

Amendments to the Trading Procedures for Block Trades and other Wholesale Facilities

(Additions are shown underlined and deletions shown ~~struck through~~)

1.2 Definitions

1.2.2 In these Trading Procedures, unless otherwise expressly stated:

....

“approved basis trade instrument” a security, a basket of securities, a non-Euronext.liffe exchange traded contract or an OTC instrument approved for the time being by the Relevant Euronext Market Undertaking** in relation to a basis trade Exchange Contract specified by that Relevant Euronext Market Undertaking**;

Block Trade Facility

~~Section 1 – BLOCK TRADE FACILITIES~~

~~Block Trade Facilities shall be made available on the markets organised by Euronext Brussels, Euronext Lisbon, Euronext Paris and LIFFE.~~

4.5 Block Trades

Introduction

~~BTF.1~~

4.5.1

The Block Trade Facility applies only to Exchange Contracts which have been designated as Block Trade Contracts by the Relevant Euronext Market Undertaking**, as set out in Annexe One. The Block Trade Facility allows Members to organise and execute in accordance with these Trading Procedures, subject to Trading Procedure 4.5.2, Transactions involving Block Trade Contracts. For the purposes of these Trading Procedures such Transactions are called “Block Trades”.

~~BTF.2~~

4.5.2

Any Member is permitted to ~~arrange~~ organise Block Trades, subject only to the Member being a Block Trade Executing Member or having in place arrangements for the execution of the Block Trade Contract(s) via a Member holding the appropriate trading right a Block Trade Executing Member. ~~A Block Trade Executing Member is a Member holding the appropriate trading~~

right entitling him (~~“the Block Trade executing Member”~~) to trade the relevant Block Trade Contract.

~~BTF.3
4.5.3~~

The Relevant Euronext Market Undertaking** may designate a Member as a market-maker in a particular Exchange Contract and designate a Block Trade Contract as one for which a market-making participation right applies. Such designations are published from time to time by Notice and are detailed in Annexe One to these Trading Procedures.

~~BTF.4
4.5.4~~

For those Block Trade Contracts in which a market-maker participation right exists:

- (a) the designated market-maker shall be entitled, on an all-or-nothing basis, to participate in the Facilitating Side of any Block Trade in his designated Block Trade Contract in the amount specified from time to time by Notice and detailed in Annexe Three to these Trading Procedures;
- (b) where a Member arranges a Block Trade pursuant to these Trading Procedures, he must contact the designated market-maker before submitting such Block Trade to the Relevant Euronext Market Undertaking** in order to confirm whether the market-maker wishes to participate in that Block Trade; and
- (c) where a Member procures the Facilitating Side of a Block Trade from a third party, he must make that third party aware, during such Block Trade negotiations, that the volume of his purchase or sale, as the case may be, may be reduced by an amount equal to the market-maker’s entitlement, should the market-maker choose to accept his entitlement.

~~**Restriction to Block Trade Clients**~~

~~BTF.5~~

~~Where a Member enters into a Block Trade with or on behalf of a non-Member Client, such Client must fall within the definition of “Block Trade Client” set out in Sections 2 and 3 of PART TWO. A Member may not enter into a Block Trade with or on behalf of any other type of non-Member Client.~~

~~BTF.6~~

~~Members must, prior to entering into a Block Trade with a non-Member Client(s) for the first time, notify such Client(s) in writing of the Member’s intention to regard him (the Client) as a Block Trade Client for the purposes of the Block Trade Facility and must provide the Client with details of the facility.~~

Block Trading Hours/Availability of the Facility

~~BTF.7~~

~~4.5.5~~

~~A Block Trade may be organised and submitted only during the trading hours of the Block Trade Contract concerned, as published by Notice by the Relevant Euronext Market Undertaking**.~~

~~BTF.8~~

~~4.5.6~~

~~Where a delivery/expiry month and/or exercise price of a designated contract has never traded, Block Trades are only permitted on and from the business day following that on which a daily settlement price for the relevant delivery/expiry month and/or exercise price was first established by the Relevant Euronext Market Undertaking**. The Block Trade Facility cannot be used in respect of a delivery/expiry month of a contract where two business days or less remain before the last trading day/expiry day.~~

Minimum Volume Thresholds

~~BTF.9~~

~~4.5.7~~

~~Block Trades may be transacted only in Exchange Contracts which have been designated by the Relevant Euronext Market Undertaking** for that purpose, as set out in Annexe One. Such designations will be published, from time to time, by Notice, together with the minimum volume thresholds applying to those contracts and are detailed in Annexe Three to these Trading Procedures. Members are permitted to enter into Block Trades in any Exchange recognised strategy (as set out in Annexe Two) including inter-contract spreads.~~

