

EXCHANGE CONTRACT NO. 129E
OPTION CONTRACT ON FTSE 100 INDEX
(EUROPEAN-STYLE EXERCISE)

CONTRACT TERMS - Issue Date: 3 September 2007²

ADMINISTRATIVE PROCEDURES - Issue Date: 13 October 2005¹

Expiry Months: September 2007 onwards

¹Please refer to London Notice No. 2693 issued on 13 October 2005.

²Please refer to London Notice No. 2932 issued on 3 September 2007

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OPTION CONTRACT ON OF FTSE 100 INDEX
(EUROPEAN-STYLE EXERCISE)

THE LONDON INTERNATIONAL FINANCIAL FUTURES AND OPTIONS
EXCHANGE

Terms of Exchange Contract No. 129E

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 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.

“Buyer” in respect of a Contract means the person who is entitled under such Contract to exercise the option or options the subject of such Contract (including, except where the context otherwise requires, the Clearing House as buyer under a registered Contract).

“call option” means an option specified as such in the Contract.

“Clearing House Notice of Exercise” means a notice from the Clearing House, in a form from time to time prescribed by the Clearing House, confirming to the Seller of an option that the Clearing House has exercised an option against the Seller.

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

“Conversion Date” means the date on which pursuant to Economic and Monetary Union in the European Union the conversion rate for Sterling against a Single Currency which is on such date “a currency in its own right” is “irrevocably fixed” in accordance with Article 109 ℓ of the EC Treaty.

“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 9.

“EDSP Intra-day Auction” means the Stock Exchange operated auction for securities in the Index from which the Expiry Value will be calculated.

“Expiry Value” means the value of the Index as calculated by FTSE International with reference to the outcome of the EDSP Intra-day Auction carried out on the Last Trading Day.

“Exercise Notice” means a notice in the form prescribed by the Clearing House from time to time notifying the Clearing House that a Buyer of an option wishes to exercise the option against the Clearing House.

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

“FTSE International” means FTSE International Limited.

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

- (a) a nominated sector of share issuance, as identified in Table 1;
- (b) a list of shares in such sector (the “constituent shares”); and
- (c) the algorithm in accordance with which prices of such constituent shares are combined to generate a single figure which is calculated by the Index Provider or the Index Calculator, as the case may be (an “Index figure”) and published from time to time.

“Last Trading Day” means in respect of an expiry month the third Friday in that month provided that if it is not a business day then the Last Trading Day shall be the last business day preceding the third Friday (subject in all cases to term 11).

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

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

“Premium” in respect of an option means the amount determined in accordance with term 4.01 to be payable by the Buyer to the Seller as the consideration for the purchase of the option.

“put option” means an option specified as such in the Contract.

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

“Seller” in respect of a Contract means the person who sells the option or options the subject of such Contract (including, except where the context otherwise requires, the Clearing House as seller under a registered Contract).

“Settlement Amount” has the meaning given to it in term 12.01.

“Settlement Day” in respect of an option exercised on the Last Trading Day means the first market day after the Last Trading Day.

“Stock Exchange” means the London Stock Exchange Limited.

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

- 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 put options or one or more call options for an expiry month and shall be at an exercise price which is authorised by the Exchange for trading for the relevant expiry month.
3. Price
- 3.01 Except as specified in the Administrative Procedures in the case of cabinet transactions, bids and offers shall be quoted in “Index points” and prices shall be a whole number multiple of the minimum price fluctuation, as specified in the Administrative Procedures.
- 3.02 One Index point shall be 1.0 and shall have a value of £10.00 per option.

4. Premium
- 4.01 The Premium payable in respect of an option shall be the product of the price of the option in Index points and the value of one Index point as specified in term 3.02.
- 4.02 The Buyer shall pay the Premium to the Clearing House on the day and by the time specified for this purpose in the Administrative Procedures and the Clearing House shall pay the Premium to the Seller on the same day.
5. Exercise of an Option by a Buyer against the Clearing House and Confirmation of Exercise
- 5.01 A Buyer may exercise an option against the Clearing House only on the Last Trading Day for the expiry month specified in the Contract and shall do so by giving to the Clearing House an Exercise Notice in respect of such option by the time specified in the Administrative Procedures and in a manner from time to time prescribed by the Clearing House.
- 5.02 The Clearing House shall give to the Buyer a notice in a form from time to time prescribed by the Clearing House, on the day and by the time specified for that purpose in the Administrative Procedures, confirming which options specified in an Exercise Notice have been validly exercised by the Buyer in accordance with these terms.
6. Exercise by the Clearing House against a Seller and Confirmation of Exercise
- 6.01 Subject to term 6.02, in respect of each option which is exercised by a Buyer in accordance with term 5.01, the Clearing House shall on the Last Trading Day select a Seller of an option of the same type and at the same exercise price and for the same expiry month by such method of selection as may be specified in the Administrative Procedures and shall exercise that option in a form and manner from time to time prescribed by the Clearing House.
- 6.02 If the Clearing House is unable to exercise an option against a Seller in accordance with term 6.01 on the Last Trading Day, the Clearing House shall do so as soon as possible thereafter and such option shall be deemed to have been exercised on the Last Trading Day.
- 6.03 In respect of each option exercised by the Clearing House against a Seller under term 6.01 or term 6.02, the Clearing House shall give to the Seller a Clearing House Notice of Exercise by the time specified for that purpose in the Administrative Procedures on the market day following the Last Trading Day and in a manner from time to time prescribed by the Clearing House.

