

CONTRACT RULES: ICE FUTURES GILT FUTURES CONTRACTS

SECTION RRRR - CONTRACT RULES: ICE FUTURES GILT FUTURES CONTRACTS

RRRR.1	Interpretation
RRRR.2	Contract Specification
RRRR.3	List of Deliverable Gilts ¹
RRRR.4	Price Factor
RRRR.5	Price
RRRR.6	Cessation of Trading
RRRR.7	Seller's Delivery Notice
RRRR.8	Allocation to Buyers
RRRR.8A	Submission of Details to the Relevant Settlement System
RRRR.9	Exchange Delivery Settlement Price ("EDSP")
RRRR.10	Calculation of Invoicing Amount
RRRR.11	Settlement Payments
RRRR.12	Settlement
RRRR.13	Emergency Provisions
RRRR.14	Costs
RRRR.15	Default
RRRR.16	Consequences of Delivery Default
RRRR.17	Force Majeure
RRRR.18	[Not Used]
RRRR.19	[Not Used]
RRRR.20	[Not Used]
RRRR.21	[Not Used]
RRRR.22	Statement in relation to ICE Futures Gilt Futures Contracts
TABLE	Contract Details Specified by the Exchange for ICE Futures Gilt Futures Contracts ²

¹ Amended 19 September 2024

² Amended 19 October 2016, 21 December 2023, 19 September 2024

RRRR.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 SSSS implemented by the Exchange for the purposes of these Contract Rules.

“Assured Payment” means, in the case of Gilts transferred through the Relevant Settlement System, a system-generated payment instruction which is binding on:

- (i) the Clearing House’s settlement bank in favour of the Seller’s, or if he has nominated one, the Transferor’s settlement bank in the case of a transfer of Gilts from the Seller, or if he has nominated one, the Transferor to the Clearing House through the Relevant Settlement System; and
- (ii) the Buyer’s, or if he has nominated one, the Transferee’s settlement bank in favour of the Clearing House’s settlement bank in the case of a transfer of Gilts from the Clearing House to the Buyer, or if he has nominated one, the Transferee through the Relevant Settlement System,

of an amount equal to the invoicing amount.

“bad delivery” means a stock transfer instruction which is rejected by the Registrars Department of the Bank of England.

“business day” means a day on which the Market and banks in London are open for business.

“Buyer” in respect of a Contract means the person who, unless they have nominated a Transferee, is required under such Contract to accept transfer in respect of each lot of the delivery amount of a Deliverable Gilt and who is obliged pursuant to these Contract Rules to make payment in respect of each lot (including, except where the context otherwise requires, the Clearing House as buyer under a registered Contract).

“Buyer’s Notification” means the notice to be given by the Clearing House to the Buyer under Rule RRRR.8.

“Contract” means a contract made expressly or impliedly under these Contract Rules for the sale and purchase of one or more lots specified by the Exchange in the Table, and “registered Contract” means a Contract registered by the Clearing House.

“Deliverable Gilt” means in respect of one or more lots specified by the Exchange in the Table, a gilt issue listed on the List of Deliverable Gilts for a particular delivery month.

“Delivery Contract” means a “market contract” (as defined under section 155 of the Companies Act 1989) to which a Member is party, under the terms of which delivery of a lot is required to be made.

“delivery month” means each month specified as such by the Exchange pursuant to the Regulations.

“EDSP”	means Exchange Delivery Settlement Price and has the meaning attributed to it in Rule RRRR.9.
“First Notice Day”	means the first day on which a Seller’s Delivery Notice may be given by the Seller in respect of any lot comprised in a Contract, being the penultimate business day preceding the commencement of the delivery month for such Contract.
“full coupon period”	means the period from and including the previous quasi-coupon date up to but excluding the following quasi-coupon date.
“Gilt”	means a unit of £100 of a Deliverable Gilt.
“gilt issue”	means a bond issued by the Government of the United Kingdom denominated in sterling.
“invoicing amount”	has the meaning attributed to it in Rule RRRR.10.
“Last Notice Day”	means in respect of any Notice Period the business day next following the Last Trading Day for the delivery month relevant to such Notice Period.
“Last Trading Day”	means, subject to Rule RRRR.13(a), in respect of any delivery month the last business day preceding the penultimate business day in that month.
“List of Deliverable Gilts”	has the meaning attributed to it in Rule RRRR.3(a).
“London Stock Exchange”	means the London Stock Exchange plc.
“lot”	has the meaning attributed to it in Rule RRRR.2(a).
“Notice Day”	in respect of any lot comprised in a Contract means the business day on which a valid Seller’s Delivery Notice in respect of such lot is given by the Seller and is received or deemed, in accordance with the Administrative Procedures, to have been received by the Clearing House.
“Notice Period”	means the period from and including the First Notice Day up to and including the Last Notice Day.
“Notional Coupon”	means the annual interest rate, expressed as a percentage, in respect of a £100,000 nominal value notional gilt.
“Pounds”, “£”, “pence” and “penny”	denote lawful currency of the United Kingdom.
“Price Factor”	has the meaning attributed to it in Rule RRRR.4.
“proprietary or equitable interest”	means any proprietary or equitable interest or right whatsoever including without limitation any such interest or right arising under or by virtue of any disposition made or purporting to be made by way of security or by way of loan and any other lien, encumbrance or equity of any kind.
“quasi-coupon dates”	in respect of a Deliverable Gilt means the dates which reflect the semi-annual coupon cycle defined by a bond’s maturity date, irrespective of whether cash flows occur on those dates, including a date falling before the issue date of the Deliverable Gilt.
“Relevant Settlement System”	means the settlement system as detailed in the Table.

“Relevant Settlement System Rules”	means those parts of the rules, reference manual, procedures, practices and any other document from time to time in force of the Relevant Settlement System which apply to the settlement of transactions by participants in the Relevant Settlement System.
“Seller”	in respect of a Contract means the person who, unless they have nominated a Transferor, is required under such Contract to transfer in respect of each lot the delivery amount of a Deliverable Gilt and who is obliged under such Contract to make delivery pursuant to these Contract Rules (including, except where the context otherwise requires, the Clearing House as seller under a registered Contract).
“Seller’s Delivery Notice”	means the notice to be given by the Seller to the Clearing House under Rule RRRR.7.
“Settlement Agent”	means in respect of the transfer of securities under a Delivery Contract through the Relevant Settlement System, a member of the Relevant Settlement System.
“Settlement Day”	in respect of each lot comprised in a Contract means the day which is the second business day after the Notice Day for such lot, except where such Notice Day is also the Last Notice Day. Where such Notice Day is also the Last Notice Day, “Settlement Day” shall mean the next business day after the Last Notice Day.
“Transferee”	in respect of a Contract means the person who, having been nominated by another Clearing Member, is required under such Contract to accept transfer in respect of each lot of the delivery amount of a Deliverable Gilt and who is obliged pursuant to these Contract Rules to make payment in respect of each lot (including, except where the context otherwise requires, the Clearing House as buyer under a registered Contract).
“Transferor”	in respect of a Contract means the person who, having been nominated by another Clearing Member, is required under such Contract to transfer in respect of each lot the delivery amount of a Deliverable Gilt and who is obliged under such Contract to make delivery pursuant to these Contract Rules (including, except where the context otherwise requires, the Clearing House as seller under a registered Contract).
(c)	References to “specified by the Exchange in the Table” means as specified in the relevant column in the Table.