~~BTF.10~~

~~4.5.8~~

~~Where a strategy involves the trading of two or more different contracts (i.e. a recognised strategy), the smaller of the minimum volume thresholds of the contracts comprising the Block Trade will be applied to each of these contracts. Where the strategy involves the trading of two or more different delivery/expiry months and/or exercise prices of the same contract, the minimum volume threshold will apply to the lot size of each leg of the trade, except where specific provision has been made within the published minimum volume thresholds.~~

~~BTF.11~~

~~4.5.9~~

~~In respect of futures contracts designated as Block Trade Contracts, Members must not aggregate separate orders in order to meet the minimum volume thresholds nor may they combine separate orders in respect of different contracts to generate an inter-contract spread trade.~~

~~BTF.12~~

4.5.10 In respect of options contracts designated as Block Trade Contracts, Members must not aggregate separate orders in order to meet the minimum volume threshold on both sides of a Block Trade. However, where a Member receives a Block Trade order which meets or exceeds the relevant minimum volume threshold, he may aggregate orders on the matching side only, in order to facilitate execution of the Block Trade.

~~BTF.13~~

4.5.11 When executing a Block Trade and, in particular, when aggregating orders on the matching side to facilitate execution of a Block Trade according to the provisions of Trading Procedure ~~BTF.12~~ 4.5.10, Members must ensure that:

- (a) they act with due skill, care and diligence; and
- (b) the interests of the Client(s) are not prejudiced.

Fair Market Value

~~BTF.14~~

4.5.12 Members should ensure, when arranging, organising or executing Block Trades, that the price of any Block Trade being quoted represents a ~~the fair market~~ fair market value for that trade. On each occasion of quoting a Block Trade price, the Member must, at the time, make it clear to the potential counterparty(ies), whether a Member or a non-Member Client, that the price being quoted is a Block Trade price ~~and not the price prevailing in the relevant Central Order Book.~~

Market-Maker Participation

~~BTF.15~~

4.5.13 Trading Procedures ~~BTF.15~~ 4.5.3 to 4.5.4 and 4.5.13 to BTF.17 4.5.15 apply only to those Block Trade Contracts designated as ones for which a market-making participation right applies.

~~BTF.16~~

4.5.14 Immediately after a Block Trade has been arranged the Member, or where the Block Trade has been arranged between two Members, the Member agreed by mutual consent, must contact the relevant designated market-maker informing him of the details of the Block Trade. The market-maker is entitled to place a Facilitating Side buy or sell order, as the case may be, with the Block Trade Executing Member, in the specified amount of the Block Trade's volume, within ten seconds of being informed of the details of the Block Trade.

~~BTF.17~~

4.5.15 The Block Trade must be submitted to the Relevant Euronext Market Undertaking**, in accordance with Trading Procedures 4.5.19. ~~BTF.15 and BTF.16 within three minutes of the time at which~~ Where a market-maker participation right exists, verbal agreement on the terms of the Block Trade shall be construed as having been reached when the market-maker has accepted or declined his participation right in respect of such Block Trade.

Block Trade Execution

~~BTF.18~~
4.5.16

Once a Block Trade has been organised and, where applicable, the designated market-maker has been contacted to ascertain whether he wishes to exercise his participation right, the Member, or where the Block Trade has been organised between two Members, the Member agreed by mutual consent, must submit the Block Trade details via LIFFE CONNECT®, as specified in Trading Procedures ~~BTF.19~~ 4.5.17 to ~~BTF.21~~ 4.5.19, or must procure that the Block Trade is so submitted by another appropriately authorised Member. Where a Member is unable to execute the Block Trade himself, he must ensure that he has arrangements in place with another appropriately authorised Member to submit and execute Block Trades before he organises any such Block Trade.

~~BTF19~~
4.5.17

In respect of each Block Trade order, the following details must be recorded on an order slip, or, where the Member employs an electronic system for order routing, must be recorded electronically, by the Block Trade ~~e~~ Executing Member:

- (i) time of trade;
- (ii) Contract(s) in which the Block Trade is being transacted;
- (iii) strategy (as applicable)
- (iv) delivery/expiry month(s);
- (v) exercise price(s) (as applicable);
- (vi) price of each leg of the trade;
- (vii) number of lots of each leg of the trade including any volume executed on behalf of a designated market-maker, if applicable; and
- (viii) name of the individual authorised to submit Block Trades on behalf of the Member.

All information required to be retained by the Block Trade Executing Member, pursuant to this Trading Procedure, must be retained by the Member for five years.

