

## LONDON NOTICE No. 2796

ISSUE DATE: 14 September 2006

EFFECTIVE DATE: 15 September 2006

### INTRODUCTION OF VARIANCE INDEX FUTURES CONTRACTS ON BCLEAR

#### CONTRACT DESIGNATIONS

##### Executive Summary

This Notice: (a) provides members with details of the contract designations for the new Variance Index Futures Contracts on Bclear; and (b) explains the process for establishing Daily Settlement Prices in respect of such Contracts.

#### 1. Introduction

- 1.1 London Circular No. 06/27 and London Notice No. 2794, issued on 2 August 2006 and 4 September 2006 respectively, informed members of the introduction of Variance Index Futures Contracts on Bclear.
- 1.2 This Notice provides members with details of the contract designations for the new Variance Index Futures Contracts on Bclear and explains the process for establishing Daily Settlement Prices in respect of such Contracts.

#### 2. Contract Designation

- 2.1 To be capable of being reported to the Exchange via Bclear, a transaction must conform to the specifications of an Exchange Contract which, for the purposes of the Rules, has been designated by the Exchange as an OTC Contract. The Variance Index Contract (Exchange Contract No. 302), in relation to indices that may be the subject of a lot in respect of Exchange Contract No. 302, is hereby designated as an OTC Contract for these purposes. The Contract Specification for Exchange Contract No. 302 is contained in the Attachment to this Notice.

#### 3. Daily Settlement Prices

- 3.1 At the close of business, Daily Settlement Prices will be established for all open Variance Index Futures Contracts. The Daily Settlement Price will be determined using a fair value calculation. The methodology and formulae used to calculate Daily Settlement Prices can be found in the Variance Index Futures section of the Euronext website at [www.euronext.com/bclear](http://www.euronext.com/bclear).

Web site: [www.euronext.com/derivatives](http://www.euronext.com/derivatives)

The Euronext Derivatives Markets ("Euronext.liffe") include the markets for derivatives operated by Euronext Amsterdam, Euronext Brussels, Euronext Lisbon, Euronext Paris and LIFFE Administration and Management, referred to respectively as the Amsterdam, Brussels, Lisbon, Paris and London markets.

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EXCHANGE CONTRACT NO. 302

IN RESPECT OF

VARIANCE INDEX CONTRACTS

(A) CONTRACT TERMS

(Issue Date: 14 September 2006)

(B) CONTRACT DETAILS SPECIFIED BY THE BOARD

(Issue Date: 14 September 2006)

(C) ADMINISTRATIVE PROCEDURES

(Issue Date: 14 September 2006)

Delivery Months, Nine Month Contract

AEX	June 2007 onwards
CAC 40	June 2007 onwards
FTSE 100	June 2007 onwards

Delivery Months, Twelve Month Contract

AEX	September 2007 onwards
CAC 40	September 2007 onwards
FTSE 100	September 2007 onwards

Delivery Months, Fifteen Month Contract

AEX	December 2007 onwards
CAC 40	December 2007 onwards
FTSE 100	December 2007 onwards

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THE LONDON INTERNATIONAL FINANCIAL FUTURES AND OPTIONS  
EXCHANGE

(A) CONTRACT TERMS

1. Interpretation

1.01 Save as otherwise specified herein, words and phrases defined in the Rules shall have the same meanings in these terms, the Contract Details Specified by the Board for Variance Index Contracts and in the Administrative Procedures.

1.02 In these terms, the Contract Details Specified by the Board for Variance Index Contracts and in the Administrative Procedures:

“Administrative Procedures” means all procedures from time to time implemented by the Board pursuant to the Rules for the purposes of this Exchange Contract.

“business day” means a day on which both the relevant stock exchange and the relevant derivatives exchange are open for business and the Index Provider publishes the level of the Index.

“Clearing House” means LCH.Clearnet Limited.

“Closing Index Value” means the value of the Index as calculated by the Index Provider at the close of trading on the relevant stock exchange.

“Contract” means a contract made expressly or impliedly in the terms of this Exchange Contract for the sale and purchase of one or more lots, and  
“registered Contract” means a Contract registered by the Clearing House.

“delivery month” means each month specified in Table 1.

“Disrupted Day” means any expected business day in respect of which exchange officials have determined that:

- (a) the Index Provider for any reason has not calculated or published, or will not calculate or publish, the Closing Index Value; and/or
- (b) the relevant stock exchange and/or the relevant derivatives exchange has failed to open for trading during its regular trading session; and/or
- (c) a Market Disruption Event has occurred.

