Table.
“Table”	means the table of Contract details specified by the Exchange for ICE Futures MSCI Index (European-Style Exercise) Options Contracts in these Contract Rules.
“Unexpected Market Closure”	As defined in section 2.1 of the MSCI Unexpected Market Closure Indexes Methodology.
“Unexpected Market Closure Index”	calculated by MSCI, in accordance with the MSCI Unexpected Market Closure Indexes Methodology, following the detection of an Unexpected Market Closure Event.
“USD” and “\$”	denote the lawful currency of the United States of America known, at the date of issue of these Contract Rules, as the “dollar”.
“weighting”	means the factor which, when multiplied by the price of a constituent stock expressed in USD or other currency, as the case may be, determines the contribution to the Index figure made by that constituent stock.

**7D1.2****CONTRACT SPECIFICATION**

(a) These Contract Rules shall apply to all Contracts.

- (b) Each Contract shall be for one or more put options or one or more call options for an expiry month and shall be at an exercise price which is authorised by the Exchange for trading for the relevant expiry month.

**7D1.3 PRICE**

- (a) Except as specified in the Administrative Procedures in the case of cabinet transactions, bids and offers shall be quoted in “Index points” and prices shall be a whole number multiple of the minimum price fluctuation, as provided in the Table.
- (b) One Index point shall be 1.0 and shall have the value per option as provided in the Table.

**7D1.4 PREMIUM**

- (a) The Premium payable in respect of an option shall be the product of the price of the option in Index points and the value of one Index point as specified in Rule 7D1.3(b).
- (b) The Buyer shall pay the Premium to the Clearing House on the day and by the time specified for this purpose in the Administrative Procedures and the Clearing House shall pay the Premium to the Seller on the same day.

**7D1.5 EXERCISE OF AN OPTION BY A BUYER AGAINST THE CLEARING HOUSE AND CONFIRMATION OF EXERCISE**

- (a) A Buyer may exercise an option against the Clearing House only on the market day following the Last Trading Day for the expiry month specified in the Contract and shall do so by giving to the Clearing House an Exercise Notice in respect of such option by the time specified in the Administrative Procedures and in a manner from time to time prescribed by the Clearing House.
- (b) The Clearing House shall give to the Buyer a notice in a form from time to time prescribed by the Clearing House, on the day and by the time specified for that purpose in the Administrative Procedures, confirming which options specified in an Exercise Notice have been validly exercised by the Buyer in accordance with these Contract Rules.

**7D1.6 EXERCISE BY THE CLEARING HOUSE AGAINST A SELLER AND CONFIRMATION OF EXERCISE**

- (a) Subject to Rule 7D1.6(b), in respect of each option which is exercised by a Buyer in accordance with Rule 7D1.5(a), the Clearing House shall on the market day following the Last Trading Day select a Seller of an option of the same type and at the same exercise price and for the same expiry month by such method of selection as may be specified in the Administrative Procedures and shall exercise that option in a form and manner from time to time prescribed by the Clearing House.
- (b) If the Clearing House is unable to exercise an option against a Seller in accordance with Rule 7D1.6(a) on the market day following the Last Trading Day, the Clearing House shall do so as soon as possible thereafter and such option shall be deemed to have been exercised on the market day following the Last Trading Day.
- (c) In respect of each option exercised by the Clearing House against a Seller under Rule 7D1.6(a) or Rule 7D1.6(b), the Clearing House shall give to the Seller a Clearing House Notice of Exercise by the time specified for that purpose in the Administrative Procedures two market days following the Last Trading Day and in a manner from time to time prescribed by the Clearing House.

**7D1.7 EXPIRY**

(a) An option in respect of an expiry month which has not been exercised in accordance with Rule 7D1.5 or Rule 7D1.6, as applicable, shall expire on the day and at the time specified for that purpose in the Administrative Procedures.

