

EXCHANGE CONTRACT NO. 41

THREE MONTH EUROYEN (TIBOR)  
INTEREST RATE CONTRACT

CONTRACT TERMS

(Issue Date: 14 October 1999)

ADMINISTRATIVE PROCEDURES

(Issue Date: 14 October 1999)

Delivery Months: December 1999 onwards

THE LONDON INTERNATIONAL FINANCIAL FUTURES AND OPTIONS  
EXCHANGE

Terms of Exchange Contract No. 41

1. Definitions

1.1 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.

1.2 In these terms and the Administrative Procedures:

"Administrative Procedures" means all procedures from time to time implemented by the Board pursuant to Rules 4.15.2 to 4.16.1 inclusive for the purposes of this Exchange Contract.

"business day" means a day on which the market, the Clearing House and banks in London 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 Clearing House.

"delivery month" means each month specified as such by the Board pursuant to Rule 4.4.1.

"EDSP" means the Exchange Delivery Settlement Price and has the meaning attributed to it in term 6.2 or 6.3, as the case may require.

"Euroyen Futures Contract" means the Nihonyen Tanki Kinri Sakimono (Three-Month Japanese Yen Interest Rate Futures Contract) or any successor thereto in the terms in force from time to time as determined by TIFFE.

"LIFFE Last Trading Day", means, subject to term 7, in respect of a delivery month two business days prior to the TIFFE Last Trading Day for the same delivery month.

"Link Rules" means the rules set out in Section 11 of the Rules as amended from time to time.

"lot" means the unit of trading.

"Settlement Day" means, in respect of a delivery month, the TIFFE market day immediately following the TIFFE Last Trading Day for such delivery month, except that if such TIFFE market day is not a day on which prime banking names in Tokyo are open for business, the immediately following day that is both a TIFFE market day and a day on which such banks are open for business shall be the Settlement Day.

"settlement price" in respect of a Contract for a delivery month made on a business day, means, subject to the Rules and the Regulations, the price determined by LIFFE for such delivery month on such business day.

"TIFFE" means The Tokyo International Financial Futures Exchange which is a legal entity established under the Financial Futures Trading Law of Japan which operates a financial futures and options exchange (the "TIFFE market").

"TIFFE Last Trading Day" means in respect of contracts in the terms of the Euroyen Futures Contract for a delivery month, two TIFFE market days prior to the third Wednesday in that month or such other day as determined by TIFFE.

"TIFFE market day" means a day on which the TIFFE market is open for business.

"TIFFE Settlement Price" means, in respect of a contract in the terms of the Euroyen Futures Contract for a delivery month, the Final Settlement Figure (howsoever defined in the rules of TIFFE) determined by TIFFE in respect of such delivery month.

"Yen" and "¥" denote the lawful currency of Japan.

- 1.3 Save where the context otherwise requires, references to a "term" refer to terms hereof, references to a "Rule" refer to rules of the Exchange's Rules, and references herein to the singular include the plural, and vice versa. Headings are used herein for ease of reference only.

2. Contract Specification

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

3. Price

3.1 Bids and offers shall be quoted in half "Basis Points".

3.2 One Basis Point shall be 0.01 and shall have a value of Yen 2,500 per lot.

4. Last Trading Day

4.1 On the LIFFE Last Trading Day trading in Contracts for the current delivery month shall cease at such time as may be specified in the Administrative Procedures.

5. Performance

5.1 Without prejudice to term 9, this term 5 is subject to the Rules and the Regulations.

5.2 Subject to term 5.4 and without prejudice to term 5.3, a registered Contract shall be performed by transfer pursuant to the Link Rules.

5.3 Notwithstanding term 5.2, in respect of each lot comprised in a registered Contract to be transferred at the settlement price, the following payments shall be made by the time specified therefor by the Clearing House:

(a) where the settlement price exceeds the Contract price, payment by the Seller to the Clearing House or payment by the Clearing House to the Buyer (as the case may require), and

(b) where the Contract price exceeds the settlement price payment by the Buyer to the Clearing House or payment by the Clearing House to the Seller (as the case may require),

of an amount calculated by multiplying the difference in Basis Points between the settlement price and the Contract price by the value per lot of one Basis Point as specified in term 3.2.