“Early Closure” means the closure on any business day of the relevant stock exchange in respect of any constituent security of the Index prior to its Scheduled Closing Time, or of the relevant derivatives exchange’s trading system prior to its normal closing time in respect of the relevant futures and options on the Index unless such earlier closing is announced by the relevant

stock exchange or the relevant derivatives exchange (as the case may be) at least one hour prior to the earlier of:

- (a) the actual closing time for the regular trading session on the relevant stock exchange or the relevant derivatives exchange (as the case may be) on such business day; and
- (b) the submission deadline for orders to be entered into the relevant stock exchange or the relevant derivatives exchange system for execution at the relevant Valuation Time on such business day.

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

“EDSP Intra-day Auction” means the auction for securities in the FTSE 100 Index operated by the London Stock Exchange from which the Expiry Value for FTSE 100 Index futures and options contracts will be calculated.

“Exchange Disruption” means any event (other than an Early Closure) that disrupts or impairs (as determined by exchange officials) the ability of market participants in general to effect transactions in, or obtain market values for:

- (a) any constituent security of the Index on the relevant stock exchange; or
- (b) relevant futures and options on the Index.

“expected business day” means, on the day that the relevant delivery month is first made available for trading, a day that the Exchange anticipates will be a business day during the Observation Period in respect of the relevant delivery month.

“Expiry Day” means, in respect of a delivery month, the third Friday in that month provided that if that day is not a business day then the Expiry Day shall be the last business day preceding the third Friday. For the avoidance of doubt, the Valuation Date will be the business day preceding the third Friday if, at the time that the relevant delivery month was first made available for trading, the third Friday was not an expected business day (subject in all cases to term 4.02).

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

“Expiry Value” means, in respect of an Expiry Day on which an EDSP Intra-day Auction is operated, the value of the FTSE 100 Index as calculated by FTSE International Limited with reference to the outcome of the EDSP Intra-day Auction.

“€” denotes the single currency of the European Union introduced in a Member State as the lawful currency of that Member State pursuant to its participation in Economic and Monetary Union in the European Union known, at the date of the issue of these terms, as “euro”.

“Ground Rules” means, in the case of an Index compiled by Euronext Indices B.V., the Index “Ground Rules of the Series” or its successor, and in the case of FTSE International Limited, the “Ground Rules for the Management of the Series” or its successor.

“Index” means an index of securities prices, calculated by the Index Provider from time to time, specified in Table 1.

“Index Provider” means Euronext Indices B.V., a subsidiary of Euronext N.V. or FTSE International Limited, as applicable.

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

“Market Disruption Event” means

- (i)
  - (a) in respect of a constituent security of an Index the occurrence or existence of:
    - (1) a Trading Disruption; or
    - (2) an Exchange Disruption;at any time during the one hour period that ends at the relevant Valuation Time in respect of the relevant stock exchange on which a constituent security of the Index is principally traded and which the Exchange determines is material; or
  - (3) an Early Closure; and
  - (b) the aggregate of all securities in respect of which a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists comprises 20 per cent or more of the level of the Index, using the official opening weightings and opening Index level as published by the Index Provider; or
- (ii) in respect of relevant futures and options on the Index, the occurrence or existence of:
  - (a) a Trading Disruption; or
  - (b) an Exchange Disruption;at any time during the one hour period that ends at the Valuation Time in respect of the relevant derivatives exchange which in either case the Exchange determines is material; or
- (c) an Early Closure.

“Observation Day” means each expected business day that is not a Disrupted Day during the Observation Period.

“Observation Period” means the period from, but excluding, the Observation Start Date, and until and including the Valuation Date.

“Observation Start Date” means the third Friday of the month in which the relevant delivery month was first made available for trading, provided a Closing Index Value is published on that day; otherwise, the Observation Start Date shall be the last business day prior to such third Friday on which a Closing Index Value was published.

“£” denotes the lawful currency of the United Kingdom, known, at the date of issue of these terms, as “sterling”.

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

“relevant derivatives exchange” means Euronext Amsterdam in respect of futures and options contracts on the AEX Index, Euronext Paris in respect of futures and options contracts on the CAC 40 Index, and The London International Financial Futures and Options Exchange in respect of futures and options contracts on the FTSE 100 Index.