RRRR.2 CONTRACT SPECIFICATION

- (a) Each Contract shall be for one or more lots for the delivery month specified. A “lot” shall be an amount having a nominal value of £100,000 (the “delivery amount”) of a Deliverable Gilt included in the List of Deliverable Gilts for the relevant delivery month.

RRRR.3 LIST OF DELIVERABLE GILTS³

- (a) In respect of each delivery month, the Exchange will publish on or before the day specified for that purpose in the Administrative Procedures a list of Deliverable Gilts (the “List of Deliverable Gilts”) which will constitute, subject to Rule RRRR.3(c), Deliverable Gilts capable of being included in a valid Seller’s Delivery Notice given in accordance with Rule RRRR.7, being gilt issues having the characteristics listed in Rule RRRR.3(b) at the date of publication of the List of Deliverable Gilts.

³ Amended 19 September 2024

- (b) The characteristics referred to in Rule RRRR.3(a) are:
 - (i) having been issued and settled;
 - (ii) having been admitted to the Official List of the UK Listing Authority;
 - (iii) having terms as to redemption such as provide for redemption of the entire gilt issue in a single instalment such that the length of time to the maturity date from, and excluding, the first date of the relevant delivery month is within the maturity range specified by the Exchange in the Table;
 - (iv) having no terms permitting or requiring early redemption;
 - (v) bearing interest at a single fixed rate throughout the term of the issue, within the coupon range specified by the Exchange in the Table, and payable in arrears semi-annually (except in the case of the first interest payment period which may be more or less than six months);
 - (vi) being denominated and payable as to principal and interest only in Pounds and pence;
 - (vii) being fully paid or, in the event that the gilt issue is in its first interest period and is partly paid, being anticipated by the Exchange to be fully paid on or before the Last Notice Day of the relevant delivery month;
 - (viii) not being convertible;
 - (ix) not being in bearer form;
 - (x) being anticipated by the Exchange to have on one or more days during the relevant delivery month an aggregate principal amount outstanding of not less than £1.5 billion which, by its terms and conditions, if issued in more than one tranche or tap or issue, is fungible;
 - (xi) where relevant, having an original term to maturity, such that the length of time from the issue date to the maturity date is within the original term specified by the Exchange in the Table.
- (c) Notwithstanding that a gilt issue is included in the List of Deliverable Gilts for a particular delivery month a Deliverable Gilt may only be included in a valid Seller's Delivery Notice in respect of a Settlement Day if such Settlement Day has been indicated on the List of Deliverable Gilts as a day for which a Seller's Delivery Notice specifying such Deliverable Gilt would be valid, being, inter alia:
 - (i) if the Deliverable Gilt was not fully paid as at the date of publication of the List of Deliverable Gilts, a day subsequent to the day which the Exchange anticipated pursuant to paragraph (v) of Rule RRRR.3(b) would be the day on which the Deliverable Gilt would be fully paid; and
 - (ii) a day which the Exchange anticipated pursuant to paragraph (ix) of Rule RRRR.3(b) would be a day on which the Deliverable Gilt would have an aggregate principal amount outstanding of not less than £1.5 billion which, by its terms and conditions if issued in more than one tranche or tap or issue, is fungible.
- (d) The Exchange may in its absolute discretion exclude from the List of Deliverable Gilts any gilt issue which would qualify to be included in such list in respect of a delivery month without giving any reason for such exclusion.
- (e) All details included in the List of Deliverable Gilts published in respect of a delivery month under Rule RRRR.3(a) shall (subject to the emergency powers contained in the Regulations) be final and binding including, without prejudice to the foregoing:
 - (i) the Price Factors, the initial accrued and the daily accrued interest figures shown thereon for the purposes of calculating the invoicing amount (subject to the provisions of Rule RRRR.13(b) regarding adjustments to the invoicing amount); and

- (ii) the Settlement Days in respect of which a valid Seller's Delivery Notice may be given in respect of each Deliverable Gilt.

RRRR.4 PRICE FACTOR

- (a) The List of Deliverable Gilts published by the Exchange in respect of a delivery month of a Contract specified by the Exchange in the Table under Rule RRRR.3(a) will specify a price factor (the "Price Factor") for each Deliverable Gilt calculated in accordance with:
- (i) in the case of a Deliverable Gilt which is fully paid, the formula set out in Rule RRRR.4(b); and
 - (ii) in the case of a Deliverable Gilt which is not fully paid, the formula published from time to time by notice posted on the Market.
- (b) (i) For each Deliverable Gilt which is fully paid the Price Factor will be calculated in accordance with the formula:

$$\frac{P(x)}{100}$$

where:

$P(x)$ = equals the price per £100 nominal of such Deliverable Gilt at which it has a gross redemption yield of x per annum, calculated as at the first day of the delivery month, minus the undiscounted amount of accrued interest on such Deliverable Gilt on that day, using the formulae set out in paragraphs (ii) and (iii) of this Contract Rule.

- (ii) $P(x)$ shall be calculated in accordance with the following formula:

$$P(x) = \frac{1}{\left(1 + \frac{x}{2}\right)^{\frac{r}{s}}} \left[d_1 + \frac{d_2}{\left(1 + \frac{x}{2}\right)} + \frac{c}{x} \left(\frac{1}{\left(1 + \frac{x}{2}\right)} - \frac{1}{\left(1 + \frac{x}{2}\right)^n} \right) + \frac{100}{\left(1 + \frac{x}{2}\right)^n} \right] - AI$$

where:

d_1 = Cash flow (which could be zero) due on the following quasi-coupon date, per £100 nominal of the gilt. d_1 will be zero if the first day of the delivery month occurs in the ex-dividend period or if the gilt has a long first coupon period and the first day of the delivery month occurs in the first full coupon period. d_1 will be less than $c/2$ if the first day of the delivery month falls in a short first coupon period. d_1 will be greater than $c/2$ if the first day of the delivery month falls in a long first coupon period and the first day of the delivery month occurs in the second full coupon period;

d_2 = Cash flow due on the next but one quasi-coupon date, per £100 nominal of the gilt. d_2 will be greater than $c/2$ if the first day of the delivery month falls in a long first coupon period and in the first full coupon period. In all other cases, $d_2 = c/2$;

x = Notional Coupon as specified in the Table, e.g. $x = 0.06$ for a 6% Notional Coupon;

c = Annual coupon per £100 nominal of the gilt;

r = Number of calendar days from and including the first day of the delivery month up to but excluding the next quasi-coupon date;

s = Number of calendar days in the full coupon period in which the first day of the delivery month occurs;

n = Number of full coupon periods between the following quasi-coupon date and the redemption date;

