

EXCHANGE CONTRACT NO. 40

FTSE 250 INDEX CONTRACT

CONTRACT TERMS - ISSUE DATE: 3 September 2007²

ADMINISTRATIVE PROCEDURES - ISSUE DATE: 13 October 2005¹

Delivery 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.

FTSE 250 INDEX CONTRACT

Terms of Exchange Contract No.40

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 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 109I 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.

“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.

“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 any delivery 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 7).

“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”.

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

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

“Single Currency” means a lawful currency introduced in the United Kingdom pursuant to its participation in Economic and Monetary Union in the European Union.

“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 of 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 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:
- (a) trading in Contracts for the relevant delivery 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 5.
5. Exchange Delivery Settlement Price (“EDSP”)
- 5.01 Subject to term 5.03, the EDSP for Contracts for a particular delivery month shall, subject as provided in term 6, be the Expiry Value (but subject to any corrections in accordance with term 6) 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.

- 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, notwithstanding the fact that the Index Provider may subsequently recalculate any relevant Index figures.
- 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 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 6.02, 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.
- 6.02 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 comes 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 delivery 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.

- 6.03 No correction to the Expiry Value or the EDSP shall be made other than as may be allowed for in term 6.01 and 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 the Expiry Value or as to the amount of any correction, or as to whether or not to re-determine the EDSP.
7. Emergency Provisions
- 7.01 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 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.
- 7.02 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 Expiry Value 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. 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 6.02; 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.
8. Payment

8.01 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; 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 Value Points between the EDSP and the Contract price by the value per lot of one Value Point as specified in term 3.02.

9. Default

9.01 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.

9.02 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 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.

10. Force Majeure

10.01 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.

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 either or both of the parties to it be not a member 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, 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.

15. Economic and Monetary Union

15.01 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.

15.02 Any variation, substitution or removal of, or addition to, the terms of this Exchange Contract made pursuant to term 15.01 shall have such effect with regard to existing and/or new Contracts as the Board may determine.

15.03 Any determination by the Board to vary, substitute or remove any of, or add to, the terms of this Exchange Contract pursuant to terms 15.01 and 15.02 shall be the subject of a General Notice.

16. Statement in relation to EDSP Price Formation

16.01 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."

Issue Date: 3 September 2007

FTSE 250 INDEX CONTRACT

Exchange Contract No.40

Administrative Procedures

Price

The minimum price fluctuation shall be five Value Points.

Last Trading Day

09.15 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 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 6.01 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 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.

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 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.

Settlement Day

By 10.00 hours

All payments required by term 8.01 to be made by the Buyer and the Seller shall have been completed.

Issue Date: 13 October 2005