“relevant futures and options on the Index” means futures and/or options contracts on the AEX Index which are made available for trading on Euronext Amsterdam, futures and/or options contracts on the CAC 40 Index which are made available for trading on Euronext Paris, and futures and/or options contracts on the FTSE 100 Index which are made available for trading on The London International Financial Futures and Options Exchange.

“relevant stock exchange” means, in respect of an Index, the stock exchange from which the Index Provider obtains prices of the relevant securities of the Index for the purpose of calculating the Index figure in respect of that Index.

“Scheduled Closing Time” means the scheduled weekday closing time of the constituent securities of the Index at the relevant stock exchange, without regard to after hours or any other trading outside the regular trading session hours.

“Settlement Day” means, in respect of a delivery month, the first market day after the Expiry Day.

“Table 1” means the Contract Details specified by the Board for Variance Index Contracts.

“Trading Disruption” means any suspension of or limitation imposed on trading by:

- (a) the relevant stock exchange relating to any constituent security of the Index; or
- (b) the relevant derivatives exchange in relation to futures and options on the Index.

“Valuation Date” means the third Friday of the relevant delivery month, except if at the time that the delivery month was made available for trading the



Expiry Day was determined to be a day other than the third Friday in which case the Valuation Date shall be such day.

“Valuation Time” means, for the purposes of determining whether a Market Disruption Event has occurred:

- (a) in respect of any constituent security of the Index, the Scheduled Closing Time on the relevant stock exchange in respect of such security; and
- (b) in respect of relevant futures and options on the Index, the daily settlement time on the relevant derivatives exchange, with the exception of such futures and options on their Last Trading Day in which case the Valuation Time is the time at which the EDSP of such futures and options contracts is determined by the relevant derivatives exchange in accordance with the relevant Contract Specification;

“Weighting” means the factor which, when multiplied by the price of a constituent security of the Index expressed in euro or sterling, determines the contribution to the Index figure made by that constituent security.

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

1.04 References to a person in these terms shall be construed to include references to its successors and its permitted assigns unless the Board otherwise notifies by Notice.

1.05 Unless stated otherwise, all times specified in these terms and Administrative Procedures are expressed in London time.

## 2. Contract Specification

2.01 These terms shall apply to all Contracts.

2.02 Each Contract shall be for one or more lots for the delivery month specified.

## 3. Price

3.01 Bids, offers and transactions shall be quoted or made, as the case may be, in “Variance Points” and prices shall be a whole number multiple of the minimum price fluctuation, as specified in Table 1.

3.02 One Variance Point shall be 1.0 and shall have the value per lot as specified in Table 1.

4. Expiry Day

4.01 On the Expiry Day:

- (a) trading in Contracts for the relevant delivery month shall cease at such time as may be specified in the Administrative Procedures (subject to term 4.02); and
- (b) the Exchange will calculate the EDSP in accordance with term 5.

4.02 If, at any time after the commencement of trading on the business day prior to the day which would have been the Expiry Day in respect of a delivery month, it becomes known to the Exchange that the day which would have been the Expiry Day will not be a market day then the business day next following such day shall become the Expiry Day in respect of that delivery month. However, trading in Contracts for the relevant delivery month shall cease or have ceased at a time determined by the Exchange at its absolute discretion, provided that trading in such Contracts shall not be extended beyond the time that would have been the time at which trading ceased on what would have been the Expiry Day had term 4.02 not been invoked. The Exchange shall publish any arrangements made pursuant to this term 4.02 as soon as it is reasonably practicable so to do.

5. Exchange Delivery Settlement Price ("EDSP")

5.01 The EDSP for Contracts for a particular delivery month shall, subject to terms 5.03 and 6, be the realized variance over the Observation Period calculated as specified for this purpose in the Administrative Procedures and rounded in accordance with the rounding convention specified in Table 1.

5.02 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.

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

6. Errors in Index

6.01 If, in respect of a delivery month, not later than the time on a business day specified for that purpose in the Administrative Procedures, any member of the Exchange notifies exchange officials of, or there otherwise comes to the attention of exchange officials, an alleged or apparent error in the Index due to any alleged or apparent error in the weighting of the price for any constituent security of the Index first made since the publication of the Closing Index Value on the preceding business day, then exchange officials shall promptly investigate such alleged or apparent error. If in their opinion an error has been made, the Exchange shall as soon as reasonably practicable publish a correction to the Index and unless the relevant business day is determined to be a Disrupted Day, and therefore not to be an Observation Day, the EDSP shall be calculated using Index figures as so corrected. Save as allowed by

term 6.02, no correction to the Index shall be made in respect of any error notified to exchange officials or coming to their attention after the time so specified in the Administrative Procedures.