BTF.20

4.5.18

The individual submitting the Block Trade for execution must, if the Member requires regulatory authorisation, be authorised in a capacity which permits him to commit the Member to an “investment agreement”. It is the Member’s responsibility to ensure that only staff he has authorised organise or enter into Block Trades on his behalf. Members must also ensure that only staff they have authorised submit details of Block Trades to the Relevant Euronext Market Undertaking**.

BTF.21

4.5.19

Once the Block Trade has been organised, the Block Trade Executing Member must submit details, contained in Trading Procedure ~~BTF.19~~ 4.5.17 (ii) to (vii) inclusive, of the Block Trade to the Relevant Euronext Market Undertaking** via LIFFE CONNECT® as soon as practicable. In any event, the details of the Block Trade must be submitted by the Block Trade Executing Member: ~~within three minutes of the time at which the Block Trade was organised.~~

- (a) within five minutes in the case of a Block Trade which was not dependent on the execution of a transaction in another instrument, unless market conditions are exceptional; or
- (b) within fifteen minutes in the case of:
 - (i) exceptional market conditions; or
 - (ii) a Block Trade which was dependent on the execution of a transaction in another instrument.

4.5.20

Members must not delay submission of a Block Trade.

4.5.21

The time limit for the submission of a Block Trade commences as soon as verbal agreement on the terms of the Block Trade is reached between the parties to the Block Trade. ~~Members must not delay submitting the Block Trade.~~

4.5.22

For the purposes of Trading Procedure 4.5.19, a transaction in another instrument shall include any such transaction effected in the OTC market or on-exchange, including a Transaction in another Exchange Contract or Security effected on a Euronext.liffe market or a Euronext Securities Market.

4.5.23

Market conditions shall be regarded as exceptional during periods of increased trading activity or volatility, whether predictable or not, or at times of significant directional price movement or re-pricing (for instance, following relevant economic announcements).

4.5.24 In circumstances where a Member has not submitted a trade within five minutes (in the case of a Block Trade which was not dependent on the execution of a transaction in another instrument) or within fifteen minutes (in the case of all other Block Trades), the Member shall notify Euronext.liffe Market Services by e-mail (wholesaletraderreporting@liffe.com) of this fact as soon as practicable after submitting details of the trade and in any event on the date of the trade. The information to be included in such e-mail notifications shall be specified by Notice.

~~BTF.22~~

4.5.25 The Relevant Euronext Market Undertaking** will check the validity of the Block Trade details submitted by the Block Trade e Executing Member. If the Relevant Euronext Market Undertaking** (following consultation, where necessary, with the clearing house) is satisfied that all such details are valid, it he will authorise execution of the Block Trade. The b Block t-Trade volume will be shown as executed to the executing Member via the ITM through which the b-Block t Trade was submitted.

~~BTF.23~~

4.5.26 Both the long and the short positions associated with the Block Trade will be submitted to Trade Registration by the LIFFE CONNECT® Trading Host and matched under the Block Trade e Executing Member's mnemonic. Any lots relating to the participation rights of a designated market-maker will then be allocated appropriately by the Block Trade e Executing Member.

~~BTF.24~~

4.5.27 Authorisation by the Relevant Euronext Market Undertaking** of a Transaction does not preclude the instigation of enforcement procedures in the event that the Transaction is subsequently found to have been made other than in compliance with the Rules and Trading Procedures.

Publication of Block Trades

~~BTF.25~~

4.5.28 Once the trade has been authorised, the following information with respect to the Block Trade will be published by the Relevant Euronext Market Undertaking** with a trade type of "K":

- (i) Contract(s) and delivery/expiry month(s);
- (ii) price of each delivery/expiry month(s) and exercise price(s) (as applicable); and
- (iii) volume of each delivery/expiry month.

Details of the Block Trade will also be broadcast on LIFFE CONNECT®. For each Exchange Contract, the cumulative volume of Block Trades executed during the day will also be published.

~~BTF.26~~

4.5.29

Upon request by the Relevant Euronext Market Undertaking** the Block Trade e Executing Member must produce satisfactory evidence that the Block Trade(s) has been organised in accordance with the Rules and these Trading Procedures.

Change to PART ONE, Section 1, General:

1.2.2 Definitions

Replace the term “fair market value” with “fair value”.

