

LONDON NOTICE No. 3473

ISSUE DATE: 14 July 2011
EFFECTIVE DATE: 25 July 2011

INTRODUCTION OF FTSE 100 DECLARED DIVIDEND INDEX CONTRACT (EXCHANGE CONTRACT NO. 98B)

RENAMING OF THE EXISTING FTSE 100 DIVIDEND INDEX CONTRACT (EXCHANGE CONTRACT NO. 98)

Executive Summary

This Notice informs Members of the introduction of the FTSE 100 Declared Dividend Index Contract on LIFFE CONNECT[®] and Bclear with effect from 25 July 2011. In addition, Members are advised that the current FTSE 100 Dividend Index Contract will be renamed and no new delivery months will be introduced.

1. Introduction

- 1.1 This Notice informs Members of the introduction of a FTSE 100 Declared Dividend Index Futures Contract to be made available for trading in the LIFFE CONNECT[®] Central Order Book, and for reporting to the Exchange via Bclear, on and from Monday 25 July 2011.
- 1.2 In addition, on and from Monday 25 July 2011, the existing FTSE 100 Dividend Contract (Exchange Contract No. 98) will be renamed the 'FTSE 100 Dividend Index - RDSA Withholding Contract' and no new delivery months will be introduced.
- 1.3 This Notice provides Members with the following information:
 - (a) background;
 - (b) minor changes to the existing FTSE 100 Dividend Index Contract;
 - (c) FTSE 100 Declared Dividend Index Contract – summary and full legal Contract Specifications;
 - (d) Trading licences, Bclear access and Bclear reporting rights;
 - (e) Block Trade minimum volume threshold;
 - (f) Bclear minimum volume requirements;

Web site: www.nyx.com/liffe

The **Euronext Derivatives Markets** comprise the markets for derivatives operated by Euronext Amsterdam, Euronext Brussels, Euronext Lisbon, Euronext Paris and LIFFE Administration and Management, referred to respectively as the Amsterdam, Brussels, Lisbon, Paris and London markets. Euronext is part of the NYSE Euronext group.

- (g) business days, trading hours and reporting hours;
- (h) fees;
- (i) market making arrangements;
- (j) Statement in relation to the Contract; and
- (k) the regulatory position in the United States.

2. Background

- 2.1 Since 2009, FTSE International Ltd (“FTSE”) has published the FTSE 100 Dividend Index (*Bloomberg code: FIDV*) (“the original dividend index”), based on the cumulative value of ordinary cash dividends declared by the individual constituents of the FTSE 100 Index over a one year period. This period starts on the business day following the third Friday in December, and ends on the third Friday in December one year later. The FTSE 100 Dividend Index Contract, based on this original dividend index, was introduced by the Exchange in May 2009.
- 2.2 All dividends of the FTSE 100 Index constituents, with the exception of Royal Dutch Shell ‘A’ Shares (“RDSA”), are incorporated into the original dividend index at 100% of their declared value. For RDSA, dividends are incorporated into the original dividend index at 85% of their declared value. This represents the application of a 15% withholding tax to RDSA dividends, since they represent a source of dividend income from the Netherlands.
- 2.3 Following recent changes to tax treaties between the UK and the Netherlands, FTSE has created a new FTSE 100 Declared Dividend Index (*Bloomberg code: FIDIVD*), which incorporates dividends of all FTSE 100 Index constituents, including RDSA, at 100% of their declared value. The Exchange has determined to introduce a Futures Contract, based on this index, on and from 25 July 2011, as described in this Notice at section 4 onwards.
- 2.4 However, the approach to the treatment of dividends in the original dividend index will continue, as specified in the FTSE Notice of 17 May 2011, ‘Royal Dutch Shell PLC Dividend Treatment in FTSE Indices’ and FTSE has renamed the original dividend index to ‘FTSE 100 Dividend Index - RDSA Withholding’. Quote vendor codes remain unchanged.