AI = Accrued interest per £100 nominal of the gilt calculated using the formula set out in (c);

(iii) The accrued interest (AI) in the formula set out in paragraph (ii) will be calculated in accordance with the following formulae:

(A) If the first day of the delivery month occurs in a standard coupon period, and:

the first day of the delivery month occurs on or before the ex-dividend date:

$$AI = \frac{t}{s} \times \frac{c}{2}$$

the first day of the delivery month occurs after the ex-dividend date:

$$AI = \left(\frac{t}{s} - 1 \right) \times \frac{c}{2}$$

where:

AI = Accrued Interest per £100 nominal of the gilt;

c = Annual coupon per £100 nominal of the gilt;

t = Number of calendar days from and including the last coupon date up to but excluding the first day of the delivery month;

s = Number of calendar days in the full coupon period in which the first day of the delivery month occurs;

(B) If the first day of the delivery month occurs in a short first coupon period, and:

the first day of the delivery month occurs on or before the ex-dividend date:

$$AI = \frac{t^*}{s} \times \frac{c}{2}$$

the first day of the delivery month occurs after the ex-dividend date:

$$AI = \left(\frac{t^* - r}{s} \right) \times \frac{c}{2}$$

where:

t^* = Number of calendar days from and including the issue date up to but excluding the first day of the delivery month;

r = Number of calendar days from and including the issue date up to but excluding the next quasi-coupon date;

and c and s have the same meanings as in (i) above.

- (C) If the first day of the delivery month occurs in a long first coupon period, and:
the first day of the delivery month occurs during the first full coupon period:

$$AI = \frac{u}{s_1} \times \frac{c}{2}$$

the first day of the delivery month occurs during the second full coupon period and on or before the ex-dividend date:

$$AI = \left(\frac{r_1}{s_1} + \frac{r_2}{s_2} \right) \times \frac{c}{2}$$

the first day of the delivery month occurs during the second full coupon period and after the ex-dividend date:

$$AI = \left(\frac{r_2}{s_2} - 1 \right) \times \frac{c}{2}$$

where:

- u = Number of calendar days from and including the issue date up to but excluding the first day of the delivery month;
- s_1 = Number of calendar days in the full coupon period in which the issue date occurs;
- s_2 = Number of calendar days in the next full coupon period after the full coupon period in which the issue date occurs;
- r_1 = Number of calendar days from and including the issue date up to but excluding the next quasi-coupon date;
- r_2 = Number of calendar days from and including the quasi-coupon date after the issue date up to but excluding the first day of the delivery month which falls in the next full coupon period after the full coupon period in which the issue date occurs;

and c has the same meaning as in (i) above.

RRRR.5 PRICE

- (a) The Contract price shall be expressed in Pounds and pence per £100 nominal of a security which if it were in issue and included in the List of Deliverable Gilts would have a Price Factor of 1.

RRRR.6 CESSATION OF TRADING

- (a) No Contract for the current delivery month shall be made after the time on the Last Trading Day specified for that purpose in the Administrative Procedures.

RRRR.7 SELLER'S DELIVERY NOTICE

- (a) In respect of each delivery month, a Seller in whose name are registered by the Clearing House one or more Contracts and who intends to make delivery of any lot comprised in any such Contract may give to the Clearing House a Seller's Delivery Notice in respect of such lot, by the time specified for that purpose in the Administrative Procedures, on any business day during the Notice Period for that delivery month.

- (b) In respect of each delivery month, a Seller in whose name are registered by the Clearing House one or more Contracts shall have given to the Clearing House a Seller's Delivery Notice not later than the time on the Last Notice Day specified for that purpose in the Administrative Procedures in respect of each lot comprised in such Contracts.
- (c) A Seller's Delivery Notice shall be addressed to the Clearing House by the Seller and be in a form from time to time prescribed by the Clearing House. A Seller's Delivery Notice shall, in respect of each lot referred to in the notice, specify:
 - (i) full details of the Deliverable Gilt, the delivery amount of which is to be transferred in accordance with these Contract Rules on the Settlement Day against payment of the invoicing amount;
 - and
 - (ii) any other details required by the Clearing House from time to time.
- (d) Only one Deliverable Gilt shall be nominated in respect of each lot referred to in a Seller's Delivery Notice.
- (e) By giving a Seller's Delivery Notice the Seller shall be deemed:
 - (i) to represent and warrant to the Clearing House and to the Buyer that on the Settlement Day the Seller, or if he has nominated one, the Transferor, will transfer to the Clearing House in accordance with Rule RRRR.12(a) the delivery amount of the Deliverable Gilt referred to in the Seller's Delivery Notice by the time specified for that purpose in the Administrative Procedures; and
 - (ii) to acknowledge to and agree with the Clearing House and the Buyer, or if he has nominated one, the Transferee that:
 - (A) on the Settlement Day and thereafter until the delivery amount of the Deliverable Gilt is transferred to the Clearing House, the Seller, or if he has nominated one, the Transferor will be entitled to transfer all right, title and interest in such Gilts free of any proprietary or equitable interest of any other person; and
 - (B) (without prejudice to the generality of paragraph (ii)(A) above) the Seller, if he is not also the Transferor, shall have no proprietary or equitable interest in such Gilts.

The Seller waives any interest referred to in paragraph (ii)(B) above to the extent that it may arise.
- (f) The Clearing House shall not be obliged to accept a Seller's Delivery Notice if the Transferor is not the Seller, unless evidence satisfactory to the Clearing House of the Transferor's title to the Gilts to be transferred as referred to in the Seller's Delivery Notice is requested by the Clearing House and provided to the Clearing House.

RRRR.8 ALLOCATION TO BUYERS

- (a) (i) In respect of registered Contracts the Clearing House will allocate to a Clearing Member registered or to be registered as a Buyer each lot referred to in a Seller's Delivery Notice by such method of allocation as may be specified in the Administrative Procedures.
- (ii) The Clearing House may make a re-allocation to Buyers pursuant to Rule RRRR.12(c)(i).
- (b) The Clearing House will advise the Buyer of any allocation made pursuant to Rule RRRR.8(a)(i) on the applicable Notice Day and by the applicable time specified in the Administrative Procedures.
- (c) [Not used]
- (d) The Buyer shall be deemed:

- (i) to represent and warrant to the Clearing House and to the Seller that the Buyer, or if not himself, the Transferee, will accept the transfer of the delivery amount of the Deliverable Gilt in respect of each lot ; and
- (ii) to acknowledge to and agree with the Clearing House and the Seller that:
 - (A) the Buyer, if he is not also the Transferee, shall have no proprietary or equitable interest in such Gilts; and
 - (B) subject only to Rule RRRR.12(d)(iii), the Buyer alone is responsible to the Clearing House for payment of all sums due to the Clearing House in respect of such transfer by the time specified for that purpose in the Administrative Procedures.

The Buyer waives any interest referred to in paragraph (ii)(A) above to the extent that it may arise.