**7D1.8 LAST TRADING DAY**

(a) On the Last Trading Day:

(i) trading in Contracts for the relevant expiry month shall cease at such time as may be specified in the Administrative Procedures; and

(ii) the Exchange will determine the EDSP in accordance with Rule 7D1.9. on the market day following the Last Trading Day. In the event of an Unexpected Market Closure, the Exchange will calculate the EDSP in accordance with Rule MMMMM.10 on the market day following the publication of the Unexpected Market Closure Index by MSCI.

**7D1.9 EXCHANGE DELIVERY SETTLEMENT PRICE ("EDSP")**

(a) Subject to Rule 7D1.9(c), the EDSP for Contracts for a particular expiry month shall, subject as provided in Rule 7D1.10 and 7D1.15, be the Expiry Reference Value specified in the Table on the Last trading day as specified for this purpose in the Administrative Procedures, rounded in accordance with the rounding convention specified in the Table.

(b) 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 the fact that the Index Provider may subsequently recalculate any relevant Index figures.

(c) The Exchange may from time to time amend the method for and timing of the calculation of the EDSP for any reason determined by the Exchange and any such changes shall have such effect with regard to existing and/or new Contracts as the Exchange may determine.

**7D1.10 ERRORS IN INDEX**

(a) If, not later than the time on the market day following the Last Trading Day specified for that purpose in the Administrative Procedures, any member of the Exchange notifies the Exchange of, or there otherwise comes to the attention of the Exchange, an alleged or apparent error in the Index due to any alleged or apparent error in the weighting of the price for any constituent stock of the Index first made since the publication of the closing Index figure on the last business day prior to the Last Trading Day, then the Exchange shall promptly request the Index Provider to investigate such alleged or apparent error. If in the Index Provider's opinion an error has been made, the Index Provider shall correct any Index figures affected thereby, and the Exchange shall as soon as reasonably practicable publish a correction to the Index and shall determine the EDSP using the Index figures as so corrected. Save as allowed by Rule 7D1.10(b), no correction to the Index shall be made in respect of any error notified to the Exchange or coming to its attention after the time so specified in the Administrative Procedures.

(b) If, not later than thirty minutes after the provisional EDSP for a particular expiry month is first published, any member of the Exchange notifies the Exchange of, or there otherwise come to the attention of the Exchange, an alleged or apparent error in the Index due to any cause whatsoever other than an error in the weighting of the price for any constituent stock of the Index, then the Exchange shall promptly request the Index Provider to investigate such alleged or apparent error. If in the Index Provider's opinion an error has been made, the Index Provider shall correct the

Index figures affected thereby which has been or will be used to determine the EDSP for that expiry month and the Exchange shall re-determine the EDSP in accordance therewith. No correction of the Index figures or the EDSP shall be made in respect of any error notified to the Exchange or coming to its attention after the expiry of such thirty minute period.

- (c) No correction to the Index or an Index figure or the EDSP shall be made other than as may be allowed for in Rules 7D1.10(a) and 7D1.10(b).
- (d) Neither the Exchange nor its officers, employees, agents or representatives shall have any liability whatsoever in respect of any decision as to whether or not to correct the Index figures or as to the amount of any correction, or as to whether or not to re-determine the EDSP.

#### **7D1.11 EMERGENCY PROVISIONS**

- (a) 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 an expiry month, it becomes known to the Exchange that on 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 expiry month and the Exchange shall publish a notice by notice posted on the Market to that effect.
- (b) If, after the commencement of trading on the Last Trading Day in respect of an expiry month, the Market closes for business or Index Provider 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 expiry month is, in the opinion of the Exchange, substantially prevented or hindered or that there are insufficient Index figures from which to calculate the EDSP in accordance with Rule 7D1.9(a), then either:
  - (i) cessation of trading in Contracts for the current expiry month shall be postponed until such later time on that day as the Exchange may in its absolute discretion specify by notice posted on the Market, in which case the EDSP shall be determined in accordance with Rule 7D1.9(a) or such method determined by the Exchange. The provisional and final EDSPs shall be published at such times as the Exchange shall in its discretion determine, always allowing for the thirty minute period referred to in Rule 7D1.10(b); or
  - (ii) if, in the opinion of the Exchange, the course described in paragraph (i) of this Rule 7D1.11(b) would be impossible, impracticable or for any reason undesirable, it may by notice posted on 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 it in its absolute discretion, to be the Last Trading Day in its place.