3. Minor changes to the existing FTSE 100 Dividend Index Contract

- 3.1 In accordance with the renaming of the original dividend index, as described in 2.4 above, on and from Monday 25 July 2011, the existing FTSE 100 Dividend Index Contract will be renamed the ‘FTSE 100 Dividend Index - RDSA Withholding Contract’. Quote vendor codes remain unchanged.
- 3.2 Members are advised that, on and from 25 July 2011, **no new delivery months will be introduced.**
- 3.3 All other features of the contract remain unchanged. However, in order to help highlight the distinction between the FTSE 100 Dividend Index – RDSA Withholding Contract and the new FTSE 100 Declared Dividend Index Contract to be introduced on 25 July 2011, revisions have been made to the former Contract’s Contract Terms at section 15. These non-material amendments are shown in Attachment 1 to this Notice. An updated Exchange Contract No.98, including the amendments to section 15 and the Contract’s revised name, will be made available on the NYSE Euronext website (www.nyx.com/liffe) in due course. The opportunity has also been taken to amend the contract terms to reflect the NYSE Liffe Clearing arrangements.

4. Launch of FTSE 100 Declared Dividend Index Futures Contract

- 4.1 On and from Monday 25 July 2011, the FTSE 100 Declared Dividend Index Contract (“the Contract”) will be made available on LIFFE CONNECT[®] and Bclear under the terms of Exchange Contract No. 98B. The full legal Contract Specification forms Attachment 2 to this Notice.
- 4.2 The Contract will be cash settled against the Exchange Delivery Settlement Price (“EDSP”). The FTSE 100 Declared Dividend Index figure, published by FTSE on the third Friday of the delivery month, and rounded to two decimal places, will be the basis for the EDSP. For the avoidance of doubt, the EDSP will be based on the cumulative FTSE 100 Declared Dividend Index figure for the aforementioned one-year period, i.e. reflecting dividend declarations up to and including the third Friday of the delivery month.
- 4.3 A summary Contract Specification is set out below:

Contract	FTSE 100 Declared Dividend Index Future
Underlying Index	FTSE 100 Declared Dividend Index
Exchange Contract Code	YZ
Unit of Trading	Contract valued at £10 per index point
Delivery Months	December, up to seven years
Quotation	Index points
Trading Tick Size	0.1
Trading Tick Value	£1.00
EDSP Tick Size	0.01
Last Trading Day	Business day immediately preceding the third Friday in the delivery month
Contract Standard	Cash settlement based on the Exchange Delivery Settlement Price (“EDSP”)
EDSP	The Index figure on the third Friday of the delivery month, rounded to two decimal places.
Settlement Day	The market day following the day on which the EDSP is published
Trading Hours	08.00 – 16.30 hours (London time) on LIFFE CONNECT [®] 08.00 - 17.00 hours (London time) on Bclear
Time trading ceases on LTD	16.30 hours (London time)
NYSE Liffe market	London
Trading Platforms	LIFFE CONNECT [®] & Bclear
Clearing	NYSE Liffe Clearing
Bloomberg Code for Index	F1DIVD
Bloomberg Code for Future	UDDA

5. Trading licences, Bclear Access and Bclear Reporting Rights

- 5.1 Members wishing to execute trades in the Contract on LIFFE CONNECT[®] must hold a valid LIFFE CONNECT[®] Futures trading subscription.
- 5.2 Direct access to Bclear is available to Members of the London market, including those affiliates of Members who have been approved by the Exchange pursuant to Rule 3501 (Rules, Book I). Other wholesale market participants who are clients of Members may have indirect access to Bclear on an intermediated basis via such Members, i.e. as is the case with their LIFFE CONNECT[®] business. Members will be required to perform appropriate risk management checks in relation to all client business before it is subjected to the Exchange’s trade confirmation process.
- 5.3 To submit trades in the Contract via Bclear, Members will need a Futures subscription (FUT).

- 5.4 To claim trades only in the Contract, Members will need to have the appropriate entitlement set up in the membership database.
- 5.5 To clear trades in the Contract, Members will require the relevant clearing status (GCM or ICM) and access to the Financials Trade Registration System ("Financials TRS").

6. Block Trade Facility

- 6.1 The Contract will be included in the Exchange's Block Trade Facility. The minimum volume threshold will be 750 lots. Members are reminded that the minimum volume threshold applies to each leg of a strategy trade.
- 6.2 An updated list of Block Trade minimum volume thresholds will be made available on the NYSE Euronext website in due course www.nyx.com/liffe.

7. Bclear Minimum Volume Requirements

- 7.1 The minimum volume requirement for the Contract reported via Bclear will be 500 lots.