Further Changes to PART TWO of the Euronext.liffe Trading Procedures

Delete the following Trading Procedures:

Euronext Brussels: B.18 (“Block Trade Facility”)

LIFFE : Lo.12 (“Block Trade Clients”)

Euronext Paris : P.12 (“Reporting of off-order book trades”)

Euronext Lisbon: Li.8 (“Block Trades”)

MATCH Trades

~~Restriction to Wholesale Clients~~

~~Lo.14.3 — Where a Member enters into a MATCH Trade with or on behalf of a non-Member Client, such Client must be a “Wholesale Client”. The term “Wholesale Client” is to be construed as having the same meaning as the term “Block Trade Client”, which is set out in Section 1 of PART ONE and Section 3 of PART TWO of the Trading Procedures. A Member may not enter into a MATCH Trade with or on behalf of any other type of non-Member Client.~~

~~Lo.14.4 — Members must, prior to entering into a MATCH Trade with a non-Member Client for the first time, notify such Client in writing that he, the Client, is considered by the member to have sufficient knowledge and experience of the market and its~~

~~contracts to be regarded as a Wholesale Client and must provide the Client with details of the MATCH Facility.~~

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Lo.14.10 Once the MATCH Trade has been organised, the MATCH Trade Executing Member must submit the details of the MATCH Trade, contained in Trading Procedure Lo.14.8 (ii) to (vii) inclusive, to the Exchange via LIFFE CONNECT[®] as soon as practicable. In any event, the details of the MATCH Trade must be submitted by the MATCH Trade Executing Member: ~~within three minutes of the time at which the MATCH Trade was organised.~~

(a) within five minutes in the case of a MATCH Trade which was not dependent on the execution of a transaction in another instrument, unless market conditions are exceptional; or

(b) within fifteen minutes in the case of:

(i) exceptional market conditions; or

(ii) a MATCH Trade which was dependent on the execution of a transaction in another instrument.

Lo.14.11 Members must not delay submission of a MATCH Trade.

Lo.14.12 The time limit for the submission of a MATCH Trade commences as soon as verbal agreement on the terms of the MATCH Trade is reached between the parties to the MATCH Trade. ~~Members must not delay reporting the MATCH trade.~~

Lo.14.13 For the purposes of Trading Procedure Lo.14.10, a transaction in another instrument shall include any such transaction effected in the OTC market or on-exchange, including a Transaction in another Exchange Contract or Security effected on a Euronext.liffe market or a Euronext Securities Market.

Lo.14.14 Market conditions shall be regarded as exceptional during periods of increased trading activity or volatility, whether predictable or not, or at times of significant directional price movement or re-pricing (for instance following relevant economic announcements).

Lo.14.15 In circumstances where a Member has not submitted a trade within five minutes (in the case of a MATCH Trade which was not dependent on the execution of a transaction in another instrument) or within fifteen minutes (in the case of all other MATCH Trades), the Member shall notify Euronext.liffe Market

Services by e-mail (wholesaletradereporting@liffe.com) of this fact as soon as practicable after submitting details of the trade and in any event on the date of the trade. The information to be included in such e-mail notifications shall be specified by Notice.

FLEX[®] Facility

Restriction to Wholesale Clients

~~Lo.6.3 — Where a Member enters into a FLEX[®] Option Trade with or on behalf of a non-Member Client, such Client must be a “Wholesale Client”. The term “Wholesale Client” is to be construed as having the same meaning as the term “Block Trade Client”, which is set out in Section 1 of PART ONE and Section 3 of PART TWO of the Trading Procedures. A Member may not enter into a FLEX[®] Option Trade with or on behalf of any other type of non-Member Client.~~

~~Lo.6.4 — Members must, prior to entering into a FLEX[®] Option Trade with a non-Member Client for the first time, notify such Client in writing that he, the Client, is considered by the Member to have sufficient knowledge and experience of the market and its contracts to be regarded as a Wholesale Client and must provide the Client with details of the FLEX[®] Facility.~~

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Lo.6.14 In the case of FLEX[®] Option Trades in respect of the FTSE 100 Index FLEX[®] Option Contract, once organised, the FLEX[®] Option Trade Executing Member must submit details of the FLEX[®] Option Trade described in Trading Procedure Lo.6.13 (b) to (m), as applicable, via LIFFE CONNECT[®], or by other means specified by Notice, as soon as practicable. In any event, the details of the FLEX[®] Option Trade must be submitted by the FLEX[®] Option Trade Executing Member within five fifteen minutes of the time at which the FLEX[®] Option Trade was organised.