6.02 If, in respect of a delivery month, not later than the time on a business day specified for that purpose in the Administrative Procedures any member of the Exchange notifies exchange officials of, or there otherwise comes to the attention of exchange officials, an alleged or apparent error in the Index in relation to such day due to any cause whatsoever other than an error in the weighting of the price for any constituent security of the Index, then exchange officials shall investigate such alleged or apparent error. If in their opinion an error has been made, they shall correct any Index figure affected thereby in relation to such day which has been or will be used to calculate the EDSP for that delivery month and shall calculate or re-calculate (as the case may be) the EDSP in accordance therewith. No correction of Index figures or re-calculation of the EDSP shall be made in respect of any error notified to exchange officials or coming to their attention after the expiry of the period specified for this purpose in the Administrative Procedures.

6.03 No correction to an Index or re-calculation of the EDSP shall be made other than as may be allowed for in term 6.01 and term 6.02.

6.04 Neither the Exchange nor exchange officials shall have any liability whatsoever in respect of any decision as to whether or not to correct Index figures or as to the amount of any correction, or as to whether or not to re-calculate the EDSP.

## 7. Payment

7.01 In respect of each lot comprised in a Contract the following payments shall be made by the time specified therefor in the Administrative Procedures:

- (a) where the final EDSP exceeds the Contract price, payment by the Seller to the Clearing House and payment by the Clearing House to the Buyer of an amount calculated by multiplying the difference in Variance Points between the Contract price and the EDSP by the value per lot of one Variance Point as specified in Table 1; and
- (b) where the Contract price exceeds the final EDSP, payment by the Buyer to the Clearing House and payment by the Clearing House to the Seller of an amount calculated by multiplying the difference in Variance Points between the EDSP and the Contract price by the value per lot of one Variance Point as specified in Table 1.

## 8. Default in Performance

8.01 A Buyer or a Seller shall be in default in performance where:

- (a) he fails to fulfil his obligations under a Contract by the time and in the manner prescribed and in accordance with these terms, the Rules, the Administrative Procedures or the Regulations; or

- (b) he fails to pay any sum due to the Clearing House in respect of a registered Contract by the time specified in these terms or in the Administrative Procedures or under the Regulations; or
- (c) in the reasonable opinion of the Clearing House he is in default.

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

9. Disrupted Days

9.01 Certain business days may be designated by the Exchange as Disrupted Days. Disrupted Days do not contribute towards the number of Observation Days used to calculate the EDSP.

9.02 The Board may from time to time amend the definition of a Disrupted Day and may amend how a Disrupted Day is treated under term 9.01 and in the definition of Observation Day, in either case to reflect or otherwise take into account any change or prospective change to market standard terms which are applicable to relevant contracts which are not contracts in the terms of an Exchange Contract and any such change shall have effect with regard to existing and/or new Contracts as the Board may determine.

10. Force Majeure

10.1 Subject to any steps taken at any time by the Board under emergency powers in the Rules and subject to the default rules of the Clearing House, a Seller or a Buyer shall be liable to perform his obligations in respect of a lot comprised in a Contract by the due time therefor, notwithstanding that he may be or is likely to be prevented from so doing by any event beyond his reasonable control including, without limitation, any act of God, strike, lockout, war, armed conflict, use of force by authority of the United Nations, fire, riot or civil commotion, combination of workmen, act of terrorism, breakdown of machinery, unavailability or restriction of computer or data processing facilities or energy supplies or bank transfer systems.

11. Articles, Rules, Regulations etc

11.01 Every Contract shall be subject to the Articles and the Rules and the Regulations in so far as applicable notwithstanding that one or more parties to any such Contract may not be members of the Exchange or of the Clearing House.

11.02 In case of any conflict between the Administrative Procedures and these terms or the Rules, the provisions of these terms and the Rules shall prevail and, in the event of any conflict between these terms and the Rules, the Rules shall prevail.

12.           Arbitration

12.01           Subject to term 12.02 and the Rules, any dispute arising from or in relation to a Contract shall be referred to arbitration under the Rules relating to arbitration and arbitration shall be held in accordance with the Rules in force at the time of such reference.

12.02           No dispute arising from or in relation to any invoicing back price fixed by the Board under these terms shall be referred to arbitration under the Rules.