- (e) By the time specified for that purpose in the Administrative Procedures on the applicable Notice Day the Clearing House will notify the Buyer and the Seller of any sums due from the Buyer to the Clearing House and from the Clearing House to the Seller (or vice versa) calculated in accordance with Rule RRRR.10.

RRRR.8A SUBMISSION OF DETAILS TO THE RELEVANT SETTLEMENT SYSTEM

- (a) The Clearing House shall, on the relevant day and by the applicable time specified in the Administrative Procedures, have given to the Seller and to the Buyer the details of Contracts which shall be submitted to the Relevant Settlement System.
- (b) On the business day prior to the Settlement Day, in the case of a Seller's Delivery Notice given to the Clearing House on a Notice Day other than the Last Notice Day or, on the Last Notice Day, in the case of a Seller's Delivery Notice given to the Clearing House on the Last Notice Day, and in either case by the applicable time specified in the Administrative Procedures, the details of Contracts notified to the Seller and to the Buyer pursuant to Rule RRRR.8A(a) shall have been submitted by the Seller and Buyer or, if so nominated, by the Transferor and/or the Transferee, and the Clearing House to the Relevant Settlement System in such form as may be required under the Relevant Settlement System Rules so as to enable matching to take place in order that settlement of Contracts is effected through the Relevant Settlement System on the Settlement Day for such Contracts.

RRRR.9 EXCHANGE DELIVERY SETTLEMENT PRICE ("EDSP")

- (a) Subject to Rules RRRR.9(b) and RRRR.9(c), the EDSP for Contracts for a particular delivery month shall be calculated by Exchange officials on each business day in the relevant Notice Period as follows:
 - (i) if one or more Contracts for that delivery month have been made on such day during the period specified for this purpose in the Administrative Procedures, then:
 - (A) if only one Contract has been so made, the EDSP shall be the price at which that Contract was made, or
 - (B) if more than one Contract has been so made, the EDSP shall be the average of the prices at which such Contracts were made, weighted by reference to the number of lots comprised in each such Contract and rounded to the nearest penny or, where such average is a number of Pounds and whole pence and one half penny, to the nearest lower number of Pounds and whole pence.
 - (ii) if on the Last Trading Day, during the period specified for this purpose in the Administrative Procedures, no Contract for that delivery month has been made but both an offer (or offers) and a bid (or bids) have been made in respect of a Contract (or Contracts) for the delivery month, then the EDSP shall be the average of the lowest price at which such an offer was made and the highest price at which such a bid was made and rounded to the nearest penny or, where such average is a number of Pounds and whole pence and one half penny, to the nearest lower number of Pounds and whole pence;

- (iii) if on such day, during the period specified for this purpose in the Administrative Procedures, no Contract for that delivery month has been made and either no offer or bid or neither an offer nor a bid has been made in respect of a Contract for that delivery month, then Exchange officials shall determine the EDSP by reference inter alia to the prices at which any offers or bids in respect of a Contract for that delivery month were made during such period on such day, and to the cash market values of Deliverable Gilts during such period on such day, or to any of such prices and values, such prices and values being in all cases those as ascertained by Exchange officials.
- (b) If, in the opinion of Exchange officials, the EDSP which would result from a calculation made in accordance with Rule RRRR.9(a) would not be consistent with the cash market values of Deliverable Gilts (as determined by Exchange officials) during the period referred to in Rule RRRR.9(a), then Exchange officials may in their absolute discretion fix the EDSP at a price determined by them as being consistent with such cash market values.
- (c) The EDSP for the Last Notice Day shall be the same as the EDSP determined on the Last Trading Day.
- (d) The Exchange shall publish the EDSP at such time as may be specified for that purpose in the Administrative Procedures. The EDSP shall be final and binding for all purposes.

RRRR.10 CALCULATION OF INVOICING AMOUNT

- (a) The “invoicing amount” in respect of each lot comprised in a Seller’s Delivery Notice shall be a sum calculated in accordance with the formula:

$$1000 \times \text{EDSP}(N) \times \text{PF} + [\text{IA} + (\text{DA} \times T)]$$

where:

EDSP(N) = the EDSP for the Notice Day;

PF = the Price Factor for the Deliverable Gilt, as shown in respect of such Deliverable Gilt in the column of the List of Deliverable Gilts headed “Price Factor”;

IA = the amount shown in respect of such Deliverable Gilt in the column of the List of Deliverable Gilts headed “Initial Accrued”;

DA = the amount shown in respect of such Deliverable Gilt in the column of the List of Deliverable Gilts headed “Daily Accrued”;

T = the number of days from and including the first day of the relevant delivery month up to and including the Settlement Day for such lot.

- (b) (i) Where the sum calculated in accordance with Rule RRRR.10(a) is not a number of Pounds and whole pence such sum shall be rounded to the nearest sum which is a number of Pounds and whole pence, and the invoicing amount shall be such nearest sum.
- (ii) Where the sum calculated in accordance with Rule RRRR.10(a) is a number of Pounds and whole pence and one half penny, such sum shall be rounded down to the nearest sum which is a number of Pounds and whole pence, and the invoicing amount shall be such nearest sum.
- (c) In the case of lots comprised in registered Contracts the invoicing amount shall be paid by and to the Clearing House (as the case may be) in accordance with Rule RRRR.12 and the Administrative Procedures.

RRRR.11 SETTLEMENT PAYMENTS

- (a) In respect of each lot comprised in a Seller’s Delivery Notice, in addition to any other payment required by these Contract Rules, the following payments shall be made by the time specified for that purpose in the Administrative Procedures:

- (i) where the EDSP for the relevant Notice Day exceeds the Contract price, payment by the Seller to the Clearing House or payment by the Clearing House to the Buyer, or both (as the case may require), and
- (ii) where the Contract price exceeds the EDSP for the relevant Notice Day, payment by the Buyer to the Clearing House or payment by the Clearing House to the Seller, or both (as the case may require),
of a sum calculated as the difference, in Pounds and pence multiplied by 1000 in respect of each lot, between the EDSP for the relevant Notice Day and the Contract price.
- (b) Where the sum calculated in accordance with Rule RRRR.11(a) is not a number of Pounds and whole pence such sum shall be rounded down to the nearest sum which is a number of Pounds and whole pence and the sum payable under Rule RRRR.11(a) shall be such nearest sum.