#### **7D1.12 SETTLEMENT AMOUNT AND PAYMENT**

- (a) The Settlement Amount in respect of an option exercised under Rule 7D1.5 or Rule 7D1.6, as applicable, shall be:
  - (i) in the case of a call option, the amount by which the EDSP exceeds the exercise price; or
  - (ii) in the case of a put option, the amount by which the exercise price exceeds the EDSP

multiplied in each case by the value per option of one Index point as specified in the Table.

(b) The Settlement Amount shall be paid by a Seller to the Clearing House by the time on the Settlement Day specified for this purpose in the Administrative Procedures and the Clearing House shall pay the Settlement Amount to the Buyer on the same day.

### 7D1.13 DEFAULT

(a) A Buyer or a Seller shall be in default where:

- (i) he fails to fulfil his obligations under a Contract by the time and in the manner prescribed and in accordance with these Contract Rules, the Regulations, the Administrative Procedures and the Clearing House Rules; or
- (ii) he fails to pay any sum due to the Clearing House in respect of a registered Contract by the time specified in these Contract Rules or in the Administrative Procedures or under the Clearing House Rules; or
- (iii) in the reasonable opinion of the Clearing House he is in default.

(b) In the event of default by a Buyer or a Seller in respect of a registered Contract, the Exchange shall, at the request of the Clearing House, forthwith fix a price for invoicing back and each option in issue shall be invoiced back at that price. Such price may at the Exchange's absolute discretion take account of any compensation the Exchange may consider should be paid by either party to the other.

### 7D1.14 FORCE MAJEURE

(a) Subject to any steps taken at any time by the Exchange under emergency powers in the Regulations:

- (i) a Seller or a Buyer shall be liable to perform his obligations in respect of an option 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; and
- (ii) in the event of a Buyer being prevented from exercising an option in respect of any expiry month by the time specified in the Administrative Procedures by any event beyond his reasonable control including, without limitation, any of the events specified in Rule 7D1.14(a)(i):
  - (A) the Buyer may give written notice to the Exchange specifying the Contract or, if more than one, the Contracts in respect of which the Buyer was prevented from exercising an option, the steps taken by the Buyer to exercise the option and the events which prevented him from so doing. Any such notice shall be given to the Exchange as soon as is practicable after the expiry of an option specified in the notice; and
  - (B) if the Exchange is satisfied that the Buyer took all possible steps in the circumstances prevailing to exercise an option, the Exchange shall request the Clearing House to notify it of details of one or more Contracts between a Seller and the Clearing House which are on the same terms (except as to the parties

or the option price) as, and have been matched by the Clearing House 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 Clearing House and a Seller notified to the Exchange hereunder shall be invoiced back at such price. Such price may at the Exchange's absolute discretion take into account the Exchange's assessment of the intrinsic value of the options at the expiry thereof.

#### **7D1.15 MSCI UNEXPECTED MARKET CLOSURE EVENTS**

(a) The Exchange will publish the EDSP in accordance with Rule 7D1.9 on the market day following the Last Trading Day, unless the Exchange is notified of an Unexpected Market Closure Event by the Index provider affecting the trading of underlying MSCI Index constituents on the Last Trading Day of the Index Options expiry.

The MSCI Unexpected Market Closure Indexes methodology aims to account for unexpected market closure events affecting the trading of underlying MSCI Index constituents on the Last Trading Day of the ICE Futures MSCI Index Options. Full details of the calculation methodology and the definition of what constitutes an Unexpected Market Closure Event can be found in the MSCI Unexpected Market Closure Indexes Methodology which is available [here](#). In the event of an Unexpected Market Closure Event, MSCI will calculate an Unexpected Market Closure Index for the affected Index/Indices, according to the MSCI Unexpected Market Closure Indexes Methodology.