13.           Governing Law

13.01           Every Contract shall be governed by and construed in accordance with English law.

14.           Non-registered Contracts

14.01           In respect of a Contract which is not a registered Contract (“non-registered Contract”) these terms shall be modified by the parties thereto so as to require and allow that a Contract to be registered with the Clearing House under the Rules and the Regulations is capable of being so registered, and to facilitate performance of such registered Contract (and of any intermediate Contract) in accordance with these terms and the Administrative Procedures.  
Modifications may also be made to the terms of a non-registered Contract to permit performance of such non-registered Contract if, without such modifications, it may not be possible to perform such Contract by the applicable times specified in these terms and the Administrative Procedures. Without prejudice to the generality of the foregoing, all references in these terms to payment or dealing between the Buyer or the Seller and the Clearing House shall be modified so as to require a similar payment or dealing directly between the Buyer and the Seller party to such non-registered Contract.

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Issue Date: 14 September 2006

**(B) CONTRACT DETAILS SPECIFIED BY THE BOARD FOR VARIANCE INDEX CONTRACTS (“TABLE 1”)**

<b>Index</b>	<b>AEX</b>	<b>CAC 40</b>	<b>FTSE 100</b>
<b>Known as Exchange Contract No.</b>	67	68	69
<b>Relevant Futures and Options Contract</b>	AEX Index Contract	CAC 40 Index Contract	FTSE 100 Index Contract
<b>Relevant Derivatives Exchange</b>	Euronext Amsterdam	Euronext Paris	The London International Financial Futures and Options Exchange
<b>TRS Code</b>			
<b>Nine Month Contract</b>	A09	C09	F09
<b>Twelve Month Contract</b>	A12	C12	F12
<b>Fifteen Month Contract</b>	A15	C15	F15
<b>Currency specified by the Board</b>	euro €	euro €	sterling £
<b>Contract size</b>	Valued at €50 per Variance Point	Valued at €50 per Variance Point	Valued at £50 per Variance Point
<b>Minimum Price Fluctuation</b>	0.5 Variance Points	0.5 Variance Points	0.5 Variance Points
<b>Delivery months</b>	March, June, September and December	March, June, September and December	March, June, September and December
<b>Contract Maturities</b>	9, 12 and 15 months	9, 12 and 15 months	9, 12 and 15 months
<b>Quotation</b>	Variance Points (e.g. 360.0)	Variance Points (e.g. 360.0)	Variance Points (e.g. 360.0)
<b>EDSP: rounding convention</b>	Rounded to the nearest 0.1 or, where such average is an exact uneven multiple of 0.05, to the nearest higher 0.1	Rounded to the nearest 0.1 or, where such average is an exact uneven multiple of 0.05, to the nearest higher 0.1	Rounded to the nearest 0.1 or, where such average is an exact uneven multiple of 0.05, to the nearest higher 0.1

Issue Date: 14 September 2006

(C) ADMINISTRATIVE PROCEDURES FOR  
VARIANCE INDEX CONTRACTS

A business day other than the Expiry Day in respect of a Contract on the AEX Index and the CAC 40 Index

15.15 hours on such day	The last time for notification to exchange officials under term 6.01 of any error or alleged error in the Index due to any error or alleged error in the weighting of the price for any constituent security of the Index. No correction to the Index shall be made in respect of any such error which is first notified to exchange officials or which first comes to their attention after this time.
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The Exchange shall publish any correction to the Index under term 6.01 as soon as reasonably practicable.

30 minutes after the  
publication of the Closing  
Index Value on such day

The last time for notification to exchange officials of an error or alleged error in the Index of a kind falling to be dealt with under term 6.02.

In any investigation into an alleged or apparent error in the Index in accordance with term 6.02, exchange officials shall have regard, in reaching an opinion as to whether an error has been made, to the Ground Rules in force at the time.

Expiry Day in respect of a Contract on the AEX Index and the CAC 40 Index

13.45 hours	The last time for notification to exchange officials under term 6.01 of any error or alleged error in the Index due to any error or alleged error in the weighting of the price for any constituent security of the Index. No correction to the Index shall be made in respect of any such error which is first notified to exchange officials or which first comes to their attention after this time.
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The Exchange shall publish any correction to the Index under term 6.01 as soon as reasonably practicable.

15.00 hours

Trading in Contracts for the relevant delivery month shall cease.

as soon as reasonably practicable after cessation of trading but not later than 18.00 hours

The Exchange will publish a provisional EDSP.