7. Expiry

7.01 An option in respect of an expiry month which has not been exercised in accordance with term 5 or 6, as applicable, shall expire on the day and at the time specified for that purpose in the Administrative Procedures.

8. Last Trading Day

8.01 On the Last Trading Day:

- (a) trading in Contracts for the relevant expiry month shall cease at such time as may be specified in the Administrative Procedures; and
- (b) the Exchange will determine the EDSP in accordance with term 9.

9. Exchange Delivery Settlement Price (“EDSP”)

9.01 Subject to term 9.03, the EDSP for Contracts for a particular expiry month shall, subject as provided in term 10, be the Expiry Value (but subject to any corrections in accordance with term 10) on the Last Trading Day, rounded to the nearest 0.5 or, where such Expiry Value is an exact uneven multiple of 0.25, to the nearest higher 0.5.

9.02 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, notwithstanding the fact that the Index Provider may subsequently recalculate any relevant Index figures.

9.03 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.

10. Errors in Index

10.01 If, not later than the time on the Last Trading 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 stock of the Index first made since the publication of the closing Index figure on the last business day prior to the Last Trading 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 Expiry Value and the EDSP determined using the Expiry Value. Save as allowed by term 10.02, no correction to the Expiry Value 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.

- 10.02 If, not later than thirty minutes after the provisional EDSP for a particular expiry 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 Expiry Value due to any cause whatsoever other than an error in the weighting of the price for any constituent stock 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 the Expiry Value affected thereby which has been or will be used to determine the EDSP for that expiry month and shall re-determine the EDSP in accordance therewith. No correction of the Expiry Value or 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.
- 10.03 No correction to the Expiry Value or the EDSP shall be made other than as may be allowed for in terms 10.01 and 10.02.
- 10.04 Neither the Exchange nor exchange officials shall have any liability whatsoever in respect of any decision as to whether or not to correct the Expiry Value or as to the amount of any correction, or as to whether or not to re-determine the EDSP.

11. Emergency Provisions

- 11.01 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 an expiry 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 expiry month and the Exchange shall post a notice to that effect in the market.
- 11.02 If, after the commencement of trading on the Last Trading Day in respect of an expiry 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 expiry month is, in the opinion of exchange officials, substantially prevented or hindered or that there is no Expiry Value from which to calculate the EDSP in accordance with term 9.01, then either:
- (a) cessation of trading in Contracts for the current expiry 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 9.01 or such method determined by the Board. The provisional and final EDSPs shall be published at such times as exchange officials shall in their discretion determine, always allowing for the thirty minute period referred to in term 10.02; 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.

12. Settlement Amount and Payment

12.01 The Settlement Amount in respect of an option exercised under term 5 or term 6, as applicable, shall be:

- (a) in the case of a call option, the amount by which the EDSP exceeds the exercise price, or
- (b) in the case of a put option, the amount by which the exercise price exceeds the EDSP

multiplied in each case by £ 10.

12.02 The Settlement Amount shall be paid by a Seller to the Clearing House by the time on the Settlement Day specified for this purpose in the Administrative Procedures and the Clearing House shall pay the Settlement Amount to the Buyer on the same day.

13. Default

13.01 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 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.

13.02 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 Clearing House, forthwith fix a price for invoicing back and each option 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.

14. Force Majeure

14.01 Subject to any steps taken at any time by the Board under emergency powers in the Rules:

(a) a Seller or a Buyer shall be liable to perform his obligations in respect of an option 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; and

(b) in the event of a Buyer being prevented from exercising an option in respect of any expiry month by the time specified in the Administrative Procedures by any event beyond his reasonable control including, without limitation, any of the events specified in term 14.01(a):

(i) the Buyer may give written notice to the Board specifying the Contract or, if more than one, the Contracts in respect of which the Buyer was prevented from exercising an option, the steps taken by the Buyer to exercise the option and the events which prevented him from so doing. Any such notice shall be given to the Board as soon as is practicable after the expiry of an option specified in the notice; and

(ii) if the Board is satisfied that the Buyer took all possible steps in the circumstances prevailing to exercise an option, the Board shall request the Clearing House to notify it of details of one or more Contracts between a Seller and the Clearing House which are on the same terms (except as to the parties or the option price) as, and have been matched by the Clearing House with, the Contract or Contracts specified in the Buyer's notice and shall fix a price for invoicing back. Each Contract the subject of the Buyer's notice and each Contract between the Clearing House and a Seller notified to the Board hereunder shall be invoiced back at such price.