RRRR.12 SETTLEMENT

- (a) Subject to Rule RRRR.12(d), on the Settlement Day at or by the time specified for that purpose in and in accordance with the Relevant Settlement System Rules and the Administrative Procedures, the Seller, or if he has nominated one, the Transferor, shall transfer to the Clearing House through the Relevant Settlement System the delivery amount of the Deliverable Gilt in respect of each lot referred to in the Seller's Delivery Notice, each transfer being in an amount of £100,000 nominal of each such Deliverable Gilt or an exact multiple thereof and the consideration therefor (to be satisfied, as between the Clearing House and the Transferor, by way of an Assured Payment) being equal to the aggregate of the invoicing amounts in respect of the lots comprised in such transfer.
- (b) Subject to Rule RRRR.12(d), on the Settlement Day at or by the time specified for that purpose in and in accordance with the Administrative Procedures, the Transferee shall accept transfer through the Relevant Settlement System of the delivery amount of the Deliverable Gilt referred to in the Buyer's Notification in respect of each lot, each transfer being in an amount of £100,000 nominal of each such Deliverable Gilt or an exact multiple thereof and the consideration therefor (to be satisfied, as between the Clearing House and the Transferee, by way of an Assured Payment) being equal to the aggregate of the invoicing amounts in respect of the lots comprised in such transfer.
- (c)
 - (i) At any time after accepting transfer of the delivery amount of the Deliverable Gilt pursuant to Rule RRRR.12(a) the Clearing House may re-allocate to a Buyer (other than that to whom such lot was allocated pursuant to Rule RRRR.8(a)(i)) each lot referred to in a Seller's Delivery Notice.
 - (ii) Where the rules relating to bad deliveries contained in the Relevant Settlement System Rules or any other of the Relevant Settlement System Rules are invoked in respect of the transfer of Gilts to the Clearing House by the Seller, or if he has nominated one, the Transferor or to the Buyer, or if he has nominated one, the Transferee by the Clearing House which may lead to the reversal of one or more of such transfers of Gilts, the Seller shall be held to be in default under Rule RRRR.15 notwithstanding that the Seller may not be responsible for any circumstance which leads to any such rule being invoked.
 - (iii) No lot shall be re-allocated to a Buyer under paragraph (i) or (ii) above so that such Buyer would thereby be required to accept delivery of a delivery amount of a Deliverable Gilt different in specification to that which he would have received as a result of the allocation made pursuant to Rule RRRR.8(a)(i).
- (d)
 - (i) Every transfer of the delivery amount of a Deliverable Gilt through the Relevant Settlement System shall be subject to and in accordance with the Relevant Settlement System Rules.
 - (ii) The obligation of the Clearing House to the Seller to make the payment referred to in Rule RRRR.10(c) shall be discharged by an Assured Payment arising upon the transfer of Gilts made under Rule RRRR.12(a) and the obligation of the Buyer to the Clearing House shall be discharged by an Assured Payment arising upon the transfer of Gilts made under Rule RRRR.12(b).
 - (iii) If any transfer or transfers of the delivery amount of a Deliverable Gilt required by this Rule RRRR.12 cannot be accomplished on the Settlement Day by the time or times specified in the

Administrative Procedures due to any event occurring which is outside the control of the Seller, or if he has nominated one, the Transferor or of the Buyer, or if he has nominated one, the Transferee or of the Clearing House, as the case may be, which, without prejudice to the generality of the foregoing, may include:

- (A) where relevant, a failure by a seller of Gilts to the Transferor to make transfer of such Gilts by the due time so as to enable the Buyer, or if he has nominated one, the Transferor to fulfil his obligations to transfer the Gilts to the Clearing House in accordance with Rule RRRR.12(a);
- (B) a failure by the Seller, or if he has nominated one, the Transferor to transfer Gilts to the Clearing House in accordance with Rule RRRR.12(a) so as to enable the Clearing House to fulfil its obligations to transfer Gilts to the Buyer, or if he has nominated one, the Transferee in accordance with Rule RRRR.12(b);
- (C) an error, failure, closure or suspension of the Relevant Settlement System or of other systems operated by or on behalf of the Relevant Settlement System;
- (D) a failure or termination of the Seller's or Buyer's or, if so nominated, their Transferor's or the Transferee's or the Clearing House's access to its Settlement Agent;
- (E) a failure of the Seller's or Buyer's or if so nominated, their Transferor's or Transferee's Settlement Agent's or the Clearing House's access to the Relevant Settlement System for any reason, including, without limitation, as a result of any fault or failure of any computer or communication system;
- (F) any action taken by the Relevant Settlement System, whether pursuant to the Relevant Settlement System Rules or otherwise; or
- (G) any failure of, or any action or failure to take action by, a settlement bank appointed by the Seller or Buyer or, if so nominated, their Transferor or Transferee or the Clearing House from time to time in connection with the settlement of Gilts through the Relevant Settlement System, which prevents the transfer of Gilts to the Seller or Buyer or, if so nominated, their Transferor or Transferee or to the Clearing House, as the case may be,

then such transfer or transfers shall be made as soon as possible through the Relevant Settlement System, in accordance with any instructions which may be given by the Clearing House, which may, if it is not possible to transfer Gilts through the Relevant Settlement System for any period, require delivery of Gilts by a means other than through the Relevant Settlement System. In the case of any disagreement between the Clearing House and the Transferee as to whether any particular transfer can be or has been accomplished the determination of the Clearing House shall be final.

- (iv) Any amounts payable under Rule RRRR.11 shall be made outside the Relevant Settlement System.
- (v) Any instructions given by the Clearing House under paragraph (iii) above shall be binding and failure by the Seller or the Buyer to comply or ensure compliance with such instructions shall constitute a default under Rule RRRR.15(b) by such Seller or, as the case may be, such Buyer.
- (e) Where for any reason other than the default of the Seller, the Clearing House, through circumstances beyond its control, is unable by the time specified for that purpose in the Administrative Procedures to transfer to the Buyer, or if he has nominated one, the Transferee the delivery amount of the Deliverable Gilt in respect of a lot referred to in the delivery notification, then no alteration shall be made to the invoicing amount, provided that, in respect of such delay,
 - (i) the rights of a Buyer shall consist solely of the right to have transfer made to the Buyer, or if he has nominated one, the Transferee as soon as possible and the Buyer shall pay to the Clearing House, in addition to any other sums payable by him, a sum in respect of such lot calculated in accordance with the formula set out in Rule RRRR.12(f), and

- (ii) the rights of a Seller shall consist solely of the right to receive from the Clearing House a sum in respect of such lot calculated in accordance with the formula set out in Rule RRRR.12(f).
- (f) Sums payable under Rule RRRR.12(e) shall be calculated in accordance with the formula:

$$\frac{D}{365} \times \frac{R}{100} \times I$$

where

D = the number of days from (and excluding) the Settlement Day up to (and including) the day on which transfer is effected through the Relevant Settlement System;

R = the average of the Clearing House's sterling base rate in percentage terms at the close of business on each day from (and including) the Settlement Day up to (and excluding) the day on which delivery is effected through the Relevant Settlement System;

I = the invoicing amount in respect of the relevant lot;

and shall be payable at such time and in such manner as the Clearing House may specify.