The EDSP shall be calculated in accordance with term 5.01.

The formula used to calculate the realized variance over the Observation Period is:

$$252 \times \frac{\sum_{t=1}^{Na} \left[ \text{Ln} \left( \frac{p_t}{p_{t-1}} \right) \right]^2}{Ne} \times 10,000$$

Where:

**Na** is the actual number of Observation Days in the Observation Period.

**Ne** is the number of expected business days in the Observation Period. This is fixed from the day on which the delivery month is first made available for trading.

**Ln** is the natural logarithm.

**pt** is the Closing Index Value on the Observation Day, with the exception of the Expiry Day in which case **pt** for that day is determined as the EDSP of the relevant options on the Index (subject to the provisions of this Contract governing Disruption Days). Where  $t=1$ , **pt** is the Closing Index Value on the first business day following the day on which the delivery month is first made available for trading.

**pt-1** is the Closing Index Value of the previous Observation Day and where  $t=1$ , **pt-1** is the Closing Index Value on the Observation Start Date.

**t** is the relevant Observation Day.



30 minutes after the publication of the provisional EDSP

The last time for notification to exchange officials of an error or alleged error in the Index of a kind falling to be dealt with under term 6.02.

In any investigation into an alleged or apparent error in the Index in accordance with term 6.02, exchange officials shall have regard, in reaching an opinion as to whether an error has been made, to the Ground Rules in force at the time.

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

The Exchange will publish the final EDSP.

A business day other than the Expiry Day in respect of a Contract on the FTSE 100 Index

15.15 hours on such day

The last time for notification to exchange officials under term 6.01 of any error or alleged error in the Index due to any error or alleged error in the weighting of the price for any constituent security of the Index. No correction to the Index shall be made in respect of any such error which is first notified to exchange officials or which first comes to their attention after this time.

The Exchange shall publish any correction to the Index under term 6.01 as soon as reasonably practicable.

30 minutes after the publication of the Closing Index Value on such day

The last time for notification to exchange officials of an error or alleged error in the Index of a kind falling to be dealt with under term 6.02.

In any investigation into an alleged or apparent error in the Index in accordance with term 6.02, exchange officials shall have regard, in reaching an opinion as to whether an error has been made, to the Ground Rules in force at the time.

### Expiry Day in respect of a Contract on the FTSE 100 Index

09.00 hours

The last time for notification to exchange officials under term 6.01 of any error or alleged error in the Index due to any error or alleged error in the weighting of the price for any constituent security of the Index. No correction to the Index shall be made in respect of any such error which is first notified to exchange officials or which first comes to their attention after this time.

The Exchange shall publish any correction to the Index under term 6.01 as soon as reasonably practicable.

10.10 hours

Trading in Contracts for the relevant delivery month shall cease.

As soon as reasonably practicable after cessation of the EDSP Intra-day Auction but no later than 15.00 hours

The Exchange will publish a provisional EDSP.

The EDSP shall be calculated in accordance with term 5.01.

The formula used to calculate the realized variance over the Observation Period is:

$$252 \times \frac{\sum_{t=1}^{Na} \left[ \ln \left( \frac{p_t}{p_{t-1}} \right) \right]^2}{Ne} \times 10,000$$

Where:

**Na** is the actual number of Observation Days in the Observation Period.

**Ne** is the number of expected business days in the Observation Period. This is fixed from the day on which the delivery month is first made available for trading.

**Ln** is the natural logarithm.

**pt** is the Closing Index Value on the Observation Day, with the exception of the Expiry Day in which case **pt** for that day is determined as the EDSP of the relevant

options on the Index (subject to the provisions of this Contract governing Disruption Days). Where  $t=1$ , **pt** is the Closing Index Value on the first business day following the day on which the delivery month is first made available for trading.

**pt-1** is the Closing Index Value of the previous Observation Day and where  $t=1$ , **pt-1** is the Closing Index Value on the Observation Start Date.

**t** is the relevant Observation Day.

30 minutes after the publication of the provisional EDSP

The last time for notification to exchange officials of an error or alleged error in the Index of a kind falling to be dealt with under term 6.02.

In any investigation into an alleged or apparent error in the Index in accordance with term 6.02, exchange officials shall have regard, in reaching an opinion as to whether an error has been made, to the Ground Rules in force at the time.

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

The Exchange will publish the final EDSP.

#### Settlement Day

By 10.00 hours

All payments required by term 7.01 to be made by the Buyer and the Seller shall have been completed.

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