Lo.6.15 In the case of FLEX[®] Option Trades in respect of Individual Equity Option Contracts, the FLEX[®] Option Trade Executing Member must complete a FLEX[®] Trade Registration Slip which must be faxed to Euronext.liffe Market Services (contact details contained in Annexe Four to these Trading Procedures) as soon as practicable. In any event, the details of the FLEX[®] Option Trade must be submitted by the FLEX[®] Option Trade Executing Member within fifteen minutes of the time at which the FLEX[®] Option Trade was organised. The completed FLEX[®] Trade Registration Slip must include the details of the FLEX[®] Option Trade specified in Trading Procedure Lo.6.13 (b) to (m), as

applicable, as well as the fax number of the FLEX[®] Option Trade Executing Member.

- Lo.6.16 Members must not delay submission of a FLEX[®] Option Trade.
- Lo.6.17 In circumstances where a Member has not reported a trade within fifteen minutes, the Member shall notify Euronext.liffe Market Services by e-mail (wholesaletradingreporting@liffe.com) of this fact as soon as practicable after submitting details of the trade and in any event on the date of the trade. The information to be included in such e-mail notifications shall be specified by Notice.
- Lo.6.18 The time limit for the submission of FLEX[®] Option Trades commences as soon as there is verbal agreement on the terms of the FLEX[®] Option Trade. ~~Members must not delay reporting the FLEX[®] Option Trade.~~

Basis Trading

- 4.2.15 The basis trade details must be submitted on LIFFE CONNECT[®] as soon as practicable. In any event, details of the basis trade must be submitted by the basis trade executing member within ~~thirty~~ fifteen minutes of the time at which the basis trade was organised. Members must not delay submission of a basis trade. No basis trade can be submitted for execution later than five minutes prior to the close of trading of the Futures Contract in which the basis trade is being transacted. The Relevant Euronext Market Undertaking** will check the validity of the details submitted by the executing Member. If the Relevant Euronext Market Undertaking is satisfied that all such details are valid, it will authorise the futures leg of the basis trade—~~is—executed.~~ The executing Member will then receive confirmation of the details of the trade.
- 4.2.16 In circumstances where a Member has not submitted a trade within fifteen minutes, the Member shall notify Euronext.liffe Market Services by e-mail (wholesaletradingreporting@liffe.com) of this fact as soon as practicable after submitting details of the trade and in any event on the date of the trade. The information to be included in such e-mail notifications shall be specified by Notice.

Asset Allocations

- 4.3.9 The completed asset allocation registration slip must be faxed or e-mailed to Euronext.liffe Market Services (*contact details contained in Annexe Four to these Trading Procedures*) by the asset allocation executing Member as soon as practicable. In any event, details of the asset allocation must be submitted by

the asset allocation Executing Member within thirty fifteen minutes of the time at which the asset allocation was organised. Members must not delay submission of an asset allocation. No asset allocation can be submitted for execution later than five minutes prior to the close of trading of the Futures Contracts concerned. In the case of contracts with different closing times, no asset allocation can be submitted for execution later than five minutes prior to the earliest close of trading of the contracts concerned. The Relevant Euronext Market Undertaking** will check the validity of the details submitted on the asset allocation registration slip. If the Relevant Euronext Market Undertaking** is satisfied that all such details are valid, ~~it~~ it ~~he~~ will declare that the asset allocation is executed. The Relevant Euronext Market Undertaking** will then add the following information to the asset allocation registration slip:

- (a) time-stamp (at point of execution);
- (b) signature of individual authorising the trade; and
- (c) asset allocation identifier (unique alpha numeric code given to the trade by the Relevant Euronext Market Undertaking**).

4.3.10 In circumstances where a Member has not reported a trade within fifteen minutes, the Member shall notify Euronext.liffe Market Services by e-mail (wholesaletraderreporting@liffe.com) of this fact as soon as practicable after submitting details of the trade and in any event on the date of the trade. The information to be included in such e-mail notifications shall be specified by Notice.

Against Actuals

4.4.8 Details of an AA Transaction must be submitted to the Relevant Euronext Market Undertaking** by the AA executing Member as soon as practicable. In any event, details of the AA must be submitted by the AA executing Member within fifteen minutes of agreeing to execute the AA. Members must not delay submission of an AA. No AA can be submitted for execution later than five minutes prior to the close of the Exchange Contract in which the AA is to be executed. If the Relevant Euronext Market Undertaking** is satisfied that all such details are valid, it will authorise the futures leg of the AA ~~is executed~~. The executing Member will then receive confirmation of the details of the trade.

4.4.9 In circumstances where a Member has not reported a trade within fifteen minutes, the Member shall notify Euronext.liffe Market Services by e-mail (wholesaletraderreporting@liffe.com)

of this fact as soon as practicable after submitting details of the trade and in any event on the date of the trade. The information to be included in such e-mail notifications shall be specified by Notice.