- (g) (i) If as a result of any of the circumstances referred to in Rules RRRR.12(d) or RRRR.12(e) there is a delay in the delivery of the delivery amount of a Deliverable Gilt and a dividend which would have been received by the Buyer, or if he has nominated one, the Transferee if transfer to him had taken place on the Settlement Day (and he had retained title to the Gilts) is received by the Clearing House or by the Seller, or if he has nominated one, the Transferor then, in addition to any other payments to be made under Rule RRRR.12(e), the Clearing House and the Seller shall make such payments and deliver such documents as may be specified in the Administrative Procedures.
- (ii) Any payment required by paragraph (i) of this Rule shall be made at such time and in such manner as the Clearing House may specify.
- (h) In the event of any delay resulting from any of the circumstances referred to in Rules RRRR.12(d) or RRRR.12(e), the Seller and Buyer shall provide to the Clearing House documentary evidence satisfactory to the Clearing House that they had complied with their obligations under a Contract by the time and in the manner prescribed.
- (i) (i) The Clearing House shall give notice to the Exchange of any instructions given by it under Rule RRRR.12(d)(iii) forthwith upon giving such instructions and of any event contemplated by Rule RRRR.12(d)(iii) which may prevent or has prevented a transfer of Gilts in respect of a Contract upon becoming aware of any such event.
- (ii) If any event contemplated by Rule RRRR.12(d)(iii) occurs, the provisions of Rule RRRR.12 shall apply and the provisions of Rule RRRR.17 shall not apply unless, after consultation with the Clearing House, the Exchange determines that such circumstances have continued or are likely to continue for such duration that the provisions of Rule RRRR.12(d) and RRRR.12(e) shall no longer apply and that the provisions of Rule RRRR.17 shall apply. The Exchange's determination shall be final and binding.
- (j) Any provision of these Contract Rules or of the Administrative Procedures relating to procedures for settlement may be varied, or substituted by different procedures for settlement, by the Exchange from time to time. Any such variation or substitution shall have such effect with regard to existing and/or new Contracts as the Exchange may determine.

RRRR.13 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 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 Exchange may at its discretion determine either that such day shall be the Last Trading Day in respect of that delivery month

notwithstanding that it will not be a business day or that the business day next following such day shall become the Last Trading Day in respect of that delivery month, and in either case the Exchange shall post a notice of the Exchange's determination on the Market.

- (b) If, as a result of the Exchange's determination under Rule RRRR.13(a), or for any other reason, the Settlement Day in respect of a lot referred to in a Seller's Delivery Notice is not a day in the delivery month, and if the Deliverable Gilt nominated in respect of such lot would have been delivered cum-dividend during the delivery month but is to be delivered ex-dividend on the Settlement Day, then the invoicing amount in respect of each lot calculated in accordance with Rules RRRR.10(a) and RRRR.10(b) shall be reduced by a sum equal to the gross amount of the dividend.

RRRR.14 COSTS

- (a) The Seller and the Buyer shall bear all costs, losses, claims and expenses of whatsoever nature incurred by them respectively in the course of complying with their obligations under a Contract. This Rule shall be without prejudice to the exercise by the Clearing House of its rights under the Clearing House Rules in respect of fees and other charges.

RRRR.15 DEFAULT

- (a) The provisions of Rules RRRR.15(b) to RRRR.15(i) inclusive shall be subject to the default rules of the Clearing House as may be in force from time to time.
- (b) 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 in accordance with these Contract Rules, the Regulations and the Administrative Procedures and the Clearing House Rules including, without limitation, if:
 - (A) (in the case of a Seller only) the Gilts transferred by the Seller, or if he has nominated one, the Transferor to the Clearing House through the Relevant Settlement System

do not accord with the Deliverable Gilt specified in respect of a lot in the Seller's Delivery Notice;
 - (B) (in the case of a Buyer only) the Buyer, or if he has nominated one, the Transferee fails to pay any sum due to the Clearing House in respect of a registered Contract by the time specified for that purpose in the Administrative Procedures; or
 - (ii) in the reasonable opinion of the Clearing House, the Buyer or the Seller, as the case may be, is otherwise in default (including, but without limitation, in any of the circumstances referred to in Rule RRRR.16).
- (c) Errors in a Seller's Delivery Notice or any other notice to be given hereunder which are determined, in the Clearing House's absolute discretion, to be clerical errors which can readily be rectified shall not be treated as constituting a default.
- (d) Where a Buyer or Seller is in default under Rule RRRR.15(b), the Clearing House may in its absolute discretion take any steps whatsoever which may appear desirable to the Clearing House for the protection of the Clearing House or of the Seller or Buyer not in default including, without prejudice to the generality of the foregoing, steps referred to in Rule RRRR.16. Any costs, claims, losses, taxes or expenses of whatsoever nature suffered or incurred by the Clearing House in connection with any steps taken by the Clearing House in relation to a Contract to which a default under Rule RRRR.15(b) relates shall be paid by the Buyer or Seller who is in default. Any steps taken by the Clearing House in relation to a default under Rule RRRR.15(b) shall be without prejudice to any rights (including rights to refer matters to arbitration), obligations or claims of the Buyer, the Seller or the Clearing House in relation to a Contract to which the default relates.
- (e) A Buyer who is in default under Rule RRRR.15(b) shall forthwith pay to the Clearing House any sums payable by the Buyer under Rule RRRR.11 and any sums payable pursuant to Rule RRRR.15(d).

- (f) A Seller who is in default under Rule RRRR.15(b) shall forthwith pay to the Clearing House any sums payable by the Seller under Rule RRRR.11 and any sums payable pursuant to Rule RRRR.15(d).
- (g) Without prejudice to its rights under any other part of Rule RRRR.15, the Clearing House may refer to the Exchange any dispute or issue arising between any of the parties. If, upon such reference, the Exchange is of the opinion that the default under Rule RRRR.15(b) is of minor significance it shall determine any such dispute or issue between such parties upon such evidence as it may deem relevant and convey its findings to such parties who shall forthwith accept such determination and shall implement its terms without question, provided that such acceptance and implementation shall be without prejudice to the right of any party to refer the dispute or any related dispute to arbitration under the Regulations.
- (h) Notwithstanding that a Buyer or Seller may be in default under Rule RRRR.15(b), the Clearing House may in its absolute discretion determine not to exercise or to delay in exercising any of its rights under this Rule RRRR.15 or under Rule RRRR.16, and no failure by the Clearing House to exercise nor any delay on its part in exercising any of such rights shall operate as a waiver of the Clearing House's rights upon that or any subsequent occasion, nor shall any single or partial exercise of any such rights prevent any further exercise thereof or of any other right.
- (i) A Buyer, a Seller or the Clearing House may refer a dispute arising out of a default under Rule RRRR.15(b) (subject always to the application of provisions of Rule RRRR.16) to arbitration. Any steps taken by the Clearing House pursuant to Rule RRRR.15(d) shall be without prejudice to the rights of any party to refer a dispute to arbitration under the Regulations.