5.4 If, for any reason contemplated by the Link Rules or the Regulations, it is

not possible for a registered Contract to be transferred pursuant to the Link Rules by the TIFFE Last Trading Day, such Contracts shall be performed by the payment of an amount determined in accordance with term 5.5.

5.5 In respect of each lot comprised in a registered Contract referred to in term 5.4, the following payments shall be made by the time specified therefor in the Administrative Procedures:

- (a) where the EDSP exceeds the Contract price, payment by the Seller to the Clearing House or payment by the Clearing House to the Buyer (as the case may require), and
- (b) where the Contract price exceeds the EDSP payment by the Buyer to the Clearing House or payment by the Clearing House to the Seller (as the case may require),

of an amount calculated by multiplying the difference in Basis Points between the EDSP and the Contract price by the value per lot of one Basis Point as specified in term 3.2.

## 6. EDSP

6.1 This term 6 is subject to the operation of term 5.4.

6.2 Subject to term 6.3, the EDSP in respect of a Contract for a delivery month shall be the TIFFE Settlement Price.

6.3 If TIFFE does not, for whatever reason, determine the TIFFE Settlement Price for the relevant delivery month by the Settlement Day, the EDSP may be determined by the Board in its absolute discretion at any time on or after the Settlement Day.

## 7. Emergency Provisions

7.1 If, at any time prior to the commencement of trading of Contracts on the LIFFE Last Trading Day in respect of a delivery month, it becomes known to the Exchange that the day which was anticipated to be the LIFFE Last Trading Day or the day immediately following the anticipated LIFFE Last Trading Day will not be a business day then the business day immediately preceding the day which was to have been the LIFFE Last Trading Day shall be (or shall have been) the LIFFE Last Trading Day in respect of that

delivery month and the Exchange shall post a notice to that effect in the market.

7.2 If, at any time after the commencement of trading of Contracts on the LIFFE Last Trading Day in respect of a delivery month, it becomes known to the Exchange that the day immediately following such LIFFE Last Trading Day will not be a business day, then this shall not alter the LIFFE Last Trading Day.

8. Force Majeure

8.1 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, riot, civil commotion, combination of workmen, act of terrorism, fire, natural disaster, breakdown of machinery, unavailability or restriction of computer or data processing facilities or energy supplies or bank transfer systems and notwithstanding that any such event may prevent the transfer of registered Contracts pursuant to the Link Rules.

9. Rules, Administrative Procedures, etc.

9.1 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 market administered by the Exchange or of the Clearing House.

9.2 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.

9.3 Upon becoming aware of any amendment made by TIFFE to the terms of the Euroyen Futures Contract made available for trading on the TIFFE market which, if applied to the terms of this Exchange Contract, have the effect of altering any of these terms, the Exchange shall notify by General Notice any amendment made by TIFFE to the Euroyen Futures Contract

and any corresponding amendment to be made to the terms of this Exchange Contract, except that if the Board determines that to make any such corresponding amendment would be contrary to English law, or any other applicable law, or would conflict with a provision of the Default Rules (or the default rules forming part of the Regulations) the General Notice shall state that fact and no such corresponding amendment shall be made. Any amendment made to these terms pursuant to this term 9.3 shall apply to existing as well as to new Contracts as from the time and date specified in the General Notice.

10. Arbitration

10.1 Subject to any provisions of the Rules to the contrary and to the terms of a relevant Member Link Agreement relating to the resolution of disputes, any dispute arising from or in relation to a Contract shall be referred to arbitration under the Rules which shall be held in accordance with the Rules in force at the time of such reference.

11. Governing Law

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

12. Non-registered Contracts

12.1 In respect of a Contract which is not a registered Contract these terms shall be modified so as to require and allow that a matching or related Contract is registered by the Clearing House and to facilitate the performance under term 5 of such matching or related Contract (and of any intermediate contract) in accordance with these terms and the Administrative Procedures, and in particular, but 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.

Issue Date: 14 October 1999

THREE MONTH EUROYEN (TIBOR) INTEREST RATE CONTRACT

Exchange Contract No. 41

Administrative Procedures

Price

The minimum price fluctuation shall be half of one Basis Point

LIFFE Last Trading Day

at 16.00 hours:

Trading in Contracts for the current delivery month will cease.

Payment:

If a transfer of registered Contracts does not occur:

All payments (if any) required by term 5.5 to be made by the Buyer, and the Seller shall have been completed by such time on such business day as the Board and the Clearing House shall determine.

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