Such price may at the Board's absolute discretion take into account the Board's assessment of the intrinsic value of the options at the expiry thereof.

15. Articles, Rules, Regulation, etc

15.01 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 Clearing House.

15.02 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.

16. Arbitration

16.01 Subject to term 16.02 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.

16.02 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.

17. Governing Law

17.01 Every contract shall be governed by and construed in accordance with English law.

18. Non-registered Contracts

18.01 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 by the Clearing House under the Rules and Regulations is capable of being so registered and to facilitate the performance of obligations or the exercise of rights under such registered Contract in accordance with these terms. Modifications may also be made to the terms of a non-registered Contract to permit performance of obligations or the exercise of rights under such non-registered Contract or any other non-registered Contract if, without such modifications, it may not be possible to perform such obligations or to exercise such rights by the applicable times specified in the Administrative Procedures. 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 party to such non-registered Contract.

19. Economic and Monetary Union

19.01 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 Single Currency 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.

19.02 Any variation, substitution or removal of, or addition to, the terms of this Exchange Contract made pursuant to term 19.01 shall have such effect with regard to existing and/or new Contracts as the Board may determine.

19.03 Any determination by the Board to vary, substitute or remove any of, or add to, the terms of this Exchange Contract pursuant to terms 19.01 and 19.02 shall be the subject of a General Notice.

20. Statement in relation to EDSP Price Formation

20.01 The Exchange draws the following statement to the attention of potential users of its Equity Index Contracts. Members should ensure that their clients are made aware of the statement.

“Statement in relation to EDSP Price Formation

Potential users of the Equity Index 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 Equity Index 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 Index figure(s) which will, in turn, be used to determine the final EDSP. A consequence of this concentrated activity might be that the final EDSP differs from the Index figure immediately prior to the commencement of the EDSP Period and, if relevant, from the Index figure immediately following that 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."

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Issue Date: 3 September 2007

OPTION CONTRACT ON FTSE 100 INDEX
(EUROPEAN-STYLE EXERCISE)

Exchange Contract No: 129E

Administrative Procedures

Price

Except in the case of cabinet transactions, the minimum price fluctuation shall be ½ an Index point (£ 5.00 per option) and the option price shall be a whole number multiple of the minimum price fluctuation.

Cabinet Transactions

A Contract may be made at a price of 1/10th of an Index point (£1 per option) (i.e. "Cabinet") if made by one or both parties for the sole purpose of closing out an existing open position.

The Market day following Option Transactions

By 10.00 hours

Buyers will pay to the Clearing House Premiums due in respect of options to which they are party.

The Clearing House will pay Premiums due to Sellers in respect of options to which it is party as Buyer.

Last Trading Day

09.15 hours

The last time for notification to exchange officials under term 10.01 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 stock 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 10.01 as soon as reasonably practicable.

As soon as reasonably practicable after exchange officials have concluded that the Expiry Value has been determined

Trading in Contracts for the relevant expiry 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.

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 10.02.

In any investigation into an alleged or apparent error in the Index in accordance with term 10.02, exchange officials shall have regard, in reaching an opinion as to whether an error has been made, to the Ground Rules for the Management of the UK Series compiled by the FTSE Actuaries share Indices Steering Committee in force at that time.

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

The Exchange will publish the final EDSP.

By 18.00 hours

A Buyer may give to the Clearing House an Exercise Notice for any option in respect of the current expiry month, being an option comprised in a registered Contract or a Contract submitted to the Clearing House for registration.

Exercise Notices received after the time prescribed will be rejected.

The Clearing House shall select a Seller against which to exercise on a random basis to Sellers' gross sold positions as at the close of trading in the relevant expiry month on the Last Trading Day.

At 18.00 hours

Any option in respect of the current expiry month to which a Buyer other than the Clearing House is party and which has not been exercised shall expire.

The Market Day after the Last Trading Day

By 07.00 hours In respect of an option exercised by the Clearing House against a Seller under term 6.01, the Clearing House shall give a Clearing House Notice of Exercise to the Seller in a manner from time to time prescribed by the Clearing House and will inform the Seller of the Settlement Amount due in respect of the option.

By 07.00 hours The Clearing House shall have given notices to Buyers in accordance with term 5.02 confirming which options have been validly exercised by such Buyers.

At 07.00 hours Any option to which the Clearing House is party as Buyer and which has not been exercised shall expire.

Settlement Day

By 10.00 hours Sellers will pay to the Clearing House Settlement Amounts due in respect of options to which they are party.

The Clearing House will pay Settlement Amounts due to Buyers in respect of options to which it is party as Seller.

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