RRRR.16 CONSEQUENCES OF DELIVERY DEFAULT

- (a) The provisions of Rules RRRR.16(b) to RRRR.16(h) inclusive shall be subject to the default rules of the Clearing House, as may be in force from time to time in force.
- (b) For the purpose of this Rule RRRR.16, a reference to a "delivery default" shall be construed as including an actual default by a Seller (or its Transferor in performing the Seller's obligations) in delivering Gilts in accordance with these Contract Rules or an actual default by a Buyer (or its Transferee in performing the Buyer's obligations) in making a payment in accordance with these Contract Rules, or an anticipated default. An anticipated default is a default by a Seller (or its Transferor in performing the Seller's obligations) or by a Buyer (or its Transferee in performing the Buyer's obligations) which the Clearing House, in its reasonable opinion, thinks will occur and in respect of which the Clearing House considers that it should take action under the provisions of this Rule RRRR.16.
- (c) If there appears to the Clearing House to be a delivery default by a Buyer or a Seller in respect of any lot comprised in a registered Contract the Clearing House may take such steps as it deems appropriate to facilitate a mutually acceptable resolution of such delivery default. A resolution of a delivery default may be on such terms and take such form as is acceptable to the Clearing House, to the Buyer and to the Seller. Such terms may limit some or all of the rights of the Buyer, the Seller or the Clearing House to refer any matter concerning or arising out of a delivery default (or the resolution thereof) to arbitration under the Regulations.
- (d) If it appears to the Clearing House that a Clearing Member as Seller or a Clearing Member as Buyer is in delivery default, the Clearing House may in its sole discretion, in addition to any steps taken under Rule RRRR.16(c), take any steps whatsoever which may appear desirable to the Clearing House for the protection of the Clearing House or of the Seller or Buyer not in delivery default including, without prejudice to the generality of the foregoing, the steps referred to elsewhere in this Rule RRRR.16. Any costs, claims, losses, taxes or expenses of whatsoever nature suffered or incurred by the Clearing House in connection with any steps taken by the Clearing House in relation to a Contract to which the delivery default relates shall be paid by the Buyer or Seller who is in delivery default. Any steps taken by the Clearing House in relation to a delivery default shall be without prejudice to any rights (including rights to refer matters to arbitration under Rule RRRR.16(h)), obligations or claims of the Buyer, the Seller or the Clearing House in relation to a Contract to which the delivery default relates.
- (e) **Seller in delivery default**

- (i) Unless the terms of a resolution (if any) agreed under Rule RRRR.16(c) of a delivery default by a Seller have been performed then, notwithstanding that the Clearing House is in delivery default to the Buyer on the Settlement Day, the Buyer shall make available, or shall procure its Transferee to make available, in the appropriate account for the purpose of making payment to the Clearing House against delivery the invoicing amount in respect of each delivery amount the Deliverable Gilt set out in the Buyer's Notification on each business day until the earlier of:
 - (A) delivery by the Clearing House of a delivery amount of the Deliverable Gilt in respect of a specific lot; or
 - (B) the end of the sixth business day following the Settlement Day.

In the event that the Clearing House has not delivered the delivery amount of the Deliverable Gilt by close of business on the sixth business day following the Settlement Day, those lots in respect of which delivery has not been made by the Clearing House shall be the subject of cash settlement. The cash settlement price shall be determined by the Exchange on the seventh business day following the Settlement Day by reference, inter alia, to spread relationships in existence before the cessation of trading on the Last Trading Day and to movements in market prices and values for the Deliverable Gilt and for other delivery months from the cessation of trading on the Last Trading Day to the time when pursuant to this Rule RRRR.16(c)(i) the Exchange determines the cash settlement price. Such cash settlement price shall be final and no dispute as to such price may be referred to arbitration, notwithstanding that any party may refer any dispute which any party might have in relation to the costs, claims, losses, taxes or expenses incurred or suffered by it to arbitration pursuant to Rule RRRR.16(h).

- (ii) Until the time when the terms of a resolution (if any) agreed under Rule RRRR.16(c) of a delivery default by the Seller have been performed, the Clearing House in its sole discretion may take any steps whatsoever which may appear desirable to the Clearing House, in order to perform its obligations to the Buyer in whole or in part on the Settlement Day or otherwise before close of business on the sixth business day following the Settlement Day. The steps which the Clearing House may take may include buying or borrowing some or all of the delivery amount of the Deliverable Gilt from someone other than the Seller. In the event that the Seller attempts to deliver late or does deliver late some or all of the delivery amounts of the Deliverable Gilt to the Clearing House, the Clearing House shall be entitled to reject such attempted late delivery, or actual late delivery, or otherwise treat any such attempted or actual delivery as it sees fit (including, without limitation, selling such Deliverable Gilts as have actually been delivered) if it has already made alternative arrangements to buy, borrow or otherwise acquire for delivery to the Buyer some or all of the delivery amounts of the Deliverable Gilt. In the event that the Clearing House does acquire Gilts at such time and place and in such manner and on such terms as the Clearing House thinks fit from a person other than the Seller in order to meet in whole or in part its obligations to the Buyer to make delivery of Gilts:
 - (A) if the total cost incurred by the Clearing House in acquiring the Gilts, including for the avoidance of doubt the cost of any purchase of Deliverable Gilts by the Clearing House in order to fulfil any obligations under the acquisition arrangements it has made ("the Acquisition Cost"), is greater than the invoicing amount which would have been payable by the Clearing House to the Seller, or if he has nominated one, the Transferor in respect of the relevant lot, the Seller shall forthwith pay the amount of such difference to the Clearing House; or
 - (B) if the Acquisition Cost is less than the invoicing amount referred to above, the amount of such difference shall (if any remains after the deduction so far as possible of such sums as are payable by the Seller to the Clearing House under sub-paragraph (C) below or otherwise) be retained by the Clearing House to the order of the Exchange; and
 - (C) the Seller shall forthwith pay to the Clearing House any sums payable by the Seller under Rule RRRR.11 and any sums (including, without limitation, costs, claims, losses taxes or expenses) payable to the Clearing House pursuant to this Rule RRRR.16, including, for the avoidance of doubt, all related administrative and funding costs (including borrowing costs) suffered or incurred by the Clearing House.

(f) Buyer in delivery default

- (i) If a Buyer is in delivery default to the Clearing House, the Clearing House shall be entitled to take such steps as it considers appropriate in order to make payment of the invoicing amount to the Seller in respect of the delivery amount of the Deliverable Gilt to be delivered to it by the Seller. Unless the terms of a resolution (if any) agreed under Rule RRRR.16(c) of a delivery default by a Buyer have been performed, or if the Clearing House has been unable to take delivery of the delivery amount of the Deliverable Gilt from the Seller as a result of a delivery default by the Buyer, the Seller shall, notwithstanding this delivery default, take all necessary steps to make available for delivery each delivery amount of the Deliverable Gilt specified in respect of each lot in the Seller's Delivery Notice at a later time on the Settlement Day and on each business day following the Settlement Day until the earlier of:
 - (A) the Seller delivering such delivery amounts (whether altogether simultaneously or in separate amounts at different times as may be directed by the Clearing House) to the Clearing House in consideration for the Clearing House paying to the Seller the invoicing amount in respect of each such previously undelivered delivery amount of the Deliverable Gilt; or
 - (B) the end of the sixth business day following the Settlement Day.