8. Business Days, Trading Hours and Reporting Hours

- 8.1 The Contract will not be available for trading/reporting on 29 August or 27 December 2011.
- 8.2 Detailed session times for the trading of the Contract on LIFFE CONNECT® are as follows (all times are London time):

Session Start	Pre-Open	Open	Settlement	Pre-Close	Close	Session Close
00:30	06:03	08:00	16:30	16:28	16:30	21:30

- 8.3 Members may report transactions in the Contract to the Exchange via Bclear between 08:00 and 17:00 hours (London time) on market days throughout the year.
- 8.4 The reporting arrangements explained in Section 12 of Book II of the Rules and section 5 of this Notice will, of necessity, determine the days and hours during which the relevant transactions may be undertaken.

9. Fees

- 9.1 All fees will be charged on a per lot, per side basis.
- 9.2 Trading fees will be £0.20 in respect of trades on LIFFE CONNECT®. In respect of transactions reported via Bclear, the fee will be £0.25 for published trades, and £0.35 for non-published trades.
- 9.3 Clearing fees for all transactions will be £0.03, cash settlement fees will be £0.20.

10. Market Making Arrangements

- 10.1 Members will be invited to participate in a Market Making Programme for the Contract on LIFFE CONNECT®. Information related to this Programme is contained in London Info-Flash No. 11/27, also being issued today.

11. Statement in relation to the Contract

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

“Statement in relation to the Contract

Potential users of the FTSE 100 Declared Dividend Index Contract (“the Contract”) made available on The London International Financial Futures and Options Exchange should familiarise themselves with the relevant Index compilation and calculation procedures, as well as the contract terms of the Contract.

In particular, potential users should note that this Contract, introduced by the Exchange on 25 July 2011, is based on the FTSE 100 Declared Dividend Index launched by FTSE on 21 June 2011, which represents the cumulative value of ordinary cash dividends declared by the individual constituents of the FTSE 100 Index and in which 100% of the declared dividend, or 100% of the Sterling equivalent of the declared dividend value, is taken into account when calculating the Index.”

12. U.S. Regulatory Position

- 12.1 Members should note that U.S. Persons are not permitted to engage transactions in the contracts mentioned in this Notice. The Exchange will advise Members in due course if and when approval by the U.S. regulatory authorities is granted.

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

Equity Product Management

+44 (0)20 7379 2200

equities@liffe.com

Amendments to Exchange Contract No. 98
FTSE 100 Dividend Index – RDSA Withholding Contract
(Additions shown underlined/deletions ~~struck through~~)

15. Statement in relation to ~~EDSP Determination~~ the Contract

“Statement in relation to ~~EDSP Determination~~ the Contract

Potential users of the FTSE 100 Dividend Index Contract – RDSA Withholding (“the Contract”), formerly known as the “FTSE 100 Dividend Index Contract”, made available on The London International Financial Futures and Options Exchange should familiarise themselves with the relevant Index compilation and calculation procedures, as well as the contract terms of the Contract.

In particular, potential users should note that this Contract, introduced by the Exchange in May 2009, is based on the FTSE 100 Dividend Index - RDSA Withholding, launched by FTSE in May 2009 (previously known as the FTSE 100 Dividend Index), which represents the cumulative value of ordinary cash dividends declared by the individual constituents of the FTSE 100 Index and in which 100% of the declared dividend, or 100% of the Sterling equivalent of the declared dividend value, is taken into account when calculating the Index, with the exception of Royal Dutch Shell ‘A’ shares, for which a deduction is made which represents the Luxembourg tax treaty rate with the Netherlands (as at July 2011, such deduction was 15%).”

EXCHANGE CONTRACT NO. 98B
FTSE 100 DECLARED DIVIDEND INDEX CONTRACT

CONTRACT TERMS - Issue Date: 14 July 2011¹

ADMINISTRATIVE PROCEDURES - Issue Date: 14 July 2011¹

Delivery months: December 2011 onwards

¹ Please refer to London Notice No. 3473 issued on 14 July 2011.

FTSE 100 DECLARED DIVIDEND INDEX CONTRACT

THE LONDON INTERNATIONAL FINANCIAL FUTURES AND OPTIONS EXCHANGE

Terms of Exchange Contract No.98B

1. Interpretation

1.01 Save as otherwise specified herein, words and phrases defined in the Rules shall have the same meanings in these terms and in the Administrative Procedures.

