

LONDON NOTICE No. 3509

ISSUE DATE: 7 October 2011
EFFECTIVE DATE: 10 October 2011

EQUITY INDEX CONTRACTS (EXCHANGE CONTRACT NO. 301)

INTRODUCTION OF THREE EURO DENOMINATED INDEX FUTURES CONTRACTS BASED ON MSCI NET TOTAL RETURN INDICES

Executive Summary

This Notice informs Members of the introduction within Bclear of futures contracts based on three regional MSCI Indices denominated in euro.

1. Introduction

- 1.1 This Notice informs Members that futures contracts on three regional MSCI Indices, calculated on a “Net Total Return” basis and denominated in euro (“the Bclear MSCI Index EUR Contracts”), will be made available via Bclear on and from 10 October 2011.
- 1.2 This Notice provides Members with the following information with respect to the introduction of the Bclear MSCI Index EUR Contracts:
- (a) list of the relevant MSCI indices;
 - (b) summary Contract Specifications and Contract Terms;
 - (c) minimum volume requirements;
 - (d) access and reporting rights;
 - (e) reporting days, reporting hours and Last Trading Days;
 - (f) fees;
 - (g) statement in relation to EDSP Price Formation; and
 - (h) the regulatory position in the United States.

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.

2. MSCI Net Total Return Indices Denominated in Euro

- 2.1 The MSCI Net Total Return Indices denominated in euro are calculated on a “Net Total Return” basis and measure the market performance, including both price performance and income from dividend payments. The indices are converted from the local currency to euro using the WM/Reuters Closing Spot Rates, taken at 16:00 hours (London time).
- 2.2 The MSCI Daily Total Return (DTR) Methodology reinvests dividends in the indices on the day the security is quoted ex-dividend (xd-date). The dividend is reinvested after deduction of withholding tax, applying the rate to non-resident individuals who do not benefit from double taxation treaties. MSCI uses withholding tax rates applicable to Luxembourg holding companies.
- 2.3 The three MSCI Net Total Return Indices in euro are as follows:
- MSCI Emerging Markets;
 - MSCI Europe;
 - MSCI World;
- 2.4 Detailed information in respect of MSCI’s Index methodology can be found on the MSCI Barra website at www.mscibarra.com.

3. Contract Details and changes to Contract Terms

- 3.1 On and from 10 October 2011, the Bclear MSCI Index EUR Contracts shall be made available through Bclear under the terms of Exchange Contract No. 301. The summary Contract Specification is set out below:

Contracts	Bclear MSCI Indices EUR
Unit of Trading	100 x index level
Delivery Months	The first six quarterly months from the March/June/September/December cycle; plus up to three of the nearest serial months such that the nearest four calendar months are available for trading; plus the half yearly months on the June/December cycle up to a maximum of two years
Quotation	€EUR per Index point
Trading Tick Size	0.001
Trading Tick Value	€0.10
EDSP Tick Size	0.001
Last Trading Day	Third Friday of the delivery month
Contract Standard	Cash settlement based on the Exchange Delivery Settlement Price
EDSP	Closing Index Value of the Index on the Last Trading Day of the delivery month
Settlement Day	Second Business day after the Last Trading Day
Reporting Hours	08:00 - 17:00 hours (London time)
Time reporting ceases on Last Trading Day	16:00 hours (London time)
NYSE Liffe market	London
Platform	Bclear only
Clearing	NYSE Liffe Clearing

- 3.2 The first delivery month to be made available shall be the October 2011 delivery month.

- 3.3 Exchange Contract No. 301 will be amended in order to reflect the inclusion of Bclear MSCI Index EUR Contracts and the addition to the table of Contract Details which is set out in the Attachment to this Notice. An updated version of Exchange Contract No. 301 including other, minor, amendments will be made available on the NYSE Euronext website (www.nyx.com/liffe) in due course.

4. Minimum Volume Requirement

- 4.1 There is no minimum volume requirement in respect of the Bclear MSCI Index EUR Contracts.