In respect of the ICE Futures Europe MSCI Index Options, in the event of an Unexpected Market Closure Event on the Last Trading Day, the EDSP for the affected delivery month will not be calculated in accordance with Rule 7D1.9. Instead the EDSP will be based on the Unexpected Market Closure Index as calculated by MSCI, in accordance with the MSCI Unexpected Market Closure Indexes Methodology, rounded in accordance with the rounding convention specified in the Table. The Last Trading Day for the affected delivery month will remain unchanged, trading in Contracts for the relevant delivery month shall cease at such time as may be specified in the Administrative Procedures. The Exchange will not publish the EDSP on the market day following the Last Trading Day, but instead will publish the EDSP on the market day following the publication of the Unexpected Market Closure Index by MSCI.

#### **7D1.16 STATEMENT IN RELATION TO EDSP PRICE FORMATION**

(a) The Exchange draws the following statement to the attention of potential users of its ICE Futures MSCI Index (European-Style Exercise) Options Contracts. Members should ensure that their clients are made aware of the statement.

“Statement in relation to EDSP Price Formation

Potential users of the ICE Futures MSCI Index (European-Style Exercise) Options Contracts (the “Contracts”) made available on ICE Futures Europe should familiarise themselves with the relevant “Index” (as defined in the relevant Contract Rule) compilation and calculation procedures, as well as the relevant Contract Rules.

Certain Contracts may be available for trading for periods of the trading day when one or more (or all) of the relevant underlying stock exchanges are closed. Potential users should consider for themselves, or take advice in relation to, the risks of trading those Contracts while any of the underlying stock exchanges are closed.

Price formation leading to the “EDSP” (as defined in the relevant Contract Rule) for the Contracts 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 Index figure(s) 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 realtime 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 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” (as defined in the relevant Contract Rule), a “market day” (as defined in the relevant Contract Rule) will ordinarily be capable of being designated as a “business day” (as defined in the relevant Contract Rule), and therefore as a “Last Trading Day” (as defined in the relevant Contract Rule), 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 Index figure(s) 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(s) 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.

See Rule I.25 of the ICE Futures Europe Regulations for additional risk disclosures.”

**TABLE  
CONTRACT DETAILS SPECIFIED BY THE EXCHANGE FOR ICE FUTURES MSCI INDEX (EUROPEAN-STYLE EXERCISE) OPTIONS CONTRACTS**

Index	MSCI EAFE PR (USD) Index	MSCI Emerging Market PR (USD) Index	MSCI World PR (USD) Index
<b>Currency specified by the Exchange</b>	<b>USD</b>	<b>USD</b>	<b>USD</b>
<b>Contract size</b>	Valued at \$50 per Index point	Valued at \$50 per Index point	Valued at \$10 per Index point
<b>Settlement Day</b>	The second market day after the Last Trading Day	The second market day after the Last Trading Day	The second market day after the Last Trading Day
<b>Quotation</b>	Index points	Index points	Index points
<b>Minimum price fluctuation (tick value)</b>	0.1 (\$5)	0.1 (\$5)	0.1 (\$1)
<b>Delivery months</b>	January, February, March, April, May, June, July, August, September, October, November, December	January, February, March, April, May, June, July, August, September, October, November, December	January, February, March, April, May, June, July, August, September, October, November, December
<b>No. of delivery months available for trading</b>	Mar, Jun, Sep, Dec and the nearest 4 serial months, such that 24 delivery months are available	Mar, Jun, Sep, Dec and the nearest 4 serial months, such that 24 delivery months are available	Mar, Jun, Sep, Dec and the nearest 4 serial months, such that 24 delivery months are available
<b>Last Trading Day</b>	Third Friday of the expiry month	Third Friday of the expiry month	Third Friday of the expiry month
<b>Expiry Reference Value</b>	Closing Index Value on the Last Trading Day	Closing Index Value on the Last Trading Day	Closing Index Value on the Last Trading Day
<b>EDSP: rounding convention</b>	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
<b>Cabinet Transaction Price</b>	\$0.50	\$0.50	\$0.50