In the event that the Clearing House has not paid the invoicing amount to the Seller in respect of each lot by close of business on the sixth business day following the Settlement Day, those lots in respect of which payment has not been made by the Clearing House shall be the subject of cash settlement. The cash settlement price shall be determined by the Exchange on the seventh business day following the Settlement Day by reference, inter alia, to spread relationships in existence before the cessation of trading on the Last Trading Day and to movements in market prices and values for the Deliverable Gilt and for other delivery months from the cessation of trading on the Last Trading Day to the time when pursuant to this Rule RRRR.16(f)(i) the Exchange determines the cash settlement price. Such cash settlement price shall be final and no dispute as to such price may be referred to arbitration, notwithstanding that any party may refer any dispute which any party might have in relation to the costs, claims, losses, taxes or expenses incurred or suffered by it to arbitration pursuant to Rule RRRR.16(h).

- (ii) Notwithstanding the Buyer's delivery default, the Clearing House may have acquired Deliverable Gilts from the Seller (or its Transferor). When this occurs, the Clearing House in its sole discretion may sell any or all Gilts delivered by the Seller (or its Transferor) at such time and place and in such manner and on such terms as may to the Clearing House seem fit. Where the price at which such Gilts are sold ("the Sale Price") is less than the invoicing amount in respect of the relevant lot the difference between the Sale Price and the invoicing amount, together with any funding costs incurred by the Clearing House in accepting delivery of some, or all, delivery amounts of Deliverable Gilts from the Seller pursuant to this Rule RRRR.16(f)(ii), shall forthwith be paid by the Buyer who is in delivery default to the Clearing House. Where the invoicing amount is less than the Sale Price the difference between the invoicing amount and the Sale Price (if any remains after the deduction so far as possible of such sums as are payable by the Buyer to the Clearing House hereunder (including, without limitation, costs, including administrative and funding costs suffered or incurred by the Clearing House and described elsewhere in this Rule RRRR.16(f)(ii) or otherwise including, without limitation, costs, claims, losses, taxes or expenses) shall be retained by the Clearing House to the order of the Exchange.
 - (iii) A Buyer who is in delivery default shall forthwith pay to the Clearing House any sums payable by the Buyer under Rule RRRR.11 and any sums payable to the Clearing House pursuant to this Rule RRRR.16.
- (g) Without prejudice to its rights under any other part of Rule RRRR.16, the Clearing House may refer to the Exchange any dispute or issue arising between any of the parties. If, upon such reference, the Exchange is of the opinion that the delivery default is of minor significance it shall determine any such dispute or issue between such parties upon such evidence as it may deem relevant and convey its findings to such parties who shall forthwith accept such determination and shall implement its terms without question,

provided that such acceptance and implementation shall be without prejudice to the right of any party to refer the dispute or any related dispute to arbitration under the Regulations.

- (h) Subject always to a resolution of a delivery default pursuant to Rule RRRR.16(c), the terms of which by agreement limit in whole or in part the rights of one or more of a Buyer, a Seller or the Clearing House to refer a dispute to arbitration under the Regulations and subject to the provisions in this Rule RRRR.16 limiting the matters which may be referred to an arbitration, a Buyer, a Seller or the Clearing House may refer a dispute arising out of a delivery default to arbitration under the Regulations.
- (i) The provisions of Rules RRRR.15 and RRRR.16 relating to steps that may be taken by the Clearing House, where there appears to the Clearing House to be a delivery default by a Buyer or, as the case may be, a Seller under Rule RRRR.15(b), may be varied, or different steps may be substituted therefor by the Exchange from time to time. Any such variation or substitution shall have such effect with regard to such existing and/or new Contracts and registered Contracts as the Exchange may determine.

RRRR.17 FORCE MAJEURE

- (a) Subject to the provisions of Rules RRRR.12(d)(iii) and RRRR.12(e) and to any steps taken at any time by the Exchange under emergency powers in the Regulations and subject to the default rules of the Clearing House, in the event of a Seller or a Buyer being prevented from performing his obligations in respect of any lot comprised in a Contract by the due time therefor by any cause 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 such lot shall be invoiced back at a price to be fixed by the Exchange in consultation with the Clearing House.

RRRR.18 [NOT USED]

RRRR.19 [NOT USED]

RRRR.20 [NOT USED]

RRRR.21 [NOT USED]

RRRR.22 STATEMENT IN RELATION TO ICE FUTURES GILT FUTURES CONTRACTS

- (a) Potential users of the ICE Futures Gilt Futures Contracts made available on ICE Futures Europe should familiarise themselves with the relevant Contract Rules and Administrative Procedures.

Potential users should consider the risks of holding a position into the Notice Period of an ICE Futures Gilt Futures Contract wherein they are potential buyers or sellers in the delivery process. In particular, they should familiarise themselves with the use of Price Factors and the EDSP price formation process as these are both constituents of the formula for the calculation of the invoicing amount.

TABLE⁴
CONTRACT DETAILS SPECIFIED BY THE EXCHANGE FOR ICE FUTURES GILT FUTURES CONTRACTS

Contract	Ultra Long Gilt	Long Gilt	Medium Gilt	Short Gilt
Maturity Range of Deliverable Gilts⁵	28 years to 37 years	8 years and 9 months to 13 years	4 years to 6 years and 3 months	1 year and 6 months to 3 years and 3 months
Original Term to Maturity	N/A	N/A	≤ 11 years	≤ 11 years
Coupon Range of Deliverable Gilts	N/A	N/A	N/A	N/A
Unit of Trading	£100,000 nominal value notional Gilt	£100,000 nominal value notional Gilt	£100,000 nominal value notional Gilt	£100,000 nominal value notional Gilt
Notional Coupon	4%	4%	4%	3%
Delivery Months	Mar, Jun, Sep, Dec	Mar, Jun, Sep, Dec	Mar, Jun, Sep, Dec	Mar, Jun, Sep, Dec
No. of delivery months available for trading	3 Quarterly	3 Quarterly	2 Quarterly	2 Quarterly
Quotation	Per £100 nominal	Per £100 nominal	Per £100 nominal	Per £100 nominal
Minimum price movement (value)	0.02 (£20)	0.01 (£10)	0.01 (£10)	0.01 (£10)
Exchange Delivery Settlement Price (EDSP)	The price as determined by the Exchange at 11:00 according to Rule RRRR.9, rounded to the nearest lower number of Pounds and whole pence (0.01)			
First Notice Day	Two business days prior to the first day of the delivery month			
Last Notice Day	First business day after the Last Trading Day			
Last Trading Day	Two business days prior to the last business day of the delivery month			
Delivery Day	Any business day in delivery month (at seller's choice)			
Relevant Settlement System	CREST, operated by Euroclear UK & Ireland Ltd			

⁴ Amended 19 October 2016; 21 December 2023; 19 September 2024

⁵ Deliverable Gilts include only gilt issues which provide for the redemption of the entire gilt issue in a single instalment within the maturity ranges stated above, from the first day of the relevant delivery month.