1.02 In these terms 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 the market and the Stock Exchange are open for business.

“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 Exchange.

“Conversion Date” means the date on which pursuant to the third stage of Economic and Monetary Union in the European Union the conversion rate for Sterling against the euro is “irrevocably fixed” in accordance with Article 109(4) of the EC treaty.

“delivery month” means each month specified as such by the Board pursuant to the Rules.

“EC Treaty” means the treaty establishing the European Community.

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

“euro” means the single currency of the European Union introduced in the relevant Member State pursuant to its participation in Economic and Monetary Union pursuant to EMU legislation.

“FTSE International” means FTSE International Limited.

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

- (a) a nominated sector of share issuance;
- (b) a list of shares in such sector (the “constituent shares”); and
- (c) the algorithm in accordance with which the amounts of ordinary dividends declared in respect of such constituent shares are combined to generate a single figure which is calculated by FTSE International (an “Index figure”) and published from time to time.

“Last Trading Day” means in respect of any delivery month the business day immediately preceding the third Friday in that month (subject in all cases to term 4).

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

“£” denotes the lawful currency of the United Kingdom, known, at the date of issues of these contract terms, as “Sterling”.

“Regulations” means the General Regulations, Default Rules of the CSP, Settlement Finality Regulations and Procedures from time to time in force of the CSP.

“Settlement Day” means in respect of a delivery month the market day immediately following the day on which the EDSP is published.

“Stock Exchange” means The London Stock Exchange Limited.

- 1.03 In these terms references to “lawful currency” shall be construed to include units of value of a Single Currency which may be used validly to discharge payment obligations pursuant to the law of the United Kingdom upon introduction of such Single Currency and notwithstanding that such units of value of such Single Currency may not at all material times following the Conversion Date constitute legal tender in the United Kingdom.
- 1.04 Reference to a “term” refers to a term hereof and reference to a “Rule” refers to a rule of the Exchange’s Rules. Save where the context otherwise requires, references herein to the singular include the plural, and vice versa.

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 and offers shall be quoted in “Value Points” and prices shall be a whole number multiple of the minimum price fluctuation, as specified in the Administrative Procedures.

3.02 One Value Point shall be 0.1 and shall have a value of £1.00 per lot.

4. Last Trading Day

4.01 On the Last Trading Day, trading in Contracts for the relevant delivery month shall cease at such time as may be specified in the Administrative Procedures.

4.02 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 on the day which would have been the Last Trading Day either or both of the market and the Stock Exchange will not be open for business, then the business day next following such day shall become the Last Trading Day in respect of that delivery month and the Exchange shall post a notice to that effect in the market.

4.03 If, after the commencement of trading on the Last Trading Day in respect of a delivery month, either or both of the market and the Stock Exchange closes for business or FTSE International for any reason does not calculate or does not publish or ceases to publish the Index, with the effect that trading in Contracts for that delivery month is, in the opinion of exchange officials, substantially prevented or hindered or that there is no Index figure from which to calculate the EDSP in accordance with term 5.01, then either:

(a) cessation of trading in Contracts for the current delivery month shall be postponed until such later time on that day as exchange officials may in their absolute discretion specify by notice posted in the market, in which case the EDSP shall be determined in accordance with term 5.01 or such method determined by the Board; or

(b) if, in the opinion of exchange officials, the course described in paragraph (a) would be impossible, impracticable or for any reason undesirable, they may by notice posted in the market declare that day not to be the Last Trading Day and the next following business day, or any later business day

chosen by them in their absolute discretion, to be the Last Trading Day in its place.