5. Access and Reporting Rights

- 5.1 Direct access to Bclear is available to Members of the London market, including those affiliates of Members who have been approved by the Exchange pursuant to Rule 3401 (Rules, Book I). Other wholesale market participants who are clients of Members may have indirect access to Bclear on an intermediated basis via such Members, 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.
- 5.2 To submit Bclear MSCI Index EUR Contracts trades via Bclear, Members will need a Futures Subscription (FUT).
- 5.3 To claim trades only, Members will need to have the appropriate entitlement set up in the membership database.
- 5.4 To clear trades in the Bclear MSCI Index EUR Contracts, Members will require the relevant clearing status (GCM or ICM) and access to the Financials Universal Clearing Platform ("Financials UCP").

6. Reporting Days, Reporting Hours and Last Trading Days

- 6.1 Transactions in respect of the Bclear MSCI Index EUR Contracts will be capable of being reported via Bclear on any market day.
- 6.2 Members may report Bclear MSCI Index EUR Contracts transactions to the Exchange via Bclear between 08:00 and 17:00 hours (London time), except on the Last Trading Day when transactions may be reported to the Exchange via Bclear between 08:00 and 16:00 hours (London time).
- 6.3 The reporting arrangements explained in Section 12 of Book II of the Rules and section 6 of this Notice will, of necessity, determine the days and hours during which the relevant transactions may be undertaken.
- 6.4 The Last Trading Day for the Bclear MSCI Index EUR Contracts shall normally be the third Friday of the delivery month. However, Members should refer to Term 4 in Exchange Contract No. 301 on the NYSE Euronext website (www.nyx.com/liffe) and the definition of "business day" in Term 1 which have the following effect in respect of the Last Trading Day: for the Bclear MSCI Index EUR Contracts, the Last Trading Day will not ordinarily be moved unless all of the relevant stock exchanges are closed for business, subject to Term 4.03.

7. Fees

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

8. Statement in relation to EDSP Price Formation

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

“Statement in relation to EDSP Price Formation

Potential users of the Bclear MSCI Index EUR Contracts (“the Contracts”) made available on The London International Financial Futures and Options Exchange should familiarise themselves with the relevant Index compilation and calculation procedures, as well as the contract terms of the Equity Index Contract.

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

Potential users should, therefore, consider the risks of holding positions into the expiry of the Equity Index Contracts. In particular, they should consider their exposure to potentially unfavourable price movements in the expiry and whether to take steps to neutralise such exposure; for example, taking into account that there may be relatively limited liquidity provision, whether to “roll” or close positions prior to expiry.

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

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

9. U.S. Regulatory Position

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

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

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

EXCHANGE CONTRACT NO. 301

Index	MSCI Emerging Markets EUR	MSCI Europe EUR	MSCI World EUR
Known as Exchange Contract No.	224	225	226
Currency specified by the Board	Euro €	Euro €	Euro €
Contract size	Valued at €100 per Index Point	Valued at €100 per Index Point	Valued at US\$10 per Index Point
Value of Value Point	€10 per lot	€10 per lot	US\$1 per lot
Minimum Price Fluctuation	0.01 of a Value Point	0.01 of a Value Point	0.01 of a Value Point
Delivery months	January, February, March, April, May, June, July, August, September, October, November, December	January, February, March, April, May, June, July, August, September, October, November, December	January, February, March, April, May, June, July, August, September, October, November, December
No. of delivery months available for trading	The first six quarterly months from the March/June/September/December cycle; plus up to three of the nearest serial months such that the nearest four calendar months are available for trading; plus the half yearly months on the June/December cycle up to a maximum of two years.	The first six quarterly months from the March/June/September/December cycle; plus up to three of the nearest serial months such that the nearest four calendar months are available for trading; plus the half yearly months on the June/December cycle up to a maximum of two years.	The first six quarterly months from the March/June/September/December cycle; plus up to three of the nearest serial months such that the nearest four calendar months are available for trading; plus the half yearly months on the June/December cycle up to a maximum of two years.
Quotation	Index Points (e.g. 1000.0)	Index Points (e.g. 1000.0)	Index Points (e.g. 1000.0)
Last Trading Day	Third Friday of the delivery month	Third Friday of the delivery month	Third Friday of the delivery month
EDSP: rounding convention	Rounded to the nearest 0.001 or, where such average is an exact uneven multiple of 0.0005, to the nearest higher 0.001	Rounded to the nearest 0.001 or, where such average is an exact uneven multiple of 0.0005, to the nearest higher 0.001	Rounded to the nearest 0.001 or, where such average is an exact uneven multiple of 0.0005, to the nearest higher 0.001