5. Exchange Delivery Settlement Price (“EDSP”)

- 5.01 The EDSP shall be the Index figure rounded in accordance with the Administrative Procedures (but subject to any corrections in accordance with term 6) on the third Friday of the delivery month, as specified for this purpose in the Administrative Procedures.
- 5.02 The Exchange shall publish a provisional EDSP and the final EDSP on the business day immediately following the Last Trading Day at or by such times as may be specified in the Administrative Procedures. The final EDSP shall be final and binding for all purposes, notwithstanding the fact that FTSE International may subsequently recalculate any relevant Index figure.
- 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, not later than thirty minutes after the provisional EDSP for a particular delivery month is first published, any member of the Exchange notifies exchange officials of, or there otherwise come to the attention of exchange officials, an alleged or apparent error in the Index due to any cause whatsoever, then exchange officials shall promptly request FTSE International to investigate such alleged or apparent error. If in their opinion an error has been made, they shall correct any Index figure affected thereby which has been or will be used to determine the EDSP for that delivery month and shall re-determine the EDSP in accordance therewith. No correction of an Index figure or recalculation of the EDSP shall be made in respect of any error notified to exchange officials or coming to their attention after the expiry of such thirty minute period.
- 6.02 No correction to an Index figure or the EDSP shall be made other than as may be allowed for in term 6.01.
- 6.03 Neither the Exchange nor exchange officials shall have any liability whatsoever in respect of any decision as to whether or not to correct an Index figure or as to the amount of any correction, or as to whether or not to recalculate 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 CSP and payment by the CSP to the Buyer; and
- (b) where the Contract price exceeds the final EDSP, payment by the Buyer to the CSP and payment by the CSP to the Seller

of an amount calculated by multiplying the difference in Value Points between the EDSP and the Contract price by the value per lot of one Value Point as specified in term 3.02.

8. Default in Performance

8.01 A Buyer or a Seller shall be in default 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 and the Administrative Procedures and the Regulations; or
- (b) he fails to pay any sum due to the CSP 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 Exchange and/or the CSP he is in default.

8.02 Subject to the default rules of the Exchange and the CSP as may be in force from time to time, in the event of default by a Buyer or a Seller in respect of a registered Contract, the Board shall, at the request of the CSP, forthwith fix a price for invoicing back and each lot in 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. Force Majeure

9.01 Subject to any steps taken at any time by the Board under emergency powers in the Rules, 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.

10. Articles, Rules, Regulations, etc

10.01 Every Contract shall be subject to the Articles and the Rules and the Regulations in so far as applicable notwithstanding that either or both of the parties to it be not a member of the Exchange or of the CSP.

10.02 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.

11. Arbitration

11.01 Subject to term 11.02, 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.

11.02 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.

12. Governing Law

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

13. Non-registered Contracts

13.01 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 Exchange 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 CSP 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.

14. Economic and Monetary Union

- 14.01 The Board in its absolute discretion may from time to time vary, substitute or remove any of, or add to, the terms of this Exchange Contract in order to reflect the existence of, or to permit, require or facilitate payment in the euro or to reflect changes to the Index made pursuant to the participation of the United Kingdom in Economic and Monetary Union in the European Union.
- 14.02 Any variation, substitution or removal of, or addition to, the terms of this Exchange Contract made pursuant to term 14.01 shall have such effect with regard to existing and/or new Contracts as the Board may determine.
- 14.03 Any determination by the Board to vary, substitute or remove any of, or add to, the terms of this Exchange Contract pursuant to terms 14.01 and 14.02 shall be the subject of a Notice.

15. Statement in relation to the Contract

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

“Statement in relation to the Contract

Potential users of the FTSE 100 Declared Dividend Index Contract (“the Contract”) made available on The London International Financial Futures and Options Exchange should familiarise themselves with the relevant Index compilation and calculation procedures, as well as the contract terms of the Contract.

In particular, potential users should note that this Contract, introduced by the Exchange on 18 July 2011, is based on the FTSE 100 Declared Dividend Index launched by FTSE on 21 June 2011, which represents the cumulative value of ordinary cash dividends declared by the individual constituents of the FTSE 100 Index and in which 100% of the declared dividend, or 100% of the Sterling equivalent of the

declared dividend value, is taken into account when calculating the Index.”

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Issue Date: 14 July 2011

FTSE 100 DECLARED DIVIDEND INDEX CONTRACT

Exchange Contract No. 98B

Administrative Procedures

Price

The minimum price fluctuation shall be one Value Point.

Last Trading Day

16.30 hours

Trading in Contracts for the relevant delivery month shall cease

Business day immediately following the Last Trading Day

As soon as reasonably practicable after publication by FTSE International of the Index figure

The Exchange will publish a provisional EDSP.

The EDSP shall be the Index figure on the third Friday of the delivery month rounded to two decimal places.

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 pursuant to term 6.01.

In any investigation into an alleged or apparent error in the Index in accordance with term 6.01, 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 practical 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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Issue Date: 14 July 2011